



employee relations **BULLETIN**

Revised October 2, 2009

**To: Heads of All Departments (Excluding DWP)
Departmental Personnel Directors**

**Subject: FREQUENTLY ASKED QUESTIONS CONCERNING THE PROPOSED
EARLY RETIREMENT INCENTIVE PROGRAM (ERIP)**

Below is a list of the most frequently asked questions (FAQs) and answers regarding the proposed Early Retirement Incentive Program (ERIP).

1. What is the proposed Early Retirement Incentive Program (ERIP)?

ERIP is a proposed early retirement window that was negotiated with bargaining units representing members of the Los Angeles City Employees' Retirement System (LACERS). As currently proposed, the program intends to reduce annual ongoing costs to the City's payroll by providing incentives, in the form of retirement benefit enhancements and separation pay incentives, for eligible LACERS members to retire. The goal of the proposed ERIP is to separate 2,400 employees from City service as quickly as possible.

2. Will members of any other City retirement system be eligible for the proposed ERIP?

No. Only eligible LACERS members will be allowed to retire under the proposed ERIP. Members of the Department of Water and Power Retirement System and/or the Los Angeles Fire and Police Pension System cannot retire under ERIP.

3. Which LACERS members are eligible under the proposed ERIP and what are the incentives?

Group 1 includes only LACERS members who already qualify for a normal (unreduced) retirement with less than 33 years of service and are at least 55 years of age. These employees would receive three years of service credit and a \$15,000 separation payment.

Group 2 includes only LACERS members who do not currently qualify for a normal (unreduced) retirement and who have at least 33 years of service but have not reached age 55. These employees would receive sufficient age credit to receive a normal (unreduced) retirement, an additional three years of service credit and a \$15,000 separation payment.

Group 3 includes only LACERS members who do not currently qualify for a normal (unreduced) retirement. These employees have less than 33 years of service and are within five years of age credit and/or service credit to achieve a normal (unreduced) retirement. These employees would receive a minimum of three years and a maximum of five years of age credit and/or service credit to receive a normal (unreduced) retirement and/or to enhance a retirement benefit and a \$15,000 separation payment.

Group 4 includes only LACERS members who already qualify for a normal (unreduced) retirement with a minimum of 33 years of service and are at least age 55. These employees would receive a separation payment of \$1,000 for each year of service.

Group 5 includes only LACERS members who do not currently qualify for a normal (unreduced) retirement. These employees lack more than five years of age (in order to meet age qualification for a benefit) and/or service credit, were hired by the City prior to 1983 and currently have a portion of their employee contribution defrayed by the City. These employees would receive five years of service credit to receive an early or reduced retirement and \$15,000 separation payment.

ERIP 1% Reduction - An "ERIP 1% Reduction" shall apply to all members retiring under ERIP (excluding Group 4 members). This means the retirement allowance for each person receiving ERIP benefits will be reduced by 1%. For members of Groups 1, 2 and 3, the member's actual retirement allowance will be calculated as follows:

$$[\text{Final Compensation} \times \text{Service Credit} \times \text{Retirement Factor (2.16\%)}] \times 0.99$$

For example, a member retiring under a normal LACERS retirement with a Final Compensation of \$50,000 and Service Credit of 30 years would receive an annual retirement allowance of \$32,400 (64.8% of \$50,000). If the member retires with the ERIP benefits under Group 1, the member's Service Credit would increase to 33 years (due to ERIP), resulting in an annual retirement allowance of \$35,283 (71.28% of \$50,000 multiplied by 0.99).

For members of Group 5, the member's actual retirement allowance will be calculated as follows:

$$[\text{Final Compensation} \times \text{Service Credit} \times \text{Retirement Factor (2.16\%)}] \times [\text{Reduction Factor}] \times 0.99.$$

The Reduction Factor is the standard LACERS Early Retirement Reduction Factor.

4. What is a normal (unreduced) retirement?

LACERS members satisfying the following requirements may retire with a normal (unreduced) retirement:

- Age 55 or older with at least 30 years of City Service*
- Age 60 or older with at least 10 years of Continuous Service*
- Age 70 or older regardless of the length of City Service

** At least 5 years of Continuous Service must come from City employment and/or service recognize under full reciprocity.*

For more detailed information regarding a LACERS retirement, please visit the LACERS website at www.lacers.org.

5. Will any accumulated sick leave and vacation time be paid out under the proposed ERIP? When will the separation pay incentives be paid out?

Under the proposed ERIP, each ERIP retiree will receive a “severance payment” (paid out over two separate calendar years) in the amount that would have been his/her accumulated sick leave and vacation time under a standard, non-ERIP retirement. The reason for this treatment of sick and vacation time is to avoid adverse tax consequences for the ERIP retirees.

In addition, under the proposed ERIP, each ERIP retiree will receive an incentive payout (called a “separation payment”) based on the member’s eligibility under the group descriptions defined in item 3 above.

The severance payment and separation payment will be combined and paid out over two separate calendar years, with the first payment anticipated to be paid out during fiscal year 10/11 and the second payment anticipated to be paid out during fiscal year 11/12. It is anticipated at this time that the payment dates will coincide with the anniversary of the effective retirement date of the individual employee.

The total amount of the severance payment and the separation payment cannot exceed two (2) times annual compensation, subject to the limitation (\$245,000 for 2009) under Internal Revenue Code Section 401(a)(17). Any tax liabilities arising from these payments shall be the sole responsibility of the employee.

Employees retiring between June 26, 2009 and before the opening of the ERIP window period may be eligible for ERIP benefits per the Council Motion adopted on June 26, 2009 (CF 09-1320). These employees (“Grandfathered

Participants”) are not eligible for the ERIP severance payment described above and should refer to items 23 and 24 below for further information.

6. Are there any tax implications for employees taking the proposed ERIP?

Tax counsel has advised that if employees are provided with a choice to either retire under the proposed ERIP or retire under a regular LACERS retirement, then this would trigger a tax liability for the employee during the tax year of the retirement effective date. Therefore, it was agreed that an employee eligible for the proposed ERIP may only apply to retire from LACERS under the ERIP terms during the window period. When the proposed ERIP window period (and rescission period) has expired, employees that were eligible for ERIP and did not retire will be allowed to retire under a regular LACERS retirement (if they are eligible). Employees are also urged to check with their accounting professionals to determine their specific tax consequences, if any.

7. Can members that are eligible for the proposed ERIP decide to take a normal LACERS retirement during the ERIP period?

No. Please see question #6 above.

8. Will years of service purchased pursuant to the LACERS Government Service Buyback (GSB) program, reciprocity, and Public Service Buyback (PSB) be used in determining retirement eligibility under the proposed ERIP?

LACERS members who are eligible under the GSB program to purchase time served in another governmental agency will be allowed to utilize the purchased time for determining retirement eligibility. To count the purchased GSB time towards retirement, LACERS members must comply with all of the existing GSB purchasing policies, including completion of the GSB purchase prior to the member’s effective retirement date. Any time purchased under the GSB program shall not be included in the calculation of the Separation Payment for Group 4 members.

