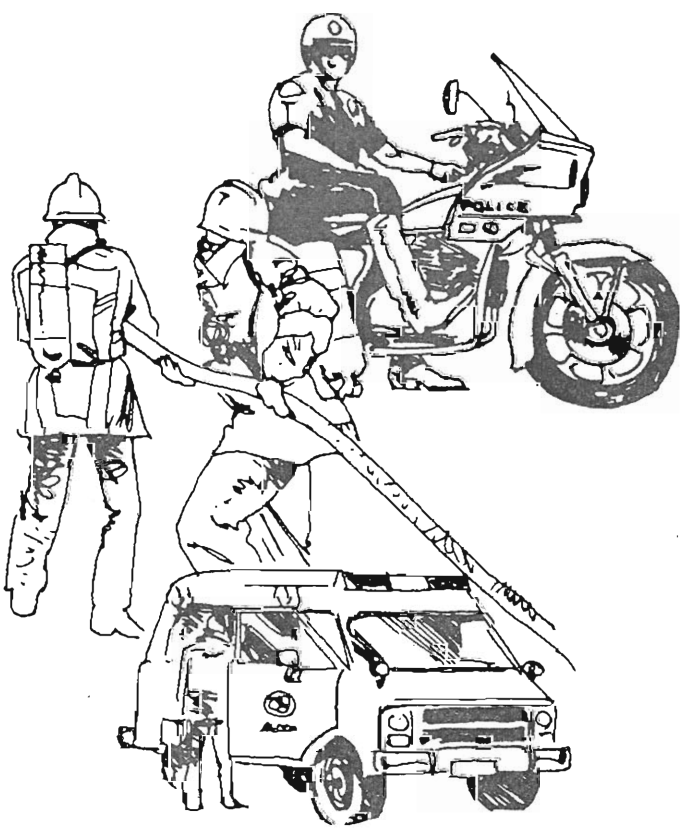
ANNUAL REPORT

1992

(July 1, 1991 to June 30, 1992)

CITY OF LOS ANGELES DEPARTMENT OF PENSIONS



FIRE AND POLICE PENSION SYSTEMS

Department of Pensions

360 East Second Street • Suite 600 • Los Angeles, California 90012

Annual Report 1992

July 1, 1991 to June 30, 1992

Gary Mattingly
General Manager

James J. McGuigan
Assistant Manager

Allan Moore
Assistant Manager

Eudon Ferrell
Assistant City Attorney

Dennis R. Sugino
Chief Investment Officer

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MAYOR
Tom Bradley

City Attorney	Controller
James Kenneth Hahn	Rick Tuttle

CITY COUNCIL

John Ferraro, *President*
Marvin Braude, *President Pro Tempore*

Mike Hernandez First District	Joel Wachs Second District	Joy Picus Third District
John Ferraro Fourth District	Zev Yaroslavsky Fifth District	Ruth Galanter Sixth District
Ernani Bernardi Seventh District	Mark Ridley-Thomas Eighth District	Rita Walters Ninth District
Nate Holden Tenth District	Marvin Braude Eleventh District	Hal Bernson Twelfth District
Michael Woo Thirteenth District	Richard Alatorre Fourteenth District	Joan Milke Flores Fifteenth District

BOARD OF PENSION COMMISSIONERS

Sam Diannitto, *President*

Susan Steinhauser *Vice President*	Louis Moret *Commissioner*
Tong Soo Chung *Commissioner*	Ana Segura *Commissioner*
Paul Hudson *Commissioner*	Kenneth E. Staggs *Commissioner*

CITY OF LOS ANGELES

CALIFORNIA

DEPARTMENT OF PENSIONS
360 EAST SECOND STREET
SUITE 600
LOS ANGELES, CA 90012-4203
485-2833

GARY MATTINGLY
GENERAL MANAGER

TOM BRADLEY
MAYOR

ALLAN E. MOORE
ASSISTANT GENERAL MANAGER—FISCAL

JAMES J. McGUIGAN
ASSISTANT GENERAL MANAGER—BENEFITS

DENNIS R. SUGINO
CHIEF INVESTMENT OFFICER

June 30, 1992

The Honorable Tom Bradley, Mayor
and
Honorable Members of the City Council:

In accordance with the Charter, I am submitting the Annual Report on the affairs and operations of the Department of Pensions for the fiscal year ended June 30, 1992.

We earned $560 million during the year, increasing assets to $4.6 billion. We added a long duration fixed income and replaced a fixed income and an equity manager. We also hired two emerging equity and two emerging fixed income advisors pursuant to the Emerging Manager Policy adopted by the Board in 1991. This policy was adopted to provide new or "emerging" investment advisor firms opportunities to contract with Pensions. It also gives us the opportunity to contract with firms we have been prevented from hiring in the past due to size requirements.

The Board also hired a consultant to perform an asset/liability study. The consultant will review our asset allocation mix and recommend changes to maximize the Fund's rate of return at an acceptable level of risk.

Also included in this annual report are financial statements prepared by our auditors, Miller, Kaplan, Arase & Co., and a summary report of our actuary, The Wyatt Company.

Respectfully submitted,

Gary Mattingly

Gary Mattingly

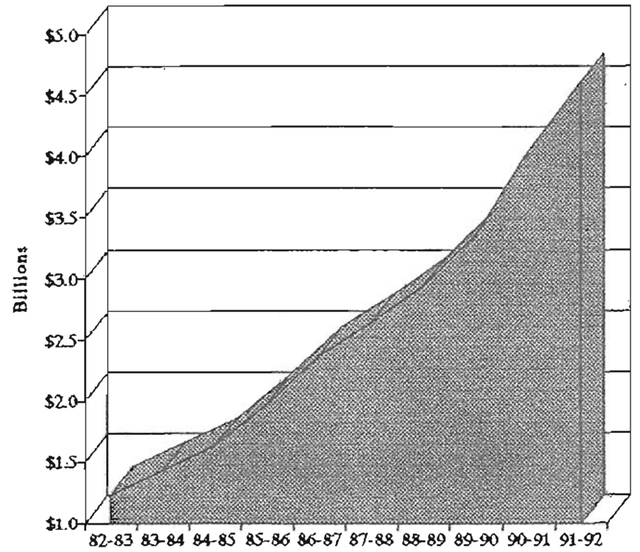
Investments

Summary of Investment Activities

Introduction

We earned $560 million during the past year. During the past five years, the System's assets have grown from $2.7 billion to $4.6 billion.

MARKET VALUE GROWTH OF SYSTEM ASSETS
In Billions of Dollars — Fiscal Year Ending June 30, 1992



Investment Environment

The bond market *(Salomon Bros. Broad Investment Grade Index)* was up 14.2 percent. Large capitalization stocks *(S & P 500)* achieved a 13.5 percent return. Small stocks *(NASDAQ Composite)* returned 19.9 percent. International stocks *(Morgan Stanley EAFE)* had a negative 0.6 percent return. Real Estate, as measured by the National Council of Real Estate Investment Fiduciaries Index trailed all asset classes with a negative 6.7 percent return.

Investment Performance

The investment objectives of the System, over a full market cycle (usually 3 to 5 years), are a return of at least two percent above the consumer price index per year and above median investment performance for public funds.

During the past five years, the System's annualized return of 8.9 percent was more than double the inflation measure increase of 4.3 percent. During the one-year period, the System's overall investment performance was up 14.0 percent and outpaced the consumer price index of 3.1 percent.

The System's performance was competitive with other public funds *(Trust Universe Comparison Service [TUCS])* over the past three to five years, ranging between the 44th and 70th percentile. For this past year, the System returned 14.0 percent (41st percentile) versus the public fund median of 13.4 percent.

Asset Allocation Decisions

Our asset allocation plan establishes the blueprint for investing the System's assets in stocks, bonds, real estate and cash equivalents over a three to five year period. This plan is the single most important factor in managing risk and achieving superior investment performance in the long term.

The asset class targets for this period were as follows:

U.S. Large Capitalization Stocks	47%
U.S. Small Capitalization Stocks	5%
Non-U.S. Stocks	6%
U.S. Investment Grade Bonds	27%
High Yield Bonds	5%
Real Estate	10%

The actual asset class percentages of the System will vary from target allocations due to inflows (such as City and member contributions), outflows (such as pension payments) and the movements of the securities markets. Assets are periodically rebalanced to adjust for these movements. As of June 30, 1992, the asset values were as follows:

ASSET CLASS	MARKET VALUE (In millions) As of 6/30/92
U.S. Large Capitalization Stocks	$2,230.4
U.S. Small Capitalization Stocks	240.6
Non-U.S. stocks	239.3
U.S. Investment Grade Bonds	1,338.8
High Yield Bonds	259.5
Real Estate	188.5
Cash Equivalents	143.3
Total	**$4,640.4**

Domestic and foreign securities lending contributed $653,887 towards investment performance for the year. The options overwriting program is designed over the long run to add incremental return and reduce portfolio volatility. For the year, the program reduced investment return by $13.6 million.

Investment Activity

For the past four years, we have worked diligently toward fully implementing our asset allocation. All major components of this plan are now in place. The major portfolio activities of the year included the addition of a long duration fixed income manager, the replacement of a bond and an equity manager, a

Investment Activity Cont'd

search for new real estate advisors, the hiring of an asset/liability consultant, the rehiring of our custodian bank, and the hiring of emerging core equity and fixed income managers. A search was commenced for a real estate consultant. No real estate properties were added to the portfolio during the fiscal year.

Loomis Sayles was hired in October 1991 to manage a fixed income long duration bond style. This hiring completed the asset allocation plan adopted by the Board.

The Board exercised its termination option for Security Pacific Investment Managers for equities in September 1991 and for bonds in March 1992. Key management personnel left Security Pacific as rumors of the Bank's merger with Bank of America became reality.

Delta Asset Management replaced Security Pacific Investment Managers soon after our portfolio managers left the bank subsidiary to form their own management company. Delta was hired to manage the Fund's assets in the same growth/sector-rotation style that had been used by their senior management team at Security Pacific.

Lincoln Capital was hired to replace Security Pacific Investment Managers when the loss of personnel threatened the active management style of our bond portfolio. Lincoln was hired on an interim basis for the remaining term of the Security Pacific bond contract.

The Board's investment with the FS Weingarten Fund to purchase shopping centers in the Mid-West was successfully terminated in March 1992 with the return of all the System's initial investment moneys plus interest.

The Board hired Callan Associates to perform an asset/liability study. Callan will review the Board's asset allocation mix and recommend changes with the objective of maximizing the Fund's rate of return with the least risk.

The Board re-hired Bankers Trust Company in May 1992 after conducting a thorough search from the universe of leading master trust custodial banks in the country.

Last year the Board approved an emerging manager hiring program designed to bring into the mainstream relatively small money management firms who can make a significant contribution to the overall financial goals of the Pension Fund. This year the Board commenced its first emerging manager searches and hired two growth style equity advisors, Galleon Capital Management Co. and Brown Capital Management, Inc., and two fixed income core managers, HCM Capital Management, and Smith Graham & Company.

Other Activity

The System votes all domestic and available international proxy solicitations. There were 675 corporate proxies voted in 1991-92. The System votes affirmatively on preemptive rights, cumulative voting, adoption of the Sullivan Principles, and confidential voting. The System opposes anti-takeover measures and generally abstains on issues of a social, political, or environmental nature that have no expected economic impact on the System's assets.

The System's six-phase South Africa Divestiture Program was adopted in 1985 after a legal and financial study concluded that the Program was not inconsistent with the fiduciary responsibilities owed to the System's members. The final Phase VI was implemented in 1991 and requires the divestiture of securities of all companies doing business in South Africa, unless the Board determines that a company is engaging in political, social, and economic activities that substantially assist efforts to end apartheid. A company may also be exempted if the System's performance could conceivably be economically harmed by a restriction against purchase.

CHANGE IN ASSET MIX: LAST TEN YEARS

Fiscal Year	Stocks	Bonds	Short Term Investments	Real Estate
82-83	45.0%	41.0%	14.0%	—
83-84	37.0%	31.0%	32.0%	—
84-85	47.0%	41.0%	12.0%	—
85-86	51.7%	39.9%	8.4%	—
86-87	55.0%	33.0%	12.0%	—
87-88	53.0%	35.0%	10.0%	2.0%
88-89	59.8%	32.7%	5.7%	1.8%
89-90	52.4%	31.8%	9.9%	5.9%
90-91	52.0%	32.7%	9.2%	6.1%
91-92	51.7%	32.2%	10.4%	5.6%

Annual Rates of Return

Fiscal Year	Equities	Fixed Income	Real Estate	Total Fund*	CPI**
1982-83	68.8%	35.4%		46.9%	2.6%
1983-84	−16.4%	2.1%		− 5.9%	4.2%
1984-85	29.6%	28.9%		25.3%	3.7%
1985-86	35.3%	19.1%		26.6%	1.7%
1986-87	23.7%	5.7%		14.2%	3.7%
1987-88	− 5.3%	6.9%		0.3%	3.9%
1988-89	20.5%	12.5%	8.7%	16.0%	3.7%
1989-90	14.9%	5.5%	7.4%	10.5%	4.7%
1990-91	5.2%	10.5%	−3.0%	4.8%	4.3%
1991-92	15.2%	17.6%	−3.1%	14.0%	3.1%

*Total fund includes short-term investments **CPI is for the U.S. ending June 30th

Investment Advisors

STOCK MANAGERS

Alliance Capital Management
Amerindo Investment Advisors
The Boston Company
Delta Asset Management**
Frontier Capital Management
Husic Capital Management
Loomis Sayles & Company
Security Pacific Investment Managers*
Target Investors, Inc.

INTERNATIONAL STOCK MANAGERS

Globe Finlay, Inc.
Nomura Capital Management, Inc.
Oechsle International Advisors, Ltd.

