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Los Angeles Charter and Administrative Code

***GENERAL PROVISIONS FOR PENSION AND RETIREMENT SYSTEMS***

**Sec. 1100. Applicability.**

Each pension or retirement department or plan set forth in this Article shall be governed by the following:

- (a) provisions specific to each department or plan set forth in this Article or elsewhere in the Charter; and
- (b) these General Provisions for Pension and Retirement Systems.

Additionally, the General Provisions for Departments contained in Article V shall apply to the departments listed in Section 1102(a) to the extent not inconsistent with this Article.

**Sec. 1102. Pension and Retirement Departments and Plans.**

(a) **Departments of the City.** The following pension and retirement system departments, created in Section 500, are included within this Article:

Fire and Police Pension System  
Los Angeles City Employees' Retirement System (LACERS)

(b) **Plan Created.** The following retirement system is created within the Department of Water and Power and included within this Article:

Water and Power Employees' Retirement Plan (WPERP)

(c) **Boards Created.** Each of the pension and retirement system departments or plans set forth in subsections (a) and (b) shall be under the management and control of a board of commissioners. The boards shall have these names:

Board of Fire and Police Pension Commissioners  
Board of Administration of the Los Angeles City Employees' Retirement System  
Board of Administration of the Water and Power Employees' Retirement Plan

**Sec. 1104. Pension and Retirement System Boards.**

(a) **Board of Fire and Police Pension Commissioners.** The Board of Fire and Police Pension Commissioners shall consist of nine members. Five shall be appointed by the Mayor, subject to the approval of the City Council. One shall be an active sworn member of the Fire Department as defined in

this Article and elected by the members of the Fire Department. One shall be an active sworn member of the Police Department as defined in this Article and elected by the members of the Police Department. One shall be a retired member of the Fire Department as defined in this Article and elected by the retired members of the Fire Department. One shall be a retired member of the Police Department as defined in this Article and elected by the retired members of the Police Department.

(b) **Board of Administration for LACERS.** The Board of Administration for LACERS shall consist of seven members. Four members, one of whom shall be a retired member of the system, shall be appointed by the Mayor subject to the approval of the Council. Two members shall be active employee members of the system elected by the active employee members. One shall be a retired member of the system elected by the retired members of the system.

(c) **Board of Administration for WPERP.** The Board of Administration for the WPERP shall consist of seven members. Three members shall be *ex officio*, three members shall be elected, and one member shall be appointed. The *ex officio* members shall be the General Manager of the Department, the Chief Accounting Employee of the Department, and one Board of Water and Power Commissioner selected by that board. Three elected members shall be active employee members of the system elected by the active employee members. One member shall be a retired member of the system appointed by the Board of Water and Power Commissioners.

(d) **Terms of Board Members.** For the Board of Fire and Police Pension Commissioners and the Board of Administration for LACERS, each elected board member shall serve for a term of five years. For the Board of Administration for WPERP, the appointed retired member and each elected board member shall serve for a term of three years. The terms of board members on all boards shall be staggered as determined by each board. In case of a vacancy of an appointed seat on any board, the appointing authority for the seat shall appoint a member to serve out the unexpired term of office. In case of a vacancy of an elected seat on any board that has more than six months remaining before expiration of the term, the applicable board shall conduct an election to select a member of the group represented by the vacant seat to serve out the unexpired term of office.

(e) **Restrictions on Board Membership.** No person who is employed in any capacity by the LACERS or by WPERP shall be eligible to file for election to or be appointed to the board of their respective systems.

### **Sec. 1106. Powers and Duties of Pension and Retirement Boards.**

Consistent with Article XVI, Section 17 of the California Constitution, and any successor constitutional provision, and subject to the limitations set forth elsewhere in the Charter concerning anything other than pension and retirement system administration and control over system investments, each pension and retirement board of the City shall:

(a) **Administration of the Pension or Retirement System.** Have sole and exclusive responsibility to administer its system for the following purposes:

(1) to provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;

- (2) to minimize City contributions; and
- (3) to defray the reasonable expenses of administering the system.

The duty to system participants and their beneficiaries shall take precedence over any other duty.

(b) **Assets.** Have sole and exclusive fiduciary responsibility over the assets of its system which are held in trust for the exclusive purposes of:

- (1) providing benefits to system participants and their beneficiaries; and
- (2) defraying the reasonable expenses of administering the system.

