

TERMS OF THE AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and other good and valuable consideration set forth in this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. **CalPERS agrees to the Following:** Within 90 days of the execution of this Settlement Agreement and Release, CalPERS shall take the necessary actions to effectuate the reversal of the implemented mandatory reinstatements. As a result, as of July 1, 2026, warrant:
 - a. CalPERS will return Respondent Members’ retirement allowance to the amount it would have been if they had retired effective their original retirement dates, and if CalPERS had never reinstated and re-retired them, including restoration of uninterrupted compounded Cost of Living Adjustments;
 - b. CalPERS will reimburse Respondent Members for any difference in the amount of retirement allowances they received since March 31, 2025, and the amount of retirement allowances they should have received based on their original retirement dates, including recalculation and correction of 2025 COLAs; and CalPERS will reimburse Respondent Members for any cash payment or payroll deduction of overpayments that were demanded by CalPERS and made by the Respondent Members because of the mandatory reinstatements and will terminate payroll deductions for AER repayments for Sandhu and Souza.
 - c. Souza, Sandhu and Dowswell are owed the following pre-tax reimbursement amounts for: 1) the never paid April 2025 pension warrants which were applied to the overpayment and never issued to Souza, Sandhu and Dowswell, and 2) the difference between what should have been paid and what was paid in gross total allowance from March 1, 2025 through June 30, 2026, including an estimated 2025 COLA and 2026 COLA calculation on the amount that should have been paid in May 2025 and May 2026, and the repayment of “overpayment” demands. Due to CalPERS’ complex formula for calculating compounding COLA amounts, the actual reimbursement by CalPERS may increase but not decrease these amounts for the timeframe of May 2025 through June 2026:

The following amounts reflect the difference in the base allowance and the COLA that Respondent Members should have been paid but were not paid due to the reinstatements for the period of March 1, 2025, through June 30, 2026:

David Dowswell	\$24,036.86* (includes the cash payment of \$7,201.26)
Tarlochan Sandhu	\$13, 677.19
Margaret Souza	\$13,391.62

- d. Respondent Members will not owe any retirement allowance overpayments whatsoever;
- e. Respondent Members will not owe CalPERS any further employee contributions whatsoever;
- f. Respondent Agencies will not owe CalPERS any further employer contributions whatsoever with respect to the individual Respondent Members, and CalPERS will reimburse Respondent Agencies for any employer and/or employee contributions collected to date;
- g. CalPERS will restore Respondent Members Sandhu and Souza's health benefits to retiree health status, rather than active health status, during the period of involuntary reinstatement;
- h. CalPERS will reimburse health premium overpayments by Respondent Member Dowswell in the amount of \$726.50 and by Respondent Member Souza in the amount of \$2,856.04. This amount will be paid by direct deposit or a manual check. Following the reimbursement of the payment, CalPERS's Health Account Management Division (HAMD) will issue a letter to Souza and Dowswell, noting that the reimbursements are non-payroll reimbursements for incurred expenses.
- i. As a result of reversing the reinstatements, Souza will be reimbursed the COBRA payments she made to Blue Shield. CalPERS is unaware of the exact amount Souza paid to Blue Shield for COBRA coverage. Souza has informed CalPERS that she paid COBRA premiums for January, February and March 2025. The premium amount is $\$1,357.62 + 2\% \text{ COBRA fee} = \$1,358.61 \times 3 \text{ months} = \$4,075.92$ Blue Shield. Based on Souza's representation that she paid COBRA premiums to Blue Shield, CalPERS will work with Blue Shield to ensure this amount is refunded to Souza.
- j. By August 1, 2026, CalPERS will provide a breakdown of the final calculations. Detailed month-by-month calculations for each month from April 2025 through June 2026 will be provided to ensure that Respondents have all necessary data to review corrections. Data for each month will include Respondent's corrected gross benefit, itemizing base allowance and COLA, and itemizing corrected deductions. Corrected monthly Benefit Warrant Statements are acceptable. Respondents will have fifteen (15) business days after receipt of CalPERS final calculations owed under this Settlement and Release to independently evaluate the repayments and corrections, and provide any discrepant information to CalPERS for further correction. CalPERS will also provide a detailed calculation for the 2025 COLA, as described here: <https://vwww.calpers.ca.gov/retirees/cost-of-living/cola> in order to enable Respondents to verify restoration of COLA compounding. All calculations become final and agreed upon as of fifteen (15) business days

after receipt CalPERS final calculations if no discrepancies are presented for resolution. Unresolved discrepancies as of that date must be resolved mutual agreement between Respondents and CalPERS within thirty (30) business days from the date of written challenge by Respondents.