BOND MANAGERS

The Boston Company Institutional Advisors, Inc.
Cypress Capital Management
Lincoln Capital**

BOND MANAGERS (Cont'd)

Magten Asset Management Corporation
Security Pacific Investment Managers, Inc.*

OPTION MANAGERS

Balch, Hardy, Scheinman & Winston, Inc.
MCQ, Inc.
Oppenheimer Capital Corporation

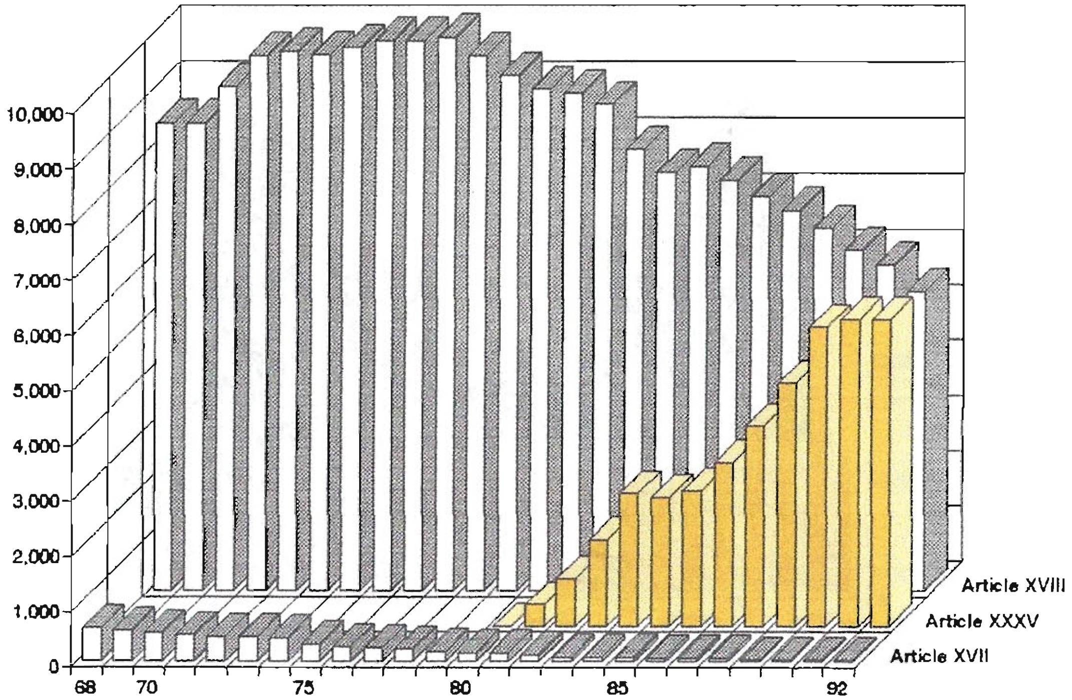
REAL ESTATE MANAGERS

The Boston Company Real Estate Counsel, Inc.
Copley Real Estate Advisors
Equitable Real Estate
FS/Weingarten Realty Partners*
JMB Institutional Realty Corporation
Prudential Asset Management Company
Public Storage Institutional
Sentinel Real Estate Corporation

*Contract terminated during fiscal year
**New Contract made during fiscal year

Active and Retired Membership

POLICE & FIRE PENSION SYSTEMS
Active Membership 1968-1992



MEMBERSHIP AS OF JUNE 30, 1992			
Article	**Fire**	**Police**	**Total**
XVII	2	19	**21**
XVIII	1,626	3,777	**5,403**
XXXV	1,458	4,073	**5,531**
TOTAL	**3,086**	**7,869**	**10,955**

THREE PENSION SYSTEMS

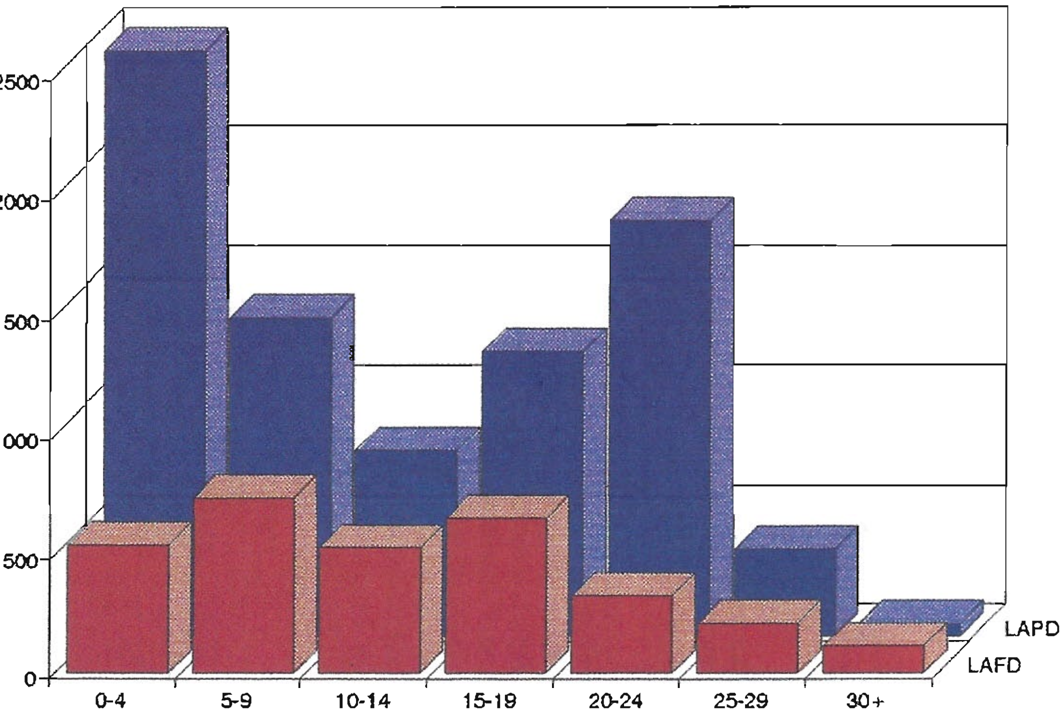
There are currently three pension systems in operation serving active and retired membership. **The Fire and Police Pension System** (Charter Article XVII) was established under Charter Article XVII in 1925. In 1967, this plan was extensively amended, resulting in the creation of **The New Pension System** (Charter Article XVIII). Members of the Article XVII plan were given the option to transfer into this plan.

In 1980 the benefits of the system were again extensively revised. This resulted in the creation of **The Safety Members Pension Plan** (Charter Article XXXV). All members hired after December 8, 1980 become members of this plan.

ACTIVE MEMBERSHIP

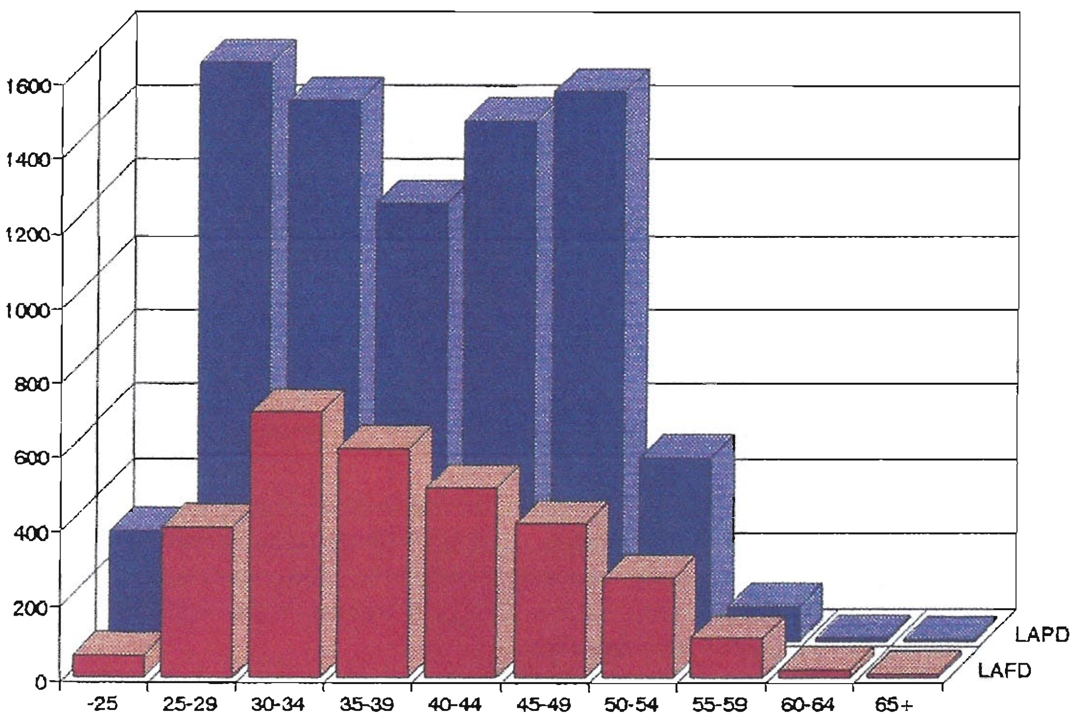
By Years of Service

Years	Fire	Police
0-4	536	2,444
5-9	734	1,330
10-14	528	773
15-19	649	1,186
20-24	324	1,729
25-29	204	361
30+	111	46
Total	3,086	7,869



ACTIVE MEMBERSHIP

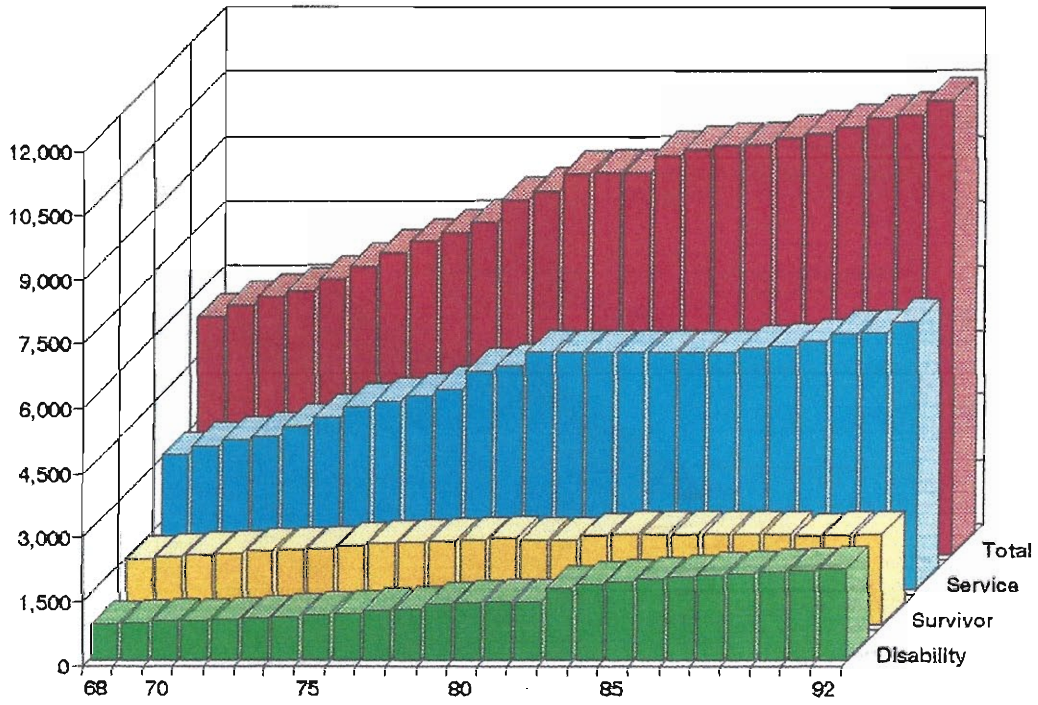
By Age Group



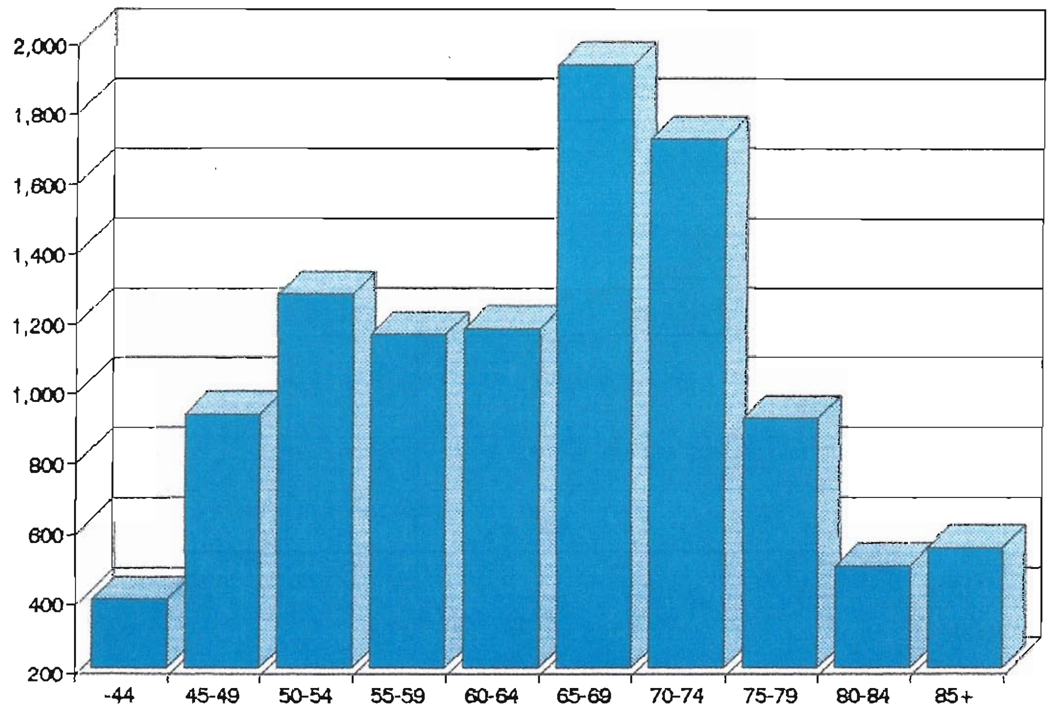
Age	Fire	Police
-25	59	287
25-29	400	1,544
30-34	707	1,439
35-39	609	1,166
40-44	504	1,387
45-49	410	1,464
50-54	265	487
55-59	105	87
60-64	19	5
65+	8	3
Total	**3,086**	**7,869**

