



Weekly Clips, September 8, 2017  
Texas Pension Review Board  
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## **PRB PLANS**

### **Dallas Police and Fire Pension System sues investment advisers, former attorney**

September 2, 2017, By Tristan Hallman

The Dallas Police and Fire Pension System filed a lawsuit Thursday in Dallas County against its former investment consultants and its former attorney for alleged negligence that led to hundreds of millions of dollars in investment losses.

The suit, which alleges breach of contract and a failure to exercise fiduciary duty, is seeking damages from Townsend Holdings and all or part of the fees paid to longtime attorney Gary Lawson.

#### **Dallas News**

### **Houston funds, managers stay cool after storm**

September 4, 2017, By Rob Kozlowski

Hurricane Harvey and the subsequent tropical storm that dumped more than 50 inches of rain in areas of Houston left both plan sponsors and money managers scrambling to implement closures and disaster recovery plans.

Fixed-income manager Garcia Hamilton & Associates LP, located in downtown Houston, opened its offices Aug. 30 for the first time since the hurricane made landfall Aug. 25, with about 10 of its 32 employees present.

#### **Pensions & Investments**

### **New executive team named for Texas Teacher Retirement System**

September 6, 2017, By Christine Williamson

Jerry Albright, the new chief investment officer of the Texas Teacher Retirement System, Austin, named the executives who will assist him in managing the \$139.7 billion fund.

Mr. Albright succeeded T. Britton Harris III as the Texas Teacher CIO on Aug. 1 after Mr. Harris assumed the role of president, CEO and CIO of the University of Texas Investment Management Co., Austin, which manages \$39.4 billion in assets from UT and Texas A&M.

Mr. Albright, who had been deputy chief investment officer, selected Jase Auby to fill that role. In his new position, Mr. Auby has oversight responsibility for the fund's public and private market investments, confirmed Juliana Fernandez Helton, a TRS spokeswoman, in an email.

#### **Pensions & Investments**

## **City approves \$43.2 million budget; union requests loom**

September 7, 2017, By Fernando Del Valle

HARLINGEN — The city's new \$43.2 million general fund budget might be too tight to fund local union requests. Earlier this week, city commissioners approved the budget, dipping into a \$16.2 million cash reserve to offset a \$764,715 shortfall.

"It is a very lean budget," City Manager Dan Serna said yesterday. "There's no wiggle room." Serna said the budget earmarks money to fund the first year of a proposed \$835,000 pay package for the local police officers' and firefighters' union.

### [Valley Morning Star](#)

## **Dallas Police and Fire Pension Board member Frederick 'Shad' Rowe sees challenges ahead**

September 8, 2017, By Jim Mitchell

Mayor Mike Rawlings selected six people to sit on a newly reconstituted Dallas Police and Fire Pension Board, including Dallas investor Frederick E. "Shad" Rowe, a former chairman of the Texas Pension Review Board.

What interests you about this board seat? It will be a challenge and I would like to help. I think that I am qualified. I have experience as a professional investor and with public pensions. I was also impressed by others I met on the board.

### [Dallas News](#)

# **TEXAS ECONOMIC INDICATORS**

## **DACA's economic impact on Texas**

September 5, 2017, By Doug Murray

TYLER, TX (KLTV) -The end of DACA comes after ten states were ready to sue the federal government if the program stayed on the books. With more than 100,000 DACA recipients in Texas alone, there are some economic issues that surface if Congress fails to create a similar program.

"If we lost all of the DACA recipients in the State of Texas, the effect on the state's economy would be about \$6.1 billion," Justice For Our Neighbors coordinator Ralph Allen said.

### [KLTV](#)

## **Dallas Fed: Region's economy sustained momentum prior to Harvey**

September 6, 2017, By Dan Zehr

A rebound in retail sales and broad-based demand for a wide range of products and services helped sustain a growing regional economy prior to Hurricane Harvey's arrival, according to a report Wednesday from the Federal Reserve Bank of Dallas.

However, some of the report's weakest notes emerged from areas later hammered by the storm, which shut down key supply and transportation channels for most industries in the region.

### [Austin American-Statesman](#)

## **DACA rollback detrimental to Austin economy, firm says**

September 6, 2017, By Rebeca Trejo

AUSTIN - Thousands of DACA recipients live and work in Texas and many of them contribute to the Austin economy.

William Mellor, vice president of Angelou Economics said rolling back DACA has a negative effect on our economy. His firm works with the City of Austin and the Texas comptroller's office.

### [KVUE](#)

## **Hurricane Harvey highlights the role of immigrant labor in Texas economy**

September 6, 2017, By Caroline Halter

The Trump administration's decision to end Deferred Action for Childhood Arrivals, or DACA was expected. But it comes as Hurricane Harvey recasts a spotlight on the role of immigrant labor in Texas.

