**Item Name:** Proposed Decision – In the Matter of the Application to Participate in the California Public Employees' Retirement System Pension Plan of GOLDEN GATE REGIONAL CENTER, INC., Respondent.

**Program:** Pension Contracts and Prefunding Programs Division

**Item Type:** Action

**Parties’ Positions**

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

Respondent Golden Gate Regional Center, Inc.’s (Respondent GGRC) position is included in Attachment C, if any.

**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 GGRC, a nonprofit corporation founded in 1977 that is an independent contractor to the California Department of Developmental Services (DDS), applied to contract with CalPERS to provide retirement benefits to its eligible employees. Reviewing GGRC’s corporate structure, bylaws, contract with DDS and related documents, CalPERS determined that GGRC was not eligible to contract with CalPERS under state law. CalPERS also determined that accepting GGRC’s application would pose unnecessary risk to CalPERS’ status, under the Internal Revenue Code, as a “governmental plan” and the tax benefits related to that status, a benefit which applies to all of CalPERS’ existing contracting agencies and their eligible employees. Respondent GGRC appealed CalPERS’ denial of GGRG’s request to participate in the CalPERS pension plan, and the matter was heard by the Office of Administrative Hearings on January 29, 2019. A Proposed Decision was issued on March 29, 2019, affirming CalPERS’ determination and denying the appeal.
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 March 29, 2019, concerning the appeal of Golden Gate Regional Center, Inc.; 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 March 29, 2019, concerning the appeal of Golden Gate Regional Center, Inc., 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 March 29, 2019, concerning the appeal of Golden Gate Regional Center, Inc., 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 Golden Gate Regional Center, Inc., 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 Golden Gate Regional Center, Inc.
**Budget and Fiscal Impacts**: Not applicable

**Attachments**
Attachment A: Proposed Decision
Attachment B: Staff’s Argument
Attachment C: Respondent(s) Argument(s)

Michael Cohen
Chief Financial Officer
FINO