RETIRED MEMBERSHIP
Last Twenty-Five Years

AS OF JUNE 30, 1992	
Service Pensions	6,221
Disability Pensions	2,146
Survivor Pensions	2,130
Total	**10,497**

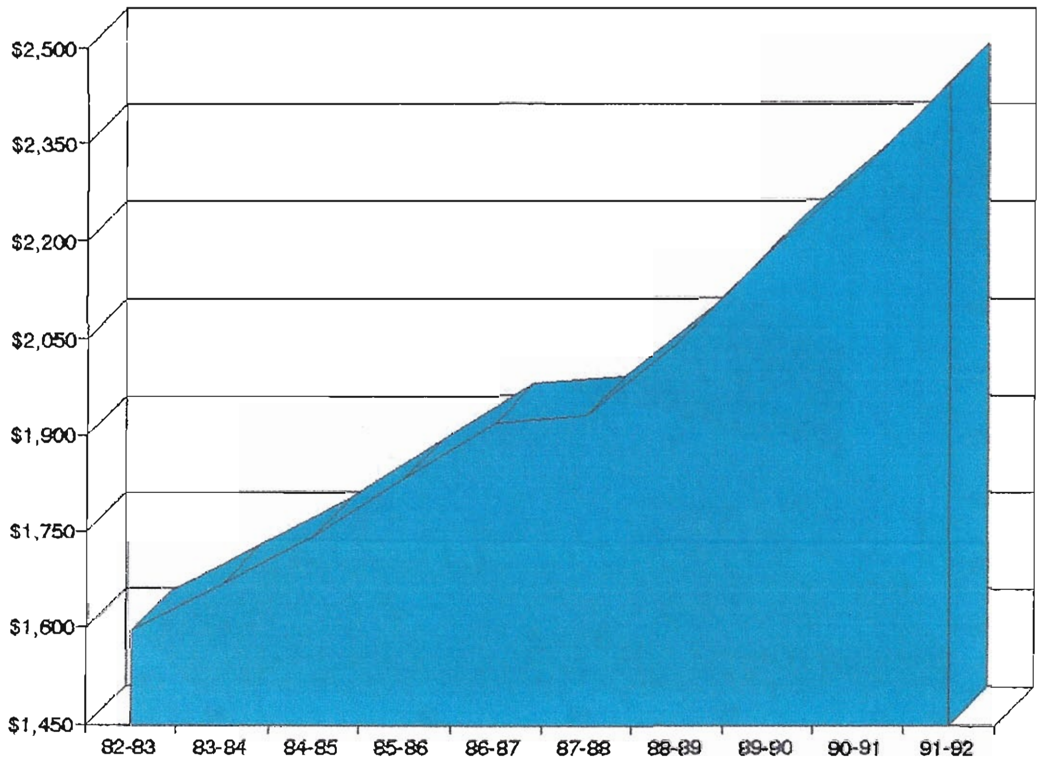


RETIRED MEMBERSHIP
By Age Group



Age	
-44	397
45-49	926
50-54	1,267
55-59	1,152
60-64	1,168
65-69	1,927
70-74	1,711
75-79	914
80-84	491
85 +	544

AVERAGE MONTHLY PENSION

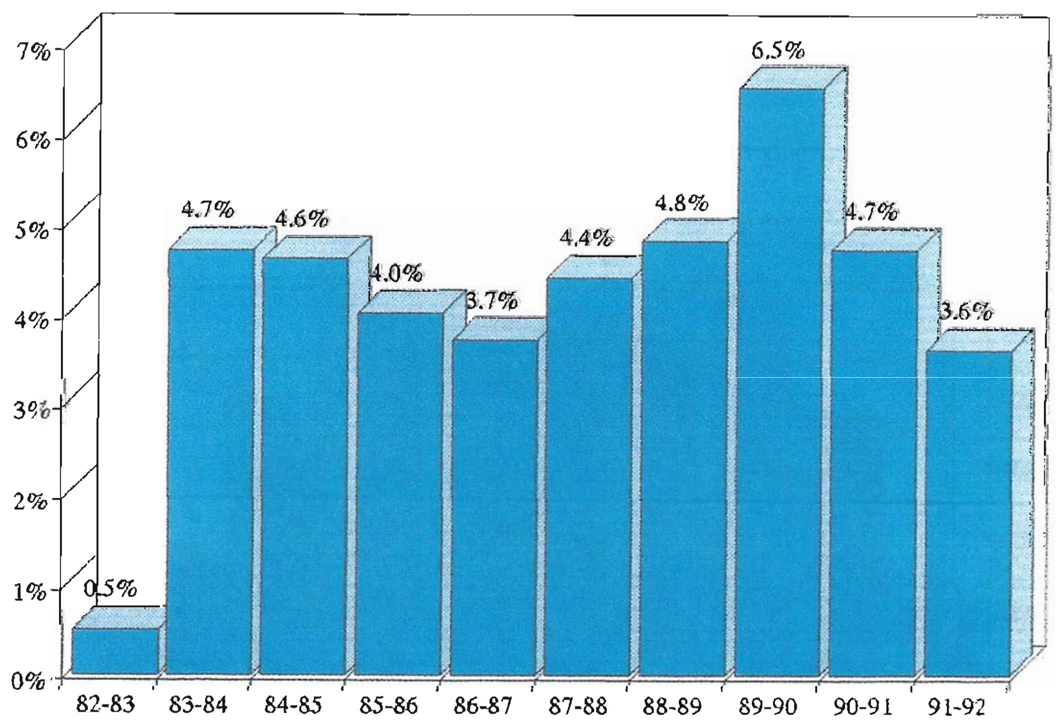


Year	Pension
82-83	$1,594
83-84	$1,667
84-85	$1,741
85-86	$1,830
86-87	$1,918
87-88	$1,929
88-89	$2,039
89-90	$2,178
90-91	$2,299
91-92	$2,442

COST OF LIVING ADJUSTMENTS

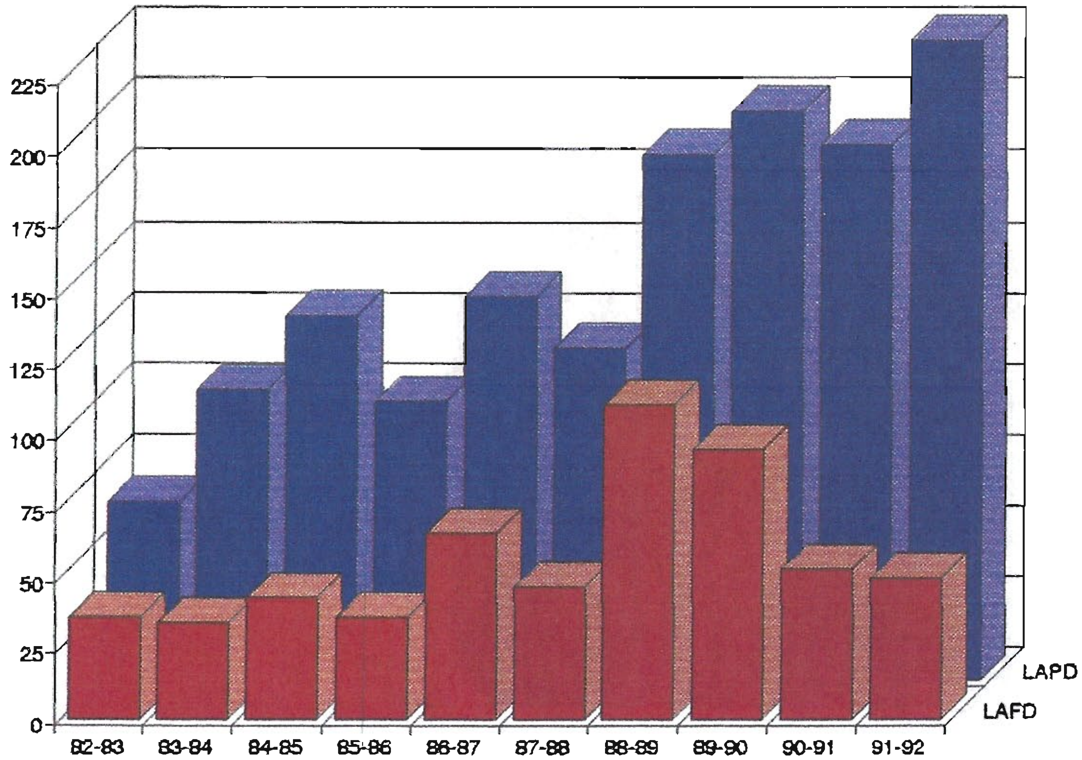
Effective July 1

Cost of living adjustments are made to eligible pensions each July 1, based on the movement of the consumer price index for the greater Los Angeles area from March 1 of that year to March 1 of the preceding year. Members of the *Safety Members Pension Plan* have cost of living increases capped at three percent. The City Council can provide for a discretionary cost of living increase above the 3% cap once every three years. Members of the other pension plans have no cap on their cost of living adjustments.



PENSION STATISTICS: LAST TEN YEARS

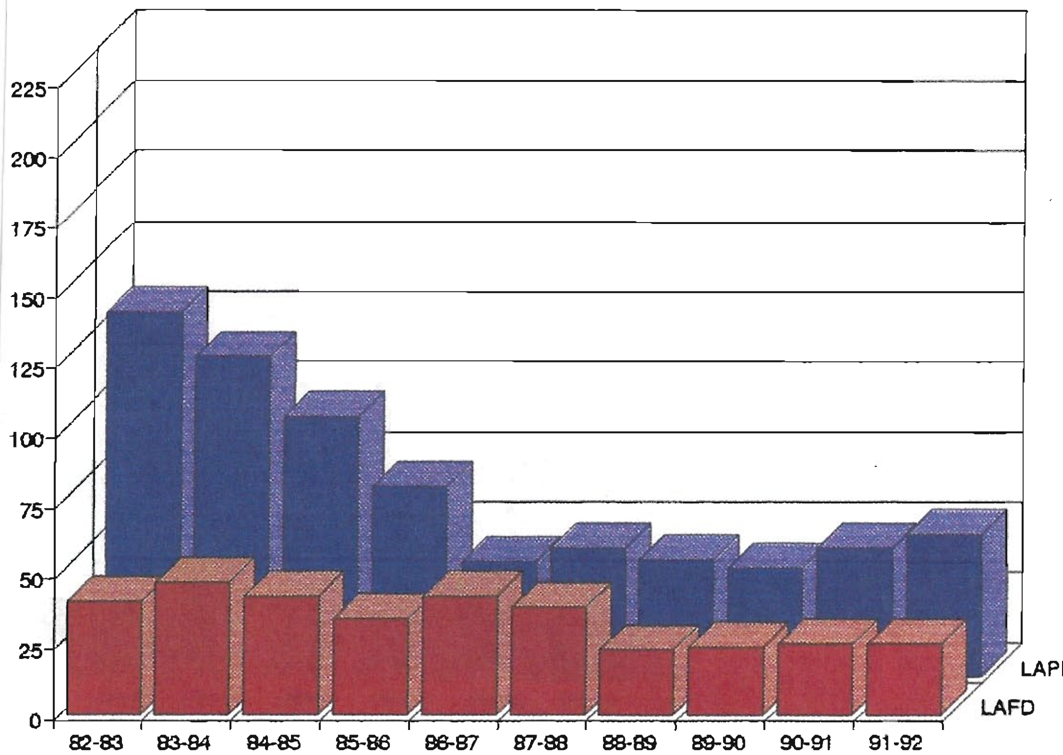
SERVICE PENSIONS GRANTED



Year	Fire	Police
82-83	36	63
83-84	34	102
84-85	43	128
85-86	36	98
86-87	66	135
87-88	47	117
88-89	111	185
89-90	95	200
90-91	53	188
91-92	50	239

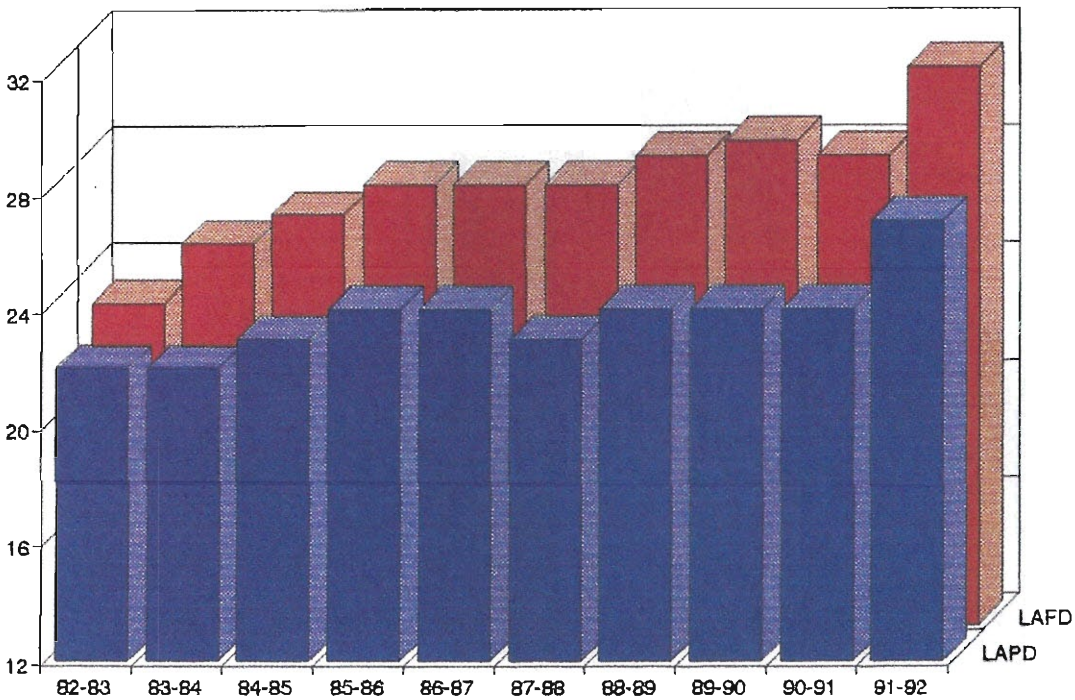
DISABILITY PENSIONS GRANTED

Year	Fire	Police
82-83	40	129
83-84	47	113
84-85	42	92
85-86	34	67
86-87	42	40
87-88	38	45
88-89	23	41
89-90	24	38
90-91	25	45
91-92	25	50



