



Weekly Clips, December 2, 2016
Texas Pension Review Board
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PRB PLANS

Dallas Stares Down a Texas-Size Threat of Bankruptcy

November 20, 2016, By Mary Williams Walsh

Picture the next major American city to go bankrupt. What springs to mind? Probably not the swagger and sprawl of Dallas.

But there was Dallas's mayor, Michael S. Rawlings, testifying this month to a state oversight board that his city appeared to be walking into the fan blades of municipal bankruptcy.

[The New York Times](#)

Dallas Police and Fire Pension Fund Beset by Withdrawals

November 21, 2016, By Heather Gillers

Dallas police and firefighters are withdrawing hundreds of millions from their retirement plan following a series of investment blunders, heightening the risk that a major U.S. pension fund could run out of money.

The revolt by members of the \$2.27 billion Dallas Police and Fire Pension Fund offers an extreme case of what can happen when a pension wagers on lucrative returns to cover funding shortfalls. It is roiling a city still reeling from the shooting deaths of five officers in July during a police brutality protest.

[The Wall Street Journal](#)

Bad PR and the promise of pain are nothing if Dallas doesn't offer fix to pension fund crisis

November 21, 2016, By Robert Wilonsky

A couple of weeks ago, I attended an event where I ran into a local sports figure of considerable renown. We spoke a bit about the presidential election, then days away, and other related matters. And once we wrapped, I thought, well, perhaps now's the time to slide in one casual question - fine, maybe two - about long-ago triumphs that were highlights of my childhood. This gentleman, however, had something else on his mind.

"Between us," said the icon, "I'm very, very concerned about the police and fire pension fund."

[Dallas News](#)

Sen. Bettencourt proposes bills on pensions and voting ID

November 21, 2016, By Jaimy Jones

State Sen. Paul Bettencourt, (R-Houston), introduced three Senate bills to the Legislature on Monday, Nov. 14, the first day lawmakers were able to propose measures for the upcoming 85th legislative session.

Senate bills 151 and 152 target pension and retirement systems at the state level, Bettencourt said Monday.

Bill 151 seeks to require voter approval for pension fund obligations in the municipality that issues the pension.

Bettencourt said it's imperative that the public be informed and involved in the mechanisms of pension funding. He said if this type of measure was already in place, the outcome of the recent deal struck between Mayor Turner and the three pension systems in the city may have been different.

[Houston Chronicle](#)

Dallas's Fire & Pension Is Running Out of Cash

November 22, 2016, By Imogen Rose-Smith

A number of pension systems across the country are facing funding crises, but one is in more imminent danger than most.

The \$2.3 billion Dallas Police and Fire Pension System (DPFP) could run out of cash to pay pension beneficiaries as soon as January, according to people briefed on the situation, owing to a run of bad performance and an investment portfolio stuffed with highly illiquid investments.

[Institutional Investor](#)

Need to fix Dallas police and fire pension fund puts city in historically precarious position

November 28, 2016

Over the years, the Dallas Police and Fire Pension System fund has amassed \$2 billion to \$5 billion in unfunded liabilities, the result of bad real estate investments and blatant self-enrichment from prior management. Coupled with a possible setback in ongoing litigation over public safety salaries, Dallas is in the most financially precarious position in its history.

City officials are openly uttering the word *bankruptcy*, not just of the pension fund but the city itself. As Mayor Mike Rawlings told the Texas Pension Review Board this month, "the city is potentially walking into the fan blades that might look like bankruptcy."

[Dallas News](#)

Mayor Rawlings: Pension fund woes won't be solved by selling city assets

November 28, 2016, By Candace Carlisle

Even though Dallas is looking for solutions to the financial failings of the troubled Dallas Police and Fire Pension System, Mayor Mike Rawlings says the city won't look to sell off taxpayer real estate assets anytime soon.

A *New York Times* article highlighting the years-old pension fund problems thrust the city on a national stage last week.

[Dallas Business Journal](#)

Pension bomb

November 29, 2016

The longer the fuse, the bigger the boom.

Dallas lit its pension fuse back in 1993, and the inevitable crash made national news.

"Dallas Stares Down a Texas-Size Threat of Bankruptcy," announced a headline in the *New York Times* earlier this month.

As for the *Wall Street Journal*: "Dallas Police and Fire Pension Fund Beset by Withdrawals."

Watching the troubles unfold in the Metroplex, you might consider thanking your lucky stars that you live in Houston. Unlike Big D, our city is fortunate enough to have a mayor and pension boards working to fix our pension problems before they grow out of control.

[Houston Chronicle](#)

Dallas Mayor Demands Action to Stop Run on Pension Fund

November 30, 2016, By Ken Kalthoff

Dallas Mayor Mike Rawlings said Wednesday that inaction by the Police and Fire Pension Board allowed a \$500 million run on the fund this year, which threatens taxpayers and employee retirements.

