

## TEXAS PENSION PLANS

### **Harlingen firefighters trying to avoid using city taxes for pension contributions**

September 27, 2018, By Santiago Caicedo

Firefighters work tirelessly, and in many times, dangerous situations throughout their career —while also giving a cut of their paycheck to their retirement. But as a deadline fast approaches, firefighters in Harlingen have hit a roadblock on their pensions.

The state regulator that oversees firefighter pensions has now given Harlingen firefighters and the city until the end of October to agree on how much money comes out of a firefighter's paycheck and into their pension.

"The amortization is over 50 years for the [retirement] plan," said Harlingen Assistant City Manager Gabriel González. "That's a concern. So, we were just trying to come up with options to actually address that."

The city of Harlingen and firefighters have been unable to agree on a recent request from state regulators asking that firefighters and the city contribute an additional 0.75 percent to pensions.

### **Valley Central**

### **In Texas, Teachers See Savings Eroded by Bad Bets on Exotic Stocks**

September 28, 2018, By Bradley Keoun

A decade ago, amid an economic boom in "emerging markets" like Brazil, Russia, India and China, the Teacher Retirement System of Texas decided to plow nearly 10% of all savings into stocks from the countries. Now, the teachers are reeling from the mistake, with subpar returns and outsize risks that could have been easily avoided had the fund just stuck with large U.S. stocks.

Such "emerging-market" stocks are considered highly speculative, even by professional investors, because the countries often have authoritarian governments, widespread corruption, fledgling markets, volatile currencies and more tumultuous economies when compared with markets in the U.S., Europe and Japan. The tradeoff, at least according to the Teacher Retirement System's then-chief investment officer, a former hedge-fund executive named Thomas Britton "Britt" Harris, was that the riskier investments would bring bigger rewards - and a bigger payoff for the teachers.

It hasn't worked out that way. Over the past decade, emerging-market stocks have produced investment returns averaging just 1.1% per year, well below the Texas fund's overall target of 8%, and a fraction of the 11% average return projected by state officials back in 2007.

### **The Street**

### **Dallas squares off with another city pension fund — this time the one for civilian employees**

September 29, 2018, By Corbett Smith

Dallas City Hall is back in what has become a familiar spot: a legal fight against an employee pension system.

This time, the \$3.6 billion Employees' Retirement Fund — which counts 7,900 active members and more than 7,000 beneficiaries — is the city's target.

City officials want the retirement fund's board members to be subject to term limits, which would stop two current trustees from serving again. But pension leaders don't want to be told what to do.

The fund won its initial battle in state District Court on Thursday, receiving a temporary restraining order. The order prohibits the city and its interim city attorney, Christopher Caso, from taking action against two newly re-elected trustees: board Chair John Jenkins, a deputy Park and Recreation director, and Tina Richardson, a city financial manager.

[Dallas Morning News](#)

## TEXAS ECONOMIC INDICATORS

### **Midland is second fastest-growing city in United States**

October 3, 2018, By Staff, Midland Reporter-Telegram

Midland is the second fastest growing city in the United States, according to a report released this week by WalletHub.

Midland is one of four Texas cities to crack the top 10 and trails only Fort Myers, Florida, on the overall list. Midland finished as the No. 1 midsize city with the highest growth. Joining Fort Myers and Midland are Pearland, Bend, Oregon, and McKinney. College Station finished sixth on the 2018 list.

Other Texas cities to crack the top 20 were Frisco (16th), Round Rock (17th) and Austin (18th). Rankings of West Texas cities included: Odessa (46th), Lubbock (262nd), Amarillo (394th), San Angelo (395th) and Abilene (419th).

To determine where the fastest local economic growth has occurred in the U.S., WalletHub compared 515 cities of varying population sizes based on 15 key measures of both growth and decline over a period of seven years. Its data set ranges from population growth to unemployment rate decrease to growth in regional GDP per capita.

[Midland Reporter-Telegram](#)

### **North American trade deal to keep Texas economy humming**

October 1, 2018, By John C. Roper

Trade between Texas, Mexico and Canada will continue to flow freely, following a late-hour deal on Sunday that re-worked the North American Free Trade Agreement, analysts said.

The agreement, now called the United States-Mexico-Canada Agreement, or USMCA, won't go into full effect until 2020 as it needs to be approved by all three nations.

Analysts said that Texas oil and gas producers will view the deal as a relief. Energy producers have been concerned that Trump, who had called NAFTA the "worst" deal ever made, could scrap NAFTA entirely. For Texas -- and Houston -- keeping the deal in place is significant to the economy.

[Houston Chronicle](#)

### **City Council approves raise for police officers**

October 3, 2018, By Jasper Scherer

Houston City Council on Wednesday approved a 7 percent pay raise for police officers over two years, a deal that includes an option for a 2 percent "cost of living increase" for a third year if the two sides do not reach a new agreement.

The approval comes less than three weeks before Houston residents begin voting on a ballot item that proposes to grant firefighters pay "parity" with police officers of corresponding rank and seniority.

The measure, which will appear on the ballot as Proposition B, has proven contentious as Mayor Sylvester Turner seeks to convince voters the city cannot afford it, a claim hotly disputed by the Houston Professional Fire Fighters Association, the union that negotiates contracts on behalf of the rank and file of the Houston Fire Department.

[Houston Chronicle](#)

# NATIONAL PENSION, INVESTMENTS & LEGAL

## **Pensions Are Shelling Out Billions in Fees -- and It's Not Paying Off**

September 26, 2018, By Liz Farmer

Public pension plans spend at least \$2 billion a year on investment fees to high-priced Wall Street firms to boost their returns. But, according to a new report, it doesn't appear to be paying off.

The report, released Wednesday by the Pew Charitable Trusts, attributes the steep bill to the fact that more and more pension funds are putting money in alternative investments, such as hedge and private equity funds. Over the past decade, the average plan has gone from devoting about 11 percent of its assets to those types of investments to 26 percent.

The uptick is part of a larger trend over the past 30 years of pensions reducing their reliance on stable, fixed income investments like bonds in favor of more volatile -- but potentially more lucrative -- investments like stocks and alternatives

The shift means that pensions are more vulnerable to the swings of the stock market and are also paying far more in fees than they ever were before.

### [Governing](#)

## **U.S. Stocks Decline as Rising Bond Yields Reverberate**

October 4, 2018, By David Hodari

U.S. stocks slumped Thursday as a rise in U.S. Treasury yields to multiyear highs reverberated around the world.

The Dow industrials fell 213 points, or 0.8%, to 26615 after notching a fifth straight session of gains and an all-time high a day earlier. The S&P 500 lost 0.8% and the tech-heavy Nasdaq Composite lost 1.3%.

Ten out of the 11 S&P 500 sectors were lower, with interest-rate sensitive sectors such as real estate and consumer staples among the biggest losers. Rising bond yields can diminish the allure of high-dividend paying stocks.

Bond yields have jumped over the past week as data have pointed to a robust U.S. economy and investors have expressed relief over easing trade tensions in North America. Further evidence of a strong U.S. economy will likely come Friday when investors get a snapshot of the employment picture in September.

### [Wall Street Journal](#)

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