



Weekly Clips, March 16, 2018
Texas Pension Review Board
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PRB PLANS

Why the Dallas Police and Fire Pension System is stuck with nuts and other 'crazy' investments

March 10, 2018, By Tristan Hallman

The troubled \$2.1 billion pension fund over the years sunk hundreds of millions of dollars into unusual investments such as raw land in Idaho, Asian infrastructure, taxis, oil and gas and South African timber.

Untangling those investments — made by previous pension leaders — is now the focus of the new pension board, which has delved into its portfolio in recent meetings. Some of the board members, such as new board Chairman Bill Quinn, were surprised to see just how nuts — he actually said "just crazy" — some of the past decisions appeared to be.

[Dallas News](#)

Federal judge tosses retirees' DROP lawsuit against Dallas Police and Fire Pension System

March 15, 2018, By Tristan Hallman

A federal judge has dismissed a lawsuit that could have put the Dallas Police and Fire Pension System back into deep financial trouble.

Six retired Dallas police officers filed the case in January 2017, arguing that the board's decision to freeze lump-sum withdrawals from their Deferred Retirement Option Plan — known as DROP — was unconstitutional.

[Dallas News](#)

TEXAS ECONOMIC INDICATORS

Harvey Led to Surprising Boost in Houston-Area Economy

March 10, 2018, By Associated Press

HOUSTON (AP) — State figures show the spending that came in the aftermath of Hurricane Harvey generated jobs in construction, retail and other sectors, giving a surprising boost to the Houston-area economy.

The Houston Chronicle reports that billions of dollars in insurance payments and federal disaster aid came to the region following Harvey's arrival in August. People spent the money at retailers to replace damaged household goods and hired contractors to repair homes.

[US News & World Report](#)

Tax reform now moves to the states, and Texas needs to work to remain competitive

March 12, 2018, By Dallas Morning News Editorial Board

The federal tax overhaul may have been signed into law, but it would be a mistake to assume the great tax fight is now in the rearview mirror. In fact, the federal cuts are turning out to be the start of tax reform, not the end of it.

What's happening now is a gaggle of states are revising their tax codes to respond to the federal changes. Why? Because states typically build their tax codes around the federal code, and now that there is a substantial change at the federal level, businesses could be adversely affected at the state level, unless states first respond. And that means unless Texas responds too, it risks losing out in the economic competition among the states

Dallas News

3 Reasons Houston's Industrial Market is Gaining on Dallas

March 15, 2018, By Kyle Hagerty

Dallas and Houston's rivalry is taking on a new form as the Bayou City looks to take Dallas' spot as the top industrial market in Texas. Long the underdog, demand for distribution space, port activity and Hurricane Harvey recovery efforts have Houston catching up quickly.

The transportation of goods is a major part of the Dallas economy, with more than 175,000 people involved in Transportation and Material Moving Occupations, according to the Bureau of Labor Statistics. This accounts for 7.4% of all jobs in the Dallas Metropolitan Division. Last year Randalls closed a 700K SF distribution cent in Houston's Northwest submarket as part of a consolidation of operations of Fort Worth.

BISNOW

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Lawmakers should start over on pension reform. Otherwise, teachers may expel them.

March 12, 2018, By Tom Eblen

As hundreds of chanting teachers protested Friday in the state Capitol, Republican senators canceled plans to vote a controversial pension overhaul bill that would cut \$4.8 billion in benefits for public employees, retirees and especially teachers.

Instead, they sent Senate Bill 1 back to committee for possible changes. The teachers cheered — and promised to keep coming back to Frankfort until lawmakers quit trying to make them bear the brunt of fixing the state's underfunded pension system.

Lexington Herald Leader

Why Are lawmakers Debating PERA? Here's What You Need To Know

March 13, 2018, By Megan Verlee

A legislative committee will take its first pass at Senate Bill 200, 57 pages of dense public policy meant to majorly overhaul Colorado's Public Employee Retirement Association, the state's pension fund.

There are bipartisan sponsors, and yet, even as lawmakers unveiled the bill, they acknowledged it likely can't pass in its current form.

[Colorado Public Radio](#)

Senate Passes Bill Easing Banking Rules

March 14, 2018, By Andrew Ackerman

Congress moved a step closer to relaxing the wave of crisis-era restrictions placed on the banking industry on Wednesday, with Senate approval of a bipartisan plan to ease rules for small and midsize banks.

The bill, which has a good chance of becoming law, would be the most significant revamp of financial rules since Republicans took control of government last year and the Trump administration set out broad goals to reduce business regulations.

[The Wall Street Journal](#)

Kentucky Sues to Block Pension Reform Analysis Release

March 14, 2018, By Michael Katz

Kentucky Gov. Matt Bevin is suing the Kentucky Public Pension Coalition (KPPC) to reverse the release of an analysis of his pension reform plan by the state's attorney general.

