



# **LOS ANGELES FIRE & POLICE PENSION SYSTEM**

## **II. BOARD OPERATING POLICIES AND PROCEDURES**

Updated 12/15/11

# LOS ANGELES FIRE & POLICE PENSION SYSTEM

## II. BOARD OPERATING POLICIES AND PROCEDURES

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## Los Angeles Fire & Police Pension System

### 1.0 - ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, AND STAFF

#### PURPOSE

- 1.1 Purpose of the Policy: The purpose of establishing a comprehensive Ethics Policy is to allow Commissioners to have a single point of reference with guidelines governing their behavior to avoid a real or perceived conflict of interest or violation of the City Ethics Ordinance, State ethics laws or Mayoral Executive Directives.

This policy is designed to be a series of sub policies that may be expanded or modified as ethics laws are changed or as additional situations which might result in real or perceived conflicts of interest arise.

- 1.2 Definition of Staff: For the purpose of this policy, staff is defined as persons and positions who are designated in the System's Conflict of Interest Code as having influence over the decision making processes of the System, which includes Attorneys in the Retirement Benefits Division of the City Attorney's Office.
- 1.3 Mandatory Annual Ethics Training: State law and Executive Directive No. 1 require that all Board members, the General Manager and staff attend an annual ethics training conducted by the City Ethics Commission, in partnership with the Office of the City Attorney.
- 1.4 Divestment and Recusal Notification Requirements: Charter Section 707 requires that Board members divest any investment, interest, or source of income that results in a significant and continuing conflict of interest. In order to achieve compliance with Charter Section 707, Executive Directive No. 1 requires that Board members disclose, to the Office of the Mayor and the City Ethics Commission, any conflicts by completing and submitting a recusal notice for any matter which they are disqualified from participating, or would have been disqualified from participating had they been in attendance.
- 1.5 Timely and Complete Filing of All Disclosure Forms: State and City law require that all Board members, the General Manager and staff complete disclosure forms, such as the Statement of Economic Interest and City-related business disclosures. Such disclosures are required upon assuming office, upon leaving office, and annually. Semi-annual updates are also required. The Department's Ethics Liaison is responsible for notifying Board members and staff of the filing requirements and ensuring the timely and complete filing of all required forms. Failure to complete the required forms may result in a fine or other corrective action taken by the City Ethics Commission, Fair Political Practices Commission, and/or the Office of the Mayor.
- 1.6 Commitment to a Code of Ethics: Executive Directive No. 1 requires all appointed Board members and the General Manager to sign a Pledge committing to a Code of Ethics upon assuming office.

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- 1.7 Update Departmental Conflict of Interest Code: In accordance with Executive Directive No. 1, the Board is responsible for reviewing and adopting the Departmental Conflict of Interest Code by July 31, every even-numbered year.
- 1.8 Cooperation with Ethics Commission Investigations and Enforcement: All Board members, the General Manager and staff are required under Executive Directive No. 7 to fully cooperate with any investigations conducted by the City Ethics Commission by responding promptly, completely and candidly to any inquiry they may receive for documents, information, or testimony. Further, Board members, the General Manager and staff are directed to report in a timely manner potential wrongdoing within the Ethics Commission's jurisdiction.

Approved: 08/02/07

**BOARD OF PENSION COMMISSIONERS COMMUNICATION WITH CONSULTANTS  
AND ADVISORS**

- 1.9 Consistent with the City Charter and the California Constitution, Board members are expected to discharge their duties "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." (Charter Section 1106(c))
- 1.10 To properly fulfill these duties and stay current with best practices in pension system governance, Board members must seek to educate themselves on an ongoing basis.  
  
This education takes place in the Board room, in conversations with professional staff, and in meetings with consultants and advisors at conferences or other events.
- 1.11 In meetings Board members have with consultants and advisors, outside the Board setting, Board members must exercise common sense, balancing their need for education with the need to comply with ethics laws seeking to have Board decisions be transparent and made in open session.
- 1.12 To promote our desire to educate, and at the same time to comply with the City's Commissioner Participation in Contracting Ordinance, in discussions with advisors and consultants away from Board meetings, Board members should avoid conversations that reasonably might influence that Commissioner's decisions related to a current contract or possible future contract with the Fire and Police Pension System.

Approved: 08/02/07

**ACCEPTANCE OF GIFTS (INCLUDING GIFTS OF TRAVEL)**

- 1.13 Under the provisions of both the California Code of Regulations, Title 2, Section 18944.2, and the Los Angeles Municipal Code Section 49.5.10(B)(4), a gift, including travel payments may be deemed a gift to the City agency rather than a gift to the individual City official and therefore not subject to restrictions, if certain requirements are met. Gifts accepted by an individual are subject to the reporting requirements of

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the California Code of Regulations and the Los Angeles Municipal Code.

Although State and local laws permit gifts of travel to the System, if a third party offers to pay for some or all of the travel expenses associated with a particular conference, seminar or meeting, the Board shall decline the offer. However, the Board may consider authorizing attendance at the particular conference, seminar or meeting at the System's own expense if such attendance would be beneficial to the System.

Other monetary gifts to the system, such as stock, may be accepted under the following conditions:

- A. The Fire and Police Pension System receives and controls the payment.
- B. The gift becomes an asset of the System (i.e. a trust asset).
- C. The System appropriately memorializes the gift in a written public record, identifying the nature, amount and any terms of the gift.

The Chief Accounting Employee shall maintain entries for all gifts in the appropriate accounting ledger.

Adopted: 03/01/01; Amended: 11/18/04, 07/06/06, 08/17/06, 07/12/07, 08/02/07, 08/16/07

## **SOLICITATION OF CONTRIBUTIONS**

- 1.14 A. Fiduciaries of the Los Angeles Fire & Police Pension System (LAF&PPS) are prohibited from soliciting, directing, or receiving any contribution from any person who is engaged in business for gain, seeking to engage in business for gain, or who has a proceeding pending before the Board of Pension Commissioners or has had such a matter pending during the preceding 12 months.
- B. All LAF&PPS contracts shall include a requirement that contractors disclose if contributions are solicited by a LAF&PPS fiduciary.
- C. Definitions for the purposes of this policy:
- 1) "Fiduciary" is defined as a member of the Board of Pension Commissioners, executive and senior management staff.
  - 2) "Person" means a natural person or business entity of any type, and includes all directors, partners, officers and agents of such business entity.
  - 3) "Business for gain" is defined as any contract for goods or services, and any investment related contract.
  - 4) "Proceeding pending" means all ministerial, administrative and legislative matters, potential contracts, current contracts and expired or terminated contracts for a subsequent period of 12 months.  
(Added 10/29/1998)

Adopted: 03/01/01: Amended: 09/06/01, 10/16/03, 09/10/04, and 07/12/06

**MARKETING CESSATION (INVESTMENT CONTRACTS)**

- 1.15 The purpose of this policy is to prevent, and avoid the appearance of, undue influence on the Board or any of its members in the award of all contracts.

Notification of this policy will be sent to all firms considered by Staff or the Consultant to be interview candidates. From the time the candidates are notified until the search ends, all direct marketing contact with firms that meet the search criteria will be limited to meetings with the Consultant, information sent to the Consultant or Department, questions about the search directed to the Staff or Consultant, one meeting at the Department's office with Staff and any site visits. The Board members, Department Staff or Consultant will accept no entertainment or gifts of any kind from any firm qualifying for the search. This policy does not prohibit contact with potential interview candidates at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing.

During the three months prior to the renewal of a contract with a firm currently under contract, the Board Members, Department Staff and Consultant will accept no entertainment or gifts from that firm until the contract has been renewed or terminated by the Board. Firms who currently have contracts with the Los Angeles Fire & Police Pension System are allowed to continue contact related to the existing contract with Staff and the Consultant.

Firms that are invited to interview with the Board, at the time of the interview, will be required to submit a Contact Statement. This Contact Statement shall list all contacts with Board members and Consultants during the three month period prior to the interview or during the search period, whichever is longer.<sup>1</sup>

The Los Angeles Municipal Code Section 49.5.17 (Commissioner Participation in Contracting Process) states:

**A.** Except as provided below, no member of a Board or Commission shall participate in or otherwise be involved in the development, review, evaluation, negotiation and recommendation process of bids, proposals or any other submittals or requests for the award of a contract, contract amendment, or change order involving that Board, Commission, Office or Department.

**B.** This Section does not preclude a Board or Commission, acting as a body, from reviewing staff recommendations when considering award of a contract, contract amendment or change order; providing direction to the general manager on contract requirements and negotiations; or considering proposals or other requests submitted for the award of a contract, contract amendment or change order. Nor does this Section preclude the efforts of individual members in reviewing documents and other information provided by or available from staff when preparing for the meetings of the full Board or Commission or committee at which the matter will be considered.

Any violation of this policy shall result in automatic disqualification of the bidding firm.

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<sup>1</sup>See section 1.18.G.2.e of the Ethics Policy, also referred to as the Contractor Disclosure Policy.

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Adopted: 02/07/02; Revised: 01/04/07; 09/03/09; and 03/03/11

See also Investments Policy.

**HISTORY**

1.16 Adopted 07/12/07; Revised: 08/02/07; 08/16/07; 09/03/09; and 03/03/11

**REVIEW**

1.17 This policy shall be reviewed by the Board annually in July, beginning July 2008.

1.18 **CONTRACTOR DISCLOSURE POLICY**

**A. PURPOSE**

It is the policy of LAFPP for Contractors to disclose conflicts of interest - - actual, potential and perceived.

The goal of this Policy is to prevent impropriety or the appearance of impropriety, to provide transparency and confidence in LAFPP's decision-making process, and to help ensure that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by Contractors to LAFPP.

