

ORDINANCE NO. 184853

✓ An ordinance amending Chapters 10, 11, 11.5, 20, 21 and 22 of Division 4 of the Los Angeles Administrative Code to authorize, consistent with Charter Section 1704, certain sworn Airport peace officers to elect to transfer into Tier 6 of the Los Angeles Fire and Police Pension plan (LAFPP) at their own expense or remain in the Los Angeles City Employees' Retirement System (LACERS); set forth the requirements and methodology for those Airport peace officers who elect to transfer to LAFPP to purchase all of their prior LACERS service at full actuarial cost; create enhanced benefits for those Airport peace officers who elect to remain in LACERS; and make technical amendments to the LACERS and LAFPP plans and retiree health programs.

✓ **THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

✓ Section 1. Subsection (a) of Section 4.1001 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) For the purposes of Article 1 of Chapter 10 and Article 2 of Chapter 11 of Division 4 of the Los Angeles Administrative Code, the following words and phrases shall have the meaning ascribed to them in this section unless elsewhere defined:

✓ **Accumulated Contributions.** The total of the amounts paid into the Retirement Fund by the member and any interest credited to the member's account.

✓ **Airport Peace Officer Member.** A Member of Tier 1 of the Retirement System who: (i) while a City employee and on his or her retirement date is employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1 and was appointed to that position before January 7, 2018; or (ii) on his or her retirement date was employed by the Fire Department as a firefighter, was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1, and served as a firefighter for the Fire Department from the date of appointment until the date of retirement. An Airport Peace Officer Member shall include an individual who became a Member of Tier 1 of the Retirement System pursuant to Section 4.1080.2(b)(8). Notwithstanding anything in this paragraph or elsewhere in this Code to the contrary, an Airport Peace Officer Member shall be ineligible for any enhanced benefits under Sections 4.1007(a), 4.1008.1 and 4.1010.1, and shall revert to status as a Tier 1 Member, if LACERS does not receive a lump sum payment of \$5,700, by cashier's check, on a post-tax basis, before January 8, 2019, or prior to the Member's retirement date, whichever is earlier.

✓ **Airport Peace Officer Former Member.** A former Member of Tier 1 of the Retirement System who was eligible for, and elected to, remain in LACERS

rather than transfer to LAFPP under Charter Section 1704 and LAAC Section 4.1002(e) and who: (i) while a City employee and on the date that he or she separated from City service or ceased to be a member of the Retirement System was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1 and was appointed to that position before January 7, 2018; or (ii) on the date he or she separated from City service or ceased to be a member of the Retirement System was employed by the Fire Department as a firefighter, was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1, and served as a firefighter for the Fire Department from the date of appointment until the date of separation. Notwithstanding anything in this paragraph or elsewhere in this Code to the contrary, an Airport Peace Officer Former Member shall be ineligible for any enhanced benefits under Sections 4.1007(a), 4.1008.1 and 4.1010.1, and shall revert to status as a former Tier 1 Member or Tier 1 Member, as applicable, if LACERS does not receive a lump sum payment of \$5,700, by cashier's check, on a post-tax basis, before January 8, 2019, or prior to the Member's retirement date, whichever is earlier.

✓ **Airport Peace Officer Retired Member.** A Member of Tier 1 of the Retirement System who, on his or her retirement date: (i) was employed by the Department of Airports as a peace officer as defined in California Penal Code Section 830.1, and was appointed to that position before January 7, 2018; or (ii) was employed by the Fire Department as a firefighter, and was appointed to that position before January 7, 2018, directly following employment by the Department of Airports as a peace officer as defined by California Section 830.1; and (iii) had paid to LACERS the \$5,700 mandatory additional contribution payment required by Section 4.1002(e)(2). An Airport Peace Officer Retired Member shall include an individual who became a Member of Tier 1 of the Retirement System pursuant to Section 4.1080.2(b)(8).

↓ **Annuity.** Payments for life derived from the accumulated contributions of a member as provided in this Article.

✓ **Base Amount.** That portion of a retirement allowance resulting if cost of living amount is deducted therefrom.

✓ **Beneficiary.** A person entitled to receive a benefit from the Retirement System.

✓ **Board of Administration or Board.** The Board of Administration for LACERS established in Charter Section 1104(b).

✓ **City Service or Service.** Only those periods during which a member received compensation from the City as an employee or during which the employee not only received Workers' Compensation benefits (Div. IV, Labor

Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, but for which the employee also made contributions to the Fund as provided in Charter Section 1162.

Notwithstanding the foregoing, a member shall be entitled, at the time of death or retirement, to receive credit for his or her years of service from the date such member entered employment with the City of Los Angeles in a capacity that would entitle him or her to membership in the Retirement System.

✓ **City Service Credit or Service Credit.** The time component of the formula used by the Retirement System for purposes of calculating benefits pursuant to applicable Los Angeles Administrative Code and Board Rule provisions.

✓ **Compensation Earnable.** The full salary, wage or compensation established for any position or office in the City service for the particular period involved in any calculation required.

✓ **Continuous Service.** Shall mean uninterrupted City service except that discontinuance of such service of a member for any cause whatever, followed by re-entrance into the City service within three (3) years from the date of such discontinuance, shall not be considered as a break in the continuity of service.

✓ **Cost of Living Amount.** That portion of a retirement allowance resulting from adjustments made pursuant to Section 4.1022.

✓ **Dependent Parent.** A person whom the Board of Administration, upon investigation and after a hearing in the matter, shall find is the parent of a member to or for whom the member, during the last year of his or her service, contributed at least one-half the necessary living expenses.

✓ **Domestic Partner.** A person who has formed a valid domestic partnership by filing a Declaration of Domestic Partnership with the Retirement System, as authorized in Section 4.1009 herein, or with the State of California, as authorized in Family Code Section 298.5, or a person who has established a legal union which was validly formed in another jurisdiction that is substantially equivalent to a domestic partnership, as provided in Family Code Section 299.2. Domestic partner shall not include a person who has established a domestic partnership pursuant to any other authority, unless expressly otherwise provided in this Article. A partnership shall be established, for purposes of this Article, on the date of the filing with the Retirement System or state.

✓ **Employee.** Every person in the employ or service of the City of Los Angeles in any capacity or rank whatever at a regular salary, wage or compensation, and regardless of whether the position held by any such person is classified as an office or employment.

✓ **Larger Annuity.** The annuity funded entirely by the member as provided in Section 4.1021.

✓ **Member or Tier 1 Member.** An employee of the City of Los Angeles who meets the membership requirements contained in Section 4.1002 of this Article. Member, as used in this Article, shall mean a member of Tier 1 unless otherwise specified. Notwithstanding the foregoing, a person who is no longer employed by the City, but who qualifies for reciprocity under Section 4.1096 and whose Tier 1 member contributions remain on deposit with the Retirement Fund may be considered to be a member, but only to the limited extent necessary to comply with the reciprocity provisions contained in Section 4.1096.

✓ **Operative Date.** Shall mean the "effective date," unless a different date is specified by any ordinance adopted pursuant to the provisions of Charter Section 1168.

✓ **Regular Interest.** Interest credited to the individual account of each member as provided in Charter Section 1162(b).

✓ **Reserve Basis.** A system that provides for the accumulation and maintenance of a fund that will at all times be equal to the difference between the present value of the obligations assumed and the present value of the money to be received for paying such obligations, where such present values are estimated in accordance with accepted actuarial methods and on the basis of an assumed rate of interest and the mathematical probabilities of the occurrence of such contingencies as affect both the payment of the assumed obligations and the receipt of money with which they are to be paid.

✓ **Retirement Allowance or Allowance.** An allowance granted under this Article, except for those allowances granted pursuant to Section 4.1010(a)(2), together with all subsequent adjustments thereto.

✓ **Retired Member or Retired Tier 1 Member.** A former member who is receiving a monthly benefit from Tier 1 of the Retirement System. A retired member shall not be considered a member for purposes of this Article and, if re-employed as authorized in Charter Section 1164, shall continue to be a retired member.

✓ **Retirement Fund.** The trust fund established for the Retirement System in Charter Section 1154.

✓ **Retirement System or System.** The Los Angeles City Employees' Retirement System (LACERS).

✓ **Spouse.** A person who is a party to a valid marriage.

Sec. 2. The second paragraph of Subsection (a)(3) of Section 4.1002 of the Los Angeles Administrative Code is amended to read as follows:

A member or former member of LACERS who, on or after January 1, 2014, became ineligible to participate in LACERS by reason of transfer (including promotion, displacement, reclassification, or any other employment status change) to the Department of Water and Power, whose accumulated LACERS contributions remained on deposit in the Retirement Fund, and who is also a current, former, or retired member of the Water and Power Employees' Retirement Plan (WPERP), shall be considered for retirement eligibility purposes only to be a member or former member of LACERS at the time he or she applies for retirement or deferred service retirement, as applicable, from LACERS, and shall be entitled to have his or her service and/or service credit with LACERS as provided in LACERS plan provisions governing Tier 1 or Tier 3, as applicable. As used herein, "service credit" shall have the meaning ascribed to it under Section VII.F of the plan provisions governing WPERP Tier 2.

✓ Sec. 3. A new Subsection (e) is added to Section 4.1002 of the Los Angeles Administrative Code to read as follows:

✓ (e) **Airport Peace Officer Members.** A person appointed prior to January 7, 2018, and who, on that date, or on the date immediately preceding the date of such persons' appointment as a firefighter and employment by the Fire Department, is sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports, in class codes 3225-1, 3225-2, 3225-3, 3202-0, 3202-1, 3202-2, 3236, 3226-0, 3226-1, 3226-2, 3227, 3203, 3203-9, 3228-0, 3228-1, 3228-2, 3205, 3234 or 3232, including a person who will become a Member of Tier 1 of the Retirement System on January 7, 2018, pursuant to Section 4.1080.2(b)(8), shall make an irrevocable election in writing whether to become a member of Tier 6 of the Los Angeles Fire and Police Pension plan (LAFPP) in lieu of membership in LACERS, on the terms and conditions set forth in (e)(1) below and further set forth in Section 4.2215 and Charter Section 1704, or to remain in LACERS.

✓ (1) **Election for Airport Peace Officers Appointed Prior to January 7, 2018.**

✓ (A) **Election Requirements.** LACERS shall have the authority to administer the election process consistent with the below requirements, including to create written election forms, require mandatory counseling for all eligible Members, promulgate election filing rules and procedures, and determine the election period(s) and deadlines.

✓ (i) **Mandatory Counseling Sessions.** Every person appointed prior to January 7, 2018, and who, on that date, is sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports, in class codes 3225-1, 3225-2, 3225-3, 3202-0, 3202-1, 3202-2, 3236, 3226-0,

3226-1, 3226-2, 3227, 3203, 3203-9, 3228-0, 3228-1, 3228-2, 3205, 3234 or 3232, including a person who will become a Member of Tier 1 of the Retirement System on January 7, 2018, pursuant to Section 4.1080.2(b)(8), shall be required to attend a mandatory counseling session administered by LACERS, in coordination with LAFPP, the Fire Department, and the Department of Airports, in order to make an informed and voluntary decision whether to transfer to LAFPP Tier 6 or remain a LACERS Member. Such counseling sessions shall be held at dates and times established by LACERS and LAFPP. Such counseling sessions shall include, but shall not be limited to, information regarding the cost to the individual member of purchasing all of his or her prior service, and a comparison of the benefits offered by each plan.

✓ (ii) **Irrevocable Election to Transfer or Remain.** Within fourteen (14) calendar days after attending one of the mandatory counseling sessions described in Subsection (A)(i), every Member who is eligible for the election described herein, including a Member who will become a Member of Tier 1 of Retirement System on January 7, 2018, pursuant to Section 4.1080.2(b)(8), shall file a written election form with LACERS indicating whether he or she elects to transfer to LAFPP or remain in LACERS. Once filed, such election shall be irrevocable and the Board shall have no authority to revoke the election or waive the deadline. A Member's failure to file an election form before January 7, 2018, shall be deemed an irrevocable election to remain in LACERS.

✓ (iii) **Irrevocable Agreement to Purchase All Prior Service at Full Actuarial Cost.** A Member's election to transfer to LAFPP Tier 6 shall constitute an irrevocable decision not only to opt out of LACERS and transfer into LAFPP Tier 6 but also an irrevocable agreement to purchase all of the Member's prior service with LACERS from LAFPP at full actuarial cost pursuant the requirements set forth in Charter Section 1704 and Section 4.2215 of this Code. A Member shall enter into a service purchase agreement with LAFPP on the date upon which he or she files his or her election to transfer to LAFPP from LACERS as provided in Subparagraph (ii) above. Such purchase agreement shall be subject to the terms and conditions established by LAFPP and set forth in Charter Section 1704 and Section 4.2215 of this Code.

