August 21, 2019

Item Name: Proposed Decision – In the Matter of the Appeal Regarding the Final Compensation Calculation of FARIBORZ SHAHIDI, Respondent, and CITY OF LAGUNA BEACH Respondent.

Program: Employer Account Management Division

Item Type: Action

Parties’ Positions
Staff argues that the Board of Administration should adopt the Proposed Decision, as modified. Respondent Fariborz Shahidi’s (Respondent Shahidi) 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 Shahidi received a bonus which was erroneously reported as a lump sum payment during his last year of employment. CalPERS determined that the bonus pay did not qualify as special compensation because it was not reported “as earned” as required by California Code of Regulations section 571(b)(5). Respondent Shahidi appealed CalPERS’ determination and the matter was heard by the Office of Administrative Hearings on May 21, 2019. A Proposed Decision was issued on May 31, 2019, affirming CalPERS’ determination and denying the appeal.

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

RESOLVED, that the Board of Administration of the California Public Employees’ Retirement System, pursuant to Government Code section 11517 (c)(2)(C) which authorizes the Board to “make technical or other minor changes in the proposed decision,” hereby modifies the Proposed Decision. In order to avoid ambiguity, staff recommends that the “City of Long
Beach” be changed to the “City of Laguna Beach” throughout the Decision. Staff also recommends that the second heading “Respondent’s Hiring, Firing, Compensation and Retirement Allowance” be changed to read “Respondent’s Compensation and Retirement Allowance.” The Board hereby adopts as its own Decision the Proposed Decision dated May 31, 2019, as modified, concerning the appeal of Fariborz Shahidi; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

B. 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 May 31, 2019, concerning the appeal of Fariborz Shahidi; RESOLVED FURTHER that this Board Decision shall be effective 30 days following mailing of the Decision.

C. 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 May 31, 2019, concerning the appeal of Fariborz Shahidi, 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.

D. 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 May 31, 2019, concerning the appeal of Fariborz Shahidi, 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.

E. 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 Fariborz Shahidi, 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 Fariborz Shahidi.

**Budget and Fiscal Impacts:** Not applicable

**Attachments**

Attachment A: Proposed Decision

Attachment B: Staff’s Argument

Attachment C: Respondent(s) Argument(s)

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Donna Ramel Lum
Deputy Executive Officer
Customer Services and Support