ANALYSIS

This ordinance amends Title 5 - Personnel of the Los Angeles County Code, and Chapter 5.23, County of Los Angeles Deferred Earnings Plan pertaining to contributions related to the settlement of litigation.

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HOA.453438.1

ORDINANCE NO. _____

An ordinance amending Title 5 - Personnel of the Los Angeles County Code, relating to provisions within Section 5.23, County of Los Angeles Deferred Earnings Plan, related to the settlement of litigation.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 5.23.050 is hereby amended to read as follows:

5.23.050 Matching Contributions.

A. Amount of Matching Contributions.

1. Generally. Subject to the provisions of the Plan and the Trust Agreement, effective January 1, 1989, the County shall contribute to the Investment Funds on account each month, out of its Net Revenues, an amount equal to three percent of each Participant's monthly Compensation, provided that the year-to-date cumulative Matching Contributions do not exceed such Participant's year-to-date cumulative Tax Deferred Contributions.

2. Special One-Time UAPD Settlement Contribution. Each Participant who was classified as Physician, M.D. or Physician Specialist, M.D. during 2002 and 2003 and represented by the Union of American Physicians and Dentists ("UAPD") during that period, shall receive a one-time contribution, treated as a Matching Contribution, equal to the amount agreed upon and reflected in the Settlement Agreement and General Release entered between the County and the UAPD in connection with the settlement of a lawsuit filed in Los Angeles County Superior Court,

agreement and release in a form acceptable to the County ("Release") and returns it to the County by no later than September 30, 2007; and (b) remains an Employee on the date such special contribution is made. This special contribution will be made as soon as administratively practicable on or after July 1, 2007, provided that the Release has been executed and returned to the County before that date. If the Release is executed and returned to the County after that date, but before September 30, 2007, this special contribution will be made as soon as administratively practicable on or after the date that the executed Release is received by the County.

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F. Provision Pursuant to Code Section 415(c).

1. Definitions. For the purposes of this Section 5.23.050F and Section 5.23.050G, the following definitions apply:

a. "Annual Addition" means the sum of the following amounts: (1) all contributions made by the County that are allocated to a Participant's account under a qualified defined contribution plan maintained by the County, (2) all contributions made by the Participant to a qualified defined contribution plan maintained by the County, (3) all forfeitures allocated to a Participant's account under a qualified defined contribution plan maintained by the County, and (4) any amount allocated to an individual medical benefit account (as defined in Code Section 415(l)(2)) of a Participant that is part of a pension or annuity plan maintained by the County (except that the 25

percent of 415 Compensation limit, or, for Limitation Years beginning on or after January 1, 2007, the 100 percent of 415 Compensation limit, does not apply to such an individual medical benefit account).

b. "County" means any entity the employees of which, together with employees of the County, are required to be treated as if they were employed by a single employer under Code Section 414(b), (c), (m) or (o) (taking into account any adjustment made pursuant to Code Section 415(h)), and any entity whose employees are treated as employees of the County under Code Section 414(n).

c. "Limitation Year" means the twelve consecutive month period used by a qualified plan for the purposes of computing the limitations on benefits and annual additions under Code Section 415. The Limitation Year for this Plan is the Plan Year.

2. Limit on Contributions. Notwithstanding any other provisions of the Plan, for Limitation Years before January 1, 2007, the Annual Addition for a Participant for any Limitation Year shall in no event exceed the lesser of (1) $30,000.00 or such higher adjusted amount as shall be prescribed by the Secretary of the Treasury pursuant to Code Section 415(d) to reflect increases in the cost of living, or (2) 25 percent of the Participant's 415 Compensation during the Plan Year. For Limitation Years beginning on or after January 1, 2007, the Annual Addition for a Participant for any Limitation Year shall not exceed the lesser of (y) $40,000, as adjusted for increases in the cost-of-living under Code Section 415(d), or (z) 100 percent of the Participant's 415 Compensation for the Plan Year.

