

8-14-24

ORDINANCE NO. 32801

An ordinance amending Chapter 8, "Boards and Commissions," of the Dallas City Code by amending Section 8-1.5; moving the limitation of terms of the employee's retirement fund board to Chapter 40A; amending Chapter 40A, "Retirement," of the Dallas City Code, by amending Sections 40A-1, 40A-3, 40A-4, 40A-6, 40A-7, 40A-7.1, 40A-9, and 40A-35; adding, revising, and deleting various definitions; providing amended terms and term limits of the board; modifying the retirement fund board's powers and duties; specifying the date the board shall adopt the actuarially determined contribution rate, the current total adjusted total obligation rate, the current total obligation rate, and the pension obligation bond credit rate for each fiscal year; providing amended contribution amounts for the city and employees; providing a contribution maximum for Tier A and Tier B employees; providing that the city may contribute additional monies to the retirement fund in its sole discretion; amending the modifications of contribution rates; providing guardrails with respect to the calculation of the actuarially determined contribution and incorporating the guardrails into actuarial assumptions; amending the procedure to amend Chapter 40A; providing a saving clause; providing a severability clause; and providing an effective date.

Now, Therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That Subsection (a-1) of Section 8-1.5, "Limitations of Terms," of Article I, "In General," of Chapter 8, "Boards and Commissions," of the Dallas City Code, is amended to read as follows:

~~"(a-1) Reserved. [A person who has served on the board of the employees' retirement fund pursuant to Section 40A-3(a)(1) of this code, as amended, for three consecutive terms, of whatever~~

~~length of time, will not again be eligible to serve on that same board until at least one term has elapsed, whether service was as a member, chair, or other position on the board.]”~~

SECTION 2. That Section 40A-1, “Definitions,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

**“SEC. 40A-1. DEFINITIONS.**

In this chapter, unless the context clearly indicates otherwise:

(1) ACTUARIAL EQUIVALENT means the equivalent in value on the basis of the actuarial factors recommended by the fund's actuary and adopted by the board.

(2) ACTUARIAL VALUATION REPORT means the report issued by the fund's actuary and adopted by the board for any relevant period. The board shall provide a copy of each actuarial valuation report to the city promptly after adoption.

(3) ACTUARIALLY DETERMINED ~~[REQUIRED]~~ CONTRIBUTION RATE means, for any fiscal year, a rate of contribution to the fund, 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 report for the preceding plan year:

(A) the normal cost and expenses that are allocated to a valuation period by the actuarial cost method; and

(B) the contribution that will amortize the difference between the actuarial accrued liability of the fund and the actuarial value of the assets of the fund over the period(s). For purposes of this paragraph, the unfunded actuarial accrued liability as of December 31, 2024, will be amortized over a closed amortization period of 30 years from December 31, 2024. In each future valuation, new amortization layers will be amortized over a closed amortization period that is the later of December 31, 2054 or 20 years. Each year's new amortization layer is the difference between the expected remaining balance of all previous years' layers and the actual unfunded actuarial accrued liability for the given valuation. 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 that is the later of December 31, 2054 or 20 years. [of years required by generally accepted accounting principles.]

(4) ACTUARY means a person with at least five years of experience as an actuary working with one or more public retirement systems; and is a fellow of the Society of Actuaries, a member of the American Academy of Actuaries, or an enrolled actuary under the Employees Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.).

(5) AVERAGE MONTHLY EARNINGS means wages paid by the city, divided by the number of months of credited service of a member or inactive member, computed for whichever of the following periods is most beneficial to the member or inactive member:

(A) For Tier A members or inactive members, the:

- (i) three calendar years of credited service in which the member or inactive member was paid the highest wage;
- (ii) last 6,240 hours of credited service; or
- (iii) length of credited service if less than three years.

(B) For Tier B members or inactive members, the:

- (i) five calendar years of credited service in which the member or inactive member was paid the highest wage;
- (ii) last 10,400 hours of credited service; or
- (iii) length of credited service if less than five years.

(6) BASE PENSION means the amount of retirement pension or death benefits as computed under this chapter at the time of retirement or death of a member, inactive member, or retiree.

(7) BENEFICIARY means a person who is entitled to payment of benefits under this chapter upon the death of a member, inactive member, or retiree.

