



Weekly Clips, January 19, 2018
Texas Pension Review Board
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PRB PLANS

Tax hit possible as Fort Worth struggles to shore up pension

January 12, 2018, By Sandra Baker

A committee addressing Fort Worth's growing pension woes has stepped up its efforts in the past few months, but it appears members may not be any closer to a solution than they were two years ago when the group was put together.

So far, about the only thing the nine-member committee can finally agree on after all this time is that the Fort Worth Employees' Retirement Fund needs a financial fix. But whatever the fix, Fort Worth taxpayers can expect to be on the hook for some of it. Since 1990, taxpayers have taken on most of the cost increases for contributions.

Star-Telegram

Strong fire and police pension management means stability for city, retirees

January 12, 2018, By Tyler Grossman

Because of continued cooperation between the city of El Paso and the pension fund for our retired firefighters and police officers, we have avoided the apocalyptic headlines of municipal financial doom so often seen around the nation.

Chicago, Detroit, Dallas and Houston are but a few of the cities where persistent pension underfunding threatens the solvency of local retirement plans, the fiscal integrity of their governments, and the sacred promises of retirement security made to employees and retirees.

El Paso Times

TEXAS ECONOMIC INDICATORS

Houston Industrial Market Has Come to Reflect City's Economic Diversity

January 12, 2018, By Taylor Williams

The resiliency of Houston's industrial real estate market is truly astounding. Outsiders have always considered Houston to be an "oil town" whose economic success is tied to the geopolitical intricacies of the international energy markets. Yet three years into the oil and gas downturn, Houston has proven that it has a truly diversified economic base. The city's industrial real estate market has consequently enjoyed a disproportionate benefit of that concerted effort to establish a truly balanced economy.

Rebusiness Online

Going further than prior proposals, Abbot unveils a plan to slow Texas property tax growth

January 16, 2018, By Brandon Formby and Patrick Svitek

Gov. Greg Abbott on Tuesday unveiled a plan to "rein in skyrocketing property taxes" in Texas, looking to lay down a marker in a debate that dominated the legislative sessions last year and promises to remain front and center through the 2018 primaries and his re-election campaign.

"Enough is enough," Abbott said at a news conference flanked by Republican Lt. Gov. Dan Patrick and several lawmakers. "Texans are fed up with property taxes being raised with impunity. They are tired of endless government spending while honest, hard-working people struggle just to keep up with paying their tax bills. We can no longer sit idly by while homeowners are reduced to tenants of their very own property with taxing authorities playing the role of landlord."

[Texas Tribune](#)

Texas cities eye possible government shutdown with anger, frustration

January 17, 2018, By Sig Christenson

The feeling of déjà vu is inescapable for San Antonians and other Texans in predominantly military communities as Congress edges closer to a government shutdown.

If it happens, the effects would ripple through the Lone Star State's 15 major active-duty and reserve installations, a federal golden egg that pumps an estimated \$150 billion a year into the economy. Shutdowns cracked it in 1995 and 2013 by sidelining tens of thousands of workers.

[SA Express News](#)

Dallas Fed: With tax overhaul as 'tailwind,' regional economy surged

January 17, 2018, By Dan Zehr

Economic activity in Texas and parts of two neighboring states surged over the past six weeks, as the federal tax overhaul boosted confidence across a wide range of businesses in the region, according to a report Wednesday from the Federal Reserve Bank of Dallas.

In its chapter of the Beige Book, an anecdotal report on the economy compiled every six weeks by the Federal Reserve banks, the Dallas Fed said the economy in its district expanded at a "robust" pace after mostly moderate or modest growth in recent years.

[Austin American-Statesman](#)

Houston misses Amazon cut; Austin, Dallas still in

January 18, 2018, By Collin Eaton

The largest U.S. online retailer whittled down more than 200 proposals from North America cities to just 20, eliminating Houston but keeping the city's longtime rivals Austin and Dallas on its short list.

Amazon's decision marks a setback for local leaders including the Greater Houston Partnership, which led an effort last fall to pitch the city as an attractive market for the company to set down stakes.

"I believe this is a wake-up call for Houston," GHP CEO Bob Harvey said in a statement. "While there has been growing momentum in the innovation space over the last couple of years, this is a clear indication that we have much more work to do as a region to grow our digital economy."

[Houston Chronicle](#)

Houston financial rating boosted from 'negative' to 'stable'

January 18, 2018, By Dawn Jorgenson

Houston's financial outlook was raised Thursday from "AA negative" to "AA stable" by the S&P Global Ratings service.

City officials said the rating was given in recognition of a \$1 million bond that reforms Houston's pension systems.

S&P officials pointed to the city's "very strong management, with strong financial policies," as well as its "strong economy" as reasons for the positive change.

[Click2Houston](#)

Texas Unemployment Rate Ends Year at 3.9 Percent in December

January 19, 2018, By Associated Press

Texas; unemployment rate rose slightly in December to 3.9 percent, the Texas Workforce Commission reported Friday.

Nationwide unemployment last month at 4.1 percent. The Texas jobless rate in November was 3.8 percent, according to the state labor agency.

[US News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Colorado pension fund sues 9 banks over alleged Canadian rate manipulation

January 16, 2018, By Meaghan Kilroy

Colorado Fire & Police Pension Association, Greenwood Village, filed a class-action lawsuit against nine banks, including six Canadian banks, over alleged rate manipulation.

