



Weekly Clips, October 13, 2017
Texas Pension Review Board
P.O. Box 13498 · Austin, TX 78711-3498
www.prb.state.tx.us

PRB PLANS

City Hall turns attention to pension bond election

October 8, 2017, By Mike Morris

Max Patterson, executive director of the Texas Association of Public Employee Retirement Systems, a Houston-based group that represents the city's three funds and more than 75 other local pension funds, said the bonds restore the city's deferred obligations to its pensioners.

"We saw police, firefighters and municipal employees react heroically to Houstonians in their time of need," Patterson said of the city's Harvey response. "We need to make good on our part of the deal we have with them, to shore up their pension funds with money owed them."

Houston Chronicle

Victory or Bust: Dallas Makes \$4 Billion Net in Back-Pay Battle With Cops, Firefighters

October 9, 2017, By Jim Schutze

Faced with the real threat that Dallas could go bankrupt if it loses a bundle of police and firefighter pay lawsuits, the mayor and a majority on the City Council are ready to roll the dice. They've rejected a potential \$300 million settlement offer, choosing instead to take their chances in a Collin County courtroom.

Dallas will walk out of that courtroom either clean as a whistle or broke. That's no exaggeration. The potential for six separate police and firefighter lawsuits over back pay to put Dallas on the same bankrupt shelf with Detroit is one of the core calculations being made by both sides.

Dallas Observer

Board has plan to fully fund Dallas pension system

October 12, 2017, By Staff

The new board in charge of saving the Dallas Police and Fire Pension Fund met for the first time on Thursday.

10,000 police officers, firefighters and their family members depend on the fund. It was exactly one year ago this week that the pension fund board first discussed a run on the bank that threatened to bankrupt the system.

Thursday's meeting revealed a plan is now in place to fully fund the pension, but many retirees feel like their money was stolen.

Fox 4 News

TEXAS ECONOMIC INDICATORS

Dog trials to generate millions for the local economy

October 8, 2017, By Pennylynn Webb

The Master National Dog Trials will draw an estimated 850 dog owners and handlers nationwide to Palestine this week.

“Every hotel room in Palestine and the surrounding areas will be booked throughout the trials,” said Dr. Robert McFarlane, a well-known Texas cardiologist. “They will be eating in our restaurants, shopping in our grocery stores, and having their diesel trucks serviced by our mechanics, along with buying fuel. When the event was held here in 2005, participants rented every hotel room in the county.

[Palestine Herald-Press](#)

Analysis: The line for money at the Texas Capitol just got longer

October 9, 2017, By Ross Ramsey

Legislative sessions are almost always about the money — how much is available, and who is going to get it. The next session of the Texas Legislature will have the usual suspects in line — school finance, border security, pensions, etc. — but a new entry will be at the front of the line. His name is Harvey.

This year’s regular and special legislative sessions were marked by financial wrangling, and by some analysts’ reckoning, lawmakers dug their successors a deep hole. The Texas Taxpayers and Research Association recently estimated that the starting point for the next budget — the one lawmakers will write in 2019 — is a negative \$7.9 billion. And that was before Harvey.

[Texas Tribune](#)

Tourism drop means Harvey still punishing Texas beach towns

October 9, 2017, By Associated Press

Born and raised in this Texas Gulf Coast beach town, James Wheeler Jr. finds himself sawing plywood and hanging sheet rock at a time when he would normally be leading deep-sea fishing excursions, trying to hook tuna or Spanish mackerel by the cooler-full.

Since Hurricane Harvey came through Port Aransas just before Labor Day — damaging or destroying 80 percent of homes and business and wiping out the lucrative summer season's final weeks — the 38-year-old boat captain has become an amateur builder, working to repair the roof of a sea headquarters building where he and others dock their pleasure crafts.

[CNBC](#)

Harvey updates: Politicians seek \$18.7B more for recovery; New small-business assistance fund created; Rebuilding updates

October 9, 2017, By Olivia Pulsinelli

Gov. Greg Abbott, Texas U.S. Senators John Cornyn and Ted Cruz, and most U.S. Representatives from the Lone Star State sent a letter to Congress last week requesting \$18.7 billion for Hurricane Harvey relief.