2. **Respondent Members and Respondent Agencies Agree to the Following:**

- a. **Dismissal/Withdrawal of Appeal.** Respondent Members and Respondent Agencies withdraw the Appeal(s). The Parties agree that the Appeal(s) are deemed to be dismissed/withdrawn with prejudice upon the execution of this Agreement. As a result, the Proposed Decision is deemed vacated and not adopted.
3. **Releases.** In consideration of the Agreement, the Parties agree that they shall fully and forever discharge and release all claims, demands, debts, obligations, damages, liabilities and causes of action, whether now known or unknown, which they may have or has against each other, or any of their respective past, present, and future employees, officers, directors, board members, agents, assigns, successors, personal representatives, attorneys, administrators, receivers, trustees and anyone acting by or on behalf of such persons, arising out of or in any way relating to CalPERS' Determinations, the Appeal, or this Agreement.
4. **Civil Code Section 1542.** The Parties hereby waive any and all rights and benefits conferred upon them by Section 1542 of the California Civil Code and expressly consents that this Agreement shall be given full force and effect according to each and all of its expressed terms and provisions including those related to unknown and unsuspected claims, demands, and causes of action, if any, as well as those relating to other claims, demands and causes of action hereinabove specified. The Parties have been fully advised of the contents of the Civil Code of the State of California and the benefits thereof are expressly waived by the Parties.

California Code of Civil Procedure section 1542, reads as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Parties fully understand and expressly waive any and all respective rights under, and the benefits of, Section 1542 of the California Civil Code with respect to the subject matter of this Agreement.

5. **No Admission of Liability/No Precedential Value.** The Parties acknowledge that this Agreement constitutes the compromise and settlement of a dispute regarding their rights and obligations and does not constitute an acknowledgment or admission by any Party of any particular obligation or legal or contractual duty, or of any lapse, failure, or wrongdoing.
6. **Entire Agreement.** The Parties acknowledge that this Agreement constitutes the sole and entire agreement of the Parties in this matter, that any modifications may only be made by a writing signed by all Parties, and that this Agreement supersedes any prior written or oral agreement concerning the subject matter of its provisions. The Parties agree that there are no representations, agreements, arrangements, or understandings, either written or oral, between or among the parties relating to the subject matter of this Agreement which are not fully expressed herein.
7. **Modification.** This Agreement may not be altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing duly executed by the Parties and/or their authorized representatives.
8. **Severability.** Should one or more provisions of this Agreement be held by any court of competent jurisdiction to be invalid, void or unenforceable, such provision(s) will be deemed to be restated to effect the original intentions of the Parties as nearly as possible in accordance with applicable law. The remaining provisions shall nevertheless remain and continue in full force and effect.
9. **Governing Law and Venue.** This Agreement is entered into in California and will be construed and interpreted in accordance with the laws of the State of California. In the event that any action, suit, or other proceeding is instituted to remedy, prevent or obtain relief from a breach of this Agreement, the Parties agree to venue and to submit to jurisdiction in the Superior Court of California in the County of Sacramento.
10. **Ambiguities Not Held Against Drafter.** This Agreement having been freely and voluntarily negotiated by the Parties, the rule that ambiguous contractual provisions are construed against the drafter of the provision shall be inapplicable to this Agreement.
11. **Understanding of Agreement.** All Parties acknowledge and agree they are represented by counsel, or have the right to be represented by counsel, in connection with the drafting and execution of this Agreement, and that they have read and fully understand the terms and conditions of the Agreement.

