

**SUPPLEMENTAL PENSION PLAN
FOR
THE POLICE AND FIRE DEPARTMENTS
OF THE
CITY OF DALLAS, TEXAS**

AMENDED AND RESTATED

1999

TABLE OF CONTENTS

SUPPLEMENTAL PENSION PLAN
FOR
THE POLICE AND FIRE DEPARTMENTS
OF THE
CITY OF DALLAS, TEXAS

| | <u>PAGE</u> |
|--|-------------|
| PART 1 CREATION AND PURPOSE | 1 |
| 1.01 PURPOSE..... | 1 |
| 1.02 CONSTRUCTION..... | 2 |
| PART 2 GENERAL PROVISIONS | 2 |
| 2.01 DEFINITIONS..... | 2 |
| 2.02 ACTUARIAL ASSUMPTIONS..... | 7 |
| PART 3 ADMINISTRATION..... | 7 |
| 3.01 ADMINISTRATION BY BOARD OF TRUSTEES..... | 7 |
| 3.02 PROFESSIONAL CONSULTANTS | 8 |
| 3.03 LEGAL ADVISORS AND RIGHT TO CONTROL LITIGATION..... | 8 |
| 3.04 RIGHT TO CONSTRUE PLAN..... | 8 |
| PART 4 FINANCES..... | 9 |
| 4.01 PAYMENT OF ADMINISTRATIVE AND PROFESSIONAL SERVICES FEES | 9 |
| 4.02 CITY CONTRIBUTIONS | 9 |
| 4.03 MEMBER CONTRIBUTIONS | 10 |
| 4.04 REFUND OF MEMBER CONTRIBUTIONS..... | 11 |
| 4.05 RESERVED | 13 |
| 4.06 RESERVED | 13 |
| 4.07 INVESTMENT OF SURPLUS | 13 |

| | | |
|--------|--|----|
| PART 5 | MEMBERSHIP..... | 14 |
| 5.01 | ELIGIBILITY..... | 14 |
| 5.02 | RESERVED..... | 14 |
| 5.03 | TERMINATION OF MEMBERSHIP..... | 14 |
| 5.04 | MEMBERSHIP MAY BE DECLARED INACTIVE..... | 15 |
| 5.05 | PENSION SERVICE AND VESTING..... | 15 |
| 5.06 | RESERVED..... | 16 |
| 5.07 | PURCHASE OF PENSION SERVICE BY MEMBERS..... | 16 |
| 5.08 | MEMBERS IN ARMED SERVICES..... | 16 |
| 5.09 | NONMILITARY LEAVE OF ABSENCE..... | 17 |
| | | |
| PART 6 | BENEFITS..... | 17 |
| 6.01 | RETIREMENT, DISABILITY & DEATH BENEFITS..... | 17 |
| 6.02 | RESERVED..... | 18 |
| 6.03 | RESERVED..... | 18 |
| 6.04 | RESERVED..... | 18 |
| 6.05 | RESERVED..... | 18 |
| 6.06 | RESERVED..... | 18 |
| 6.07 | RESERVED..... | 18 |
| 6.08 | RESERVED..... | 18 |
| 6.09 | QUALIFIED SURVIVING SPOUSE SPECIAL DEATH BENEFIT..... | 18 |
| 6.10 | RESERVED..... | 19 |
| 6.11 | NO MINIMUM BENEFITS..... | 19 |
| 6.12 | RESERVED..... | 19 |
| 6.13 | SUPPLEMENT TO CERTAIN RECIPIENTS 55 YEARS OF AGE OR OLDER - COORDINATED WITH THE COMBINED PENSION PLAN SUPPLEMENT..... | 19 |
| 6.14 | DEFERRED RETIREMENT OPTION PLAN..... | 19 |
| 6.15 | MEDICAL EXAMINATION..... | 20 |
| 6.16 | RESERVED..... | 20 |
| 6.17 | RESERVED..... | 20 |
| 6.18 | RESERVED..... | 20 |
| 6.19 | RESERVED..... | 20 |

| | | |
|---------|--|----|
| 6.20 | ERRONEOUS PAYMENTS OR OVERPAYMENTS | 20 |
| PART 7 | AMENDMENT OF PLAN | 21 |
| 7.01 | AMENDMENT..... | 21 |
| PART 8 | PLAN QUALIFICATION | 21 |
| 8.01 | QUALIFICATION | 21 |
| PART 9 | EXCESS BENEFIT PLAN..... | 21 |
| PART 10 | NONALIENATION OF BENEFITS..... | 22 |
| PART 11 | SAVINGS CLAUSE..... | 22 |

SUPPLEMENTAL PENSION PLAN

An ordinance amending and restating the Supplemental Police and Fire Pension Plan of the City of Dallas; restating intervening benefit modifications; updating or deleting obsolete language; conforming with the requirements of the Internal Revenue Code; making technical corrections providing for the maintenance of tax qualification of the Plan; providing a severability clause; and providing an effective date.

