



Weekly Clips, March 29, 2018
Texas Pension Review Board
P.O. Box 13498 · Austin, TX 78711-3498
www.prb.state.tx.us

PRB PLANS

Houston reaches \$40 million settlement with pension actuary

March 23, 2018, By Reuters Staff

Houston has settled litigation with a firm over its actuarial work for the city's retirement funds dating back more than two decades, Mayor Sylvester Turner's office announced on Friday.

The settlement, which is subject to a city council vote next week, calls for Willis Towers Watson to pay the city \$40 million, according to council's meeting agenda. The city would get \$29 million with the remainder earmarked for legal fees related to the litigation.

[Reuters](#)

TEXAS ECONOMIC INDICATORS

Texas Gov. Greg Abbott announces deal with Indian firm to upgrade Houston-area steel plant

March 26, 2018, By Robert T. Garrett

Indian conglomerate JSW Group will spend \$500 million to upgrade a steel plant it owns outside Houston, creating 500 new jobs, Gov. Greg Abbott and company officials announced Monday.

The state will chip in \$3.4 million from Abbott's deal-closing Texas Enterprise Fund, officials said at a news conference Mumbai, India. "We are proud to be connected with the largest steel producer in India,"

[Dallas News](#)

Texas Technology Industry Added more than 7,600 Jobs in 2017, Boosted Contribution to State's Economy

March 27, 2018, By Steven Ostrowski

Employment in Texas' technology industry grew by an estimated 7,610 jobs in 2017 and the industry contributed \$125.5 billion to the state's economy, according to Cyberstates™ 2018, the definitive annual analysis of the nation's tech industry published today by CompTIA, the world's leading technology industry association.

With 963,400 workers, Texas ranks 2nd among the 50 states and the District of Columbia in net tech employment.¹ The Texas tech workforce makes up 7.2 percent of the state's total workforce. The average tech industry wage in Texas is \$106,300, compared to the state's average private sector annual wage of \$55,140.

[PR Newswire](#)

Austin Has Strongest Metropolitan Economy In America: Report

March 27, 2018, By Tony Cantu

Austin has the strongest metropolitan economy in the nation, according to a newly released study that examined two dozen metrics over a 20-year period.

The POLICOM report is an annual assessment of "economic strength" rankings among 383 metropolitan statistical areas and 550 "micropolitan" regions classified as smaller economies. The reckoning yielded Austin as the top-ranked metro economy in the country, the same top ranking the city secured last year.

[Patch](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Omnibus spending bill leaves out health, retirement provisions

March 25, 2018, By Paula Aven Gladych

President Trump passed the omnibus \$1.3 trillion spending bill Friday, avoiding a government shutdown. But just as important as what is in the spending bill is what got left out — and unfortunately for employers, that includes employee benefit provisions that would have helped aim to stabilize the market.

The spending bill did not include changes to health and retirement benefits that the benefits industry would have liked to have seen, including individual market stabilization for the ACA, health savings account improvements and retroactive relief from the Affordable Care Act employer mandate penalties and ACA reporting duties.

[Employee Benefit News](#)

New Jersey sends bill to governor to separate police and fire pension plan

March 26, 2018, By Robert Steyer

The New Jersey Senate and General Assembly on Monday overwhelmingly voted to allow the state Police and Firemen's Retirement System to become a separate pension fund away from the New Jersey Pension Fund and the state Department of Treasury's administration and investment management.

The police and firefighters pension system is the second-largest New Jersey public pension plan. It had \$24.5 billion in assets as of June 30, 2017, the end of the previous fiscal year. The New Jersey Pension Fund, Trenton, had total assets of \$76 billion at the end of the fiscal year.

[Pensions & Investments](#)

KY Pension Reform Unlikely in last Days of 2018 Session

March 27, 2018, By Chris Butera

It appears that pension reform will continue to fall by the wayside as the Kentucky Legislature enters its final days of the 2018 regular session.

Facing heavy pushback from teachers and Attorney General Andy Beshear due to its benefit cuts, pension reform measure Senate Bill 1's chances of passing have seemingly bit the dust.

[Chief Investment Officer](#)

Colorado pension rescue plan advances to state House

March 27, 2018, By James Anderson

Colorado's Republican-led Senate passed a bill Thursday to stabilize a state pension program whose billions in unfunded liabilities have led to one state credit downgrade, but the rescue package is certain to be changed in the Democrat-led House.

One of the top legislative priorities of 2018, the bill exposed stark differences between Democrats who argue it's unfair that retirees and public employees bear the brunt of stabilization and Republicans who say further delay could lead to insolvency.

[The Kansas City Star](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Battered by Great Recession, underfunded public pensions to persist

March 26, 2018, By Karen Pierog, Daniel Bases

Ten years on from the financial crisis, many U.S. state and local public pension systems are still the worse for wear. Investment returns have been uneven and funding levels have yet to recover. Many pension funds have meanwhile attempted to boost returns by loading up on alternative investments to levels unheard of a decade earlier.

