



PRB PLANS

Deficit in Dallas: How One of the Fastest-Growing U.S. Cities Ended Up With Billions in Debt

April 2017, By Alan Greenblatt

Dallas has enjoyed enormous success in recent years. Texas' third-largest city has seen the fastest job growth of any major metropolitan area in the country, as well as the second-fastest population growth. But despite its good fortune, Dallas has created a huge problem for itself -- one so big that even bankruptcy isn't off the table.

The problem is the city's pension funding, particularly the cost of its commitments to public safety workers. The public safety pension fund has a shortfall somewhere in the neighborhood of \$8 billion. The pension board would like the city to pitch in more than \$1 billion -- an amount almost equal to the city's entire general fund. Meanwhile, Dallas is facing a lawsuit over back pay for police and firefighters that could cost the city up to \$4 billion.

Governing

Teachers Retirement System of Texas is 'too big to fail'

April 7, 2017, By Michael Taylor

Texas state Sen. Paul Bettencourt, R-Houston, poked the bear last month when he filed two bills that would direct the Teachers Retirement System of Texas, TRS, and Employee Retirement System of Texas, ERS, to study possible changes to their public pension plans.

The legislation, which would take effect Sept. 1 if adopted, would also give the agencies the "authority to establish alternative retirement plans."

Houston Chronicle

San Antonio entices Dallas police with bonus and pension incentives

April 9, 2017, By Rani Monson

San Antonio wants our cops and is going big to get them. The Alamo City is seeking recruits for its police department via billboards on I-35, US 75, and the Dallas North Tollway, and they're getting a response — "hundreds of calls," says WOAI-TV.

Their offer includes a \$7,500 sign-on bonus and what they call a "strong pension," a jab at the crisis hanging over Dallas' police and fire pension system.

Culturemap Dallas

Police and fire pension negotiations break down in Dallas and Austin; trust lost on both sides

April 10, 2017, By Tristan Hallman

Mayor Mike Rawlings left Austin last week feeling hopeful that lawmakers would be receptive to his call for tweaks to a rescue bill for the failing Dallas Police and Fire Pension System.

But by the weekend, the mayor's hopes had faded. House Pensions Committee Chairman Dan Flynn, R-Van, rejected Rawlings' suggestions within an hour of the mayor sending them along on Friday, leaving the mayor feeling "bamboozled."

[Dallas News](#)

Dallas Police & Fire Pension Fund Bill Faces First Vote

April 10, 2017, By Vanessa Brown

A bill to save the troubled Dallas Police & Fire Pension Fund may pass its first hurdle Monday, and it all comes down to money. First responders feel like they are being cheated out of their retirement, but the mayor thinks that taxpayers should not have to carry the financial burden.

With the city unable to reach a deal, State Rep. Dan Flynn stepped in to help. He is the chair of the House Pension Committee, which is meeting at 2:00 p.m. on Monday. His bill is the one up for discussion. More than 30 police leaders from Dallas sent a letter urging lawmakers to pass the bill.

[DFW CBS](#)

Mayor Rawlings' proposals would threaten pension fund and public safety

April 10, 2017, By Sam Friar

Dallas Mayor Mike Rawlings' proposed changes to HB 3158, the bill before the Texas Legislature designed to shore up the Dallas Police and Fire Pension fund, would lead the fund's insolvency and create a public safety crisis in Dallas. Failure to fix the pension system will cause mass resignations by Dallas first responders, resulting in a dangerous shortage of police officers and firefighters. This shortage would be far more damaging to the city than any concerns expressed by the well-heeled Dallas Citizens Council.

We agree that much progress has been made. We commend Rep. Dan Flynn and his staff for their tireless efforts filing the bill. We urge legislators to reject the mayor's latest attempt to move the goalposts on board structure and funding.

[Dallas News](#)

Dallas Police and Fire Pension System rescue bill clears first hurdle in Legislature

April 12, 2017, By Tristan Hallman and Madlin Mekelburg

A bill to rescue the failing Dallas Police and Fire Pension System cleared its first major legislative hurdle Wednesday, passing out of the House Pensions Committee with a unanimous vote.

The legislation will move to the full House even as some issues remain in dispute among city leaders, police and firefighters, retirees and the pension system.

The bill's author, State Rep. Dan Flynn, R-Van, and Dallas Mayor Mike Rawlings have tussled in recent weeks over clauses in the legislation. Rawlings has blasted provisions that bind the city to making minimum annual payments into the fund and don't allow the city to have majority control of the board of trustees.

TEXAS ECONOMIC INDICATORS

Toyota contributing to Texas economy

April 9, 2017, By Jay S. Baron

As the world's second-largest automaker, Toyota maintains operations around the globe and employs nearly 350,000 people. Over a third (135,900) of Toyota's global employment is in its U.S. facilities.

The Center for Automotive Research, or CAR, recently completed an analysis of Toyota's economic contribution to the U.S. economy, as well as the economies of 19 individual states — including Texas. The study demonstrates a decade's long commitment from Toyota to produce vehicles, employ workers, and contribute to the tax base of both the country as a whole and the many states where the automaker has a presence.