(8) BOARD means the board of trustees of the employees' retirement fund of the city of Dallas.

(9) CHILD means an unmarried person whose parent is a member, inactive member, or retiree.

(10) CITY means the city of Dallas, Texas.

(11) CITY COUNCIL means the governing body of the city of Dallas, Texas.

(12) COMMUTED VALUE means the present value of a series of payments to be made in the future, the present value to be calculated using the actuarial interest assumption prescribed in Section 40A-9 as the only discounting factor.

(13) CREDITED SERVICE means any period that a person is paid as an employee of the city and contributes to the fund.

(14) CURRENT ADJUSTED TOTAL-OBLIGATION RATE means, for any fiscal year, the rate recommended by the fund's actuary and adopted by the board as follows [~~using whichever formula is applicable~~]:

(A) During the applicable phase-in period:

(i) If the current total obligation rate exceeds ~~[minus]~~ the ~~[prior adjusted]~~ total contribution ~~[obligation]~~ rate maximum ~~[is greater than three]~~, then the current adjusted total obligation rate for such fiscal year is equal to the total contribution rate maximum.

(ii) If the current total obligation rate is less than or equal to the total contribution rate maximum, then the current adjusted total obligation rate for such fiscal year is equal to the current total obligation rate. ~~[lesser of:~~

~~(i) the prior adjusted total obligation rate plus one-half times the difference of the current total obligation rate minus the prior adjusted total obligation rate; or~~

~~(ii) 110 percent times the prior adjusted total obligation rate; or~~

~~(iii) 36 percent.]~~

(B) After the applicable phase-in period, the current adjusted total obligation rate for the fiscal year shall equal the current total obligation rate for such fiscal year. To determine the current adjusted total obligation rate, the applicable phase-in period means the five-year period beginning on October 1, 2025, and ending September 30, 2030. [If the difference between the current total obligation rate and the prior adjusted total obligation rate is less than three, then the current adjusted total obligation rate for such fiscal year is equal to the prior adjusted total obligation rate.

~~(C) If the prior adjusted total obligation rate minus the current total obligation rate is greater than three, then the current adjusted total obligation rate for such fiscal year is equal to the greater of:~~

~~(i) the prior adjusted total obligation rate minus one-half times the difference of the prior adjusted total obligation rate minus the current total obligation rate; or~~

~~(ii) 90 percent times the prior adjusted total obligation rate.]~~

(15) CURRENT TOTAL OBLIGATION RATE means, for any fiscal year in which a pension obligation bond credit rate is included, the contribution rate over the period adopted by the board that incorporates [is equal to the sum of] the pension obligation bond credit rate (if any) for such fiscal year and [plus] the actuarially determined [required] contribution rate for such fiscal year, otherwise it will be equal to the actuarially determined contribution rate.

(16) DEPENDENT PARENT means a member, inactive member, or retiree's parent who is:

(A) totally and permanently disabled and who receives over half of the support for each calendar year from the member, inactive member, or retiree; or

(B) 65 years of age or older.

(17) DESIGNEE means an estate, a person, or an entity selected by:

(A) a member or inactive member to receive a refund of contributions under Section 40A-21(b);

(B) a member, inactive member, or retiree to receive a commuted value lump sum payment under Section 40A-16(e) or 40A-21(c); or

(C) a member, inactive member, or retiree to receive the earned but unpaid portion of the final month's pension due under Section 40A-23(e).

(18) EMPLOYEE:

(A) means a person employed by the city on a permanent basis who receives regular compensation from the city; and

(B) does not mean:

(i) an elective officer or nonsalaried appointive member of an administrative board or commission;

(ii) a person retained under contract for a definite period or for the performance of a particular service;

(iii) a person given a temporary designation for the purpose of employment by the city;

(iv) a leased employee; or

(v) a police officer, firefighter, or fire alarm operator as those categories are defined in the classifications of the personnel department of the city.

(19) FISCAL YEAR means the city's fiscal year, which is the 12-month period commencing October 1 and ending the following September 30.

(20) INACTIVE MEMBER means a person:

(A) who has terminated employment with the city but who has not retired; and

(B) whose contributions to the fund have not been forfeited or withdrawn.

