



Weekly Clips, March 3, 2017
Texas Pension Review Board
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PRB PLANS

Dallas police and fire pension wins \$2 million settlement from investment firm

February 27, 2017, By Steve Thompson

The Dallas police and fire pension fund has won a settlement worth at least \$2 million from an advisory firm that officials blame for some of the fund's disastrous real-estate investments.

While the money will not come close to covering the \$320 million in losses the fund blames on the firm, the deal requires the men who ran the firm to cooperate as the fund goes after others who profited while it lost hundreds of millions of dollars.

Dallas News

Fire pension chair blasts Turner

February 27, 2017, By Mike Morris

The chairman of Houston's fire pension board has blasted Mayor Sylvester Turner for ending negotiations on the final language of a pension reform bill.

Turner had said at last Wednesday's City Council meeting that he was making good on 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. Turner said he had instructed legislative attorneys drafting the bill to roughly match the firefighters' terms to those agreed to by the police pension.

Houston Chronicle

Huffman: Voter input on city pension reform is the right move for Houston

February 27, 2017, By Joan Huffman

We can all agree that the time has come for real reform to Houston's public retirement systems. Mayor Sylvester Turner should be commended for his hard work and for bringing everyone to the bargaining table. However, I respectfully disagree with his assertion that giving voters the decision to issue pension obligation bonds (POBs) is a "poison pill" for reform. As to the Chronicle's accusation ("Pension teamwork" Page A31, Feb. 19) that I am trying to "weigh in from the sidelines" to make some deals of my own: As author of the bill that would allow the city of Houston to reform its public retirement systems, as Chair of the Senate committee with jurisdiction over pensions, and as one of 31 senators who will cast a vote, it is my duty to weigh in on the issue. I disagree with the Chronicle's implication that the \$1 billion bond obligation is too important to be entrusted to the voters.

Houston Chronicle

Dallas Police and Fire Pension staff could advise board to make up to \$280M in lump-sum payouts

February 28, 2017, By Tristan Hallman

Up to \$280 million could leave the struggling Dallas Police and Fire Pension System this spring if the board approves a staff recommendation at its next monthly meeting.

Executive Director Kelly Gottschalk wrote in a Feb. 21 court filing that an expected recommendation to pay out \$100 million to \$280 million was subject to change.

But her declaration troubled City Council members who hope to keep the gate closed on the lump-sum payouts as they try to save the failing \$2 billion pension fund. City Council member Scott Griggs, a pension board trustee, said such a payment would be "outrageous."

Dallas News

Houston Firefighter's Retirement Fund Opposes Latest Version Of Mayor Turner's Pension Plan

February 28, 2017, By Al Ortiz

The plan to reform the City of Houston's pension system is running into opposition from the Houston Firefighters' Relief and Retirement Fund (HFRRF).

In a recent letter sent to its members, the HFRRF criticized Houston Mayor Sylvester Turner for ending the negotiations on the final version of the pension reform bill, which is being drafted in the Texas Legislature.

Houston Public Media

DART and community leaders oppose taking DART money to bail out pension fund

February 28, 2017, By Rebecca Lopez

One hundred thousand people ride DART Trains and another 150,000 people ride buses every day in Dallas.

If DART loses funding some community leaders say it will really impact lives.

"That means we have to cut services, that means that people that use that service to get to work, to get to their jobs, to get to the hospital don't get there," said DART Director, Gary Thomas.

WFAA

Dallas mayor leaves lawsuit meant to stop pension withdrawal

March 1, 2017

Dallas Mayor Mike Rawlings has withdrawn from a lawsuit he filed as a private citizen against the Dallas Police and Fire Pension system in an effort to prevent the plan from making large lump-sum payouts on deferred retirement funds.

Rawlings withdrew Tuesday and said through a spokeswoman that the four city council members on the pension board who intervened in the lawsuit in February were in a better legal position to continue the challenge.

[Houston Chronicle](#)

From Bad Dream To Nightmare: Dallas Struggles With Police, Fire Pension Fund Crisis

March 1, 2017, By Caitlin Devitt

Enjoying one of the nation's fastest-growing economies is no longer enough to stave off a crisis.

Dallas has struggled for months to get a handle on the growing emergency in the Dallas Police and Fire Pension (DPFP) fund, like a bad dream where you're paralyzed while a disaster unfolds around you.

The pension problem could bring Dallas to its knees by cramping its ability to borrow, recruit a strong police force and provide services for citizens.

