



Weekly Clips, November 4, 2016
Texas Pension Review Board
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PRB PLANS

What will Dallas City Hall deal with first its crumbling streets or its broken police-fire pension fund?

November 2, 2016, By Robert Wilonsky

By a show of hands, the Dallas City Council made it quite clear Wednesday where it wants to cap the May 2017 bond program · at \$800 million. But the longer the council talked about how to potentially spend that \$800 million · on crumbling streets and sidewalks and alleys, rotting city facilities, new libraries and parks and trails, a safer police headquarters · the murkier the picture became.

Council members couldn't agree on how to divvy up those dollars, whether they should be shared equally among council districts or apportioned according to the city's needs. The council didn't like how city staff had recommended just \$50 million for a Park and Recreation Department with \$275 million in "high priority" needs and numerous partners holding millions in matching funds that could go to waste.

Dallas News

Dallas mayor: Failing pension fund could bankrupt the city

November 3, 2016, By Fox4News.com Staff

Dallas Mayor Mike Rawlings said Thursday the Dallas Police and Fire Pension Fund crisis -- combined with another looming problem -- could potentially bankrupt the city.

Rawlings said a \$4 billion hit from the pension system, combined with a possible \$4 billion dollar judgment in a decades old lawsuit, could be too much for taxpayers to handle.

Fox 4 had the only news camera at the state capitol in Austin on Thursday as Rawlings revealed just how bad the pension crisis could be for the city of Dallas.

Fox4 News

Rawlings says 130% property tax increase would be needed to fix police/fire pension fund

November 3, 2016, By Rebecca Lopez

Mayor Mike Rawlings told the state's Pension Review Board that recklessness led to the financial crisis of the Dallas Police and Fire Pension Fund.

"This is much like a Bernie Madoff scheme, if you ask me," he said.

The mayor said past pension fund members guaranteed themselves 8-to-10 percent returns in their retirement fund, called Drop. Some left with millions in their accounts.

[WFAA](#)

Pension proposal could prompt police and fire retirements, drawing safety fears

November 3, 2016, By Mike Morris

The prospect of a reform deal to fix Houston's 15-year pension crisis has cheered city officials and civic leaders, but even those applauding Mayor Sylvester Turner's landmark negotiations are wary that the proposed changes could cause a slew of police and firefighter retirements.

Three top Houston Police Department chiefs have filed retirement paperwork in the days since the police and fire pension boards agreed to Turner's reform terms. Fire department leaders worry they could lose young recruits in search of higher benefits in suburban departments and veterans who choose to hang up their gear and begin collecting pensions.

[Houston Chronicle](#)

Mayor Mike Rawlings tells state board pension crisis could help bankrupt Dallas

November 3, 2016, By Samantha Ketterer

Divisions are deepening between the city of Dallas and its embattled Police and Fire Pension System as the two groups work to fix a pension fund that threatens to bankrupt the city.

Mayor Mike Rawlings testified Thursday at a State Pension Review Board meeting and contradicted claims from Pension System officials that the city is legally obligated to help the retirement fund stave off insolvency. The system, which recently proposed its members cut their benefits, would need a buy-in from the city of close to \$1.1 billion. That's nearly equal to the city's annual general fund budget.

[Dallas News](#)

The Time to Fix Texas's Public Pensions Is Now

November 3, 2016, By Josh McGee

Texas often gets hailed as a model of good fiscal management. A recent Moody's analytics report, for example, rated the Lone Star State as the best prepared for the next recession among populous states. Yet despite its prudent reputation, the state faces at least one fiscal problem with the potential to damage its long-term economic health: underfunded public pensions.

The problem is especially evident on the local level. Many of Texas's cities, including Dallas and Houston—the engines of the state's economic growth over the last two decades—are now struggling with mounting public-pension debt; the expense of paying down that debt is beginning to cut into important services, such as public safety and road repairs.