(21) INJURY means an accident resulting in damage or harm to the physical structure of the body.

(22) INTERNAL REVENUE CODE means the Internal Revenue Code of 1986, or its successor, as amended.

(23) LEASED EMPLOYEE means an individual who is not a common law employee of the city but who provides services to the city, if:

(A) such services are performed pursuant to an agreement between the city and another person;

(B) the individual has performed such services for the city or for the city and a related person or persons on a substantially full-time basis for at least one year; and

(C) such services are performed under the primary direction or control of the city.

(24) LEAVE OF ABSENCE means:

(A) leave without pay granted by the city in accordance with a uniform and nondiscriminatory leave policy; or

(B) leave during which a member receives worker's compensation benefits or short-term disability benefits.

(25) MEMBER means an employee who is currently contributing to the retirement fund or who is on an approved leave of absence, but does not include a person establishing credited service under Section 40A-14 after termination of employment because of reduction in force.

(26) NONSERVICE DISABILITY means total and permanent disability caused by injury, sickness, or disease while not in the performance of official city duties.

(26.1) NORMAL COST means the actuarial present value of the pension plan benefits that are allocated to a valuation period by the actuarial cost method.

(27) PARENT has the meaning ascribed to that term in Section 51.02 of the Texas Family Code, as amended.

(28) PART-TIME EMPLOYEE means an employee classified as part-time by the city under Section 34-8(c) of this code, as amended.

(29) PENSION means an amount payable monthly to a person eligible to receive death or retirement benefits under the retirement fund.

(30) PENSION OBLIGATION BOND CREDIT RATE means, for any fiscal year, the rate adopted by the board that is a percentage calculated by dividing the:

(A) debt service due during such fiscal year on any pension obligation bonds, the proceeds of which have been deposited in the fund, by

(B) total members' projected wages for such fiscal year, as reported in the relevant actuarial valuation report.

(31) PENSION OBLIGATION BONDS means bonds described in Chapter 107 of the Texas Local Government Code (or any successor law that supersedes such chapter) and issued by the city.

(32) PERCENTAGE MULTIPLIER means the percentage by which the average monthly earnings of a member or inactive member is multiplied in order to compute benefits.

(33) PERMANENT BASIS means employment of an individual for an unfixed continuing period.

(34) PERSON means an individual.

(35) PLAN YEAR means the calendar year or other plan year adopted by the board.

(36) PRICE INDEX means the national Consumer Price Index of Urban Wage Earners and Clerical Workers (CPI-W) published by the Bureau of Labor Statistics of the U. S. Department of Labor, or its successor in function.

(37) ~~[PRIOR ADJUSTED TOTAL OBLIGATION RATE means, for any fiscal year, the current adjusted total obligation rate that was effective for the prior fiscal year.~~

~~(38)]~~ QUALIFIED RECIPIENT means:

(A) the spouse of a deceased member or inactive member at the time of death of the member or inactive member;

(B) the spouse of a deceased retiree, if the spouse was married to the retiree at the time of retirement and at the time of the retiree's death;

(C) each child of a deceased member, inactive member, or retiree under the age of 18, if the child was alive or had been conceived at the time of death of the member, inactive member, or retiree;

(D) each totally and permanently disabled child of a deceased member, inactive member, or retiree if the child was totally and permanently disabled before the age of 18; and

(E) a parent of a deceased member, inactive member, or retiree who was a dependent parent at the time of death of the member, inactive member, or retiree.

(38[39]) RESTRICTED PRIOR SERVICE CREDIT means service credit for work as a permanent, full-time, paid employee of a government entity, agency, authority, or political subdivision of the United States or its states or territories, performed before employment or re-employment by the city.

(39[40]) RETIREE means a person who was once a member but who has retired from city employment and is receiving a pension from the fund other than a death benefit.

(40[41]) RETIREMENT means terminating city employment for a reason other than death and fulfilling all requirements for a pension under this chapter.

(41[42]) RETIREMENT FUND or FUND means the employees' retirement fund of the city of Dallas and the program of benefits established under this chapter and any rule or regulation established by the board.