WHEREAS, changes to Articles 6243a and 6243a-1, Vernon's Texas Civil Statutes, and changes to the tax qualification requirements in the Internal Revenue Code, as well as the need to provide clarification of certain benefits under the Supplemental Police and Fire Pension Plan of the City of Dallas necessitate that such Plan be amended and restated; Now, Therefore,

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

SECTION 1. That the Supplemental Police and Fire Pension Plan of the City of Dallas adopted by Ordinance 14084 on September 30, 1973, as amended, is hereby replaced in its entirety with the following language:

PART 1 - CREATION AND PURPOSE

SECTION 1.01 PURPOSE

By virtue of the authority vested in the City under Section 1, Subsection (35) of Chapter II of the Charter of the City of Dallas, Texas, and in accordance with Section 7 of the Supplemental Police and Fire Pension Plan of the City of Dallas ("Supplemental Pension Plan"), the Supplemental Pension Plan, as originally effective March 1, 1973, is hereby amended and restated to:

(a) Continue to provide benefits to police officers and firefighters who are Members of this Plan, their Qualified Survivors and, in the case of Members who have elected the DROP feature, such Members' beneficiaries;

(b) Make certain technical changes to conform the administration of the Supplemental Plan to the Combined Pension Plan in order to reduce complexity and for ease of administration; as well as

(c) Make such changes as are necessary to conform to the requirements of the IRC, as amended through the date of this amendment and restatement.

SECTION 1.02 CONSTRUCTION

Solely for purposes of determining the benefits of Members of this Plan, construction of any provision of this Plan shall favor an interpretation that Members of this Plan obtain aggregate benefits from both the Combined Pension Plan and this Plan that are no greater or lesser than they would receive if the Combined Pension Plan alone existed and if the Combined Pension Plan existing alone also provided benefits based on Supplemental Computation Pay as herein defined. Thus, Members of this Plan shall receive only those benefits that otherwise would have been or would be payable to Group B members of the Combined Pension Plan, but for certain definitionally imposed limitations under said Combined Pension Plan, and shall not receive any benefits under this Plan that duplicate benefits provided under the Combined Pension Plan.

PART 2 - GENERAL PROVISIONS

SECTION 2.01 DEFINITIONS

(a) "Active Service" means any period for which a Member receives compensation as a Police Officer or Fire Fighter from either Department for services rendered.

(b) "Administrator" means the person designated by the Board to supervise the operations of the Pension System and coincident thereto this Plan.

(c) "Alternate Payee" has the meaning given the term by Section 2.01 of the Combined Pension Plan.

(d) "Article 6243a-1" means Article 6243a-1 of the Revised Civil Statutes of the State of Texas and, unless the context dictates otherwise, the Combined Pension Plan established pursuant to Article 6243a-1 of the Revised Civil Statutes of the State of Texas, as the same may be amended from time to time, or any successor statute or plan thereto.

(e) "Assignment Pay" means monthly pay, in addition to salary, granted to a Group B Member and authorized by the City Council for the performance of certain enumerated duty assignments.

(f) "Base Pension" means the amount of retirement, death, or disability benefits under this Plan as determined at the earliest of the time a Member enters DROP, leaves or left Active Service, dies, or becomes entitled to a disability pension or periodic disability compensation under the Combined Pension Plan. Solely for purposes of this definition, when a Member becomes entitled to a disability pension or periodic disability compensation, Base Pension shall be determined as of the date on which the disability pension or periodic disability compensation commences.

(g) "Board" means the Board of Trustees of this Supplemental Pension Plan.

(h) "Child" or "Children" means a person whose parent is a Primary Party, as recognized under the laws of this state.

(i) "City" means the City of Dallas, Dallas County, Texas.

(j) "City Council" means the governing body of the City.

(k) "City Service Incentive Pay" means annual incentive pay, adjusted by the City from time to time, in addition to the salary of a Member granted to the Member under the authority of the City charter and received by the Member during Active Service.

(l) "Combined Pension Plan" means any qualified pension plan created pursuant to Article 6243a-1 or any successor statute thereto.

(m) "Department" means either the Police Department of the City or the Fire Department of the City, and "Departments" means both the Police and Fire Departments of the City together.

(n) "Dependent Parent" means a natural parent or parent who adopted a Primary Party and who immediately before the death of that Primary Party received over half of the parent's financial support from the Primary Party.

(o) "Disability Retirement" means any period that a Pensioner receives a disability pension or periodic disability compensation from the Combined Pension Plan.

(p) "Educational Incentive Pay" means incentive pay designed to reward completion of certain hours of college credit, adjusted by the City from time to time, that is paid to a Member in addition to the Member's salary.

(q) "Fund" means all funds and property contributed solely to this Plan together with all income, profits, or other increments thereon, and held to provide for those benefits of all persons who are or who may become entitled to any such benefits under this Plan.

(r) "Group A Member" means any Police Officer or Fire Fighter described by Paragraph 5.01(a)(1) of the Combined Pension Plan.

(s) "Group B Member" means any Police Officer or Fire Fighter described by Paragraph 5.01(a)(2) of the Combined Pension Plan.

(t) "IRC" means the United States Internal Revenue Code of 1986, as amended from time to time.

(u) "Limitation Year" means the plan year of the Combined Pension Plan.

(v) "Member" means a person who has become a Member of this Plan as set forth below in Section 5.01 of this Plan.