12. **Costs, Expenses, and Attorneys' Fees.** Other than as provided herein, the Parties waive any and all rights and claims to costs and expenses and further agree that the Parties shall bear their own costs, expenses, and attorneys' fees incurred in connection with the Determinations, the Appeal, and the drafting, execution, and performance of this Agreement.

13. **Taxes.** No party to this Agreement has made any representations about and takes no position on the tax consequences of this Agreement.

14. **Effective Date of Agreement.** This Agreement is effective upon the date of signature of the last signatory to the Agreement ("Effective Date").

15. **Counterparts.** This Agreement may be executed in any number of identical counterparts, with signatures transmitted by facsimile or PDF, which counterparts, facsimile and/or PDF signatures will be deemed an original, and all of which together will be deemed the same instrument as of the Effective Date.

IN WITNESS WHEREOF, persons named below have signed this Agreement on the dates shown below and by signing below the undersigned acknowledges that this Agreement is executed voluntarily and without duress or undue influence on the part of, or on behalf of, the parties or any other person, firm or entity.

Dated: March __, 2026

 Jonnilyn Cabarles-Breeze, on behalf of
 Douglas A. Breeze, Member Petitioner

Dated: March __, 2026

 David W. Dowswell, Member Petitioner

Dated: March __, 2026

 Tarlochan Sandhu, Member Petitioner

Dated: March __, 2026

 Margaret M. Souza, Member Petitioner

Dated: March __, 2026

 City of Hughson, Agency Petitioner

Dated: March __, 2026

City of Atascadero, Agency Petitioner

Dated: March __, 2026

City of Dixon, Real Party in Interest

Dated: March 26, 2026

Kimberly A. Malm

Kimberly A. Malm
Deputy Executive Officer for CalPERS
Customer Service & Support

APPROVED AS TO FORM:

Dated: March __, 2026

Scott Kivel

Dated: March __, 2026

Sky Woodruff

Dated: March __, 2026

Michael Youil

Dated: March 26, 2026

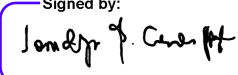
Preet Kaur

Preet Kaur

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Dated: March __, 2026
3/30/2026

Signed by:


C2EE0239F20143A
 Jonnalyn Cabarles-Breeze, on behalf of
 Douglas A. Breeze, Member Petitioner

Dated: March __, 2026

 David W. Dowswell, Member Petitioner

Dated: March __, 2026

 Tarlochan Sandhu, Member Petitioner

Dated: March __, 2026

 Margaret M. Souza, Member Petitioner

Dated: March __, 2026

 City of Hughson, Agency Petitioner

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Dated: March __, 2026

 Jonnalyn Cabarles-Breeze, on behalf of
 Douglas A. Breeze, Member Petitioner

Dated: March 28, 2026


 David W. Dowswell, Member Petitioner

Dated: March __, 2026

 Tarlochan Sandhu, Member Petitioner

Dated: March __, 2026

 Margaret M. Souza, Member Petitioner

Dated: March __, 2026

 City of Hughson, Agency Petitioner

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Dated: March __, 2026

Jonnalyn Cabarles-Breeze, on behalf of
Douglas A. Breeze, Member Petitioner

Dated: March __, 2026

David W. Dowswell, Member Petitioner

Dated: March 27, 2026

T Sandhu

Tarlochan Sandhu, Member Petitioner

Dated: March __, 2026

Margaret M. Souza, Member Petitioner

Dated: March __, 2026

City of Hughson, Agency Petitioner

Dated: March __, 2026

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Dated: March __, 2026

 Jonnaly Cabarles-Breeze, on behalf of
 Douglas A. Breeze, Member Petitioner

Dated: March __, 2026

 David W. Dowswell, Member Petitioner

Dated: March __, 2026

 Tarlochan Sandhu, Member Petitioner

Dated: March 30, 2026

Margaret M Souza

 Margaret M. Souza, Member Petitioner

Dated: March __, 2026

 City of Hughson, Agency Petitioner

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Dated: March __, 2026

 Jonnalyn Cabarles-Breeze, on behalf of
 Douglas A. Breeze, Member Petitioner

Dated: March __, 2026

 David W. Dowswell, Member Petitioner

Dated: March __, 2026

 Tarlochan Sandhu, Member Petitioner

Dated: March __, 2026

 Margaret M. Souza, Member Petitioner

Dated: April 9, 2026



 Dominique Romo, City of Hughson, Agency Petitioner


Dated: March_, 2026

Margaret M. Souza, Member Petitioner

Dated: March_, 2026

City of Hughson, Agency Petitioner

Dated: March 30, 2026



City of Atascadero, Agency Petitioner

Dated: March_, 2026

City of Dixon, Real Party in Interest

Dated: March -' 2026

Kimberly A. Malm
Deputy Executive Officer for CalPERS
Customer Service & Support

APPROVED AS TO FORM:

