

TEXAS PENSION PLANS

Texas Employees targets \$5.6 billion to private equity over next 5 years

August 31, 2018, By Christine Williamson

Texas Employees Retirement System, Austin, approved a private equity pacing plan that targets commitments of \$5.6 billion to the asset class during the five fiscal years beginning Sept. 1 and ending Aug. 31, 2023, during a board meeting Wednesday.

In a report to the board, investment officers forecast that the yearly average commitment to private equity over the five-year period will be \$1.12 billion.

The \$28.3 billion pension plan committed \$868 million to private equity in the fiscal year ended Aug. 31, 2017, and is on track to commit \$757 million in the current fiscal year.

The market value of the fund's private equity portfolio was \$3.8 billion as of June 30, or 13.4%, slightly above the plan's current 13% target to the asset class, meeting documents showed.

[Pensions & Investments](#)

Judge Tosses Uber Investors' Class Action Bid Over Stock Losses

September 4, 2018, By Joel Rosenblat

Uber Technologies Inc. and its former Chief Executive Officer Travis Kalanick defeated a lawsuit claiming the company swept illicit business practices under the rug that cost investors billions of dollars.

U.S. District Judge Haywood S. Gilliam Jr. in Oakland, California, on Friday agreed with Uber's and Kalanick's bid to toss the class-action claims by a Texas city's firefighter pension fund while allowing the fund to revise and refile the complaint.

The lawsuit "does not specifically tie any particular misrepresentation by defendants to a decline in Uber's stock price," Gilliam wrote in his ruling. Instead it "lumps together" scandals and asserts a "vague and attenuated connection" to the devaluation of Uber's stock, he said.

The Irving, Texas-based fund alleged in its September 2017 complaint that the startup and its ex-CEO failed to reveal at least six instances of malfeasance while "successfully soliciting billions of dollars in private investment." Kalanick was ousted as CEO in June 2017 after a series of allegations that the ride-hailing company had engaged in misconduct.

[Insurance Journal](#)

36,000 retired teachers have left Texas health insurance program

September 5, 2018, By Julie Chang

About 36,000 retired teachers and their dependents abandoned their state-created health insurance system this year after Texas officials enacted higher deductibles and premiums. Most of the retirees who left were 65 or older and opted to choose cheaper Medicare plans elsewhere, putting the Teacher Retirement System of Texas' health insurance system, called TRS-Care, and its remaining 230,000 members at risk of a bigger shortfall in the future.

The system expects a \$410 million shortfall in the 2020-21 budget cycle, system officials told a Texas House Appropriations subcommittee Wednesday.

To stave off a \$1 billion shortfall, the Legislature in 2017 injected \$484 million into the system over the next two years, but lawmakers also increased premiums and deductibles for some retired teachers by paring down the number of health care plans, including eliminating a \$0 premium plan.

After retirees complained to lawmakers about the higher costs later that summer, the Legislature during a special session added an additional \$212 million to the system to lower premiums and deductibles, but it wasn't enough to keep some retirees and their dependents in the system.

[Austin American-Statesman](#)

TEXAS ECONOMIC INDICATORS

Truck driver shortage constrains booming Texas oil fields, U.S. economy

August 31, 2018, By Mark Collette

Everyone will pay more for almost everything. Nationwide, long-haul truck shipping rates were 10 percent higher in July year-over-year, excluding fuel costs, according to Cass Information Systems, which tracks freight transactions.

This is how a shortage of tens of thousands of truck drivers gains a grip on the growing American economy. It throttles the Texas shale fields and tacks on costs to products traveling through the Port of Houston. It's one reason why Amazon just hiked prices for Prime, its membership that includes free two-day shipping for many products. And it's why, this Labor Day, the freight industry is scrambling to address a workforce crisis.

Texas alone needs more than 50,000 more Class 8 drivers, said John Esparza, president of the Texas Trucking Association.

