



Weekly Clips, February 24, 2017  
Texas Pension Review Board  
P.O. Box 13498 Austin, TX 78711-3498  
[www.prb.state.tx.us](http://www.prb.state.tx.us)

## **PRB PLANS**

### **University Park plans changes to firefighter pension plan**

February 19, 2017, By Elvia Limon

The fire department's 76-year-old pension plan may be replaced if a deal between the city and its firefighters passes during this year's legislative session.

University Park has asked the Legislature to amend the firefighters pension so that it can place all of the fire department's new hires in the Texas Municipal Retirement System (TMRS). By doing so, the city would be able to eventually exit the University Park Firemen's Relief and Retirement Fund (FRRF), which is the current pension program for the fire department.

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

### **Pension teamwork**

February 19, 2017

Consider it the political equivalent of the infamous 1954 Cotton Bowl Classic, when Alabama's Tommy Lewis leaped from the bench to tackle Rice University running back Dicky Moegle in one of the most preposterous events in college football history.

State Sen. Joan Huffman is trying to pull off the legislative version of that 12<sup>th</sup> man tackle.

For years, the message out of Austin on pension reform has been that the city of Houston and our three public unions bear the burden of striking a deal. Apparently the rules of the game have changed.

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

### **Potential Dallas police and fire pension fix emerging in Texas Legislature**

February 20, 2017, By Tristan Hallman

Texas House Pensions Committee Chairman Dan Flynn has the makings of a plan he thinks can save the failing Dallas Police and Fire Pension System without cutting back on benefits members have already earned.

But one big hurdle still exists: nobody really likes the plan. Not yet, at least.

"All these plans are terrible," said council member Philip Kingston, a pension board trustee. "I just think Flynn's is the best of the bad options."

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

## **Pension Board Approves Plan to Fix Police/Fire Pension Fund**

February 20, 2017

A new plan to fix Dallas Police and Fire pension problem has been approved by the city's pension board.

The plan proposed by State Representative Dan Flynn was chosen over one brought forward by the City of Dallas. Flynn's plan asks the city to put in \$22 million each year. The City's plan would have taken interest from retirees' Deferred Retirement Option Plan accounts, or DROP, while also facing more than \$3.5 million in benefit cuts and raised contributions.

### **[WBAP](#)**

## **Dallas Police And Fire Pension Board Chooses Plan To Save Fund**

February 20, 2017, By Jack Fink

This morning the Dallas Police and Fire Pension Board voted unanimously to back a state lawmaker's plan to fix the money-troubled fund instead of a plan advocated by Dallas Mayor Mike Rawlings.

After the 9-0 vote, board members said they hope to work with State Representative Dan Flynn, R-Canton, to make changes to his plan. Flynn is the Chairman of the House Pension Committee. Timing is crucial because the fund could run out of money in about 10 years if major changes aren't made.

### **[CBS DFW](#)**

## **Texas County & District celebrates 50 years**

February 20, 2017, By Christine Williamson

Texas County & District Retirement System, Austin, is celebrating its 50th anniversary in 2017 by turning the spotlight on the 270,000 active and retired Texas public-sector workers and 700 district employers across the state that it serves.

Legislation creating the now \$25.6 billion pension fund was signed May 5, 1967. Other public-sector workers were already covered by public pension funds, but employees of Texas counties and various districts providing water, police, fire and other services did not have a retirement plan.

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

## **Dallas Police and Fire Pension board approves lawmaker's planned fix**

February 20, 2017, By Fox4news.com Staff

The Dallas Police and Fire Pension System board took a major step toward saving the troubled fund by voting in favor of a state lawmaker's solution on Monday.

The unanimous vote by the board earned the applause of everyone sitting and standing in the packed audience. Beneficiaries said they don't love State Rep. Dan Flynn's plan, but believe it's better than what the city was proposing.