PENSION STATISTICS: LAST TEN YEARS

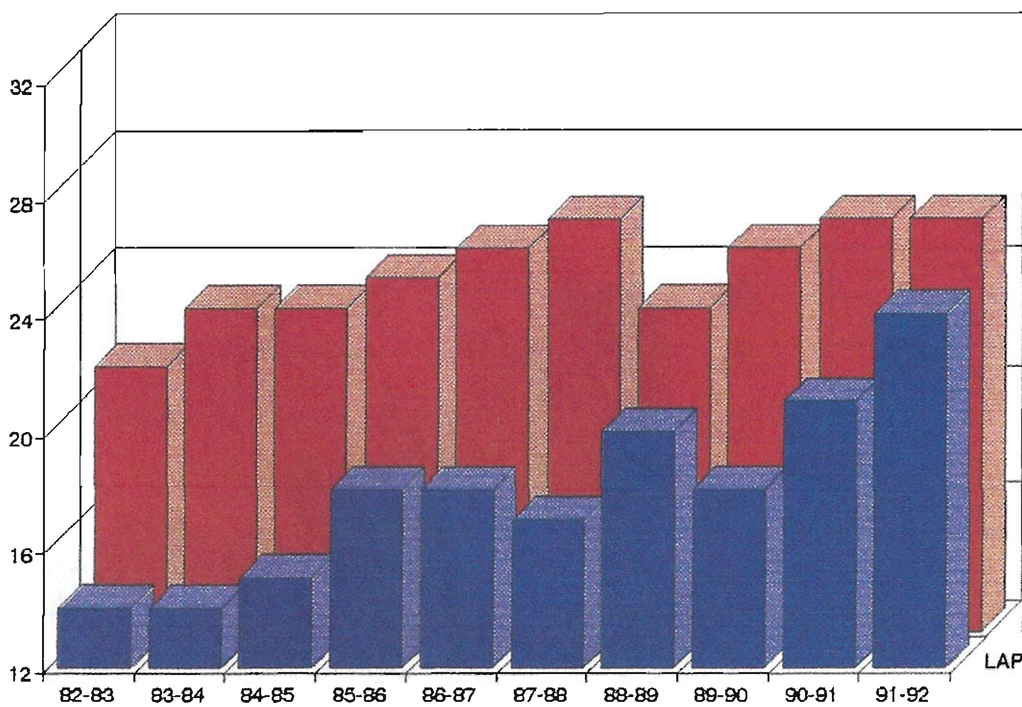
YEARS OF SERVICE
At Service Retirement



Year	Fire	Police
82-83	23	22
83-84	25	22
84-85	26	23
85-86	27	24
86-87	27	24
87-88	27	23
88-89	28	24
89-90	29	24
90-91	28	24
91-92	31	27

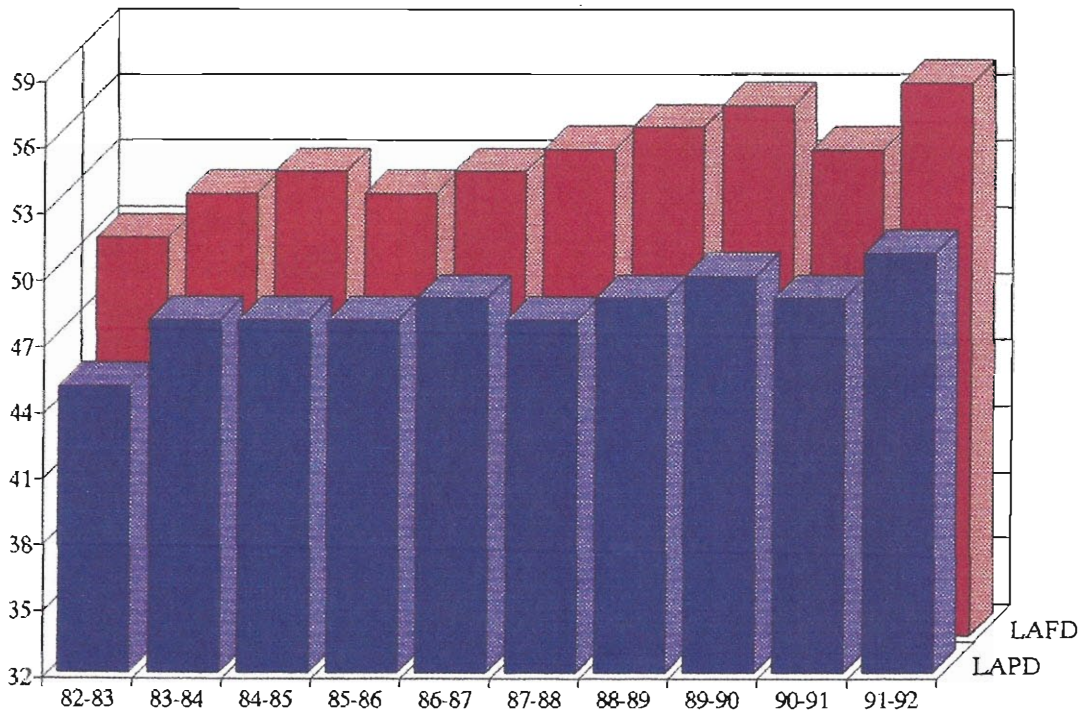
YEARS OF SERVICE
At Disability Retirement

Year	Fire	Police
82-83	21	14
83-84	23	14
84-85	23	15
85-86	24	18
86-87	25	18
87-88	26	17
88-89	23	20
89-90	25	18
90-91	26	21
91-92	26	24



PENSION STATISTICS: LAST TEN YEARS

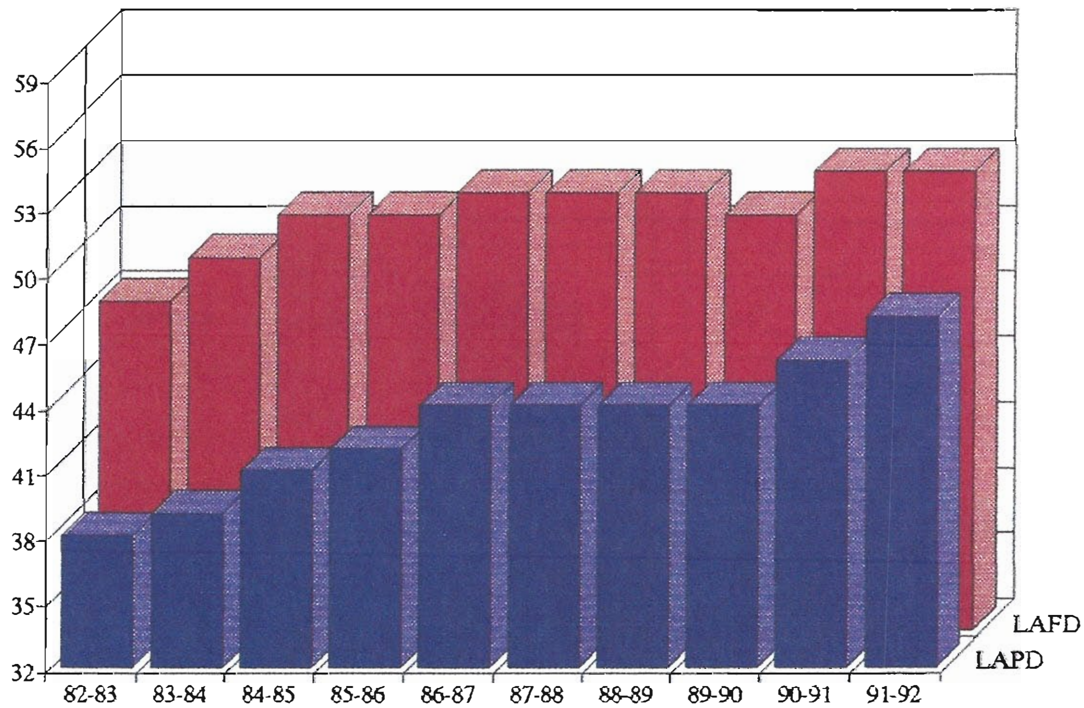
AVERAGE AGE
At Service Retirement



Year	Fire	Police
82-83	50	45
83-84	52	48
84-85	53	48
85-86	52	48
86-87	53	49
87-88	54	48
88-89	55	49
89-90	56	50
90-91	54	49
91-92	57	51

AVERAGE AGE
At Disability Retirement

Year	Fire	Police
82-83	47	38
83-84	49	39
84-85	51	41
85-86	51	42
86-87	52	44
87-88	52	44
88-89	52	44
89-90	51	44
90-91	53	46
91-92	53	58



SERVICE-CONNECTED DISABILITY RETIREMENTS

By Type, Department, and Rank: Last Five Years

	FISCAL YEAR 1987-88				FISCAL YEAR 1988-89				FISCAL YEAR 1989-90				FISCAL YEAR 1990-91				FISCAL YEAR 1991-92			
GRANTED	FF	PM	PO	Total	FF	PM	PO	Total	FF	PM	PO	Total	FF	PM	PO	Total	FF	PM	PO	Total
Physical Only	36	1	36	73	19	0	31	50	22	1	24	47	25	0	35	60	24	0	43	67
Physical/Psychological	1	0	7	8	0	4	8	12	1	0	13	14	0	0	8	8	0	1	6	7
Psychological Only	0	0	2	2	0	0	2	2	0	0	1	1	0	0	2	2	0	0	1	1
TOTALS*	37	1	45	83	19	4	41	64	23	1	38	62	25	0	45	70	24	1	50	75

	FISCAL YEAR 1987-88				FISCAL YEAR 1988-89				FISCAL YEAR 1989-90				FISCAL YEAR 1990-91				FISCAL YEAR 1991-92			
	FF	PM	PO	Total	FF	PM	PO	Total	FF	PM	PO	Total	FF	PM	PO	Total	FF	PM	PO	Total
Back	22	1	14	37	14	1	15	30	16	0	19	35	13	0	22	35	19	0	31	50
Neck	10	0	7	17	4	1	7	12	9	1	13	23	1	0	10	11	1	0	7	8
Knees	4	0	2	6	3	0	4	7	7	1	4	12	8	0	11	19	11	0	8	19
Other Orthopedic	15	0	12	27	2	2	9	13	9	1	8	18	3	0	6	9	6	0	10	16
Heart Attack	2	0	5	7	1	0	2	3	0	0	2	2	2	0	1	3	7	0	16	23
Ulcer	1	0	3	4	0	1	4	5	1	0	2	3	0	0	2	2	0	0	2	2
Hypertension	2	0	11	13	2	1	6	9	1	0	10	11	1	0	9	10	0	0	12	12
Hearing Loss	6	0	4	10	3	0	4	7	3	0	3	6	7	0	3	10	1	0	2	3
Pulmonary	5	0	2	7	2	1	1	4	0	0	0	0	1	0	0	1	1	0	2	3
Cancer	5	0	2	7	1	0	0	1	0	0	0	0	1	0	1	2	0	0	0	0
PCP Exposure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gun Shot Wound	0	0	0	0	0	0	1	1	0	0	0	0	1	0	1	1	0	0	0	0
HIV/AIDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS*	72	1	62	135	32	7	53	92	46	3	61	110	37	0	66	103	46	0	90	136

*Totals for type reflect multiple disability applications.

POLICE	87-88	88-89	89-90	90-91	91-92
Police Officer	21	25	25	23	16
Sergeant	11	6	4	7	15
Detective	11	12	13	15	19
Lieutenant	4	0	0	1	3
Captain	0	0	0	2	1
Commander	0	0	0	0	0
Deputy Chief	0	0	0	0	0
Assistant Chief	0	0	0	0	0
TOTALS	47	43	42	48	54

FIRE	87-88	88-89	89-90	90-91	91-92
Ambulance Driver/Paramedic	2	4	2	0	1
Firefighter	9	6	10	11	6
Apparatus Operator	0	0	0	1	0
Fireboat Mate	1	0	0	0	0
Engineer	7	7	5	5	4
Inspector	1	2	1	1	3
Captain	16	3	7	7	10
Battalion Chief	2	2	2	1	1
Assistant Chief	1	0	0	1	0
Deputy Chief	0	0	0	0	0
TOTALS	39	24	27	27	25

(FF—Firefighters, PM—Paramedics, PO—Police Officers)

Actuarial Report

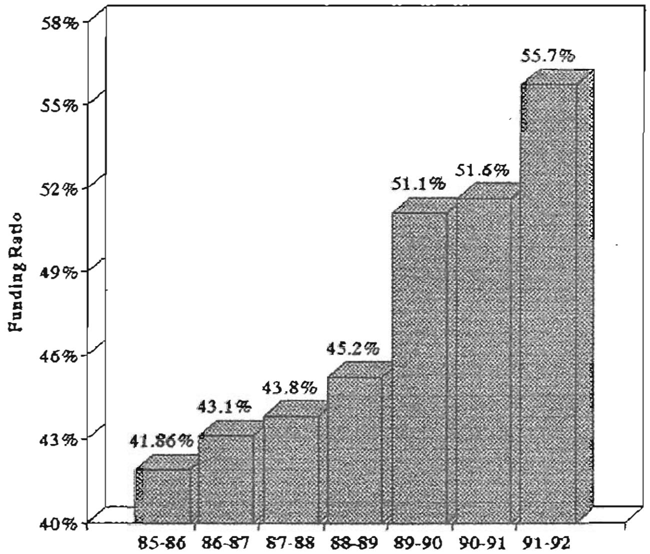
ACTUARIAL REPORT SUMMARY

Actuarial Valuations

Two actuarial valuations of the assets and liabilities of the pension benefits are conducted annually. One study examines the pension benefits paid to members and their beneficiaries, the other study examines the health subsidies allocated to qualifying members. These studies evaluate the funding progress of the system and determine the annual contribution requirements.