(w) "Old Plan" means the pension plan created pursuant to Section 1 of former Article 6243a of the Civil Statutes of Texas, the predecessor to Article 6243a-1.

(x) "Pensioner," means a former Member of this Plan who is on either a Service or Disability Retirement.

(y) "Pension Service" means the time, in years, and prorated for fractional years, for which a Member has made all required contributions under the terms of the Combined Pension Plan or any other plan within the Pension System, reduced to reflect any refunds that have been received under the terms of either the Combined Pension Plan or this Plan and not fully repaid under the terms of the applicable plan.

(z) "Pension System" means the plan(s) created pursuant to Article 6243a-1, or its successor, and intended to be qualified under Section 401(a) of the IRC., and the related fund, which is intended to be exempt from Federal income taxes under Subsection 501(a) of the IRC.

(aa) "Police Officer" or "Fire Fighter" means a Police Officer, Fire Fighter, Fire and Rescue Officer, Fire Alarm Operator, Fire Inspector, apprentice Police Officer, apprentice Fire Fighter, or similar employee of either Department as defined in the classifications of the personnel department of the City.

(bb) "Primary Party" means a Member or Pensioner.

(cc) "Qualified Actuary" means either:

(1) an individual who is a Fellow of the Society of Actuaries, a Fellow of the Conference of Actuaries in Public Practice, or a member of the American Academy of Actuaries; or

(2) a firm that employs one or more persons who are Fellows of the Society of Actuaries, Fellows of the Conference of Actuaries in Public Practice, or members of the American Academy of Actuaries and is providing services to the Pension System.

(dd) "Qualified Domestic Relations Order" has the same meaning provided by Section 2.01 of the Combined Pension Plan or any successor provision.

(ee) "Qualified Survivor" means a person who is eligible to receive survivor benefits after the death of a Primary Party and includes only:

(1) a surviving Spouse, if the Spouse was continuously married to the Primary Party from the date when the Primary Party either voluntarily or involuntarily left Active Service as a Member through the date of the Primary Party's death;

(2) all surviving, unmarried Children who are either under age 19 or handicapped, as determined by the Board of Trustees of the Combined Pension Plan, pursuant to Section 6.06 of that plan and who were born or adopted before the Primary Party either voluntarily or involuntarily left Active Service, or who were born after the Primary Party left Active Service if their mother was pregnant with such child before the Primary Party left Active Service; and

(3) a surviving Dependent Parent of a Primary Party if the Primary Party is not survived by a Spouse or Child eligible for benefits.

(ff) "Spouse" means the person to whom a Primary Party is legally married under the laws of this state.

(gg) "Supplemental Computation Pay", which shall be used in determining the amount of the Member's contribution under Section 4.03 of this Plan and in determining the Base Pension of any benefits to be paid to a Member or the Member's Qualified Survivors, means:

(1) the rate of pay currently received by the Member; less

(2) the rate of pay the Member would receive for the highest City civil service rank the Member held (inclusive of any Educational Incentive Pay, Longevity Pay and City Service Incentive Pay as those terms are defined in Article 6243a-1 and as used in determining benefits as a Group B member under the Combined Pension Plan).

For purposes of determining the "rate of pay" of a Member at Paragraph 2.01 (gg)(1), of this Plan, such rate of pay shall take into account any lump-sum payment or bonus received by the Member except for those lump sum payments for: compensatory time, unused sick leave, unused vacation time or any lump sum payable after a Member leaves Active Service,

dies, becomes disabled, resigns or otherwise terminates employment. Supplemental Computation Pay for a Member for any given period is determined on the rates of pay due the Member for the entire period. If a Member works less than such Member's assigned schedule for any given period, the Supplemental Computation Pay for such Member shall be prorated for the portion of the period that the Member worked. Any compensation received by a Member that is in addition to their rate of pay and that is not paid in the form of a lump sum that is considered in determining Rate of Pay as set forth above will not be considered in determining the Supplemental Computation Pay of a Member, (for example, compensation for overtime work or the pay that a Member may receive from the City in the form of Assignment Pay).

(hh) "Supplemental Pension Plan" or "Plan" shall mean this Supplemental Police and Fire Pension Plan of the City of Dallas as created by this document.

(ii) "Trustee" means a member of the Board.

SECTION 2.02 ACTUARIAL ASSUMPTIONS

Each of those actuarial assumptions used to determine the amount of any benefit under the Combined Pension Plan from time to time (but not necessarily other assumptions that may relate to investment return, years to fund, or other funding assumptions) shall be used in the same manner to determine the same type of benefit and during the same time period under this Plan.

PART 3 - ADMINISTRATION

SECTION 3.01 ADMINISTRATION BY BOARD OF TRUSTEES

This Plan shall be administered by a Board of Trustees comprised of the same number and the same individuals who make up the board of trustees of the Combined Pension Plan. The Board shall apply the same procedures, and shall have the same powers, rights, duties, and obligations with regard to this Plan as the board of trustees of the Combined Pension Plan has with regard to that plan. The Administrator appointed to carry out the business of the Board with respect to this Plan shall be the same person and, unless the Board provides to the contrary, shall have the same duties with regard to this Plan that the Administrator of the Combined Pension

Plan has with regard to that plan. In carrying out the business of the Board, the Administrator and other staff employees shall not be considered fiduciaries with respect to this Plan.