✓ (B) **Election and Service Purchase Shall Be Irrevocable.** Consistent with Charter Section 1704(b)(3), a Member's election to remain in LACERS or transfer to LAFPP Tier 6, and to purchase all of his or her prior LACERS service from LAFPP at full actuarial cost, shall be irrevocable on the date upon which the member files his or her election

form with LACERS. A Member's failure to file an election form before January 7, 2018, shall be deemed an irrevocable election to remain in LACERS. Neither the Board of Fire and Police Pension Commissioners nor the LACERS Board of Administration shall have any authority to revoke a Member's election, refund a Member's service purchase, or allow transfers after such deadline.

✓ (C) **Transfer Effective Date.** A Member's election to transfer to LAFPP Tier 6 shall be effective on January 7, 2018, or upon graduation from the Fire Department drill tower, whichever is earlier. The election of a Member who becomes a Member of Tier 1 of the Retirement System on January 7, 2018, pursuant to Section 4.1080.2(b)(8) shall be effective immediately after such Member becomes a Tier 1 Member.

✓ (D) **Department of Airports Responsibility for Payment.** The Department of Airports shall pay LACERS for all costs and expenses incurred by the Retirement System in connection with administering this election process, including, but not limited to, the cost of any necessary reports prepared by the Retirement System's actuary, the cost of any changes to the pension administration system, any legal expenses incurred by the Retirement System in connection with this election, and any staff time dedicated to administering this election. LACERS shall be responsible for preparing invoices of all expenses incurred and submitting them to the Department of Airports for its review and approval.

✓ (2) **Enhanced LACERS Benefits Effective January 7, 2018 for Airport Peace Officers Who Remain in LACERS; Eligibility for Enhanced Benefits Contingent Upon Mandatory Additional Contribution.** A person who elects to remain in LACERS rather than transfer to LAFPP shall remain a LACERS Tier 1 Member if subsequently appointed without a break in Department of Airports service to a sworn position in the Department of Airports or, consistent with Charter Section 1700(c)(5), the Fire Department, that would otherwise qualify him or her for membership in LAFPP.

✓ Effective January 7, 2018, such person shall be deemed an Airport Peace Officer Member, as defined in Section 4.1001(a), and shall be responsible for making a lump sum mandatory additional contribution payment of \$5,700 to LACERS, on a post-tax basis, by cashier's check, before January 8, 2019, and prior to becoming eligible for any of the enhanced benefits provided to such Members in Sections 4.1007(a), 4.1008.1 and 4.1010.1. LACERS shall deposit these funds into each Airport Peace Officer Member's individual account as provided in Charter Section 1162. Notwithstanding any provision of this Code to the contrary, no Airport Peace Officer Member shall be eligible for the enhanced benefits provided by Sections 4.1007(a) or 4.1008.1, nor shall benefits be paid to any survivor or beneficiary of the Member pursuant to Section 4.1010.1, until LACERS has received this \$5,700 payment. If an Airport Peace Officer Member

fails to complete this \$5,700 payment before January 8, 2019, or prior to his or her retirement date, whichever is earlier, the Member shall forfeit eligibility for the enhanced benefits provided by Sections 4.1007(a), 4.1008.1 and 4.1010.1, and shall revert to status as a Tier 1 Member or former Tier 1 Member, as applicable. Before January 8, 2019, an Eligible Survivor may submit the lump sum \$5,700 payment by cashier's check, on a post-tax basis, to satisfy eligibility requirements to receive the enhanced benefits payable to the beneficiaries of an Airport Peace Officer Member.

✓ Sec. 4. A new Subsection (f) is added to Section 4.1003 of the Los Angeles Administrative Code to read as follows:

✓ (f) Notwithstanding any language in this Section 4.1003 to the contrary, an Airport Peace Officer Member, including an Airport Peace Officer Member who became a Member of Tier 1 of the Retirement System pursuant to Section 4.1080.2(b)(8), who elected to remain in the Retirement System rather than transfer to LAFPP Tier 6 pursuant to Charter Section 1704 and Sections 4.1002(e) and 4.2215 of this Code shall, to the extent required by the Internal Revenue Code, continue to make member contributions in the manner applicable to his or her membership without regard to the irrevocable election to remain in LACERS. If this Section 4.1003 would otherwise require additional member contributions by such Airport Peace Officer Member, such additional member contributions shall be made on an after-tax basis to the extent required by the Internal Revenue Code. If this Section 4.1003 would otherwise require member contributions at a rate that is lower than the rate applicable to the Airport Peace Officer Member's LACERS membership, the Council may, subject to applicable provisions of the Charter and this Code, provide for a larger annuity benefit at the time of retirement for such Airport Peace Officer Member to reflect the additional contribution amounts, as determined by the System's actuary and subject to all limitations of the Internal Revenue Code.

✓ Sec. 5. Subsection (a)(1) of Section 4.1006 of the Los Angeles Administrative Code is amended to read as follows:

✓ (1) **Full Retirement.** To retire with a full (unreduced) retirement allowance, the former member must be:

✓ (i) Age 55 or older with thirty (30) years of service; or

✓ (ii) Age 60 or older and ten (10) years must have elapsed since he or she first became a member; or

✓ (iii) Age seventy (70) or older.

Sec. 6. The first paragraph of Subsection (a) of Section 4.1007 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) **Tier 1 Formula and Enhanced Tier 1 Formula for Airport Peace Officer Members and Airport Peace Officer Former Members.** A Member who retires pursuant to the provisions of Section 4.1006 or Section 4.1007 shall receive a service retirement allowance calculated pursuant to the following Tier 1 Formula (formerly the Beta Formula): 2.16 percent (.0216) of his or her Final Compensation, calculated as of the date of retirement, multiplied by the number of years and parts thereof of his or her Service Credit, subject to applicable adjustments as provided below. An Airport Peace Officer Member or Airport Peace Officer Former Member who retires on or after January 7, 2018, shall receive a service retirement allowance calculated pursuant to the following Enhanced Tier 1 Formula: 2.30 percent (.023) of his or her Final Compensation, calculated as of the date of retirement, multiplied by the number of years and parts thereof of his or her Service Credit, subject to applicable adjustments as provided below. Each retirement allowance as so calculated shall be allocated between the following two components: (1) an annuity which shall be the actuarial equivalent of his or her accumulated contributions at the time of retirement (excluding any additional contributions paid to provide a larger annuity at the time of retirement), calculated in accordance with approved actuarial methods as of the date of retirement; and (2) a pension, in the amount of the remaining balance, payable to the retiree on account of his or her service.

Sec. 7. The first paragraph of Subsection (e) of Section 4.1008 of the Los Angeles Administrative Code is amended to read as follows:

✓ (e) **Review of Disability Retirees.** The Board may, from time to time in its discretion, require any beneficiary under the age of sixty (60) years who shall have been retired because of disability to submit to medical examination by one or more regularly licensed practicing physicians selected by the Board. Upon the basis of such examination and other proper evidence, said Board shall determine whether such beneficiary is still incapacitated for service in the position held by the beneficiary at the time of his or her retirement. If the Board shall determine that such beneficiary is not so incapacitated, he or she shall be restored to duty in the position held by him or her at the time of said retirement order, and, upon his or her return to active service, his or her retirement allowance shall be canceled.

Sec. 8. A new Subsection (l) is added to Section 4.1008 of the Los Angeles Administrative Code to read as follows:

✓ (l) An Airport Peace Officer Member who applies for disability retirement shall be subject to Section 4.1008.1, and the provisions of this Section 4.1008 shall not apply.

✓ Sec. 9. A new Section 4.1008.1 is added to the Los Angeles Administrative Code to read as follows:

✓ **Sec. 4.1008.1. Disability Retirement for Airport Peace Officer Members.**

✓ (a) **Application for Disability Retirement.** Any Airport Peace Officer Member who has graduated from basic training and taken the Oath of Office, applying for a service-connected disability, or who has five (5) or more years of continuous service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing his or her duties, may be retired upon written application of such Member, or any person acting on his or her behalf, or on behalf of the head of the Department of Airports or Fire Department wherein such Member is employed. Any such application may be made at any time within, but not exceeding, one (1) year after the discontinuance of the service of such employee or the termination of any duly authorized sick leave with payment, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1008.1 prior to January 7, 2018.

✓ (b) **Service-Connected Disability.** Upon the filing of his or her written application for a disability retirement allowance or upon the filing of a written application by any person acting on his or her behalf or on behalf of the head of Department of Airports or Fire Department, any Airport Peace Officer Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries received or sickness caused by the discharge of the duties of such person as an employee sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports or Fire Department, and who is incapable as a result thereof from performing his or her assigned duties, or those to which he or she would be assigned within his or her civil service classification if returned to duty, shall be retired by order of the Board from further active duty as an Department of Airports or Fire Department Member.

An Airport Peace Officer Member's incapacity is caused by the discharge of his or her duties if there is clear and convincing evidence that the discharge of the Member's duties is the predominant cause of the incapacity.

An Airport Peace Officer Member retired under the provisions of this subsection shall be paid thereafter a monthly service-connected disability retirement allowance in an amount which shall be equal to the same percentage of the Member's Final Compensation as the Board shall determine, from time to time, to be the percentage of his or her disability. Such retirement allowance shall be in an amount of not less than 30% and not more than 90% of the Retired Airport Peace Officer Member's Final Compensation, but in no case shall the retirement allowance be less than the equivalent of 2% of Final Compensation for each year of Service of the Retired Airport Peace Officer Member.

No Retired Airport Peace Officer Member, while retired pursuant to this subsection, ever shall be paid any retirement allowance pursuant to Sections 4.1005 (Service Retirement) or 4.1006 (Deferred Service Retirement) or Subsection (c) of this section.

✓ (c) **Nonservice-Connected Disability.** Upon the filing of his or her written application for a disability retirement allowance by any Airport Peace Officer Member who shall have five (5) or more years of continuous service, or upon the filing of a written application by any person acting on the member's behalf, or on behalf of the head of the Department of Airports or Fire Department, for any Airport Peace Officer Member whom the Board shall determine has become physically or mentally incapacitated by reason of injuries or sickness other than injuries received or sickness caused by the discharge of the duties of such person, and who is incapable as a result thereof from performing his or her assigned duties or those to which he or she would be assigned within the Member's civil service classification if returned to duty, shall be retired by order of the Board from further active duty as Department of Airports or Fire Department employee. As a further condition of entitlement to such a retirement, the Board shall also determine that such disability was not principally due to or caused by voluntary action of the Member intended to entitle him or her to a nonservice-connected disability retirement.

An Airport Peace Officer Member retired under the provisions of this subsection shall be paid thereafter a monthly nonservice-connected disability retirement allowance in an amount which shall be equal to the same percentage of the Retired Airport Peace Officer Member's Final Compensation as the Board shall determine, from time to time, to be the percentage of his or her disability, but such retirement allowance shall be in an amount of not less than 30% and not more than 50% of the Retired Airport Peace Officer Member's Final Compensation.

No Airport Peace Officer Member, while retired pursuant to this subsection, ever shall be paid any retirement pursuant either to Sections 4.1005 (Service Retirement) or 4.1006 (Deferred Service Retirement) or to Subsection (b) of this section.

✓ (d) **Determination of Disability.** The Board shall have the power to hear and determine all matters pertaining to the granting and denying of any application for a disability retirement. The Board shall cause each member who applies to be examined by, and a written report thereon rendered by, at least three regularly licensed, practicing physicians selected by the Board, unless the member is terminally ill, in which case the Board shall only require the member to be examined by one such physician selected by the Board. The Board shall hold a hearing with respect to such application. The Board shall hear or receive such other evidence relating to or concerning the member's disability or claimed disability as may be presented to it.

The Board first shall determine whether or not the member is incapable of performing his or her duties or those to which he or she would be assigned within the Member's civil service classification if returned to duty. If the Board were to determine

that he or she is not so incapable, it shall then be the duty of the Board to deny the application. If the Board were to determine that he or she is so incapable, it then shall determine, pursuant to the language used in Subsections (b) and (c) of this section, whether his or her incapacity or disability is service-connected or nonservice-connected. The Board shall then determine the percentage of the Member's incapacity or disability, within the limitations prescribed in Subsections (b) and (c) of this section, and shall grant the application accordingly. If the Board were to determine that the incapacity or disability was principally due to or caused by voluntary action by the member intended to entitle him or her to a nonservice-connected disability retirement allowance, or due to intemperance or the willful misconduct of such member, it shall then be the duty of the Board to deny the application. In the case of any Airport Peace Officer Former Member, the Board, in order to grant any application filed by him or her for a disability retirement, must also determine, in addition to all of the foregoing, that any existing incapacity or disability upon his or her part occurred prior to the termination of his or her active status, and that such incapacity or disability had been continuous up to the date of the Board's determinations.

