



Board of Administration

Agenda Item 8a4

March 18, 2026, 2026

Item Name: Proposed Decision – In the Matter of Reimbursement of Retirement Allowance, Received During Periods of Employment in Violation of Working After Retirement Laws, from TARLOCHAN SANDHU; MARGARET SOUZA; DAVID DOWSWELL; ESTATE OF DOUGLAS BREEZE (ON BEHALF OF DOUGLAS BREEZE), Respondents, and CITY OF CAPITOLA; TOWN OF LOS ALTOS HILLS; CITY OF ALAMEDA; CITY OF UNION CITY; CITY OF HUGHSON; CITY OF DIXON; and CITY OF ATASCADERO, Respondents.

Program: Employer Account Management Division

Item Type: Action

Parties' Positions

Staff argues that the Board of Administration should decline to adopt the Proposed Decision and remand the matter back to the Administrative Law Judge for the taking of additional evidence.

The position of Respondent Members Tarlochan Sandhu; Margaret Souza; David Dowswell; and Estate of Douglas Breeze (On Behalf of Douglas) (Respondent Members), if any, is included in Attachment C.

The position of Respondents City of Capitola; City of Alameda; Town of Los Altos Hills; City of Union City; City of Hughson; City of Dixon; and City of Atascadero (Respondent Agencies), if any, is included in Attachment C.

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

On November 17, 2021, the CalPERS Board issued decisions (“2021 Decisions”) finding Respondent Members were common law employees of Respondent Agencies and were employed in violation of the post-retirement employment laws. Respondent Members appealed those decisions up to the California Court Appeal and after several years of appellate litigation, in 2024, the appellate court permitted CalPERS to reinstate Respondent Members from retirement pursuant to the 2021 Decisions. Based on that ruling, in October 2024, CalPERS issued determinations to reinstate Respondent Members and collect overpayment penalties in accordance with the 2021 CalPERS Board Decisions. Respondent Members appealed those determinations, and the matter was heard by the Office of Administrative Hearings on

October 1, 2025, October 2, 2025, and January 14, 2026. A Proposed Decision was issued on January 23, 2026, rejecting CalPERS' October 2024 determinations and granting the appeals.

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 January 23, 2026, concerning the appeal of Tarlochan Sandhu; Margaret Souza; David Dowswell; and Estate of Douglas Breeze (On Behalf of Douglas Breeze); 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 January 23, 2026, concerning the appeal of Tarlochan Sandhu; Margaret Souza; David Dowswell; and Estate of Douglas Breeze (On Behalf of Douglas Breeze), 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 January 23, 2026, concerning the appeal of Tarlochan Sandhu; Margaret Souza; David Dowswell; and Estate of Douglas Breeze (On Behalf of Douglas Breeze), 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 Tarlochan Sandhu; Margaret Souza; David Dowswell; and Estate of Douglas Breeze (On Behalf of Douglas Breeze), as well as interested parties, to submit a written argument regarding whether the Board's Decision in this matter should be designated as precedential, and that the Board will consider the issue of 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 Tarlochan Sandhu; Margaret Souza; David Dowswell; and Estate of Douglas Breeze (On Behalf of Douglas Breeze).

Budget and Fiscal Impacts: Not applicable

Attachments

Attachment A: Proposed Decision

Attachment B: Staff's Argument

Attachment C: Respondent(s) Argument(s)

Kimberly A. Malm
Deputy Executive Officer
Customer Services and Support