(c) **Prudent Person Standard.** Discharge its duties with respect to its system 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.

(d) **Investments.** Diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(1) **Investment Statement** The board of each pension and retirement system shall adopt a statement of investment objectives and policies for the system. The statement shall include at least the desired rate of return and acceptable levels of risk for each asset class, asset allocation goals, guidelines for the delegation of authority, and information of the types of reports to be used to evaluate investment performance. At least annually, the board shall review the statement and change or reaffirm it. After each annual review, the board shall forward the statement to the Mayor and Council for informational purposes.

(2) **Performance Evaluation.** At least annually, the board of each pension and retirement system shall retain an outside performance evaluation firm to calculate the returns on all of the system investments.

(e) **Actuarial Services.** Have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of its systems in accordance with recognized actuarial methods.

(f) **Rules and Regulations.** Have the power to adopt any rules, regulations, or forms it deems necessary to carry out its administration of a pension or retirement system or assets under its control.

### **Sec. 1108. General Manager of Pension or Retirement Systems.**

(a) **Applicability.** Except as provided in this section, the provisions regarding general managers contained in Article V shall apply to the general managers of the pension and retirement systems of the

City.

(b) **Appointing Authority.** The Board of Fire and Police Pension Commissioners and the Board of Administration of the Los Angeles City Employees' Retirement System shall appoint their respective general manager subject to confirmation by the Mayor and Council and shall remove their respective general manager subject to confirmation by the Mayor. A general manager removed pursuant to the provisions of this section may appeal the removal to the Council in the manner provided in Section 508(e).

(c) **Annual Review.** The Board of Fire and Police Pension Commissioners and the Board of Administration for the Los Angeles City Employees' Retirement System shall evaluate their respective general manager at least annually and shall set or adjust the compensation of the general manager with guidelines established by Council. Each board shall forward a copy of its performance evaluation and salary determination to the Mayor and Council.

### **Sec. 1110. Control of Pension and Retirement Funds.**

(a) **Special Funds.** Each pension and retirement board shall have a special trust fund or funds on deposit with the Treasurer for the purpose of segregating its revenues from the other money of the City.

(b) **Control of Special Funds.** The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter.

(c) **Master Trustee or Custodian.** Each pension and retirement board, in its sole discretion, may designate one or more master trustees or custodians to hold securities and funds of the system for the purpose of carrying out the investment policies and decisions of the board.

(d) **Fund Earnings.** The money in any pension or retirement system fund shall be invested at the sole and exclusive direction of the respective board and all earnings shall be credited to the respective funds by the Treasurer or the Master Trustee or Custodian designated by the respective board.

### **Sec. 1112. Management Audits.**

(a) **Conduct of Audit.** The Mayor, Council, and Controller at least once in every five years, shall jointly require a management audit to be made of the business and property of each of the pension and retirement systems by an independent qualified management auditing firm. Each audit shall examine whether the pension or retirement system is operating in the most efficient and economical manner and shall evaluate the asset allocation of the system. The firm employed to conduct the audit shall be selected by the Mayor, Council and Controller.

(b) **Audit Results.** A copy of the report of each audit shall be transmitted to the Mayor, Council and the board of the audited pension or retirement system. Upon receipt of the audit, Council may request that some or all of the audit recommendations be implemented by a board, but the board shall retain sole and exclusive authority over administration of its system and assets to the extent provided in Article

XVI, Section 17 of the California Constitution.

**Sec. 1114. Council Veto of Board Decisions.**

The right of Council to veto board decisions provided in Section 245 shall not apply to decisions of the City's pension and retirement boards.

**Sec. 1116. Right to Retire While on Military Leave.**

Any officer or employee who, while on Military Leave as defined in Section 1023 of the civil service provisions of the Charter, is or becomes entitled to retire on pension or is or becomes entitled to any benefits under any provision of this Article, may exercise such rights or claim such benefits while on Military Leave.

**Sec. 1118. Gender and Number.**

As used in this Article, the masculine, feminine, or neuter gender, and the singular or plural number, shall each be deemed to include the others unless the context clearly indicates otherwise.

**Sec. 1120. Purchases of Real Property.**

(a) **Real Estate Held in Board Name.** Notwithstanding the provisions of Sections 105 and 385 of the Charter, title to any real property or interest in real property shall be held in the name of the applicable board and any real property or interests owned by a board may be sold, leased, or encumbered by the board.