The funded status of the pension system is examined over a time span of several years to determine if funding progress is made. As can be seen by the following graph, satisfactory funding progress has occurred over the past seven years.

FUNDED STATUS



How a Valuation is Conducted

The actuarial funding method used (Entry Age Normal Cost) is required by the Charter under Sections 186.2, 190.09 and 528 of Articles XVII, XVIII, and XXXV respectively. An actuarial valuation examines the membership of the pension system as currently constituted, then projects future liabilities using various assumptions.

Non-economic actuarial assumptions on mortality of members and spouses, probability of service retirement and disability, probability of termination prior to retirement, and probability of having a surviving beneficiary, are created from studies made of the actual experience of the membership of the system. A new study is conducted not less than once every five years.

These assumptions are recommended by an actuary and adopted by the Board of Pension Commissioners. The last study was adopted by the Board on November 1992. An example of projected mortality is as follows:

Average Expected Years of Life Remaining for Pensioners

Service Pensioner (Average Age = 64)	17.4 years
Disabled Pensioner (Average Age = 55)	21.2 years
Survivor (Average Age = 72)	16.1 years

Economic assumptions are also studied, recommended by the actuary, and adopted by the Board. Economic assumptions in effect for this valuation period are:

Economic Assumptions

Cost-of-Living	*5.5%
Individual Salary	6.5%
Aggregate Salary	5.5%
Interest	8.5%

*(*Article XXXV is capped at 3%)*

Pension Benefit Balance Sheet

Cost of living and individual salary assumptions are used to project the dollar amount of benefits to be paid. The total liability is then reduced to today's dollar terms using the interest assumption.

Once the liabilities of the system are computed the valuation study projects the member contributions expected to be received, which are reduced to today's dollar terms using the interest assumption. The individual salary assumption is used to project the total member contributions. The Entry Age Normal Cost contribution, the amount the City would contribute for a hypothetical new entrant into the system, is calculated. This amount would theoretically be sufficient to fully fund a member's retirement on the date of retirement if all assumptions were realized and no benefit changes were made.

These potential future contributions are considered assets of the system, along with assets currently being invested by the Pension Department. For purposes of determining the system contributions, the current assets are determined as a blend of the market value and book value of the assets.

As can be seen on the Actuarial Balance Sheets *(see p. 22)*, the balance of $3.554 billion is considered the unfunded actuarial liability.

Why there is an Unfunded Actuarial Liability

An unfunded actuarial liability can result from many variables. Often, benefit increases are credited to members while in the middle of their career, or even after they have retired. Since these benefit enhancements did not exist when the funding of the members' benefit began, contributions were not made during all or part of the members' working career. An example of a benefit enhancement that occurred was the lifting of a 2% cap on cost-of-living increases. This applied to all members, active and retired, and created an immediate unfunded liability. (The **Milestones** section at the end of this book contains more examples of benefit changes.)

The Entry Age Normal Cost actuarial method normally results in actuarial gains or losses, unless all actuarial assumptions are met each year. These actuarial gains or losses also result in decreases or increases in the unfunded actuarial liability.

Occasionally, the actuarial methodology itself is refined according to accepted actuarial practice. For example, salary increases were not utilized in the computations until the late 1970s. When this practice was included, it created an additional unfunded liability.

Finally, during a period in the history of the Pension System, the funding was on a pay-as-you-go basis, instead of an actuarial basis. When the system shifted to an actuarial basis, an immediate unfunded liability resulted.

How The Contribution Requirements are Calculated

The contribution is comprised of two pieces: The Entry Age Normal Cost Contribution and the contribution to amortize the unfunded liability. The unfunded liability is amoritzed over a time period and methodology prescribed in the Charter for each plan. The amortization period for Articles XVII and XVIII is scheduled to end June 30, 2037.

Article XVII is amortized as a level percent of all system members' (Articles XVII, XVIII, and XXXV combined) salaries. Article XXXV's amortization basis is a level percentage of plan members' salary over a continuous fifteen year cycle. Each year's actuarial gain or loss is amortized for fifteen years. Any gains or losses resulting from benefit changes are amortized over a thirty year period. Changes in the unfunded actuarial liability resulting from benefit changes are amortized over a thirty-year period.

With this information, the actuary computes the contribution requirements for the City.

Entry Age Normal Cost
Contribution Requirements
(As a percentage of plan members' salary.)

Article XVII	19.146%
Article XVIII	25.877%
Article XXXV	14.626%

Unfunded Liability
Contribution Requirements

Article XVII	$42,696,663
Article XVIII	21.423% of all system members' salary
Article XXXV	(0.774)% of Article XXXV members' salary

Health Subsidy Valuation

The health valuation study utilizes the same actuarial assumptions as the study on pension benefits, with the addition of a medical inflation assumption. Currently, medical costs are increasing at a faster pace than inflation. In 1992 the actuary assumed a 12-14% increase. However, this rate of inflation is not expected to continue indefinitely as reflected in the assumed rate of 7.5% reached in the year 2001.

Using the same actuarial methods as for pension benefits, the Actuarial Balance Sheet is as shown on page 22.

The contributions suggested to fund the health subsidy plan are:

Entry Age Normal Cost
Contribution Requirements
(As a percentage of plan members' salary)

Article XVII	1.028%
Article XVIII	2.577%
Article XXXV	5.354%

Unfunded Liability
Contribution Requirements

Article XVII	$1,883,540
Article XVIII	3.963% of all system members' salary
Article XXXV	1.327% of Article XXXV members' salary

VALUATION OF PENSION BENEFITS
Actuarial Balance Sheet As of June 30, 1992

ASSETS

	Fire & Police Pension System	New Pension System	Safety Members Pension Plan	All Plans Combined
1. Applicable Assets	$22,052,930	$3,843,448,594	$ 420,140,481	$4,285,642,005
2. Present Value of Future Member Contributions	158,619	138,608,748	284,533,735	423,301,102
3. Present Value of Future Contributions by the City for:				
a. Entry Age Normal Costs	1,101,653	552,672,268	540,811,234	1,094,585,155
b. Unfunded Actuarial Accrued Liability	488,948,717	3,099,516,698	(33,988,625)	3,554,476,790
4. Total Assets	$512,261,919	$7,634,246,308	$1,211,496,825	$9,358,005,052

LIABILITIES

	Fire & Police Pension System	New Pension System	Safety Members Pension Plan	All Plans Combined
5. Present Value of Benefits Already Granted				
a. Service Retirements	$ 143,822,263	$3,121,823,780	$ 2,386,038	$3,268,032,081
b. Disability Retirements	125,474,812	1,003,907,907	13,531,842	1,142,914,561
c. Survivors and Dependents	231,290,909	370,112,017	7,518,752	608,921,678
d. Total	$500,587,984	$4,495,843,704	$23,436,632	$5,019,868,320
6. Present Value of Benefits to be Granted				
a. Service Retirements	10,092,006	2,491,035,148	844,885,049	3,346,012,203
b. Disability Retirements	1,515,727	614,746,483	281,100,329	897,362,539
c. Survivors and Dependents	61,227	23,544,862	30,814,166	54,420,255
d. Total	$11,668,960	$3,129,326,493	$1,156,799,544	$4,297,794,997
7. Refund of Employee Contributions	4,975	9,076,111	31,260,649	40,341,735
8. Total Liabilities	$ 512,261,919	$7,634,246,308	$1,211,496,825	$9,358,005,052

VALUATION OF POST-RETIREMENT HEALTH SUBSIDY
Actuarial Balance Sheet as of June 30, 1992

ASSETS

	Fire & Police Pension System	New Pension System	Safety Members Pension Plan	All Plans Combined
1. Applicable Assets	$ 4,245,338	$ 32,995,574	$ 17,757,916	$ 54,998,828
2. Present Value of Future Contributions by the City for:				
a. Entry Age Normal Costs	36,417	45,902,016	164,602,283	210,540,716
b. Unfunded Actuarial Accrued Liability	21,595,371	573,335,094	64,199,742	659,130,207
3. Total Assets	$ 25,877,126	$ 652,232,684	$246,559,941	$ 924,669,751

LIABILITIES

	Fire & Police Pension System	New Pension System	Safety Members Pension Plan	All Plans Combined
4. Present Value of Benefits Already Granted	$ 24,455,600	$ 328,865,144	$ 1,196,097	$ 354,516,841
5. Present Value of Benefits to be Granted				
a. Actives Eligible to Retire	1,421,526	175,951,971	396,007	177,769,504
b. Other Actives	0	147,415,569	244,967,837	392,383,406
c. Total	1,421,526	323,367,540	245,363,844	570,152,910
6. Total Liabilities	$ 25,877,126	$ 652,232,694	$246,559,941	$ 924,669,751

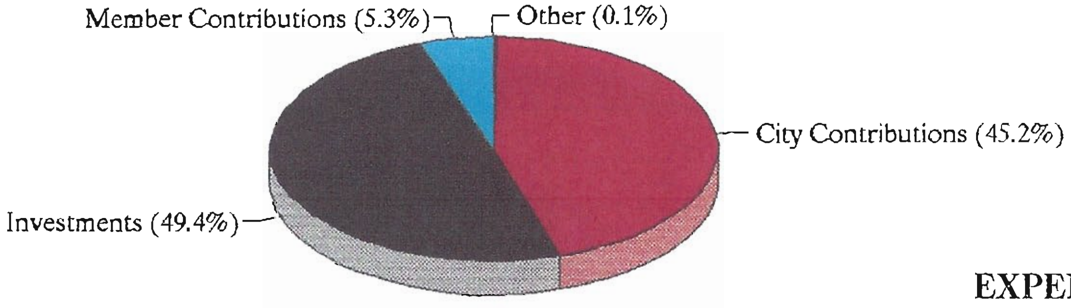
Department Budget

DEPARTMENT BUDGET

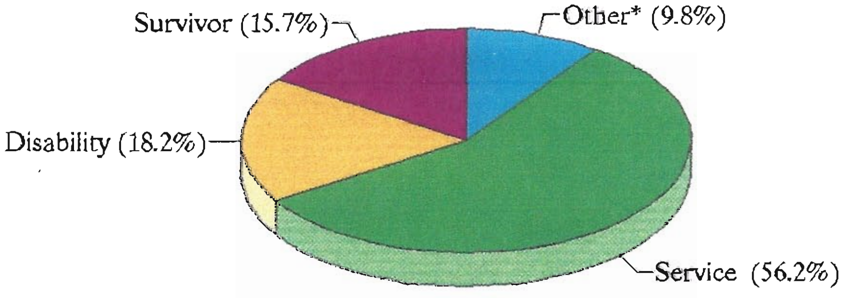
Receipts	Estimated 1991-92	Actual 1991-92
Balance Available	$ 72,900	$ 0
Taxes and General Fund	337,710,888	337,710,888
Member Contributions	42,227,000	42,276,179
Investment Income	179,000,000	201,188,959
Gain on Sale of Investments	—	168,178,563
Miscellaneous	716,000	811,447
Total Receipts	**$584,662,888**	**$750,166,036**

Expenditures	Estimated 1991-92	Actual 1991-92
Service Pensions	$187,200,000	$186,876,002
Disability Pensions	60,725,000	60,615,857
Surviving Spouse Pensions	50,500,000	51,316,631
Minors'/Dependents' Pensions	1,000,000	866,789
Refund of Member Contributions	1,800,000	2,401,356
Medicare	1,150,000	1,141,686
Health Insurance Subsidy	12,000,000	12,620,329
Administrative Expense	15,820,698	15,552,137
Total Expenditures	**$331,195,698**	**$331,390,787**
Increase in Fund Balance	**$228,531,090**	**$418,775,249**

RECEIPTS



EXPENDITURES



(*Minors'/Dependents' Pensions, Refund of Member Contributions, Medicare, Health Insurance Subsidy, Administrative Expense.)

Auditor's Report

MANNON KAPLAN, C.P.A.
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EDWIN KANEMARU, C.P.A.
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CHARLES SCHNAID, C.P.A.
DONALD G. GARRETT, C.P.A.

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THE CALIFORNIA SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS
#95-2036255

Independent Auditor's Report

To the Board of Pension Commissioners of the
City of Los Angeles
Los Angeles, California

Members of the Board:

We have audited the accompanying balance sheets of the City of Los Angeles Fire and Police Pension System (the System) as of June 30, 1992 and 1991, and the related statements of revenues, expenditures and changes in fund balance for the years then ended. These financial statements are the responsiblilty of the System's management. Our responsiblity is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the City of Los Angeles Fire and Police Pension System as of June 30, 1992 and 1991, and the results of its operation for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note 6 to the financial statements, the System has been named in a class action lawsuit that seeks to refund all disability pensioners' contributions. In addition, the System has been named in several domestic relation matters. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.

The financial statements as of June 30, for each of the years from 1983 through 1990 (none of which are presented here) were audited by other auditors whose report dated November 15, 1990 expressed a qualified opinion, based on the litigation on those financial statements for each of the years from 1983 through 1988. This litigation was settled and the resulting unfunded liability recorded in the financial statements beginning for the year ended June 30, 1989. These financial statements are the responsibility of the System's management. Out responsibility is to express an opinion based on our audit. In our opinion, except for the omission in the years 1983 through 1988 of recording the judgment discussed and the inconsistency resulting from the effect of recording the unfunded actuarial liability of the health plan subsidy beginning the year ended June 30, 1990, discussed in Note 2, the information set forth in the supplemental schedules for each of the ten years in the period ended June 30, 1992, [Note: not presented in this annual report] is fairly stated, in all material respects, in relation to the financial statements from which it was derived.

