



Agenda Item 8h

September 17, 2015

ITEM NAME: Proposed Decision – In the Matter of the Calculation of Final Compensation of BRUCE MALKENHORST, SR., Respondent, and CITY OF VERNON, Respondent.

PROGRAM: Employer Account Management Division

ITEM TYPE: Action

PARTIES' POSITIONS

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

Respondent Bruce Malkenhorst, Sr. (Respondent Malkenhorst) 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 Malkenhorst submitted an application for service retirement. CalPERS approved the application, and Respondent Malkenhorst retired from service effective July 1, 2005. In 2012, CalPERS determined that Respondent Malkenhorst's compensation had been over-reported by the City of Vernon due to the inclusion of payments that do not meet the definition of "compensation earnable." CalPERS then recalculated Respondent Malkenhorst's final compensation. Respondent Malkenhorst appealed this determination and the matter was heard by the Office of Administrative Hearings on August 25 through August 27, 2014 and September 3 and 4, 2014. A Proposed Decision was issued on July 14, 2015, both affirming in part and reversing in part CalPERS' determination.

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 July 14, 2015, concerning the appeal of Bruce Malkenhorst, Sr.; 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 July 14, 2015, concerning the appeal of Bruce Malkenhorst, Sr., 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 July 14, 2015, concerning the appeal of Bruce Malkenhorst, Sr., 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 Bruce Malkenhorst, Sr., 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 Bruce Malkenhorst, Sr.

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