The Board upon its own motion or upon the written request of any Retired Airport Peace Officer Member, retired pursuant to Subsections (b) or (c) of this section, shall have the power to consider new evidence pertaining to the case of any such Retired Member and to increase or decrease the percentage of his or her incapacity or disability within the limitations prescribed in Subsections (b) or (c) of this section. Any such increase or decrease shall be based only upon the injuries or sickness for which he or she was retired.

The Board shall adopt a disability rating schedule by rule to assist in standardizing disability retirement awards.

✓ (e) **Death of Applicant Prior to Board Action.** If an Airport Peace Officer Member dies while he or she was waiting for the application to be processed, the death and survivorship benefits payable to his or her survivor(s) shall be determined under Section 4.1010.1 herein.

✓ (f) **Termination of Disability Retirements.** The Board shall have the power to hear and determine upon its own motion all matters pertaining to the termination or reduction of any disability retirement pursuant to the provisions of this subsection.

✓ (1) *Retirements Granted to Persons Whose Active Status Terminated By Reason of Retirement.* The retirement of any Retired Airport Peace Officer Member, retired pursuant to Subsections (b) or (c) of this section and whose active status as an employee sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports or Fire Department, had been terminated by reason of his or her retirement, shall cease when the incapacity or disability for which he or she had been retired shall cease and he or she either:

(A) shall have been restored to active duty as an employee sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports or Fire Department, in the same permanent rank which he or she had held as of the date of retirement; or

(B) shall have been ordered restored to active duty as an employee sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports or Fire Department, in such same permanent rank and shall have declined, refused or neglected to report therefor or to perform duties as such.

Provided, however, that any Retired Airport Peace Officer Member who has been retired for more than five (5) years from the date of the Board's action by which he or she was retired may never be restored to active duty as an Department of Airports or Fire Department Member. After a Retired Airport Peace Officer Member, who has been retired for more than five years on a service-connected or nonservice-connected disability retirement, has been found to be no longer disabled, the Board shall adjust such Retired Airport Peace Officer Member's retirement allowance to 30% of his or her Final Compensation. The adjusted allowance shall reflect such cost of living adjustments as would have occurred had the Retired Airport Peace Officer Member's retirement allowance originally been based on such adjusted percentage.

✓(2) *Return to Active Duty from Disability Retirement.* An Airport Peace Officer who is restored to active duty shall begin to earn time toward a service retirement (for the period he or she was receiving a service-connected disability retirement) after one year back on active duty, provided no time is lost due to the disabling condition. If he or she completes one (1) to three (3) years of service, he or she shall receive credit for the time retired on a service-connected disability, to the extent the length of service following restoration matches the length of time on a service-connected disability retirement. After three (3) years of completed service after returning to duty, the Airport Peace Office shall receive credit for the entire period he or she was on a service-connected disability retirement.

An Airport Peace Officer who is restored to active duty from a nonservice-connected disability retirement may, after completing one (1) year of service, make contributions to restore his or her service credit for the period he or she received a disability retirement allowance, subject to requirements provided by Board rule.

✓(3) *Retirements Granted to Airport Peace Officer Former Members.* The retirement of any Retired Airport Peace Officer Member, retired pursuant to subsections (b) or (c) of this section, whose active status as an employee sworn

in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports or Fire Department, had been terminated by reason of his or her resignation or discharge as such, shall cease when the incapacity or disability for which he or she received a disability retirement shall cease.

✓ (g) **Periodic Medical Examinations.** Except in those instances in which the Board has determined that, due to the nature of the disability, no purpose would be served in having periodic medical examinations to determine whether or not a Retired Airport Peace Officer Member is still disabled, all Retired Airport Peace Officer Members on a disability retirement shall undergo medical examinations at periodic intervals for the first five (5) years of disability retirement, and at any time thereafter, as determined by the Board.

Any Retired Airport Peace Officer Member who has been retired for more than five (5) years on a service-connected or nonservice-connected disability retirement and has been found to be no longer disabled, or who has failed to submit to such medical examination as the Board may order within such reasonable time as the Board may determine, shall have his or her allowance adjusted by the Board to thirty percent (30%) of the Member's Final Compensation. The adjusted allowance shall reflect such cost of living adjustments as would have occurred had the Retired Airport Peace Officer Member's pension originally been based on such adjusted percentage.

If a Retired Airport Peace Officer Member resides outside of the State of California, the Board shall have the authority to order medical examinations of Retired Members at any place it may determine to be desirable and shall, if it is determined that it would impose hardship on the person to be examined to travel to such place, have the authority to defray the reasonable cost of any such travel required. The definition of hardship and the documentation required to verify hardship shall be established by the Board.

✓ (h) **Assessing Cost for Missed Medical Appointments.** The Board shall have the authority to provide, by rule, for assessing the cost of medical appointments missed by disability retirement applicants, or by Retired Airport Peace Officer Members receiving a disability retirement allowance, where such missed appointments were not caused by factors beyond the control of the Airport Peace Officer Member or Retired Airport Peace Officer Member.

✓ (i) **Re-application After Denial of Disability Retirement.** The Board shall establish reasonable rules governing the re-application by an Airport Peace Officer Member for a disability retirement where an application has been denied and a new application has been filed subsequently for the same or similar medical reasons as those which were the basis of a previously denied application. An Airport Peace Officer Former Member, whose status as an employee sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports or Fire Department, had been terminated by reason of his or her resignation or discharge

prior to the date that the Board determined to deny the original application, shall have no right to file a new application because the earlier denial, once final, established as a matter of law that he or she did not qualify for disability retirement at the time of the Board's determination.

✓ (j) **Consensual Re-Employment in a Different Position.** Any person heretofore or hereafter retired for disability by the Board, even though incapable of performing the duties of the position from which he or she has been or shall be retired, may be re-employed in a different vacant position if the Board of Civil Service Commissioners were to find that he or she is capable of performing the duties of such position; provided, however, that such person may be so re-employed only with the consent of the appointing authority for such position and the written consent of such person. The Board of Civil Service Commissioners shall adopt rules and regulations to effectuate the purpose of the foregoing provisions. Upon the re-employment of such person, his or her disability retirement allowance shall cease, and, should he or she be eligible for membership in the Retirement System, he or she shall again become a member of the Retirement System. Re-employment must occur within five (5) years of being granted a disability retirement.

✓ (k) **Rights and Obligations upon Re-Employment.** Any Airport Peace Officer Retired Member who re-enters the service of the City, as provided in Subsections (f) or (j) of this section, and again becomes a member of the Retirement System, shall return to membership as an Airport Peace Officer Member of Tier 1. The balance, if any, of his or her accumulated contributions, after deducting the annuity payments made to him or her on account of a disability retirement allowance, shall be credited to the individual account of such member with the Retirement System, regardless of whether he or she becomes a member of the Retirement System or of another City retirement system upon re-employment.

He or she shall receive service credit for City Service prior to the date of his or her retirement in the same manner as though he or she had never been retired for disability. The payment of a disability retirement allowance shall not constitute compensation from the City entitling him or her to service for the period it was paid, except as provided in Section 4.1008.1(f)(2).

✓ (l) **Exclusion for Willful Conduct.** In making its determinations and findings relative to Subsections (a), (b) and (c) of this section, the Board shall consider whether and to what extent the activity giving rise to the disability of an Airport Peace Officer Member was caused or aggravated by such member's willful misconduct. If the Board finds that the disability was caused or aggravated by such willful misconduct, the Board shall deny the Airport Peace Officer Member's application for a disability retirement.

✓ (m) **Board Authority.** The Board shall have the power to hear and determine all matters pertaining to the granting or termination of any retirement allowance provided for in this section. The determination of the Board shall be final and conclusive.

✓ (n) **Loan Program for Airport Peace Officer Member Disability**

Applicants. The Board shall, by rule, establish a loan program for Airport Peace Officer Members who have applied for disability retirement or upon whose behalf an application has been made in accordance with the provisions of this Chapter, provided that the loan program shall be in compliance with the provisions of Internal Revenue Code Section 72(p) and any other applicable provisions of the Internal Revenue Code. The loan program shall further provide that in no event shall the amount of funds loaned to any member exceed the amount of contributions and interest in the member's LACERS account, and that, once a Board determination is made granting or denying a member's disability application, no further funds shall be lent to the member in connection with that application. Loan repayments will be suspended under this program as permitted under Section 414(u)(4) of the Internal Revenue Code.

✓ (o) **Right to Make Back Contributions When Disability Application**

Denied. Any member who has, at any time, filed an application for the benefit of a disability retirement, which application was thereafter denied by the Board of Administration upon a finding by said Board that the applicant had not become physically or mentally incapacitated so as to be incapable of performing his or her duties, shall have the right to designate up to six (6) months of the period while such application was pending for purposes of acquiring credit towards City Service as defined in Section 4.1001, subject to the following conditions:

✓ (1) The designated period does not already entitle the member to service credit.

✓ (2) The maximum period to be designated is six (6) months or the actual period of time while the application for disability retirement was pending, whichever was less.

✓ (3) If a member has applied more than once for disability retirement, the cumulative total period to be designated may not exceed six (6) months or the time elapsed while applications were processed, whichever is less.

✓ (4) The right granted herein shall be exercised in writing, filed with the Board, designating the period of City Service for which the member desires to receive retirement credit, and must be accompanied by a single payment of back contributions or by an irrevocable agreement to pay such back contributions in installments. The back contributions to be paid shall be in an amount equal to all of the contributions which he or she would have made to the Fund had he or she been making contributions during such period, based upon such person's compensation earnable before the discontinuance of his or her service, together with all regular interest which, had he or she so made the same, would have been credited thereon prior to the date of such payment; provided, however, that in the case of such installment payments thereof, the same shall be made pursuant to rules which shall be adopted by the Board establishing minimum amounts to be paid and the period of time therefor, and providing the rate of

interest which shall also be paid upon the unpaid balance of the same. Every member who makes up back contributions as provided herein shall be allowed credit for the period of City Service designated in the declaration filed by him or her with the Board; provided, however, that should he or she, for any reason, cease to be a member before making up the full amount thereof, he or she shall be allowed retirement credit, counter-calendarwise, for the same portion of such designated period as the amount made up by him or her is of such full amount, and provided further that, should he or she cease to be a member by reason of his or her death, retirement credit shall be allowed for the whole period designated by him or her if his or her surviving spouse or domestic partner were to exercise the option which, under such circumstances, hereby is given to any surviving spouse or domestic partner to make a single payment of all of the unpaid installments with accrued interest thereon.

✓ (p) **Disability Retirements for Airport Peace Officer Former Members.**

Any Airport Peace Officer Former Member, who became such because of termination of his or her employment for any reason including service retirement, who shall believe that he or she is eligible to be paid a disability retirement allowance pursuant to this Section 4.1008.1, may file his or her written application for the payment of a disability retirement allowance within one (1) year from the date he or she ceased to be an Airport Peace Officer Member, or one (1) year from his or her last day on active payroll. The Board, if it were to determine that the contingencies provided in this Section for the payment thereof had happened or occurred as to the Airport Peace Officer Former Member prior to the date upon which he or she had ceased to be a Member, and if there is no legal bar or defense to the granting to him or her of such retirement or to any judicial action or proceeding which could be brought by him or her with respect thereto, shall grant him or her the retirement allowance in accordance with his or her written application.

✓ Sec. 10. A new Subsection (f) is added to Section 4.1010 of the Los Angeles Administrative Code to read as follows:

✓(f) All benefits payable upon the death of an Airport Peace Officer Member, Airport Peace Officer Former Member, or Airport Peace Officer Retired Member, shall be determined by Section 4.1010.1, and the provisions of this Section and Sections 4.1011, 4.1012, 4.1013, 4.1014 and 4.1015, shall not apply. The provisions of Section 4.1090 establishing the Family Death Benefit Plan shall apply only to the extent that it would not cause a survivor benefit to be paid that exceeds any limitations imposed by the Internal Revenue Code.

✓ Sec. 11. A new Section 4.1010.1 is added to the Los Angeles Administrative Code to read as follows:

✓ **Sec. 4.1010.1. Payments Upon Death of Airport Peace Officer Member, Airport Peace Officer Former Member, or Airport Peace Officer Retired Member.**

✓ All benefits payable upon the death of an Airport Peace Officer Member, Airport Peace Officer Former Member, or Airport Peace Officer Retired Member, as defined in Section 4.1001(a), shall be determined by this Section 4.1010.1, and the provisions of Sections 4.1010, 4.1011, 4.1012, 4.1013, 4.1014 and 4.1015, shall not apply. Notwithstanding anything to the contrary, no survivor allowance shall be paid under this Section 4.1010.1 to the extent it exceeds any limitations imposed by the Internal Revenue Code. The Board shall have the authority to adopt rules to implement this limitation.

✓ (a) **Definitions.** As used in this section, the following words and phrases shall have the meaning ascribed to them in this paragraph:

✓ **Accumulated Contributions.** The total of the amounts paid into the Retirement Fund by the Airport Peace Officer Member and any interest credited to the Member's account.