[Reuters](#)

Connecticut Pension Funds Return More Than 16% in 2017

March 27, 2018, By Michael Katz

During 2017, the Connecticut Retirement Plans and Trust Funds' (CRPTF) total value increased by \$4.2 billion to \$34.4 billion, its highest level ever at the end of a calendar year. And according to the Wilshire Trust Universe Comparison Service (TUCS), the CRPTF exceeded the investment performance of 70% of its peers.

The funds outperformed their benchmarks by 74 and 63 basis points, respectively, as well as their actuarial investment assumptions of 6.9% and 8.0%.

[Chief Investment Officer](#)

Chicago Public Schools' huge pension debt just got \$1 billion deeper, new estimates show

March 27, 2018, By Juan Perez Jr.

Less aggressive investment return estimates have carved an additional \$1 billion hole in the severely underfunded pension system for Chicago teachers, reviving questions about how a retirement plan for tens of thousands of public workers can survive without additional money from taxpayers.

Consultants for the Chicago Teachers' Pension Fund now conclude the system is about \$11 billion in the red and faces an even steeper climb to comply with a state law that requires it to be 90 percent funded by 2059, financial documents show.

[Chicago Tribune](#)

U.S. Economy Grew At A Faster Pace Than Earlier Thought

March 28, 2018, By John Ydstie

The U.S. economy grew at a 2.9 percent annual rate in the final three months of 2017, the Commerce Department said Wednesday. That's slightly faster than the previous 2.5 percent growth estimate, but slower than the 3.2 percent pace of the third quarter.

Overall, the economy grew 2.3 percent last year, compared with 1.5 percent in 2016. That's well below the 3 percent or higher that the Trump administration is targeting.

National Public Radio

CalSTRS to explore collaborative investing in alternatives

March 28, 2018, By Arleen Jacobius

The staff at the California State Teachers' Retirement System, West Sacramento, is expected to propose a project in May for next fiscal year's work plan to fashion a collaborative model for investing in alternative investments, said Christopher Ailman, chief investment officer of the \$224.4 billion pension fund.

Institutional investors are expecting lower returns from private equity and so CalSTRS officials want to consider ways of lowering the cost of those investments.

Pensions & Investments

Puerto Rico oversight board calls on pension cuts, move to DC plan

March 29, 2018, By Hazel Bradford

Puerto Rico has until April 5 to submit a revised fiscal plan that includes 10% pension cuts and other reforms, the federal Financial Oversight and Management Board said Wednesday in a letter to Gov. Ricardo Rosello, who later withdrew his proposal after the board demanded further labor reforms.

"The oversight board pretends to dictate the (government's) public policy. This is not only illegal but is unacceptable. Because of this, I rescind the proposed labor reform, which includes a cut of vacation days, sick leave and the elimination of the Christmas bonus," the governor tweeted Wednesday evening.

Pensions & Investments

Oregon Pension System Faces Leadership Vacuum

March 29, 2018, By Chris Butera

On top of rising costs and continued troubles with Oregon Public Employees Retirement System's (PERS) funding, the public pension system has another headache: filling the shoes of several departing executives.

To start, PERS will lose its longstanding executive director, Steve Rodeman, when he retires June 1. Plus, John Thomas, the board's chair since 2012, will also be leaving, possibly with board member Krystal DeAsis. Rodeman and Thomas will leave the board following its Monday meeting, while DeAsis' term ends in September. The job announcement for Rodeman's position closed earlier this week. DeAsis is still deciding if she will leave later this year or stay on for a third term.

Chief Investment Officer

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

South Korean Cash Flows Overseas as Investors Dodge Risks at Home

March 28, 2018, By Narae Kim and Kyungji Cho

While China may yet be some time away from giving its big investors freer rein to put money overseas, neighbor South Korea is embracing the concept of diversifying abroad to boost risk-weighted returns.

As workers in Asia's no. 4 economy ramp up savings before a rapid rise in the aging society's retirement rolls, some of South Korea's biggest investors see danger in keeping all the money at home. That's all the more so since below-target inflation helped pull down long-term Korean bond yields. The country's pension funds and insurers say they're looking for opportunities abroad.

Bloomberg

Japan's Government Pension Fund Changes Fee Structure

March 28, 2018, By Michael Katz

Japan's \$1.54 trillion Government Pension Investment Fund (GPIF) is revising the fee structure for its active asset managers in a move to increase their incentive for producing higher returns, according to a report from the Financial Times.

Under the new structure, which will be implemented next month, the fund will pay the managers a fee that is based on the excess returns they produce. The GPIF said its external asset managers are too focused on acquiring more assets, and have avoided taking the necessary risks required to reach their target alpha.

Chief Investment Officer

Turkish Economy Outperformed China, India in 2017 on Consumption

March 29, 2018, By Onur Ant and Selcan Hacaoglu

Turkey's economy expanded faster than China and India last year thanks to a surge in spending both by households and the government.

Gross domestic product rose 7.4 percent in 2017, with fourth-quarter output up 7.3 percent, Turkstat reported Thursday, beating the median 6.7 percent estimate in a Bloomberg survey. Seasonally adjusted output rose 1.8 percent from the previous three-month period, also beating estimates.

Bloomberg

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.