[Forbes](#)

Pension system says DPD widow owes \$25,000 after they overpaid her

March 1, 2017, By Lauren Zakalik

Home videos that were taken decades ago, showing a young father playing with his children, help fill in the blanks for 30-year-old Kim Ellis.

"I have one memory," Ellis says. "And that's just him leaving for work, and he would call me boo boo. So he'd say 'bye boo boo!'"

It wasn't long after the home videos were taken that Kim would see her father for the final time.

[WFAA](#)

Why Dallas' mayor withdrew his lawsuit against troubled city pension fund

March 1, 2017, By Candace Carlisle

On Tuesday afternoon, Dallas Mayor Mike Rawlings withdrew his lawsuit against the Dallas Police and Fire Pension System Board, leaving oversight of the troubled fund estimated at \$2.1 billion to four city council members and their attorneys.

Rawlings, who filed the lawsuit as a private Dallas resident, made the decision to withdraw the suit to better position a trial court to gain oversight of the fund, which had been hemorrhaging money as police officers and firefighters pulled their retirement funds.

[Dallas Business Journal](#)

TEXAS ECONOMIC INDICATORS

Texas economic activity rose in December

March 1, 2017, By David Hendricks

Dallas-based Comerica Bank's Texas economic activity index improved by 0.2 points in December to a level of 91.8 points, from November's index reading of 91.6, thanks to more oil drilling activity.

The index averaged 91.4 points for all of 2016, or 6.1 points below the average for the full year of 2015.

[mySA](#)

Texas economy scores well, but state ends up near bottom in U.S. News ranking

March 1, 2017, By Greg Barr

While Texas politicians still love to boast about the state's business-friendly climate, a bit more of the mystery may be disappearing from the so-called "Texas Miracle," according to an inaugural state-by-state ranking by U.S. News and World Report.

The ranking measures how citizens experience their state, based on more than 10,000 data points and 68 different category metrics. The category rankings are weighted according to what citizens consider the most important going forward, based on survey results.

[Austin Business Journal](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Kentucky Senate sends pension bill to Gov. Matt Bevin's desk

February 27, 2017, By The Associated Press

The Kentucky state Senate has agreed to make changes to three of the state's public pension systems.

Senate Bill 2 would impact the Kentucky Retirement System, the Kentucky Teachers' Retirement System and the Judicial Retirement System. It would require the governor to appoint people with investment experience to the various pension governing boards. And each appointment by the governor would have to be first confirmed by the state Senate.

The bill also requires the systems to post more detailed financial information for the public, including fees and commissions paid to investment managers.

[Lexington Herald Leader](#)

California Mapping New Path for Secure Choice

March 1, 2017, By Laura Mahoney

California officials are drafting a plan to launch a state-sponsored retirement savings program for private sector workers if Congress repeals Obama administration rules that cleared the way for it.

Members of the Secure Choice Retirement Savings Board said existing provisions of the Employee Retirement Income Security Act could make retirement accounts exempt from the act if Congress passes H.J. Res. 66. The measure would repeal Department of Labor regulations that explicitly exempted Secure Choice and similar programs in other states from ERISA.

[Bloomberg BNA](#)

Senator offers bill to increase multiemployer plan participants' rights

March 2, 2017, By Hazel Bradford

Sen. Rob Portman, R-Ohio, introduced legislation Wednesday that would give participants in struggling multiemployer pension plans more weight in decisions to reduce benefits.

Under the Multiemployer Pension Reform Act, plans seeking permission from the Treasury Department to reduce benefits to avoid insolvency must put proposals to a participant vote, but unreturned ballots are counted as supporting cuts. In addition, participant votes for larger plans that would burden the Pension Benefit Guaranty Corp. without benefit cuts can be overruled by federal regulators.

Pensions & Investments

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Illinois Issues: The Pension Chasm

February 27, 2017, By Tom Lisi

A 1917 report conducted on the Illinois pension system revealed bad news. After a pension-focused trip around the globe, with studies on such nations as Great Britain, New Zealand, and Austro-Hungary, it got to the crux of the matter:

The general condition of the pensions operating under the laws of Illinois may be correctly described as one of insolvency. That is to say, viewed from the standpoint of sound finance and of having the necessary reserves to carry out the payment laws, there are immense deficiencies in the existing funds.

WNIJ News

Inside Harvard's Radical Plan to Reverse a Decade of Poor Returns

February 28, 2017, By Juliet Chung and Dawn Lim

Early on Jan. 25, staffers at Harvard University's endowment streamed into the boardroom on the 14th floor of its offices in the Federal Reserve Bank of Boston's building. In back-to-back sessions, endowment executives told them big changes were coming to Harvard's investment strategy, and that half the firm's 230-person staff would be laid off.