Dated: March_, 2026

Scott Kivel

Dated: March_, 2026

Sky Woodruff

Dated: March_, 2026

Michael Youril

Dated: March_, 2026

Preet Kaur
Attorney for CalPERS

Dated: March __, 2026

City of Atascadero, Agency Petitioner

Dated: ^{April 3} ~~March~~, 2026



City of Dixon, Real Party in Interest

Dated: March 26, 2026

Kimberly A. Malm

Kimberly A. Malm
Deputy Executive Officer for CalPERS
Customer Service & Support

APPROVED AS TO FORM:

Dated: March __, 2026

Scott Kivel

Dated: March __, 2026

Sky Woodruff

Dated: ^{April 3} ~~March~~, 2026



Michael Youil, LLW
Attorneys for City of Dixon

Dated: March 26, 2026

Preet Kaur

Preet Kaur

Dated: March __, 2026

City of Atascadero, Agency Petitioner

Dated: March __, 2026


City of Dixon, Real Party in Interest

Dated: March __, 2026

Kimberly A. Malm
Deputy Executive Officer for CalPERS
Customer Service & Support

APPROVED AS TO FORM:

Dated: March 30, 2026



Scott Kivel

Dated: March __, 2026

Sky Woodruff

Dated: March __, 2026

Michael Youil

Dated: March __, 2026

Preet Kaur

Dated: March __, 2026

City of Atascadero, Agency Petitioner

Dated: March __, 2026

City of Dixon, Real Party in Interest

Dated: March __, 2026

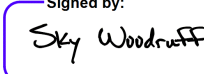
Kimberly A. Malm
Deputy Executive Officer for CalPERS
Customer Service & Support

APPROVED AS TO FORM:

Dated: March __, 2026

Scott Kivel

Dated: March __, 2026
3/30/2026

Signed by:


F83A498B95B94C4...
Sky Woodruff

Dated: March __, 2026

Michael Youril

Dated: March __, 2026

Preet Kaur

**BEFORE THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**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;**

and

**CITY OF CAPITOLA, CITY OF ALAMEDA, TOWN OF LOS ALTOS
HILLS, UNION CITY, CITY OF HUGHSON, CITY OF DIXON, and
CITY OF ATASCADERO**

Respondents.

Agency Case No. 2024-0999

OAH No. 2025040541

PROPOSED DECISION

Administrative Law Judge Juliet E. Cox, State of California, Office of
Administrative Hearings, heard this matter on October 1 and 2, 2025, and January 14,
2026. On October 1 and 2, 2025, some hearing participants attended the hearing in

Oakland and others attended by videoconference. On January 14, 2026, all hearing participants attended by videoconference.

Senior Attorney Preet Kaur represented complainant Brad Hanson, Chief of the Employer Account Management Division, California Public Employees Retirement System (CalPERS).

Attorney Scott Kivel represented respondents "Estate of Douglas Breeze,"¹ David Dowswell, Tarlochan Sandhu, Margaret M. Souza, City of Hughson, and City of Atascadero.

Attorney Michael Youril represented respondent City of Dixon.

The City of Alameda, City of Capitola, Union City, and Town of Los Altos Hills did not appeal the CalPERS staff determinations at issue in this matter and did not appear for the hearing.