For reciprocal service under Los Angeles Administrative Code Section 4.1065 to be included in the determination of ERIP eligibility, the reciprocal time must be certified by the reciprocating system and the certification must be received by LACERS prior to the ERIP Beginning Date. Once so established, the LACERS member shall be entitled to use this reciprocal service in order to qualify for ERIP even if reciprocity is subsequently broken, such as by the member’s inability to retire concurrently from the reciprocating system. Any reciprocal time under Los Angeles Administrative Code Section 4.1065 shall not be included in the calculation of the Separation Payment for Group 4 members.

Time purchased under Los Angeles Administrative Code Section 4.1052.1 (Public Service Buyback or PSB) shall not be included in the determination of ERIP eligibility. Any time purchased under Los Angeles Administrative Code Section 4.1052.1 (PSB) shall not be included in the calculation of the Separation Payment for Group 4 members.

9. What will happen to employee contribution rates for members who are either not eligible for the proposed ERIP or members who are eligible but do not wish to take the package?

Most LACERS members pay 6% of salary towards retirement. This is known as the employee's contribution rate.

LACERS members who were hired prior to 1983 pay a lower employee contribution rate because the City subsidizes a significant portion of the employee's contribution. If ERIP is approved, the City will reduce the amount of contribution subsidy it pays for LACERS members who were hired prior to 1983. These members will pay the same employee contribution rate as all other LACERS members, a 6% employee contribution rate, taking effect upon the beginning of the payroll period following the effective date of the proposed ERIP ordinance.

If ERIP is approved, employee contribution rates for all LACERS members will increase by 1%, effective July 1, 2011, for a maximum period of 15 years (ending on or before June 30, 2026). This means the employee contribution rate for all LACERS members will be 7%.

10. Why would the employee contribution rate increase for all LACERS members by 1%?

The increase is necessary to pay for most of the cost of the proposed ERIP (e.g. retirement benefit enhancement and separation pay). The LACERS actuary will provide updates on the progress toward the payment of the cost, including an estimate of the remaining contribution term. The City and Unions will meet at least once annually after the release of the actuary's report to assess the progress on eliminating the ERIP cost obligation. The 1% increase to the employee contribution rate will end on June 30, 2026 or when the ERIP cost obligation is fully paid, whichever comes first. The retirement contribution rate will be reduced by 1%, back to 6% for all current LACERS members, unless subsequently modified by agreement.

11. Has the proposed ERIP been approved?

On September 30, 2009, the City Council tentatively approved the first reading of the proposed ERIP Ordinance. A second reading of the Ordinance must occur at least 30 days after the first reading. This Office anticipates the second reading of the proposed Ordinance will occur at the Council meeting on October 30, 2009. The proposed ERIP Ordinance becomes effective upon

publication after approval of the second reading by the Council and approval and signature by the Mayor. The beginning of the 45-day window period may only open up after the approved ERIP Ordinance is published, which is anticipated to occur either on or after November 2, 2009. The CAO will provide additional information regarding the beginning of the window period and details of the application procedure if the ERIP Ordinance is approved after the second reading.

A copy of the ERIP Ordinance is attached at the end of this document.

12. Why is only a majority vote of the bargaining units required to pass the proposed ERIP?

The language contained in the MOU's for all of the bargaining units representing LACERS members includes a specific procedure for major retirement benefit modifications. This provision specifically indicates "agreements reached between Management and organizations whereby a majority of the members in the Los Angeles City Employees' Retirement System are affected shall be recommended to the City Council by the CAO as affecting the membership of all employees in the Los Angeles City Employees' Retirement System." A copy of the MOU language is provided at the end of this document.

13. If the proposed ERIP is approved, will ERIP apply to all eligible LACERS members?

Yes. If a majority of members in LACERS ratify the proposed ERIP and the City Council approves the proposed ERIP, the program will be available to all LACERS members who are eligible under the ERIP terms and conditions.

14. How long will the proposed ERIP window period be open?

The proposed ERIP window period will be forty-five (45) calendar days.

15. Where will LACERS members go to file for the proposed ERIP if the window period opens?

LACERS members (excluding "Grandfathered Participants") who wish to file for the proposed ERIP must do so by completing an ERIP Election Form and submitting the completed ERIP Election Form to the CAO. ERIP Election Forms will be available if and when the window period opens. **THE CAO WILL CONTINUE TO PROVIDE ADDITIONAL INFORMATION ON ERIP, INCLUDING THE ERIP ELECTION FORM ONCE IT BECOMES AVAILABLE.**

For additional information regarding Grandfathered Participants, please refer to items 22 and 23 below.

16. What will happen after an ERIP Election Form is filed during the window period?

The CAO will review the ERIP Election Form for completion and submit the completed form to LACERS for further processing. The LACERS member will be notified in writing by the CAO via certified mail if the ERIP Election Form has been approved.

17. What if an employee files an ERIP Election Form during the window period and decides not to retire?

A LACERS member may rescind his or her ERIP Election Form within seven (7) calendar days after the LACERS member has been notified by the CAO (via certified mail) that his or her ERIP Election Form has been approved. The ERIP Election Form may not be rescinded after the seven (7) calendar days have passed.

18. Will more than 2,400 packages be available for LACERS members if more than 2,400 eligible members apply for the proposed ERIP?

The goal of the proposed ERIP is to separate 2,400 employees from City service as quickly as possible. If more than 2,400 election forms are received, then a waiting list will be created. Employees on the waiting list may be allowed to retire under the proposed ERIP if some of the initial 2,400 applicants rescind their ERIP Election Forms. Employees on the waiting list may also be allowed to retire under the proposed ERIP if the Mayor and City Council approve an increase of the 2,400 limit.

19. Will any of the proposed number of ERIP packages be limited within specific classifications?

Due to the backfill requirements as set forth in the actuarial study, some classes will either be ineligible to participate in ERIP or the number of available ERIP packages within a classification will be capped. The list of ineligible classes and preliminary list of capped classes are attached at the end of this document. The maximum number of ERIP packages available on the capped list will be finalized no later than two weeks after the close of the window period.

20. Who determines the effective retirement date under the proposed ERIP?

To minimize the impact on City services, an employee electing to apply for the proposed ERIP may not select his or her effective date of retirement. Management shall determine the effective date of retirement for an employee who submits an ERIP Election Form. Management will attempt to take the employee's preferences into account, but may not be able to accommodate those preferences.

Management's decision as to an employee's effective date of retirement under the proposed ERIP shall be final. Prior to submitting an ERIP Election Form, an employee must understand that he or she may not agree with Management's decision on the effective date of retirement. The employee may be required to retire as soon as administratively possible, or may be required to continue working for the City for several months.

21. What if an employee was already scheduled to retire (e.g. normal retirement) during the window period?

The member's retirement application will be held in abeyance for the duration of the window period, unless he or she elects to submit an ERIP Election Form. Alternatively, the member may wait until after the window period has expired, at which point his or her non-ERIP retirement application will continue to be processed by LACERS.

22. Will LACERS members in proprietary departments (excluding the Department of Water and Power) be excluded from the proposed ERIP?

No. Eligible LACERS members will be able to take the package as long as all of the proposed ERIP requirements are satisfied and there are enough packages available.

23. Is it true that an employee may retire now and still be eligible for the proposed ERIP even though the window period has not yet opened?