(42[43]) SERVICE DEATH means the death of a member resulting from an injury sustained while in the performance of official city duties. A death resulting from an injury sustained while in the performance of official city duties does not include:

(A) a death caused by an act of God unless the member in the performance of official city duties was subjected to a greater hazard from an act of God than that to which the general public was subjected;

(B) a death caused by an act of a third person who causes the death of the member because of reasons personal to the third person and not for reasons of the member's employment;

(C) a death caused while the member was attempting to injure or kill another person;

(D) a suicide;

(E) a death while on leave of absence, unless the leave was granted solely because of an injury sustained in the performance of official city duties and the injury was the primary cause of death;

(F) a death while on leave for military active duty; or

(G) a death resulting from an injury in which a contributing factor was the member's ingestion of an alcoholic beverage or illegal ingestion, inhalation, or injection of a controlled substance.



(~~43~~[44]) SERVICE DISABILITY means total and permanent disability caused by injury while in the performance of official city duties. An injury while in the performance of official city duties does not include:

(A) an injury caused by an act of God unless the member in the performance of official city duties was subjected to a greater hazard from an act of God than that to which the general public was subjected;

(B) an injury caused by an act of a third person who injures the member because of reasons personal to the third person and not for reasons of the member's employment;

(C) an injury in which a contributing factor was the member's ingestion of an alcoholic beverage or illegal ingestion, inhalation, or injection of a controlled substance;

(D) an injury caused while the member was attempting to injure or kill another person; or

(E) an injury that was self-inflicted.

(~~44~~[45]) SPOUSE means the person to whom the member, inactive member, or retiree is married, as evidenced by the last marriage certificate or declaration of informal marriage on file with the retirement fund and verified by the administrator to be valid in the jurisdiction in which the marriage was celebrated.

(~~45~~[46]) TIER A means:

(A) a person who was:

(i) employed by the city before January 1, 2017; or

(ii) re-employed or reinstated by the city on or after January 1, 2017, and whose credited service before January 1, 2017, has not been canceled by withdrawal or forfeiture; and

(B) a beneficiary or designee of that person.

(~~46~~[47]) TIER B means:

(A) a person who was:

(i) employed by the city on or after January 1, 2017; or

(ii) re-employed or reinstated by the city on or after January 1, 2017, and whose prior credited service has been canceled by withdrawal or forfeiture; and

(B) a beneficiary or designee of that person.

(47[48]) TOTAL AND PERMANENT DISABILITY means the continuing inability of a person to obtain and retain any type of employment for compensation as a result of a mental or physical impairment caused by an injury or illness. A person is not under a total or permanent disability if, with reasonable effort and safety to the person, the impairment can be diminished to the extent that the person will not be prevented by the impairment from obtaining and retaining any type of employment for compensation.

(48) TOTAL CONTRIBUTION RATE MAXIMUM means for fiscal years 2026 through 2030:

- (A) 38.22 percent (fiscal year 2026);
- (B) 39.45 percent (fiscal year 2027);
- (C) 40.68 percent (fiscal year 2028);
- (D) 41.91 percent (fiscal year 2029); and
- (E) the actuarially determined contribution rate (fiscal year 2030 and all subsequent fiscal years).

(49) ~~[TRANSITION YEAR means each of the following:~~

- ~~(A) the first fiscal year in which debt service payments related to pension obligation bonds are due from the city; and~~
- ~~(B) the first fiscal year in which no debt service payments related to pension obligation bonds are due from the city.~~

(50)] VESTED means that a member or inactive member has accumulated sufficient credited service or age to have earned a nonforfeitable right to receive a pension benefit, payable in accordance with the terms of the plan.

(50[51]) WAGE:

- (A) means:
  - (i) wages of an employee as defined in Section 3401(a) of the Internal Revenue Code for income tax withholding, including salary continuation payments made to an employee with a job-related injury or illness;
  - (ii) compensation that by special rule is excluded from Section 3401(a) of the Internal Revenue Code because of the nature or location of the services performed;

(iii) elective contributions to a plan of deferred compensation, including a plan established under Section 125, 401(k), or 457 of the Internal Revenue Code, and elective reductions in compensation for qualified transportation fringe benefits that are excluded from an employee's gross income by reason of Section 132(f)(4) of the Internal Revenue Code; and

(iv) any lump sum payment made at termination of employment for accrued vacation leave or prorated service incentive pay; and