SECTION 3.02 PROFESSIONAL CONSULTANTS

The Board shall have the same authority to employ or contract and pay for the services of actuaries, attorneys and other professional consultants including investment advisors and investment managers as the board of trustees of the Combined Pension Plan has with regard to that Plan.

SECTION 3.03 LEGAL ADVISORS AND RIGHT TO CONTROL LITIGATION

(a) The Board shall have the right to sue on behalf of this Plan in any court with proper subject matter jurisdiction regardless of location and the Board shall have sole authority to litigate matters on behalf of this Plan. The Board or this Plan may be sued only in the courts in the City of Dallas, Dallas County, Texas, with proper subject matter jurisdiction.

(b) At the request of the Board, the city attorney or an assistant city attorney shall attend meetings of the Board and advise the Board on any matter on which the Board requests a legal opinion from the city attorney and, if also requested, shall provide legal services in connection with any lawsuit.

(c) The Board may retain other attorneys to represent the Board or to give advice. Compensation for other attorneys shall be made in accordance with Section 4.01 of this Plan.

SECTION 3.04 RIGHT TO CONSTRUE PLAN

The Board shall have full discretion and authority to determine any fact, to construe and interpret the terms of this Plan and to do all acts necessary to carry out the purpose of this Plan. All decisions of the Board shall be final and binding on all parties affected thereby.

PART 4 - FINANCES

SECTION 4.01 PAYMENT OF ADMINISTRATIVE AND PROFESSIONAL SERVICES FEES.

The Board shall pay all necessary costs of administration of this Plan. Special allocations of both material and measurable expense that relate only to this Plan shall be paid for only out of this Plan's Fund. Expenses that are not clearly the separate expenses of this Plan or the Combined Pension Plan shall be allocated between the two Plans based upon the ratio of the market values of the assets in this Plan and the Combined Pension Plan as of the last day of this Plans' preceding fiscal year or such other date as is uniformly determined by the Board. Costs of administration include the cost of salaries and benefits for the Administrator and administrative staff, office expenses, adequate office space and associated utilities, fees for professional consultants, professional investment managers, or other professional services and other expenses as approved by the Board. This Plan's share of costs determined as set forth above shall be paid out of income from or contributions to the Fund when it is actuarially determined that such payments will not have an adverse effect on the payment of benefits from this Plan and when in the judgment of the Board the costs are necessary. The City shall pay the costs of administration of this Plan if the Board determines that payment of such costs by the Fund will have an adverse effect on the payment of benefits from this Plan.

SECTION 4.02 CITY CONTRIBUTIONS

(a) The City shall make all contributions necessary to ensure the payment of benefits under this Plan that are not provided by Member contributions described in Section 4.03 of this Plan. The City's contributions shall be made in accordance with actuarial requirements as established by the Qualified Actuary and by the Board for such purpose. In the event any benefit cannot be paid on account of the limitations imposed under Section 415 of the IRC, the City shall direct an amount necessary to pay such excess benefits into the Excess Benefit Plan established pursuant to Sec. 8.02 of Article 6243a-1 for payment by said Excess Benefit Plan at the appropriate time.

(b) The only purposes for which the City's contributions to the Fund, and the investment income derived therefrom, may be applied are:

(1) To the payment of benefits provided under this Plan, and refunds of contributions;

(2) To the payment of such administrative and professional service costs of this Plan as are provided for in Section 4.01 of this Plan; and

(3) To invest any surplus in accordance with Section 4.07 of this Plan, and, to the extent not inconsistent herewith, Section 4.06 of Article 6243a-1.

SECTION 4.03 MEMBER CONTRIBUTIONS

(a) A Member shall contribute to this Plan, during the period that the Member is required to contribute to the Combined Pension Plan, the same percentage of the Member's Supplemental Computation Pay as the percentage of the Member's Computation Pay that the Member is required to contribute to the Combined Pension Plan. These contributions shall be subject to the same conditions and procedures as Member contributions to the Combined Pension Plan.

(b) The only purposes for which Member contributions to the Fund, and the investment income derived therefrom, may be applied are:

(1) To the payment of benefits provided under this Plan, and refunds of contributions;

(2) To the payment of such administrative and professional service costs of this Plan as are provided for in Section 4.01 of this Plan or as the Board has the discretion to incur; and

(3) To invest any surplus in accordance with Section 4.07 of this Plan and, to the extent not inconsistent herewith, Section 4.06 of the Combined Pension Plan.

(c) Member contributions required by this Section may be picked up by the City pursuant to the terms of an appropriate resolution of the City Council.

SECTION 4.04 REFUND OF MEMBER CONTRIBUTIONS

Subject to the same rights, restrictions, and consequences that apply to Group B Members' rights to refund in the Combined Pension Plan, a Member is entitled to a refund of Member contributions from this Plan as follows;

(a) Total Refund. A Member who:

(i) either voluntarily or involuntarily leaves Active Service, and

(ii) applies for and is granted a refund of all of the contributions the Member made to the Combined Pension Plan,

shall receive a refund from the Fund created pursuant to this Plan of the total amount of the Member's contributions to this Plan, without interest.