This Policy sets forth the circumstances under which LAFPP requires the full and timely disclosure of ex parte communications with, relationships with, and payments to, entities such as placement agents, third party marketers, lobbyists and other Intermediaries. This Policy is intended to apply broadly to all contractors with whom LAFPP conducts business.

This Policy shall apply in addition to, and is intended to supplement, any applicable state and city ethics, campaign finance, and lobbying laws found in the City's Charter, Governmental Ethics, Lobbying and Campaign Finance Ordinances, the California Political Reform Act, and the California Constitution. Unless otherwise specified or required by the context, all terms used but not defined herein shall have the same meanings ascribed to them in **Appendix A**.

The Board recognizes that the flow of communication through staff between contractors or consultants and Board members is beneficial to the conduct of system business. However, there are instances wherein contractors or consultants may have ex parte communications directly with Board members. In those instances where the contact reasonably might give the appearance of being an attempt to influence the outcome of a Board or staff decision or consultant recommendation, the Board recognizes that there might be the potential for misunderstanding, misinformation, or conflicting instructions, and therefore reasonably could be interpreted as inappropriately affecting the Board, staff, or consultant. Such communications do not always rise to the level of "undue influence" as defined in this policy, but nevertheless are subject to disclosure.

**B. APPLICATION AND EXCLUSIONS**

**1. APPLICATION**

This Policy applies to LAFPP's application, selection, and monitoring processes regarding Contractors. It is applicable to all Contractors who participate in the selection process for the award of an LAFPP contract. This policy also applies to all agreements with Contractors that are entered into after the date this Policy is adopted. Additionally, this Policy applies to existing agreements with Contractors if, after the date this Policy is adopted, (a) the term of the agreement is extended, (b) there is any increased commitment of funds by LAFPP pursuant to the existing agreement or (c) there is an amendment to the substantive terms of an existing agreement, including the fees or compensation payable to the Contractor to the extent that LAFPP's consent is required.

**2. EXCLUSIONS**

The following contracts are excluded from this Policy:

- 1) Contracts in the amount of \$20,000 or less and for not more than a one-year period for which the General Manager has authority to approve service agreements, pursuant to Administrative Code section 10.1.1 and as authorized by the Board pursuant to Board Policy 9.16.(b).
- 2) Low cost equipment maintenance agreements and service for equipment repair. "Low cost" is defined as "\$2,000 or less."
- 3) Contracts for which contract terms are less than 3 months in duration.
- 4) City or state contracts/agreements for which LAFPP utilizes the existing City or state contract or agreement.
- 5) Contracts with unions and associations providing approved health plans subsidized by LAFPP.

**C. CAMPAIGN CONTRIBUTION - PERIODIC DISCLOSURE**

Except as otherwise provided in this Section 1.18.C, every Contractor shall disclose any and all monetary contributions and/or other financial benefits made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, members of the investment committee, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP, to any Elected Official, Candidate, Appointed Official or Applicable City Employee (collectively, "Contractor Campaign Contribution Disclosure"). Such Contractor Campaign Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. Except for private equity partnerships, including their general partners, Contractors shall also disclose any monetary contributions and/or financial benefits paid during the term of the agreement or investment on a quarterly basis.

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For each such monetary contribution or financial benefit, the Contractor Campaign Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name and title of each person receiving the contribution and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

Exemption: Monetary contributions and/or financial benefits given by any person to an Elected Official or Candidate for whom such person was entitled to vote at the time of the contributions and which in the aggregate do not exceed \$100 to any one Elected Official or Candidate per election are not required to be reported pursuant to this Section 1.18.C.

**D. OTHER CONTRIBUTIONS/PAYMENTS - PERIODIC DISCLOSURE**

Every Contractor shall disclose any and all monetary contributions and/or other financial benefits, including but not limited to contributions to charitable organizations, not covered by other sections of this Policy. The contributions/benefits to be disclosed can be made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP.

Disclosure shall include monetary contributions and/or other financial benefits which were solicited directly or indirectly by any Elected Official, Candidate, Appointed Official, or Applicable City Employee. Disclosure shall also include situations where contributions/benefits were made to an organization of which any Elected Official, Candidate, Appointed Official or Applicable City Employee is, to the best knowledge of the person paying the monetary contribution or financial benefit, an officer, employee, or member of the board of directors, advisory board, or any similar board or committee (collectively, "Contractor Miscellaneous Contribution Disclosures").

Such Contractor Miscellaneous Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. For private equity partnerships, including general partners, disclosure information for the prior twenty-four month period shall be provided at the time the Board considers a new or additional investment in a private equity fund. Except for private equity partnerships, including their general partners, Contractors shall also disclose any monetary contributions and/or financial benefits paid during the term of the agreement or investment on a quarterly basis.

For each such monetary contribution and/or financial benefit, the Contractor Miscellaneous Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;

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- (2) The name of the organization and the name and title of each person receiving the contribution, and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

**E. APPLICABILITY OF SECTIONS C AND D**

Disclosures required by Sections C and D of this Policy include, but are not limited to, any monetary contribution or financial benefit to any of the following:

1. Any Elected Official (and any of his or her controlled committees), Candidate (and any of his or her controlled committees), Appointed Official or Applicable City Employee.
2. Any account or trust set up through motion of the Los Angeles City Council that would seek funds controlled by an Elected Official or Candidate.
3. Any third party at the behest of an Elected Official, Candidate, or Appointed Official or for the purpose of supporting or opposing an Elected Official or Candidate or City ballot measure.
4. Any Elected Official, Candidate, Appointed Official or Applicable City Employee for the sale of private property.
5. Any charitable or other organization or individual at the behest of an Elected Official, Candidate, Appointed Official or Applicable City Employee.

**F. GIFTS - PERIODIC DISCLOSURE**

**1. GIFTS MADE BY CONTRACTORS**

Every Contractor shall disclose all Gifts made directly or indirectly by such Contractor and/or any of its Officers (and the Family Members of any of them), or made directly or indirectly by marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP, to any Elected Official, Candidate, Appointed Official, or Applicable City Employee, or to LAFPP's general investment consultant or real estate consultant.

For each such Gift, the Contractor shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift; and
- (4) The date of the presentation of the Gift.

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Such disclosures shall include Gifts made during the term of the agreement or investment (as applicable) and during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of and/or amendment to an existing contract, or an increase in funding of an existing investment commitment. Disclosures shall be made quarterly for all Contractors except for private equity partnerships and their general partners, which shall be required to make such disclosures annually.

**2. GIFTS RECEIVED BY CONSULTANTS**

LAFPP's general investment consultant and real estate consultant shall disclose all gifts received directly or indirectly from Contractors and/or any of their Officers (and the Family Members of any of them), or directly or indirectly from their marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with any product or service provided, or sought to be provided, to LAFPP.

For each such Gift, the Consultant shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift; and
- (4) The date of the presentation of the Gift

Such disclosures shall include Gifts made during the term of the Consultant's service agreement with LAFPP, and shall be made annually with regard to all Contractors, and otherwise as required by LAFPP in relation to any particular contracting process.

**G. RESPONSIBILITIES**

1. Each Contractor is responsible for:
  - a. Providing to Staff, as part of the Contractor Disclosure, the following information for existing agreements and prior to hiring for new agreements:
    - (1) A statement whether the Contractor, or any of its marketing or relationship representatives, portfolio managers, or members of the investment committee (or any Family Members of any of them) that are involved with the product or service provided to LAFPP, or any of its Officers (or Family Members of any of them), within the twenty-four month period prior to either (a) Board approval of a new agreement or investment, or (b) extension of or amendment to an existing agreement, or (c) an increase in funding of an existing investment commitment, has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the

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Contractor) or entity to act as an Intermediary in connection with any investment or procurement by LAFPP.

- (2) Notice to LAFPP that if any person working on behalf of the Contractor with, or assigned on behalf of the Contractor to, an LAFPP contract is a current or former LAFPP Board member, employee or consultant or a Family Member of any such person.
- (3) A description of all compensation provided or agreed to be provided directly or indirectly by the Contractor to any Intermediary or to any employee of the Contractor who was hired specifically to solicit an investment or other business with LAFPP or is compensated on the basis of the procurement of any such investment or business. The description of such compensation shall include the nature, timing and amount thereof and any condition precedent to receiving the compensation.
- (4) For investment and consulting contracts, a List of Contacts made by the Contractor with Appointed or Elected Officials within either 1) the three month period prior to the interview regarding a new agreement or investment; or, 2) the search period; whichever is longer. The List of Contacts shall include the date and names of the contact(s) and the nature of the contact.
- (5) For investment and consulting contracts and except for private equity partnerships including their general partners, Contractors shall also disclose any contacts with Appointed or Elected Officials ***during the term of the agreement, contract, or investment on a quarterly basis.***
- (6) With regard to each Intermediary identified pursuant to Section 1.18.G.1.a.(3) above, each Contractor shall provide:
  - (i) A description of the services to be performed by the Intermediary and a statement as to whether the Intermediary is utilized by the Contractor with all prospective clients or only with a subset of the Contractor's prospective clients (and if a subset, describe the subset), and a resume of each officer, partner, and principal of the Intermediary detailing the person's education, professional designation, regulatory licenses, and investment work experience. Work experience need not be provided in connection with agreements unrelated to investments.
  - (ii) With regard to procurement of business from LAFPP, a copy of all written agreements between the

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Contractor and the Intermediary and a description of any agreement that is not in writing.