(b) **Board Names for Real Estate Purposes.** The pension and retirement boards shall hold real property in the following names:

Board of Fire and Police Pension Commissioners of the City of Los Angeles

Board of Administration of the Los Angeles City Employees' Retirement System

Board of Administration of the Water and Power Employees' Retirement Plan of the City of Los Angeles

(c) **Voting Procedure for Real Estate Investments.** Any purchase of real property by a pension or retirement board shall require approval by a majority vote of all its members but one of the affirmative votes must be cast by an elected employee member of the board.

**PART 2**

## WATER AND POWER EMPLOYEES' RETIREMENT PLAN

### Section

- 1180 Applicability of the Plan.
- 1182 Definitions.
- 1184 Retirement from Active Service.
- 1186 Amendment of Plan and Provision of Health and Welfare Benefits.
- 1188 Water and Power Employees' Retirement Fund.
- 1190 Actuarial Survey.

### Sec. 1180. Applicability of the Plan.

(a) **Water and Power Department Employees and Beneficiaries.** The Water and Power Employees' Retirement Plan (WPERP) created in Section 1102(b) of this Article shall be binding in its entirety upon all employees of the Water and Power Department and all beneficiaries of the Plan. All benefits under the retirement, disability and death benefit features of the Plan shall be granted only upon the terms and conditions set forth in the Plan.

(b) **Intermittent, Occasional and Temporary Employees.** Under no circumstances shall persons employed by the Department of Water and Power to render services of an intermittent or occasional character be eligible for the benefits of the Plan. Any employee, who shall have been excluded from participation in the benefits of the Plan on account of his or her temporary employment status, shall be permitted to participate in the benefits upon the terms and conditions provided by the Plan.

### Sec. 1182. Definitions.

For the purpose of this Part 2 concerning the Water and Power Employees' Retirement Plan, the following words and phrases shall have the meaning ascribed to them in this section unless a different meaning is clearly indicated by the context:

(a) **Beneficiary:** A person entitled to receive a benefit from the Plan.

(b) **Member:** An employee of the Department of Water and Power who meets the membership requirements of the Plan as further defined in Plan.

(c) **Plan:** The Water and Power Employees' Retirement Plan adopted by the Board of Administration pursuant to Section 1186.

(d) **Retired Member:** A member who has ceased employment with the Department of Water and Power and is receiving a regular monthly benefit payment from the Plan.

(e) **System:** The Water and Power Employees' Retirement Plan.

### **Sec. 1184. Retirement from Active Service.**

(a) **Normal Retirement.** The normal retirement date for a Member shall be the first day of the calendar month which next follows the Member's 60th birthday. A Member shall be retired from the service of the Department of Water and Power on the person's normal retirement date or on the first day of any calendar month thereafter, upon his or her written application filed with the Board not less than 30 days prior to the date of retirement.

(b) **Early Retirement.** Any Member may be retired from the service of the Department of Water and Power prior to his or her normal retirement date upon his or her written application if the retirement is recommended by the general manager of the department and approved by the Board of Water and Power Commissioners in accordance with rules and regulations set forth in the Plan.

### **Sec. 1186. Amendment of Plan and Provision of Health and Welfare Benefits.**

The provisions of the Plan may be amended from time to time to provide retirement, disability or death benefits upon the approval of the Board of Water and Power Commissioners and adoption by the Board of Administration. Prior to the adoption of any benefit change, a report from the Plan's actuary must be presented to both the Board of Administration and the Board of Water and Power Commissioners analyzing the cost impact of the proposed changes upon the Plan.

### **Sec. 1188. Water and Power Employees' Retirement Fund.**

(a) **Creation of Fund.** The Water and Power Employees Retirement Fund, the Water and Power Employees Disability Fund, and the Water and Power Employees Death Benefit Fund are created.

(b) **Member Contributions.** All contributions of employees and the Department of Water and Power under the Plan shall be paid into the Water and Power Employees Retirement Fund. The board, as authorized in Section 1110, may segregate revenues, contributions, and expenses of the various benefit programs of the Plan including Retirement, Disability, and Death Benefits.

(c) **General Obligation.** The obligation to pay benefits of WPERP shall be a general obligation of the Department of Water and Power and any of its successors.

### **Sec. 1190. Actuarial Survey.**

The Board of Administration of WPERP shall, at regular intervals not to exceed five years, secure a general survey and actuarial report of the Plan.