### **[Fox4news](#)**

## **Dallas Pension Board Vote Puts It Square Before Us. The Issue Is Our Word.**

February 21, 2017, By Jim Schutze

All right, now we've got this police and fire pension issue where we can see it and where we can begin to

make our own personal decisions, thanks to yesterday's unanimous vote by the board of directors of the Dallas Police and Fire Pension board. This is now a moral question.

Moral what, I didn't say. Moral yes, moral no, that's up to you. But it's a big step ahead for all of us just to have the thing squared up enough that we can tell what we're deciding on.

## [Dallas Observer](#)

### **Dallas Police and Fire Pension Backs Cutbacks to Avoid Collapse**

February 21, 2017, By Martin Z. Braun

The Dallas Police and Fire Pension is getting behind a Texas lawmaker's plan to save the retirement system from financial collapse.

The fund's board voted 9-0 on Monday to back a proposal by Dan Flynn, chair of the pensions committee in the state's House of Representatives, that would raise the retirement age to 58 from 55, eliminate cost-of-living adjustments and lower a multiplier used to determine the size of officers' and firefighters' benefit checks, according to a summary on the pension's website.

## [Bloomberg](#)

### **Houston pension reform bill could require public vote on bonds**

February 21, 2017, By Olivia Pulsinelli

One of the biggest issues for Houston during the 85th Texas Legislative session is the city's plan to deal with its \$7.7 billion unfunded pension liability.

However, two Houston Republican senators - Paul Bettencourt and Joan Huffman - want to add a provision to that plan that Mayor Sylvester Turner called a "poison pill," the Houston Chronicle reports. The bill that Huffman is drafting would require a public vote on the \$1 billion in pension obligation bonds that the city would sell under Turner's plan.

## [Houston Business Journal](#)

### **Dallas first responders gather at Capitol to fight for pension resolution**

February 21, 2017, By Dagney Pruner

Current and former Dallas police and firefighters asked lawmakers on Tuesday to end their "financial and emotional distress" and protect their retirement benefits.

The Dallas Police and Fire Pension System is due to run out of money in the next decade unless a fix is approved by the Legislature.

## [Dallas News](#)

### **Turner: Firefighters delay on pension reform spurs more cuts**

February 22, 2017, By Mike Morris

Mayor Sylvester Turner made good Wednesday on his earlier hints that the fire pension trustees' failure to agree to reform terms would see the fund receive deeper benefit cuts than it had tentatively agreed to last fall.

The fire fund has remained wary throughout the year-long talks, expressing hesitance even when it agreed to basic terms last October, and moving the slowest of the city's three pension groups in reaching agreed-upon language with City Hall to submit to the Legislature.

### [Houston Chronicle](#)

#### **Are City Employee Pensions at Risk?**

February 24, 2017, By Margaret Nicklas

Public pension systems . funds that pay out retirement income to city employees, based on years of service and contributions made during employment . often face similar hurdles as people planning private retirement: Saving for tomorrow competes with spending that same money today. A city strained for resources may look to skimp on contributing to its employees' retirement funds, or even borrow from those funds to cover other priorities, just as an individual might pull money from an IRA before retirement, with plans to return that money later on. Retirement boards and their staff, entrusted with managing the funds and certain benefits, may fail to properly recognize problems or make critical decisions. When either occurs, city employees, retirees, and city taxpayers suffer losses.

### [The Austin Chronicle](#)

#### **DART pulled into Dallas Police and Fire Pension debate as some target transit agency's budget**

February 23, 2017, By Tristan Hallman

Dallas police and firefighters are now looking to Dallas Area Rapid Transit's budget to help get their failing pension system back on track.

City Council member Scott Griggs, a pension board trustee, has drafted a resolution to help fund the pension system using one-eighth of the city's sales tax revenue dedicated to DART. He talked to his council colleagues about the idea . which has been pushed by police and fire associations . Wednesday during a closed-door legal session.

