

## TEXAS PENSION PLANS

### **Fort Worth nears compromise on its pension fix. Here's how much it could cost you**

November 6, 2018, By Luke Ranker

With the clock ticking for the city to find \$1.6 billion to fix its pension without going to Austin, a compromise may be on the horizon, but Fort Worth taxpayers will have to kick in a little more.

For about three years Fort Worth has searched for a solution for the pension gap. If no action is taken, the city's \$2.3 billion Fort Worth Employee's Retirement Fund could run out of money between 2040 and 2050. A proposal city manager David Cooke put forward in August would have required 3 percent more from the city, but employee unions wouldn't budge on changes to the cost of living adjustment.

A plan unveiled Tuesday would cost taxpayers an additional 4.5 percent or about \$21 million annually, but includes a compromise on cost of living Cooke said he hopes will lead to employee approval.

The Fort Worth City Council will vote on the plan Nov. 13 with the goal of having an employee vote in January. Cooke and employee unions want to avoid sending the matter to the Texas Legislature.

#### [Star-Telegram](#)

### **Dallas Police & Fire sues Buck over DROP administration, funding issues**

November 7, 2018, By Margarida Correia

Dallas Police & Fire Pension System filed a lawsuit against Buck Consultants, its longtime actuary and adviser, claiming the firm failed to provide proper counsel as the pension fund lost substantial sums of money due to a flawed DROP program.

The \$2.1 billion pension fund faulted Buck for issues stemming from the pension fund's deferred retirement option plan, which it adopted in 1993 after consultation with Buck. The program allowed members to contribute retirement funds while remaining on active duty, with a guaranteed rate of return of no less than 8%.

"This would prove a fateful decision, but Buck gave no indication of the danger DROP would one day pose to the fund at the time it was adopted or for many years thereafter," claims the lawsuit, which was filed Oct. 30 in Texas Civil District Court in Dallas.

The pension fund alleges that the popularity of DROP, combined with its high guaranteed rate of return, led to an unsustainable increase in the plan's unfunded actuarial liability, which it claims increased by more than \$2.8 billion from 1994 to 2016.

In 2017, the pension fund reached an agreement with city officials, state lawmakers and others to implement measures that would help pull it back from the brink of insolvency.

The pension fund is seeking to recover losses caused by Buck's alleged breaches of contract as well as the firm's and the three actuaries' negligence, negligent misrepresentation and professional malpractice, according to the lawsuit.

#### [Pensions & Investments](#)

# TEXAS ECONOMIC INDICATORS

## **Mayor Turner enacts hiring freeze at HFD after voters pass Proposition B**

November 7, 2018, By Staff

Proposition B, which passed on Tuesday, concerns pay for firefighters. They are seeking pay that matches police officers of equal rank. Mayor Sylvester Turner, who was opposed to Prop. B, says it will cost the city \$100 million to pay for the firefighters' 29 percent raise.

Turner says Houstonians should expect slower responses from police and fire, "So if there's an EMS related call they might not get to you as fast, if there's a fire, they may not respond as fast."

Turner said the cost of the firefighter raises will affect fire, police, and could potentially affect other city employees. He also announced that no more classified firefighters would be brought on. Turner asked Houston Fire Department Chief Pena to restructure the department and go from four to three shifts.

The Mayor says a hiring freeze at the fire department will go into effect immediately.

### [ABC](#)

## **Democrats make gains in Texas Legislature, but Republicans still run the show**

November 7, 2018, By Allie Morris

Democrats exceeded expectations by flipping 12 seats in the Texas House in the Dallas, Houston and Austin areas. While not enough to claim a majority, they did narrow the GOP's control of the chamber and could wield considerable influence in selecting the next House Speaker. The powerful role is being vacated by Rep. Joe Straus, R-San Antonio, who didn't run for another term.

Republicans now hold the Texas House with 83 seats to Democrats' 67.

In the Senate, Democrats picked off two Republicans, Konni Burton of Colleyville and Don Huffines of Dallas. The party still falls one seat short, however, of having the votes needed to block or stall policies pushed by Lt. Gov. Dan Patrick and the Republican majority.

The scenario could set up another legislative session in 2019 with conservative bills pushed through the Senate hitting roadblocks in the House — as in the 2017 Legislative Session, when the House was a foil to several controversial measures including the bathroom bill that would have required people to use the bathroom that corresponds with the gender listed on their birth certificates.

Many of the Democrats' pickups came in the Dallas area, where demographic changes and high voter turnout helped to boost the party's candidates. Similarly, a handful of Republican candidates in Williamson and Hays Counties — traditionally red counties just outside of Austin — lost.

### [Houston Chronicle](#)

## **Austin-Bergstrom International Airport expansions ready to take off**

November 8, 2018, By Iain Oldman

Responding to tremendous population growth across its 21-county service region, a blossoming tourism industry and increasing demand, Austin's largest airport and one of its surrounding reliever airports are investing heavily in expansion plans.

On the heels of a \$350 million, nine-gate expansion set to open this spring, Austin-Bergstrom International Airport has plans to add an additional 32 gates—an evolution that would put the airport on par with Texas' largest international airports.

Austin City Council on Nov. 1 passed ABIA's 40-year master plan after receiving a presentation two days prior. Designed in response to rapidly growing demand, the document outlines ABIA's infrastructure map and development plans.

Out at Austin Executive Airport, a privately owned reliever airport nestled in Pflugerville's extraterritorial jurisdiction, officials have built multiple hangars and an air traffic-control tower in the past 12 months. Those improvements came in response to and in anticipation of continually increasing demand, according to Jodie Kaluza, airport manager for Austin Executive Airport.

## [Community Impact](#)

# NATIONAL PENSION, INVESTMENTS & LEGAL

## **City Budgets Bend Under Growing Pension Costs and Dwindling Revenues**

October 26, 2018, By Anil Niraula

For the largest U.S. cities, the growing costs associated with paying past pension debts has resulted in tens of millions of tax dollars being diverted away from public services each year. The budget squeezing in municipalities will likely continue unless reasonable pension reforms are implemented.

Indeed, S&P Global Ratings recently released a report that examined public costs in the 15 largest U.S. cities. The report found that 11 of these 15 cities had pension obligations that exceeded other fixed debt obligations (think of municipal bonds and other debt securities). Per Pension & Investments, last year these 15 cities, on average, slated as much as 13.5 percent of their annual expenditures for public pensions.

These pension contributions—which in many places have been driven higher by the additional amortization payments needed to help pay down unfunded liabilities—represent large portions of budgets that cities could have otherwise used to finance other crucial public needs, like road infrastructure, hiring more public safety officers, or tackling drainage and stormwater issues.

Each of the 15 cities surveyed by the S&P Global Ratings has its own unique set of problems that contribute to the growth of public pension debt. Finding long-term reform solutions sooner than later is the only viable way to secure promised pensions, as well as the funds needed for other public service priorities in the future.

## [Reason Foundation](#)

## **The Democrats took the House, and here's what that means for your retirement**

November 8, 2018, By Alessandra Malito

The Democrats won the House, the Republicans kept the Senate, and future retirees should be paying close attention to retirement legislation these next few years.

A split Congress isn't the worst thing for retirees, but it may not be all that helpful, either. With each party in control of a chamber, gridlock is bound to ensue on numerous issues, including Social Security and Medicare, retirement savings and pensions. Voters — even those who may be far away from retirement age — should pay attention to these issues, because legislation made now will be felt for decades.

Even though Democrats are now a majority in the House, any legislation they pass could still be vetoed by President Donald Trump. Each of the 15 cities surveyed by the S&P Global Ratings has its own unique set of problems that contribute to the growth of public pension debt. Finding long-term reform solutions sooner than later is the only viable way to secure promised pensions, as well as the funds needed for other public service priorities in the future.

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