



DALLAS POLICE ASSOCIATION FOP 716



October 3, 2023

Dear Bond Committee Chairman Agarwal,

Please accept the recommendation of the Dallas Police Association to delay consideration of a 2024 general obligation bond to November 2024.

The City of Dallas staff leadership has stated there is \$1,500,000,000.00 debt capacity available, of which \$1,100,000,000.00 is available for the general obligation bond your committee is considering, and \$400,000,000.00 is reserved for pension use. The city is struggling with two pensions that are underfunded and urgently need to be addressed. Four hundred million dollars will not address the Dallas Police and Fire Pension needs, let alone address the needs of both pensions. The Dallas Police and Fire Pension has a statutory requirement to be reviewed and addressed in the 2025 Texas legislative session, but the Employee Retirement Fund does not.

There are currently pension obligation bonds used to address the Employee Retirement Fund, but that tool will likely not be appropriate in the current financial environment for either pension. However, using the debt capacity to issue general obligations to infuse the pensions with a lump sum may be part of a solution for one or both pensions.

Mayor Johnson has recently appointed an Ad Hoc Committee on Pension to develop recommendations to address both pension issues. At this time, there are no solutions being discussed or plans approved to tackle these essential issues, as they are in the fact-finding mode. Funding sources haven't been publicly discussed or evaluated for capacity or suitability to address the pension problems on a short-term or long-term basis.

In 2016 and 2017, the pension issue drove Dallas' sworn officer ranks to very low levels, putting the public safety of the city at risk. Please work to provide the confidence officers need that the pension solution is a priority, all tools and options will remain available, and the priority of the city is in ensuring the long-term stability of our pension and staffing. You can accomplish this by delaying further action on the 2024 general obligation bond and moving the target date to a voter proposition date of November 2024.

We recognize the recommended solution for the Police and Fire Pension and Employee Retirement Fund may not include any city bonding, but because of the size and urgency of the issue, we believe it is inappropriate to proceed with a general obligation bond until we know these funds are not needed to secure the pension plans. In short, the city's debt capacity must remain available as possible solutions for pension problems until the committee's pension funding solution is known to be secured from other sources.

A delay from May 2024 to November 2024 is only six months and a big benefit could be achieved in waiting until November. Dallas' current bond rating is impacted by the looming pension issues. If the pension committee devises a plan for funding that does not affect the Dallas' general fund budget, it is conceivable that Dallas' bond rating would improve, thereby increasing the available debt capacity beyond \$1.5 billion. This would allow for a larger general obligation bond proposition in November 2024 if the committee and city council desired.

If you have any questions or would like additional input, please contact Michael Mata at 214-725-0261. Thank you for your consideration and service to the City of Dallas.

Sincerely,

Michael Mata
President