A refund under this Subsection 4.04(a) of this Plan results in a total cancellation of all years of Pension Service credit and thereafter such Member and any person who would otherwise be entitled to any benefits by reason of such Member's prior participation in this Plan shall have no right to any benefits from this Plan.

An application for a total refund under the Combined Pension Plan shall constitute an application for a total refund of all Member contributions under this Plan and no additional application need be filed. Similarly, failure to apply for a total refund under the Combined Pension Plan shall constitute a failure to apply for a refund under this Subsection 4.04(a) of this Plan.

(b) Partial Refund.

An application for a partial refund under the Combined Pension Plan shall constitute an application for a partial refund of Member contributions under this Plan, without interest, for the same calendar days under this Plan and no additional application need be filed. The years of Pension Service remaining under this Plan after a partial refund is made are equal to the years of Pension Service credit the Member has remaining under the Combined Pension Plan after the reduction is applied as a result of the requested partial refund. Failure to apply for a

partial refund under the Combined Pension Plan shall constitute a failure to apply for a partial refund under this Subsection 4.04(b) of this Plan.

(c) Repayments.

A Member who left Active Service and is later reemployed shall have the same right under this Plan as under the Combined Pension Plan to repay previously withdrawn Member contributions with interest determined in the same manner as determined under the Combined Pension Plan and any written procedures thereunder. The restoration of forfeited Pension Service under the Combined Pension Plan by reason of repayment to and in accordance with the provisions of the Combined Pension Plan, coupled with repayment of previously withdrawn Member contributions with interest to this Plan shall result in the restoration of any similar forfeited Pension Service under this Plan.

If the entire repayment has not been made before the Member enters DROP or again leaves Active Service for whatever reason, such partial repayment shall be of no force or affect and all moneys repaid (including any interest amounts paid by such person), shall promptly be returned without interest thereupon and without such repayment there shall be no reinstatement of previously canceled years of Pension Service nor of any otherwise associated death benefits.

(d) Subject to Subsection 4.04 (f) of this Plan, if a Member either voluntarily or involuntarily leaves Active Service and such Member, or such Member's estate or heirs, as applicable, fail(s) to make written application for a refund of the total Member contributions within three years after the date the Board's notice to such person(s) of their right to a refund as described by Subsection 4.04(k) of the Combined Pension Plan is made, such person(s) forfeit(s) the right to withdraw any such contribution, and the total amount of contributions the Member made will remain in the Fund.

(e) A Member who has five or more years of Pension Service may apply for a retirement pension or, if such Member dies before becoming eligible to apply for a retirement pension, the Member's Qualified Survivors may apply for death benefits, pursuant to Part 6 of this Plan. In the event there are no Qualified Survivors, the Member's estate or, if none, the Member's heirs may apply for a refund of the Member's contributions, resulting in an appropriate loss of Pension Service. Subject to Subsection 4.04 (f) of this Plan, if a Member's estate or, if

none, the Member's heirs fail to apply for a refund of the Member's contributions within the three-year period described by this Subsection, the estate and heirs forfeit any right to the Member's contributions, and the total amount of such contributions made by the Member will remain in the Fund.

(f) The Member, or the Member's estate, or if none, the Member's heirs, shall have the right, upon the Board's grant of their written request for a reinstatement of previously forfeited Member's contributions under Subsection 4.04(d) or (e) of this Plan, and to a refund of such previously forfeited Member's contributions and interest paid. The Board's decisions shall be made on a uniform and nondiscriminatory basis.

SECTION 4.05 – SECTION 4.06 (Reserved)

SECTION 4.07 INVESTMENT OF SURPLUS

(a) If the Board determines that there is in the Fund a surplus exceeding a reasonably safe amount to take care of current demands on this Plan, the Board may invest or direct the investment of the surplus for the sole benefit of the Members, Pensioners, Qualified Survivors and beneficiaries of this Plan.

(b) In making and supervising investments, and in engaging and evaluating investment advisors, investment managers, custodians and master trustees, the Trustees shall have the same rights, powers, duties, and obligations under this Plan as the board of trustees of the Combined Pension Plan has under that plan. Persons who are eligible to serve as investment managers, investment advisors, custodians, or master trustees under the Combined Pension Plan shall also be eligible to serve as investment managers, investment advisors, custodians, or master trustees, respectively, of this Plan.

(c) Any arrangement authorized by Section 4.07 of this Plan:

(i) may, but need not be made in coordination and conjunction with a comparable arrangement made by the board of the Combined Pension Plan if the Board, believing such coordination to be advantageous to this Plan and the Fund, authorizes same at a meeting of the Board; and

(ii) need not be evidenced by a separate contract executed by this Board, but rather upon such authorization as described at Paragraph 4.07(c)(i) of this Plan, this Plan shall be deemed a party to any such contract, with all the rights, remedies and obligations as the Combined Pension Plan may have thereunder, but solely with regard to the assets of the Fund associated with this Plan which may, from time to time, be invested under any such contract(s). In the event the Board does not choose to consolidate certain investments with the Combined Pension Plan, the Board shall be fully empowered to use the same or different investment managers and investment opportunities as the Combined Pension Plan, when the Board, in its sole discretion, shall deem such action appropriate.