[City Journal](#)

Mayor Rawlings Warns Of "Fan Blades That Look Like Bankruptcy" Over Police and Fire Pension

November 4, 2016, By Stephen Young

Dallas Mayor Mike Rawlings sat in front of the Texas State Pension Review Board Thursday morning, arguing, he believed, for his city's continued existence.

"It is horribly ironic that a city that has enjoyed such tremendous success, a city that has made Texas so strong and so proud is potentially walking into the fan blades that look like bankruptcy," Rawlings said. "Shame on me, shame on you, shame on all of us if we allow that to happen."

[Dallas Observer](#)

TEXAS ECONOMIC INDICATORS

Dallas Fed: Texas retail sales fell in October as election anxiety mounts

November 1, 2016, By Joshua Fechter

Texas retail sales fell in October as business owners prep for the holiday shopping season and brace for the Nov. 8 presidential election, the Federal Reserve Bank of Dallas said Tuesday.

The Dallas Fed's retail sales index retreated into negative territory to -6.6 in October from 2.0 in September, indicating falling sales, according to the Fed's retail outlook survey released Tuesday.

Of the retailers surveyed Oct. 18-26, about 31.6 percent said their sales fell this month, 25 percent saw increased sales and 43.3 percent saw no change.

[San Antonio Express-News](#)

DFW powers Texas' oil bust recovery in new national growth data

November 1, 2016, By Jill Cowan

Despite statewide job growth in September that left economists marveling at the speed of Texas' rebound from the recent oil bust, new analysis shows that the recovery has been powered in large part by Dallas-Fort Worth's status as a magnet for high-paying work.

D-FW's annual growth rate in September was 3.6 percent -- far and away the highest among the nation's 12 biggest metropolitan areas, the U.S. Bureau of Labor Statistics reported on Tuesday.

[Dallas News](#)

Samsung Austin Semiconductor Continues Central Texas Growth with more than \$1 Billion in Investment

November 1, 2016

Samsung Austin Semiconductor LLC (SAS) continues to contribute to the health of the Austin economy by planning to invest more than \$1 billion by the first half of 2017. Investments in its facilities will enhance current System LSI production to meet the growing demands in the industry for advanced system-on-chip (SoC) products especially for mobile and other electronic devices.

Samsung is a bellwether for Austin. As a company that the community and state partnered with to relocate here several years ago, they have far exceeded expectations, said Mike Rollins, President, Austin Chamber of Commerce. Samsung remains a shining example of what happens when we create a business friendly environment. The result is a win that enhances and sustains our community's ability to create a broad range of new jobs and economic opportunities for Austinites and their families.

[Business Wire](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

New California fee law points to the high road

October 31, 2016, By Alexandra Poe

California is again taking a lead in public protection legislation by enacting Assembly Bill 2833, signed into law in September, on disclosures by public retirement funds. The new law requires that California public pension plans obtain and disclose information about private fund fees and expenses well beyond current norms. And whereas the recent fee-reporting template of the Institutional Limited Partnership Association affects only transparency in the private relationship between managers and investors, the California law bests them by requiring public disclosure.

Pensions & Investments

Silicon Valley Epicenter Turns to Ballot to End Pension War

November 1, 2016, By Romy Varghese

San Jose, California, voters four years ago approved sweeping cuts to retirement benefits that were seen as a model for cities reeling from the soaring debts, only to see police and firefighters successfully challenge key provisions in court. So next week, the electorate will try again.

The Silicon Valley hub will vote on whether to sign off on a settlement with unions that replaces the 2012 ballot measure and puts an end to the legal battle it sparked. Largely sidestepping current employees, the alternative plan increases some benefits in exchange for eliminating retirement health care for new employees. Officials say it would save the city \$125 million more over the next three decades.

Bloomberg

Curry proposes ending pensions for new hires in “general employee” jobs

November 2, 2016, By David Bauerlein

Mayor Lenny Curry wants to stop offering pensions to the city's new general employees, saying pensions have become a dinosaur, most other residents don't have them, and the city cannot afford them.