[MySA](#)

Oil industry leads Texas economic improvement trend

April 9, 2017, By Alex Mills

The economy in Texas has shifted into second gear and is expected to grow in 2017, according to a study released recently by the Federal Reserve Bank of Dallas.

"The outlook for the Texas economy has improved considerably from a year ago," said Robert Kaplan, president and CEO of the Dallas Fed.

"Texas jobs are expected to increase between 1.5 percent and 2.5 percent, as the energy sector improves and the service sector grows at a moderate pace," the report stated.

[Times Record News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Senate, House introduce bills mandating lifetime income disclosures for 401(k) plans

April 6, 2017, By Greg Iacurci

Bipartisan legislation was introduced today in the Senate and House of Representatives that would require employers to provide 401(k) participants with a projection of monthly income at retirement, based on their current account balance.

Johnny Isakson, R-Ga., and Chris Murphy, D-Conn., introduced the Lifetime Income Disclosure Act, or S. 868, in the Senate. Luke Messer, R-Ind., and Mark Pocan, D-Wisc., introduced a companion measure in the House.

[Investment News](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

HFR: Hedge funds post strong first-quarter return

April 10, 2017, By Christine Williamson

Hedge fund returns in aggregate were positive in the quarter ended March 31 with the HFRI Fund Weighted Composite index gaining 2.34% and the HFRI Asset Weighted Composite index returning 1.72%.

By contrast, returns of the indexes for the three months ended Dec. 31 were 1.17% for the Fund Weighted Composite index and 2.12% for the Asset Weighted Composite index. Full-year returns of the indexes as of Dec. 31 were 5.43% for the Fund Weighted Composite index and 2.84% for the Asset Weighted Composite index. The 12-month returns through March 31 were not provided.

[Pensions & Investments](#)

California Cities' Pension Tab Seen Almost Doubling in 5 Years

April 10, 2017, By Romy Varghese

California cities and counties will see their required contributions to the largest U.S. pension fund almost double in five years, according to an analysis by the California Policy Center.

In the fiscal year beginning in July, local payments to the California Public Employees' Retirement System will total \$5.3 billion and rise to \$9.8 billion in fiscal 2023, according to the right-leaning group that examines public pensions.

The increase reflects Calpers' decision in December to roll back the expected rate of return on its investments. That means the system's 3,000 cities, counties, school districts and other public agencies will have to put more taxpayer money into the fund because they can't count as heavily on anticipated investment income to cover future benefit checks.

[Bloomberg](#)

The cost of California's public pensions is rising fast. But efforts to fix the problem by ballot measure have fizzled

April 7, 2017, By Judy Lin

More than 20 times in the last 15 years, political leaders looking to control California's fast-growing public pension costs have tried to put reform initiatives before the voters. None of the proposals has made it onto the ballot.

Often, advocates could not raise enough money for signature gathering, advertising and other costs of an initiative campaign. Some of the most promising efforts, however, ran into a different kind of obstacle: an official summary, written by the state attorney general, that described the initiative in terms likely to alienate voters. Facing bleak prospects at the polls, the sponsors abandoned the campaigns.

[LA Times](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Equity Hedge Funds Best Start Since 2013 Fueled by Asia Bets

April 9, 2017, By Katia Porzecanski, Hema Parmar and Bei Hu

Equity hedge funds are getting a pick-me-up after a harsh 2016, when they suffered almost a third of the industry's withdrawals, amid a global stock rally.

The long-short strategy -- the top performer -- returned 3.2 percent in the first quarter on an asset-weighted basis, marking the best start to a year since 2013, according to Hedge Fund Research Inc. Emerging markets had some of the most robust gains, with an average 5.5 percent return led by wagers in India and China.

[Bloomberg](#)

Australia's Biggest Pension Fund Eyes U.S. Infrastructure

April 10, 2017, By Emily Cadman and Ruth Liew

President Donald Trump's plan to fix America's crumbling infrastructure with \$1 trillion of private and public investment over a decade is drawing interest from 10,000 miles away.

AustralianSuper Pty, Australia's biggest pension fund with over A\$100 billion (\$75 billion) in assets, is eyeing the U.S. market for infrastructure debt and equity investment prospects, said Mark Delaney, its Melbourne-based chief investment officer.

[Bloomberg](#)

Japan's GPIF Starts Recruiting Managers for Alternative Assets

April 11, 2017, By Thomas Wilson

Japan's Government Pension Investment Fund (GPIF) on Tuesday began recruiting asset managers for

investments in private equity, infrastructure and real estate, as the world's largest pension fund's embrace of riskier assets gathers pace.

In its first recruitment of outside managers for investments in so-called alternative assets, GPIF is looking to hire an unspecified number of institutional investors to oversee bets in Japan and other developed countries.

[Reuters](#)

U.K. corporate pension deficits improve in March

April 11, 2017, By Sophie Baker

A fall in liabilities and a rise in assets improved the aggregate U.K. defined benefit fund deficit by 6.4% in March, lowering it to £226.5 billion (\$282.1 billion), showed the Pension Protection Fund's 7800 index.

The index, which covers PPF-eligible corporate U.K. pension funds, showed deficits increased 2.2% for the year ended March 31.

[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.