- (iii) A list of contacts made by the Intermediary, on behalf of the Contractor, with Appointed Officials, Elected Officials, or staff within the 24 months period prior to Board approval of a new agreement or investment. The list shall include the date and names of the contact(s) and intermediary(s).
  - (iv) The names of all persons who suggested the retention of the Intermediary and a description of how the Intermediary was selected.
  - (v) A listing for the Intermediary and/or any of its affiliates showing registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agency or self-regulatory organization outside the United States, and either the details of any such registration or an explanation of why registration is not required.
  - (vi) A listing for the Intermediary, and/or any of its affiliates, showing registration as a lobbyist with any local, state or national government and the details of any such registration.
- b. Providing a representation and warranty signed by the Contractor's chief executive officer or head of the business unit that provides, or will be providing, the service to LAFPP, of the accuracy of the information included in the Contractor Disclosure in any final written agreement.
- c. All information required in the Contractor Disclosure shall be sent to LAFPP internal audit staff as follows:

Department of Fire and Police Pensions  
Internal Audit Section  
360 East Second St., Suite 400  
Los Angeles, CA 90012  
Office: 213-978-4432      Fax: 213-978-4463  
Email address: [audit@lafpp.com](mailto:audit@lafpp.com)

The Contractor Disclosure of all contacts, monetary contributions, other financial benefits and/or Gifts, as required pursuant to Sections 1.18.C through 1.18.G hereof is due 21 business days after the end of the quarter or year as applicable.

2. LAFPP Staff are responsible for all of the following:

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- a. Section managers are responsible for providing Contractors with a copy of this Policy with all Requests for Proposals at the time that due diligence in connection with a prospective investment or engagement begins.
  - b. Section managers are responsible for confirming that the Contractor Disclosure has been received prior to the completion of due diligence and any recommendation to proceed with the engagement of the Contractor or the decision to make any investment or procurement.
  - c. For new agreements and/or amendments to agreements existing as of the date of the Policy, Section managers are responsible for confirming that the final written agreement between LAFPP and the Contractor provides that the Contractor shall be solely responsible for, and LAFPP shall not pay (directly or indirectly), any fees, compensation or expenses for any Intermediary used by the Contractor.
  - d. Section managers are responsible for excluding any Contractor or Intermediary from the solicitation of new investments or business from LAFPP for a time period determined by the Board up to a maximum of 5 years after they have committed a material violation of this Policy, as determined by the Board in its sole discretion, and promptly informing the Board of any such action. Refer to Penalties in Section H.
  - e. Staff of the section responsible for the administration of the contract will provide the Board, including the relevant Committee, with a copy of the Contractor Disclosure information prior to the Board making or approving any decision to invest or procure with a Contractor.
  - f. LAFPP internal audit staff will compile a quarterly Board report containing the names and amount of compensation agreed to be provided to each Intermediary by each Contractor; the campaign contributions and gifts of each Contractor as reported in the Contractor Disclosures; the List of Contacts; and the List of Exclusions.
  - g. Reporting to the Board immediately any conduct that the Staff reasonably believes constitutes a material violation of the Policy, to enable the Board to make a determination whether the conduct constitutes a material violation.
3. Contractors shall comply with the Policy and cooperate with Staff in meeting Staff's obligations under this Policy. All parties responsible for implementing, monitoring and complying with this Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made pursuant to this Policy, the Policy shall be interpreted to require disclosure.

## **H. PENALTIES**

For new agreements and/or amendments to agreements existing as of the date of this Policy, the Contractor, in the final written agreement with LAFPP, will agree to provide LAFPP with any or all of the following remedies in the event that there was or is a material omission or inaccuracy in the Contractor Disclosure or any other violation of this Policy, as determined by the Board in its sole discretion:

1. Whichever is greater, the reimbursement of any contractor, management or advisory fees paid by LAFPP for one year or an amount equal to the amounts that the Contractor has paid or promised to pay to the Intermediary in respect of LAFPP.
2. LAFPP shall have the authority to terminate immediately the separate account investment management agreement, without penalty. For non-investment agreements, LAFPP shall have the authority to terminate the agreement, without penalty.

In addition, the Contractor will be ineligible for, and will not solicit, future agreements with LAFPP for five years after Board determination of the violation. However, the prohibition may be reduced by a majority vote of the Board at a public session upon showing of good cause.

Also, any Intermediary who the Board determines has materially violated this Policy shall be ineligible for, and shall not solicit, future contracts with LAFPP for five years after such Board determination. However, this penalty may be reduced by a majority vote of the Board at a public session upon showing of good cause.

## **I. NO RIGHT OF CONFIDENTIALITY**

All Contractor Disclosures and attachments thereto shall be public records subject to disclosure under the California Public Records act and the Ralph M. Brown Act. No confidentiality restrictions shall be placed on any Contractor Disclosures or any information provided by Contractors pursuant to this Policy.

## **HISTORY**

Adopted: 07/23/09; Revised: 02/04/10; and 03/03/11

## **REVIEW**

This policy shall be reviewed every 3 years starting February 2013.

See APPENDIX A – DEFINITIONS

## **APPENDIX A - DEFINITIONS**

### **Applicable City Employee**

(1) An LAFPP employee or (2) a lawyer in the Retirement Benefits Division or Outside Counsel Oversight Division of the Los Angeles City Attorney's Office or who is in the direct supervisory chain of command over the lawyers in those divisions

### **Appointed Official**

An appointed LAFPP Board Member (including a person who has been appointed, pending confirmation)

### **Candidate**

A person who has filed to run for an Elected Office

### **City**

The City of Los Angeles

### **Contractor**

A person who, or entity that, seeks to be and/or is hired to provide goods and/or services to LAFPP. The individuals with reporting responsibility are those at a firm that would have any contact with or responsibility for an LAFPP investment or agreement.

### **Contractor Disclosure**

Collectively, the information required from Contractors as described in Sections 1.18.C through 1.18.G of this Policy.

### **Elected Official or Office**

Mayor of the City of Los Angeles  
Members of the Los Angeles City Council  
Los Angeles City Attorney  
Los Angeles City Controller  
Elected LAFPP Board Member

### **Family Member**

The spouse or domestic partner, of a Contractor or Intermediary.

### **Gift**

Per **Los Angeles Municipal Code Sections 49.5.2 and 49.5.10**, means, except as otherwise provided in this definition, any payment to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. Any person, other than a defendant in a criminal action, who claims that a payment is not a gift by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value. The term "gift" does not include:

(1) Informational material such as books, reports, pamphlets, calendars, periodicals, seminars, or informational conferences, exclusively for official or office use and valued at less than \$250 (except that such dollar limit does not apply to informational material received

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Members, The General Manager, and Staff**

from a government agency). No payment for travel or reimbursement of any expenses shall be deemed "informational material."

- (2) Gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes.
- (3) Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, partner in a bona fide dating relationship, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person; provided that a gift from any such person shall be considered a gift if the donor is acting as an agent or intermediary for any person not covered by this paragraph.
- (4) Campaign contributions required to be reported under Chapter 4 of the Political Reform Act of 1974, as amended.
- (5) Any devise or inheritance.
- (6) Personalized plaques and trophies with an individual value of less than two hundred fifty dollars (\$250).
- (7) Gifts of food, beverages or occasional lodging provided in an individual's home.
- (8) Meals provided at an event at which the recipient speaks, participates in a seminar or similar activity or provides a similar service.
- (9) Gifts valued at no more than \$100 from an individual to a City official or to a member of the official's immediate family in connection with a non-recurring ceremonial occasion.

**Intermediary**

A person or entity (1) who is hired, engaged or retained by or acting on behalf of a Contractor as a placement agent, finder, lobbyist, solicitor, marketer, consultant, broker or other type of agent to raise money or investments from or obtain access to LAFPP, directly or indirectly, and (2) who engages in, either personally or through an agent, any written or oral direct communication with any LAFPP representative in furtherance of obtaining an investment or a contract with LAFPP. This definition also includes agents of Intermediaries commonly referred to as sub-agents.

**LAFPP**

The Los Angeles Fire and Police Pension System.

**Officers**

The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or functional equivalent in the Contractor's firm.

**Undue influence**

The employment of any improper or wrongful pressure, scheme, or threat by which one's will is overcome and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to do freely.

## **Los Angeles Fire & Police Pension System**

### **2.0 - FISCAL ADMINISTRATION**

#### **BUDGET**

- 2.1 The General Manager's proposed budget including the City's contribution for the ensuing fiscal year shall be presented to the Board and to the Mayor, CAO and Controller prior to April 1 of each year. The Board shall review the budget prior to final determination. Following Mayor and Council approval of the final budgets of the Police and Fire Department, the Board shall adopt a final budget for the Department of Fire and Police Pensions including the City's contribution no later than June 30 of each year.

#### **TRAVEL AND EDUCATION POLICY**

- 2.2 The Fire and Police Pension System (System) is a public trust, and the administration of the System is subject to strict fiduciary responsibilities under trust law. In accordance with the City Charter and Article XVI, Section 17 of the California Constitution, the Board has sole and exclusive fiduciary responsibility for the assets of the System and administration of the System in a manner that will assure prompt delivery of benefits and related services to members of the System and their beneficiaries. The California Constitution also provides that the System assets are held in trust and must be used for the exclusive purposes of providing benefits to System members and their beneficiaries and defraying reasonable expenses of administering the System.

The Board recognizes there is a delicate balance between a fiduciary's need to become well informed on issues and topics that might have an impact on the trust and the fiduciary obligation to manage trust assets at a reasonable cost and for the exclusive benefit of the beneficiaries. It is the Board's policy that Trustee travel done on behalf of the System be undertaken in a manner consistent with its fiduciary obligations and in consideration of the public perception of the traveler as a representative of both the System and the City of Los Angeles.