✓ **Assignment Pay.** Assignment Pay means any additional gross monthly pay which, by reason of assignment to perform special duties or hazardous duties, in a higher class, position, grade, code or other title than the lowest thereof within the Airport Peace Officer Member's permanent rank, shall be provided by ordinance or Memorandum of Understanding.

✓ **Minor Child.** Minor Child means a person who is a natural child or an adopted child of a deceased Airport Peace Officer Member or Airport Peace Officer Retired Member but such person shall be a Minor Child only until such person shall attain the age of 18 years or until he or she reaches the age of 22 years if such person is enrolled in school on a full-time basis as determined by the Board. Entitlement to the benefits of a Minor Child shall terminate if such person marries prior to reaching the age limit(s) provided herein.

✓ **Dependent Child.** Dependent Child means a person who is a child of a deceased Airport Peace Officer Member or Airport Peace Officer Retired Member, who, while under the age of 21 years, had become disabled, either prior to or after the date of death of such member, from earning a livelihood for any cause or reason whatsoever. Such person shall be a Dependent Child only until he or she shall cease to be disabled from earning a livelihood. Should disability cease before the age of 22 years, the limitations set forth in Subsection (g) of this section shall be applicable.

✓ **Dependent Parent.** Dependent Parent means a person who is a parent of a deceased Airport Peace Officer Member or Airport Peace Officer Retired Member and to or for whom such deceased member, during at least one (1) year immediately preceding his or her death, contributed one-half or more of such

Dependent Parent's necessary living expenses and who is unable to pay such expenses without the receipt of an allowance. Such person shall be a Dependent Parent only until he or she shall be able to pay his or her necessary living expenses.

✓ **Eligible Surviving Domestic Partner.** Eligible Surviving Domestic Partner means a person whose Declaration of Domestic Partnership with the Airport Peace Officer Member was on file with the Board, as provided in Section 4.1009 of the Los Angeles Administrative Code, or whose domestic partnership with the Airport Peace Officer Member was registered with the state:

✓ (1) for at least one (1) year prior to the date of the Airport Peace Officer Member's nonservice-connected death; or

✓ (2) on the date of the Airport Peace Officer Member's service-connected death; or

✓ (3) for at least one (1) year prior to the effective date of the Airport Peace Officer Member's retirement upon a service retirement or a nonservice-connected disability retirement; or

✓ (4) on the effective date of the Airport Peace Officer Member's service-connected disability; or

✓ (5) on the date of the Airport Peace Officer Member's nonservice-connected death while on military leave.

In addition, on the date of the Member's death, this person must be either the domestic partner (registered with the state or filed with the Plan) or spouse of such member.

✓ **Eligible Surviving Spouse.** Eligible Surviving Spouse means a person who was married to the Airport Peace Officer Member:

✓ (1) for at least one year prior to the date of his or her nonservice-connected death while an Airport Peace Officer Member, or

✓ (2) on the date of the Airport Peace Officer Member's service-connected death, or

✓ (3) for at least one year prior to the effective date of the Airport Peace Officer Member's retirement upon a service retirement or a nonservice-connected disability retirement, or

✓ (4) on the effective date of the Airport Peace Officer Member's service-connected disability retirement, or

✓ (5) on the date of the Airport Peace Officer Member's nonservice-connected death while on military leave.

✓ **Eligible Survivor.** Eligible Survivor means a person who is either an Eligible Surviving Spouse or an Eligible Surviving Domestic Partner.

✓ **Hazard Pay.** Hazard Pay means any additional gross monthly pay which, by reason of assignment to perform helicopter duties, two-wheel motorcycle duties or any other hazardous duties, shall be provided by ordinance or Memorandum of Understanding

✓ **Length of Service Pay.** Length of Service Pay means any additional gross monthly pay which, by reason of length of service, shall be provided by ordinance or by Memorandum of Understanding.

✓ **Member.** Member means Airport Peace Officer Member, Airport Peace Officer Retired Member, or Airport Peace Officer Former Member, as appropriate.

✓ **Special Pay.** Special Pay means any additional gross monthly pay which, by reason of assignment to perform special duties other than hazardous duties, shall be provided by ordinance or Memorandum of Understanding.

✓ **Year.** Year means a period of 12 months or, in aggregating partial years for purposes of determining Service, means 365 days.

✓ **Final Compensation.** Final Compensation means an amount equivalent to a monthly average of salary actually earned during any 12 consecutive months of service as a Member of the Retirement System, as designated by the Member. In the absence of such designation, the last 12 consecutive months preceding the date upon which retirement would become effective shall be used as the basis for the calculation of Final Compensation.

For the purposes of determining Final Compensation for periods during which the Member receives less than full salary on account of injury or illness, pursuant to any applicable ordinance of the City, the Final Compensation shall be based upon the salary, including any Length of Service Pay, Special Pay, Assignment Pay or Hazard Pay, the Member would have received but for the injury or illness.

Included in the calculation of Final Compensation shall be Length of Service Pay, Special Pay, Assignment Pay and Hazard Pay actually earned during the 12 consecutive months used to determine Final Compensation.

For those Airport Peace Officer Members who retire from the Department of Airports while holding a rank no higher than Lieutenant or the Fire Department

while holding a rank no higher than Captain: If Hazard Pay was not earned during all or any part of the 12 consecutive months used to determine Final Compensation, then an amount equivalent to 10% of the Hazard Pay earned at the time of the termination of the last assignment of hazardous duties for each year in the aggregate of the assignment to hazardous duties shall be added to the Final Compensation, not to exceed 10 years in the aggregate. The total amount of Hazard Pay included in Final Compensation may not exceed 100% of the amount the Member would have earned had he or she been entitled to Hazard Pay during the entire 12-month period utilized in the calculation of Final Compensation.

Overtime compensation or payments of money to the member not designated as salary by an ordinance or Memorandum of Understanding shall not be considered for purposes of calculating Final Compensation.

Should a Member not have completed 12 consecutive months of service, then and in that event only shall the Final Compensation be calculated as a monthly average of all consecutive calendar months completed, and, if the Member has completed less than one month of total service as a Member, the salary actually received shall be used to calculate its monthly equivalent.

✓ (b) **Benefits for Eligible Survivor.**

✓ (1) *Member's Service-Connected Death.* The Eligible Survivor of an Airport Peace Officer Member who shall die by reason of injuries received or sickness caused by the discharge of his or her duties while an Airport Peace Officer Member, shall be paid for life a monthly allowance in an amount which shall be equal to 80% of the deceased Member's Final Compensation.

For the purposes of the benefit provided in this Subsection (b)(1), an Airport Peace Officer Member has died by reason of injuries received or sickness caused by the discharge of his or her duties if there is clear and convincing evidence that the discharge of the Member's duties were the predominant cause of his or her death.

✓ (2) *Member's Nonservice-Connected Death.* The Eligible Survivor of an Airport Peace Officer Member who shall have five (5) or more years of Service and who shall die while an Airport Peace Officer Member, by reason of injuries or sickness other than injuries received or sickness caused by the discharge of his or her duties, shall be paid for life a monthly allowance in an amount which shall be equal to 50% of the deceased Member's Final Compensation.

✓ (3) *Retired Member's Death While on a Service Retirement.* The Eligible Survivor of an Airport Peace Officer Retired Member, who shall die while he or she is receiving a retirement allowance pursuant to Section 4.1007, shall

be paid for life a monthly allowance in an amount which shall be equal to 70% of the retirement allowance received by the deceased Airport Peace Officer Retired Member immediately preceding the date of his or her death. The benefit described in this Subsection (b)(3) may be modified as provided in Subsection (c) of this section.

√ (4) *Member's Nonservice-Connected Death While on Military Leave.* The Eligible Survivor of an Airport Peace Officer Member who, while on military leave, is killed as a result of the discharge of his or her military duties shall be paid for life, as a nonservice-connected survivor benefit, a monthly allowance in an amount which shall be equal to 50% of the deceased Member's Final Compensation. This benefit shall be paid in lieu of any benefits that would otherwise be payable under Subsections (b)(2), (b)(5) or (b)(6) of this section.

√ (5) *Nonservice-Connected Death of Member with Less than Five Years of Service.* In the event the Member died of nonservice-connected causes before having completed five years of Service, the Eligible Survivor of the deceased Airport Peace Officer Member, or his or her Minor or Dependent Children if there is no Eligible Survivor, or his or her Dependent Parents if there is no Eligible Survivor and no Minor or Dependent Children, shall be entitled to the Basic Death Benefit described in Subsection (b)(6) below.

√ (6) *Basic Death Benefit and Election.* The Basic Death Benefit shall consist of: (1) the return of a deceased Member's accumulated contributions to the Retirement System with accrued interest thereon, subject to the rights created by virtue of the Member's designation of a beneficiary as otherwise provided in the Retirement System; and (2) if the deceased Member had at least one year of Service, the deceased Member's Final Compensation multiplied by the number of completed years of Service, not to exceed six years, provided that said amount shall be paid in monthly installments of one-half of the deceased Member's Final Compensation.

An Eligible Survivor, or a guardian acting on behalf of the Minor or Dependent Children of a deceased Airport Peace Officer if there is no Eligible Survivor, or Dependent Parents if there is no Eligible Survivor and no Minor or Dependent Children entitled to an allowance pursuant to any of the provisions of this section, where benefits are based upon the Member's death in active service, may, in lieu of the allowance provided and before the first payment of such allowance, elect to receive the Basic Death Benefit.

√ (7) *Retired Member's Death While on a Service-Connected Disability Retirement.* The Eligible Survivor of an Airport Peace Officer Retired Member, who shall die while he or she is receiving a service-connected disability allowance pursuant to Section 4.1008.1, shall be paid for life a monthly allowance in an amount which shall be equal to 80% of the allowance received by the deceased Airport Peace Officer Retired Member immediately preceding

the date of his or her death, unless the death of the Retired Member occurs within three (3) years after the effective date of his or her allowance and is due to service-connected causes, in which case, the Eligible Survivor shall receive, or in a case where an option has been elected pursuant to Subsection (c) of this section, may elect to receive, 80% of the Retired Member's Final Compensation, as modified by the cost of living adjustments made pursuant to Section 4.1022. The benefit described in this Subsection (b)(7) may be modified as provided in Subsection (c) of this section.

✓ (8) *Retired Member's Death While on a Nonservice-Connected Disability Retirement.* The Eligible Survivor of an Airport Peace Officer Retired Member, who shall die while he or she is receiving a nonservice-connected disability allowance pursuant to Section 4.1008.1, shall be paid for life a monthly allowance in an amount which shall be equal to 70% of the allowance received by the deceased Retired Member immediately preceding the date of his or her death. The benefit described in this Subsection (b)(8) may be modified as provided in Subsection (c) of this section.

✓ (c) **Optional Allowances for Eligible Survivor.** At any time before the first payment of a service allowance, a service-connected disability allowance, or a nonservice-connected disability allowance, the Member may elect to receive, in lieu of his or her allowance as provided in Section 4.1007 (Service) or Section 4.1008.1 (Disability), the actuarial equivalent at that time of such allowance and of the allowance for the Eligible Survivor, as provided in Subsection (b) of this section, by electing an optional allowance payable throughout the balance of his or her life, with the provisions that upon his or her death such optional allowance shall be continued to the Member's Eligible Survivor in the proportional amount designated by the Member at the time of election of the option provided by this section.

The amount of such optional allowance shall be so calculated that the liability of LACERS at the date of retirement under the optional allowance shall be equal to the liability of LACERS at the same date under the allowance awarded in accordance with the provisions of Section 4.1007 or Section 4.1008.1 and of the survivorship allowance provided by Subsection (b) of this section. For the purpose of this section, the liability of LACERS is defined as the present value, in accordance with tables adopted by the Board, of the allowances or optional allowances calculated by approved actuarial methods, and recommended by the Retirement System's actuary. In determining the actuarial equivalent of the allowance for an Eligible Survivor as provided pursuant to Subsection (b)(7) of this section, the equivalent of a survivorship allowance of 80% of the retiree's allowance shall be used in all cases.

The optional amounts, calculated in accordance with the foregoing paragraph, shall provide a range of optional values such that the amount to be paid to the Eligible Survivor shall range from 75% to 100% of the allowance payable to the Member.

If an Airport Peace Officer Retired Member, previously retired pursuant to the provisions of Section 4.1008.1, should be reinstated to active duty upon termination of his or her disability, the election to receive the optional allowance as herein provided shall be deemed cancelled as of the effective date of such reinstatement.

An Airport Peace Officer Retired Member, previously retired on a disability allowance pursuant to the provisions of Section 4.1008.1, shall have the right to cancel any option previously elected by him or her pursuant to the provisions of this subsection in the event his or her allowance is subsequently adjusted as provided for in Section 4.1008.1.

