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**EXHIBIT A**

**CITY OF DALLAS** **VERNON’S TEXAS REVISED CIVIL STATUTES ANNOTATED ARTICLE 6243A-1, SECTION 2.025 PLAN / TEXAS GOVERNMENT CODE SUBCHAPTER 802 C FUNDING SOUNDNESS RESTORATION PLAN**

The City of Dallas (City), in compliance with Vernon’s Texas Revised Civil Statutes Annotated Article 6243a-1 (Article 6243a-1) and Texas Government Code Subchapter 802 C (Subchapter C) (City Plan), has formulated this City Plan to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability of the Dallas Police and Fire Pension System (DPFPS) within 30 years.

**1.** **City Contributions.**

(a) Under Article 6243a-1, Section 4.02(b), any change to the contributions **required to be made** to the pension system by the City may only be made: (1) by the legislature; (2) a majority vote of the voters of the City; or (3) in accordance with a written agreement entered into between DPFPS, by at least a two-thirds vote of all trustees of the DPFPS Board, and the City. While Article 6243a-1 sets out the mandatory process to change the City’s required contributions, nothing in Article 6243a-1 prevents the City from voluntarily, and through its own state law required appropriations process, increasing its contribution rate. This City Plan reflects a voluntary increase in the City’s contributions above the requirements in Article 6243a-1, Section 4.02, and is subject to annual appropriations.

(b) Under Article 6243a-1, Section 4.02(d), “Use of Public Funds,” the City will voluntarily make contributions to DPFPS biweekly using an Actuarially Determined Contribution Rate beginning October 2024, subject to the governance provisions set forth in Section 2, and the contribution maximums set forth in (d).

(c) ACTUARIALLY DETERMINED CONTRIBUTION (ADC) RATE is, for any fiscal year, a rate of contribution expressed as a percentage of members’ projected wages for such fiscal year, that is the sum of the following as determined in the actuarial valuation for the plan year preceding such fiscal year:

 (1) an established 30-year closed amortization amount with five-year step-up and no step-down for the unfunded actuarial accrued liability and administrative expenses, determined based on the January 1, 2023 Actuarial Valuation Report, as shown in the fixed dollar schedule as follows, divided by the members’ projected wages for each fiscal year;



(2) normal cost; and

 (3) new amortization layers as necessary to amortize the difference between the expected remaining balance of all previous year’s layers and the actual unfunded actuarial accrued liability for the given valuation. New amortization layers will be amortized over a closed amortization period of 20 years or until January 1, 2053, whichever is later. If the actuarial assets of the fund exceed the actuarial liabilities for a given valuation, the outstanding layers may be collapsed into a single layer with a closed amortization period of 20 years or until January 1, 2053, whichever is later.

(d) For fiscal years ending September 30, 2025, through September 30, 2029, in no event shall the City contributions exceed:

(1) the dollar amounts set forth in (c)(1), plus

(2) the maximum percentage set forth in Section 2(e) multiplied by the members’ wages for each fiscal year.

2. **Governance.** The City Plan to comply with the funding and amortization periodrequirements applicable to DPFPS by adopting an ADC with a five-year step-up is a significant financial commitment to DPFPS. For some predictability in its funding commitment, the City intends to implement the following governance provisions:

(a) Any changes to the actuarial assumptions, including, but not limited to, the current discount rate, that increases the DPFPS’ liability must be approved prospectively by the DPFPS and City Council.

(b) Settlement of any lawsuit by DPFPS that increases DPFPS’ liability must be approved prospectively by the DPFPS and City Council.

(c) Any proposed increase by DPFPS in benefits, including, but not limited to, cost of living adjustments, that would increase the DPFPS’ liability must be approved prospectively by the DPFPS and the City Council.

(d) Annually, the DPFPS and the City will each calculate an ADC rate for the following fiscal year. The City will accept the rate that is determined by DPFPS’ actuary and presented to the DPFPS Board, except, if the difference between the rates that are calculated by the actuaries of the City and DPFPS is greater than three percent, DPFPS and the City will engage in a 30-day reconciliation period. If, within such period, the actuaries of the City and DPFPS reconcile the results of their respective calculations of the ADC rate for the applicable fiscal year, the rate that was calculated by DPFPS’ actuary will be accepted by the City and DPFPS. If no such resolution is reached within the 30-day reconciliation period, an average of the rates, determined by the actuaries of the City and DPFPS, will be used to determine the city’s voluntary contribution for the upcoming fiscal year.

(e) If in any plan year the ADC rate (excluding the amounts set forth in Section 1(c)(1) is outside of the minimum or maximum shown in the schedule as follows, the difference between ADC rate and the minimum or maximum will be amortized over a closed period of 20 years or until January 1, 2053, whichever is later. If the City Council determines that the fund is projected to be fully funded in over 30 years, the City Council may, in its sole discretion, waive this paragraph. The DPPFS Board may make a recommendation to City Council requesting that City Council waive this paragraph.