### [Dallas News](#)

#### **Rep. Flynn's Dallas Police and Fire System pension plan gets closer look**

February 23, 2017, By Glenn Minis

The end to longtime battle over a solvent Dallas Police and Fire System pension plan could finally be in sight, albeit with both sides of negotiators left feeling as shortchanged and as taken for granted as ever.

A plan put forth by Republican House Pensions Committee Chairman Dan Flynn would cut back the benefit multiplier for all involved workers and virtually assure that none of them receives a cost-of-living raise for at least the next two decades is now considered the starting point for all discussions.

### [SE Texas Record](#)

#### **Court rules Dallas mayor can keep pension board in check**

February 23, 2017, By Fox4News.com Staff

There are 9,000 current and former Dallas public safety employees who count on their pension. Most of them have strong opinions about Mayor Mike Rawlings getting personally involved in the fight to save the fund.

At a ruling on Thursday, the court decided Rawlings, as a citizen, could be a part of the checks and balances as the city, state, pension board and members try to save the pension system. But all the legal wrangling and uncertainty is still unsettling for pensioners caught in the middle.

### [Fox 4 News](#)

## **TEXAS ECONOMIC INDICATORS**

### **Investors with \$11 trillion in assets warn Texas not to pass its 'bathroom bill'**

February 21, 2017, By Jon Herskovitz, Reuters

A group of global investors with \$11 trillion in managed assets told Texas on Tuesday not to enact legislation restricting access to bathrooms for transgender people, saying it is discriminatory and bad for business.

The "Texas Privacy Act," or Senate Bill 6, has been marked as a priority for Lieutenant Governor Dan Patrick, a Republican and conservative Christian who guides the legislative agenda in the Republican-controlled state Senate. He said the measure protected the privacy and safety of Texans.

### [Business Insider](#)

### **Immigrant impact findings no surprise to congressman**

February 21, 2017, By Carrie Salls

New American Economy (NAE) has released a Map the Impact report, which highlights the economic, voting and other impacts immigrants have on their respective states, cities, congressional districts and industries and uses that data as a basis for its call for immigration reform efforts across the country.

Study after study proves that immigrants strengthen our economy, as workers and consumers,+ U.S. Rep. Henry Cuellar (D-TX-28) told *The Record*. ~~That's~~ why business leaders are among the strongest voices calling for immigration reform. I support fixing our deeply flawed immigration system so it reflects our values and our economic reality.+

### [SE Texas Record](#)

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

### **Labor Department wins a fiduciary rule challenge, asks for stay in another**

February 21, 2017, By Hazel Bradford

The Labor Department prevailed in another courtroom challenge to its fiduciary rule on Feb. 17 when U.S. District Court Judge Daniel Crabtree in Topeka, Kan., granted it summary judgment in a lawsuit filed by insurance agency Market Synergy Group.

The challenge centered on how fixed-indexed annuities would fare under the new rule's standards for best interest contract exemptions as well as the Department of Labor's rulemaking authority overall.

### [Pensions & Investments](#)

## **DOL Retains Perfect Record in Fiduciary Rule Challenges**

February 22, 2017, By Jacklyn Wille

The Labor Department's fiduciary rule survived yet another legal challenge when a federal judge in Kansas upheld the rule on its merits after previously refusing to block the rule's enforcement ( *Mkt. Synergy Grp., Inc. v. DOL* , D. Kan., No. 5:16-cv-04083-DDC-KGS, 2/17/17 ).

This Feb. 17 decision marks the third time a federal judge has upheld the rule- which is aimed at reducing the allegedly conflicted investment advice given to retirement savers- from lawsuits brought by players in the financial industry. Despite these victories, the rule faces an uncertain future: President Donald Trump on Feb. 3 signed a memorandum ordering the Labor Department to rethink the rule.

[Bloomberg BNA](#)

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

### **401(k) plans are gradually picking up features of their DB brethren**

February 20, 2017, By Rob Kozlowski

As 401(k)s become the standard for private-sector workers, they are slowly adding defined benefit plan-like features.