Yes. On June 26, 2009, the City Council adopted a motion (CF 09-1320) indicating that LACERS members who retire before the effective date of the proposed ERIP and are eligible for ERIP, shall be eligible to receive all applicable benefits under the ERIP, if ultimately approved by Council. These employees ("Grandfathered Participant") will not be required to file an ERIP Election Form. A Grandfathered Participant shall count towards the 2,400 ERIP limit. A copy of the Council motion is attached at the end of this document.

24. Will a Grandfathered Participant receive Accumulated Sick and Vacation Time as part of a lump-sum payment under a normal non-ERIP retirement or as part of the Severance Payment under ERIP?

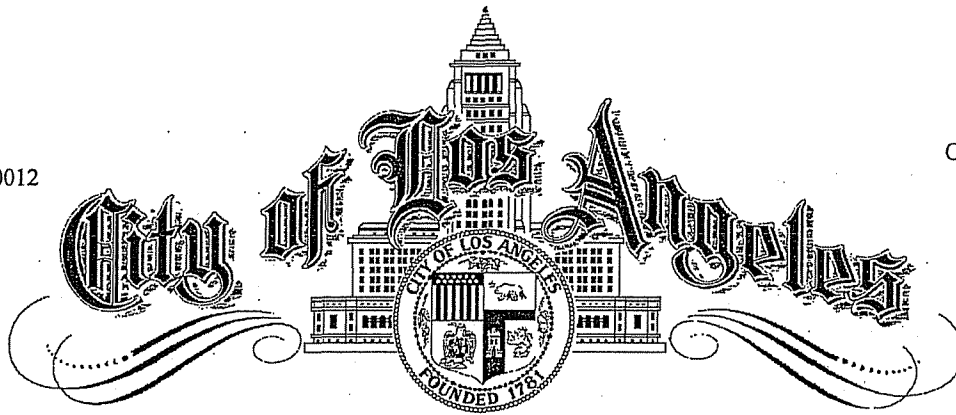
A Grandfathered Participant's retirement is not considered a retirement under the ERIP, even if he or she receives the ERIP benefits. Therefore, the provisions in item 5 above regarding severance payments do not apply to Grandfathered Participants who receive the ERIP benefits. Instead, a Grandfathered Participant who receives the ERIP benefits either has already received, or shall receive, his or her Accumulated Sick and Vacation Time payment, if any, pursuant to standard, non-ERIP retirement policies and procedures.

A Grandfathered Participant who receives the ERIP benefits shall not receive the severance payment, but shall receive the applicable separation payment as described in item 5 above. The applicable separation payment shall be paid over two separate calendar years (with the City selecting the payment dates), and shall constitute, and be administered as, a Bona Fide Separation Pay Plan under Internal Revenue Code Section 457(e)(11). Any tax liabilities arising from any Accumulated Sick and Vacation Time payments and/or Separation Payments shall be the sole responsibility of the person(s) receiving the payments.

MAS:TTS:kh547

City Hall East
200 N. Main Street
Room 800
Los Angeles, CA 90012

(213) 978-8100 Tel
(213) 978-8312 Fax
CTrutanich@lacity.org
www.lacity.org/atty



CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 0 9 - 0 3 3 7

SEP 30 2009

REPORT RE:

**REVISED DRAFT ORDINANCE AMENDING CHAPTER 10 OF DIVISION 4 OF THE
LOS ANGELES ADMINISTRATIVE CODE TO ALLOW CERTAIN CITY EMPLOYEES
TO RETIRE WITH ENHANCED BENEFITS**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

On September 11, 2009, this office transmitted for your consideration a draft ordinance that would amend Chapter 10 of Division 4 of the Los Angeles Administrative Code (LAAC) to provide an Early Retirement Incentive Program (ERIP) to certain members of the Los Angeles City Employees' Retirement System (LACERS) and to increase the LACERS active employee retirement contribution rate. On September 18, 2009, the City Council approved the first reading of the draft ordinance, with a number of revisions. The second reading of the draft ordinance would occur in 30 days of the first reading.

However, the City Council adopted a motion on September 29, 2009, requesting the City Attorney to prepare and present a revised ERIP ordinance to ensure that the ordinance ultimately adopted by the City Council "...reflects any new information / materials contained in the new actuarial report...as well as to ensure the ERIP ordinance is consistent with the ERIP program as negotiated." The motion asked the

City Attorney to present the new ERIP ordinance at the City Council's meeting of September 30, 2009. We have drafted the revised ERIP ordinance and transmit it approved as to form and legality.

As we discussed in our September 11, 2009, report, the proposed ERIP resulted from negotiations between the City and various labor organizations as a way to encourage City employees to retire in order to reduce the City's work force and labor costs, and to decrease or eliminate the need for furloughs or layoffs of City employees. In order to fund the cost of this program, LACERS members have agreed to pay increased retirement contributions to LACERS.

The City Council has been authorized, in Charter section 1168, to make these changes by an ordinance which requires approval by not less than two-thirds of the membership of the Council, subject to the veto of the Mayor and override by three-fourths of the membership of the Council. This ordinance may not be finally adopted by the Council until the expiration of at least 30 days after its first presentation to the Council, nor until after a public hearing has been held.

An actuarial report that complies with the requirements of Government Code (Gov. Code) section 7507 was obtained and will be made available to the public at a public hearing at least two weeks prior to the ordinance's effective date. When this ordinance is first presented to the Council, the future cost of changes in retirement benefits, as determined by the actuary, shall be made public and an actuary shall be present to provide information as needed at this public meeting. If any revision or addendum to the actuarial report is necessary, it will be presented and made available to the public at another Council meeting at least two weeks prior to the ordinance's effective date. The final adoption of this ordinance cannot occur until at least 30 days after its first presentation to the Council and, as required by Gov. Code section 7507, shall not be placed on a consent calendar.

Gov. Code section 7507 further requires, upon the adoption of this ordinance, that the person with the responsibilities of a chief executive officer with the City shall acknowledge in writing that he or she understands the current and future cost of the benefit as determined by the actuary. Accordingly, when this ordinance is sent to the Mayor for his approval, the City Clerk shall also provide the Mayor with the enclosed acknowledgement for his signature. The City Clerk shall provide LACERS and the CAO with copies of the executed acknowledgement for their records and shall retain the original in the Council file.

If you have any questions regarding this matter, please contact Deputy City Attorney Brian Cheng of the Retirement Benefits Division at (213) 978-4400. He or another member of our staff will be available when you consider this matter to answer any questions you may have.

Sincerely,

CARMEN A. TRUTANICH, City Attorney

By. 
DAVID MICHAELSON
Chief Assistant City Attorney

DM:BC:lee
Transmittal

cc: The Honorable Antonio Villaraigosa, Mayor
Miguel Santana, City Administrative Officer
June Lagmay, City Clerk
Gerry Miller, Chief Legislative Officer
Los Angeles City Employees' Retirement System (LACERS)
Board of Administration of the Los Angeles City Employees' Retirement System

ACKNOWLEDGEMENT

[GOVERNMENT CODE SECTION 7507(d)]

As the Mayor of the City of Los Angeles, I acknowledge that I understand the current and future cost of the benefits, as determined by the actuary, that are to be provided under the Early Retirement Incentive Program that has been adopted.