PART 5 - MEMBERSHIP

SECTION 5.01 ELIGIBILITY

Only Police Officers or Fire Fighters who are Group B Members of the Combined Pension Plan and who hold a permanent rank or position above the highest civil service rank that can be held shall be eligible to participate in this Plan, and those who are eligible to participate shall have sixty (60) days from the time they first become eligible to elect to become Members of this Plan. The membership of those who make a timely election shall be effective the date such higher rank or position is or was attained.

SECTION 5.02 (Reserved)

SECTION 5.03 TERMINATION OF MEMBERSHIP

(a) If a Member of this Plan who also was a former contributing member of the Old Plan or Plan A, or a Group A Member of the Combined Pension Plan elects, when applying for either a retirement pension, disability pension or periodic disability compensation, to terminate the Member's Group B membership and receive a Group A retirement pension, disability pension or periodic disability compensation under the provisions of the Combined Pension Plan, the Member shall, by such election, also terminate the Member's membership in this Plan and any rights to any benefits under this Plan other than a right to the refund of Member contributions set forth at Subsection 5.03(b) of this Plan.

(b) If the Member described in Subsection 5.03(a) of this Plan has elected and been granted a Group A retirement pension, disability pension, or periodic disability compensation benefits under Subsection 6.05(b) of the Combined Pension Plan, the Member shall be entitled to a reimbursement from the Fund. Such reimbursement shall be equal to the entire amount of the Member's Plan contributions to the Fund, without interest. A Member desiring a refund of such contributions must make written application for the refund with the Administrator or a member of the Administrator's staff.

SECTION 5.04 MEMBERSHIP MAY BE DECLARED INACTIVE

If a Member's membership in the Combined Pension Plan is declared inactive for any reason, the Member's membership under this Plan shall also be declared inactive, with the same consequences under this Plan as the Member's inactive membership status has under the Combined Pension Plan.

SECTION 5.05 PENSION SERVICE AND VESTING

(a) A Member's right to purchase Pension Service under this Plan shall be the same, subject to the same conditions and limitations, as for a Group B Member under the Combined Pension Plan. The Member's right to a retirement pension shall be vested under this Plan if the Member's right to a retirement pension is vested under the Combined Pension Plan. A Member who has a right to pay contributions to purchase credit for Pension Service, shall not receive any Pension Service for any part of the time for which the Member is so contributing until the entire amount due under this Plan, and the entire amount due pursuant to the Combined Pension Plan, have been paid.

(b) If a Member, either voluntarily or involuntarily, leaves Active Service and then later returns to Active Service, the Member shall receive full Pension Service for the period of the Member's original membership, provided the Member did not withdraw the Member's contributions pursuant to Section 4.04 of this Plan. If, however, such Member had previously withdrawn Member contributions, and the Member does not replace the entire amount of previously withdrawn contributions (both to this Plan and to the Combined Pension Plan) together with all required interest, the Member shall not be entitled to, and shall forfeit, any Pension Service previously cancelled by reason of the previous withdrawal while a Member prior to the date of the Member's return to Active Service.

(c) If a Member is assigned, for any period, to a job-sharing program or any similar work schedule that is considered by the Member's Department to be less than a full-time work schedule, the Member's Pension Service shall be determined by multiplying the Pension Service that could have been earned for full-time work during such period by a fraction, the numerator of which is the number of hours the Member actually worked during such period and the denominator of which is the number of hours the Member would have worked during such period if the Member had been on a full-time work schedule. This proration shall not apply to the computation of Pension Service for a Member during any period the Member is on leave because of an illness or injury or receiving periodic payments of workers' compensation.

SECTION 5.06 (Reserved)

SECTION 5.07 PURCHASE OF PENSION SERVICE BY MEMBERS

(a) A Member who is on Active Service may receive Pension Service attributable to Member contributions withdrawn by an Alternate Payee pursuant to the terms of a Qualified Domestic Relations Order, if the Member completely repays to the Fund the withdrawn Member contributions with interest determined in the same manner as determined under the Combined Pension Plan and any written procedures thereunder, and also repays the entire amount to be repaid pursuant to Subsection 5.07(c) of the Combined Pension Plan.

(b) If payment of the entire amount withdrawn from both this Plan and the Combined Pension Plan, with interest, is not completed by the date the Member leaves Active Service or enters DROP, all partial payments (including any interest payments made by the Member) hereunder shall be returned to the Member or, if the Member has died, to the Member's estate, or if none, the heirs, without any interest on such returned monies.

SECTION 5.08 MEMBERS IN ARMED SERVICES

(a) Any Member who is reemployed by the City after an absence due to "service in the uniform services," as that term is defined in the Uniform Services Employment and Reemployment Rights Act of 1994, as the same may be amended, and, thereby, has rights under that act, may receive credit for Pension Service in accordance with the procedure described in Subsection 5.08(c) of this Plan.

(b) To the extent the provisions of the Combined Pension Plan in effect prior to November 25, 1996 would provide a Member who was on Active Service prior to November 25, 1996 with greater rights than are required by Subsection 5.08(a) of this Plan, the Member shall have the same greater rights under this Plan.