The letter, sent Oct. 5, urged leaders of the Senate and House Appropriations Committees to include \$18.7 billion in Harvey-relief funding in the next Supplemental Appropriations bill. The U.S. Army Corps of Engineers would get \$10 billion of that, which would be used “to rehabilitate and repair damages to

completed USACE projects and those under construction, to implement authorized projects ready for construction, to dredge Federal navigation channels, and for emergency response and recovery operations, repairs, and other activities," per the letter.

[Houston Business Journal](#)

Texas' vibrant economy grows more diverse as its budget balances, Comptroller Glenn Hegar says

October 10, 2017, By Robert T. Garrett

AUSTIN — Texas' diverse economy will grow impressively, if not spectacularly, over the next two years, despite slower improvement in oil prices than projected earlier this year, Comptroller Glenn Hegar said Tuesday.

Hurricane Harvey's destruction temporarily has slowed business activity in Houston and other coastal communities, Hegar said.

But state revenue and the overall economy will see negligible changes, he said in an interview, shortly before issuing a year-end report. It certified that state revenue will cover all of the Legislature's spending bills.

[Dallas News](#)

Harvey response will strain Texas budget, shouldn't slow economy, comptroller says

October 10, 2017, By Jim Malewitz

Hurricane Harvey, whose winds and record rains devastated Gulf Coast communities, will probably not wallop Texas' economy in the long run, state Comptroller Glenn Hegar said Tuesday. But the state's response to the storm — which includes aiding affected schools — could ultimately mean a multibillion-dollar hit to the state budget.

"On the expenditure side, this hurricane event is going to cost more than anything we've had before," Hegar said in an interview with The Texas Tribune.

[Star-Telegram](#)

Cornyn, Cruz write to Amazon CEO plugging Texas for New HQ

October 11, 2017, By James Osborn

Add Texas Senators John Cornyn and Ted Cruz to the list of cheerleaders urging Amazon to open its second headquarters in the Lone Star state.

In a letter to Amazon CEO Jeff Bezos Wednesday, the Republican senators wrote Texas possessed, "the ideal combination of a talented and highly skilled workforce, limited government, low taxes, and world-class educational institutions."

"Everything is bigger in Texas, and that includes our economy, our skilled workforce, and our quality of life," they wrote. "Large multinational corporations and even small start-ups are relocating to, or launching their endeavors in Texas."

[Houston Chronical](#)

Amazon is hiring again in North Texas and this has nothing to do with HQ2

October 12, 2017, By Bill Hanna

Amazon made an announcement Thursday that will impact the local economy but it has nothing to do with the frenetic search for its second headquarters.

Instead, the Seattle-based company will be ramping up for the holidays by hiring seasonal workers at the company's 75 fulfillment centers to "help pick, pack and ship customers' holiday orders."

In Texas, 10,000 will be hired out of the 120,000 positions to be added across the United States. In Tarrant County, Amazon has fulfillment centers in north Fort Worth and Haslet, as well as facilities for its grocery business. It also has fulfillment centers in Coppell and Dallas.

[Star-Telegram](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

This Time it Could Happen: Comprehensive Tax Reform

October 11, 2017, By Michael L. Platner

The outlook for comprehensive tax reform legislation has changed dramatically. The release of the Unified Framework for Tax Reform, and a realistic path forward for an FY 2018 Budget Resolution with budget reconciliation instructions providing for tax reform, has changed the political outlook. Based on our work on tax reform over the last few years, we are more positive about the prospects for tax reform in this Congress than we have been in recent years. Lawmakers are making decisions on the details of tax reform, and companies that are concerned about the impact of the various proposals on their businesses should be talking with Members of Congress and staff now.