(B) does not mean:

(i) expense reimbursements, expense allowances, car allowances, or moving expenses;

(ii) cash or noncash fringe benefits;

(iii) welfare benefits, including, but not limited to, health benefits or life insurance benefits;

(iv) deferred compensation, unless made under a plan described in Paragraph (A)(iii) of this subsection;

(v) any lump sum payment made at retirement for accrued sick leave or attendance incentive leave;

(vi) workers compensation benefits, short-term disability benefits, or catastrophic leave benefits; or

(vii) any compensation in excess of the limits imposed by Section 401(a)(17)(A), as adjusted in accordance with Section 401(a)(17)(B), of the Internal Revenue Code.”

SECTION 3. That Subsection (a), “Terms,” of Section 40A-3, “Terms and Remuneration of the Board,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

“(a) Terms.

(1) Elected board members.

(A) On and after January 1, 2025 [~~2017~~], the three elected positions on the board will be designated Place 1, Place 2, and Place 3, respectively, as determined by the board.

(B) The elected members, including incumbents, of the board shall serve without remuneration and for terms as follows:

(i) A member elected to Place 1 will serve a three-year term, with the initial term running from January 1, 2027 [~~2017~~], through December 31, 2029 [~~2019~~].

(ii) A member elected to Place 2 will serve a three-year term, with the initial term running from January 1, 2025 [~~2019~~], through December 31, 2027 [~~2021~~].

(iii) A member elected to Place 3 will serve a three-year term, except that the initial term will be for two years and run from January 1, 2026 [~~2019~~], through December 31, 2028 [~~2020~~].

(C) A person who has served as an elected member of the board under this subsection for three consecutive terms beginning on and after January 1, 2025, of whatever length of time, will not again be eligible to serve on the board until at least one term has elapsed, regardless of whether service was as a member or chair.

(2) Appointed board members. The appointed members of the board shall serve without remuneration and for terms of two years. In accordance with Section 8-1.5(a), a person who has served as an appointed member of the board under this subsection for four consecutive two-year terms will not again be eligible to serve on the board until at least one term has elapsed, regardless of whether service was as a member or chair.”

SECTION 4. That Subsection (a) of Section 40A-4, “Powers, Duties, and Immunities of the Board,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

“(a) In addition to other powers and duties it may have under state or federal law, the board shall have the power and duty to:

(1) administer the retirement fund in accordance with this chapter for the exclusive purposes of providing benefits to members, inactive members, retirees, and their beneficiaries and defraying reasonable expenses of administering the fund;

(2) adopt rules and regulations not inconsistent with this chapter and the constitution and laws of this state;

(3) invest, reinvest, alter, and change the funds of the retirement fund with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;

(4) diversify the investments of the fund to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so;

- (5) pay for professional services out of investments of the retirement fund when it is actuarially determined that the payments will not have an adverse effect on payment of benefits and when in the judgment of the board the services are necessary;
- (6) appoint an administrator and authorize employees to carry out the business of the board;
- (7) establish rates of compensation for employees of the retirement fund, subject to the approval of the city council and in accordance with civil service rules of the city;
- (8) correct administrative errors and remedy any effects of those errors;
- (9) make a final determination of the eligibility of a member, inactive member, retiree, or beneficiary for a normal, early, service, or disability pension or death benefits;
- (10) issue subpoenas for the attendance of witnesses and the production of records, papers, or other objects, administer oaths to witnesses, and examine witnesses on any matter relating to the payment of benefits of the retirement fund;
- (11) determine the time, method, and manner of election to the board in a manner consistent with Section 40A-3;
- (12) prepare and adopt a budget;
- (13) pay for fiduciary insurance out of investments of the retirement fund when it is actuarially determined that the payments will not have an adverse effect on payment of benefits and when in the judgment of the board the services are necessary;
- (14) pay for the costs of administration out of investments of the retirement fund when it is actuarially determined that the payments will not have an adverse effect on payment of benefits and when in the judgment of the board the costs are necessary;
- (15) sue and be sued in the name of the fund;
- (16) except as provided in Sections 40A-7.1 and 40A-9, appoint an actuary and adopt actuarial assumptions for the fund;
- (17) appoint such other professionals as it deems appropriate and necessary;
- (18) interpret this chapter as necessary to resolve any problems created by any ambiguities, inconsistencies, or omissions that might be found in this chapter;
- (19) direct the fund's actuarial firm to perform an annual experience review of assumptions as part of its annual actuarial valuation;

(20) direct the fund's actuarial firm to perform a complete analysis of actuarial assumptions as frequently as the board deems necessary, but not less frequently than every five years; and

(21) engage a second actuarial firm to perform an actuarial peer review/audit as the board deems necessary.”