By requiring that the trust assets be managed with the same care, skill, prudence and diligence as would be by other large institutional pension fund managers, the Board's fiduciary standard mandates that Trustees and staff maintain a knowledge base that keeps them as informed as their peers. The complexities of sound management of the assets and liabilities of the System impose a continuing need for Board members and staff to attend business meetings, professional and educational conferences, seminars, and other events that are required to conduct System business or that will better prepare them to perform their fiduciary duties.

It is the desire and intention of the Board to ensure that all Board members and staff receive current benefit, financial and policy information. Travel is considered an appropriate expenditure of the System's funds when the travel falls within any of the following categories:

- A. The Board authorizes one or more Board members and staff to conduct specific business or attend a specific event; or,
- B. The Board authorizes one or more Board members and staff to attend seminars, conferences or educational classes where the attendee's ability to carry out his/her duties as a trustee of the System will be materially enhanced, including speaking engagements where a Board Member or Staff can enhance his/her knowledge through participation at the event.

Additionally, since one of the obligations of the Board is to defray reasonable expenses of administering the System and that pension assets are used to pay for the administrative expenses of the System, it is the responsibility of the Board to authorize only reasonable and prudent expenses.

For purposes of the travel policy, staff travel includes travel by staff from the Retirement Benefits Division of the City Attorney's Office.

### **CONTINUING EDUCATION**

- 2.3 In order to enhance the ability of individual Board members and staff to carry out their fiduciary responsibilities, to increase understanding of all aspects of the System and to stay abreast of changes in federal/state laws and regulations, Board members and staff are encouraged to attend educational meetings, conferences and seminars. Board members are encouraged to attend at least two (2) educational meetings, conferences or seminars each fiscal year. However, attendance shall not exceed a maximum of six (6) educational meetings, conferences or seminars each fiscal year, excluding the one-day Trustee Roundtable sponsored by CALAPRS. Board members should use their best efforts to avoid conflicts with dates of scheduled meetings of the Board and Committees on which the Commissioner sits.

### **BUSINESS RELATED TRAVEL**

- 2.4 Board Members or staff may be required to travel for business reasons, which might include, as an example, sitting on an advisory board for a limited partnership in which the retirement system is invested. Business related travel may also include due diligence related to retirement system administration. Due diligence normally is a staff function. However, there may be circumstances where it would be desirable for Board Members to be included in the due diligence process.

### **APPROVAL OF TRAVEL**

- 2.5 Requests to travel to a pre-approved (included in the budget) conference, seminar, etc. shall be submitted to the Board as a consent agenda item. An estimate of the total travel expenses and other information concerning the conference, seminar, etc. shall be included on the agenda.

Requests to travel to a conference, seminar, etc. not previously approved in the budget shall be submitted to the Board for action on the regular agenda provided the conference or seminar contains an average of five (5) hours of substantive educational content per full day.

## **ATTENDANCE**

- 2.6 It is understood that any Board member or staff who is authorized to travel on retirement business accepts the responsibility to attend and participate in the conference, seminar, etc. In the event that a retirement representative fails to attend as expected, the Board may require the representative to reimburse any expenses to the System. However, if, for a valid reason as determined by the approving authority, the person who has received travel authorization is unable to attend the event, he/she may request reimbursement of unrecoverable or nonrefundable costs such as cancellation fees and forfeited deposits.

Authorization to attend client conferences organized or sponsored by a single company or firm shall be restricted to those conferences sponsored by firms who maintain a professional relationship with the System.

No more than four (4) Board members will be authorized to attend a conference or seminar, which is not open to the public, or to conduct a site visit unless the City Attorney's Office has been consulted and advises that attendance by a quorum of Board members will not cause a violation of the Brown Act.

## **TRAVEL EXPENSES - COST CONTROL**

- 2.7 It is the policy of the Board of Fire and Police Pension Commissioners that travel by Trustees and staff to seminars and conferences is achieved in a reasonable, cost effective and practical manner. The levels of expenditures should be reasonable, taking into consideration the particulars of the location of the conference or seminar, the residence of the person traveling and the work or other schedule of the person traveling. Given the nature and often-immediate need to complete the travel for due diligence site visits, expenditures should be reasonable given the circumstances.

See Appendix 1 - Guidelines for Travel and Personal Expenses

## **HISTORY**

- 2.8 Adopted: 03/01/01; Amended 09/06/2001, 10/16/2003, 09/10/2004, 07/12/07, 08/16/07, 03/06/08 and 12/03/09

## **REVIEW**

- 2.9 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### APPENDIX 1 - GUIDELINES FOR TRAVEL AND PERSONAL EXPENSES

#### A. GENERAL GUIDELINES

1. A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board members and staff before processing their first travel request.
2. All travel on behalf of the System must be in a manner consistent with the fiduciary responsibilities of the Board members and staff. Those who travel in the performance of official System business are expected to incur only expenses that a reasonable and prudent person would incur if traveling on personal business. If the expenses deviate from the City's expenditure and the System's travel policy, the approved action by the Board must delineate the deviation and provide the justification.
3. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (Form Gen. 16).
4. All expenses relating to international travel will be reimbursed according to the Federal per diem rate guidelines found in the website <http://perdiem.hqda.pentagon.mil/perdiem>.
5. Original receipts (except meal and incidental expense receipts) must be provided for any single item of expenditure more than \$25.00.
6. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.
7. All travel expense statements will require approval as designated in the Department's Annual Budget and will be reviewed by the Chief Accounting Employee for compliance with the System's travel guidelines before payment is authorized.
8. Travel expenses for Board Members are subject to approval by the Board President and for staff by the Department Head. For other requirements, refer to Section 2.5 (Approval of Travel).

#### B. AIR TRAVEL

1. Air travel may be used when it is the most efficient means of travel. Air travel shall be at coach or economy fare. When the airfare receipt shows an upgrade to business or first class accommodation, the traveler shall include a statement that there was no additional cost to the Fund. When using air travel, the traveler should book the most economical flight that is reasonably available, taking into consideration the cost of ground transportation, business schedule, flight duration, reasonable hours of departure and arrival, personal safety and health.
2. Fees for the first checked baggage will be reimbursed. Fees for additional

checked baggage may be reimbursed if a justification for an official business need is provided.

3. Coupons or promotional mileage credits provided to the traveler during the course of System business travel shall be used for System business only. The traveler will not be reimbursed for such coupons or promotional mileage credits.
4. The cost of air flight insurance is not eligible for reimbursement.
5. Acceptable documentation shall include the airfare receipt (such as "passenger ticket", invoice, itinerary, "e-ticket" or confirmation) and proof of payment (such as credit card receipt or statement or a screen print of the e-ticket confirmation indicating payment by credit card).

#### C. PERSONAL VEHICLE

1. Use of this alternative mode of transportation in lieu of air travel must be authorized by the General Manager or Board President in advance of travel.
2. When used as an alternative mode of transportation in lieu of air travel, allowable costs shall be the lower of (i) the mileage costs (based on the annual standard car mileage allowance determined by the Internal Revenue Service) plus reasonable and economical parking charges or (ii) the economy airfare cost plus reasonable roundtrip transportation costs (i.e., the lowest transportation cost reasonably available under the circumstances) to and from the airport and hotel destination.
3. When used as an alternative mode of transportation in lieu of shuttle or taxi, taking into consideration such factors as time, availability of shuttle or taxi, personal safety and health, allowable costs shall be the mileage costs plus reasonable and economical parking charges.
4. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation must be on the traveler's own personal time and expense.
5. Since mileage reimbursement is in lieu of transportation expenses incurred by the traveler, claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
6. Personal automobiles used for business purposes must have a minimum level of vehicle liability insurance as follows:
  - \$25,000 injury to or death of one person; and,
  - \$50,000 injury to or death of more than one person: and,
  - \$5,000 property damage for any one accident.

Automobile Insurance Coverage Information and the Waiver and Release of Liability and Assumption of Risk Acknowledgment for Automobile Rental and Use of Personal Vehicle forms completed by Board members will be maintained by the Commission Executive Assistant and that of staff will be maintained by the Accounting Section.

D. GROUND TRANSPORTATION

1. The least expensive or most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/meeting/seminar location, and back.

Transportation cost in acquiring meals is not considered as ground transportation cost but as an incidental expense included in the daily meal and incidental expense allowance.

2. Reimbursement for a private car or limousine service shall be limited to no more than the cost of a taxi.
3. Automobile rental is allowable if it is less expensive or more appropriate for the efficient conduct of System business than the use of taxi or bus. Pre-approval by the General Manager or Board President is required. Written justification is needed.
4. The traveler will not be reimbursed for the cost of any insurance offered by the auto rental company in connection with a rented vehicle used within the United States. Car rental insurance costs required in countries outside of the United States may be claimed for reimbursement.

E. MEALS AND INCIDENTAL EXPENSE ALLOWANCE

1. For domestic travel, traveler will be reimbursed at an amount not to exceed the highest allowable Federal per diem rate for any U.S. city. Per IRS Publication 463, incidental expenses include:
  - Fees and tips to porters, baggage carriers, bellhops, hotel maids/servants and others; and
  - Transportation cost in acquiring meals

The meal allowance will be prorated at 75% on:

- First and last days of travel; and
- When some meals are provided at the conference

No meal allowance will be paid when meals are provided throughout the day by the host or at the conference. However, claim for a meal and incidental expense allowance may be considered provided a justification is submitted and approved by the General Manager for staff or the Board President for commissioners.

Meal and incidental expense receipts are not required.

2. For international travel, meal and incidental expense allowance will be reimbursed according to the Federal per diem rate guidelines found in the website <http://perdiem.hqda.pentagon.mil/perdiem/>.