[The National Law Review](#)

Seventh Circuit Confirms That ERISA Does Not Provide Remedy For Terminated Former Plan Administrator

October 11, 2017, By Todd G. Smith

After two years in that position, Trujillo's employment was terminated and the ABA removed him from the role of plan administrator. It seems that during that time Trujillo repeatedly alleged that the committee was mismanaging the plan and, in particular, that plan assets were being used for costs and expenses that the ABA itself should have paid. The committee obviously disagreed.

Not taking this perceived injustice lightly, Trujillo sued the ABA under ERISA section 502(a)(3), which authorizes any "participant, beneficiary, or fiduciary" to seek equitable relief to address violations of ERISA, including ERISA's provisions forbidding retaliation for participating in ERISA inquiries or proceedings. See 29 U.S.C. sec. 1132(a)(3). Trujillo represented himself.

The district court dismissed Trujillo's claim on a motion to dismiss, holding that ERISA's remedial scheme did provide a cause of action for *former* fiduciaries to sue a plan or another fiduciary. The district court also held that section 502(a)(3) only allows fiduciaries to sue to help plan participants and beneficiaries, not to vindicate personal rights. Trujillo appealed, once again acting *pro se*.

[The National Law Review](#)

Impact of the Fiduciary Rule on Plan Sponsors

October 11, 2017, By Bruce L. Ashton

Plan sponsors need to pay attention to a new Department of Labor rule redefining fiduciary investment advice. It became effective on June 9. The rule expands the acts that are considered investment advice under ERISA, and is changing the obligations and status of financial advisors and other plan service providers. Interesting, you say, but what does it have to do with me? Simply this: while the rule imposes new requirements on your service providers, it also requires you to pay attention. Here's how:

Some of your service providers were not fiduciaries before June 9, but now they are. You need to understand what their new role is, how this changes their services, how it changes their compensation and what new conflicts of interest they may have. And this means you may (or should) be getting new disclosures or new service contracts. As the plan sponsor, you'll need to review these materials and make certain decisions: is the provider capable of providing fiduciary services? Does the arrangement with the provider continue to serve the interests of the plan and participants? Is the compensation reasonable?

[The National Law Review](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Why Big Cities Thrive, and Smaller Ones Are Being Left Behind

October 10, 2017, By Eduardo Porter

The dismal performance is not surprising. Built on coal and steel, Steubenville and Weirton were ill suited to survive the transformations brought about by globalization and the information economy. They have been losing population since the 1980s.

But what made them such bad places to ride out a recession was not just their industrial mix. With only about 120,000 people, they were just too small to adapt to the shock. And they may be too small to survive.

Steubenville and Weirton are on the losing side of yet another cleavage dividing the haves from the have-nots across the United States: geographic inequality.

[The New York Times](#)

Fed Still Puzzled by Inflation, but Rate Increases Is on Track

October 11, 2017, By Binyamin Applebaum

WASHINGTON — The persistence of slow inflation was the dominant topic at the Federal Reserve's most recent policy-making meeting in September, but most officials were still inclined to raise the Fed's benchmark interest rate later this year.

The Fed is likely to raise rates so long as the medium-term economic outlook remains unchanged, according to an official account of the meeting that the Fed published on Wednesday.

The account said that recent hurricanes had not disrupted that outlook. The Fed expects slower growth for a few months, but it does not expect a long-term effect.

[The New York Times](#)

Bond trading slump hits Citigroup and JPMorgan Chase

October 12, 2017, By BBC Staff

Two of America's biggest banks have been hit by a drop in bond trading revenue in the three months to September, but profits still rose.

JP Morgan Chase profits rose 7% to \$6.7bn (£5.1bn) compared with the same period last year, while Citigroup profits were up 8% at \$4.1bn.

The banks had warned that trading revenues would be weaker compared to a post-Brexit surge last year.

JP Morgan shares slipped in pre-market trade on the news.

[BBC News](#)

US weekly jobless claims total 243,000, vs 251,000 expected

October 12, 2017, By Brian Snyder

The number of Americans filing for unemployment benefits fell to more than a one-month low last week as claims in Texas and Florida continued to decline after being boosted by Hurricanes Harvey and Irma.