The banks engaged in "unlawful conspiracy to increase the profitability of their derivatives trading business by manipulating the Canadian dealer offered rate," an interest rate benchmark, between 2007 and 2014, according to the lawsuit, which was filed on Jan. 12 in U.S. District Court in New York.

[Pensions & Investments](#)

Those Corporate Pensions Weren't Always So Great

January 17, 2018, By Justin Fox

Spend a little time with the U.S. District Court case of Millsap v. McDonnell Douglas Corp., and it may leave you aghast at the heartlessness and mendacity of the people who ran the aircraft manufacturer (since acquired by Boeing Co.) in the 1990s. That certainly seems to have been the effect on Judge Sven Erik Holmes, who in his 2001 ruling in favor of James R. Millsap and the other workers who lost their jobs when McDonnell Douglas shut down its factory in Tulsa, Oklahoma, in 1994, fumed that the company had: The sworn testimony at trial confirmed a history of deception and bad faith by the company and laid bare that discovery in this case was replete with the same duplicity that marked Defendant's treatment of its employees and the public at large.

[Bloomberg](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Harold's GOP challenger for AG proposes pension convention

January 16, 2018, By Tom Kacich

The only opponent facing Urbana lawyer Erika Harold for the Republican nomination for Illinois attorney general on Monday stressed his experience and his political independence over the former Miss America and Harvard Law School graduate who is supported by Gov. Bruce Rauner.

Gary Grasso, a DuPage County Board member and former Burr Ridge mayor, also said he supports calling a state constitutional convention to revisit the pension clause in the 1970 Illinois Constitution. The clause says that public pensions are "an enforceable contractual relationship, the benefits of which shall not be diminished or impaired," language which has been strictly interpreted by the Illinois Supreme Court.

[The News-Gazette](#)

Facing Police Shortage, NM Considers Pension Changes

January 16, 2018, By Christine Giordano

New Mexico's Republican Gov. Susana Martinez said she will back bills that support police officers being able to return to work while earning pension pay, and it's causing a ripple into the cities.

On Wednesday, the City Councilors in Santa Fe co-sponsored a resolution expressing support if state legislation allowed police officers to return to work while still collecting retirement benefits. Councilman Chris Rivera said the change could help the ongoing shortage of police officers in the city.

[Chief Investment Officer](#)

'Explosion' in U.S. Bond Supply Endangers Global Market Rally

January 16, 2018, By Sid Verma

A "dramatic" increase in U.S. bond supply over the next year risks unhinging global markets from their bullish foundations, warns Torsten Slok at Deutsche Bank AG.

The supply of U.S. government debt will almost double to \$1 trillion this year to finance a widening budget deficit as the Federal Reserve whittles down its holdings. Unless new buyers emerge, the overhang could be far-reaching.

[Bloomberg](#)

Can We Be Brutally Honest About Investment Returns?

January 19, 2018, By Jason Zweig

With U.S. stocks at all-time highs, it's more important than ever that investors be brutally realistic about future returns.

Some of the most purportedly sophisticated investors in the world, the managers of giant pension funds for state and local government employees, might not have absorbed that lesson yet. You can learn a lot from these folks — if you listen to them and then do the opposite.

[The Wall Street Journal](#)

This is what happens in the stock market when the government shuts down

January 19, 2018, By Ryan Vlastelica

Federal government operations are funded until Friday at midnight, and unless there is a deal to extend funding, services would partially shut down. Such an outcome would add another element of political uncertainty to a market that is already overflowing with it—most notably with tensions between the U.S. and North Korea, and with Special Counsel Robert Mueller's investigation into alleged Russian meddling in the 2016 presidential election.

Market Watch

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Norway's \$1 Trillion Oil Fund Taken to Task Over Rising Cost

January 18, 2018, By Sveinung Sleire

Norway's Finance Ministry rejected a proposed cost ceiling from the nation's wealth fund, questioning the investor over the rising expense of managing the \$1.1 trillion piggy bank.

The cost limit will be set at 7 basis points of assets this year, lower than the 7.5 basis points proposed by the fund, according to a letter sent by the Finance Ministry. The budgeted costs for 2018 are at 5.6 basis points, implying a large difference to the upper limit. It also said that internal costs are projected to rise 16 percent next year.

Bloomberg

Why the world economy can run stronger for longer

January 19, 2018, By Jim O'Neill

In February 2017, I wrote an optimistic commentary about the global economy's surprising resilience. The piece came as a surprise to those who saw only bleak prospects for Western countries, not least the United States, where President Donald Trump had just been inaugurated.

Now, nearly a year later, my three decades of experience in global financial markets leads me to believe that the economic situation is not quite as straightforward.

Financial Review

A Rough Guide to the World Economic Forum

January 19, 2018, By Holy Ellyatt

Every year the Forum adopts a theme that is a talking point — or a starting point — for discussion. In 2017, the theme was "Responsive and responsible leadership," the year before that it was "Mastering the fourth industrial revolution."

In 2018, the theme for the meeting is "Creating a shared future in a fractured world" with WEF identifying a number of fractures in global politics, economics and society that it says need attention:

As such, the meeting this year aims to find ways "to reaffirm international cooperation on crucial shared interests, such as international security, the environment and the global economy," WEF said.

CNBC

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