Miller Kaplan Arase & Co

MILLER, KAPLAN, ARASE & CO.
December 2, 1992

CITY OF LOS ANGELES FIRE & POLICE PENSION SYSTEM
BALANCE SHEETS

	JUNE 30, 1992		JUNE 30, 1991	
ASSETS				
CASH		$ 2,271,389		$ 1,607,626
RECEIVABLES				
Accrued Interest and Dividend Income	$ 29,089,522		$ 23,453,743	
Contributions	2,291,724		1,985,477	
Due from Brokers and Others	165,138,379		13,609,126	
Accrued Real Estate Income	1,447,287	197,966,912	1,154,846	40,203,192
INVESTMENTS				
Temporary, at Cost, Which Approximates Market	$ 436,316,476		$ 302,029,979	
Bonds, at Amortized Cost (Market Value of $1,357,347,343 in 1992 and $1,230,711,554 in 1991)	1,315,472,940		1,222,706,554	
Common Stock, at Cost (Market Value of $2,590,333,398 in 1992 and $2,297,542,196 in 1991)	2,043,689,542		1,926,954,615	
Preferred Stock, at Cost (Market Value of $74,855,947 in 1992 and $17,394,461 in 1991)	67,954,781		18,164,973	
Real Estate, including Real Estate Pools, at Cost (Market Value of $187,437,937 in 1992 and $219,218,645 in 1991)	227,591,613	4,091,025,352	228,993,212	3,698,849,333
TOTAL ASSETS		$4,291,263,653		$3,740,660,151
LIABILITIES				
Benefits in Process of Payment	$ 1,623,681		$ 1,639,419	
Accounts Payable	3,996,525		2,942,107	
Deferred Option Premiums (Market Value of $22,158,245 in 1992 and $39,795,489 in 1991)	27,276,763		51,142,396	
Due to Brokers	178,002,393		23,322,923	
Mortgage Loan Payable — Note 8	5,975,736	216,875,098	6,000,000	85,046,845
NET ASSETS AVAILABLE FOR BENEFITS		$4,074,388,555		$3,655,613,306
FUND BALANCE				
Actuarial Present Value of Projected Benefits Payable to Current Retirants and Beneficiaries	$5,374,385,161		$4,949,613,686	
Actuarial Present Value of Credited Projected Benefits for Active Employees:				
Member Contributions	392,854,640		395,323,917	
Employer Financed Portion	2,520,755,751	$8,287,995,552	2,591,307,902	$7,936,245,505
Actuarial Present Value of Unfunded Credited Projected Benefits		(4,213,606,997)		(4,280,632,199)
TOTAL FUND BALANCE		$4,074,388,555		$3,655,613,306

CITY OF LOS ANGELES FIRE & POLICE PENSION SYSTEM

Statements of Revenues, Expenditures and Changes in Fund Balance

	JULY 1, 1991 to JUNE 30, 1992		JULY 1, 1990 to JUNE 30, 1991	
REVENUES				
City Contributions	$ 337,710,888		$ 340,843,137	
Member Contributions	38,874,823		37,820,348	
Miscellaneous	811,447	$ 378,397,158	392,329	$ 379,055,814
Investment Income:				
Interest	$ 137,860,118		$ 133,912,766	
Dividends	67,596,283		60,960,014	
Provision for Permanent Impairment of Bonds	(13,816,159)		(10,584,070)	
Real Estate Income	8,743,342		7,080,147	
Securities Lending — Note 5	681,698		801,240	
Other	123,677	201,188,959	321,489	192,491,586
Net Gain on Sale of Investments	$ 176,694,460		$ 93,888,939	
Net Loss on Option Premiums	(8,515,897)	168,178,563	(54,669,448)	39,219,491
		$ 747,764,680		$ 610,766,891
EXPENDITURES				
Benefits Paid to Participants:				
Service	$ 186,876,002		$ 175,190,902	
Disability	60,615,857		56,479,714	
Surviving Spouses	51,316,631		47,862,049	
Minors and Dependents	866,789		986,446	
Health Plan Subsidy — Note 4	13,762,015		11,522,614	
	$ 313,437,294		$ 292,041,725	
Administrative Expense	15,552,137	328,989,431	15,233,288	307,275,013
NET OPERATING INCOME		$ 418,775,249		$ 303,491,878
FUND BALANCE, BEGINNING		3,655,613,306		3,352,121,428
FUND BALANCE, ENDING		$4,074,388,555		$3,655,613,306

NOTES TO FINANCIAL STATEMENTS

Note 1 — Description of Plan

The City of Los Angeles Department of Pensions operates under provisions of the City Charter of the City of Los Angeles, which provides that the funding requirements of the City of Los Angeles Fire and Police Pension System (the System or the Plan), based on the results of actuarial valuation, will be satisfied by the City of Los Angeles. In addition, the City of Los Angeles is required to fund the administrative expenses of the system.

In general, the System is a defined benefit pension plan covering all firefighters, police officers, paramedics, and civilian ambulance employees of the City of Los Angeles. Benefits are based on members' final compensation and terms of service. In addition, the Plan provides for disability benefits under certain conditions and benefits to eligible survivors. The System is composed of three groups. Those members hired prior to January 26, 1967 participate in the first established Department of Pensions (Old System under Article XVII) unless they requested transfer to the New Pension System (New System under Article XVIII) established for members hired on or after January 26, 1967. Members hired after December 8, 1980 participate in the Safety Members Pension Plan (under Article XXXV) which was established at that time.

Members with 20 or more years of service in the Old System and New System are entitled to annual pension benefits equal to 40% of their final compensation, increasing for each year of service over 20 years, to a maximum of 66⅔% in the Old System and 70% in the New System. There is no minimum age requirement. The Plans provide for unlimited cost-of-living adjustments in benefits for service. Members who terminate their employment after July 1, 1982 are entitled to a refund of contributions if they do not qualify for a pension or if they waive their pension entitlements. Members of the Safety Members Pension Plan must be age 50, with ten years of service, to be entitled to an annual pension. Benefits are equal to 20% of their one-year average compensation, increasing for each year of service over ten years, to a maximum of 70% for 30 years. Benefits are adjusted by the cost-of-living rate, at a maximum of 3% per year. These benefits can be adjusted by the City Council once every three years.

Since the Plan includes detailed provisions for each situation, members should refer to the Plan documents for more complete information.

Note 2 — Summary of Significant Accounting Policies

A. **Basis of Presentation.** The System's financial statements are prepared on the accrual basis of accounting and presented in accordance with Statement No. 6, "Pension Accounting and Financial Reporting: Public Employee Retirement Systems and State and Local Government Employers," of the National Council on Governmental Accounting. Contributions and other income are recorded when earned, expenses when incurred, and gain or loss on investments in the year of disposition.

B. **Cash.** Cash consists primarily of an undivided interest in the cash held by the Treasurer of the City of Los Angeles and cash held by brokers in temporary bank accounts pending funding related to real estate investments.

C. **Investments.** Temporary investments, consisting primarily of bankers' acceptances, commercial paper, certificates of deposit, pooled temporary investments and Treasury bills, are carried at cost, which approximates market at June 30, 1992 and 1991.

Bonds are recorded at face value less unaccredited discount or plus unamortized premium. Bond premium and discounts are amortized or accreted to the maturity date by adjusting the nominal interest rate to the yield basis upon which they were acquired. Bonds are written down when management deems there is a permanent impairment of value.

Common and preferred stocks are carried at their cost basis.

Real estate investments are accounted for on the equity method of accounting when there is an interest of 20% or greater. The cost method has been used for investments of less than 20%. Direct real estate investments are depreciated on a straight-line basis over the estimated useful lives of the properties.

Investment denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange at the balance sheet date. Resulting gains or losses are included in the statement of revenues, expenditures, and changes in fund balance, if material.

The stated market value of investments is generally based on published market prices or quotations from major investment dealers. Real estate market values are taken from the reports of the investment advisors.

D. **Income from Investments.** The charter of the City of Los Angeles provides that the rate of return from investments, exclusive of gains and losses, shall be credited to member contribution accounts. Realized gains and losses on investments are recognized in the City's actuarial funding calculation.

E. **Deferred Option Premiums.** As allowed by the Charter of the City of Los Angeles, the System writes covered call options. The deferred revenue is stated at the current market value, with the resulting charge or credit reflected in current-year operations.

F. **Post-Retirement Benefits.** Retired members currently receive a health plan subsidy. The amounts paid into this subsidy are charged to current-year operations. Effective in the fiscal year ended June 30, 1990, the system reflected the unfunded actuarial liability of the health plan subsidy. The System's actuarial present value of projected benefits and unfunded actuarial liability includes the following amounts in the year ended June 30, 1992 as a result of this change.:

Actuarial Present Value of Projected Benefits Payable to Current Retirants and Beneficiaries	$354,516,841
Actuarial Present Value of Credited Projected Benefits for Active Employees	$570,152,910
Unfunded Actuarial Present Value of Credited Projected Benefit	$659,130,207

Note 3 — Estimated Liability for Pensions

The estimated liability for pensions reflects the liabilities as determined by the System's actuaries based upon actuarial valuations as of June 30, 1992 and 1991. Such liabilities represent computed amounts that, if such amounts were held by the System, with additions from future contributions to be received to cover normal costs and with interest on investments compounded annually at a certain assumed rate, would be sufficient to meet the projected pension obligations. The valuation results for fiscal years ending June 30, 1992 and 1991 were based on demographic assumptions adopted as a result of studies of System experience made as of June 30, 1992 and 1988, respectively. The most significant economic and actuarial assumptions for fiscal years 1992 and 1991 consist of the following:

	1992		1991	
	Pension System	Health Subsidy	Pension System	Health Subsidy
Investment Return	8.5%	8.5%	8.5%	8.5%
Annual Salary Scale Increase:				
Individually	6.5%	6.5%	6.5%	6.5%
Aggregate	5.5%	5.5%	5.5%	5.5%
Annual Cost of Living Increase:				
Old and New System Members:				
Accrued for Service Prior to June 30, 1982	5.5%	—	5.5%	—
Accrued for All Susbsequent Service (Subject to Any Applicable Caps)	5.5%	—	5.5%	—
Safety Members Pension Plan Members	3.0%	—	3.0%	—
Graded Medical Cost Rate Increases:				
Pre-65 Premiums	—	14.0%*	—	13.0%
Post-65 Premiums	—	12.0%*	—	13.0%

(*Decreasing gradually to 7.5% in 2003 and beyond.)

Mortality Among Retirees — The valuation for those on service retirement is based upon the 1983 Group Annuity Mortality Table. The valuation for those on disability retirement is based upon the 1974 Pension Benefits Guarantee Corporation's Disabled Life Mortality Table for males not receiving Social Security.

Mortality Among Spouses — The valuation is based upon the 1983 Group Annuity Mortality Table.

Remarriage Among Spouses — Expected rates of remarriage were developed during the last actuarial investigation based upon actual experience of the System.

Note 4 — Funding Policy

As a condition of participation, members are required to contribute a percentage of their salaries to the System. The System's actuaries, in their reports as of June 30, 1992 and 1991, recommended that New System members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Old System members are required by the City Charter to contribute 6% of Salary. Safety Members Pension Plan members are required to contribute 8% of salary.

The Charter of the City of Los Angeles specifies that the City will make the following contributions each year:

A. An amount equal to the City's share of defined entry-age normal costs.

B. For New System members and Old System members, a dollar amount or percentage necessary to amortize the "unfunded liability" of the System over a 70-year period, beginning with the fiscal year commencing July 1, 1967. Under the Safety Members' Pension Plan, any "unfunded liability" of that System shall be amortized over a 30-year period, and actuarial experience gains and losses shall be amortized over a 15-year period.

C. An amount to provide for health plan subsidies for retired members.

D. An amount to provide for administrative expenses.

Accordingly, the actuaries for the System have determined the contributions for items A, B, and C above, for the years ended June 30, 1992 and 1991, to be as follows:

	Percentage of Members' Salaries					
	Old System (Article XVII)		New System (Article XVIII)		Safety Members Pension Plan (Article XXXV)	
	1992	1991	1992	1991	1992	1991
Entry-Age Normal Cost Contribution	21.41%	21.82%	23.93%	24.22%	15.34%	16.10%
Amortization of Unfunded Liability	$45.7M	$47.2M	20.75%	23.00%	(1.92%)	(1.81%)
Health Plan Subsidy	$1.7M*	$3.5M*	$21.5M*	$21.0M*	$10.2M*	$3.4M*

(*Stated as required dollar amount)

The actuarially determined unfunded liability of the System is $4,213,606,997 at June 30, 1992 and $4,280,632,199 at June 30, 1991 (which takes into account the present values of future normal cost contributions by both the members and the City). In accordance with the City Charter, the amount at June 30, 1992 is to be amortized over the next 45 years (amortization to be completed by the year 2037) through contributions to be made by the City.

Note 5 — Securities Lending

The System has entered into various short-term arrangements whereby investments are loaned to various brokers. The lending arrangements are collateralized by cash, letters of credit, and marketable securities. These agreements provide for the return of the investments and for a payment of: a) a fee when the collateral is marketable securities or letters of credit, or b) interest earned when the collateral is cash on deposit. Securities on loan to brokers continue to be shown at their cost basis in the balance sheet. Amounts outstanding at June 30, 1992 and 1991 are as follows:

	1992	1991
Securities on Loan:		
Cost	$244,707,893	$245,177,591
Market	$268,320,314	$270,303,417
Collateral	$283,808,768	$279,825,497

Note 6 — Contingencies

A. Termination Rights. All members who were active on or after July 1, 1982 have a vested right to their past contributions and accrued interest in the event of their termination prior to retirement. The dollar amounts of the contributions and interest subject to this right at June 30, 1992 and 1991 are $392,854,640 and $395,323,917, respectively.

B. Legal Action. Several legal actions against the Board of Pension Commissioners were pending at June 30, 1992. Except for the following matters, the combined potential liability is not deemed to be material to the net assets of the System.