"It's basic Boy Scout stuff, OK? You stop the bleeding. You put a plan together, call for help and that's the way you do it. But we can't do it if we don't stop the bleeding. And that's why it's critical," Rawlings said.

[NBC DFW](#)

Dallas Mayor Mike Rawlings demands Police and Fire Pension system cease DROP withdrawals

November 30, 2016, By Tristan Hallman

Mayor Mike Rawlings called Tuesday for an immediate suspension of lump-sum withdrawals from the Dallas Police and Fire Pension Fund.

The mayor's request, made in a strongly worded letter to the pension board, was the latest salvo in a high-stakes fracas between city leaders and its semi-independent public safety worker pension system. The troubled fund is headed toward insolvency by 2028, and its leaders are banking on a taxpayer bailout to save it.

[Dallas News](#)

Rawlings demands cease on Police and Fire pension DROP withdrawals

November 30, 2016, By Tanya Eiserer

Dallas Mayor Mike Rawlings is making a 911 call to the Police and Fire Pension Board.

In a letter, Rawlings is demanding that the board stop police and firefighters from withdrawing money

from special high-interest savings accounts tied to the pension fund. He gave the board 48 hours to respond.

More than \$500 million has been withdrawn from the accounts in recent months by worried retirees.

[WFAA](#)

Dallas Police & Fire asked to suspend lump-sum DROP payments on liquidity concerns

November 30, 2016, By Meaghan Kilroy

Dallas Mayor Mike Rawlings has requested that the \$2.7 billion Dallas Police & Fire Pension System immediately suspend lump-sum DROP payments until the pension fund is on solid financial footing.

In a letter to the pension fund board Tuesday, Mr. Rawlings said the continued DROP withdrawals will cripple the pension system's ability to make state constitutionally protected benefit payments - including pension payments - to the detriment of all current and future retirees and their beneficiaries, and that DROP withdrawals must immediately be stopped until such time as the pension system can be made stabilized and made viable.

[Pensions & Investments](#)

How Dallas is hurting the entire state's credit rating

December 1, 2016, By Bill Hethcock

The Dallas Police and Fire Pension System fund crisis threatens to harm Texas credit rating and should be dealt with swiftly - possibly with legislative intervention, state Comptroller Glenn Hegar told business leaders during a trip through North Texas this week.

Credit-rating agencies have downgraded Dallas city bonds because of problems with the pension fund, which has amassed over \$2 billion in unfunded liabilities as a result of bad real estate investments, prior mismanagement and overly optimistic return assumptions. Firefighters and police officers have pulled money out of the fund, exacerbating its cash-flow problems.

[Dallas Business Journal](#)

Testimony: Dallas police and fire pension board is invalid

December 1, 2016, By Tanya Eiserer

The Dallas Police and Fire Pension Fund is losing \$3.3 million every month that a vote to make changes to the failing fund are delayed, the fund's executive director testified in court Thursday.

The testimony came during a hearing over a lawsuit filed by five police and firefighters who contend that the pension board itself is invalid. They are seeking to stop the election which would make a laundry list of changes to try to save the ailing fund.

[WFAA](#)

Ruling expected soon on Dallas pension fund lawsuit

December 1, 2016, By Fox4News.com Staff

An important ruling is expected on Friday about the future of the troubled Dallas Police and Fire Pension Fund.

Five current and retired public safety employees sued the pension board and claimed it does not have legal status to make changes to the fund.

Plaintiffs say the pension board is operating illegally by having more board members than the state allows. The pension board says the suit is a bogus stall tactic that jeopardizes pension benefits for thousands of Dallas police and firefighters.

[Fox4News](#)

Texas County & District sets \$2 billion for 2017 private investments

December 1, 2016, By Christine Williamson

Texas County & District Retirement System, Austin, will commit as much as \$2 billion to private investment asset classes in 2017.

Trustees approved an investment pacing plan for the coming year that maintains the same overall allocations as the previous year during a board meeting Thursday.

[Pensions & Investments](#)

Dallas' Pension Problem

December 2, 2016, By Liz Farmer

Dallas Mayor Mike Rawlings is calling on pension officials this week to halt what is amounting to a bank run on the fire and police pension fund. The run, which Rawlings testified has totaled \$500 million withdrawn in 2016, is spurred in part by concerns the pension plan's value is being inflated. Roughly half of the withdrawals have come in a recent six-week span.

Rawlings has asked that pension fund officials suspend so-called DROP payments, which are retirees' own savings invested in the fund and are separate from their fund-administered pension payments.

