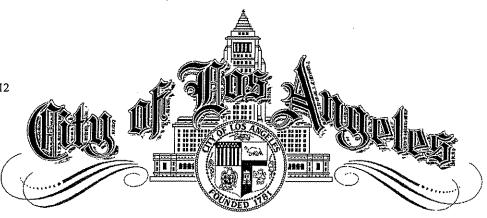
City Hall East 200 N. Main Street Room 800 Los Angeles, CA 90012



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

## CARMEN A. TRUTANICH City Attorney

October 29, 2012

June Lagmay, City Clerk Office of the City Clerk City Hall, Room 360 200 North Spring Street Los Angeles, California 90012

Re: Title and Summary for Initiative Charter Amendment

Dear Ms. Lagmay:

On October 15, 2012, you transmitted to us a draft copy of a proposed initiative charter amendment submitted by proponent Richard Riordan. In accordance with City Charter Section 450(b) and California Elections Code Sections 9203 and 9256, we have prepared the following official title and summary for the proposed measure:

NEW DEFINED CONTRIBUTION PLAN; AMENDMENTS TO EXISTING RETIREMENT PLANS. INITIATIVE CHARTER AMENDMENT.

The proposed Charter Amendment would create a Defined Contribution Plan to provide retirement benefits for future City employees and make changes to three retirement plans that provide benefits for current City employees.

Most current City employees belong to one of the City's three pension plans (Defined Benefit or DB Plans). Under this measure, future City employees would not become DB Plan members but instead would receive benefits from either a new Defined Contribution Plan (DC Plan) or the federal Social Security Program or a combination of both. The benefits to be provided to new hires would be determined by the City Council as specified in this measure.

The DC Plan would include both a Defined Contribution Fund (DCF) and a Death and Disability Fund (DDF). Employee members of the DC Plan and the City would contribute to both funds. The required minimum employee contributions to both funds would be established by the City Council as set forth in the measure. The City Council would also establish the amount of the matching City contributions for both funds. For the DCF, the City's matching contribution would not exceed 10% of a non-safety employee's compensation or 12.5% of a public safety employee's compensation.

If an employee who belongs to the DC Plan dies or becomes disabled, the same death and disability benefits would be paid from the DDF that would have been received had he or she belonged to the City DB Plan covering employees in the same job classification. Except for such disability benefits and federal Medicare benefits, future employees would not be provided with post-retirement health and welfare benefits. Upon termination of employment, retirement, death or disability, employee members of the DC Plan would receive benefits from the DCF based upon the value of the funds in their individual accounts.

With regard to the three existing DB Plans, the measure would:

- 1) require current employees to contribute an amount equal to or greater than the amount contributed by the City towards both their pensions and post-retirement health and welfare benefits, except as specified in this measure;
- 2) limit the amount of employee compensation used to compute benefits by excluding increases in base salary if the amount paid by the City for the pension benefit of that employee exceeds 15% (for the two DB Plans for civilians) or 25% (for the DB Plan for public safety employees) of the employee's base salary in any fiscal year;
- 3) compute pensions based on final average salary for a 36-month period;
- 4) increase the membership of the three boards that administer the DB Plans by adding two mayoral appointees to each Board;
- 5) require some of the board appointees to have financial, accounting, or investment management expertise;
- 6) authorize the City Council to terminate the existing DB Plans by any lawful method; and
- 7) require publication of certain information about the City's pension costs.

June Lagmay, City Clerk October 29, 2012 Page 3

The title and summary must be published as provided in California Elections Code Section 9205. The title and summary also must be placed on each petition section above the text of the proposed measure and across the top of each page on which signatures are to appear as provided in California Elections Code Sections 9203 and 9260.

This transmittal is limited solely to the City Attorney's responsibility to prepare a title and summary for the initiative charter amendment and does not opine on the legality or the substance of the proposed measure. To ensure impartiality of this title and summary, it was prepared by an attorney who has retired from City employment and whose pension benefits have fully vested and cannot be affected by the measure. In addition, it was reviewed and revised by independent outside counsel, whose proposed changes have been incorporated.

Please contact me at 978-4400 if you have any questions.

Sincerely,

MARY JO CURWEN Deputy City Attorney

MJC:pj