SECTION 5. That Subsection (d) of Section 40A-4, “Powers, Duties, and Immunities of the Board,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

“(d) Except as provided in Sections 40A-7.1 and 40A-9, ~~t[+]he~~ board shall adopt the actuarially determined ~~[required]~~ contribution rate, the current adjusted total obligation rate, the current total obligation rate, and the pension obligation bond credit rate for each fiscal year no later than June 1 of the preceding fiscal year, and shall promptly notify the city manager of the adoption.”

SECTION 6. That Subsection (e) of Section 40A-4, “Powers, Duties, and Immunities of the Board,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

“(e) At least every five plan years, or in accordance with state law, whichever is sooner, the board shall provide 60 days' notice to the city manager:

(1) that the board intends to engage a second actuarial firm to perform an actuarial peer review/audit; and

(2) the name of the actuarial firm the board intends to engage.

If, within the 60 days, the city manager objects to the actuarial firm selected, the board shall seek another actuarial firm to perform the peer review/audit and re-notify the city manager. This process shall repeat until the city manager no longer objects to the actuarial firm the board intends to engage. The board shall then engage such actuarial firm for such purpose. ~~[If the process described in Section 40A-7.1 is used, the requirements of this subsection shall be satisfied for the plan year in which the process concludes.]”~~

SECTION 7. That Subsection (b), “Contribution Amount,” of Section 40A-6, “Employee Contributions,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

“(b) Contribution amount.

~~[(+)]~~ For each pay period ending during a fiscal ~~[transition]~~ year, each member shall contribute to the retirement fund an amount equal to 37 percent times the current adjusted

total obligation rate for that fiscal year times the member's wages for the pay period, except that a Tier A member shall not contribute more than 14 percent of the member's wages per pay period to the retirement fund and a Tier B member shall not contribute more than 13.32 percent of the member's wages per pay period to the retirement fund.

~~[(2) For each pay period ending during a fiscal year other than a transition year, each member shall contribute to the retirement fund an amount equal to 37 percent times the current adjusted total obligation rate for that fiscal year times the member's wages for the pay period.]”~~

SECTION 8. That Section 40A-7, “City Contributions,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

“**SEC. 40A-7. CITY CONTRIBUTIONS.**

(a) Contribution amount.

~~[(4) For each pay period ending during a transition year, t]~~The city shall contribute to the retirement fund an amount equal to[~~;~~

~~(A) 63 percent times]~~ the current adjusted total obligation rate for that fiscal year times the members' wages for the pay period, minus the sum of:

(1) the projected aggregate member contributions under Section 40A-6; and

(2) ~~[(B)]~~ the pension obligation bond credit rate for that fiscal year, with such sum divided by [times] the members' wages for the pay period.

~~(2) For each pay period ending during a fiscal year other than a transition year, the city shall contribute to the retirement fund an amount equal to:~~

~~(A) 63 percent times the current adjusted total obligation rate for that fiscal year times the members' wages for the pay period, minus~~

~~(B) the pension obligation bond credit rate for that fiscal year times the members' wages for the pay period.]~~

(b) In addition to the contributions required under Subsection (a), the city may at any time, in its sole discretion, contribute additional monies to the retirement fund. The impact of any such additional contributions will be reflected in the contribution rates determined by the actuarial valuation next following the date on which any such additional contributions are made.

(c) The city shall provide for costs of administration of the retirement fund, if the board determines that payment of the costs by the retirement fund will have an adverse effect on payment

of benefits and that the costs are necessary. The city may modify any budget provision for administrative costs that it is being asked to fund under this subsection.

(d[e]) The total contributions of the employees and the city must be forwarded by the city to the retirement fund not later than the end of each week for all contributions made as to the pay period ending in that week.