[Governing](#)

TEXAS ECONOMIC INDICATORS

OPEC deal to cut production boosts Houston, Texas oil industry

November 30, 2016, By Jordan Blum

The Houston oil industry received a major boost Wednesday from OPEC's agreement to curb crude production for the first time in eight years, a move that could accelerate the industry's recovery after a two-year downturn that bottomed out in May.

U.S. crude had its biggest daily price gain in more than seven years, climbing \$4.21, or nearly 10 percent, to settle at \$49.44 after members of the Organization of the Petroleum Exporting Countries agreed to cut production by 1.2 million barrels a day during meetings in Vienna.

[Houston Chronicle](#)

Comptroller: Texas' economy, jobs growth is slowing

November 30, 2016, By Bill Hethcock

The Texas economy is growing, but not as rapidly as it was before, and people and companies in the state aren't spending as freely, Texas Comptroller Glenn Hegar told business leaders at a Dallas Regional Chamber event Tuesday night.

That means lawmakers are going to have difficult decisions to make in the upcoming legislative session, Hegar said. He declined to give a revenue projection for the state budget, but will do so in upcoming weeks.

[Dallas Business Journal](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

California's top court will review major public pension ruling

November 22, 2016, By Maura Dolan

The California Supreme Court decided Tuesday to review a ruling that would give state and local governments new authority to cut public employee pensions.

The court, meeting in closed session, unanimously accepted labor unions' appeal of a decision that said government pensions were not immutable and could be trimmed.

But the court will not review further arguments in the case until a court of appeal resolves another pending pension dispute. That could take months.

[Los Angeles Times](#)

Mich. Senate set to vote on teacher retirement changes

November 30, 2016, By Jonathan Oosting

The Michigan Senate is poised to vote Wednesday on a controversial plan to close the state's defined-benefit teacher pension plan to new hires and instead offer them a 401(k)-style defined-contribution retirement plan.

Modified bills are set for committee consideration Wednesday morning ahead of a likely floor vote later in the day, said Senate Majority Leader Arlan Meekhof, R-West Olive.

"We have an unsustainable product in front of us," Meekhof told reporters Tuesday, referencing \$26 billion in unfunded liabilities associated with the Michigan Public School Employees Retirement System.

[The Detroit News](#)

Emanuel aides try to round up pension bill votes at Capitol

November 30, 2016, By Hal Dardick

Top City Hall aides on Wednesday were trying to round up votes at the Capitol to secure lawmakers' approval of Mayor Rahm Emanuel's plan to shore up two city worker pension funds.

The goal is to avert a financial meltdown of retirement plans for municipal workers and laborers. The funds are a combined \$21 billion short of what's needed to pay out future benefits and could go broke in a decade or so without a fix.

[Chicago Tribune](#)

Emergency Request to Halt Fiduciary Rule Filed in Appeals Court

November 30, 2016, By Jacklyn Wille

The National Association for Fixed Annuities isn't giving up its fight to block the Labor Department's fiduciary rule from taking effect in April (*Nat'l Ass'n for Fixed Annuities v. Perez* , No. 16-5345 (D.C. Cir. 11/29/16) (emergency motion for injunction filed)).

After losing two rounds with a district judge, NAFA on Nov. 29 filed an emergency motion asking the U.S. Court of Appeals for the D.C. Circuit to halt the rule while NAFA's appeal proceeds. NAFA claims that without a delay, the annuity industry will be forced to take %irreversible, costly, and industry-altering actions+that would render the D.C. Circuit's ultimate decision %meaningless.+

[Bloomberg BNA](#)

Suit filed by Kentucky teachers over pension plan underfunding

November 30, 2016, By Meaghan Kilroy

Kentucky public school teachers filed a class-action lawsuit Tuesday against the governor and state legislators alleging that they illegally underfunded the \$17.5 billion Kentucky Teachers' Retirement System, Frankfort.

The lawsuit, filed in Franklin Circuit Court in Frankfort, alleges that inadequate state contributions contributed to KTRS' roughly \$25 billion in unfunded liabilities, violating parts of the U.S. and Kentucky constitutions and Kentucky's revised state statutes, said Theodore Lavit, attorney for the plaintiffs.

[Pensions & Investments](#)

Pension Aid for Chicago Schools Vetoed Amid Budget Standoff

December 1, 2016, By The Associated Press

Republican Gov. Bruce Rauner vetoed \$215 million aimed at helping with Chicago Public Schools' pension payments on Thursday, a move that Senate Democrats voted to override as negotiations on an overdue state budget broke down again.

Using its supermajority, the Senate quickly voted to overturn Rauner's move, but the Illinois House had yet to vote on the override attempt early Thursday afternoon.

[The New York Times](#)

House passes bill to help save two city worker pension funds

December 1, 2016, By Tina Sfondeles and Fran Spielman

The Illinois House on Thursday passed a bill to help salvage two city worker pension systems.