[Houston Chronicle](#)

With pipelines full, oil and gas companies turning to trucks, rail

September 4, 2018, By Rye Druzin

Oil producers in the Permian Basin, dealing with a shortage of pipelines, are increasingly turning to trucks and rail to ship the flood of crude from the West Texas oil field to refineries and export terminals on the Gulf Coast.

These transportation shifts are driven by two simple math problems. First, crude oil production in the Permian has reached 3.6 million barrels a day, while pipeline capacity out of the region is just 3.5 million barrels a day, according to the energy research firm Wood Mackenzie. Next, crude is selling for as much as \$10 more a barrel in South Texas, the Gulf Coast and other markets outside of West Texas, where inventories are building in part because of the lack of pipeline capacity

[Houston Chronicle](#)

NATIONAL PENSION, INVESTMENTS & LEGAL

Gov. Kim Reynolds on Iowa's Pensions: 'We Will Absolutely Honor the Commitments That Have Been Made'

September 4, 2018, By William Petroski

Gov. Kim Reynolds isn't ruling out changes to the state's largest public employees' pension program, but she is pledging she won't slash retirement benefits already earned by state and local government workers and teachers.

The Republican chief state executive was asked Tuesday about the future of the Iowa Public Employees' Retirement System when she met with reporters after a meeting of the State Executive Council. Some prominent Democrats — including State Treasurer Michael Fitzgerald — have warned that some Republican legislative proposals could "break the promise" of the state's public pension program, which has 350,000 members.

"I have made it extremely clear. I have a lot of colleagues and a lot of people that I know that participate in the IPERS pension program, and so we will absolutely honor the commitments that have been made, " said Reynolds, who is seeking a full four-year term in November's election. "They are counting on that. I would never do anything that would take away those commitments that have been made."

IPERS has a long-term unfunded liability of nearly \$7 billion and a funded ratio of 81 percent, according to an actuarial study released in December. The funded ratio of a pension plan equals a value of assets in the plan divided by a measure of the pension obligation.

[Des Moines Register](#)

Pension stress testing can help states plan for the next recession

September 4, 2018, By Greg Mennis

State pension funds reported a cumulative \$1.6 trillion deficit between assets and liabilities in fiscal 2017, larger than at any point before the Great Recession. At the same time, the outlook for investment returns is lower than it has been historically. And funds are heavily invested in assets that generally track the ups and downs of the economy — stocks and alternatives comprise 75% of portfolios — exposing pension funds to greater market volatility than in the past.

When the next recession hits, many states might find it difficult to afford their retirement obligations without new policies to better steward their pension funds. And some plans face the real prospect of insolvency. But if plans apply stress testing, which is an emerging trend among public pension systems, it could help policymakers understand how pension balance sheets and government budgets will fare under various adverse economic scenarios. And if state officials require stress testing, which is an emerging trend among public pension systems, it can help policymakers understand how pension balance sheets and government budgets will fare under various adverse economic scenarios.

[Pensions & Investments](#)

Spending on fixed costs rise for largest U.S. cities: S&P

September 5, 2018, By Laila Kearney

Some of the largest U.S. cities spent more on pension payments and other fixed costs in fiscal 2017 than the year before, and those expenses are likely to continue to weigh on budgets, according to an annual report released by S&P Global Ratings on Wednesday.

On average, for the largest 15 cities in the country, public employee pensions, debt and other retirement benefits made up 26 percent of expenditures compared with 25 percent in fiscal 2016, S&P said in its report.

In order - from high to low - of fixed costs as a percentage of expenditures, the cities surveyed were Chicago, Dallas, Jacksonville, San Jose, Houston, Austin, Phoenix, New York, Columbus, San Francisco, San Antonio, Los Angeles, Indianapolis, San Diego and Philadelphia.

For 11 of the cities surveyed, the financial burden of pensions was greater than debt obligations, S&P said.

[Reuters](#)

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