The most visible of those features include automatic enrollment and collective investments, which have gained traction in recent years in the form of target-date fund lineups.

[Pensions & Investments](#)

### **Nebraska Investment Council to liquidate 12 portfolios of Omaha Schools pension fund**

February 23, 2017, By Rob Kozlowski

Nebraska Investment Council, Lincoln, voted to liquidate 12 portfolios totaling \$666 million that was previously managed by the \$1.1 billion Omaha (Neb.) School Employees Retirement System as a first step in the transition of the pension fund's assets to oversight by the council, said Michael Walden-Newman, state investment officer, in an email.

The Nebraska Investment Council, which oversees \$23.1 billion in assets, took over the money management of the retirement system effective Jan. 1.

[Pensions & Investments](#)

### **Police union OKs Mayor Curry's pension proposal, moving reform forward**

February 23, 2017, By Nate Monroe

Jacksonville police union members overwhelmingly approved a contract proposal Thursday from Mayor Lenny Curry that would place future hires into 401(k)-style accounts instead of pensions, capping off what had been a contentious and high-stakes series of negotiations.

The agreement moves City Hall one step closer toward forever closing the financially troubled Police and Fire Pension Fund, a major goal for Curry's office as it seeks a plan to pay down Jacksonville's

staggering \$2.85 billion pension debt, while also moving away from the traditional pension plans typically offered to municipal employees.

### [The Florida Times-Union](#)

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

### **Pension Fund Sticks With Hedge Funds as Others Flee**

February 21, 2017, By Rachel Pannett

After a year in which tens of billions of dollars fled global hedge funds as investors flagged disappointing returns and high fees, the industry is in need of friends. It still has one in Canada's largest pension fund.

CPP Investment Board, which ranks among the world's 10 largest pension funds, has around 10% of its 298.1 billion Canadian dollars (US\$227 billion) in assets invested with external fund managers.

### [The Wall Street Journal](#)

### **UK's Prudential to enter DB transfer advice market**

February 23, 2017, By Richard Hubbard

UK insurance giant Prudential said it will begin offering clients advice on the increasingly contentious area of defined benefit (DB) pension transfers.

The move comes just weeks after the Financial Conduct Authority issued a warning to firms involved in the rapidly growing pension transfer market to be more careful about which assets they put their clients' money into when transferring funds out of DB schemes

### [International Adviser](#)

### **China State Fund's Broker Says It's Buying Hong Kong Stocks**

February 22, 2017, By Jeanny Yu

One of China's top brokerages said it's been helping the nation's social security fund invest in Hong Kong equities to achieve higher returns.

Guotai Junan Securities Co. and its Hong Kong unit have been providing the social security fund with investment advice and trading services for mainland and Hong Kong stocks, Yim Fung, chairman and chief executive officer at Guotai Junan International Holdings Ltd., said in an interview on Wednesday.

### [Bloomberg](#)

### **Ontario Municipal Employees posts 10.5% return for 2016**

February 24, 2017, By Rick Baert

Ontario Municipal Employees' Retirement System, Toronto, returned a net 10.5% on its investments in 2016, helping boost its total assets to C\$85.2 billion (\$63 billion).

The return surpassed the pension funds' custom benchmark 7.9% return and the 6.7% overall investment return reported in 2015, OMERS said in a news release Friday.

## **Pensions & Investments**

### **U.S., European regulators relax on enforcing margin rules for some**

February 23, 2017, By Rick Baert and Sophie Baker

U.S. and European regulators on Thursday eased requirements for some uncleared over-the-counter derivatives to comply with a March 1 deadline to use mark-to-market margin.

Two U.S. regulators, the Federal Reserve and the Office of the Comptroller of the Currency, issued guidance that would allow counterparties without what the agencies called "significant credit and market risk" to gradually comply with the variation margin requirement by Sept. 1.

## **Pensions & Investments**

*The information contained in the PRB Weekly Clips is for informational purposes only and does not represent the views, positions or opinions of the Texas Pension Review Board.*