Dated: _____

Antonio R. Villaraigosa

ORDINANCE NO. _____

An ordinance amending Chapter 10 of Division 4 of the Los Angeles Administrative Code to allow certain City employees to retire with enhanced benefits.

WHEREAS, the City of Los Angeles (City) is facing a financial emergency of historic proportions;

WHEREAS, the City wishes to reduce its General Fund payroll obligations;

WHEREAS, a large portion of the City's General Fund payroll budget is allocated to members of the Los Angeles City Employees' Retirement System (LACERS);

WHEREAS, incentivizing LACERS members to retire will aid the City's financial situation, thereby decreasing or eliminating the need for other measures such as furloughs and layoffs; and

WHEREAS, the goal of the Early Retirement Incentive Program is to separate 2,400 employees from City service as quickly as possible:

NOW, THEREFORE,

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

Section 1. Section 4.1033 of the Los Angeles Administrative Code is added to read:

Sec. 4.1033. Early Retirement Incentive Program

(a) Wherever "ERIP" is used in this chapter, it shall refer to the Early Retirement Incentive Program. Subject to the provisions and limitations set forth herein, an active City employee who is a member of the Los Angeles City Employees' Retirement System (LACERS) may be retired from the service of the City with the ERIP benefits set forth herein, provided that the LACERS member meets all of the requirements set forth herein to be eligible for retiring under the ERIP, and provided that his or her completed ERIP Election Form is received in the City Administrative Officer (CAO)'s office within the 45-day ERIP window period defined herein (ERIP Eligible Filers). Also subject to the provisions and limitations set forth herein, a City retiree who was an active LACERS member may receive the ERIP benefits set forth herein, provided that he or she retired on or after June 26, 2009, but prior to the ERIP Beginning Date defined herein, and he or she meets all of the requirements set forth herein to be eligible to receive the ERIP benefits as contemplated in the June 26, 2009, Council motion (Council File 09-1320) ("Grandfathered Participant," further defined below in Section 4.1033(a)(4)(i)). The 45-day ERIP window period shall begin on this ordinance's effective date (ERIP Beginning Date) and end on the 45th day thereafter

unless that 45th day falls on a weekend or a City holiday, in which case it shall end on the next day that is not a weekend or a City holiday (ERIP Ending Date). The ERIP Ending Date shall be included in the ERIP window period, so that the CAO's office shall continue to receive completed ERIP Election Forms until close of business on the ERIP Ending Date. The CAO's office shall establish the rules and procedures for receiving a completed ERIP Election Form, including what constitutes a completed ERIP Election Form and what constitutes the date and time the form was received by the CAO's office. In order for the ERIP to meet its goal of assisting with the City's financial situation while minimizing the impact on City services, the following provisions and limitations shall apply to the ERIP:

(1) Only LACERS members currently in an employed status with the City on the ERIP Beginning Date shall be eligible to submit an ERIP Election Form. LACERS members in a terminated status shall not be eligible to submit an ERIP Election Form. Former City employees, including but not limited to deferred vested former City employees, shall not be eligible to submit an ERIP Election Form. In addition, only persons belonging to at least one of the five ERIP "Groups" listed below in Sections 4.1033(b)(1) - (5) as of the ERIP Beginning Date shall be eligible to submit an ERIP Election Form. A person belonging to one of the ERIP Groups as of the ERIP Beginning Date may possibly change ERIP Groups prior to his or her effective date of retirement. However, a person who does not belong to any ERIP Group as of the ERIP Beginning Date shall not be eligible to submit an ERIP Election Form. Grandfathered Participants may be eligible to receive the ERIP benefits, but they need not submit an ERIP Election Form and their retirements are not considered retirements under the ERIP.

(2) A LACERS member eligible under Los Angeles Administrative Code Section 4.1052.2 (Government Service Buyback or GSB) to purchase time due to service in another government agency shall be allowed to include the purchased time in the determination of ERIP eligibility. For the purchased time to be included in the determination of ERIP eligibility, the LACERS member must follow the existing GSB purchasing policies, and the member must have completed the GSB purchase by the end of the City pay period that includes the ERIP Beginning Date. For reciprocal service under Los Angeles Administrative Code Section 4.1065 to be included in the determination of ERIP eligibility, the reciprocal time must be certified by the reciprocating system and the certification must be received by LACERS prior to the ERIP Beginning Date. Once so established, the LACERS member shall be entitled to use this reciprocal service in order to qualify for ERIP even if reciprocity is subsequently broken, such as by the member's inability to retire concurrently from the reciprocating system. When a person elects to submit an ERIP Election Form and retire under the ERIP, the person shall assume all risks that result from this election, including but not limited to the loss of the right to use his or her final compensation as determined by LACERS for purposes of computing final compensation earnable with the reciprocal system in the event that he or she is not able to retire concurrently

under both systems. Time purchased under Los Angeles Administrative Code Section 4.1052.1 (Public Service Buyback or PSB) shall not be included in the determination of ERIP eligibility.

(3) Certain City employee classifications are excluded from the ERIP (Excluded Classifications). Certain other City employee classifications have an ERIP limitation number, meaning that the total number of a classification's ERIP Eligible Filers actually retiring under the ERIP, plus the number of that classification's Grandfathered Participants actually receiving the ERIP benefits, shall be limited in number (Limited Classification). The CAO shall make known these Excluded Classifications, Limited Classifications, and the Limited Classifications' ERIP limitation numbers.

(i) In the event that a Limited Classification's number of ERIP Eligible Filers and Grandfathered Participants exceeds the limitation number, the earliest initial date of LACERS membership (Initial LACERS Membership Date) shall be used to determine which ERIP Eligible Filers shall be allowed to retire under the ERIP and which Grandfathered Participants shall receive the ERIP benefits. The person with the earliest Initial LACERS Membership Date shall receive priority. If there is a tie in the earliest Initial LACERS Membership Date between two or more persons of the same Limited Classification, then the one with the longer time of employment in the Limited Classification at issue shall prevail. If there is also a tie in the time of employment in the Limited Classification at issue, then the one whose completed ERIP Election Form was first received by the CAO's office prevails. A Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS.

(ii) If a Limited Classification's ERIP limitation number is reached, an ERIP waiting list shall be created for that Limited Classification. ERIP Eligible Filers on a Limited Classification's ERIP waiting list may be allowed to retire under the ERIP, and/or Grandfathered Participants on a Limited Classification's ERIP waiting list may be allowed to receive the ERIP benefits, if and to the extent that ERIP Eligible Filers with earlier Initial LACERS Membership Dates in the Limited Classification rescind their ERIP Election Forms, and/or the Limited Classification's ERIP limitation rate is increased. A Limited Classification's ERIP waiting list shall be ordered pursuant to the same Initial LACERS Membership Date priority and tiebreakers referenced above in Section 4.1033(a)(3)(i). A Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS. After the 45-day ERIP window period has expired, the CAO's office shall notify any ERIP Eligible Filers

on a Limited Classification's waiting list who will not be allowed to retire under the ERIP. After the 45-day ERIP window period has expired, any LACERS member may elect to retire pursuant to standard, non-ERIP LACERS procedures and provisions. After the 45-day ERIP window period has expired, the CAO's office shall notify any Grandfathered Participants on a Limited Classification's waiting list who will not be allowed to receive the ERIP benefits.