« (d) **Additional Allowance Amounts for Additional Beneficiaries.**

Whenever any Airport Peace Officer Member or Airport Peace Officer Retired Member shall die and leave surviving him or her, in addition to an Eligible Survivor, a Minor Child or Children or a Dependent Child or Children of the deceased member and the Eligible Survivor, then such Eligible Survivor shall be paid an additional monthly allowance in an amount which shall be equal to 25% of the allowance he or she as an Eligible Survivor would be entitled to pursuant to the provisions of Subsection (b) of this section while there is one Minor Child or Dependent Child, 40% while there are two Minor Children or Dependent Children or a combination thereof, and 50% while there are three or more Minor Children or Dependent Children or a combination, and such additional monthly allowance shall be the exclusive property of such Eligible Survivor and not the property of any such Minor Child or Dependent Child.

Whenever any Airport Peace Officer Member or Airport Peace Officer Retired Member shall die and leave surviving him or her in addition to an Eligible Survivor, a Minor Child or Children or a Dependent Child or Children who are not the child or children of the Eligible Survivor, then the guardian(s) or conservator(s), as appropriate, of the estate(s) of any such Minor Child or Children or Dependent Child or Children shall be paid a monthly allowance in an amount which shall be equal to 25% of the allowance the Eligible Survivor would be entitled to pursuant to the provisions of Subsection (b) of this section while there is one Minor Child or Dependent Child, 40% while there are two Minor Children or Dependent Children or a combination, and 50% while there are three or more Minor Children or Dependent Children or a combination.

Whenever any Airport Peace Officer Member or Airport Peace Officer Retired Member shall die and leave surviving him or her, in addition to an Eligible Survivor, a Minor Child or Children or a Dependent Child or Children of the deceased member and the Eligible Survivor and a Minor Child or Children or a Dependent Child or Children not the child or children of the Eligible Survivor, then a monthly allowance shall be paid in an amount which shall be equal to 25% of the allowance the Eligible Surviving Spouse would be entitled to pursuant to the provisions of Subsection (b) of this section while there is one Minor Child or Dependent Child, 40% while there are two Minor Children or Dependent Children or a combination, and 50% while there are three or more Minor Children or Dependent Children or a combination. The amount of such monthly allowance shall be divided by the number of Minor Children or Dependent Children and

shall be adjusted accordingly whenever any Minor or Dependent Child shall cease to be such. The Eligible Survivor shall be paid the portion of such monthly allowance which shall be applicable to the number of his or her Minor Children or Dependent Children and the same shall be her or his exclusive property. The guardian(s) or conservator(s), as appropriate, of the estate(s) of the Minor Children or Dependent Children who are not those of the Eligible Survivor shall be paid the portion of such monthly allowance which shall be applicable to such Minor Children or Dependent Children and the same shall be the exclusive property of such children.

Any benefits provided in this subsection, which are not the property of the Eligible Survivor but are the property of the Minor Child or Dependent Child, shall not be required to be paid to a guardian or conservator of the Minor Child or Dependent Child if the Minor Child or Dependent Child is an adult who is capable of managing his or her financial affairs, in which case the benefits may be paid directly to such adult Minor Child or Dependent Child. Dependent Child benefits payable under this subsection shall be paid pursuant to the provisions of Charter Section 1238, if applicable.

The additional allowance amounts provided in this subsection for persons other than an Eligible Survivor are to be calculated on the basis of the applicable Eligible Survivor allowance provided pursuant to Subsection (b) of this section, unmodified by any election that may previously have been made pursuant to the provisions of Subsection (c) of this section.

Additional allowance amounts are also subject to the limitation that the amount of any survivorship allowance provided in this section, after the additional payments provided in this subsection are added thereto, may not exceed 100% of the Final Compensation of the deceased Airport Peace Officer or 100% of the Final Compensation of the deceased Retired Airport Peace Officer, as modified by the cost of living adjustments made pursuant to Section 4.1022 since the date of retirement of the Retired Member. In case of such excess, any additional allowance amounts shall be reduced to a level where the total amount of allowance is equal to such maximum.

✓(e) **Allowance for Minor or Dependent Children Where Member Had No Eligible Survivor.** Whenever any Airport Peace Officer Member or Airport Peace Officer Retired Member shall die without leaving a Eligible Survivor, the guardian or conservator, as applicable, of the estate(s) of his or her Minor or Dependent Children shall be paid, until each such child shall cease to be a Minor or Dependent Child, a monthly allowance equal to the allowance an Eligible Survivor would have been eligible to receive pursuant to Subsection (b) of this section had an Eligible Survivor survived such Member. Whenever any Airport Peace Officer or Retired Airport Peace Officer shall die leaving an Eligible Survivor who thereafter shall die, the guardian or conservator, as applicable, of the estate(s) of his or her Minor or Dependent Children shall be paid, until each such child shall cease to be a Minor or Dependent Child, a monthly allowance equal to the allowance an Eligible Survivor would have been eligible to receive pursuant to Subsection (b) of this section. In any of the foregoing events and if there were to be more than one Minor or Dependent Child, an equal share of such

monthly allowance shall be paid for and on behalf of each such child to the guardian or conservator, as applicable, of his or her estate and shall be adjusted as each of them shall cease to be a Minor or Dependent Child in the manner set forth in Subsection (d) of this section. If payments are made pursuant to this Subsection (e), no additional allowance amounts shall be paid pursuant to Subsection (d) of this section. With regard to benefits payable to a Minor Child or Dependent Child who is an adult and capable of managing his or her financial affairs, the foregoing provisions requiring payment to a guardian or conservator of such child shall be disregarded and payment may be made directly to such adult child.

Dependent Child benefits payable under this subsection shall be paid pursuant to the provisions of Charter Section 1238, if applicable.

✓ (f) **Allowance for Dependent Parents Where Member Had No Eligible Survivor.** Whenever any Airport Peace Officer Member or Airport Peace Officer Retired Member shall die without leaving an Eligible Survivor or a Minor or Dependent Child, a monthly allowance shall be paid to such Dependent Parents or to the survivor of them until each such Dependent Parent shall cease to be such. Any Dependent Parent who shall cease to be such, but who thereafter again shall become unable to pay his or her necessary living expenses without an allowance, shall be entitled to have his or her allowance reinstated.

The total amount of an allowance payable to the Dependent Parents shall be the same as that to which an Eligible Survivor would have been entitled pursuant to Subsection (b) of this section.

✓ (g) **Determinations With Respect to Cause of Death and Dependency.** The Board shall have the same power as that which has been given to it by Section 4.1008.1(d) and (f) in order to determine:

✓ (1) whether an Airport Peace Officer Member's death was service-connected or nonservice-connected for the purposes of Section 4.1010.1(b)(1) and (2);

✓ (2) whether or not a child of a deceased Airport Peace Officer Member or Airport Peace Officer Retired Member is a Dependent Child; and

✓ (3) whether or not any parent of a deceased Airport Peace Officer Member or Airport Peace Officer Retired Member is a Dependent Parent.

The Board also shall have the power to determine, from time to time, whether or not a child continues to be a Dependent Child, whether or not a parent continues to be a Dependent Parent and whether or not a Dependent Parent who had ceased to be such thereafter shall have become entitled to have his or her allowance reinstated. The Board shall also have the power to determine whether an adult Minor Child or Dependent Child is capable of managing his or her own financial affairs.

✓ (h) **Medical Reports and Hearings.** The power of the Board to determine whether an Airport Peace Officer Member's death was service-connected or nonservice-connected, as provided in Subsection (g) of this section, hereafter may be exercised by it upon the basis of a written report from one regularly licensed and practicing physician selected by it, but the Board, in its discretion, may obtain such a report from more than one such physician. This determination may, at the option of the Board, be made without a hearing being held pursuant to the provisions of Subsection (g) of this section, provided that, should any decision made without a hearing being held adversely affect any person, such person may request and, upon such request, shall be granted a hearing before the Board at which such decision shall be reconsidered.

✓ (i) **Distribution of Contributions.** Whenever a Member dies prior to retirement without leaving a person or persons entitled to receive an allowance pursuant to the provisions of this section, then, and in that event, his or her contributions to the Retirement System, together with such interest as may have been credited to the Member's individual account shall be paid to such person as he or she shall have nominated by written designation duly executed and filed with the Board; or, if there is no such designation, then to the Member's Eligible Survivor; or, if none, then to the Member's children; or, if no children, then to the Member's parents. In the event there is no written designation of beneficiary, Eligible Survivor, children or parents, then the contributions shall be paid to the executor or administrator of the estate of such deceased Member or to any other person legally authorized to collect money due the decedent.

✓ (j) **Burial Allowance.** Upon the death of every retired Member, the sum of \$2,500.00 shall be paid to such person or legal entity as the retired member shall have nominated by written designation, duly executed and filed with the Board of Administration; or to the Eligible Survivor of such deceased retired member, in the event there be no designated beneficiary; or to his or her child or children, in the event there be no designated beneficiary or Eligible Survivor, provided that such payment shall be made only after satisfactory evidence has been presented to the Board showing that the expense of burial of the decedent has been paid or that the obligation to pay therefor has been assumed by a person or persons or an organization legally capable of contracting such obligation. The fact of burial, as evidenced by a certified copy of the death certificate, shall be sufficient evidence of compliance with the requirements stated in the foregoing sentence. While the purpose of this benefit is to provide a funeral allowance for the deceased retiree, the Retirement System shall have no responsibility to assure that this payment is used for that purpose.

✓ In the event there be no designated beneficiary, Eligible Survivor, or child or children, or in the event the requirements herein stated with respect to the expense of burial of such retired member have not been complied with within such time as said Board, in its discretion, may determine, then the payment of the amount specified in this subsection shall be paid to the executor or administrator of the estate of such decedent, or to any other person or legal entity legally authorized to receive money due said decedent.

✓ (k) **Reversion of Unclaimed Contributions to the Retirement Fund.** The right to the payments set forth in this section is a vested property right of the person(s) entitled to such payment; provided, however, that should the person(s) entitled thereto fail to claim this benefit within ten (10) years from the date of such death, the funds shall revert to the Retirement Fund, unless and until, the Board of Administration receives a valid belated claim for payment, determined at the sole discretion of the Board of Administration. Any death benefit payable shall be subject to mandatory minimum distribution as required by the Internal Revenue Code, provided that the funds that are required to be distributed shall revert to the Retirement Fund if the person(s) entitled to the funds refuses to cooperate in electing to be paid such funds or cannot be located and the Retirement System has followed Internal Revenue Service procedures to locate such person(s).

✓ (l) **Survivor Benefit Purchase Program for Airport Peace Officer Retired Members.** An Airport Peace Officer Retired Member may elect, after retirement, to provide a survivor benefit to a spouse or domestic partner subject to the following:

✓ (1) *Member to Pay Full Cost.* The Airport Peace Officer Retired Member shall pay the full actuarially determined cost of the survivor benefit through an actuarial reduction in his or her monthly pension benefit.

✓ (2) *Vesting Requirement.* The right to benefits under this program shall not vest until the Airport Peace Officer Retired Member survives at least one (1) year from the date he or she makes an election to provide this benefit, unless the Board shall determine by a preponderance of the evidence that the Airport Peace Officer Retired Member's death was accidental.

If the right to benefits has not vested before the date of the Airport Peace Officer Retired Member's death and the accidental death exception does not apply, then no survivor benefit shall be provided by the Retirement System and the amount by which the Airport Peace Officer Retired Member's monthly benefits were reduced after making this election shall be paid as a lump sum to the spouse or domestic partner, provided that if the spouse or domestic partner has predeceased the member, the lump sum shall be paid to the member's estate.

✓ (3) *Only One Election Allowed.* In order to minimize administrative costs to the Retirement System, an Airport Peace Officer Retired Member may only exercise this election once. The Airport Peace Officer Retired Member's election shall not apply to any interest in his or her pension benefit awarded by the court to another person, but only to the interest retained by the Airport Peace Officer Retired Member. The election may only be made to provide a benefit for a spouse or domestic partner who is not already qualified to receive a benefit from the Retirement System upon the Airport Peace Officer Retired Member's death. For purposes of this section, a domestic partnership must either be filed with the Retirement System or the California Secretary of State or be recognized

as a valid domestic partnership in this state based upon the provisions of Section 299.2 of the Family Code or any successor provisions.

√ (4) *Irrevocable Election.* Once an election is made, it is irrevocable. The Airport Peace Officer Retired Member's monthly pension benefits will be permanently reduced and will not increase if the spouse or domestic partner predeceases the Airport Peace Officer Retired Member or if their marriage or domestic partnership is otherwise terminated.

√ (5) *Survivor Benefit.* The benefit authorized by this section consists of a percentage continuation of the Airport Peace Officer Retired Member's monthly pension benefit payable to the surviving spouse or domestic partner of the Retired Member for the survivor's lifetime. In order to be eligible to receive the survivor benefit provided by this section, the survivor must be either the spouse or domestic partner of the Retired Member at the time he or she elected to provide this benefit and at the time of the Member's death. A survivor receiving a benefit under this section shall not be eligible for a health subsidy from the Retirement System. The payment of a survivor benefit provided by this section does not impact the payment of other survivor benefits from the Retirement System.