3. Meals and incidental expenses in excess of the set domestic allowance or international federal per diem allowance will not be reimbursed.
4. Reimbursement for meals of persons other than Board member(s) or staff will only be allowed upon certification by the Board President or General Manager that such expenditures were for a public purpose and necessary for the conduct of Plan business. The name(s) and organization of the person(s) hosted and the nature of the Plan business discussed must be specified on the Personal Expense Statement (Form Gen. 16) or on the Other Travel Expense Authorization/Approval form.
5. Meals for spouses are generally not allowed, unless it is in conjunction with a formal event by invitation where other spouses are expected to attend.

F. LODGING

1. Individuals must consider transportation costs, time and other relevant factors in selection of the most economical or practical accommodations. This does not preclude an individual from staying in a hotel where the meeting or convention to be attended is held.
2. A traveler who shares a hotel room with one or more family members will be reimbursed only at the single room rate (documented on hotel letterhead or the hotel's room rates listing) plus applicable taxes and charges.
3. Acceptable documentation shall include original itemized hotel bill marked "Paid in Full" or showing a zero balance; otherwise, proof of payment is also required.

G. LAUNDRY SERVICE

Laundry service, including dry cleaning, is allowable when warranted by the duration of the trip, traveling conditions or other circumstances.

H. PLAN BUSINESS AND PERSONAL TELEPHONE CALLS

1. An individual traveling on Plan business will be provided a prepaid telephone card before the trip and is expected to use it whenever possible. Access charges billed by the hotel are reimbursable.
2. For any used time left on a pre-paid telephone card, the traveler is encouraged to return the card to the System upon return from travel.
3. If the prepaid telephone card is not used, personal calls are subject to the Administrative Code which limits the traveler to one (1) call for the first three (3) days of travel and one (1) call for each successive three (3) days thereafter.

J. REGISTRATION, SEMINAR OR MEETING FEES

The original or a copy of the registration form reflecting the mode of payment must be submitted with the Personal Expense Statement if paid by the traveler. Whenever time permits, it is encouraged that the registration fee be paid by the System directly to the conference sponsor.

**K OTHER EXPENSES**

1. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Board President or General Manager as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.
2. Costs incurred on travel days are allowable (subject to limitations covered in the applicable sections of the guidelines) if (i) the travel day is on the day before the first educational session of the conference or seminar and no transportation is reasonably available that would allow the traveler to leave his/her point of departure (e.g., home) no earlier than 9:00 a.m. for Board members, and/or (ii) the travel day is on the day after the last educational session of the conference or seminar and no transportation is reasonably available that would allow the traveler to get to his/her final destination (e.g., home) by 8:00 p.m.

**L. INTERRUPTED AND INDIRECT TRAVEL**

When there is an interruption or deviation from the direct travel route, whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route.

**M. NON-REIMBURSABLE TRAVEL EXPENSES**

1. Any expenses of a purely personal nature such as luggage, toiletries, health club charges, unapproved car rental and other expenses not required for the conduct of Plan business.
2. Repairs (including towing charges) for personal vehicle.
3. Flight and/or vehicle insurance.
4. Expenses for persons other than employee.
5. Rental of video movies or pay-per-view at the hotel.
6. Entertainment.

**N. PERSONAL EXPENSE STATEMENT**

1. Personal Expense Statement (Form Gen. 16) must be completed and submitted by the traveler to the Department's travel coordinator within ten (10) days of the conclusion of the trip or at the next scheduled Board meeting, whichever is later. This will allow timely processing within thirty (30) days of the conclusion of the trip.
2. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.

3. Future travel advances will not be processed for traveler(s) with delinquent (over 30 days) PES.

O. TRAVEL ADVANCE REQUEST

1. To obtain a travel advance, approved travel requests must be submitted to the Accounting Section at least fifteen (15) working days before the date of travel. The request must include:
  - A justification letter stating the reason or that the reason has been discussed with the traveler's approving authority; and
  - A statement certifying that the traveler has no outstanding cash advance.

For staff, request for cash advance must be approved by the Department Head.

For the General Manager and Board members, request for cash advance must be approved by the Board President.

Cash advance for international travel will be according to the current Federal per diem rate found in the website <http://perdiem.hqda.pentagon.mil/perdiem/>.

2. Regular travel advances will be released no earlier than one (1) week before travel, except when deposits or registration fees are required.
3. Request for reimbursement for an early purchase of airfare and/or one-night hotel deposit may be processed in advance of the regular travel advance provided such request with supporting documents and proof of payment is submitted to the Accounting Section at least sixty (60) days before the date of travel.

Amended 09/6/2003, 10/16/2003, 09/10/2004, 07/12/07, 03/06/08 and 04/02/09.

## Los Angeles Fire & Police Pension System

### 3.0 - PENSION PROCESSING

#### APPLICATIONS AND DOCUMENTATION

- 3.1 All pension applications shall be filed in writing on forms prescribed by the Department of Fire and Police Pensions. Applicants shall be responsible for furnishing all required documents needed to process and verify pension eligibility. Pensioners, surviving spouses and legally appointed guardians/conservators of pension beneficiaries shall be responsible for notifying the Department of Fire and Police Pensions of any change of status which affects pension eligibility. Failure to provide required documentation or cooperate with processing requirements shall be the basis for denial of an application or suspension of pension payments.

#### DEFERRED RETIREMENT OPTION PLAN (DROP)

##### 3.2 CREDITING OF INTEREST

DROP accounts shall earn interest in the amount of 5%, compounded annually (i.e., compounding after 12 DROP payments have been deposited in the member's account). Interest will be calculated each month using a monthly factor of 0.004167 (1/12 of 5%), applied to the prior end of month inception-to-date deposits balance. Interest will be credited to member accounts semi-annually on June 30 and December 31. For members exiting DROP between the semi-annual interest-crediting dates, the account shall be credited with the monthly interest earned as of the exit date.

##### ACTIVE DUTY STATUS

Effective November 1, 2008, in addition to the age and/or service requirements to enter DROP, a member must also be on active duty status on the DROP entry date. For purposes of this provision active duty status shall include members working on light-duty status, but exclude members on sick, vacation, injured-on-duty, administrative leave, and all other types of non-working status.

- A. The City Administrative Officer has been authorized to classify payroll codes as "active" or "not active" for the purposes of DROP.
- B. At least one of the prescribed active duty payroll codes must be recorded on a member's timesheet on their DROP entry date.
- C. Verification of active duty status shall be made using the City's payroll system (PaySR) at the time of entry.
- D. In the event a member elects a DROP entry date and is not on active duty status on the DROP entry date as defined above, the member's DROP entry date will automatically be advanced to the next qualifying entry date. The

revised entry date will not be subject to further adjustment by the member. The DROP Program Administrator shall notify the member of the approved DROP entry date in writing.

### **REVOCAION OF DROP ENROLLMENT**

Members may apply to enter DROP no earlier than 30 days prior to their intended DROP entry effective date. A member may revoke participation in DROP by submitting a DROP Revocation Notice (hereafter, "the Notice") in-person or by facsimile no later than the day prior to the DROP entry effective date. The Notice must be received before the close of business at 5:00 p.m., or if faxed, by 11:59 p.m. The effective date of revocation shall be established upon receipt of the Notice and signature thereupon by LAFPP administrative staff. The member is responsible for confirming timely receipt by LAFPP. If the member does not revoke his/her application for DROP as specified above, the DROP agreement will become final and binding, and thereafter be irrevocable.

### **AUTHORITY OF BOARD AND GENERAL MANAGER**

- 3.3 The General Manager shall present to the Board all eligible pension applications. The Board as a ministerial act shall approve all properly qualified service pension and surviving spouse applications. On August 7, 2003 the Board adopted Resolution 04008 delegating authority to the General Manager to perform this function. The General Manager's actions are reported to the Board at the next subsequent Board meeting. The General Manager shall adopt procedures for the submission, verification and withdrawal of applications and shall determine whether applicants meet the qualifications specified in the Charter and Administrative Code.

### **DISABILITY APPLICATION PROCESS**

- 3.4 The Board shall conduct hearings on disability pension applications. In order to expedite the hearing process, the Board may appoint a hearing examiner to conduct preliminary hearings as it deems necessary. The applicant has the burden of proof as to the existence of disability.
- A. The General Manager shall provide all relevant evidence and records, including doctor reports that the Board requires for the hearing process, and shall make a written recommendation to the Board on whether applicants should be granted or denied disability or survivor benefits.
  - B. The General Manager shall be responsible for selecting physicians to examine applicants. Physicians, preferably Board certified in their specialty, shall whenever possible be rotated considering geographical and availability constraints. Refusal by an applicant to be examined will cause suspension of disability application processing. The General Manager may consider applicant objections to physicians made for good cause to select a different physician.
  - C. Charges by physicians for missed appointments by an applicant or for new or updated reports caused by the delay of an applicant shall be paid by the applicant, unless the applicant can show good cause for the missed

appointment or delay. Failure to pay for missed appointments may cause a suspension of processing.

- D. Appeals to the Board of the General Manager's decision regarding the selection of a physician or physician charges to an applicant must be made in writing, within 14 days of the Manager's decision.
- E. All communication with pension physicians relating to any aspect of an examination performed on behalf of the Department of Fire and Police Pensions shall only be through Department staff. Under no circumstances shall an applicant, an applicant representative or operating department directly contact or provide materials or documents to a pension physician without prior approval of Department of Fire and Police Pensions staff. All materials or documents to be reviewed by pension physicians shall first be submitted to staff for inclusion in the administrative record and then forwarded to the physicians.
- F. Physicians who have performed disability examinations shall provide report clarification or additional evidence as required by the applicant or Department of Fire and Police Pensions staff. Such clarification shall be submitted in writing to the Department of Fire and Police Pensions. This step may be repeated as often as reasonable and necessary. If the applicant does not accept the written response, the applicant may then request a deposition of a pension physician. Staff and a City Attorney shall attend each deposition, arranged by Department of Fire and Police Pensions staff. The cost for the physician and court reporter shall be paid solely by the party requesting the deposition. The Department of Fire and Police Pensions will be responsible for the cost of the transcription service and deposition documents provided by the court reporter. Staff will provide copies of the deposition material. If the applicant fails to accept the results of the deposition, a pension physician may be subpoenaed to appear for questioning at the time the claim is considered by the Board.