(4) The ERIP shall have a limit of 2,400 persons, meaning that the total number of ERIP Eligible Filers actually retiring under the ERIP, plus the number of Grandfathered Participants actually receiving the ERIP benefits, shall be limited to 2,400. In the event that the total number of ERIP Eligible Filers and Grandfathered Participants exceeds 2,400, a first-come-first-served basis (ordered pursuant to the date and time the ERIP Election Form was received by the CAO's office) shall be used to determine which ERIP Eligible Filers shall be allowed to retire under the ERIP and which Grandfathered Participants shall be allowed to receive the ERIP benefits. A Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS. Also in the event that the total number of ERIP Eligible Filers and Grandfathered Participants exceeds 2,400, a general ERIP waiting list shall be created. ERIP Eligible Filers on the general ERIP waiting list may be allowed to retire under the ERIP if and to the extent that earlier ERIP Eligible Filers rescind their ERIP Election Forms, and/or if City Council and the Office of the Mayor approve an increase of the 2,400 ERIP limit. (If there are any Grandfathered Participants on the general ERIP waiting list, it means that the 2,400 ERIP limit was reached within the number of Grandfathered Participants alone. A Grandfathered Participant on the general ERIP waiting list may be allowed to receive the ERIP benefits if and to the extent that City Council and the Office of the Mayor approve an increase of the 2,400 ERIP limit.) This general ERIP waiting list shall be separate from the waiting lists for the various Limited Classifications set forth above in Section 4.1033(a)(3)(ii). The CAO's office shall establish the rules and procedures for accepting ERIP Eligible Filers and Grandfathered Participants from the general ERIP waiting list and/or a Limited Classification's waiting list, and how the waiting lists shall operate in conjunction with each other. After the 45-day ERIP window period has expired, the CAO's office shall notify any ERIP Eligible Filers on a general ERIP waiting list who will not be allowed to retire under the ERIP. After the 45-day ERIP window period has expired, any LACERS member may elect to retire pursuant to standard, non-ERIP LACERS procedures and provisions. After the 45-day ERIP window period has expired, the CAO's office shall notify any Grandfathered Participants on the general ERIP waiting list who will not be allowed to receive the ERIP benefits.

(i) A "Grandfathered Participant" is an ERIP-eligible City retiree whose effective date of retirement is on or after June 26, 2009, but before

the ERIP Beginning Date. As contemplated in the June 26, 2009, Council motion (Council File 09-1320), a Grandfathered Participant determined to be allowed to receive the ERIP benefits shall receive such applicable benefits. A Grandfathered Participant need not submit an ERIP Election Form to the CAO's office within the 45-day ERIP window period. Rather, to the extent a Grandfathered Participant is determined to be allowed to receive the ERIP benefits, the Grandfathered Participant shall automatically receive the applicable ERIP benefits for his or her ERIP "Group" (see Section 4.1033(b) below). The date to be used for the purpose of determining the proper ERIP Group for a Grandfathered Participant shall be his or her last day on the City payroll. (A City retiree who retired on or after June 26, 2009, but before the ERIP Beginning Date, who did not belong to any ERIP Group as of his or her last day on the City payroll is not a Grandfathered Participant and shall not be eligible to receive the ERIP benefits.) A Grandfathered Participant shall receive priority over ERIP Eligible Filers with regards to being within the general 2,400 ERIP limit, in that a Grandfathered Participant shall be deemed to have submitted (and the CAO's office shall be deemed to have received) a completed ERIP Election Form when the retirement application resulting in his or her retirement was first filed with LACERS. A Grandfathered Participant receiving the ERIP benefits shall count towards the 2,400 ERIP limit. However, a Grandfathered Participant in a Limited Classification shall not be guaranteed to receive the ERIP benefits. A Grandfathered Participant who, as of his or her last day on the City payroll, was in a classification determined to be a Limited Classification, shall not receive priority over ERIP Eligible Filers with regards to being within that Limited Classification's ERIP limitation number. Rather, the ERIP Eligible Filers and the Grandfathered Participants to be allowed within that Limited Classification's ERIP limitation shall be determined by the Initial LACERS Membership Date priority, tiebreakers, and waiting lists as set forth above in Section 4.1033(a)(3)(i) - (ii).

(5) An ERIP Eligible Filer may rescind his or her ERIP Election Form by delivering, to the CAO's office, a completed ERIP Rescission Form (as promulgated by the CAO's office) within seven (7) calendar days of delivery, to the ERIP Eligible Filer's address on file with LACERS, of notification that his or her ERIP Election Form has been approved. The ERIP Election Form may not be rescinded after the seven (7) calendar days have passed.

(6) To minimize the impact on City services, an ERIP Eligible Filer may not select his or her effective date of retirement under the ERIP. While Management may take the person's preferences into account, Management shall determine the effective date of retirement for a person retiring under the ERIP.

(i) The portion of Los Angeles Administrative Code Section 4.1020(a) stating that a person's effective date of retirement shall be not

less than 30 nor more than 60 days from and after the filing of the person's LACERS retirement application shall not apply to persons retiring under the ERIP.

(ii) Management's decision as to a person's effective date of retirement under the ERIP shall be final and binding, regardless of whether the ERIP Eligible Filer agrees with Management's decision. The ERIP Eligible Filer may be required to retire as soon as administratively possible, or may be required to continue working for the City for an extended period of time. The CAO may promulgate rules that Management shall follow regarding the effective dates of retirement for ERIP Eligible Filers.

(7) During the 45-day ERIP window period, LACERS shall not accept a non-ERIP retirement application from a person eligible for the ERIP, defined as a person who, as of the ERIP Beginning Date, belongs to at least one of the five ERIP Groups listed below in Sections 4.1033(b)(1) - (5). After the 45-day ERIP window period has expired, any LACERS member may elect to retire pursuant to standard, non-ERIP LACERS procedures and provisions.

(i) All applications for non-ERIP LACERS retirements submitted by persons eligible for the ERIP, and still pending as of the beginning of the 45-day ERIP window period, shall be held in abeyance for the duration of the 45-day ERIP window period. Such ERIP-eligible persons may elect to submit an ERIP Election Form, or, alternatively, they may wait until after the 45-day ERIP window period has expired, at which point their non-ERIP retirement applications shall continue to be processed. Such ERIP-eligible persons who elect to submit an ERIP Election Form shall not receive priority with respect to being within the 2,400 person ERIP limit, and shall not receive priority with respect to being within a Limited Classification's ERIP limitation number.