(c) Payment for credit for Pension Service under this Section shall be made in accordance with a uniform and nondiscriminatory procedure adopted by the Board to conform to the Uniformed Services Employment and Reemployment Rights Act of 1994.

SECTION 5.09 NONMILITARY LEAVE OF ABSENCE

A Member may receive Pension Service for time spent away from either Department on an authorized nonmilitary leave of absence but only if Pension Service for the same period is purchased under the Combined Pension Plan and the Member satisfies the same conditions with respect to the Pension Service under this Plan that are required of members under Section 5.09 of the Combined Pension Plan, including the timely payment of Member and City contributions with interest, if required. Member contributions are refundable, or benefits are payable, to the Member, or the Member's Qualified Survivors, estate or heirs subject to the same rules that apply to payments under Section 5.09 of the Combined Pension Plan.

PART 6 - BENEFITS

SECTION 6.01 RETIREMENT, DISABILITY AND DEATH BENEFITS

(a) This Plan provides Members and their Qualified Survivors with retirement, disability, and death benefits based on the difference between:

(i) the benefit that is paid under the Combined Pension Plan, and

(ii) the benefit that would be paid under the Combined Pension Plan if Computation Pay, as therein defined, included Supplemental Computation Pay as herein defined. Accordingly, the computation of any benefit under this Plan shall be made in the same manner as the computation of a similar benefit under the relevant terms of the Combined Pension Plan

except that such computation shall be based upon the Member's Supplemental Computation Pay rather than upon the Member's Computation Pay.

(b) An application for benefits under the Combined Pension Plan shall also be an application for benefits under this Plan so that no additional application need be filed. Failure to apply for benefits under the Combined Pension Plan shall likewise be a failure to apply for benefits under this Plan. If any such failure to file for benefits under the Combined Pension Plan causes an adjustment, suspension, cessation or cancellation of benefits under the relevant terms of that plan, the failure to file shall, subject to the same rules that apply to the Combined Pension Plan, result in a similar adjustment, suspension, cessation or cancellation of benefits under this Plan.

(c) Retirement, disability, and death benefits shall be paid to Members and their Qualified Survivors under this Plan during the same period that such benefits are paid to such Members and Qualified Survivors under the relevant terms of the Combined Pension Plan and shall be subject to the same rules, including, but not limited to, cost of living increases, medical examinations and recall from disability retirement, loss of benefits for causing the death of a Primary Party or Qualified Survivor and recovery of benefits erroneously paid, that apply to any entitlement to computation of Qualified Survivors share(s) and the timing of the payment of benefits and the character of the benefits under the relevant terms of the Combined Pension Plan.

Benefits under this Plan also may be waived subject to the same procedures that apply to any waiver of benefits under the Combined Pension Plan.

Any Member or person claiming to be a Qualified Survivor who is aggrieved by a determination of the Board on the person's application for, or continuation of, a retirement pension, disability pension, periodic disability compensation, or death benefit, or an election for DROP benefits shall be entitled to an appeal which appeal must be made pursuant to the same procedures as are used for appeals under the Combined Pension Plan.

SECTION 6.02 - SECTION 6.08 (Reserved)

SECTION 6.09 QUALIFIED SURVIVING SPOUSE SPECIAL DEATH BENEFIT

A Spouse who is a Qualified Survivor of a Primary Party who is entitled to any special death benefits under Section 6.09 of the Combined Pension Plan is also entitled to a special

death benefit under this Section. The special Spouse Qualified Survivor death benefit under this Section is calculated based on the same formula set out in Section 6.09 of the Combined Pension Plan except that Supplemental Computation Pay is used instead of Computation Pay; the retirement, disability pension or periodic disability compensation is the retirement, disability pension or periodic disability compensation computed under this Plan; and the number and amount of adjustments is the number and amount of adjustments under this Plan.

SECTION 6.10 (Reserved)

SECTION 6.11 NO MINIMUM BENEFITS

No minimum benefits are provided under this Plan.

SECTION 6.12 (Reserved)

SECTION 6.13 SUPPLEMENT TO CERTAIN RECIPIENTS 55 YEARS OF AGE OR OLDER- COORDINATED WITH THE COMBINED PENSION PLAN SUPPLEMENT

If a Pensioner has at least 20 years of Pension Service, or is receiving the periodic disability compensation benefits under Section 6.05 of the Combined Pension Plan, the Pensioner, the Pensioner's Spouse who is a Qualified Survivor or the Pensioner's Children who are Qualified Survivors, as a group, who are entitled to a monthly supplement under Section 6.13 of the Combined Pension Plan, shall be entitled to a monthly supplement under this Plan equal to three percent of their total monthly benefit. For purposes only of calculating this supplement, the phrase "their total monthly benefit" means the amount payable to a Pensioner or Qualified Survivors under the terms of this Plan but does not include the supplement authorized by this Section.

SECTION 6.14 DEFERRED RETIREMENT OPTION PLAN

A Member's eligibility to participate in the Deferred Retirement Option Plan ("DROP") feature of this Plan is the same as set forth in the Combined Pension Plan and any election to participate in DROP under the Combined Pension Plan shall constitute an election to participate in an identical DROP feature with respect to this Plan. Thus, upon the approval of such an election, a separate DROP account shall be created under this Plan and an amount equal to the

retirement pension the Member would have received under this Plan, if the Member had retired instead of electing to participate in the DROP, will be credited to the Member's DROP account during the period the Member is participating in the DROP feature under the Combined Pension Plan.