### **SUSPENSION OF DISABILITY PENSION PAYMENTS**

- 3.5 It shall be the pensioner's duty to cooperate with the Board and Staff and to comply with reasonable requests when the disability pensioner's medical status is under review. Failure to cooperate or some other action that impedes or prevents completion of the review process may constitute cause for a suspension of disability pension payments by the Board. Suspended pension payments will be deposited in an escrow account.
  - A. Staff shall first ascertain if a hardship exists which prevents the pensioner from cooperating with the review process. If there is no apparent hardship, the pensioner shall be provided the opportunity to appear before the Board to present reasons or evidence justifying the lack of cooperation or failure to comply with requests made in conjunction with the review process. If the pensioner fails to appear at this hearing or is unable to demonstrate good cause for noncompliance, the Board may suspend pension payments for a period of one to three months pending compliance.

- B. If the pensioner continues to refuse or fails to cooperate again, a second hearing will be scheduled for the purpose of suspending disability pension payments until the review process is completed.

**RESTORATION OF DISABILITY PENSIONERS TO ACTIVE DUTY**

- 3.6 A pensioner on service connected or non-service connected disability pension who is found by the Board to be no longer disabled shall have the pension terminated upon restoration to active duty, or failure to be restored as ordered by the Fire or Police Department, or upon the date of the Board's determination if the retired member had previously been terminated or resigned.

**SURVIVOR BENEFIT APPLICATIONS**

- 3.7 Applications for surviving spouse, minor or dependent children or dependent parent benefits when members are deceased while on active duty due to indisputably service connected causes shall be processed automatically by staff for service connected benefits.
  - A. When there is an issue whether the death is service connected, the application shall automatically be processed as non-service connected, without prejudice (recognizing that this is the minimum pension entitlement resulting from the death of an active member.)
  - B. A hearing shall be conducted by the Board to determine whether the deceased member's death was service connected, at which time the Board shall review the autopsy report, if available, and a report of at least one qualified physician.

**POST RETIREMENT SURVIVOR BENEFIT PURCHASE PROGRAM**

- 3.8 Application for post retirement survivors shall be processed automatically by staff.
  - A. A Retired Plan Member (Retiree) may elect percentage choices of 30% to 100% continuances in 5% increments (service retirees and disability retirees) provided the election does not exceed any limitations imposed by federal law. The cost factors used to provide the continuance percentage elected shall be based upon the mortality tables as adopted by the Board in the most recent actuarial experience study.
  - B. A Retired Plan Member may make an election to provide a survivor benefit pursuant to Charter Section 1236 on the first day of any given month, provided that all the documents necessary to make this election are provided to the Plan no later than the fifth day of that month, and the Retiree's monthly benefit shall be reduced beginning with the payment due for that month. If the necessary documents are not received by Plan by the fifth day, the election to provide this benefit shall be made on the first day of the following month and the Retiree's monthly benefit shall be reduced beginning with the payment due that month.
  - C. In the event that a Retiree dies less than one year from the date that the Retiree made an election to provide this benefit, as determined pursuant to

the prior provision, then no survivor benefit shall be provided unless the Board shall determine that the Retiree's death was accidental. A Retiree's death shall be determined to be accidental if the preponderance of the evidence establishes that an accident resulting in bodily injury caused the Retiree's death. A death due to sickness, bodily infirmity, suicide or an intentionally inflicted injury shall not be considered accidental. If no survivor benefit is provided, a lump sum shall be paid as provided in Charter Section 1236.

- D. The Retiree's entire benefit, to the extent such constitutes his/her separate property, must be payable entirely to him/her at the time that he/she makes an election under this program. A Retiree whose benefit is subject to a wage assignment for support, a tax lien, a workers' compensation offset, or any other lien that may legally be imposed on his/her retirement benefit shall not be eligible to elect to provide a survivor benefit.
- E. A Retiree shall not be precluded from electing this benefit due to a prior community property division awarding a portion of his/her benefit to a former spouse/domestic partner, as that person's separate property, and the balance of his/her benefit to the Retiree as the Retiree's separate property. However, only the Retiree's separate property interest in his/her pension shall be subject to this election. The Retiree's election to provide this benefit shall have no impact upon the former spouse/domestic partner's interest in the Retiree's pension benefit or the payment of other survivor benefits from the Plan. Since the Retiree is paying the full actuarially determined cost of this survivor benefit through a reduction in the Retiree's separate property interest in his/her benefit, the Board shall not subject this survivor benefit to a community property claim from a prior spouse/domestic partner.
- F. A Retiree receiving a disability pension from the Plan may elect to provide a survivor benefit, but should be advised that this benefit will not be paid if his/her disability pension is discontinued and he/she is returned to duty. Also, because his/her disability pension could be subject to reduction in the future, only such portion of the Retiree's disability pension that represents the minimum that he/she could be awarded shall be subject to reduction to provide for a survivor benefit and any balance of his/her disability pension in excess of this minimum amount shall continue to be payable to the Retiree in full.
- G. Because a disability Retiree's benefit may be subject to a Workers' Compensation offset in the future, a disability Retiree shall provide an authorization, signed by both the Retiree and his/her spouse/domestic partner, allowing the Plan, in the event of the Retiree's death, to continue to offset any Workers' Compensation paid to the Retiree from the survivor's benefit until recouped in full. This authorization is required because the survivor's benefit is funded by a reduction in the disability benefit payable during the Retiree's lifetime, which reduced the amount of the offset recoverable directly from the Retiree.
- H. The election to provide a survivor benefit must be signed by the Retiree unless someone else has the legal authority to act for the Retiree in this

regard. When the Retiree lacks the capacity to make this election and there is no one else legally authorized to act on the Retiree's behalf, staff shall prepare a report explaining the situation for the Board's consideration prior to taking any final action by the Board.

### **REINSTATEMENT OF SERVICE PENSIONERS**

- 3.9 The General Manager shall provide a written recommendation to the Board on all applications for reinstatement to active duty from a service pension and the Board shall conduct a hearing on such applications.

### **RECOVERY OF ERRONEOUS PAYMENTS**

- 3.10 The Department of Fire and Police Pensions shall recover any payments made in error exceeding \$100, pursuant to the IRS Employee Plans Compliance Resolution System Section 6.06(3), or as a result of failure of a beneficiary to notify the Department of discontinuation of entitlement to benefits (e.g. due to death of a pensioner or surviving spouse, attainment of Charter/Administrative Code specified age for a minor, or discontinuation of full-time student status of a minor).

### **HISTORY**

- 3.11 Adopted: Circa June 13, 1996; Amended 11/02/06, 12/04/08, 05/07/09, 01/21/10, 12/16/10, and 08/04/11.

### **REVIEW**

- 3.12 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## **Los Angeles Fire & Police Pension System**

### **4.0 - HEARINGS**

#### **REPRESENTATION**

- 4.1 Applicants may represent themselves, may be represented by legal counsel or by a representative of an organization registered with the City Clerk's Office. A non-represented applicant may, at any time, terminate a hearing for the purpose of securing legal counsel. An applicant who has represented him or herself at a concluded hearing may request a rehearing within 90 days after the Board has adopted Findings of Fact for the purpose of being represented by legal counsel. If at the time such rehearing is scheduled an applicant fails to be represented by legal counsel, there shall be no rehearing unless the applicant meets the requirements of Section 4.11.

#### **RELEASE OF FILES**

- 4.2 Upon the signed authorization of an applicant, the applicant's administrative file may be released for review by his/her authorized representative and to the medical liaison officer of the applicant's employing department. Prior to a hearing, a medical resume shall be furnished to the applicant.

#### **WITNESSES**

- 4.3 An applicant, the Department of Fire and Police Pensions or the applicant's employing department may present witnesses or evidence relevant to the application. All witness testimony shall be sworn. Witness fees may be provided, if applicable, in accordance with the Government Code. Fees shall be paid by the party requesting the witness to appear. The Board may issue subpoenas, within its authority.

#### **EVIDENCE**

- 4.4 All evidence to be presented at a hearing must be received by the Department of Fire and Police Pensions no later than ten (10) working days prior to the hearing date; although the Board may waive this requirement upon showing that no prejudice to any party will result. Any document submitted for inclusion in the Administrative File shall first comply with the following guidelines.
- A. The document must contain the name of the author, the date of preparation and where the author can be contacted. The document cannot contain any information or statements made by anyone other than the author unless the source is identified.
  - B. The document cannot contain opinions unless a factual foundation is made to support the opinion and a statement of special qualifications that enables the author to formulate the opinion is included. When the opinion is within the understanding of any reasonable person, a statement of special qualifications is not necessary.

- C. Any document submitted for inclusion in the Administrative File in-lieu of testimony before the Board shall be in the form of a Declaration Under Penalty of Perjury or a signed and dated affidavit. Staff shall notify any person who submitted material that does not qualify so the person can resubmit in compliance with the guidelines.
- D. Objections to inclusion or exclusion of documents in the Administrative File shall be submitted in writing to staff or may be raised at the time of the Board hearing on the claim. The Board's decision shall be final.
- E. These guidelines are not applicable to documents that have historically proven to be reliable: medical, personnel and workers' compensation records, staff work product or any document that would be admissible in a court proceeding.
- F. Nothing in this rule shall prevent the admission of material that is relevant, reliable and helpful to the better understanding of the claim, even though it does not strictly comply with the above guidelines.