(8) Accumulated Sick and Vacation Time is not payable to persons retiring under the ERIP, and such persons shall not be entitled to a payment of Accumulated Sick and Vacation Time upon retirement. In addition to the ERIP benefits set forth below in Section 4.1033(b), which include the Separation Payments in Sections 4.1033(b)(4)(i) and 4.1033(b)(6), persons retiring under the ERIP shall receive a severance payment in the amount of what would be the person's Accumulated Sick and Vacation Time payment if the person were retiring pursuant to standard, non-ERIP retirement policies and procedures (Severance Payment). This Severance Payment and the applicable Separation Payment as set forth below in Sections 4.1033(b)(4)(i) and 4.1033(b)(6) shall be paid over two separate calendar years, with the City selecting the payment dates. This Severance Payment and the applicable Separation Payment as set forth below in Sections 4.1033(b)(4)(i) and 4.1033(b)(6) shall constitute, and be administered as, a Bona Fide Separation Pay Plan under Internal Revenue Code

Section 457(e)(11) because (A) these payments are payable only to a person who has submitted an ERIP Election Form during the 45-day ERIP window period and who actually has a severance from employment pursuant to the ERIP; (B) the amount payable does not exceed two times the person's annual rate of pay (taking into account only pay that does not exceed the maximum amount that may be taken into account under a qualified plan pursuant to Internal Revenue Code 401(a)(17) for the year in which the person has his or her severance from employment); and (C) the payments shall be completed by the end of the second calendar year following the calendar year in which the employee separates from City service. Any tax liabilities arising from any Severance Payments and/or Separation Payments shall be the sole responsibility of the person(s) receiving the payments.

(i) A Grandfathered Participant's retirement is not considered a retirement under the ERIP, even if he or she receives the ERIP benefits. Therefore, the above provisions pertaining to Accumulated Sick and Vacation Time and the Severance Payment do not apply to Grandfathered Participants who receive the ERIP benefits. Instead, a Grandfathered Participant who receives the ERIP benefits either has already received, or shall receive, his or her Accumulated Sick and Vacation Time payment, if any, pursuant to standard, non-ERIP retirement policies and procedures. Payment of Accumulated Sick and Vacation Time to such a Grandfathered Participant is not a retirement benefit. A Grandfathered Participant who receives the ERIP benefits shall not receive the Severance Payment, but shall receive the applicable Separation Payment as set forth below in Sections 4.1033(b)(4)(i) and 4.1033(b)(6). The applicable Separation Payment shall be paid over two separate calendar years (with the City selecting the payment dates), and shall constitute, and be administered as, a Bona Fide Separation Pay Plan under Internal Revenue Code Section 457(e)(11). Any tax liabilities arising from any Accumulated Sick and Vacation Time payments and/or Separation Payments shall be the sole responsibility of the person(s) receiving the payments.

(ii) The Severance Payment shall be paid by the City, and the cost of the Severance Payment shall remain a cost of the City. The Separation Payment shall also be paid by the City. However, the cost of the Separation Payment shall be an obligation of the LACERS members, and shall be recouped by the City through the provisions set forth below in Section 4.1033(a)(9)(i) - (iii).

(iii) Neither the Severance Payment nor the Separation Payment shall be considered a retirement benefit.

(9) The ERIP actuarial cost, as determined by the LACERS actuary, and the total cost of the Separation Payments shall, together, be known as the "ERIP Cost Obligation." The ERIP Cost Obligation shall be an obligation of the

LACERS members. The LACERS actuary has determined the preliminary ERIP Cost Obligation to be \$271 million, as presented in the actuarial report dated September 25, 2009, based on a projection of 2,229 ERIP Eligible Filers actually retiring and Grandfathered Participants actually receiving the ERIP benefits.

(i) LACERS members' payment of the ERIP Cost Obligation shall commence on July 1, 2011, and end on June 30, 2026, or when the ERIP Cost Obligation is fully paid, whichever comes first. The payment shall consist of a 1% increase in the LACERS active employee retirement contribution rate of 6% (of which 0.5% is the survivor contribution portion), so that the total LACERS active employee retirement contribution rate shall be 7% for all LACERS members. After all ERIP Eligible Filers actually retiring under the ERIP have retired, the LACERS actuary shall re-calculate the ERIP Cost Obligation based on the number of ERIP Eligible Filers actually retiring and Grandfathered Participants actually receiving the ERIP benefits, using the same methodology used to determine the preliminary ERIP Cost Obligation. However, the City reserves the right to increase the LACERS active employee contribution rate for new City hires, in accordance with all applicable laws and practices.

(ii) The LACERS active employee retirement contribution rate for LACERS members hired prior to 1983 (Defrayal Group) shall be adjusted to 6% (of which 0.5% is the survivor contribution portion) upon this ordinance's effective date. Commensurate with Section 4.1033(a)(9)(i) above, employees in the Defrayal Group shall have their retirement contribution increased from 6% to 7% on July 1, 2011. All savings from the elimination of defrayal shall be credited towards the payment of the ERIP Cost Obligation.

(iii) Once the City has recouped the ERIP Cost Obligation, the LACERS active employee retirement contribution rate shall be adjusted to 6% (of which 0.5% is the survivor contribution portion) for all City employees who were LACERS members as of the ERIP Beginning Date (including those in the Defrayal Group). However, the City reserves the right to increase the LACERS active employee retirement contribution rate for new City hires, in accordance with all applicable laws and practices.

(10) In order for the ERIP to meet its goal of assisting with the City's financial situation, the City intends to limit the backfilling of positions vacated due to retirements under the ERIP. Therefore, to the extent allowed under the City Charter, the Los Angeles Administrative Code, and any other applicable law: From July 1, 2009, to June 30, 2024, approval of both City Council and the Office of the Mayor shall be necessary prior to backfilling a position vacated due to retirements under the ERIP. The total number of City positions vacated due to retirements under the ERIP shall not be backfilled by more than 7% in the City

fiscal year 2010, nor by more than 6% in each of the City fiscal years 2011 through 2024. These backfill rates may be exceeded only if the cumulative prior years' actual backfill rate was less than the maximum cumulative rate allowed, pursuant to the Maximum Backfill Rates table below. For example, if the City backfills only 5% in fiscal year 2010, then the City's allowed backfill rate in a future year may be increased.

MAXIMUM BACKFILL RATES		
FISCAL	BACKFILL	
YEAR	IN ONE YEAR	CUMULATIVE
2010	7%	7%
2011	6%	13%
2012	6%	19%
2013	6%	25%
2014	6%	31%
2015	6%	37%
2016	6%	43%
2017	6%	49%
2018	6%	55%
2019	6%	61%
2020	6%	67%
2021	6%	73%
2022	6%	79%
2023	6%	85%
2024	6%	91%

(11) The ERIP shall not affect the existing LACERS requirement that, in order for a LACERS member to leave a continuance to a spouse or domestic partner, the marriage must have occurred, or the proper domestic partnership document(s) must have been filed with LACERS or with the State of California, at least one year prior to the LACERS member's effective date of retirement.

(12) Persons retiring under the ERIP shall be eligible to be employed by the City under the conditions set forth in City Charter Section 1164. However, persons retiring under the ERIP shall not be allowed to enter into a personal services contract with the City prior to July 1, 2011, unless the personal services contract is approved by City Council and the Office of the Mayor.

(b) Persons retiring pursuant to the ERIP shall receive benefits pursuant to the following terms. (For purposes of the ERIP, "Service" and "Service Credit" shall have the same meanings as those terms are defined in Los Angeles Administrative Code Section 4.1001.)

(1) "Group 1" LACERS members: This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, would be

eligible for an unreduced or standard retirement with less than 33 years of Service.

(i) Each Group 1 member retiring under the ERIP shall receive 3 additional full-time years of Service and 3 additional full-time years of Service Credit.

(2) "Group 2" LACERS members: This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, have a minimum of 33 years of Service but have not reached 55 years of age.