Initial claims for state unemployment benefits decreased 15,000 to a seasonally adjusted 243,000 for the week ended Oct. 7, the lowest level since late August, the Labor Department said on Thursday. Data for the prior week was revised to show 2,000 fewer applications received than previously reported.

A Labor Department official said Harvey and Irma along with Hurricane Maria affected claims for Texas, Florida, South Carolina, Puerto Rico and the Virgin Islands. In addition, claims for Virginia were estimated.

[CNBC](#)

The Economic Impacts Of Recent Hurricanes And Tax Reform

October 12, 2017, By Mark Avallone

As noted earlier, despite these massive natural disasters, the U.S. economy is growing and shows few signs of weakening. This raises the question of why we need tax cuts now. To be sure, tax reform is needed to help American corporations compete with lower-taxed foreign competitors, and there are some loopholes that many agree are better off closed. On the individual side, the benefits of cutting taxes and putting more money in the pockets of workers is also appealing. However, tax cuts are usually a very powerful tool that Congress can use to help boost a slow economy, and historically we've seen tax cuts when the economy slows, not when it is expanding. Even so, Republicans, perhaps wary of the potential end of their one-party rule and desirous of 3%-plus GDP growth, are intent to deliver at least one major legislative victory. If tax reform isn't possible, a simpler bill that just cuts taxes could result; this may stimulate the economy but could also exacerbate the budget deficit.

[Forbes](#)

Fewer people seek jobless aid as hurricane impact fades

October 12, 2017, By Christopher S. Rugaber

THE NUMBERS: Applications for U.S. unemployment aid fell 15,000 last week to a seasonally adjusted 243,000. Applications fell in Texas and Florida, where Hurricanes Harvey and Irma inflicted heavy damage in late August and September.

The number of people receiving benefits nationwide fell 32,000 to a seasonally adjusted 1.89 million, the lowest level since late December 1973.

KEY DRIVERS: Applications had spiked to 298,000 after Harvey hit Texas in late August, but have mostly fallen since then. The number of people seeking unemployment aid in Puerto Rico also fell last week, though that may reflect ongoing power outages and other damage, a department spokesman said. That has likely made it harder for residents to apply.

[Beaumont Enterprise](#)

Ohio School Employees to suspend COLAS's for 3 years

October 13, 2017, By Rob Kozlowski

Ohio School Employees Retirement System, Columbus, is suspending the cost-of-living adjustment for retirees for three years beginning Jan. 1, said Tim Barbour, pension fund spokesman.

The \$13.8 billion pension fund's board voted for the suspension at a special meeting on Monday as part of a process to get the pension fund's funding ratio up to 70% by 2018 and 90% funded by 2032. As of June 30, 2016, the funding ratio was 67.6%, Mr. Barbour said.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Nobel Goes To American Richard Thaler For Work In Behavioral Economics

October 9, 2017, By Scott Neuman

The 2017 Nobel Prize in Economic Sciences has been awarded to Richard Thaler of the University of Chicago for his pioneering work in behavioral economics.

The announcement from the Royal Swedish Academy of Sciences in Stockholm said the 72-year-old Thaler "has incorporated psychologically realistic assumptions into analyses of economic decision-making. By exploring the consequences of *limited rationality*, *social preferences*, and *lack of self-control*, he has shown how these human traits systematically affect individual decisions as well as market outcomes," the committee said in a statement.

[National Public Radio](#)

Global Funds Eye Australia's \$1.8 Trillion Pension Pool

October 9, 2017, By Ruth Liew and Mariko Ishikawa

More global fund managers are setting up shop in Australia, drawn to the nation's A\$2.3 trillion (\$1.8 trillion) pension savings pool and new local investment opportunities.

THL Credit Inc., an alternative credit manager based in Boston, said in September that it hired a director in Australia. New York-based credit hedge fund GoldenTree Asset Management opened an office in Sydney last month after appointing a local managing director. Oaktree Capital Management, which already manages Australian pension money, headed Down Under last year as it also sought local investments.