#### **ASSIGNMENT OF CASES**

- 4.5 The General Manager shall rotate the assignment of cases between all the commissioners in an equitable manner. No commissioner, including the President of the Board, shall be excluded from this responsibility.

#### **CONDUCT OF HEARINGS**

- 4.6 A. The commissioner assigned the case shall lead the questioning of the applicant/ applicant's representative; however, any commissioner may ask follow up questions. The applicant/representative shall be required to indicate whether the file is complete and whether there are any objections to evidence contained in the file. The President of the Board, with the advice of the City Attorney shall rule on the admissibility of questions or evidence. Commissioners may also direct questions to the medical liaison officer of the applicant's employing department, to the applicant's witnesses and to Pensions Department staff, as deemed necessary.
- B. The applicant shall have the right to be present during the presentation of all testimony and evidence. After all testimony has been received, the applicant/representative shall be given the opportunity to provide a summation.

#### **DELIBERATIONS BY BOARD**

- 4.7 Following receipt of all testimony and evidence, the applicant and witnesses may be excused. The applicant's counsel may remain during deliberations, but may not participate in the discussion. If an applicant is representing him or herself, he or she may remain during deliberations.

#### **APPROVAL AND REVIEW BY BOARD**

- 4.8 The Board shall approve or deny applications for benefits in accordance with applicable Charter provisions, case law and City Attorney opinions. It may, at the

time of an award of a disability pension, establish a time for review of the pensioner and cause a re-examination by one or more doctors. The Board may, at any time, initiate a review of a disability pensioner upon the request of the pensioner or upon receipt of information that appears to indicate the pensioner's condition has changed from the time the pensioner was retired.

#### **OFFICIAL NOTICE OF BOARD ACTION**

- 4.9 Official notification of the Board's action shall be communicated in writing as soon after the hearing as possible.

#### **NON-SERVICE CONNECTED DISABILITY HEARINGS**

- 4.10 When the Board has determined that a disability is non-service connected and the applicant is eligible for a service pension or a deferred service pension, final action shall be deferred sixty (60) days from the date of such determination to permit the applicant to apply for a service pension, or to accept the non-service connected disability pension. If such notification is not received within sixty days, the non-service disability pension shall become effective the date of the Board action.

#### **REHEARING**

- 4.11 The Board may, on its own motion, or at the request of an applicant rehear a disability application within 90 days of Board action under the following conditions:
- A. The Board may have acted in error on the facts of the claim; or
  - B. A non-represented applicant has obtained legal representation (Sec. 4.1); or
  - C. The applicant presents, at the time of the request, new and different evidence which, in the exercise of due diligence, could not have been made available by the applicant to the Board at the time of the original hearing; and
  - D. Such new evidence, or statement of such evidence, has first been administratively reviewed by Department of Fire and Police Pensions' staff and the City Attorney and their recommendations have been presented to the Board.

#### **REAPPLICATION FOR DISABILITY PENSIONS**

- 4.12 Reapplications received within 90 days after the Board has adopted the Findings of Facts denying a disability pension shall be processed in accordance with the procedure for rehearings (4.11), except if the applicant can present information at the time of filing that the reapplication is due to a new injury or re-injury, a new illness or substantial deterioration or aggravation of an injury or illness upon which the previous application was based. If such new information cannot be provided, the matter shall be scheduled for hearing before the Board to determine whether the General Manager shall proceed to process the disability pension application.

**ACTIVE DEATH HEARINGS**

- 4.13 The conduct of hearings to determine whether the death of an active member was service-connected shall be conducted in the same manner as a Disability Pension hearing. The surviving spouse, dependent parent or legal guardian of minor or dependent children shall be notified of the date and time of such hearing, shall be invited to be present and permitted to offer evidence and testimony to support a claim that the death was service connected.

**HISTORY**

- 4.14 Adopted: Circa June 13, 1996; Amended 11/02/06, 10/01/09.

**REVIEW**

- 4.15 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## **Los Angeles Fire & Police Pension System**

### **5.0 - MEMBER ACCOUNTS**

#### **CREDITING OF INTEREST**

- 5.1 The General Manager shall determine the approximate earned investment income of all funds for each (6) six-month period ending December 31 and June 30, excluding profits and losses from the sale of securities, as follows:

Earned Investment Income for the six-month period divided by (1/2 of the beginning asset balance + each of the following five months asset balance + 1/2 of ending asset balance) divided by six months.

A recommendation shall be presented to the Board, based upon this calculation. The Board shall adopt an official interest rate that shall be credited to individual member contribution accounts.

#### **REFUNDS OF CONTRIBUTIONS**

- 5.2 Upon the written request of terminated System members, the General Manager shall process refunds of contributions, plus interest credited as of the last day of each June and December, and additional interest for any period of service between the next preceding last day of June and December and the end of the pay period preceding the date of termination, at the rate at which regular interest was last credited to plan member's individual accounts.

#### **CONTRIBUTIONS OWED TO THE SYSTEM**

- 5.3 The General Manager is authorized to collect mandatory regular pension contributions owed to the System that were not collected and voluntary additional pension contributions as defined in Administrative Code Section 4.1167. For amounts less than or equal to a member's biweekly contribution, no notification is required to the member. For amounts greater than a member's biweekly contribution, the member shall be notified of the amount due and provided an opportunity to pay the total amount in a lump sum. If the member does not pay such amount within 30 days of such notification, the General Manager is authorized to initiate deductions from the member's salary in the amount of 4% until the amount due has been collected. This 4% deduction may be reduced upon the member's election to pay interest equivalent to the Board approved assumed actuarial rate in effect when the agreement is made. The payment period, not to exceed ten years, shall be determined in advance by the member, except however, the General Manager may prescribe a minimum payment amount. The entire balance may be paid at any time. If the member applies for a pension prior to completing the agreement, the entire balance of the purchase agreement, including interest accrued to date, becomes due. (Amended 12/15/11)

#### **CONTRIBUTIONS COLLECTED IN ERROR**

- 5.4 The General Manager is authorized to refund mandatory and non-mandatory

contributions collected in error.

## **PURCHASE OF SERVICE CREDIT**

5.5 Upon the written request of a member of Tier 3, Tier 4 or Tier 5, application may be made for purchase of Years of Service Credit allowed in accordance with the following City Charter and Administrative Code Sections:

(i) Recruit Training Time – City Charter §1500(a), §1600(a) and Administrative Code §4.2000(a)

A member may purchase their entire recruit training time or they may purchase a prorated amount.

(ii) Prior Service Time – City Charter §1500(b), §1502(m)(4), §1514(d), §1600(f), §1602(m)(4), Administrative Code §4.2002(m)(4) and §4.2014(d)

A member may purchase the entire period of prior service as a former member of Tiers 1, 2, 3, or 5 by re-depositing the entire amount of refunded contributions and interest, or may purchase a portion of such service by depositing a prorated amount of the refunded contributions and interest in accordance with paragraph B.

(iii) Temporary Disability paid at State rate – City Charter §1502(m)(4), §1514(e), §1602(m)(4), §1614(e), Administrative Code §4.2002(m)(4) and §4.2014(e)

A member may purchase their entire temporary disability paid at State rate, or they may purchase a prorated amount.

(iv) Non-service connected disability pension – City Charter §1502(m)(2), §1602(m)(2), Administrative Code §4.2002(m)(2)

Members who elect to have service credit restored for time spent on a non-service connected disability pension may purchase the entire time or a prorated amount.

(v) Paramedic/Civilian Ambulance Service while a member of the City Employees' Retirement System for current members of Tier 3 or Tier 4; former members of Tier 3 or Tier 4 who transferred to Tier 5; and former members of Tier 2 who transferred to Tier 5 – City Charter §1500(d), §1600(g), Administrative Code §4.2000(d) and §4.2000(c)(4)

Members who received a refund of contributions and interest from the City Employees' Retirement System for a service as a paramedic/civilian ambulance employee can purchase this prior service, or a partial period of this service, by re-depositing the amount refunded plus interest that would have been earned had the member not received the refund. (Amended 07/21/2005)

(vi) Public Service Purchase (PSP) – Administrative Code §4.2212

A member may increase the monthly retirement allowance or survivorship benefits based upon the increased retirement allowance with the purchase of public service credit, not to exceed 4 years, that includes full-time service with a public entity,

including a branch of the military service. Verification through a Certification of Service or presentation of original proof of military service time (DD214) will serve to establish eligibility of service time sought for purchase.

The following rules apply to the purchases above unless otherwise stated:

- A. Service credit may be purchased by a single cash payment or on an installment basis through payroll deduction, or both. Members who elect to purchase prior service, recruit training time or temporary disability through payroll deduction contract shall be limited to two such contracts for any one type of purchased service. Members who elect to make a public service purchase through payroll deduction contract shall be limited to one such contract for each period of service purchased. Each such purchase service contract may be initiated or ended by a lump sum payment.

A member may make any cash payment or lump sum payment authorized above by using a trustee-to-trustee transfer from the City of Los Angeles Deferred Compensation Plan. Should a trustee-to-trustee transfer not be large enough to cover the entire cost of the purchase, any balance owing may then be paid by the member either as a lump sum payment or on an installment basis through payroll deduction. A trustee-to-trustee transfer may also be used by Tier 2 members to purchase Lost Service Time. (Amended 11/21/02)

- B. When payment is made through payroll deduction, the member may elect a payment period not to exceed ten years for all purchases except public service purchases. For public service purchases, the member may elect a payment period that is not to exceed thirty years, does not extend past the date on which the member would attain the maximum years of service permitted by his/her tier when the public service purchase is included, and establishes payment three months prior to the member's intended retirement date for all contracts.