(i) Each Group 2 member retiring under the ERIP shall receive the additional amount of age credit necessary to be eligible for an unreduced or standard retirement. In addition, each Group 2 member retiring under the ERIP shall receive 3 additional full-time years of Service and 3 additional full-time years of Service Credit.

(3) "Group 3" LACERS members: This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, have less than 33 years of Service and who are within 5 years of the age credit and/or Service necessary to be eligible for an unreduced or standard retirement. To be a member of Group 3, the amount of time that a LACERS member is lacking in age credit to be eligible for an unreduced or standard retirement, plus the amount of time that the member is lacking in Service to be eligible for an unreduced or standard retirement, must, in sum, not exceed 5 full-time years.

(i) Each Group 3 member retiring under the ERIP shall receive between a minimum of 3 full-time years and a maximum of 5 full-time years of additional age credit and/or both Service and Service Credit in order to be eligible for an unreduced or standard retirement. Between 3 full-time years and 5 full-time years, fractional years shall be calculated and prorated in determining the amount of additional age credit and/or both Service and Service Credit to be received.

(ii) Each Group 3 member retiring and receiving credit under the ERIP shall be provided with a written breakdown of the amount of age credit, and both Service and Service Credit.

(4) "Group 4" LACERS members: This group consists of all full-time and part-time LACERS members who, as of the ERIP Beginning Date, have a minimum of 33 years of Service and have reached a minimum of 55 years of age.

(i) Each Group 4 member retiring under the ERIP shall receive a Separation Payment of \$1,000.00 for each year of Service. The

Separation Payment for a fractional year shall be prorated. This Separation Payment shall not be considered a retirement benefit. This Separation Payment shall be paid by the City, which shall recoup the cost of the Separation Payment from the LACERS members as set forth above in Sections 4.1033(a)(9)(i) - (iii).

(ii) Any time purchased under Los Angeles Administrative Code Section 4.1052.2 (GSB) shall not be included in the calculation of the Separation Payment for Group 4 members. Any reciprocal time under Los Angeles Administrative Code Section 4.1065 shall not be included in the calculation of the Separation Payment for Group 4 members. Any time purchased under Los Angeles Administrative Code Section 4.1052.1 (PSB) shall not be included in the calculation of the Separation Payment for Group 4 members.

(5) "Group 5" LACERS members: This group consists of all full-time and part-time LACERS members whose first day of City employment was on or before December 31, 1982; whose retirement contribution rate is less than 6%; and who, as of the ERIP Beginning Date, are not within 5 years of the age and/or Service necessary to be eligible for an unreduced or standard retirement.

(i) Each Group 5 member retiring under the ERIP shall receive 5 additional full-time years of Service and 5 additional full-time years of Service Credit towards an early or reduced retirement.

(ii) The ERIP does not affect the retirement benefit reduction factors that apply to early or reduced retirements.

(6) Members of Groups 1, 2, 3, and 5 retiring under the ERIP shall each receive a Separation Payment of \$15,000.00. This Separation Payment shall not be considered a retirement benefit. This Separation Payment shall be paid by the City, which shall recoup the cost of the Separation Payment from the LACERS members as set forth above in Sections 4.1033(a)(9)(i) - (iii).

(c) The following provisions and limitations shall apply to the ERIP benefits set forth above in Section 4.1033(b):

(1) Any additional age credit provided under the ERIP shall be applied towards the 55-year minimum age requirement for LACERS retiree health subsidies. Any applicable additional Service and/or Service Credit provided under the ERIP shall count toward the retiree health subsidy formula. ERIP Group 5 members are not guaranteed eligibility for any LACERS retiree health subsidies.

(2) A person retiring under the ERIP whose applicable ERIP Group changes between the ERIP Beginning Date and the person's effective date of

retirement shall select the Group to which the person wishes to belong (that is, either the person's applicable Group as of the ERIP Beginning Date, or the person's applicable Group as of his or her effective date of retirement).

(3) A person retiring under the ERIP who belongs to a certain ERIP Group due to the purchase of GSB time may attempt to change his or her Group by requesting a refund of the GSB time purchased, provided that the request for refund is consistent with existing GSB program policies. To change Groups in this manner, the request for refund must be approved by LACERS prior to the person's effective date of retirement.

(4) A person's ERIP service retirement allowance may never exceed his or her Final Compensation as defined in Los Angeles Administrative Code Section 4.1010. This provision is intended to comport with Los Angeles Administrative Code Section 4.1022(b).

(5) A person eligible under the GSB program to purchase time due to service in another government agency shall be allowed to apply the purchased time towards additional Service Credit under an ERIP retirement. For the purchased GSB time to be applied towards additional Service Credit, the person must follow the existing GSB purchasing policies, and must have completed the GSB purchase prior to his or her effective date of retirement. This section is not meant to supersede or otherwise affect Section 4.1033(b)(4)(ii) above, which provides that any time purchased under the GSB program shall not be included in the calculation of the Separation Payment for Group 4 members.

(6) The ERIP does not extend any deadlines for purchasing Service Credit under any Service Credit purchase programs, including GSB, PSB, Back Contributions, and Re-deposits. All such purchases must be paid off prior to the LACERS member's effective date of retirement.

(7) If person is approved by the CAO's office for retirement under the ERIP, but the person dies prior to his or her effective date of retirement, the person's eligible spouse, as defined in Los Angeles Administrative Code Section 4.1044(a), or qualified domestic partner, as defined in Los Angeles Administrative Code Section 4.1044.4, if any, shall be entitled to survivorship benefits as if the person retired under the ERIP with a 100% continuance to his or her survivor.

(8) Any benefit payable pursuant to the ERIP is subject to the requirements and limitations applicable to benefits payable from a qualified governmental pension plan under Internal Revenue Code (Code) Sections 401(a) and 414(d), and the regulations and guidance issued under those Code Sections. Therefore, any ERIP benefits may be adjusted, as necessary, to maintain the tax qualified status of LACERS.

(9) To work toward the ERIP being cost-neutral to the City, an "ERIP 1% Reduction" shall apply to all ERIP Eligible Filers actually retiring under the ERIP and all Grandfathered Participants actually receiving the ERIP benefits (with the exception of ERIP Group 4 members, as noted below). The ERIP 1% Reduction means that, for each ERIP Eligible Filer actually retiring under the ERIP and each Grandfathered Participant actually receiving the ERIP benefits, his or her entire retirement allowance, including the ERIP benefits, shall be reduced by 1%. The formula for calculating such a person's actual retirement allowance shall be: The person's full retirement allowance, including ERIP benefits (that is, the person's full retirement allowance, including the ERIP benefits, before the ERIP 1% Reduction) multiplied by 0.99. For example, for Groups 1, 2, and 3, the person's actual retirement allowance shall be:

$$\text{[Final Compensation x Service Credit x Retirement Factor of 0.0216] x 0.99}$$

For Group 5, the person's actual retirement allowance shall be:

$$\text{[Final Compensation x Service Credit x Retirement Factor of 0.0216] x [Reduction Factor] x 0.99. The Reduction Factor is the standard LACERS Early Retirement Reduction Factor.}$$

The ERIP 1% Reduction shall not apply to members of ERIP Group 4.