Curry unveiled his proposal Tuesday in a collective bargaining session with the Jacksonville Supervisors Association, which is one of four labor organizations that represent the thousands of general employees working for city government.

The Florida Times-Union

Nine unions will have a say about Curry's push to end pensions for new hires

November 3, 2016, By David Bauerlein

Following the action in a three-ring circus might be simple compared to keeping track of all the union negotiations that will make or break Mayor Lenny Curry's push to end pensions for future hires in city government.

Collective bargaining talks will occur with six different labor organizations representing workers covered by the General Employees Pension Plan, which Curry wants to close to future hires by putting them in 401(k) style investment accounts.

[The Florida Times-Union](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Phillips 66 fills up pension funds with \$317 million contribution

October 28, 2016, By Meaghan Kilroy

Phillips 66, Houston, contributed \$317 million total to its defined benefit plans in the third quarter, the company announced in its quarterly earnings report Friday.

As of Dec. 31, U.S. DB assets and liabilities totaled \$2 billion and \$2.8 billion, respectively, for a funding ratio of 71.4%.

[Pensions & Investments](#)

Even Math Teachers Are at a Loss to Understand Annuities

October 28, 2016, By Tara Siegel Bernard

Even a well-caffeinated person with an advanced degree in math would have a hard time deciphering a 53-page contract called %our Flexible Premium Indexed and Declared Interest Deferred Annuity Policy.+

Melanie Panush Lindert, a 66-year-old elementary school dance teacher in Los Angeles, was sold one of these mind-numbingly complex products last year through her workplace retirement account. The same agent had sold her three other annuity contracts over the previous eight years, including another within her retirement savings plan · a so-called 403(b) · which is offered to employees of public schools, colleges, religious groups and nonprofits.

[The New York Times](#)

Jerry Brown touted his pension reforms as a game-changer. But they've done little to rein in costs

October 28, 2016, By Judy Lin

A year after his 2010 election, Gov. Jerry Brown made a rare appearance at a legislative committee hearing to confront lawmakers about the steep cost of public employee pensions · and to demand that they pass his 12-point pension overhaul.

Brown challenged fellow Democrats to drink political %castor oil+ so public retirement costs would not overburden future generations.

[Los Angeles Times](#)

Inflation, Long Quiescent, Begins to Stir

October 30, 2016, By Greg Ip

After being given up for dead, inflation is gradually coming back to life.

It's not roaring back. Indeed, it's still below the 2% level the Federal Reserve targets, one reason the Fed is almost certain to leave interest rates unchanged when it meets this week.

But economic circumstances and attitudes of policy makers have shifted in the past year in ways that suggest the likeliest path of inflation is up, not down. Data released Friday showed that core inflation, which excludes food and energy, reached a two-year high of 1.7% in the third quarter, according to the Fed's preferred measure. Other data found stirrings of wage acceleration.

[The Wall Street Journal](#)

Teachers' pension costs to drop as much as 19%

October 31, 2016, By Joseph Spector

School districts will again have their pension bills drop, this time by as much as 19 percent, the state's Teachers' Retirement System said.

The drop is welcomed news for school districts, and it will be the third year in a row that pension costs will decline from historical highs several years ago.

The Teachers' Retirement System's actuary on Thursday recommended the contribution rate for school districts during the 2017-18 fiscal year at 9.5 percent to 10.5 percent.

[WGRZ](#)

Infrastructure investors go big

October 31, 2016, By Arleen Jacobius

Pension funds and other asset owners increasingly are investing in U.S. infrastructure, often buying the assets from infrastructure money managers.

This could be a win-win. Investor interest comes at a time when the first crop of infrastructure funds raised in the U.S. in 2004 and 2005 are coming to the end of their 10-year life span. Managers are expected to bring more transactions to market to take advantage of growing interest by direct investors.

[Pensions & Investments](#)

Teacher pension costs to surge, widen hole in next state budget

November 1, 2016, By Jacqueline Rabe Thomas and Keith M. Phaneuf

State spending on retired teachers' pensions is set to surge \$282.7 million next fiscal year . a 28 percent increase the state is obligated to fund and is likely to push the next state budget further into deficit.

