

The State of Texas
House of Representatives

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Representing
Hunt, Hopkins, and
Van Zandt Counties

Dan Flynn
State Representative • District 2

November 11, 2016

Mayor Mike Rawlings
1500 Marilla St. #5en
Dallas, TX 75201

Dear Mayor Rawlings,

It is my understanding that officials from both the City of Dallas and the Pension System have been meeting regularly to discuss possible solutions to the underfunded status of the Pension System and it is with deep concern I write to you to discuss your cities pension plans and express my concerns on the situation regarding the Dallas Police and Fire Pension System. As Chairman of the Texas House of Representatives Pensions Committee, I want to encourage such continued conversations. However, as relayed to me, your recent statements seem to suggest that you want the state or another entity to bail out your city's obligations, that you plan to suggest filing bankruptcy in an attempt to avoid responsibility of the problem. Perhaps you have another suggestion to offer.

I understand that the Pension System is trying to do its part. They are holding an election of its members to reduce the members benefits. This would be the fourth reduction in ten years. Mayor Rawlings, you apparently testified that this is not enough of an effort by the Pension System members. Has it been suggested how deep you want them to cut their earned benefits? Additionally, I am not aware of any offer of additional monetary support that has come from the City of Dallas. Nothing works until that happens. Furthermore, it seems to me that the City of Dallas has created its own problem with the pay lawsuit you testified about and that the Pension System should not bear the burden for the City's actions on this front. I think we can all agree this is not an approach of shared sacrifice and a commitment to the men and women that make your city function every day. Approximately 20 percent of your police and fire could choose to leave and cause a loss of leadership that would be devastating to the city. Additionally it would all but collapse your pension funds which is not acceptable.

The City of Dallas has to protect the men and women who have given their lives and careers to the city and who were hired with the expectation that difficult public service would provide them a secure retirement.

Committees: Chairman, Pensions Committee • Investments & Financial Services • Select Committee on Emerging Issues in Law Enforcement
Chairman, Task Force on Military and Veterans' Affairs, National Conference of State Legislators

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The problems with your pension plans did not occur overnight. The fact that there was a problem was well documented over time and prior city leaders knew or should have known that something should have been done. Years of avoiding responsibility on the part of the city by bypassing meetings (see attached) only projects a show of apathy towards the process.

The State of Texas cannot set an example of bailing out cities that have evaded paying the pensions of its citizens. My suggestion is that you form a joint working group along the lines of the successes with pensions taking place in other cities as we speak. Those same cities are solving their own problems and I would suggest some of the following have and should be considered in the compromise;

- The City should go to the extent of its bonding authority and look towards Pension Obligation Bonds to the billion dollar extent as Houston is doing.
- Cost Of Living Increases should be suspended until the plans are rated actuarial sound. The COLAs can be turned back on once soundness is restored from profits.
- DROP accounts should be closed to new enrollment and returns on current accounts capped at the prime rate or an actual market rate.
- The age of eligible retirement should be reviewed and the age increased 1-3 years.
- Plan estimated rates of return should be indexed and updated yearly based upon real world, actual returns adjusted for one time up or down events.

Keeping the plan the same is simply not realistic. Legal action by either side is short sided or will only guarantee the demise of the plans. Focusing on saving the base monthly payment owed to plan members, and not enhancements, will allow a positive outcome and ensure that the plan will avoid 2030 insolvency and be around to honor the hard work and dedication of so few to protect and serve so many.



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If you are unable or unwilling to come to an agreeable plan to bring to the Legislature for the upcoming session that is actuarially sound and solves the funding issues, the Pensions Committee and Legislature will be forced to deal with this issue. These problems are serious and involve the retirement security of Dallas' First Responders which should not be jeopardized. If we need to file legislation to enshrine these or other solutions we will need to consider it but it is much better and much preferred that the City of Dallas handle its own problems. I would like to see the City and Plans put forth some material financial support to discharge their responsibility and I'd appreciate receiving copies no later than 01 Dec 2016. If we can be of any immediate help please feel free to contact myself or my staff at any time.

God Bless You and God Bless the Great State of Texas!

A handwritten signature of Dan Flynn in black ink, followed by a horizontal line.