The House voted 91-16 on the bill, which provides for taxpayers and government employees putting more money into retirement systems that cover laborers and municipal workers.

[Chicago Sun Times](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

CalPERS balancing risks in review of lower return target

November 28, 2016, By Randy Diamond

The stakes are high as the CalPERS board debates whether to significantly decrease the nation's largest public pension funds assumed rate of return, a move that could hamstring the budgets of contributing municipalities as well as prompt other public funds across the country to follow suit.

But if the retirement system doesn't act, pushing to achieve an unrealistically high return could threaten the viability of the \$299.5 billion fund itself, its top investment officer and consultants say.

Pensions & Investments

NIRS report: PPA didn't really work as planned

November 28, 2016, By Hazel Bradford

Despite its intended goal of improving retirement security, the Pension Protection Act of 2006 led to fewer defined benefit pension plans and inadequate coverage from defined contribution accounts, according to an issue brief released Monday by the National Institute on Retirement Security.

Instead of strengthening retirement security, the PPA has had the opposite impact. It's acted as pension poison, said NIRS Executive Director Diane Oakley in a statement.

Pensions & Investments

Mayor: City may owe \$45M more annually for pensions

November 29, 2016, By Scott Johnson

The deficit on the city of Jacksonville's pension fund has been calculated using standards that seem to violate Florida law, which could put the city on the hook for up to \$45 million more per year in pension costs, according to Mayor Lenny Curry.

Curry said his discovery that the city's actuary has been using an illegal method to calculate the pension debt will not blow up the new pension deal that voters approved in August to increase sales taxes in Jacksonville.

News4JAX

IPERS' unfunded liability nears \$5.6 billion

December 1, 2016, By William Petroski

Iowa's largest public employees' pension fund has a long-term unfunded liability of nearly \$5.6 billion, but steps are being taken to address the shortfall and have it paid off in 28 years, an independent actuary told state officials Thursday.

A report prepared for the Iowa Public Employees' Retirement System, which has 350,000 members, showed the pension fund had a market value of \$28.3 billion on June 30, 2016. State officials said there is no problem providing monthly benefit checks for current retirees and they do not anticipate any difficulties meeting the pension fund's promises in the future.

The Des Moines Register

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Aussie Pension Fund Steps Onto Banks' Turf for Company Lending

November 27, 2016, By Ruth Liew

One of Australia's top-performing pension funds is scouring for ways to ramp up lending to companies, stepping into a realm traditionally dominated by banks.

Host-Plus Pty Ltd., which manages A\$21 billion (\$16 billion) in retirement assets on behalf of around one million Australians, considers funding good, creditworthy entities an avenue for strong returns as banks tighten their lending criteria, according to Chief Investment Officer Sam Sicilia.

Bloomberg

Head of Japan Pension Fund Interested in U.S. Infrastructure Investments

November 30, 2016, By Kosaku Narioka

The head of Japan's \$1.2 trillion pension reserve fund- the world's largest of its kind- said Wednesday he hoped the incoming Trump administration would open up the U.S. infrastructure market more to foreign investors so the fund can grab a piece of the pie.

The Government Pension Investment Fund's recent portfolio shift into stocks and foreign assets had been backfiring earlier this year because of the yen's surge and global economic uncertainty. But the GPIF is quickly recovering, thanks in part to the market turnaround triggered by Donald Trump's victory in the U.S. presidential election.

The Wall Street Journal

Chinese shares decline most in 2 months, market seen as overheating

November 30, 2016, By Bloomberg

Chinese stocks capped their biggest drop in two months, amid concerns liquidity may tighten and as a technical indicator suggested the mainland market is overheating.

The Shanghai Composite index fell 1% at the close, paring this month's rise to 4.8%. Yanzhou Coal Mining Co. led a gauge of energy companies lower on the CSI 300 index, while Jiangxi Copper Co., Aluminum Corp. of China Ltd. and Angang Steel Co. each dropped more than 3.3%. Metals dropped with steel and iron ore as industrial commodities extended Tuesday's slump. The Shanghai equity benchmark's 14-day relative strength index on Tuesday was at its highest level since May 2015 and above the threshold some traders consider as being overbought.

Pensions & Investments

EFAMA: Brexit already raising questions for EU regulation

December 1, 2016, By Nick Reeve

European regulatory discussions are already being affected by the still-unknown impact of Brexit, according to the director general of the European Fund and Asset Management Association (EFAMA).

Speaking at a conference in Brussels this week, Peter De Proft said that, while the UK's impending exit from the European Union (EU) was not being discussed generally, it was already coming up in every file as regulations make their way through parliament.

Investment & Pensions Europe

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