



Weekly Clips, May 25, 2018  
Texas Pension Review Board  
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## **PRB PLANS**

### **Private equity tops returns for public plans; Mass PRIM portfolio leads the way – report**

May 23, 2018, By Rob Kozlowski

The \$67 billion Massachusetts Pension Reserves Investment Management Board, Boston, had the highest annualized private equity return for the 10-year period at 13.37%, followed by the \$14.7 billion Ohio School Employees Retirement System, Columbus, at 13.1%. The rest of the top five are the \$37.1 billion Utah Retirement Systems, Salt Lake City, at 12.05%; the \$56.5 billion Los Angeles County Employees Retirement Association, 11.6%; and the \$4.2 billion Houston Firefighters' Relief and Retirement Fund, 11.1%.

#### **Public Pensions & Investments**

## **TEXAS ECONOMIC INDICATORS**

### **Texas Adds More Jobs in April**

May 21, 2018, By Scott Morgan

Texas added more than 36,000 jobs in April, even as the state's overall unemployment rate nudged up, according to the latest Labor Market Report from the Texas Workforce Commission.

Construction jobs were the big winner in the state over the past 12 months. According to the report, Texas added more than 40,000 construction industry jobs between April 2017 and April 2018.

#### **KETR**

### **22 Dallas-Fort Worth companies make the 2018 Fortune 500 list**

May 22, 2018, By Arren Kimbel-Sannit

The Dallas-Fort Worth region is home to 22 companies on this year's *Fortune* 500 list, as local energy businesses gained ground in the annual ranking of the nation's largest publicly traded firms by revenue.

Irving-based oil titan Exxon Mobil — one of just three companies to have held the list's vaunted No. 1 spot — climbed to second place after slipping to fourth amid falling oil prices last year. The company pulled in \$244.4 billion in 2017, a roughly 17 percent increase from the previous year.

#### **Dallas News**

## **Texas economy growing fast, and poised for more, says Dallas Fed chief**

May 22, 2018, By Collin Eaton

Texas' rapidly increasing population will give the state an economic edge in coming years as the United States wrestles with sluggish growth in both the labor force and productivity, two trends that could weigh on the nation's economic future, said Robert Kaplan, president of the Federal Reserve Bank of Dallas.

Kaplan, in an interview with Houston Chronicle editors and reporters, said the number of people living in Texas has grown from 22.5 million about a decade ago to more than 28 million and could rise above 40 million over the next quarter century, enabling it to outperform the nation as a whole, in coming years, said Kaplan.

[Houston Chronicle](#)

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

### **'Level-dollar' pension funding bill advances in Michigan legislature**

May 22, 2018, By Michael Carroll

A Michigan bill would help the state avoid accumulating more pension debt and create more stable payment projections that could save taxpayers billions of dollars in the next two decades, its supporters say.

House Bill 5355, authored by Rep. Thomas Albert, R-Lowell, would lower payroll growth assumptions for the Michigan Public School Employees' Retirement System (MPERS) and eventually create a level-dollar method for paying off the system's unfunded liabilities.

[MI Watchdog](#)

### **RI Supreme Court Upholds State Retiree Pension Cuts**

May 25, 2018, By Scott Mackay

The Rhode Island Supreme Court has approved the cuts in state retiree pensions approved by the General Assembly seven years ago, in a decision released today. The court ruled against a group of more than 100 retired public employees who took their legal case to the state's highest court in their battle to overturn the changes designed to save taxpayers about \$4 billion in unfunded pension liabilities.

[RI NPR](#)

### **Colorado's pension Band-Aid is a cautionary tale**

May 25, 2018, By Joshua Sharf

On the surface, the public pension bill passed by Colorado's General Assembly on May 9, the closing day of the 2018 legislative session, looks impressive. Dig a little deeper, and it becomes a cautionary tale on the difficulty of imposing even modest change on public pensions.

In November 2016, Colorado's Public Employees Retirement Association (PERA) revised its expected rate of return, updated its mortality tables, and made a very unpleasant discovery: near 2040, the plan's two largest funds, the State and School Funds, would fall below 20 percent funding.

[The Hill](#)

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

## **Analysis: Tough choices remain for Mississippi pension fund**

May 20, 2018, By Jeff Amy

The retirement system had \$1 billion in assets, and was arguably in worse shape than today. PERS had only enough money to cover 48 percent of projected future benefits.

Today, everything is electronic, PERS has more than \$27 billion in assets, and it's again digging out of a long-term shortfall. It has 61 percent of assets needed to cover future benefits, nearly \$17 billion less than its projected needs.

### **Sun Herald**

## **CalPERS bringing private equity in-house**

May 21, 2018, By Mark Anderson

The California Public Employees' Retirement System has said it will create a separate entity to make direct private equity investments.

Last week, the \$349 billion Sacramento-based pension fund unveiled what it will call CalPERS Direct. Poised to launch in the first half of next year, CalPERS Direct will consist of two funds. One will focus on late-stage investments in technology, life sciences and health care, and the other fund will focus on long-term investments in established companies, CalPERS said in a news release.

### **Sacramento Business Journal**

## **Government money should help solve this pension crisis**

May 21, 2018, By Alicia H. Munnell

For those of you who do not think about pensions on a daily basis, multiemployer plans are private sector defined-benefit plans created by collective bargaining agreements between a labor union and two or more employers. They typically exist in industries with many small employers.