The System has been named in a class action lawsuit that seeks to refund all disability pensioners' contributions on the basis that the disability pensions are not a pension award; thus, the City should not be allowed to keep the pension contributions. The City filed a motion for summary judgment which was granted on November 6, 1991. The plaintiffs filed timely Notice of Appeal. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the financial statements.

There are currently pending several domestic relations matters wherein the System has been or will be ordered to (1) make survivorship payments to ineligible former spouses; (2) make payments of community interest while the member is still working but eligible to retire; and (3) make payments to the estates of deceased former spouses. The System is contesting these orders. There are also several unresolved disability pension cases wherein challenges have been made by individual members or former members of the Fire and Police Pension Systems who feel aggrieved by the decisions of the Board relative to their disability pension applications. No opinions can be given by management as to the ultimate outcomes, nor can an estimate of the potential liability me made at this time. Accordingly, no liability has been recorded in the financial statements.

Note 7 — Sub-Investment Grade Bonds

At June 30, 1992 and 1991, the System had investments (at cost) in bonds rated below investment grade of approximately $188,744,379 and $186,775,885, respectively.

Note 8 — Mortgage Loan Payable

This mortgage loan payable consists of the following at June 30:

	1992	1991
9.5% mortgage note, secured by Park Plaza Community Center, payable in monthly installments of interest only through October 1, 1991 and monthly installments of $50,450 (including interest) from November 1, 1991 until October 1, 1996 when the remaining balance of approximately $5,825,000 is payable.	$5,975,736	$6,000,000

Maturities of the mortgage loan payable are as follows for year-end June 30:

1993	$ 39,391
1994	43,300
1995	47,598
1996	52,322
1997	5,793,125
Total	**$5,975,736**

Note 9 — Concentration of Credit Risk

Investments are categorized to give an indication of the level of risk assumed by Los Angeles Fire and Police Pension System (the System) at year end. Category 1 includes insured or registered, or securities held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered, with securities held by the borker's or dealer's trust department or agent in the System's name. Category 3 includes uninsured and unregistered, with securities held by the broker or dealer, or by its trust department or agency but not in the system's name.

At June 30, 1992 and 1991, the carrying value and market value of investments were as follows (in thousands):

Category 1 Investments			
1992		1991	
Cost	Market Value	Cost	Market Value
$4,091,025	$4,646,291	$3,698,849	$4,066,897

There were no category 2 or 3 Investments at June 30, 1992 or 1991.

Legal Summary

SUMMARY OF LEGAL ACTIVITIES

General Pension Litigation in Fiscal Year 1991-1992

There were several court decisions rendered in the pension field which are of importance to the City and the Board. Some of these matters are now final and conclusive and appeals are pending in others. Some important cases have not yet reached the trial stage.

A brief summary of some of the cases handled by the City Attorney for the Board of Pension Commissioners presents the following:

Reiner et al v. City of Los Angeles

On February 6, 1987, a complaint for damages, conversion, violation of equal protection, violation of the due process clause, unjust enrichment, and money had and received was filed by Joseph J. Reiner, in behalf of some 2,000 retired disability pensioners. Plaintiffs sought what was then estimated as One Hundred Million Dollars ($100,000,000.00) in damages. The plaintiffs claim is that Fire and Police Pension Plan members who receive disability pension grants also are entitled to a refund of their monthly pension contributions since, under the law, member contributions cannot be used to defray the cost of a disability pension. *(Labor Code Section 3751; also see: **City of Los Angeles v. Industrial Accident Commission**, 63 C2d 242; Ref. City Charter Section 190.15.)*

The City offsets monies disbursed on account of workers' compensation awards against disability pensions. When an employee leaves City employment due to resignation or discharge he/she is entited to a refund of his/her employee contributions, however, no such refund is made when the employee retires. Plaintiffs concede that in the case of service retirement, the monies contributed by members are used to pay their pensions, but they claim that since the City may not use employee monies to pay disability pensions, the City is getting a windfall and in effect is double-dipping by also taking a cash offset against disability pensions.

We filed two demurrers, thereby limiting the total timespan of the original prayer for relief to a period embraced by the statute of limitations. With the second demurrer we further encroached upon the liability exposure presented by Plaintiffs' action in that the damages would be limited by the amounts of workers' compensation offset against disability pensions or, in the alternative, the monies contributed to the pension systems and not both. However, these measures still left the City exposed to a liability in excess of Fifty Million Dollars ($50,000,000.00).

After a number of pre-trial proceedings, the class was finally certified over our objections. Discovery took place and we prepared a Motion for Summary Judgment. Plaintiffs countered by filing a Cross-Motion for Summary Adjudication of Issues.

On November 6, 1991, the matter came up for hearing in Department 59 of the Superior Court. At the conclusion of the proceedings the court denied Plaintiffs' Motion of Summary Adjudication of Issues and granted the City's Motion for Summary Judgment.

The Court's decision, among others, was based on the following reasoning:

1. The Plaintiffs' Third Amended Complaint, the declarations of the parties, their statements of undisputed facts, the exhibits submitted with moving and opposing papers and the oral statements by counsel at the hearing, compel the conclusion that there are no triable material issues of fact presented in this case.
2. There is no merit to the contention by Plaintiffs' in their First Cause of Action, that Defendants have converted Plaintiffs' property.

The Plaintiffs filed timely notice of Appeal and the case is now awaiting the order of a briefing schedule in the Second Appellate District Court of Appeal.

City of Los Angeles v. George Aitchison
City of Los Angeles v. Eva and Deborah Sizer

Two cases were filed in this reporting period on behalf of the Board of Pension Commissioners to compel the repayment of pension overpayments *(City of Los Angeles v. George W. Aitchison,* Case No. BC042560, and *City of Los Angeles v. Eva and Deborah Sizer,* Case No. BC 057 198).

Prior to June 1988, overpayments to benefit recipients still on the pension roll could be recouped simply by causing involuntary deductions against future entitlements. Following the Court of Appeal decision in *California State Employees' Association v. State of California* (1988), 198 Cal. App. 3d 374; 243 Cal. Rptr. 602; pension systems are required to comply with the specific statutory schemes provided in the attachment law under Code of Civil Procedure Section 481.010 et seq. and the wage garnishment law under Code of Civil Procedure Section 706.010 et seq.

The Aitchison case involves a reactivated LAPD Sergeant who continued to receive pension payments for almost three years while also receiving an active salary. The pension overpayment exceeded $60,000.00.

The Pensions Section filed a complaint against Aitchison alleging conversion, unjust enrichment, and money had and received. The Defendant filed an answer and cross-complaint against the City. The parties appeared for a Status Conference in September 1992. Discovery is continuing in this case.

The Sizer case involves minor child benefits paid to the wife (Eva Sizer) of a deceased pension plan member on behalf of the minor child (Deborah Sizer). Defendant Eva Sizer was appointed Guardian Ad Litem of the Estate of Deborah Sizer. The Board of Pension Commissioners granted a monthly benefit to Deborah Sizer, payable to Eva Sizer, as Guardian Ad Litem. The benefit was available to Deborah Sizer until she attained eighteen years of age or married. The Defendants failed to notify the Department of Pensions that Deborah Sizer attained the age of eighteen on August 14, 1987. It was discovered on June 27, 1991, that the Defendants had received $86,351.38 in pension benefits to which they were not entitled since they continued to receive the benefit beyond Deborah Sizer's eighteenth birthday.

The City of Los Angeles filed a complaint against the Defendants on June 10, 1992, for conversion, unjust enrichment, and money had and received. The Defendants filed timely answer. The parties are beginning discovery in this case.

Najera Boyer v. Najera

Rene R. Najera, a former Police Officer, retired pursuant to the grant of a work-related disability pension effective January 25, 1989. In an Interlocutory Judgment of Dissolution of Marriage filed July 30, 1980, his former spouse, Linda (Najera) Boyer, was awarded a community interest in his "normal" retirement benefit. Two and one-half years after Mr. Najera's disability retirement, Linda Boyer claimed a community share of the disability retirement. Shortly thereafter, the Pensions Department began forwarding an estimated community share to Linda Boyer, however, Mr. Najera refused to pay to her any retroactive benefits for the missed two and one-half years. The Department also refused to make retroactive payments on the basis that the obligation is that of Mr. Najera. A scheduled hearing on a Motion for Modification of Pension Benefits recently was taken off calendar in favor of a soon-to-be-filed Order to Show Cause hearing to determine the parties' respective rights.

Labostrie v. Board of Pension Commissioners

Alvin Labostrie applied to the Board of Pension Commissioners for a service-connected disability pension grant on February 12, 1990. At this meeting on January 10, 1991, the Board held open hearing on his case and thereafter awarded him a service-connected disability pension in the amount of 30% of final average salary.

Mr. Labostrie filed timely Petition for Writ of Mandate on April 10, 1991, alleging prejudicial abuse of discretion and, further, that the limiting of his disability award to 30% was not supported "by the evidence presented."

The Board's decision was upheld by Superior Court judgment filed September 4, 1991. The trial court in its minute order of August 6, 1991, denied Labostrie's petition with the specific advisement that said denial was without prejudice to him to seek re-evaluation [if] the disease progressed.

Labostrie then filed a Notice of Appeal contending that the decision of the trial court was not supported by the evidence. Oral argument thereon was held in Division 2 of the Second Appellate District on September 25, 1992.

By nonpublished opinion filed October 9, 1992, the Court of Appeal upheld the Superior Court decision upon a finding that the action of the Board and the trial court were "amply supported by substantial evidence."

Mr. Labostrie recently filed application for a review of his case seeking an increase of his awarded pension rate.

Wilmington v. Wilmington

Pursuant to a marriage dissolution judgment filed on March 21, 1989, Carol Ann Wilmingon was awarded one-half (½) of the community interest in the pension benefit of Walter Thomas Wilmington, an active firefighter. The Board was ordered to begin payment of such interest upon Mrs. Wilmington's election, regardless of Mr. Wilmington's active status.

The Superior Court judgment also awarded Mrs. Wilmington a survivor interest [a continuation of her community property share] in the event of Mr. Wilmington's prior death.

Neither of these benefits is a feature of the New Pension System, the pension system of which Mr. Wilmington is a member. Although he currently is eligible to retire on account of years of service, Mr. Wilmington has not chosen to terminate his service.

The City Attorney submitted a Superior Court trial brief in this matter and participated in oral argument on December 4, 1987. Notwithstanding this office's opposition to Mrs. Wilmington's requested relief, the Court remained of the opion that newly-enacted Civil Code Section 4800.8 permitted such award of benefits. Timely Notice of Appeal was filed by this office on May 31, 1989.

Because of the substantial similarity of issues in this case and those involved in recent Court of Appeal decisions, all parties have agreed to enter this matter into the Court of Appeal voluntary settlement process.

After approximately nine months of voluntary negotiations the parties have been unable to reach a settlement. The parties recently stipulated to a Court of Appeal order remanding the case back to the trial court for reconsideration in light of amended Civil Code Section 4800.8 and recent Court of Appeal decisions dealing with similar issues.

Holmes v. Holmes

Catherine B. Holmes, former spouse of active police Detective Don Felece Holmes, sought by an Order to Show Cause a Superior Court family law order which would award her a survivor interest in Mr. Holmes' fire and police pension benefit along with a right to present payment of her community share of said pension by the Department of Pensions prior to Mr. Holmes' actual retirement.

The City Attorney, on behalf of the Board of Pension Commissioners, filed a trial brief in opposition to Mrs. Holmes' demand.

At the August 23, 1989, Superior Court hearing on Mrs. Holmes' order to Show Cause the trial judge considered the points and authorities raised in the Claimant's [Board's] brief and thereafter convinced the parties to take the matter off calendar until the issues surrounding Mrs. Holmes' request could be resolved at the Appellate Court level.

Since the Holmes accord on August 23, 1989, the Legal Section was successful on two occasions before the Court of Appeal in reversing trial court orders which unlawfully awarded pension benefits in the manner requested by Mrs. Holmes *(Nice v. Nice* and *Longan v. Longan,* reported in the 1990-1991 legal summary).

In 1992 counsel for the Holmes heirs transferred the matter to the Superior Court Probate Department in an effort to dispose of the pension issue. This maneuver proved successful in that a Probate Court Judge finally issued orders on December 1, 1992, foreclosing any further obstruction by Catherine B. Holmes to division of the pension benefit. The refund of contributions now is under preparation for distribution to the affected parties.

Writs of Mandate

The remaining cases for this reporting period, to the extent that they have not been finally resolved, are challenges by individual system members who feel aggrieved by Board decisions relative to their disability pension applications. Each of the following cases involves a Writ of Mandate filed in opposition to a disability pension denial:

Adair v. Board of Pension Commissioners

Petition for Peremptory Writ of Mandate filed. Notice of hearing pending.

Gibson v. Board of Pension Commissioners

The Board's denial of disability pension benefits was upheld in Superior Court. The case has been briefed for argument in the Court of Appeal. Date for oral argument pending.

Lorenz v. Board of Pension Commissioners

Petition for Peremptory Write of Mandate filed. Notice of hearing pending.

Peters v. Board of Pension Commissioners

The Los Angeles Superior Court ordered this case remanded to the Board of Pension Commissioners for further findings as to the Petitioner's disabilities. The Court allowed the Petitioner to submit evidence, including evidence as to any new disabilities, to support his allegation of disability. The case now is under preparation for rehearing.

Souza v. Board of Pension Commissioners

The Los Angeles Superior Court denied Petitioner's Petition for Peremptory Writ of Mandate. No Notice of Appeal has been served on the Board to date.