The new pension contribution levels, if accepted by the Teachers' Retirement Board Wednesday, are larger than those anticipated in next fiscal year's nonpartisan deficit forecast by \$47 million and in the 2018-19 projection by \$42 million.

[CT Mirror](#)

N.J. public worker pension fund now the weakest in U.S., report says

November 2, 2016, By Samantha Marcus

New Jersey's distressed government worker pension system is now the worst funded in the U.S., according to a report by Bloomberg.

The Garden State's public pension fund has languished near the bottom, but has now dropped below Kentucky and Illinois for last place, according to the report.

Their analysis compared the states' funding ratios, or their assets in relation to their pension debt.

[NJ](#)

Kentucky Plans to Pull At Least \$800 Million From Hedge Funds

November 2, 2016, By Heather Gillers

Kentucky plans to pull more than half of its investments in hedge funds in the coming three years, a significant retreat for a state that had embraced Wall Street money managers following the last financial crisis.

The deeply indebted Kentucky Retirement Systems, or KRS, expects to withdraw at least \$800 million out of \$1.5 billion committed to hedge funds, David Eager, interim executive director, said Wednesday after a meeting of the committee that oversees investments for the state's pension and insurance funds.

[The Wall Street Journal](#)

Spreading the Gospel of Better Retirement Plans

November 2, 2016, By Ron Lieber

There are untold numbers of crusading Roman Catholics in the annals of world history, but there probably has never been one quite like Mary Brunson.

Her cause is the tens of thousands of diocese employees who are saving money in workplace retirement plans. That issue may not have attracted a lot of attention, but it is a serious problem nonetheless. That is because many of the plans not only cost too much, they also invest in companies that do not align with the church's values.

[The New York Times](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

German \$82 Billion Pension Giant Seeks Outside Help to Grow

October 31, 2016, By Oliver Suess

Bayerische Versorgungskammer, Germany's biggest pension fund, is hiring more external managers as it diversifies away from low-yielding government and covered bonds.

"We will invest more in assets such as high-yield, emerging-market debt and infrastructure where we rely on external experts," Andre Heimrich, who helps oversee 75 billion euros (\$82 billion) as BVK's chief

investment officer, said in an interview in Munich. We will increase the share of third-party funds managing our investments to 65 percent over the next three years from 45 percent.+

[Bloomberg](#)

Ireland scores fail grade for sustainability of pension system

November 1, 2016, By Dominic Coyle

An ageing population, low levels of occupational pension coverage and a heavy reliance on the State pension are dragging down the international standing of Ireland's pension system.

Ireland ranks 10th out of 27 countries in this year's Melbourne Mercer Global Pensions Index. However, its overall score is down on last year when it ranked 11th. In terms of sustainability, Ireland ranked just 20th, receiving the lowest available grade – an E.

[The Irish Times](#)

U.K. pension fund pool picks managers for £5 billion equity fund, moves 40% in-house

November 2, 2016, By Paulina Pielichata

Local Pensions Partnership, the pool created by Lancashire County Pension Fund and London Pensions Fund Authority, launched a £5 billion (\$6.1 billion) global equity fund.

The pool dropped four of Lancashire's seven external equity managers – Baillie Gifford, Natixis Global Asset Management, Morgan Stanley (MS) Investment Management and AGF Investments – in the process, an LPP spokeswoman said. The spokeswoman was not able to disclose how much each firm managed.

[Pensions & Investments](#)

Greek Retirees Rally Against Planned New Pension Cuts

November 3, 2016, By The Associated Press

Greek retirees staged an anti-government rally in Athens on Thursday to protest a new round of cuts under the country's international bailout program.

More than 5,000 protesters marched to the labor ministry and outside parliament, burning copies of a letter sent by Labor Minister George Katrougalos explaining the pension changes.

[The New York Times](#)

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