



Agenda Item 8b

February 19, 2015

ITEM NAME: Proposed Decision – In the Matter of the Appeal Regarding Calculation of Final Compensation of DANIEL KLAFF, Respondent, and ASSOCIATION OF CALIFORNIA WATER AGENCIES - JOINT POWERS INSURANCE AUTHORITY, Respondent.

PROGRAM: Customer Account Services Division

ITEM TYPE: Action

PARTIES' POSITIONS

Staff argues that the Board of Administration should adopt the Proposed Decision.

Daniel Klaff (Respondent Klaff) argues that the Board of Administration should decline to adopt the Proposed Decision.

STRATEGIC PLAN

This item is not a specific product of either the Strategic or Annual Plans. The determination of administrative appeals is a power reserved to the Board of Administration.

PROCEDURAL SUMMARY

Respondent Klaff appealed CalPERS' determination that a \$33,666.67 lump sum cash payment to Respondent Klaff by the Association of California Water Agencies-Joint Powers Insurance Authority (Authority) was given in connection with his separation from employment and as such, met the definition of "final settlement pay," which is disallowed as final compensation under the California Public Employees' Retirement Law (PERL). The matter was heard by the Office of Administrative Hearings on October 29, 2014. A Proposed Decision was issued November 24, 2014, denying the appeal of Respondent Klaff to include the \$36,666.67 lump sum in Respondent Klaff's final compensation for purposes of calculating his retirement allowance.

ALTERNATIVES

- A. For use if the Board decides to adopt the Proposed Decision as its own Decision:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System hereby adopts as its own Decision the Proposed Decision dated November 24, 2014, concerning the appeal of Daniel Klaff; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

- B. For use if the Board decides not to adopt the Proposed Decision, and to decide the case upon the record:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated November 24, 2014, concerning the appeal of Daniel Klaff, hereby rejects the Proposed Decision and determines to decide the matter itself, based upon the record produced before the Administrative Law Judge and such additional evidence and arguments that are presented by the parties and accepted by the Board; RESOLVED FURTHER that the Board's Decision shall be made after notice is given to all parties.

- C. For use if the Board decides to remand the matter back to the Office of Administrative Hearings for the taking of further evidence:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, after consideration of the Proposed Decision dated November 24, 2014, concerning the appeal of Daniel Klaff, hereby rejects the Proposed Decision and refers the matter back to the Administrative Law Judge for the taking of additional evidence as specified by the Board at its meeting.

- D. Precedential Nature of Decision (two alternatives; either may be used):

1. For use if the Board wants further argument on the issue of whether to designate its Decision as precedential:

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System requests the parties in the matter concerning the appeal of Daniel Klaff, as well as interested parties, to submit written argument regarding whether the Board's Decision in this matter should be designated as precedential, and that the Board will

consider the issue whether to designate its Decision as precedential at a time to be determined.

2. For use if the Board decides to designate its Decision as precedential, without further argument from the parties.

RESOLVED, that the Board of Administration of the California Public Employees' Retirement System, hereby designates as precedential its Decision concerning the appeal of Daniel Klaff.

BUDGET AND FISCAL IMPACTS: Not applicable

ATTACHMENTS

- Attachment A: Proposed Decision
- Attachment B: Staff's Argument
- Attachment C: Respondent(s) Argument(s)

DONNA RAMEL LUM
Deputy Executive Officer
Customer Services and Support