



Weekly Clips, June 23, 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**

### **Investment chief at teachers' pension fund jumps to same job at UTIMCO**

June 16, 2017, By Dan Zehr

The longtime chief investment officer of the Teacher Retirement System of Texas is leaving to take the same position at the smaller University of Texas/Texas A&M Investment Management Co., both funds announced Friday.

Thomas Britton Harris, who oversaw investment strategy at TRS for more than a decade, will begin as chief executive and chief investment officer at UTIMCO on Aug. 1.

[Austin American-Statesman](#)

### **University of Texas Endowment Names Pension Fund Veteran CEO**

June 16, 2017, By Michael McDonald and Lauren Etter

The University of Texas Investment Management Co. named Thomas Britton Harris, who runs one of the largest U.S. pension plans, as chief executive officer to help boost performance at the \$40 billion fund.

Harris, 59, chief investment officer at the Teacher Retirement System of Texas, succeeds Bruce Zimmerman, who stepped down last year from Utimco, as the university endowment money manager is known. The Utimco board approved the appointment Friday at a board meeting in Austin.

[Bloomberg](#)

### **Names Swirling of Candidates for Texas Teachers CIO**

June 19, 2017, Ty Leanna Orr

Teacher Retirement System of Texas (TRS) Deputy CIO Jerry Albright took over as Interim CIO last week, the fund said. One member of a deep bench of Austin investment talent who could potentially succeed Britt Harris.

Chief Investment officer Harris is departing after a decade to lead the University of Texas Investment Management Company (UTIMCO), a smaller fund headquartered blocks from TRS, the pension confirmed last week.

[Institutional Investor](#)

# **TEXAS ECONOMIC INDICATORS**

## **Texas Unemployment Rate For May Slips To 4.8 Percent**

June 16, 2017

The Texas unemployment rate slipped to 4.8 percent in May, the Texas Workforce Commission reported Friday.

Last month's jobless figure compares to 5 percent statewide unemployment during April, according to a TWC statement. The nationwide unemployment rate in May was 4.3 percent.

Amarillo had the lowest unemployment in Texas last month at 3.1 percent. The McAllen-Edinburg-Mission area had the state's highest jobless rate during May at 7.5 percent, TWC officials said.

[CBS DFW](#)

## **Positive S&P rating review of Texas budget says state has 'turned corner' after oil downturn**

June 20, 2017, By Kimberly Reeves

Texas' \$217 billion budget for the next two years is "neutral," meaning it won't have a positive or negative effect on the state's overall credit rating, according to S&P Global Inc., which also projected Texas employment will continue to grow at about 2 percent annually, outpacing the national average.

The state got high marks for new transportation spending from S&P and a slightly negative assessment on the decision to delay paying for Medicaid case growth over the next two years. S&P (NYSE: SPGI), a New York City-based financial info and analytics company, currently rates Texas' general obligation debt as "AAA," the highest rank possible, signaling the obligator is "extremely" likely to pay back the money.

[Austin Business Journal](#)

## **How big was the oil boom in South Texas? A new report has the numbers.**

June 21, 2017, By Jennifer Hiller

The Eagle Ford Shale oil field had an estimated economic impact of \$123 billion in South Texas in the heyday of the oil boom - a number that got sliced by more than half by the oil bust, according to a new study.

A boom-bust report from the University of Texas at San Antonio tracks the wild swings of the oil business and the economic footprints that the Eagle Ford made across South Texas. It will be released today at an event at the Port of Corpus Christi, a spot that exemplifies the transformative effect of a new oil discovery.

[My San Antonio](#)

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

### **Illinois careens into financial meltdown – and not even the lottery is safe**

June 20, 2017, By Brooke Singman

Illinois is grappling with a full-fledged financial crisis and not even the lottery is safe . with Republican Gov. Bruce Rauner warning the state is entering "banana republic" territory.

Facing billions in unpaid bills and pension obligations, the state is hitting a cash crunch that is rare even by Illinois standards.

A top financial official just warned 100 percent of the state's monthly revenue will be eaten up by court-ordered payments. Rauner is calling a special session of the Democrat-led General Assembly in a bid to pass what he hopes will be the first full budget package in almost three years.

#### **Fox News**

### **Arkansas Teachers sue Alon, Delek over acquisition of Alon stock**

June 20, 2017, By Meaghan Kilroy

The \$14.4 billion Arkansas Teacher Retirement System, Little Rock, has filed a class-action lawsuit against Alon USA Energy Inc. and Delek US Holdings Inc. for allegedly breaching their fiduciary duties in Delek's proposed acquisition of the remaining 53% of Alon common stock not already owned by Delek.

The lawsuit, filed in a Delaware Chancery Court on June 15, claims that the proposed transaction "promises an unfair price to Alon's public stockholders" and "resulted from an unfair process that bore no resemblance to genuine arm's-length negotiations and was deeply influenced by Delek's controlling shareholder status."

#### **Pensions & Investments**

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

### **CalPERS gets a lift in Amazon's deal to buy Whole Foods**

June 16, 2017, By Mark Anderson

California's giant state employees pension fund saw the value of its holdings in Whole Foods Market Inc. stock increase by \$13.1 million overnight with the announcement that Amazon.com Inc. will buy the the natural foods grocer for \$13.7 billion.