√ (6) *Payment Options.* The Airport Peace Officer Retired Member shall select the percentage of continuance that he or she desires to fund from the options provided by the Retirement System. These options shall be established by Board rule and shall provide a reasonable range of choices, subject to any limitations imposed by federal law. If no continuance is payable based on the provisions of Subdivision (2), then the amount paid by the Airport Peace Officer Retired Member as a reduction in his or her monthly retirement benefit shall be refunded as provided therein.

√ (7) *Right to Review, Modify and Terminate the Program.* The City's right to review the program, as provided below, may not be exercised more often than every five (5) years.

To initiate a review, the City Administrative Officer (CAO) shall request the Retirement System to provide data relevant to the program's costs. If the CAO so requests after reviewing the data provided, an actuarial report shall be obtained. As part of this review, the City Council shall have the authority, by ordinance, to enact modifications to the program necessary to maintain cost neutrality or to terminate the program if the program cannot be modified to maintain cost neutrality.

If the program is modified, the modifications shall not apply to Airport Peace Officer Retired Members who elected this benefit before the effective date of the modifications. If the program is terminated, the Retirement System shall continue to administer the program for all Airport Peace Officer Retired Members

who elected benefits under the program prior to the termination date, but shall not allow Airport Peace Officer Retired Members to elect benefits under the program after the termination date.

✓(8) *Board's Authority to Adopt Rules and Administer the Program.* The Board shall administer this program and adopt any necessary rules. This includes the authority to establish any mortality assumptions required for the administration of the program.

✓ Sec. 12. Subsection (b)(1) of Section 4.1020 of the Los Angeles Administrative Code is amended to read as follows:

✓(1) Members may not buy back credit for periods of service for which they are currently eligible or will become eligible to receive a retirement benefit from a prior plan, provided, however, that to the extent required by federal law, periods of service in the United States military reserve may be purchased even if the Member is eligible to receive a retirement benefit from the prior plan. For purposes of the previous sentence, a member shall be treated as eligible for such benefit from a prior plan even if the member will not receive such benefit solely due to the member's withdrawal of member contributions and interest from the prior plan, unless such withdrawal occurred prior to the later of the member's date of hire by the City or December 20, 1996, or unless the member deposits the amount of such withdrawal as the buy back purchase price, in accordance with Subsection (e)(2) hereof, within ninety (90) days of such withdrawal. In addition, a member shall be treated as eligible for such benefit from a prior plan if the member received at any time a distribution from the prior plan in excess of member contributions and interest with respect to such period of service. The Board may extend the ninety (90) day period if required for compliance with Section 415 of the Internal Revenue Code. In the event that prior to the attainment of the minimum age and service for a service retirement under LACERS the member becomes eligible to receive currently or in the future a retirement benefit from the prior plan with respect to such period of service, the corresponding buy back credit shall be canceled, and the member shall receive a refund of the payments made under Subsection (e) with respect to such buy back credit, with interest, payable upon the earlier of death, termination of employment, or retirement from City Service.

✓ Sec. 13. Subsection (c) of Section 4.1020.1 of the Los Angeles Administration Code is amended to read as follows:

✓ (c) **Written Agreement and Cost of Purchase.** A member electing to purchase WPERP service under this section shall enter into a written agreement with the Retirement System. Such agreement shall specify the amount to be paid for the purchase of this service. The cost to purchase service shall be determined as follows:

The member's contribution rate shall be combined with the "City Contribution Rate" (the average annual percent of payroll contributed by the City to the Retirement Fund, excluding contributions allocated to fund the 401(h) account, based upon the City's payments for the seven (7) years prior to the time of purchase) to establish the total percent of the member's compensation, at the time of purchase, that is to be paid for the total length of the period of service that the member agrees to purchase. Compensation as used in this subsection shall refer to the member's compensation earnable, as defined in Subsection 4.1001(a), at the time of purchase.

✓ As an example, assuming the member's compensation at the time of purchase is \$100,000.00 per year, the member's contribution rate is ten percent (10%), the City Contribution Rate is twenty percent (20%), and the period of service to be purchased is two (2) years, the cost would be determined as follows:

✓ The ten percent (10%) member contribution rate plus the twenty percent (20%) City Contribution Rate results in a total contribution rate of thirty percent (30%). Thus, to purchase two (2) years of service would cost the member a total of \$60,000.00 (thirty percent (30%)) of the member's \$100,000.00 compensation for each year of service purchased).

✓ Sec. 14. Section 4.1021 of the Los Angeles Administrative Code is amended to add a paragraph break between the second and third sentences of the second paragraph to read as follows:

The Board of Administration shall, by rule, provide for the making of additional contributions to provide a larger annuity benefit at the time of retirement. A member shall not be permitted to make such additional contributions, however, if doing so would cause his or her benefits to exceed the Internal Revenue Code limitations referenced in Section 4.1029. All larger annuity benefits funded by the making of additional contributions, as authorized in this section, shall be determined by the actuary to be cost-neutral.

Solely for the purpose of making additional contributions to provide a larger annuity benefit at the time of retirement, the Board of Administration may accept, subject to any limitations imposed by federal law, a direct rollover distribution of funds from the City of Los Angeles 457 Deferred Compensation Plan after the date of the member's retirement provided that: the member's application to purchase a larger annuity benefit is received prior to the effective date of the member's retirement; the member, prior to his or her retirement, shall have provided the Deferred Compensation Plan with the written authorization that is required for funds to be transferred to the Retirement System immediately after his or her retirement; the rollover is completed as soon as administratively feasible; and the larger annuity benefit is not payable to the member until after the funds have been received.

The Board of Administration shall have the authority to adopt all rules necessary to administer the larger annuity program within the constraints established in this section, including the authority to establish a deadline for the receipt of the rollover funds after which the member's application shall be deemed denied.

✓ Sec. 15. The first paragraph of Subsection (a) of Section 4.1080.2 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) **Membership Provisions.** Effective February 21, 2016, and ongoing, every employee shall become a member of Tier 3 of the Retirement System on the first day of employment in a position with the City in which he or she is not excluded from membership pursuant to the provisions of Subsection (c) of this section, unless he or she qualifies for Tier 1 membership pursuant to the exceptions to Tier 3 membership set forth in Subsection (b).

✓ Sec. 16. A new Subsection (b)(8) is added to Section 4.1080.2 of the Los Angeles Administrative Code to read as follows:

✓ (8) **Airport Peace Officers Appointed Prior to January 7, 2018.** Effective January 7, 2018, all Members of Tier 3 who were appointed prior to January 7, 2018 and who, on that date, were sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports, in class codes 3225-1, 3225-2, 3225-3, 3202-0, 3202-1, 3202-2, 3236, 3226-0, 3226-1, 3226-2, 3227, 3203, 3203-9, 3228-0, 3228-1, 3228-2, 3205, 3234 or 3232, shall be Members of Tier 1 of the Retirement System and shall be subject to all the benefits and conditions of entitlement of that tier, including the obligation to make an irrevocable written election to either remain in Tier 1 of the Retirement System as an Airport Peace Officer Member or become a member of Tier 6 of LAFPP, as described in Section 4.1002(e). Upon becoming a Member of Tier 1 of the Retirement System pursuant to this section, the Member's irrevocable written election under Section 4.1002(e) shall take effect in the manner described in that section. Such Members shall not be entitled to elect to remain in Tier 3 of the Retirement System. The Department of Airports shall contribute to the Retirement System the funds necessary, as determined by the actuary for the Retirement System, to make the Retirement Fund whole for any contributions that would have been made by the City and these former Tier 3 Members had those members been members of Tier 1 from their respective initial dates of membership in LACERS. Such contributions shall be made regardless of whether a former Tier 3 Airport Peace Officer Member elects to remain in Tier 1 of the Retirement System or become a member of Tier 6 of LAFPP. Such contributions will reflect the difference between the Tier 1 and Tier 3 normal cost rates calculated for the affected Tier 3 members adjusted with interest at the assumed earnings rate. Any such back contributions made by the Department of Airports shall not be credited to any individual member's account but shall be contributed solely for the purpose of making the Retirement Fund whole.

✓ Sec. 17. The first paragraph of Subsection (d) of Section 4.1080.3 of the Los Angeles Administrative Code is amended to read as follows:

✓(d) **Optional Additional Contributions under Larger Annuity Program Established by the Board.** The Board of Administration shall, by rule, provide for the making by members of additional contributions to provide for a larger annuity benefit at the time of retirement. A member shall not be permitted to make such additional contributions, however, if doing so would cause his or her benefits to exceed the Internal Revenue Code limitations referenced in Section 4.1080.26. All larger annuity benefits funded by the making of additional contributions by members, as authorized in this section, shall be determined by the actuary for the Retirement System to be cost-neutral.

✓ Sec. 18. Subsection (c) of Section 4.1080.7 of the Los Angeles Administrative Code is amended to read as follows:

✓(c) **Age Based Reduction Factor for Early Retirement.** For members who retire pursuant to Section 4.1080.5(a)(1)(ii), and former members who retire pursuant to Section 4.1080.6(a)(4), an age-based reduction shall be made by multiplying the retirement allowance as calculated in Subsection (a) by the factor set forth in the table.

Early Retirement Reduction Factors

45	0.6250
45 1/4	0.6325
45 1/2	0.6400
45 3/4	0.6475
46	0.6550
46 1/4	0.6625
46 1/2	0.6700
46 3/4	0.6775
47	0.6850
47 1/4	0.6925
47 1/2	0.7000
47 3/4	0.7075
48	0.7150
48 1/4	0.7225
48 1/2	0.7300

48 3/4	0.7375
49	0.7450
49 1/4	0.7525
49 1/2	0.7600
49 3/4	0.7675
50	0.7750
50 1/4	0.7825
50 1/2	0.7900
50 3/4	0.7975
51	0.8050
51 1/4	0.8125
51 1/2	0.8200
51 3/4	0.8275
52	0.8350
52 1/4	0.8425
52 1/2	0.8500
52 3/4	0.8575
53	0.8650
53 1/4	0.8725
53 1/2	0.8800
53 3/4	0.8875
54	0.8950
54 1/4	0.9025
54 1/2	0.9100
54 3/4	0.9175
55	0.9250
55 1/4	0.92875
55 1/2	0.93250
55 3/4	0.93625
56	0.94000

56 1/4	0.94375
56 1/2	0.94750
56 3/4	0.95125
57	0.95500
57 1/4	0.95875
57 1/2	0.96250
57 3/4	0.96625
58	0.97000
58 1/4	0.97375
58 1/2	0.97750
58 3/4	0.98125
59	0.98500
59 1/4	0.98875
59 1/2	0.99250
59 3/4	0.99625
60 and over	1.00

✓ Sec. 19. The first paragraph of Subsection (e) of Section 4.1080.8 of the Los Angeles Administrative Code is amended to read as follows:

✓ (e) **Review of Disability Retirees.** The Board may, from time to time in its discretion, require any beneficiary under the age of sixty (60) years who shall have been retired because of disability to submit to medical examination by one or more regularly licensed practicing physicians selected by the Board. Upon the basis of such examination and other proper evidence, said Board shall determine whether such beneficiary is still incapacitated for service in the position held by the beneficiary at the time of his or her retirement. If the Board determines that such beneficiary is not so incapacitated, the beneficiary shall be restored to duty in the position held by him or her at the time of the disability retirement order, and, upon his or her return to active service, his or her retirement allowance shall be canceled.

✓ Sec. 20. Subsection (b)(2) of Section 4.1080.20 of the Los Angeles Administrative Code is amended to read as follows:

✓ (2) Members may not buy back credit for periods of service for which they are currently eligible or will become eligible to receive a retirement benefit from a prior plan provided, however, that to the extent required by federal law,

periods of service in the United States military reserve may be purchased even if the Member is eligible to receive a retirement benefit from the prior plan. The Member must obtain certification from the governmental entity or its public retirement system showing the full-time paid employment periods and further certifying that the member is not eligible and will not be eligible for retirement benefits for that service. Such certification must be sufficient to satisfy the Board of Administration that the service qualifies for purchase as provided in this section. Service in the Armed Forces of the United States may be certified by an official discharge document issued by said Armed Forces showing the character of the Member's service and his or her dates of service in said Armed Forces.

