

**LOCAL AGENCY FORMATION COMMISSION
REGULAR MEETING AGENDA**

Wednesday, July 14, 2004
9:00 a.m.

Board of Supervisors Hearing Room, Room 381B
Kenneth Hahn Hall of Administration
500 West Temple Street, Los Angeles 90012

A person with a disability may contact the LAFCO office at (818) 254-2454 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

1. **CALL MEETING TO ORDER.**
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIRMAN PELLISSIER.**
3. **SPECIAL ITEMS**
 - a. Approve minutes of the meeting held June 23, 2004.
 - b. Budget Report, period of July 1, 2003 through June 30, 2004.
 - c. Approve June 2004 Operating Account and Money Market Account Registers.
 - d. Split Dollar Life Insurance Agreement.
 - e. Municipal Service Reviews and Spheres of Influence Update.
 - f. Report on pending applications.
 - g. CALAFCO Board Meeting, July 23, 2004 in Ventura.

4. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on items that are not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

5. **FUTURE MEETINGS**

July 28, 2004

August 11, 2004

6. **NEW BUSINESS**

This is the opportunity for commissioners to discuss matters not on the Posted Agenda (to be discussed and upon Commission approval placed on the Agenda for action at a future meeting).

7. **ADJOURNMENT MOTION**

Staff Report

July 14, 2004

Split Dollar Life Insurance Agreement

Agenda Item 3D

The proposed Split Dollar Life Insurance Agreement provides that during the time that LAFCO is the owner of the insurance policy and pays the insurance premiums, the insurance policy would provide Mr. Calemine with a life insurance death benefit payable to his named beneficiary and would provide a death benefit payable to LAFCO equal to the total premiums paid by LAFCO. LAFCO would pay the annual premium each year and Mr. Calemine would be charged with a portion of the premium on his W-2.

LAFCO can terminate the Agreement at any time. When Mr. Calemine retires, the Agreement will terminate and LAFCO will recover the policy's Cash Value. Mr. Calemine would have the option of paying LAFCO the policy's Cash Value and assuming ownership of the policy.

The following illustrates the first five years of the Split-Dollar Plan:

YEAR	Cumulative Paid Premiums	LAFCO Death Benefit	LAFCO Cash Value	Mr. Calemine's Beneficiary's Death Benefit	Amount Charged to Mr. Calemine's W-2
1	\$11,890	\$11,890	\$ 0	\$118,110	\$2,208
2	23,780	23,780	2,301	106,220	2,190
3	35,670	35,670	5,020	94,330	2,143
4	47,560	47,560	8,011	82,440	2,066
5	59,450	59,450	12,159	70,550	1,945

Scenario 1

LAFCO pays 5 years of premiums and Mr. Calemine dies during the fifth policy year while still employed by LAFCO:

LAFCO paid premiums	\$59,450
LAFCO receives death benefit	59,450
Calemine's beneficiary's death benefit	70,550

Scenario 2

LAFCO pays 2 years of premiums and Mr. Calemine retires at the end of the year:

LAFCO paid premiums	\$23,780
LAFCO receives policy's cash value	2,301
LAFCO would not have any further interest in the policy	

Recommendation:

Approve the Split Dollar Life Insurance Agreement.