(e[d]) The city may not contribute to the retirement fund for an employee on leave of absence or unpaid leave for military active duty.

(f[e]) The city may not withdraw its contribution previously made to the retirement fund. Nothing in this subsection prohibits the administrative adjustment of future contributions for erroneously made prior contributions, if the adjustment is made within 60 days after the error is made or discovered, whichever occurs later.

(g[f]) All payments and benefits provided for in this chapter must be made from the retirement fund. There is no obligation on the part of the city, the board, or the employees to provide for payment of benefits from any other source, nor is there any liability on the city or the employees to make any contribution other than those specified in this section and Section 40A-6.”

SECTION 9. That Section 40A-7.1, “Modification of Contribution Rates,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

**“SEC. 40A-7.1. MODIFICATION OF CONTRIBUTION RATES.**

~~(a)~~ Notwithstanding the definitions in Sections 40A-1(3), 40A-1(14), 40A-1(15), 40A-1(30), and 40A-1(48), the provisions of Sections 40A-4(d)~~[, 40A-6,]~~ and 40A-7, or any other provision to the contrary:

(1) Changes to the actuarial assumptions, including, but not limited to, the discount rate, that increases the retirement fund liability must be approved prospectively by the board and the city council.

(2) Settlement of any lawsuit by the retirement fund that increases the retirement fund liability must be approved prospectively by the board and the city council.

(3) Annually, the fund and the city will each calculate an actuarially determined contribution rate for the following fiscal year. The city will accept the rate that is determined by the fund’s actuary and presented to the board, except, if the difference between the rates that are calculated by the actuaries of the city and the fund is greater than three percent, the fund and the city shall engage in a 30-day reconciliation period. If, within such period, the actuaries of the city and the fund reconcile the results of their respective calculations of the actuarially determined contribution rate for the applicable fiscal year, the rate that was calculated by the fund’s actuary shall be accepted by the city and the fund. 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 the fund, will be used to determine the city's contribution under Section 40A-7 for the upcoming fiscal year.

(4) After the applicable phase-in period defined in Section 40A-1(14), if in any fiscal year the actuarially determined contribution rate (excluding the December 31, 2024 unfunded actuarially accrued liability 30-year amortization schedule) exceeds plus or minus five percent of the actuarially determined contribution rate (excluding the December 31, 2024 unfunded actuarially accrued liability 30-year amortization schedule) specified by the December 31, 2024 actuarial valuation, the excess amount will be amortized over a period of 20 years or until December 31, 2054, 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 board may make a recommendation to city council requesting that city council waive this paragraph.

~~[for any fiscal year in which the prior adjusted total obligation rate does not equal the current adjusted total obligation rate, the city may, within 45 days after receiving notice of the rates adopted by the board under Section 40A-4(d), retain at its complete discretion its own actuary who shall calculate member and city contributions to the fund based on the methods, assumptions, projections, and calculations determined by the actuary employed by the city; provided, however, that the actuarial assumptions must be consistent with the terms of this chapter. If the city's actuary agrees with the board's actuary, the determinations of the board's actuary shall be used to determine member and city contributions to the fund for the fiscal year.~~

~~(b) If there is a dispute between the actuary employed by the board and the actuary employed by the city with respect to the required member and/or city contributions to the fund for a fiscal year, the two actuaries shall attempt to resolve their differences. If the two actuaries resolve their differences, they shall sign a document setting forth the underlying actuarial methods, assumptions, projections, and calculations, and the resulting actuarially required contribution rate, current adjusted total contribution rate, current total obligation rate, and pension obligation bond credit rate, all of which shall be adopted by the board and used to determine member and city contributions to the fund for the fiscal year if the dispute is resolved prior to the commencement of the fiscal year; unless the board determines, in its discretion, that the conclusions agreed to by the two actuaries are not actuarially sound, in which case the board shall adopt sound actuarial assumptions and the resulting actuarially required contribution rate, current adjusted total obligation rate, current total obligation rate, and pension obligation bond credit rate.~~