While the majority of multiemployer plans are returning to financial health since the financial crisis, a substantial minority — covering about one million of the 10 million participants — face serious funding problems and could run out of money within the next 15 to 20 years. These plans have been deemed "critical and declining."

### **Market Watch**

## **Report: Public Pensions Boost Government Revenues**

May 22, 2018, By Michael Katz

According to a new study from the National Conference on Public Employee Retirement Systems (NCPERS), public pension funds contributed \$137.3 billion to state and local governments in 2016.

"Our findings are a powerful rebuke to the popular argument that taxpayers cannot afford public pensions," Michael Kahn, NCPERS's research director said in a release.

### **Chief Investment Officer**

## **Public sector investor assets surge 7.3 percent to \$36 trillion, biggest jump in 5 years**

May 22, 2018, By Claire Milhench

Public sector investor assets surged \$2.5 trillion or 7.3 percent in 2017 to \$36.2 trillion, the biggest jump in five years, an annual report showed on Wednesday, helped by stellar equity market gains and a gold price rise.

The Official Monetary and Financial Institutions Forum (OMFIF) tracks the assets of 750 institutional investors such as central banks, sovereign wealth funds (SWFs) and public sector pension funds and ranks them by size in its Global Public Investor report.

### [Reuters](#)

## **Pension Fund Calls For Greater Transparency In Political Spending At Florida's Largest Utility**

May 22, 2018, By William Pentland

A major pension fund wants Florida's largest electric utility to become more transparent about its political contributions, according to reports in the Sun Sentinel.

The New York State Common Retirement Fund, the nation's third largest pension fund, has put forth a shareholder proposal that if adopted would require NextEra Energy to make regular disclosures about its contributions to political campaigns, including the recipients of any contributions, the amounts contributed, and the identity of the executives who decided to make the contributions on behalf of NextEra.

### [Forbes](#)

## **Mass. pension fund enjoyed highest return from private equity investments of any in country**

May 23, 2018, By Jon Chesto

The Massachusetts state pension fund is tops in its field when it comes to picking winners in the difficult world of private equity investments.

The American Investment Council, a group that represents the private equity industry, is releasing a report Wednesday that shows the Massachusetts Pension Reserves Investment Trust in the top position nationwide, based on the annualized 10-year return from its private equity investments. The PRIT fund enjoyed a 13.4 percent return through the state fiscal year that ended June 30, 2017.

### [The Boston Globe](#)

## **Society of Actuaries: 115 multiemployer pensions in 'critical condition'**

May 23, 2018, By Paula Aven Gladych

Most multiemployer pension plans are in fairly good shape, but there is a large group of plans that fall into the dark red category, meaning they are critical and declining plans that are expected to become insolvent in the next 20 years.

The Society of Actuaries this week identified 115 plans that are in trouble, with 107 of them projected to run out of funds in the next 20 years, and the other eight projected to run out shortly thereafter. The troubled plans cover 1.5 million participants and hold \$41 billion in assets.

### [Employee Benefit News](#)

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

## **Brazil's Biggest Pension Fund Turns Into a \$50 Billion Activist**

May 21, 2018, By Cristiane Lucchesi, Felipe Marques and Gerson Freitas Jr

When BRF SA, the Brazilian food giant that produces everything from chicken to chocolate pies, reported a record annual loss for 2017, it took less than 48 hours for its second-largest shareholder to act.

Previ, Brazil's biggest pension fund, sent a letter in February demanding BRF Chairman Abilio Diniz convene a shareholder meeting to remove the entire board, including himself. After a two-month fight, Previ got its way: Investors voted in five new directors and replaced Diniz with Pedro Parente, who's credited with turning around the country's state-owned oil company, Petroleo Brasileiro SA.

### **Bloomberg**

## **Canada Pension Plan Returns 11.6% in Fiscal 2018**

May 22, 2018, By Michael Katz

The Canada Pension Plan's (CPP) investment portfolio returned 11.6% net of all costs for the fiscal year ended March 31, outperforming its benchmark of 9.8%, and helping boost the fund's total net assets to a new high of C\$356.1 billion (\$277.7 billion) from C\$316.7 billion at the end of fiscal 2017.

"Soaring public equity markets through the first nine months of the fiscal year were the primary source of growth," Mark Machin, CEO of Canada Pension Plan Investment Board (CPPIB), said in a release. "As volatility returned during the fourth quarter, our private holdings proved resilient, adding significant value."

### **Chief Investment Officer**

## **Dutch metal workers pension funds divests from coal companies**

May 22, 2018, By Sophie Baker

Pensioenfondsen van de Metalektro, The Hague, Netherlands, divested its holdings in coal companies. The €46.4 billion (\$55.4 billion) pension fund for metal workers said in a notice on its website that it no longer invests in producers of coal, a move that takes a new step in its sustainable and responsible investment policy.

The notice said high carbon dioxide emissions associated with coal and the need to make the energy supply more sustainable mean mining companies that focus solely on the fossil fuel "no longer have future-proof operations and therefore no longer fit into the investment portfolio of PME," said a translation of the notice.

### **Pensions & Investments**

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