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Memorandum

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CITY SECRETARY
DALLAS, TEXAS



CITY OF DALLAS

DATE May 29, 2024

TO Kimberly Bizer Tolbert, City Manager

SUBJECT **Questions to the Ad Hoc Committee Regarding the Dallas Police and Fire Pension Fund**

City Manager Tolbert,

To follow, please find questions regarding the Dallas Police and Fire Pension Fund and Dallas Employee Retirement Fund, per the directive from the Committee Chair MPT Atkins on Thursday, May 23, 2024. If any questions need clarification, please do not hesitate to contact me.

1. Can the City recommend using an objective third party to calculate the Actuarial Defined Contribution (ADC) as referenced on page 17 of the Dallas Police and Fire Pension System: Funding Soundness Restoration Plan Update and Consideration of Recommendations presented May 23, 2024 vs. defaulting to the Dallas Police & Fire Pension Fund's calculation (DPFPF)?
2. Is there any quantitative information or other research on the impact of not having/discontinuing a Cost of Living Adjustment (COLA)?
3. What are the numbers of active uniform police and fire eligible for retirement?
4. What is the budgetary impact for providing a COLA in 2025 vs. a Supplemental Stipend to retirees (see DROP strategy question below)?
5. When is the 10-year Net Investment Returns vs. Discount Rate on Texas pensions for FY 2023 expected to be available?
6. Has a strategy for paying COLA been developed with regard to DROP members? I understand that there are varying degrees of DROP, but if a member has taken a substantial distribution and is/can manage it privately, why would the City support the fund pay a COLA?
7. Are there any other comparable pension funds below 70% funded liability with automatic COLAs? The Deloitte COLA Discussion presentation from May 23, 2024 lists Texas pension systems, but are there any comparable sized cities in the US where this is the case?
8. If the city were to issue Pension Obligation Bonds today (assumption: that voters have approved issuance) what would it look like compared to the DPFPF returns (understanding that bond rates fluctuate; can be presented as a range)? In other

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words, would it make financial sense?

9. What are the city's options with regard to issuing POBs with a call provision to allow negotiating better rates in the future.
10. Please provide information on the history of investment returns for DPFP and ERF. If there is a comparison chart in a previously presented document, please direct me to it.
11. If fund performance thresholds are not met and the City preferred to manage pension funds (either or both funds) going forward to deliver better returns, what would that process be? This is with the understanding that the City would make a distribution to the fund(s) which would then make a distribution to applicable members.
12. What is the performance of the Texas Municipal Retirement System fund vs. each Dallas employee pension fund (ERF and DPFP) for the past five years? If the City of Dallas wanted to change to having employees/active sworn and unsworn Police & Fire join the TMRS, the process would be for new hires only. What would happen with the existing funds if new hires were directed either to TMRS or a 401(k) plan?
13. Please explore further the details for stronger fund governance requirements, such as settlement negotiations, discount rate reductions and others as referenced on page 17 of the Dallas Police and Fire Pension System: Funding Soundness Restoration Plan Update and Consideration of Recommendations presented May 23, 2024.

Take care,



Gay Donnell Willis
Councilmember- District 13