The lawsuit was filed against KPPC Coordinator Ellen Suetholz, who had filed an open record request in 2017 for the release of the actuarial analysis of Bevin's proposed pension reform plan. In February, Kentucky Attorney General Andy Beshear ruled that the office of the state budget director violated the Kentucky Open Records Act by refusing to turn over an actuarial analysis of a draft pension bill that had not been filed in the state's general assembly.

[Chief Investment Officer](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Teacher Discontent Swells Over Proposed Cuts to Benefits

March 12, 2018, By the Associated Press

Senate Bill 1 would cut benefits for some retired teachers while making structural changes some lawmakers say are necessary to save the retirement system from collapse. It's fiercely opposed by many educators but touted by supporters as a way to reap an estimated \$3.2 billion in taxpayer savings over the next 20 years.

Most of those savings would come from a temporary reduction in annual cost-of-living raises for retired teachers.

[The New York Times](#)

Pension to Wisconsin Retirees Increasing by 2.4 Percent

March 13, 2018, By Associated Press

About 203,000 retired public employees in the Wisconsin Retirement System will receive a 2.4 percent pension payment increase starting in May.

The Department of Employee Trust Funds announced the payment increase on Tuesday. It comes after the State of Wisconsin Investment Board reported that investments in the "Core Fund" rose by 16.2 percent last year and "Variable Fund" investments rose by 23.2 percent.

[US News & World Report](#)

New Jersey Governor Pushes for Fully Funding Pensions by 2023

March 13, 2018, By Michelle Kaske and Elise Young

New Jersey Governor Phil Murphy received a round of applause Tuesday during his budget address when he touted a proposed \$3.2 billion pension payment, with the goal to fully-fund the struggling system by 2023.

New Jersey has the worst-funded state retirement system in the nation. While the state needs to address the pension issue, higher yearly contributions from its budget may crowd out spending for other programs, said Howard Cure, managing director at Evercore Wealth Management.

[Bloomberg](#)

A Worrying Shift for Pension: Retirees Will Soon Outnumber Kids

March 14, 2018, By Romy Varghese

For those worried about the ability of U.S. state and local governments to cover promised pension checks, the Census Bureau announced a milestone that should add to their fears: by 2030, for the first time, senior citizens will outnumber children.

In 12 years, about one in five Americans will be of retirement age, and by 2035, those 65 and older will outnumber those under 18 by about 2 million, according to the latest estimates released by the agency. The consequences are wide-ranging, from the solvency of Social Security to increased health-care costs for an aging population.

[Bloomberg](#)

Fragmented banking standards could be the 'seeds' of the next financial crisis, expert warns

March 16, 2018, By Silvia Amaro

Forcing different standards on banks and other financial services across the globe could spark the next financial crisis, the vice chairman of a prominent U.S. financial services firm said Friday.

While the U.S. is easing rules on banks, Europe has for the last couple of years toughened them. On Thursday, the U.S. Senate passed new rules to soften regulation introduced in the wake of the 2008 financial crisis. But in Europe, brokers were obliged at the start of the year to split their research from their trading operations, in a series of attempts to increase transparency in investment banking.

[CNBC](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

S&P accused of weakening rating model to win business in landmark Australian lawsuit

March 12, 2018, By Tom Westbrook

Ratings agency Standard and Poor's weakened its risk assessment criteria to win business and turn out high ratings on opaque debt products that started to unwind during the global financial crisis, an Australian court heard on Monday. The U.S.-based ratings agency is being sued for at least A\$190 million (\$150 million) by two local governments and two pension funds in Australia, which lost money on synthetic collateralized debt obligations (SCDOs) when the U.S. subprime mortgage crisis hit a decade ago.

[Reuters](#)

Calls for probe of Mexico state pension fund investment after Reuters report

March 14, 2018, By Christine Murray

The head of a Mexican congressional committee on Tuesday called for an investigation of an investment by state workers' pension fund PensionIssste, after Reuters reported it spent millions on shares in a company spiraling toward bankruptcy. PensionIssste spent around 400 million pesos (\$21.5 million) buying the largest stake in builder ICA (ICA.MX), even after its shares had fallen by more than half in the previous year, three people with knowledge of the investment told Reuters.

[Reuters](#)

Spain's PM Offers Lawmakers Pensions Deal to Pass 2018 Budget

March 14, 2018, By Reuters Staff

Spain's Prime Minister Mariano Rajoy said on Wednesday the government would increase some state pensions if opposition parties supported his minority government's budget proposal for 2018 in parliament. The amended draft will be submitted to parliament before the end of March, after the government delayed a previous proposal due to lack of support at the height of a political crisis triggered by an independence drive in Catalonia.

[Reuters](#)

French pensioners tell Macron to stop squeezing their finances

March 15, 2018, By Ingrid Melander

Thousands of French pensioners marched through Paris and other cities in protest over higher social security taxes on Thursday, in a warning to President Emmanuel Macron whose popularity is falling in a key voter constituency. The ebbing support for Macron among retired workers was a factor in the by-election defeat his party suffered last month, just eight months after winning the seat, underlining the challenges he faces with no traditional power base.

[Reuters](#)

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