~~(c) If the differences between the two actuaries cannot be resolved within 90 days after the appointment of the second actuary, the board shall retain a third actuary based upon the joint recommendation of the other two actuaries. The third actuary shall review and calculate member and city contributions to the fund based on the methods, assumptions, projections, and calculations determined by the third actuary; provided, however, that the actuarial assumptions must be consistent with the terms of this chapter. The board, the city, and their respective actuaries shall cooperate with the third actuary and promptly provide such information as the third actuary reasonably requests. The three actuaries shall confer regarding the actuarial dispute between the city's and the board's actuaries, and shall attempt to resolve their differences. If any two of the three actuaries agree regarding the underlying actuarial methods, assumptions, projections, and~~

~~calculations, and the resulting actuarially required contribution rate, current adjusted total obligation rate, current total obligation rate, and pension obligation bond credit rate, such joint determinations shall be communicated in writing to the board and adopted by the board and used in establishing the member and city contributions to the fund for the fiscal year if the dispute is resolved prior to the commencement of the fiscal year; unless the board determines, in its discretion, that the conclusions agreed upon are not actuarially sound, in which case the board shall adopt sound actuarial assumptions and the resulting actuarially required contribution rate, current adjusted total obligation rate, current total obligation rate, and pension obligation bond credit rate.~~

~~(d) If a dispute described in this Section 40A-7.1 is not resolved prior to the commencement of the fiscal year, the member and city contributions to the fund for such fiscal year (as a percentage of wages) shall be the same as the prior fiscal year.~~

~~(e) Notwithstanding Section 40A-1(37), for any fiscal year in which the process described in this Section 40A-7.1 results in a change in the current adjusted total obligation rate, then the prior adjusted total obligation rate for the succeeding fiscal year shall be deemed to be the current adjusted total obligation rate determined by the board through the process described in this section.]”~~

SECTION 10. That Subsection (a) of Section 40A-9, “Actuarial Assumptions,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

“(a) Except when specifically provided in Section 40A-7.1(1) or as otherwise provided in this chapter, the board, upon recommendation of the fund's actuary, shall adopt and establish reasonable actuarial assumptions, interest rates, and mortality tables to be used under this chapter.”

SECTION 11. That Section 40A-35, “Amendment to This Chapter,” of Chapter 40A, “Retirement,” of the Dallas City Code, is amended to read as follows:

**“SEC. 40A-35. AMENDMENT TO THIS CHAPTER.**

(a) Except as provided in Subsection (b) of this section, this chapter may not be amended except by a proposal initiated by either the board or the city council that results in an ordinance ~~[approved by the board,]~~ adopted by the city council~~],~~ and approved by a majority of the voters voting at a general or special election. The board may make a recommendation to city council on all proposed amendments to this chapter.

(b) A provision of this chapter, other than this section, that is determined by the board or the city to require amendment in order to comply with federal law may be amended by ordinance of the city council, without voter approval~~],~~ ~~upon recommendation of the board. The board shall recommend the exact amending language to be included in the ordinance, which language may not be limited or added to by the city council].~~ An amendment may be made under this subsection only to the extent necessary to comply with federal law.

(c) The city manager shall notify the board and the plan administrator in writing of the city’s intent to propose any amendments to this chapter for city council discussion, deliberation, or direction.”

SECTION 12. That Chapters 8 and 40A of the Dallas City Code shall remain in full force and effect, save and except as amended by this ordinance.

SECTION 13. That the terms and provisions of this ordinance are severable and are governed by Section 1-4 of Chapter 1 of the Dallas City Code, as amended.

SECTION 14. That except for Section 1, this ordinance shall take effect on January 1, 2025, subject to its approval by the voters of the City of Dallas in a special election on November 5, 2024, and publication, and it is accordingly so ordained. Section 1 shall take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas.

APPROVED AS TO FORM:

TAMMY L. PALOMINO, City Attorney

By   
Assistant City Attorney

Passed           AUG 14 2024



## PROOF OF PUBLICATION – LEGAL ADVERTISING

The legal advertisement required for the noted ordinance was published in the Dallas Morning News, the official newspaper of the city, as required by law, and the Dallas City Charter, Chapter XVIII, Section 7.

DATE ADOPTED BY CITY COUNCIL AUG 14 2024

ORDINANCE NUMBER 32801

DATE PUBLISHED AUG 17 2024

ATTESTED BY: