TEXAS PENSION PLANS

Fort Worth City Council approves pension fund fix

December 11, 2018, 2018, By Fox4News.com Staff

The Fort Worth City Council voted to approve a plan Tuesday night to fix the employee pension fund, which is facing a $1.6 billion shortfall. Now, the city's employees and first responders are required to approve it for it to take effect.

The city and employee representatives approved a change in one of the benefits that is favorable for retirees but not for current employees or new hires. The council listened to public input and then voted before it was passed. Kelly Allen Gray was the only one to vote no.

The Fort Worth City Council approves a changed, and some say, improved version of the pension fix. The fund for 10,000 current and retired employees is forecasted to go broke in 20 to 30 years with a shortfall of $1.6 billion.

The controversial COLA, or Cost of Living Adjustment for retirees, had been on the chopping block. But over the past month after meetings with employee unions, the city decided to keep the cost of living raise for current retirees and those within two years of retirement.

The rest of the employees, including new hires, aren't rejoicing as much. The proposal either gives them no COLA when they retire or they can elect to have one that only pays out if the market does well. It’s why the employee unions have remained neutral on the plan. They won't support it or reject it.

The council vote moves the ball forward, but that doesn't resolve the issue. Current employees would have to approve it to avoid having it kicked down to Austin for lawmakers to decide.

For the matter to pass with employees, 51 percent must approve it That's a little more than 33,000 current employees that have to vote yes on the plan. Over the next few weeks, city staff will hold meetings with employees to educate them about the plan. Then, it'll be up to employees to cast their vote in January.

Fox 4 News

Fort Worth reaches pension compromise. Will employees approve it?

December 11, 2018, By Luke Ranker

Texas lawmakers may not have to fix Fort Worth’s hefty pension gap with a compromise that includes more money out of pocket for both taxpayers and employees.

Taxpayers will likely pay more again in a few years to help keep the fund performing.

A plan put forward Tuesday would cost taxpayers an additional 4.5 percent and an additional 2.9 percent annually for Fort Worth employees. Those costs could rise in four years if the fund under performs. The plan maintains a retiree cost of living adjustment, which has been a sticking point for the police and fire unions, while reducing the city’s unfunded liability — a figure investor services like Moody’s have been keeping a close tab on.

The city’s $2.3 billion Fort Worth Employees’ Retirement Fund is in danger of running out of money between 2040 and 2050.

The compromise comes at a cost for city employees who will have to pay more into the fund — an additional 2.9 percent compared to 2.6 percent under the November plan.

Active employees will no longer be eligible for a fixed cost of living adjustment upon retirement. Instead, a variable adjustment will be made based on the performance of the fund. Current predictions show it's unlikely that payment will materialize, so any employee who retires after Jan. 1, 2021 likely won't receive a cost of living adjustment.

Like the plan submitted in November, city taxpayers would contribute an additional 4.5 percent or about $21 million more annually to the Fort Worth Employees' Retirement Fund. That brings the city contribution up to $115 million each year.

Last year, taxpayers contributed nearly $90 million to the fund while employees paid in $32 million. More than $190 million was paid out.

Under the plan, taxpayers and employees will automatically contribute more if the fund performance drops. That amounts to a 2 percent increase each year for two years with the taxpayer pitching more than half of that. Cooke said staff predict that mechanism will be triggered in 2022 and 2023.

Star-Telegram

TEXAS ECONOMIC INDICATORS

500,000+ square foot Kyle development promises to bring jobs

December 12, 2018, By Gary Cooper

A massive industrial building will be built in Kyle for the purpose of luring new business to the i35 corridor.

'Kyle Crossing' will be a 535,000 square foot, multi-use facility that can house almost any kind of business. The development, according to city and county officials, will make Kyle a viable destination for business looking to move or expand.

"This 40 acre site is about to be developed into two industrial, speculative facilities, and for the first time in the history of Kyle, we are going to have major presence in the industrial space," says Kyle Mayor Travis Mitchell.

"What you will find is that often times, companies want to go into existing space. So the city of Kyle misses out on opportunities to attract world-class business to our city because we don't have space available to them," added Mitchell.

The developer behind the building is Majestic Realty. Majestic Realty has developed scores of similar facilities all over Texas and the US.

Construction is set to start immediately and conclude by December 2019.

Kxan

Apple is spending $1 billion on a new campus in Austin

December 13, 2018, By Rishi Iyengar

Apple is putting more detail on its plan to create 20,000 jobs in the United States over the next five years.

The company said Thursday it will spend $1 billion to build a new campus in Austin, Texas.
The city is already home to one Apple (AAPL) campus, a sprawling facility with 6,200 employees that is the company's largest outside its headquarters in Cupertino, California.

Apple's new Austin campus will be less than a mile from the existing one and will be spread across 133 acres, the company said in a statement. It is expected to make Apple the city's largest employer, with a workforce of 5,000 employees and the capacity to add 10,000 more.
There's more to come. Apple also plans to build new offices in Seattle, San Diego and Culver City over the next three years. Each will be home to more than 1,000 employees.

CNN

Some Good News From Illinois On Public Pensions?

December 12, 2018, By Elizabeth Bauer

I'm pausing my writing on multi-employer pensions for just long enough to address a news item out of Illinois, as reported by the Chicago Tribune: "Mayor Rahm Emanuel to call for legalized weed, Chicago casino and constitutional amendment to fund public pensions."

The article reports on a speech that outgoing Mayor Emanuel is scheduled to give the City Council today. He is set to propose not only that the state legalize marijuana and permit a casino in Chicago, but that tax revenues from those two sources be dedicated to funding the city's deeply underfunded pension plans. He also (this is not the "good news" part) will continue to promote the issuing of Pension Obligation Bonds (see here for background) as a way to reduce the city's near-term pension payments.

The Tribune reports that he will highlight in particular the guaranteed 3% annual cost-of-living adjustments, adjustments which, at a time of low inflation, hardly seem deserving of the name "cost-of-living" when they outstrip, in a way that builds up dramatically over time, actual changes in the cost of living.

Forbes

Lawsuit that alleges Wall Street duped Kentucky pension plan will proceed

December 4, 2018, By John Cheves

The Kentucky Supreme Court on Thursday unanimously struck down a controversial law that would have reduced retirement benefits for public employees, most notably by ending traditional pensions for school teachers hired after Jan. 1.

In a decision written by Justice Daniel Venters of Somerset, the court ruled on the most narrow of terms, finding that Republican legislative leaders erred by not giving the pension bill the constitutionally required three public readings in the Senate and House chambers before passing it last March.

Instead, the legislature hastily converted a sewage treatment bill into a pension bill on the 57th day of the 60-day session and then rushed it through final chamber votes in a matter of hours with no public review and little chance for debate. The sewage treatment bill already had received most of its necessary public readings, lawmakers said at the time.

That maneuver violated a process meant to provide transparency at the Capitol, the court said Thursday. Public readings of a bill over three separate days should give lawmakers and citizens a chance to understand what legislation is on the table, the court said.

Lexington Herald Leader