The Wall Street Journal

Christie pushes state lottery as fix for sagging pension system in budget address

February 28, 2017, By Nicholas Huba

Gov. Chris Christie is hoping an injection of revenue from the state lottery will help shore up New Jersey's crumbling pension system.

As part of his budget address Tuesday afternoon, the Republican governor proposed transferring the Lottery Enterprise to eligible pension plans for a period of 30 years as a way to close the state's staggering pension gap. The \$35.5 billion 2018 fiscal year budget, which includes more than \$493 million worth of surplus, is up 2.9 percent from last year.

Press of Atlantic City

Hidden report shows hundreds of Milwaukee County pension payment errors

February 28, 2017, By Don Behm and Dave Umhoefer

A Milwaukee County report to the IRS from 2014, one not provided to the public until this week, shows hundreds of retirees have been paid too much · or too little · in their monthly pension checks.

The report was released to the Milwaukee Journal Sentinel in response to an open records request filed in the wake of the resignation this month of Marian Ninneman as head of county retirement services.

[Milwaukee Journal-Sentinel](#)

Californians Hit as Bad Debts Lead to Government Pension Cuts

March 1, 2017, By Romy Varghese

Maureen Lynch, 66, retired when the California government job-training agency where she worked was shuttered in 2014, assuming she could count on a \$1,705 monthly pension for the rest of her life.

But her former employer, East San Gabriel Valley Human Services Consortium, left a \$406,027 unpaid bill to the California Public Employees Retirement System, which manages benefits for 3,000 local governments and districts. As Calpers, the nation's largest public pension, deals with a growing gap between what's been promised and what's been set aside, it may slash the checks of Lynch and 190 other workers by 63 percent -- the rate by which the agency has fallen short.

[Bloomberg](#)

University of Maine to consider adding asset classes to investment pool, pension fund

March 2, 2017, By Rob Kozlowski

University of Maine System's investment committee will consider creating new allocations for bank loans and international small-cap equities for its \$272 million managed investment pool of six endowment funds, and new allocations to bank loans and Treasury inflation-protected securities for its \$31 million pension fund at its March 9 meeting, said Tracy E. Elliott, director of finance and controller, in an email.

The system's investment consultant, NEPC, is recommending the creation of a new 5% target to international small-cap equities within the managed investment pool by reducing the rest of international equity target to 11% from 16%, and creating a new 5% target to bank loans by eliminating the 5% global multisector fixed-income target.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

South Korea's NPS relocation may hinder investment plans

February 28, 2017, By Douglas Appell

An exodus of investment talent at Seoul-based National Pension Service · ahead of an end-of-February deadline for relocating NPS staff to the South Korean countryside · could hamstring the 545 trillion won (\$462 billion) fund's near-term efforts to deploy net inflows exceeding \$4 billion a month.

Longer term, NPS' move to the rustic setting of Jeonju, a roughly three-hour drive from the capital, could hobble its prospects for assembling and retaining a world-class team to manage a portfolio set to exceed \$1 trillion in assets by the middle of the coming decade, market veterans say.

Pensions & Investments

U.K. government tells NEST it can't offer retirement income options

March 2, 2017, By Sophie Baker

The U.K. government has decided the National Employment Savings Trust, London, will not be allowed to offer retirement income or decumulation strategies.

The government published a consultation paper in July seeking comment on whether NEST should better reflect changes to the U.K. retirement market. It cited the introduction of so-called pension freedoms in April 2015, which remove the requirement for participants to purchase an annuity to provide income in retirement, as a reason to consider changes.

Pensions & Investments

Greece-Creditors Make No Progress After Third Day of Negotiations

March 3, 2017, By Philip Chrysopoulos

Creditors on Thursday did not accept the Greek proposals for countermeasures and insist that Athens must take additional measures amounting to 2% of GDP in order to reach fiscal targets.

The Greek side argued that it has exceeded budgetary targets in 2016, therefore the bailout program is on the right track and no additional measures are needed beyond 2018, when the program ends.

Greek Reporter

Japan's GPIF reports record 8% gain in fourth quarter

March 3, 2017, By Douglas Appell

Japan's Government Pension Investment Fund on Friday reported a record 7.98% gain for the quarter ended Dec. 31, powered by optimism about U.S. growth following Donald Trump's election victory.

The quarter's ¥10.5 trillion (\$90 billion) investment gain boosted the assets of the world's largest pension fund to a record ¥144.8 trillion.

Pensions & Investments

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