✓ Sec. 21. Section 4.1101 of the Los Angeles Administrative Code is amended to read as follows:

✓ **Sec. 4.1101. Administration.**

The health and welfare programs established in this Chapter shall be administered by the Board of Administration of the Los Angeles City Employees' Retirement System (Board). In furtherance thereof, the Board shall contract for suitable plans as authorized in Sections 4.1105 and 4.1106 of this Chapter, or with third-party administrators that contract for suitable plans (such as health care exchanges), to be made available to former employees retired, pursuant to the provisions of Division 4, Chapter 10 of this Code, and former employees retired, pursuant to the provisions of Volume II, Article XI, Part 3 of the Charter, governing the Los Angeles Fire and Police Pension plan (LAFPP), who were enrolled in plans administered by the Personnel Department on December 31, 1999. Effective December 31, 2017, any former employee retired from LAFPP shall be ineligible for enrollment in any program established in this Chapter unless such former employee was enrolled in a plan administered by the Personnel Department on December 31, 1999.

✓ The Board shall have the power to adopt such rules as it deems necessary to administer the health and welfare programs.

✓ Sec. 22. Subsection (a) of Section 4.1111 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) **Eligibility for Medical Plan Premium Subsidy.** A retiree who is enrolled in plan(s) administered by the Board as part of the Medical Plan Program, and who is retired pursuant to Chapter 10 of Division 4 of this Code, shall be eligible for a medical plan premium subsidy as provided in Subsection (d) or Subsection (e), as applicable.

✓ Sec. 23. Subsection (a) of Section 4.1113 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) **Reimbursement.** Reimbursement shall be limited to the Medicare Part B basic/standard premium (Medical Insurance). No reimbursement shall be paid for Medicare Part B costs that exceed the basic/standard premium.

✓ Sec. 24. A new Subsection (d) is added to Section 4.1113 of the Los Angeles Administrative Code to read as follows:

✓ (d) **No Dependent Reimbursement.** Premium reimbursement may not be applied toward coverage for dependents of retirees.

✓ Sec. 25. Subsection (b)(3) of Section 4.1115 of the Los Angeles Administrative Code is amended to read as follows:

✓ (3) **Maximum Monthly Subsidy.** The maximum monthly medical plan premium subsidy shall be the single-party premium for the lowest cost standard plan, as defined by the Board, available to participants without Medicare Parts A and B.

✓ Sec. 26. Subsection (a) of Section 4.1126 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) **Eligibility for Medical Plan Premium Subsidy.** A retiree who is enrolled in plan(s) administered by the Board as part of the Medical Plan Program, and who is retired pursuant to Chapter 10 of Division 4 of this Code, shall be eligible for a medical plan premium subsidy as provided in Subsection (d) or Subsection (e), as applicable.

✓ Sec. 27. Subsection (a) of Section 4.1128 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) **Reimbursement.** Reimbursement shall be limited to the Medicare Part B basic/standard premium (Medical Insurance). No reimbursement shall be paid for Medicare Part B costs that exceed the basic/standard premium.

✓ Sec. 28. Subsection (b)(3) of Section 4.1129.1 of the Los Angeles Administrative Code is amended to read as follows:

✓ (3) **Maximum Monthly Subsidy.** The maximum monthly medical plan premium subsidy shall be the single-party premium for the lowest cost standard plan, as defined by the Board, available to participants without Medicare Parts A and B.

✓ Sec. 29. Section 4.1152 of the Los Angeles Administrative Code is amended to read as follows:

✓ **Sec. 4.1152. Administration.**

Any program established by this chapter shall be administered by the Board of Fire and Police Pension Commissioners (hereinafter referred to as "the Board"). In furtherance thereof, the Board shall provide suitable health, medical, hospital or other plans as may be authorized by ordinance, and shall have the power to adopt such rules as it deems necessary to administer the program. The Board shall have the authority to contract for suitable health, medical, hospital, dental or vision plans to be made available to retired members and their eligible beneficiaries. The Board may also contract with third-party administrators that provide or contract for suitable plans (such as health care exchanges). The Board shall adopt rules necessary to administer any such plans.

Notwithstanding the foregoing provisions, the Board may in its discretion, and subject to the approval of the City Council and the Mayor, authorize the Personnel Department to administer any program, in which case such authorization may include the power to negotiate and establish health, medical and hospital plan or plans; provided, however, that the Board shall retain the power to sign necessary service agreements or to execute contracts and that the Board shall reimburse the General Fund of the City of Los Angeles for all necessary expenses incurred by the Personnel Department in the administration of such program.

✓ Sec. 30. Sections 4.1154.1, 4.1154.2, 4.1154.3 and 4.1154.4 of the Los Angeles Administrative Code are deleted.

✓ Sec. 31. Section 4.1157 of the Los Angeles Administrative Code is amended to read as follows:

✓ **Sec. 4.1157. Director of the Office of the City Administrative Officer to Review Health Insurance Program.**

The Office of the City Administrative Officer shall periodically review the Health Insurance Program established by this chapter and shall recommend such changes in said program to the Board as he deems appropriate.

✓ Sec. 32. Section 4.1162 of the Los Angeles Administrative Code is amended to read as follows:

✓ **Sec. 4.1162. Additional Subsidy for Reimbursement of Medicare Part B Basic Premium.**

In addition to any other subsidies to which a beneficiary may be entitled under this chapter, a subsidy may be paid to reimburse eligible beneficiaries for the Medicare

Part B basic/standard premium, provided that no reimbursement shall be paid for any premium in excess of the basic/standard amount due to charges for income-related monthly adjustment amounts or for any other reason, such as delays in applying for coverage or late fees.

In order to be eligible for Medicare Part B reimbursement, a retired member, a qualified surviving spouse, or a qualified surviving domestic partner, must be:

- ✓ (1) enrolled in Medicare Parts A and B; and
- ✓ (2) eligible to receive either a health insurance subsidy or a health insurance premium reimbursement from the Fire and Police Pension Plan.

✓ The Medicare Part B reimbursement subsidy and administrative costs will be provided solely by the Fire and Police Pension Plan, as provided in Sections 1320, 1416, 1510, 1610 and 1710 of the Charter and Section 4.2010 of the Administrative Code. Reimbursement shall not be paid until sufficient proof of the eligible beneficiary's enrollment, coverage and premium payment has been made as required by the Board.

✓ Sec. 33. Section 4.1163 of the Los Angeles Administrative Code is amended to read as follows:

✓ **Sec. 4.1163. Eligibility for Reimbursement of Health Insurance Premiums to Eligible Retired Members, Their Qualified Surviving Spouses or Qualified Domestic Partners.**

✓ (a) Effective January 1, 2001, upon written application and verification as required by the Department of Fire and Police Pensions and subject to the rules and regulations promulgated by the Board of Fire and Police Pension Commissioners, retired members, their qualified surviving spouses or qualified domestic partners are eligible to receive a health insurance premium reimbursement if all of the following conditions are met:

- ✓ (1) the eligible member or his or her qualified surviving spouse or qualified domestic partner is enrolled to the extent of his or her entitlement in Medicare;
- ✓ (2) the eligible member or his or her qualified surviving spouse or qualified domestic partner is receiving an allowance pursuant to any benefit tier of the Fire and Police Pension System;
- ✓ (3) the eligible member is the primary subscriber or a dependent on the medical plan;
- ✓ (4) the qualified surviving spouse or qualified domestic partner is the primary subscriber;

✓ (5) the eligible member or his or her qualified surviving spouse or qualified domestic partner is eligible to receive a Fire and Police Pension Plan health subsidy pursuant to the provisions of this Code; and

✓ (6) the eligible member or his or her qualified surviving spouse or qualified domestic partner is not enrolled in a Department of Fire and Police Pensions approved medical plan.

✓ (b) The maximum reimbursement available to eligible retired members cannot exceed the lower of:

✓ (1) Any subsidy available to eligible retired members pursuant to this Administrative Code or any applicable Memorandum of Understanding; or

✓ (2) The cost of the health plan the eligible retired members are enrolled in and for which they are seeking reimbursement.

✓ (c) The maximum reimbursement available to qualified surviving spouses or qualified surviving domestic partners cannot exceed the lower of:

✓ (1) Any subsidy available to qualified surviving spouses or qualified surviving domestic partners pursuant to this Administrative Code or any applicable Memorandum of Understanding, or

✓ (2) The single-party cost of the health plan that the qualified surviving spouses or qualified domestic partners are enrolled in and for which they are seeking reimbursement.

✓ (d) In no event shall the health insurance reimbursement provided in this section, when added to any health insurance subsidy paid from the funds of the Department of Water and Power and/or the Los Angeles City Employees' Retirement System (LACERS) exceed the maximum subsidy available pursuant to the provisions of this Administrative Code.

✓ Sec. 34. Subsection (d) of Section 4.1164 of the Los Angeles Administrative Code is amended to read as follows:

✓ (d) As provided under Charter Sections 1330(d), 1428(d), 1518(d), 1618(d) and 1718(d) and Administrative Code Section 4.2018(d), the Board of Fire and Police Pension Commissioners shall administer the subsidy program established herein.

✓ Sec. 35. A new Subsection (c)(5) is added to Section 4.2000 of the Los Angeles Administrative Code to read as follows:

✓ (5) **Late Elections.** The Board shall not accept late election forms after the close of the Election Period described in Subsection (c)(1). The provisions of this paragraph shall not apply to any member who transferred into Tier 5 prior to January 1, 2017.

✓ Sec. 36. A new Subsection (f) is added to Section 4.2012 of the Los Angeles Administrative Code to read as follows:

✓ (f) **Members of the Airport Department.** The determination of one hundred percent (100%) funded status and the one percent (1%) payment by the City of Tier 5 employee contributions pursuant to Charter Section 1222 and Section 4.2014 of this chapter shall be made without regard to any impact resulting from the inclusion of Members of the Airport Department in Tier 6 of the Plan, as authorized by Charter Section 1700(f).

✓ Sec. 37. The first paragraph of Subsection (c) of Section 4.2100 of the Los Angeles Administrative Code is amended to read as follows:

✓ (c) The City reserves the right to suspend the right of members to enter the DROP program and to modify the program for future entrants as necessary to maintain cost neutrality and/or to meet the City's DROP goals of retaining and lengthening the careers of sworn personnel with the Police Department, Fire Department, Harbor Department, and Department of Airports. Any amendments to DROP enacted in accordance with this subsection will only affect those persons who enter DROP after the date the changes become effective.

✓ Sec. 38. Subsection (d) of Section 4.2102 of the Los Angeles Administrative Code is amended to read as follows:

✓ (d) Until a member actually terminates employment as a sworn member of the City of Los Angeles Fire Department, Police Department, Harbor Department, or Department of Airports, no money shall be paid to any persons from the DROP account. After the member terminates employment, the DROP account shall be subject to court orders in the same manner as the monthly service pension entitlement and according to the terms of the court order.

✓ Sec. 39. The first paragraph of Subsection (a) of Section 4.2106 of the Los Angeles Administrative Code is amended to read as follows:

✓ (a) Upon the simultaneous termination of DROP participation and employment as a sworn member of the City's Fire Department, Police Department, Harbor Department, or Department of Airports, a member shall be entitled to receive:

✓ Sec. 40. A new Section 4.2215 is added to the Los Angeles Administrative Code to read as follows:

✓ **Sec. 4.2215. Airport Peace Officer Service Purchase Program.**

✓(a) **Definitions.** For the purposes of this section, the following words and phrases shall have the meaning ascribed to them in this subsection unless a different meaning is clearly indicated by the context:

✓ **Airport Peace Officer Service Purchase Program** means the program that requires persons appointed prior to January 7, 2018, and who, on that date, or on the date immediately preceding the date of such persons' appointment as a firefighter and employment by the Fire Department, were sworn in, as provided by Penal Code Section 830.1, to perform police or firefighting duties for the Department of Airports, in class codes 3225-1, 3225-2, 3225-3, 3202-0, 3202-1, 3202-2, 3236, 3226-0, 3226-1, 3226-2, 3227, 3203, 3203-9, 3228-0, 3228-1, 3228-2, 3205, 3234 or 3232, and who made an irrevocable election in writing to become a member of Tier 6 in lieu of membership in LACERS, to purchase all of their prior LACERS service from the Plan on the terms and conditions established in this section.

✓ **Board** means the Board of Fire and Police Pension Commissioners.

✓ **DROP** means the Deferred Retirement Option Plan established in Chapter 21 of Division 4 of the Los Angeles Administrative Code.

✓ **Full Actuarial Cost** means the cost to be paid for purchased service in order to achieve cost neutrality to the Plan as determined by the Board's actuary.

✓ **LAAC** means the Los Angeles Administrative Code.

✓ **LACERS** means the Los Angeles City Employees' Retirement System.

✓ **Plan** means the Fire and Police Pension Plan established in Article XI, Part 3 of the Los Angeles City Charter.

✓ **Purchased Service** means service purchased under the Airport Peace Officer Service Purchase Program.

✓ **Tier 6** means the Tier of the Plan established in Charter Sections 1700-1726.