[Bloomberg](#)

IMF: World economy is picking up speed

October 10, 2017, By Paul Wiseman

The International Monetary Fund on Tuesday raised its forecast for global growth to 3.6 percent this year and 3.7 percent in 2018. For both years, the outlook is up 0.1 percentage points from the IMF's previous forecast in July and would mark the fastest growth since 2010. The world economy grew 3.2 percent in 2016.

Just a year ago, the global economy was still stuck in a slump in the aftermath of the Great Recession of 2007-2009 and a debt crisis in Europe. China's economy was slowing steadily, raising fears of economic fallout in the developing countries that supply raw materials to the world's second biggest economy.

Now the global recovery appears widespread — three-quarters of the globe is enjoying an upswing for the first time this decade — and many of the fears have eased.

[ABC News](#)

Three scenarios for the global economy

October 11, 2017, By Nouriel Roubini

One can envision three possible scenarios for the global economy in the next three years or so. In the bullish scenario, the world's four largest, systemically important economies—China, the eurozone, Japan, and the US—implement structural reforms that boost potential growth and address financial vulnerabilities. By ensuring that the cyclical upswing is associated with stronger potential and actual growth, such efforts would produce robust GDP growth, low but moderately rising inflation, and relative financial stability for many more years. US and global equity markets would reach new heights, justified by stronger fundamentals.

[Live Mint](#)

Dollar recovers as Fed worries about low inflation

October 11, 2017, By Sinead Carew

LONDON (Reuters) - The dollar recovered on Thursday, having hit its lowest in more than two weeks as U.S. central bankers showed they were taking a more guarded view of inflation, helped by a steep fall in the British pound.

Asian stocks climbed to their highest in a decade, powering global shares to another record high and keeping them on course for their longest winning streak ever. Wall Street was set to open down from Wednesday's record high ESc1.

[Reuters](#)

Fed's Powell: Emerging markets likely to cope with normalizing global economy

October 12, 2017, By Reuters Staff

The normalization of monetary policy in the United States and other advanced economies should be manageable for emerging markets, Federal Reserve Governor Jerome Powell said on Thursday, although he cautioned on high levels of corporate debt.

"The most likely outcome is that the challenges posed to (emerging markets) by the normalization of global financial conditions will be manageable," Powell said at an Institute for International Finance event in Washington on the sidelines of the International Monetary Fund and World Bank semi-annual meetings.

[CNBC](#)

Bitcoin rockets above \$5,000 to all-time high

October 12, 2017, By Jemima Kelly

LONDON (Reuters) - Bitcoin smashed through the \$5,000 barrier for the first time on Thursday, jumping as much as 8 percent on the day as investors shrugged off the latest warnings on the risks of buying into the booming cryptocurrency market.

Bitcoin, the biggest and best-known cryptocurrency, has chalked up a more than fivefold increase in price this year. Typically for bitcoin, which at less than nine years old is still highly volatile and illiquid compared with traditional currencies and assets, the precise reason for its recent tear was unclear.

[Reuters](#)

Catalonia Voted to Breakup With Spain. Now for the Hard Part

October 12, 2017, By Lisa Abend

Now, Puigdemont faces a dilemma. He knows Catalonia needs international support to maintain its bid for independence. And the violent images that circulated around the globe after the vote provoked sympathy for his cause. But the independentistas can't always count on police violence to make their case for them. So Puigdemont chose to present his side as open to dialogue. We're the reasonable ones here, he seemed to be saying, and we trust the democratic process.

[Time](#)

EU Says Little Progress Made in Brexit Talks with Britain

October 12, 2017, By Lorne Cook and Jill Lawless

BRUSSELS (AP) — Brexit talks have made little progress, the European Union's negotiator said Thursday, meaning he cannot yet recommend broadening the negotiations beyond the focus on the terms of Britain's exit to include key issues such as future trade relations.

Michel Barnier said that despite the "constructive spirit" shown in this week's fifth round of talks, "we haven't made any great steps forward." On the question of how much Britain has to pay to settle its financial commitments, he said: "We have reached a state of deadlock, which is disturbing."

[U.S. News & News World Report](#)

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