The General Manager may prescribe a minimum payment amount for all contracts. The member's payroll deduction for a contract will be the greater of the minimum amount prescribed by the General Manager or the amount necessary to complete the contract within the allowable time as defined in the previous paragraph. The schedule, which shall be determined by the member in advance, cannot be changed except the member may pay off the balance at anytime.

The member shall be charged an amount equivalent to the Board determined assumed actuarial interest rate in effect when the contract is signed. For the purchase of prior service, an additional amount equivalent to the interest that would have been earned in accordance with Section 5.1 (i.e. the amount credited to member accounts) shall also be charged.

For all purchases described in Section 5.5, except for purchase of prior service or public service purchases, no additional amount will be charged if the purchase agreement begins within one year of the member's eligibility to make the purchase. If the purchase is made after the one year eligibility date, an

additional amount equivalent to the interest that would have been earned in accordance with Section 5.1 shall also be charged from one year following the eligibility date until the beginning date of the purchase agreement. Such payments may be made on either a pre-tax or post-tax basis, except that payroll deductions for public service purchase contracts may be made only on a post-tax basis, with pre-tax contributions subject to all requirements of the Internal Revenue Code.

Purchases of service credit time for Tier 5 Plan members are to be calculated based on the pension rate in effect during the period of service time to be purchased. If a contribution rate change falls within a pay period, a pro-rated rate shall be applied. (Section amended 04/20/06)

- C. A surviving spouse may complete the purchase of years of service agreed to by a member, and subject to a true up for public service purchases, by remitting a lump sum payment prior to benefits being granted. (Section amended 05/29/97)

### **WORKERS' COMPENSATION AWARD**

- 5.6 Disability pension payments must be reduced by the total amount of compensation awarded or paid pursuant to Workers' Compensation. As to Workers' Compensation payments being received concurrently with a disability pension, the General Manager is directed to reduce the monthly pension by the monthly equivalent of the Workers' Compensation payments. As to Workers' Compensation awards or payments received prior to the granting of the disability pension, the General Manager is directed to deduct from monthly pension payments on an installment basis until the total amount of prior Workers' Compensation has been offset. Each deduction made on an installment basis shall be in an amount of no less than twenty-five (25) percent of the monthly gross pension amount. The member, at his or her discretion, may elect to repay the full amount of prior Workers' Compensation at any time. The member and General Manager may agree on deduction amounts greater than twenty-five (25) percent. If a member, upon being granted a disability pension, is eligible to receive a pension payment retroactive to a date earlier than the Board action date, the deduction provisions stated above shall be applied to the retroactive pension payment.

### **HISTORY**

- 5.7 Adopted: Circa June 13, 1996; Amended – Listed after amended sections.

### **REVIEW**

- 5.8 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## **Los Angeles Fire & Police Pension System**

### **6.0 - ACTIVE AND RETIREE BOARD MEMBER ELECTIONS**

#### **ACTIVE MEMBER ELECTION STATEMENTS**

- 6.1 The election materials sent to eligible voters shall include an optional statement each candidate may make on their background and qualifications for the position. Such statement shall not exceed 250 words. (This provision exists in the Administrative Code for Retiree Board Member Elections but not for Active Board Member Elections.)

#### **NAMES ON BALLOTS FOR ACTIVE AND RETIREE BOARD MEMBER ELECTIONS**

- 6.2 Only the candidate's first, middle and surname may be placed on the ballot. For example, Joe E. Smith, Jr. is acceptable. Joe E. Smith, Jr., Aviator is not acceptable.

#### **OCCUPATIONAL BALLOT DESIGNATION FOR ACTIVE AND RETIREE BOARD MEMBER ELECTIONS**

- 6.3 A candidate who is running for the same elective office which that person then holds shall have printed on the ballot, immediately under that person's name, the word "incumbent." Each other candidate on the ballot shall have printed immediately under that candidate's name a three word designation of either (A) the current principal professions, vocations or occupations of the candidate, or (B) the principal professions, vocations or occupations of the candidate during the calendar year immediately preceding the filing of the candidate's declaration of intention to become a candidate. In the event that the candidate makes no designation, then none shall be printed on the ballot.

#### **CONFIDENTIALITY OF ELECTIONS FOR ACTIVE AND RETIREE BOARD MEMBER ELECTIONS**

- 6.4 Election materials provided voters for any active or retired Board member election shall state that the elections are confidential, i.e., that identification numbers will be secured and that individual voting will be confidential.

#### **RETIREE MEMBER ELECTIONS**

- 6.5 Candidates whose names appear on the nominating ballot may each designate two (2) observers at the tally center to observe that ballots are properly cast and votes properly counted. Names of observers shall be presented to the City Clerk not less than three (3) calendar days prior to the date that nominating ballots are due. Observers so designated shall wear identification badges at all times and shall be subject to such regulations as the City Clerk shall prescribe. (There is a provision in the Administrative Code that observers are allowed at the final ballot count for Retiree member elections, but not at the count of nominating ballots.)

**HISTORY**

6.6 Adopted: Circa 1972; Revised 04/19/00, 12/12/04.

**REVIEW**

6.7 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## **Los Angeles Fire & Police Pension System**

### **7.0 - PAYMENT OF ACTUARY STUDIES WITH PLAN ASSETS**

#### **PURPOSE**

- 7.1 The purpose of this policy is to establish guidelines within which the Board may fund an actuarial study for potential plan amendments using plan assets.

#### **SCOPE OF AUTHORITY**

- 7.2 The Board determined that the policy would be limited to evaluating possible inequities existing in the current retirement and health benefit structure. The Board does not have authority to establish new benefits.

#### **DEFINITION OF INEQUITY**

- 7.3 An inequity is an instance of injustice or unfairness to a group of members or beneficiaries. An inequity may also be any situation that was not considered when the original benefit was created or when the Board is of the opinion that, based on current facts, the eligibility criteria is unreasonable.

#### **SUBMISSION OF AN INEQUITY**

- 7.4 A Board member, active or retired plan member or staff may submit an inequity issue, in writing, to the Board for consideration. The written request shall contain the following:
- A. The specific benefit that contains the inequity.
  - B. An explanation of the inequity situation and the extent to which members or beneficiaries are affected.
  - C. Suggested recommendation(s) to resolve the inequity.
  - D. The name of the individual that can be contacted if additional information is required.

#### **PROCESSING**

- 7.5 Upon receiving a request to consider an inequity issue, the President of the Board shall refer the item to the Benefits Committee for research and recommendation. The Benefits Committee shall:
- A. Determine if the request involves a current benefit.
  - B. Determine if an inequity, as defined in 7.3, exists.
  - C. Recommend a solution to resolve the inequity.
  - D. Make a finding, based on the facts before it, that the expenditure of Plan assets for an actuarial study to establish the cost to resolve the inequity is a reasonable administrative expense.

**BOARD CONSIDERATION**

- 7.6 The Benefits Committee shall submit its findings and recommendation to the Board for consideration.

**ACTUARIAL STUDY**

- 7.7 The Board shall have final authority to authorize an actuarial study. The Plan's actuary shall be directed to establish the cost to resolve the inequity based on the recommended solution.

**FINAL BOARD ACTION**

- 7.8 Final Board Action – The Board shall then determine if further action is appropriate based on the results of the actuary study. The Board's action is limited to recommending to the City Council that the inequity requires correction. The actuarial study will provide the cost of that correction to support the request.

**HISTORY**

- 7.9 Adopted: August 21, 2003.

**REVIEW**

- 7.10 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.

## Los Angeles Fire & Police Pension System

### 8.0 - HEALTH AND DENTAL SUBSIDIES AND REIMBURSEMENTS

#### HEALTH INSURANCE PREMIUM REIMBURSEMENT PROGRAM

8.1 A. All Health Insurance Premium Reimbursement (HIPR) applications shall be filed in writing on forms prescribed by the Department of Fire and Police Pensions (Department). Applicants shall be responsible for furnishing all required documents needed to process and verify HIPR eligibility. Participants in the HIPR program shall be responsible for notifying the Department of any change in status that affects program eligibility.

B. To receive reimbursement the member must submit verification of their enrollment in a health plan. For United States residents, enrollment must be in a state regulated health plan. Department staff will determine and certify whether or not a health plan is state regulated.

For residents who live outside the United States, the requirement of enrollment in a state regulated health plan will not apply. Exchange rates for reimbursement will be based on those published by the Federal Reserve Bank of St. Louis website (<http://research.stlouisfed.org/fred2>) effective the date premiums were paid to the health plan.

C. Subject to the maximums established in the Administrative Code and Charter, health insurance reimbursements are available for any dollar amount paid toward health insurance coverage, including a balance between the total premium and an amount paid by another non-City employer/agency.

D. Health insurance reimbursements shall be payable for dual coverage/premiums paid by a participant in more than one health insurance plan for the same time period. The amounts shall not exceed the maximums established per the Administrative Code and Charter.

E. Health insurance reimbursements are paid for health insurance and Medicare prescription drug coverage only and may not be applied to coverage in other plans, including but not limited to dental, long-term care and vision coverage.

F. Health insurance reimbursements shall be processed and paid on a quarterly basis. Claim forms and documentation will be accepted for one year following claim submission period.

G. Submittal of false or fraudulent documents and/or information, including the failure to inform the Department when purchased and reimbursed coverage is canceled and the member later receives a refund by the insurance agency, shall be the basis for denial of an application. The penalty is suspension from the HIPR program for three years and recovery of amount paid falsely.

**HISTORY**

8.2 Adopted: 12/19/02; Revised: 06/04/09, 03/04/10.

**REVIEW**

8.3 This policy shall be reviewed by the Board as needed and may be amended by the Board at any time.