The California Public Employees Retirement System's stake in Whole Foods (NASDAQ: WFM) is now worth \$61.3 million, up from \$48.2 million overnight with the announcement.

#### **Sacramento Business Journal**

## **Chicago's police pension fund will be broke in 2021**

June 20, 2017

Without a taxpayer bailout, Chicago's police pension fund won't have enough money to pay benefits to retirees in 2021, according to a projection by Local Government Information Services (LGIS), which publishes *Chicago City Wire*.

At the end of 2020, LGIS estimates that the Policemen's Annuity and Benefit Fund of Chicago will have less than \$150 million in assets to pay \$928 million promised to 14,133 retirees the following year.

### [Chicago City Wire](#)

## **Pension Crisis Won't Be Reversed by High Returns, Moody's Says**

June 20, 2017, By Kristy Westgard

Even a stock market soaring to record highs won't rescue America's struggling state and local pension plans.

A "best case" scenario of a cumulative 25% investment return during the 2017-2019 period will not offer a respite for chronically underfunded U.S. public pension plans, according to a Moody's Investors Service report.

### [Bloomberg](#)

## **Uncertain of the Future, States Save and Save Some More**

June 21, 2017, By Liz Farmer

In the face of a politically and financially uncertain fiscal 2018, states are hunkering down, pulling back on spending increases and beefing up rainy day funds.

General fund revenues for fiscal 2017 are coming in below forecasts in 33 states, according to a new survey by the National Association of State Budget Officers (NASBO). That's the highest number since the recession, and it also marks the second straight year that more states have failed to meet projected revenues than exceeded them. As a result, it's increasingly likely that more states will be forced to make spending cuts (23 have already reported doing so).

### [Governing](#)

## **Public pension liabilities vastly outpacing contributions despite higher payments**

June 21, 2017, By Hazel Bradford

Contributions to public pension plans have increased in recent years, but their unfunded liabilities have increased more, according to an analysis by the Society of Actuaries released Wednesday.

Between 2006 and 2014, employer contributions increased 76%, up to \$85 billion in 2014 from \$48 billion, and employee contributions increased 30%, to \$37 billion from \$28 billion. Total unfunded liabilities increased 150% to \$1 trillion in 2014 from \$400 billion in 2006, and the plans studied were 73% funded by the end of 2014.

### [Pensions & Investments](#)

## **Public Pension Funding Dropping Even With Contribution Hikes**

June 22, 2017, By David B. Brandolph

The vast majority of large public pension plans are losing the battle to keep pace on funding, showing deficiencies despite a substantial uptick in contributions.

Even when plans and their sponsoring governments are pretending to be good, they can be bad, Donald J. Boyd, director of fiscal studies at the Rockefeller Institute of Government in Albany, N.Y., told Bloomberg BNA June 22.

A state could make its actuarially determined contribution but still not be paying enough to prevent its pension funding shortfall from growing, Boyd said. This points to the inadequacy of plans funding policies, he said.

[Bloomberg BNA](#)

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

### **UK pension investments jump by over third in Q1**

June 19, 2017, By Monira Matin

New pension investments in the UK were up by more than a third in the first three months of 2017, according to new figures by Equifax Touchstone.

Research by the intermediary databased provider, which covers 90% of the UK's life and pensions companies, found that retirement investments (excluding transfers) jumped to £6.8bn in Q1 2017 from £5bn (\$6.4bn, " 5.7bn) in the last quarter of 2016. The figure nearly doubles to £12.7bn when you include pension transfers, which grew by 30% compared to the previous quarter.

[International Adviser](#)

### **MSCI adds sliver of China A shares to emerging markets indexes**

June 20, 2017, By Rob Kozlowski

MSCI Inc. on Tuesday announced it will add China's Shanghai- and Shenzhen-listed A shares to its global emerging markets benchmark indexes, following three years of delays over market access concerns.

The latest annual review of MSCI's benchmark index constituents adds China A Shares to its MSCI Emerging Markets and MSCI ACWI indexes beginning in June 2018.

[Pensions & Investments](#)

### **FCA proposes changes to advice on pension transfers**

June 21, 2017, By Gary Robinson

The UK's financial watchdog The Financial Conduct Authority (FCA) has today published new proposals on advice relating to defined benefit pension transfers.

Following on from a series of moves where the UK financial services regulator has, with various international pension transfer specialist company's support, seen a number of organisations cease

pension transfer business in the UK, the FCA has today outlined a series of proposals to overhaul pension transfers rules.

### [International Investment](#)

#### **UK roundup: More calls for rethink of DB rules**

June 22, 2017, By Nick Reeve

Many UK workers will not receive their full defined benefit (DB) pension in full as their employer will go bankrupt before their scheme reaches full funding, according to a new report from the Pensions Institute.

The institute . part of the Cass Business School in London . said the government needs to recognise this danger and shift pension policy accordingly.

### [Investment & Pensions Europe](#)

*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.*