(d) Unless otherwise specified, the provisions in the City Charter and the Los Angeles Administrative Code pertaining to LACERS shall not be affected by the ERIP.

(e) It is the intent of the City and the LACERS Unions that the ERIP be envisioned as cost-neutral to the City. The increase in the employee retirement contribution rate and the elimination of defrayal (Sections 4.1033(a)(9)(i) – (ii) above), along with the ERIP 1% Reduction (Section 4.1033(c)(9) above), are mechanisms designed for working toward cost-neutrality.

(f) If the government of the United States or a final court of competent jurisdiction determines that one or more provisions of this chapter pertaining to the ERIP are unlawful or invalid, the remaining provisions shall remain in full force and effect.

Sec. 2. 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 this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By Brian I. Cheng
BRIAN I. CHENG
Deputy City Attorney

Date Sept. 30, 2009

File No. _____

ARTICLE X RETIREMENT BENEFITS

A. Benefits

For employees hired prior to January 1, 1983, retirement benefits including the Beta Retirement Formula and subsidies of: 1) one-half ($\frac{1}{2}$) the employees' retirement contribution rates, and 2) an additional two percent (2%) of compensation earnable after the one-half subsidy, shall be continued during the term of this MOU. For employees hired January 1, 1983, and thereafter, the Beta Retirement Formula and a flat-rated employee retirement contribution of six percent (6%) shall be continued.

B. Procedure for Benefits Modifications

Proposals for major retirement benefit modifications will be negotiated in joint meetings with the certified employee organizations whose memberships will be directly affected. Agreements reached between Management and organizations whereby a majority of the members in the Los Angeles City Employees' Retirement System are affected shall be recommended to the City Council by the City Administrative Officer as affecting the membership of all employees in the Los Angeles City Employees' Retirement System. Such modifications need not be included in the MOU in order to be considered appropriately negotiated.

Proposals for minor benefit modifications and technical changes will be considered and reported on as appropriate, but not more than once a year, in a report from the City Administrative Officer to the City Council. Affected organizations shall be given the opportunity to review the proposed minor changes prior to the release of the report, and their views shall be included in the report.

If agreement is not reached between Management and the organizations representing a majority of the members in the Los Angeles City Employees' Retirement System as to whether a particular proposal constitutes either a major or a minor modification, the proposal shall be treated as a major modification.

JOB CLASSES NOT ELIGIBLE FOR E RIP

Job Class	Job Class Code	MOU
Ch Forensic Chemist	2237	17
Ch Legislative Rep	9483	00
Chief Of Staff Mayor	0407	00
Council Aide	All Class Codes	00
Criminalist	2234	08
Exam Questd Docs	3229	21
Exec Dir Empl Rel Board	9719	00
Exec Dir Pol Comm	0600	00
Finance Coll Invtgr	1758	01
Fingerprnt Iden Exp	1157	03
Fire Psychologist	2379	10
Forensic Prnt Spec	2200	21
Mayoral Aide	All Class Codes	00
Police Perform Aud	1627	01
Polygraph Examiner	2240	21
Port Pilot	5151	26
Pr Tax Auditor	1524	20
Pr Tax Compliance Officer	1195	20
Special Investigator	0602	01
Sr Exam Questd Documts	3231	19
Sr Forensic Print Spc	2201	19
Sr Tax Auditor	1519	20
Supvsg Criminalist	2235	17
Tax Auditor	1514	01
Tax Compliance Officer	1179	01
Taxicab Administrator	8870	36
Veterinary Tech	2369	21
All General Manager and Elected Official positions shall also be ineligible.		

JOB CLASSES ELIGIBLE FOR E RIP WITH MAXIMUM CAP APPLIED

Job Class	Job Class Code	MOU	Maximum No. of E RIP Packages Available
Airport Police Captain	3228	40	1
Airport Police Lt	3227	39	1
Airport Police Officer	3225	30	5
Airport Police Sgt	3226	39	5
Airport Safety Officer	3202	30	1
Ch Airport Safety Off	3205	00	1
Ch Airports Engr	7274	36	1
Chemist	7833	08	3
Chief Benefits Analyst	9151	36	1
Chief Investment Officer	9147	36	1
Child Care Associate	2490	11	2
Child Care Center Director	2491	11	1
Commun Electrician	3686	02	14
Commun Electrician Supv	3689	13	4
Correctional Nurse	2317	10	3
Detention Officer	3211	18	3
Electric Pump Plt Opr	5853	09	1
Environmental Engineer	7872	17	2
Environmental Engr Assoc	7871	08	3
Equip Mechanic	3711	14	30
Gardener Caretaker	3141	04	59
Geneal Services Police Chief	3188	36	1
General Services Police Captain	3198	12	1
General Services Police Officer	3183	28	1
General Services Police Sergeant	3185	12	1
Helicopter Mech	3742	14	1
Intermed W/W Trmt Opr	4122	09	3
Investment Officer	9146	00	1
Laboratory Tech	7854	21	4
Librarian	6152	06	20
Motor Sweeper Operator	3585	04	15
Occup Psychologist	2380	10	1
Pol SurvInce Spec	3687	02	1
Police Admn	9196	36	2
Police Psychologist	2382	10	1
Ref Coll Truck Opr	3580	04	24
Refuse Collection Supv	4101	12	2
Shift Supt W/Wtr Trmt	7242	17	1
Sr Airport Safety Officer	3203	39	1
Sr Electr Pump PI Opr	5856	09	1
Sr Environmental Compliance Insp	4293	19	1
Sr Environmental Engineer	7874	17	1
Sr Librarian	6153	06	14
Sr Park Ranger	1967	12	1
Sr Police Serv Rep	2209	20	5
Sr Safety Eng Elevators	4264	05	1
Sr Safety Eng Press Ves	4262	05	1
Sr W/Wtr Trmt Oper	4124	09	4
Traf Officer	3214	18	20
Truck Operator	3583	04	14
W/Wtr Coll Worker	4110	04	5
W/Wtr Trmt Elec	5615	02	4
W/Wtr Trmt Lab Mgr	7840	36	1

JOB CLASSES ELIGIBLE FOR ERIP WITH MAXIMUM CAP APPLIED

Job Class	Job Class Code	MOU	Maximum No. of ERIP Packages Available
W/Wtr Trmt Mech I	5614-1	09	4
W/Wtr Trmt Mech II	5614-2	09	2
W/Wtr Trmt Oper	4121	09	9
Wastewtr Col Supvr	4113	12	1
Water Biologist	7856	08	1
Water Microbiologist	7857	08	1
TOTAL			314

VERBAL MOTION

I HEREBY MOVE that Council APPROVE that members of the Los Angeles City Employees' Retirement System who retire from city employment on or after the approval date of this motion, and before the effective date of any retirement incentive program, **and are eligible**, that is subsequently approved by the City Council and the Mayor on or before July 1, 2010, shall be eligible to receive all applicable benefits of the approved retirement incentive program for which these employees qualified at the time of retirement.

PRESENTED BY _____
BERNARD C. PARKS
Councilmember, 8th District

PRESENTED BY _____
DENNIS P. ZINE
Councilmember, 3rd District

June 26, 2009

CF 09-1320

ADOPTED
JUN 26 2009
LOS ANGELES CITY COUNCIL
FORTHWITH