Description of Pension Benefits

DESCRIPTION OF PENSION BENEFITS

	Article XVII	Article XVIII	Article XXXV
1. SERVICE RETIREMENT			
a. Eligibility	20 years of service	20 years of service	Age 50 with 10 years of service.
b. Salary Base	Final salary rate	Final Salary rate	One-year average salary.
c. Pension as a percentage of salary base	40% at 20 years of service, plus 2% for each additional year up to 25 years of service, plus 1⅔% for each additional year between 25 and 35 years of service. Maximum of 66⅔% for 35 or more years of service.	40% at 20 years of service, plus 2% for each additional year up to 25 years of service. 55% at 25 years of service, plus 3% for each additional year between 25 and 30 years of service. Maximum of 70% for 30 or more years of service.	2% per year of service up to 20 years of service, plus 3% for each additional year of service up to 30 years of service. Maximum of 70% for 30 or more years of service
2. SERVICE-CONNECTED DISABILITY			
a. Eligibility	No age or service conditions	No age or service conditions	No age or service conditions
b. Salary Base c. Pension as a percentage of salary base	Final salary rate 50% to 90% depending on severity of disability.	Final salary rate 50% to 90% depending on severity of disability.	One-year average salary 30% to 90% depending on severity of disability, with a minimum of 2% per year of service.
3. NON-SERVICE-CONNECTED DISABILITY			
a. Eligibility	Five years of service	Five years of service	Five years of service
b. Salary Base	Final salary rate for highest-paid police officer's or firefighter's rank.	Final salary rate for highest-paid police officer's or firefighter's rank.	One-year average of member's own salary.
c. Pension as a percentage of salary base	40%	40%	30% to 50% depending on severity of disability
4. SERVICE-CONNECTED DEATH OR DEATH AFTER SERVICE-CONNECTED DISABILITY			
a. Eligibility	No age or service conditions for member.	No age or service conditions for member.	No age or service conditions for member.
b. Salary Base	Final salary rate	Final salary rate	One-year average salary
c. Eligible spouse's benefit as a percentage of salary base.	50% Pension stops upon remarriage.	50% with less than 25 years of service 55% with 25 or more years of service. Pension stops upon remarriage.	75% if service-connected death or disabled less than 3 years; otherwise 60% of member's disability pension. Pension stops upon remarriage.
d. Children's benefit as a percentage of spouse's benefit.	100% if spouse not receiving benefits, otherwise: 25% for one child 40% for two children 50% for three children Pension not payable after child reaches age 18 unless child is disabled before age 21.	100% if spouse not receiving benefits, otherwise: 25% for one child 40% for two children 50% for three children Pension not payable after child reaches age 18 unless child is disabled before age 21.	100% if spouse not receiving benefits, otherwise: 25% for one child 40% for two children 50% for three children Pension not payable after child reaches age 18 (age 22 if in school) unless child is disabled before age 21.
e. Dependent parent's benefit as a percentage of spouse's benefit	100% if spouse or children not receiving.	100% if spouse or children not receiving.	100% if spouse or children not receiving.

DESCRIPTION OF PENSION BENEFITS

	Article XVII	Article XVIII	Article XXXV
5. DEATH WHILE ELIGIBLE FOR SERVICE RETIREMENT OR DEATH AFTER SERVICE RETIREMENT			
a. Eligibility	20 years of service	20 years of service	Age 50 with 10 years of service.
b. Eligible spouse's benefit	50% of final salary rate. Pension stops upon remarriage.	Member's accrued service retirement, not to exceed 55% of final Pension stops upon remarriage.	60% of member's accrued service retirement. At retirement, member may elect higher death benefit with corresponding actuarial reduction of service retirement benefit. Pension stops upon remarriage.
c. Children's benefit as a percentage of spouse's benefit.	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death
d. Dependent parent's benefit as a percentage of member's benefit.	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.
6. NON-SERVICE-CONNECTED DEATH OR DEATH AFTER NON-SERVICE-CONNECTED DISABILITY			
a. Eligibility	Five years of service.	Five years of service.	Five years of service.
b. Eligible spouse's benefit.	40% of final salary rate for highest-paid police officer's or firefighter's rank; if eligible for service retirement, the accrued service retirement not to exceed 50% of final salary rate. Pension stops upon remarriage.	40% of final salary rate for highest-paid police officer's or firefighter's rank; if eligible for service retirement, the accrued service retirement not to exceed 55% of final salary rate. Pension stops upon remarriage.	For non-service death: 30% of final one-year average salary or, if eligible for service retirement, 80% of accrued service retirement not to exceed 40% of final one-year average salary. For death after non-service disability; 60% of member's pension. Pension stops upon remarriage.
c. Children's benefit as a percentage of spouse's	100% if spouse not receiving benefits, otherwise: 25% for one child 40% for two children 50% for three children Pension not payable after child reaches age 18 unless child is disabled before age 21.	100% if spouse not receiving benefits, otherwise: 25% for one child 40% for two children 50% for three children Pension not payable after child reaches age 18 unless child is disabled before age 21.	100% if child not receiving benefits, otherwise: 25% for one child 40% for two children 50% for three children Pension not payable after child reaches 18 (age 22 if in school) unless child is disabled before age 21.
d. Dependent parent's benefit as a percentage of spouse's benefit.	100% if spouse or children not receiving.	100% if spouse or children not receiving.	100% if spouse or children not receiving.
7. COST-OF-LIVING			
a. Generally applicable provisions.	Current Plan Provision: Full annual cost-of-living increase. Cost-of-living increases compound, and are based upon the Consumer Price Index for all Urban Consumers.	Current Plan Provision: Full annual cost-of-living increase. Cost-of-living increases compound, and are based upon the Consumer Price Index for all Urban Consumers	Annual cost-of-living increase not to exceed 3%. Cost-of-living increases compound, and are based upon the Consumer Price Index for all Urban Consumers.

DESCRIPTION OF PENSION BENEFITS

	Article XVII	Article XVIII	Article XXXV
7. COST-OF-LIVING Continued			
a. Generally applicable provisions (cont'd)	Survivors' pensions include the percentage of cost-of-living increases applied to the member's pension prior to death.	Survivors' pensions include the percentage of cost-of-living increases applied to the member's pension prior to death.	City Council may grant discretionary cost-of-living increases once every three years. Survivor's pensions include the percentage of cost-of-living increases applied to the member's pension prior to death. (Pro rata adjustment in the first year of retirement.)
b. Effective date of cost of living increases			
i. Service retirement, death while eligible for service retirement, death after service retirement.	Annual increases commence on the July 1st following the later of the effective date or the date the member would have been age 55.	Annual increases commence on the July 1st following the later of the effective date or the date the member would have completed 25 years of service	Annual increases commence the July 1st following the effective date.
disability, death after service-connected disability.	on the July 1st following the effective date.	on the July 1st following the effective date.	on the July 1st following the effective date.
iii. Service-connected death, nonservice-connected disability, nonservice connected death, death after nonservice-connected disability.	Annual increase on the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier.	Annual increases on the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier.	Annual increases commence on the July 1st following the effective date.
8. MEMBERS' CONTRIBUTIONS AS AN ANNUAL PERCENTAGE OF PAY			
	6%. No member contributions required after thirty years of service.	6% plus ½ cost of cost-of-living benefit up to 1%. No member contributions required after thirty years of service.	8%. No member contributions required after thirty years of service.
9. MISCELLANEOUS			
a. Vesting of service retirement.	No vesting until retirement.	No vesting until retirement.	After 10 years of service.
b. Return of contributions with interest.	On termination or death if no other benefits are payable.	On termination or death if no other benefits are payable.	On termination or death if no other benefits are payable (except basic death benefit).
c. Basic death benefit.	None.	None.	In addition to return of contributions, beneficiary receives one-year average monthly salary times years of completed service (up to 6).

Milestones

Milestones

1899-1901. A pension system for policemen was authorized by the California State Legislature and became effective in the City of Los Angeles on June 7, 1899. A pension system for firemen, similarly authorized, became effective June 10, 1901. Basic retirement provisions were one-half of salary of rank held after 20 years of service and attainment of age 60, and a service-connected disability pension of one-half of salary of the rank held at the date of retirement. There were also dependent benefits.

1913-1919. The Los Angeles City Council, by ordinances effective September 16, 1913, adopted the subtance of the systems authorized by state statute, but reduced the minimum retirement age to 55 and eliminated contributions. In 1919 such ordinances were amended to provide for a pension of one-half of the salary attached to the rank after 20 years of service, without limitations as to age.

1923-1925. Effective January 29, 1923, the substance of these two ordinances was adopted into the Charter. The system was placed upon an actuarial basis. Also 1⅔% for each year of service (in addition to the minimum of 20 required) was authorized up to a maximum pension of two-thirds of the salary of the rank held. This was continued in the new City Charter which became effective July 1, 1925. Added was a provision that service and disability pensions would remain fixed amounts.

1927. Effective January 17, 1927, the Charter was amended to provide that all members entering the service after that date would receive 50% of the average salary during the last three years for 25 years of service, plus 1⅔% for each of the next 10 years of service. This amendment imposed a limit upon service pensions at a pension of $1800 per year. Members' contributions to the cost of the system were set at 4% of salary. Pensions for widows were made fixed amounts.

1933. Effective may 15, 1933, the Charter was amended to eliminate the actuarial requirements and place the system on a "pay-as-you-to" basis of operation.

1947. Effective June 16, 1947, the Charter was amended to create an off duty disability pension 40% of the highest salary attached to the rank of fireman or policeman. A non-service dependent's pension provided a pension for 40% of the highest salary attached to the rank of fireman or policeman at the date of death. Additional percentages were allowed the surviving spouses for unmarried minor children under 18. Members entering subsequent to January 17, 1947 could retire after 20 years of service upon 40% of the average salary of the last three years of service. In addition, they would receive 2% for each of the next five years of service, and 1⅓% for each of the next ten years of service. The maximum pension of two-thirds of average salary was retained, but the 1927 limitation was raised to the salary level of a police captain or fire battalion chief. Contributions were increased from 4% to 6% of salary.

1957. Effective April 18, 1957, an amendment removed the maximum limit attached to rank on service pensions.

1958. The California Supreme Court ruled that the 1925 Charter provisions for fixed pension did not apply to members employed prior to July 1, 1925 or to surviving spouses of members employed prior to January 17, 1927.

1959. Effective May 6, 1959, the Charter was amended to reestablish the system on an actuarial basis, with a 50-year amortization period for the unfunded liabilities, and the investment provisions were chanced to permit investing up to 35% of the fund in common stocks.

1961. Effective July 1, 1961, a Charter amendment provided a one-time cost of living increase on all members' or widows' pensions that were based on service-connected disability or death.

1967. Article XVII was extensively amended, and a New Pension system in Article XVIII was adopted effective January 29, 1967 to provide, among other things, 1. Annual cost-of-living adjustments with a 2% cap to all members' or surviving spouses' pensions that were based on length of service; 2. 55% at 25 years of service plus 3% per year for a maximum of 70% at 30 years of service; 3. A minimum pension of $250 per month to be adjusted each year by the cost-of-living formula; 4. An extension of the funding period to seventy years, and 5. Changes in the investment authority to provide for mortgage investments and public improvement financing.

1968. Articles XVII and XVIII were amended to exclude overtime compensation from computation either for contributions or for benefits.

1969. Articles XVII and XVIII were amended effective May 2, 1969, to apply cost-of-living adjustments to disability pensions and to their dependents' pensions. Service pensioners were authorized to apply for return to active duty under specified limitations. The authorized limit for common stock investments was raised to 50% of the funds.

1971. Articles XVII and XVIII were amended effective July 1, 1971, to remove the 2% per year cost-of-living ceiling from all pensions eligible for cost of living increases; to increase the minimum pension to $350 per month; to grant pension credit for partial years of service; to bring into closer agreement certain provisions that were different in the two articles; and to add two employee members to the Board of Pension Commissioners.

1974. Articles XVII and XVIII were amended to enable the City Council to adopt ordinances allowing subsidy payments to be made toward health insurance and other programs for eligible pensioners.

1975. Articles XVII and XVIII were amended to allow cost-of-living adjustments for service-connected disability pensions of retired firefighters and police officers upon the July 1st following the date of retirement. This amendment eliminated certain waiting periods for those eligible to receive this adjustment.

1976. Article XVII was amended, effective April 15, 1977, to eliminate the mandatory retirement age provisions. also, the ordinance governing health insurance subsidy for pensioners was amended, effective September 30, 1976, to include subsidy payments on behalf of spouses and dependents of eligible members.

1980. Article XVIII, The Safety Members' Pension Plan, was adopted for new hires effective December 8, 1980. Among its provisions was a 3% cap on the cost-of-living adjustment, pension contributions can be refunded with interest upon termination, 2% per year of service up to 20 years, then 3% per year to a maximum of 70%, 60% of member's pension for a surviving spouse.

1981. The investment provisions of all Articles were extensively revised and provided, among other changes, 1. the investment of up to 70% in common stock and up to 25% of the 70% without dividend record and registration on a national securities exchange; 2. the investment of 35% in short term securities; 3. the appointment of a securities custodian bank; 4. a requirement to retain investment advisors registered under the Investment Advisor Act; 5. the selling and repurchasing of covered call options, and 6. permission - within established guidelines - to conduct transactions and exchanges of securities without specific prior Board approval.

1982. Articles XVII and XVIII were significantly revised with the passage of a charter amendment in June. A 3% cap on the cost-of-living adjustment was added for all future service earned by active members. Also, all active members became entitled to refunds of contributions should they terminate prior to retirement. Cost-of-living adjustments were pro-rated for the first year of retirement.

1982. Proposition V passed by voters in November provided for the transfer of paramedics and civilian ambulance drivers from the City Employee's Retirement System to the Safety Members' Pension Plan (Article XXXV).

1983. Passed by the voters, Charter Amendment 5 allows or Article XVII and XVIII active members to discontinue contributions to the pension system upon completion of thirty years of service.

1985. Charter Amendment 2 is passed by the voters. It allows for investments in real estate by all City of Los Angeles pension systems.

1990. Two charter amendments are approved by the voters. Charter Amendment I removes the waiting period for the cost-of-living adjustment for surviving spouses of members hired before December 8, 1980 who die while active in the line of duty. Charter Amendment J allows the City through a series of measures - to protect the integrity of the entire pension system in light of new tax code regulations. Also, the 3% cap on cost-of-living increases instituted in 1982 for Article XVII and XVIII members was overturned by court order.

City of Los Angeles

Department of Pensions

Fire and Police Pension Systems