SECTION 6.15 – SECTION 6.19 (Reserved)

SECTION 6.20 ERRONEOUS PAYMENTS OR OVERPAYMENTS

(a) In the event this Plan pays monies to any person not entitled to the receipt of such funds, whether by reason of any error of this Plan as to entitlement, amount or otherwise, or the act of the recipient or some other person or persons, the recipient of such funds holds such funds in constructive trust for this Plan and upon demand by this Plan at any time, shall repay to the Fund all such funds which the recipient was not entitled to have received under the terms of this Plan.

(b) If such funds were retained by the recipient with or after the recipient's knowledge that such person was not entitled to keep such monies, whether the recipient knew so at the time of receipt or thereafter, from the time such knowledge is reasonably established, which knowledge can be established by the receipt of a demand from this Plan for the repayment of such funds, as well as by any other reasonable means, the recipient shall be obligated to repay to this Plan interest from the date of such knowledge until the date of the funds repayment, compounded annually, at the interest rate from time to time that may be levied on final judgments in state court proceedings under the laws of the State of Texas.

(c) The Board may adopt a procedure to enable this Plan to offset any future payments which may otherwise be due to any person in order to recover any erroneous payments previously made by this Plan and the Board shall have the right to take any and all additional action, including the bringing of a lawsuit, the Board deems necessary to gain restitution of funds described in this Section.

(d) In the event this Plan determines that a person is entitled to additional benefits, this Plan shall promptly pay the amounts then due.

PART 7 - AMENDMENT OF PLAN

SECTION 7.01 AMENDMENT

This Supplemental Pension Plan may be amended by the City Council in accordance with provisions of the Charter of the City of Dallas pertaining to ordinances; provided, further, however, that any amendment to the Combined Pension Plan of the Police and Fire Pension System shall constitute a comparable amendment to this Plan unless specifically rejected by an act of the City Council of Dallas. The Board through its staff shall have the duty to timely notify the City Council of any amendment to the Combined Pension Plan which would cause a comparable amendment to this Plan.

PART 8 - PLAN QUALIFICATION

SECTION 8.01 QUALIFICATION

It is the intent of the City that this Supplemental Pension Plan, as set forth in the first eight (8) Parts of this ordinance, be at all times qualified under Section 401(a) of the IRC and the Fund forming a part thereof be exempt from Federal income taxes under Section 501(a) of the IRC. Accordingly, except as provided below, all provisions of the Combined Pension Plan that are intended to satisfy the requirements for qualification, including but not limited to Section 8.01, are hereby incorporated by reference into this Plan. Notwithstanding the preceding sentence, if the benefits to be provided to any Member under this Plan and any other defined benefit plan maintained by the City would otherwise exceed the limits imposed by Section 415 of the IRC, any reduction in benefits needed to satisfy those limits shall be made first from the benefits otherwise payable under this Plan.

PART 9 - EXCESS BENEFIT PLAN

The separate "Qualified Governmental Excess Benefit Arrangement" established pursuant to Section 8.02 of the Combined Pension Plan and effective on and after August 20, 1996 shall apply to Members of this Plan in order that they receive benefits that would otherwise

have been provided under this Plan but for the limits imposed under Section 8.01(c) of Art. 6243a-1 and Section 415 of the IRC.

PART 10 - NONALIENATION OF BENEFITS

Contributions and benefits payable under the Plan are exempt from attachment, execution, garnishment, judgments, and all other suits or claims, with the exception of a qualified domestic relations order, and are not assignable, alienable, or transferable. Nevertheless, the preceding sentence shall not preclude the withholding of Federal taxes from pension benefits, the recovery by the Trustees of overpayments of benefits previously made to any person, any voluntary arrangement by a Primary Party or Qualified Survivor for the direct deposit of benefit payments to an account in a bank, savings and loan association or credit union (provided such arrangement is not an alienation), or pursuant to any policy adopted by the Board and uniformly applied to any voluntary and revocable arrangements by a Pensioner or Qualified Survivor for the withholding and direct payment of health care or life insurance premiums or similar payments, from his or her monthly benefit payments. An attachment, garnishment, levy, execution or other legal process is not considered a voluntary arrangement.

PART 11 - SAVINGS CLAUSE

If any provision of the Combined Pension Plan is amended or renumbered, any reference to the prior provision of the Combined Pension Plan shall be deemed a reference to such successor provision.

SECTION 2 That all preexisting versions of the Supplemental Police and Fire Pension Plan of the City of Dallas are hereby repealed.

SECTION 3 If any provision of this Plan or ordinance is determined by final court order, decision, or decree to be invalid or unenforceable, such invalid or unenforceable provision will be considered severed from the Plan or ordinance, and the remaining provisions of the Plan or ordinance will be administered to carry out the purpose of the Plan as set forth in Section 1.02 of the Plan.

SECTION 4 That this ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so ordained.

APPROVED AS TO FORM:

ANGELA K. WASHINGTON, Interim City Attorney

By _____
Assistant City Attorney

Passed _____