✓(b) **Participation in the Program.** Only persons who were appointed prior to January 7, 2018, and who, on that date, or on the date immediately preceding the date of such persons' appointment as a firefighter and employment by the Fire Department, were sworn in, as provided by Penal Code Section 830.1, to perform police or

firefighting duties for the Department of Airports, in class codes 3225-1, 3225-2, 3225-3, 3202-0, 3202-1, 3202-2, 3236, 3226-0, 3226-1, 3226-2, 3227, 3203, 3203-9, 3228-0, 3228-1, 3228-2, 3205, 3234 or 3232, and who made an irrevocable election in writing to become a member of Tier 6 in lieu of membership in LACERS, on the terms and conditions set forth in Charter Section 1704 and in Sections 4.1002(e)(1), 4.1080.2(e)(1), and this Section 4.2215 of the LAAC.

✓ (c) **All Prior Service Must Be Purchased.** Consistent with Charter Section 1704(b), all members who elected to enter Tier 6 membership in lieu of membership in LACERS must transfer all prior service from LACERS to the Plan, including prior City service earned as a contributing member of LACERS and any service purchased from LACERS, and pay the full actuarial cost of the service to be transferred, as determined by the Plan's actuary and pursuant to the requirements of this section.

✓ (d) **Transfer of Funds from LACERS to the Plan.** For each member who purchases prior service pursuant to this section, LACERS shall transfer to the Plan by way of a direct trustee-to-trustee transfer and in a manner consistent with the Internal Revenue Code:

✓ (1) Sufficient funds to cover all funded accrued liability related to the benefits provided in Chapter 10 of Division 4 of the LAAC for all periods of the member's prior service to include, but not necessarily be limited to, employee contributions, City/Department of Airports contributions, and earnings. The funds that are transferred from the member's contribution account with LACERS, including interest, shall be transferred to the member's individual contribution account with the Plan (where they shall earn interest and be refundable as provided in Charter Section 1714); the balance of the funds transferred from LACERS shall be transferred to the appropriate Plan account and credited toward satisfying the City's liability for the benefits provided in Tier 6 of the Plan (excluding the City's liability for benefits provided in Chapter 11.5 of Division 4 of the LAAC).

✓ (2) Sufficient funds from LACERS' 401(h) account shall be transferred to cover all funded accrued liability related to the benefits provided in Chapter 11 of Division 4 of the LAAC for all periods of the member's service to include, but not necessarily be limited to, City/ Department of Airports contributions and earnings. These funds shall be transferred in a manner consistent with the Internal Revenue Code directly to the Plan's 401(h) account and credited toward satisfying the City's obligation to fund benefits provided in Chapter 11.5 of Division 4 of the LAAC.

✓ The amount of funds due to the Plan from LACERS shall be mutually agreed upon between the Plan and LACERS, subject to all requirements of the Internal Revenue Code, upon advice from the plans' actuaries, and is to include, but not necessarily be limited to, employee contributions, City/Department of Airports contributions, and earnings to cover all funded accrued liability for the period of the

transferred service determined by first using the results in the most recent actuarial valuation as of June 30, 2016, and then adjusting those results for the passage of time, including adjustments for both time value of money and City and employee contributions made from June 30, 2016, to the date of fund transfer to the Plan, using the actuarial assumptions from the June 30, 2016, valuation. All the relevant actuarial assumptions used in the June 30, 2016, LACERS actuarial valuations, with adjustment to a unisex basis, are to be used in the calculations. There shall be a separate calculation for purposes of Subdivision (1) and for purposes of Subdivision (2) above. The total sum transferred shall be credited towards the member's purchase costs, as provided in Subsections (f), (g) and (h) herein, and the member shall forfeit all right to benefits from LACERS.

✓(e) **Requirement to Purchase Years of Service.** A member shall purchase Years of Service with the Plan for all prior periods of service with LACERS by entering into a purchase agreement, subject to the following terms and conditions:

✓(1) **All Service Must Be Purchased.** The member must elect to purchase the total period of prior LACERS service from the Plan.

✓(2) **Purchase Deadline.** The right to become a member of LAFPP and purchase service granted in this section shall terminate on January 7, 2018, or upon the date of the employee's graduation from the Fire Department drill tower, whichever is earlier, except that written purchase agreements entered into on or before that date may be completed thereafter.

✓ Notwithstanding the provisions of Charter Section 1702(q), purchased service shall be treated as Years of Service for all Tier 6 purposes pursuant to the authority granted to the City Council in Charter Section 1704(a).

✓(f) **Cost of Purchased Service.** The member shall be required to pay the full actuarial cost of the purchased service as determined by the Plan's actuary without taking into consideration incidental administrative expenses incurred by the Plan, reduced by the amount of any funds transferred from LACERS to the Plan as provided in Subsection (d) above, except as may be otherwise provided in Subsection (g) below. The total purchase cost for each member, including funds transferred pursuant to Subsection (d) above, shall be allocated between the portion necessary to fund the Tier 6 health benefits provided in Chapter 11.5 of Division 4 of the LAAC and to fund all the other benefits provided in Tier 6.

In determining the purchase cost, the actuary shall determine the full actuarial cost utilizing the actuarial assumptions in the most recent actuarial valuation as of June 30, 2016, and then adjusting those results for the passage of time from June 30, 2016, to the date of the actual payment for the purchase contracted using the actuarial assumptions from the June 30, 2016, valuation, and taking into consideration the benefits that may be provided by the Plan as a result of the purchased service. Factors to be considered by the actuary shall include: (a) projected salary increases; (b)

probabilities of service retirement, disability retirement, DROP participation, termination, death; (c) probability of leaving a spouse or domestic partner eligible for a continuance benefit; and (d) medical inflation and other assumptions included in the actuarial valuations. All the relevant actuarial assumptions used in the June 30, 2016, Plan actuarial valuations, with adjustment to a unisex basis, will be used in the calculations. There shall be a separate calculation for each of the benefits referenced in Subsections (g) and (h) below.

The Plan's actuary shall calculate each member's purchase cost as of his or her transfer effective date as provided in Section 4.1002(e)(1)(C) or Section 4.1080.2(e)(1)(C) of the LAAC.

✓(g) **Purchase Costs Attributable to Tier 6 Health Benefits.** The member shall pay the full actuarial cost for the Years of Service purchase attributable to the Tier 6 health benefits provided in Chapter 11.5 of Division 4 of the LAAC, as determined in Subsection (f).

✓ In accordance with the Internal Revenue Code, in the event that the funds transferred from LACERS' 401(h) account to the Plan's 401(h) account (as provided in Subsection (d)(2)) are not sufficient to fund the full actuarial cost of the purchased service attributable to the benefit provided in Chapter 11.5 of Division 4 of the LAAC to a given member (as determined in Subsection (f)), the member shall make additional contributions on an after-tax basis to fund the member's other Tier 6 benefits in an amount equal to the amount by which the 401(h) account has been underfunded. The purpose of such additional contributions (which reduce the City's obligation to fund other Tier 6 benefits) is to offset the additional liability incurred by the City for the benefits payable to the member from the Plan's 401(h) account, pursuant to the provisions in Chapter 11.5 of Division 4 of the LAAC, so as to render the member's purchase of this service cost neutral to both the City and the Plan. These additional contributions shall be placed in the member's individual contribution account and shall be credited with interest and be refunded on the terms set forth in Charter Section 1714. Such additional contributions shall be paid as provided in Subsection (i) below.

✓(h) **Purchase Costs Attributable to Other Tier 6 Benefits.** The member shall pay the full actuarial cost for the Years of Service purchase attributable to other Tier 6 benefits (excluding the cost for the health benefits provided in Chapter 11.5 of Division 4 of the LAAC) as determined in Subsection (f).

To the extent that the purchase cost required to fund other Tier 6 benefits exceeds the funds transferred under Subsection (d)(1), the member shall make additional contributions, which shall be placed in the member's individual contribution account and shall be credited with interest and be refunded on the terms set forth in Charter Section 1714. Such additional contributions shall be paid as provided in Subsection (i) below.

✓ (i) **Written Purchase Agreement Required.** The member shall, on the date upon which he or she files his or her election form with LACERS, pursuant to Section 4.1002(e)(1) or Section 4.1080.2(e)(1), enter into a written purchase agreement with the Plan for the purchase of service. If this purchase requires the member to make additional contributions as provided in Subsection(s) (g) and/or (h) herein, the written purchase agreement shall specify whether these payments shall be paid by lump sum payment(s) or on an installment basis through payroll deductions or by both.

✓ A member's election to become a member of LAFPP and purchase service under this provision shall become irrevocable once the member files his or her election form with LACERS.

At the time a member is provided with a cost estimate for the purchase of service, the member shall be advised of the interest rate that will accrue on any unpaid balance if not paid in full by a specified date. The interest rate that a member shall be charged on the unpaid balance of any purchase agreement shall be the same rate as the assumed investment earnings rate used in the Plan's June 30, 2016, actuarial valuations.

Subject to requirements of the Internal Revenue Code, lump sum payments for amounts due in excess of the funds transferred pursuant to Subsection (d) above may be paid by a cash payment on an after-tax basis (including a post-tax payroll deduction), by a trustee-to-trustee transfer from the City's Deferred Compensation Plan pursuant to Internal Revenue Code Section 457(e)(17) or by a rollover from an eligible retirement plan (as defined in Internal Revenue Code Section 402(c)(8)), or by a combination of these methods.

Installment payments shall be made in a fixed amount by payroll deduction on a post-tax basis pursuant to the terms of the member's written agreement with the Plan. An installment payment agreement may be initiated or ended by a lump sum payment.

All payments, whether by lump sum or on an installment basis, must be completed prior to the member's retirement or, if applicable, DROP entry date, whichever occurs first.

In the event a member who has not completed payment for Purchased Service dies prior to entering DROP or prior to retirement, if not a DROP participant, and leaves a Qualified Survivor, as defined in Charter Section 1702(h), the Qualified Survivor shall have the right to make a lump sum payment to complete the member's purchase, rather than to have the member's Years of Service pro-rated based upon the payments made prior to the member's death. The Qualified Survivor shall have ninety (90) days following the member's death to make his or her election, unless the Board, by rule, shall establish a different election period. No benefits shall be paid from the Plan on account of the member's death until the Qualified Survivor has either: (i) elected to complete the purchase and made timely payment; or (ii) elected not to complete the purchase. Failure to make timely payment within the election period shall constitute an

election by the Qualified Survivor not to complete the purchase and receive benefits based on the pro-rated service as determined by the Plan's actuary. The Board, by rule, shall establish a deadline for the receipt of payment from a Qualified Survivor who has elected to complete the purchase.

✓(j) **Reversion of Funds to LACERS.** In the event a former Plan member who purchased service under this section should become employed by the City in a position in which he or she becomes a member of LACERS, the Board, upon receipt of a written request from such former member, shall authorize a transfer of all the former member's contributions, including interest, from the Plan to LACERS, provided that the former member shall be required to waive all rights to benefits from the Plan. The member contributions to be transferred shall include all member contributions made to the Plan during periods of Plan membership plus any member contributions made to LACERS that were previously transferred from LACERS to the Plan pursuant to a purchase under this section. In addition to transferring all member contributions, the Plan shall transfer to LACERS all other funds transferred to the Plan from LACERS on account of such former Plan member, together with any interest and/or earnings attributable thereto. These funds shall be transferred from the appropriate Plan account (member contributions, City regular contributions and investment income, and 401(h) account) and shall be returned to the appropriate LACERS fund (member contributions, City regular contributions and investment income, and 401(h) account).

✓(k) **Board Administration of the Program.** The Board shall administer the Airport Peace Officer Service Purchase Program and adopt all rules necessary to implement the program. The Board shall determine any factual questions arising in connection with the program's operation after investigation or hearing, as the Board deems appropriate. The Board's decision shall be conclusive and binding on all parties concerned.

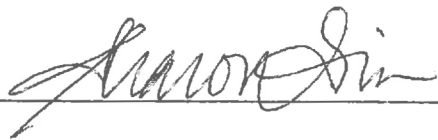
✓(l) **Department of Airports Responsibility for Payment.** The Department of Airports shall pay LAFPP for all costs and expenses incurred by the Plan in connection with administering this Airport Peace Officer Service Purchase Program including but not limited to the cost of any necessary reports prepared by the Plan's actuary, the cost of any changes to the pension administration system, any legal expenses incurred by the Plan in connection with this election, and any staff time dedicated to administering this election. LAFPP shall be responsible for preparing invoices of all expenses incurred and submitting them to the Department of Airports for its review and approval.

✓Sec. 41. Pursuant to Charter Section 252(i) and Charter Section 1168(b), this ordinance shall take effect upon publication.


✓ Sec. 42. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing ordinance was introduced at the meeting of the Council of the City of Los Angeles FEB 22 2017, and was passed at its meeting of MAR 28 2017.

HOLLY L. WOLCOTT, City Clerk

By  Deputy

Approved 31 MAR 2017

 Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By 
ALAN L. MANNING
Assistant City Attorney

Date February 9, 2017

File No. CF 17-0052