3. Excess Annual Additions. If a Participant's Annual Additions would exceed the limitations of subsection F2 for a Limitation Year, Matching Contributions allocable to such Participant's Account for such Limitation Year shall, to the extent necessary to cause the limitation in subsection F2 to be satisfied, be held in a suspense account and used to reduce Matching Contributions for the next Limitation Year for that Participant if such Participant is covered by the Plan at the end of such Limitation Year; and if he is not covered by the Plan at the end of any such Limitation Year, the Matching Contributions held in the suspense account shall be allocated and reallocated pro rata (based on each Participant's Eligible Earnings) to the Accounts of other Participants, except that such allocation or reallocation shall not cause the limitations of subsection F2 to be exceeded for any other Participant for any other Limitation Year. Investment gains and losses shall not be allocated to the suspense account during the period such suspense account is required to be maintained. In the event of the termination of this Plan while there exists a balance in the suspense account, to the extent such balance cannot be allocated to Participant's Account without violating the limitations of this section, such balance shall revert to the County. If the allocation of Matching Contributions to the suspense account as described herein is not sufficient to cause the limitations of subsection B to be satisfied, Tax Deferred Contributions made for such Participant for such Limitation Year (together with gains attributable thereto) shall be returned to him to the extent necessary to satisfy the limitations under subsection F2.

In the event a reduction is necessary to satisfy subsection B, and the Participant participates in two or more defined contribution plans maintained by the County, the excess amount to be reduced will be deemed to consist of the Annual Addition last allocated. If an excess amount was allocated to a Participant on an allocation date of this Plan that coincides with an allocation date of another plan, the excess amount attributed to this Plan (to be reduced as provided above) will be the product of (1) the total excess amount allocated as of such date, and (2) the ratio of the Annual Addition allocated to the Participant for the Limitation Year under this Plan to the total Annual Additions allocated to the Participant for the Limitation Year for this and all other qualified defined contribution plans.

4. Aggregation of Plans. For the purposes of applying the limitations set forth in this Section 5.23.050F and Section 5.23.050G, all qualified defined benefit plans (whether or not terminated) ever maintained by the County shall be treated as one defined benefit plan, and all qualified defined contribution plans (whether or not terminated) ever maintained by the County shall be treated as one defined contribution plan.

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SECTION 2. Section 5.23.150 is hereby amended to read as follows:

5.23.150 Rollovers and Plan-to-Plan Transfers.

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C. Transfers between County 401(k) Plans. ~~A Participant who is qualified to make Tax Deferred Contributions to this Plan may elect to transfer to this Plan his~~

~~membership and all of the assets invested at their current value in the Investment Funds and Participant Loan Fund of the County Savings Plan on behalf of said Participant, provided that:~~

~~1. The amounts transferred shall be credited to the corresponding Accounts and funds in this Plan;~~

~~2. Any balance owing and obligations of a County Savings Plan loan shall become the balance owing and obligations due to this Plan; and~~

~~3. Vesting credit and benefit distribution rights accrued in the County Savings Plan shall be transferred to this Plan.~~

1. Transfers to this Plan from the County Savings Plan. A Participant who is qualified to make Tax Deferred Contributions to this Plan may elect to transfer to this Plan his membership and the balance in his accounts under the County Savings Plan, provided that:

a. Investments in the Participant's "Account" (as defined in the County Savings Plan)—other than any investment in the "Participant Loan Fund" (as defined in the County Savings Plan)—under the County Savings Plan shall be liquidated and then the cash shall be transferred to this Plan within a commercially reasonable period of time, unless the Administrative Committee otherwise makes arrangements for an in-kind transfer of assets. As soon as practicable following the transfer, the transferred cash shall be invested in the same Investment Funds (or a similar

Investment Fund if the identical fund is not an available investment alternative) from which those amounts were liquidated and in the same proportions as they were invested under the County Savings Plan;

b. Any balance owing and obligations of a County Savings Plan loan shall become the balance owing and obligations due to this Plan; and

c. Vesting credit and benefit distribution rights accrued in the County Savings Plan shall be transferred to this Plan.

2. Transfers from this Plan to the County Savings Plan. A Participant who is qualified to make Tax Deferred Contributions (as defined in the County Savings Plan) to the County Savings Plan may elect to transfer to the County Savings Plan his membership and the balance in his accounts under this Plan, provided that:

a. Investments in the Participant's Account—other than any investment in the Participant Loan Fund—under this Plan shall be liquidated and then the cash shall be transferred to the County Savings Plan within a commercially reasonable period of time, unless the Administrative Committee otherwise makes arrangements for the in-kind transfer of assets. As soon as practicable following the transfer, the transferred cash shall be invested in the same Investment Funds (as defined in the County Savings Plan)—or a similar Investment Fund (if the identical fund is not an available investment alternative) from which those amounts were liquidated and in the same proportions as they were invested under this Plan;

b. Any balance owing and obligations of a loan under this Plan shall become the balance owing and obligations due to the County Savings Plan; and

c. Vesting credit and benefit distribution rights accrued in this Plan shall be transferred to the County Savings Plan.

SECTION 3. Pursuant to Government Code Section 25123(f), this ordinance shall take effect immediately upon final passage.

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