Representative Dan Flynn

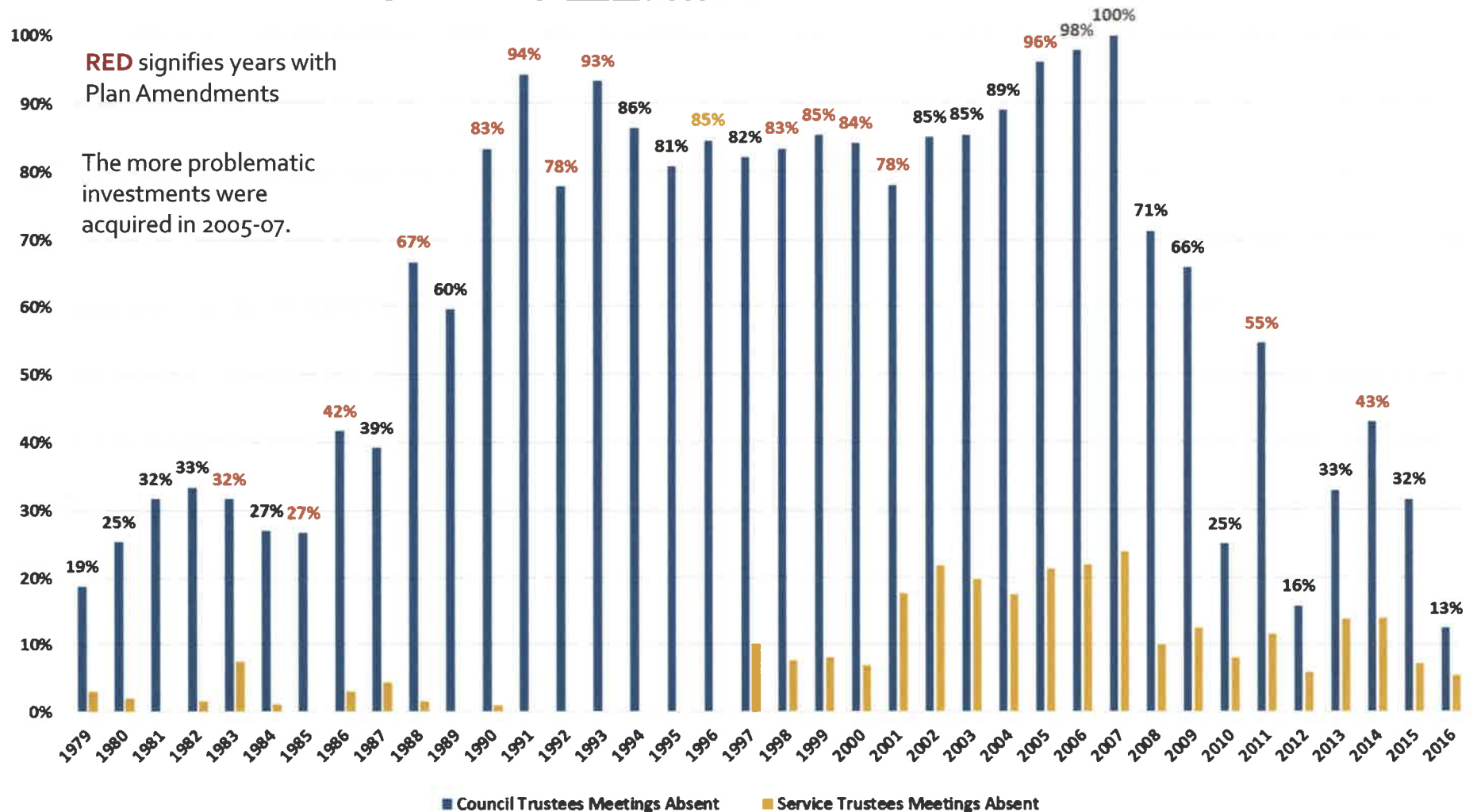
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TRUSTEE ABSENTEE RATE BY GROUP

Percentage of Meetings Not Attended by Council and Service Trustees by Year



7 (3 CT, 4 ST)

10 (4 CT, 6 ST)

12 (4 CT, 8 ST)