Next to California, Texas has the largest number of residents with temporary legal status under DACA. Many work in industries like construction, which is set to see an increase in demand due to damage from Hurricane Harvey.

"There's all sorts of other reasons not to penalize people who were brought here as children," said Texas economist Ray Perryman. "But even if you put all those issues aside, there are many industries where the undocumented workforce is very important, but probably nowhere more than construction."

### [Marfa Public Radio](#)

## **Dallas to bid for Amazon's HQ2, and here's why it might have a shot**

September 7, 2017, By Maria Halkias and Jill Crown

Every city in North America with at least 1 million people was just handed an unprecedented assignment -- Amazon.com wants proposals by Oct. 19 on where to house its second headquarters.

The online behemoth, which is based in Seattle, said Thursday that it's commenced a search for a new city to accommodate its future growth, promising to spend more than \$5 billion and bring 50,000 jobs to what founder and CEO Jeff Bezos said will be "a full equal" new headquarters, which it has dubbed "HQ2". And all early indications are that the competition is going to be fierce.

### [Dallas News](#)

## **Favor, the on-demand service focused on Texas, picks up \$22 million series B**

September 7, 2017, By Jordan Crook

The on-demand economy is great for consumers but hard for the companies that provide on-demand services. While many are still struggling to stabilize their business model and optimize their work force, Favor has seemed to find a bit of success by focusing in on a specific region.

Favor is an on-demand delivery service that operates in Texas. Much like Postmates, the service lets users order food (as well as other stuff) from their favorite restaurants and has runners pick it up and deliver it to the end-user.

### [TechCrunch](#)

## **Union Pacific is back in operation in Texas after Harvey damage, mum on early retirement offer at home**

September 7, 2017, By Russell Hubbard

Union Pacific said Wednesday that the aftermath of Hurricane Harvey means lots of work for the nation's second-largest railroad.

Meanwhile, the company didn't say how many people chose early retirement last month as part of an effort to eliminate 750 jobs.

Rob Knight, chief financial officer for the Omaha-based railroad, told investors and analysts at a trade conference that most of the Houston unit is back in operation after all traffic in the area was stopped before the hurricane deluged the area last week.

[Omaha World-Herald](#)

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

### **Scranton pension board seeks dismissal of double pension lawsuit**

September 6, 2017, By Terrie Morgan-Besecker

A lawsuit challenging the reduction in double pension benefits to 22 Scranton retirees raises issues that are already pending in another court action and should be dismissed, attorneys for the city and pension board argued Tuesday.

The lawsuit, filed June 18, seeks to force the nonuniform pension board to reverse its March 3 vote to reduce benefits to the retirees by 50 percent. The vote was based on the findings of two hearing examiners, who determined the enhanced benefits were never properly authorized.

Attorneys for the city, pension board and retirees agree claims in the June suit are identical to those contained in a March 27 appeal of the hearing examiners' findings. They differ on whether the two lawsuits should be permitted to continue simultaneously.

[The Times-Tribune](#)

### **Court ruling on tax increases benefits labor unions**

September 6, 2017, By Richard Rider

The California State Supreme Court may have opened the floodgates to local tax increases. Its vague ruling about "citizen initiatives" for "special taxes" suggests that such measures are no longer subject to the two-thirds majority vote requirement. If that's the case, most local governments will be putting new and higher taxes on the ballot in the next couple of years.

That includes cities, counties, school districts, water districts, transportation districts (SANDAG) and many other government agencies. And if — as the ruling indicates — there's only a simple majority vote required for such a tax to pass, the vast majority (90 percent-plus) of these initiatives will become law.

[San Diego Union-Tribune](#)

## **Equifax Faces Multibillion-Dollar Lawsuit Over Hack**

September 8, 2017, By Polly Mosendz

A proposed class-action lawsuit was filed against Equifax Inc. late Thursday evening, shortly after the company reported that an unprecedented hack had compromised the private information of about 143 million people.

In the complaint filed in Portland, Ore., federal court, users alleged Equifax was negligent in failing to protect consumer data, choosing to save money instead of spending on technical safeguards that could have stopped the attack. Data revealed included Social Security numbers, addresses, driver's license data, and birth dates. Some credit card information was also put at risk.

### **Bloomberg**

## **Why some Equifax customers have unwittingly waived their rights to a class-action lawsuit**

September 8, 2017, By Maria LaMagna

After Equifax's massive data breach, some customers are thinking twice before accepting the credit bureau's help.

After a data breach that impacted a potential 143 million U.S. adults, Equifax EFX, -12.28% created a website that would allow consumers to check if they were affected. Customers who were told their personal information may have been impacted were given the following message: "Click the button below to continue your enrollment in TrustedID Premier."

There's one catch: Those who signed up to this TrustedID Premier security monitoring service for a year waive their rights to participate in a class-action lawsuit. Some consumers quickly detected these conditions included in the terms of Equifax's service.

### **Market Watch**

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

## **Public funds see major gains after frustrating years**

September 4, 2017, By Meaghan Kilroy

Large U.S. public pension funds posted double-digit returns for the year ended June 30, following two years of lackluster returns.

Those results didn't surprise consultants, who pointed to public equity markets' strong performance over the year, but they cautioned that the outlook for U.S. equities isn't robust.

For the 12 months ended June 30, the Russell 1000 returned 18.03%; the Russell 2000, 24.6%; and the MSCI Europe Australasia Far East index, 20.27%. Over the same periods in 2016 and 2015, the Russell 1000 returned 2.93% and 7.37%, respectively; Russell 2000, -6.73% and 6.49%; and MSCI EAFE, -10.16% and -4.22%, respectively.

### **Pension & Investments**

## **DACA deportations could cost US economy more than \$400 billion**

September 5, 2017, By John W. Schoen

President Donald Trump's decision to end a program that protects hundreds of thousands of people who were brought to the U.S. illegally as children could cost the economy hundreds of billions of dollars over the next decade.

Attorney General Jeff Sessions on Tuesday announced the "wind down" over the next six months of the Deferred Action for Childhood Arrivals program, which shields some 800,000 young immigrants from deportation. Unless Congress acts to replace the Obama-era program with similar protections, those people would no longer be allowed to work in the U.S.

### [CNBC](#)

## **St. Joseph's Pension Fund Bankruptcy Could Be Just One of Many in RI**

September 5, 2017, By GoLocalProv News Team

Church pension plans controlled by the Diocese of Providence, like the bankrupt pension fund of St. Joseph Health services, may be in distress too - but no one knows and the Diocese of Providence will not respond to repeated requests for comments.

These unregulated secret funds, that many Rhode Islanders are counting on for the retirement are, as one top federal regulator told GoLocal, "the wild, wild, west."

Church Plans Under Scrutiny - So called "church plans" are not regulated by any state or federal regulatory agencies. They are not required to file reports

### [GoLocalProv](#)

## **Some U.S. cities are creating jobs like crazy – but not building anywhere for workers to live**

September 6, 2017, By Rosalie Murphy

Rents and home prices rise fast when people flock to new cities. All of a sudden, there are way more people than there are places for them to live.

Using Census and Bureau of Labor Statistics data, it's possible to see exactly how mismatched job growth and housing growth is in some places.

San Francisco, for example, built just one new home for every 6 new jobs created in the city between 2011 and 2016 — including houses, apartments and condos.

### [Desert Sun](#)

## **DuPont quietly offers buyouts to 9,500 pensioners**

September 6, 2017, By Jeff Mordock

DuPont quietly offered about 9,500 of its U.S. retirees a chance to exchange their pensions for a lump-sum buyout or small monthly annuity.

The Wilmington-based company made the offer last week, just days before it completed a nearly \$150 billion merger with The Dow Chemical Co. Now operating as DowDuPont, the consolidated business has dual headquarters in Delaware and Midland, Michigan.

### [USA Today](#)

## **'No more pretending.' Kentucky issues dire warning on pension to local governments**

September 7, 2017, By John Cheves

Kentucky's local governments may have to contribute up to 60 percent more money next year to provide pensions for their employees, State Budget Director John Chilton warned city and county leaders in an email Thursday.

Unless lawmakers make "structural changes" to the state's public retirement systems this fall during a special legislative session, scores of local governments will have to make payments into the County Employees Retirement System that equal between 29 percent and 51 percent of their total payroll, depending on the type of employee involved, Chilton wrote.

### **[Lexington Herald Leader](#)**

## **As anxiety grows over pensions, Louisville and JCPSS brace for 'mass exodus' of retirees**

September 7, 2017, By Phillip M. Bailey

Longtime Jefferson County Public Schools teacher Mary Thurman would think twice before telling a would-be educator to join the profession.

"I don't think I'd be very energetic about encouraging them. I'd have them look to other avenues," she said. "If they're really into teaching then they're going to have to make another way if the retirement's not going to be what it is now."

### **[Courier-Journal](#)**

## **North American pension funds grow assets faster than global peers**

September 7, 2017, By Jennifer Thompson

North American pension funds have grown their assets more quickly than their global peers over the past five years, despite warnings of a looming crisis as many schemes face massive funding shortfalls.

North American funds reported annualised asset growth of 6.7 per cent between 2011 and 2016, according to research from Willis Towers Watson, the world's largest adviser to institutional investors. This was driven by the strengthening US dollar and a greater emphasis on investing in equities, which posted strong gains in the period.

### **[Financial Times](#)**

## **Massive Equifax Data Breach Could Impact Half of the U.S. Population**

September 7, 2017, Alyssa Newcomb

A massive cyber security incident at Equifax — one of the largest credit reporting agencies in the United States — may have exposed private information belonging to 143 million people — nearly half of the U.S. population.

The breach, which was discovered July 29, includes sensitive information such as social security numbers, birthdays, addresses and in some instances, driver's license numbers. The agency said 209,000 credit card numbers were exposed in the breach, which includes customers in Canada and the United Kingdom.

### **[NBC News](#)**

## **Can New Perks Make Up for Smaller Pensions?**

September 8, 2017, Katherine Barrett & Richard Greene

In some state agencies in Arizona, it's Take Your Child to Work Day everyday.

The state's Department of Health Services has long allowed mothers, fathers, foster parents and legal guardians to bring in babies under six months old. It's not uncommon there to see desktops next to infant carriers, and last year, the state expanded the Infant at Work program to more agencies.

### **Governing**

## **Missouri offering lump-sum pension payouts to former workers**

September 6, 2017, Kurt Erickson

JEFFERSON CITY • Letters are being sent to more than 17,000 former Missouri state employees asking if they want to cash in early on their pensions.

For former workers, the move could mean exchanging a monthly pension check from the state for a lump sum payment worth about 60 percent of their normal retirement annuity.

For the state, it could clear the books of an estimated \$7 million in annual costs and help shore up a pension system that is operating at about 69 percent of full funding.

### **St. Louis Post-Dispatch**

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

## **France's Macron plans end to retire-young rail pensions**

September 6, 2017, By Brian Love

PARIS (Reuters) - President Emmanuel Macron wants to scrap rules allowing some state rail workers to retire on a full pension up to 10 years before most other French workers.

The reform plan risks inflaming tensions with labor unions who led the biggest strikes of recent decades in 1995 against a similar proposal that the government of the time floated before abandoning it and losing power.

### **Reuters**

## **Turkey's \$200 Billion Wealth Fund Paralyzed by Internal Strife**

September 6, 2017, By Kerim Karakaya, Onur Ant and Benjamin Harvey

Days after last year's failed coup, Turkish President Recep Tayyip Erdogan and his allies set to work creating a wealth fund to safeguard what is now about \$200 billion of assets, including cash, property and shares.

Since then, officials have been trumpeting the formation of such a large pool of capital outside the budget as a kind of cure-all, piquing investor interest with pledges to use it for everything from defending the lira and buoying the stock market to recapitalizing banks and cutting borrowing costs.

### **Bloomberg**

## **British Airways to close defined benefits pension scheme**

September 7, 2017, By Reuters Staff

LONDON, Sept 7 (Reuters) - British Airways proposed the closure of a major pension scheme on Thursday, angering trade unions representing some workers who have already been on strike this year in a continuing dispute over pay.

British Airways, owned by International Consolidated Airlines Group, said it had to address “the significant and growing funding deficit faced by the New Airways Pension Scheme (NAPS)”, and that under new proposals it would close the scheme.

### [Reuters](#)

## **Canada’s major cities vying for Amazon’s second home in North America**

September 7, 2017 By the Canadian Press

TORONTO — Canada’s major cities are vying to become Amazon’s second home, with the mayors of Toronto, Vancouver and Montreal all planning to pitch the technology giant on their virtues.

Amazon announced on Thursday it is hunting for a site for a new headquarters in North America, in addition to its sprawling Seattle hub, and called for cities to submit their proposals.

### [National Post](#)

## **For Venezuela’s True Believers, the Ultimate Risky Bet Beckons**

September 8, 2017, By Ben Bartenstein

For years, investors in Venezuela and its state oil company, Petroleos de Venezuela SA, took comfort knowing that in the event of a default, there’d be assets they could potentially seize to recoup some of their losses.

But for bond buyers with an even bigger appetite for risk, those willing to throw themselves at the mercy of President Nicolas Maduro’s survival and track record of making good on debt payments, there’s another option: Electricidad de Caracas, the state-run electric utility.

### [Bloomberg](#)

## **Swiss government rejects ideas for more pension fund comparability**

September 8, 2017, By Ben Barbara Ottawa

A proposal for a new set of figures to be reported by Swiss Pensionskassen has been rejected by the Swiss government for cost reasons.

Two years ago, consultancy PPCmetrics was commissioned by the Swiss government to look into the financial figures currently reported by Swiss Pensionskassen.

It was to determine whether these figures gave an indication of the true economic situation of a pension fund and which indicators might make their reports more comparable.

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

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