¹ An "estate" is the property that belonged to a decedent; it is not a natural or legal person who may participate in an administrative adjudication. (Gov. Code, § 11405.60; see also Code Civ. Proc., § 377.10 et seq.) The evidence does not establish who were or are Breeze's successors in interest, how any such persons may have demonstrated authority to CalPERS or to any reviewing court to participate in this proceeding in Breeze's stead, or what action CalPERS has taken, if any, to collect or to preserve its right to collect any money from Breeze's estate or from his successors in interest. This proposed decision assumes, however, that an appropriate person is acting for Breeze's successors in interest, and in the interest of clarity refers to this person simply as Breeze.

The parties provided written and oral argument. The record closed and the matter was submitted for decision on January 14, 2026.

FACTUAL FINDINGS

1. The California Public Employees' Retirement System (CalPERS) provides retirement services to persons who have worked for California state government, or for California local government agencies that contract with CalPERS to provide such services to the local government agencies' employees and retirees. Brad Hanson, acting in his official capacity as Chief of the CalPERS Employer Account Management Division, is the complainant in this matter. Complainant signed the Statement of Issues on April 2, 2025.

2. Respondent Tarlochan Sandhu had a long career as a municipal finance professional, working during most of his career for local government agencies that contract with CalPERS to provide retirement benefits for their employees. He was a CalPERS member, and retired for service effective September 10, 2011.

3. Respondent Margaret Souza had a long career as a municipal finance professional, working during most of her career for local government agencies that contract with CalPERS to provide retirement benefits for their employees. She was a CalPERS member, and retired for service effective October 5, 2010.

4. Respondent David Dowswell had a long career as a municipal planning professional, working during most of his career for local government agencies that contract with CalPERS to provide retirement benefits for their employees. He was a CalPERS member, and retired for service effective September 30, 2011.

5. Respondent Douglas Breeze worked during some of his career as a municipal public works professional for local government agencies that contract with CalPERS to provide retirement benefits for their employees. He was a CalPERS member, and retired for service effective July 1, 2007. Breeze died on September 10, 2021.

6. Respondents City of Capitola, City of Alameda, Town of Los Altos Hills, Union City, City of Hughson, City of Dixon, and City of Atascadero are incorporated cities. At all times relevant to this matter, each of these respondents contracted with CalPERS to provide retirement services to its employees.

7. Regional Government Services Authority (RGS) is a local public agency that is a joint powers authority organized in accordance with the Joint Exercise of Powers Act (Gov. Code, § 6500 et seq.). RGS employs persons who provide professional services to cities and other local government agencies, through agreements between those agencies and RGS. RGS has never contracted with CalPERS to provide retirement services to its employees.

8. Through this proceeding, individual respondents Sandhu, Souza, Dowswell, and Breeze appeal complainant's demands that they reimburse CalPERS for retirement allowances they received during periods of post-retirement employment; that the cities where they performed that employment remit employee contributions to CalPERS on their behalf for those periods of post-retirement employment; and possibly² that they reimburse CalPERS for retirement allowance overpayments they

² As described below in Findings 119, 125, 131, and 137, the evidence is unclear as to whether complainant demands such reimbursement.

received after those periods of post-retirement employment. Sandhu, Souza, and Dowswell also appeal CalPERS's alterations to their monthly retirement allowances from and after April 1, 2025.

9. Through this proceeding, respondents City of Hughson, City of Dixon, and City of Atascadero appeal complainant's demands that they remit both employee and employer contributions to CalPERS on Souza's, Dowswell's, and Breeze's behalf for periods when those respondents worked for those cities. The City of Capitola, City of Alameda, Town of Los Altos Hills, and Union City have not participated in this administrative litigation.

10. Though complex, most of the facts underpinning the issues summarized in Findings 8 and 9 are undisputed. The findings and conclusions below address these facts and disputes in greater detail.

Detailed Chronology

11. This matter concerns post-retirement work that occurred between 2011 and 2016, investigations that occurred between 2018 and 2020, and demands for money that have occurred between 2022 and 2025.

SANDHU

12. When he retired, Sandhu's base monthly retirement allowance was \$5,001.79. This amount reflected his years of service, his final compensation, and the choices he made at retirement respecting beneficiaries and post-death options. During the years after his retirement in 2011, Sandhu's monthly retirement allowance increased because of cost-of-living adjustments (COLA). Sandhu also procured his health insurance in retirement through coverage available to CalPERS retirees.

13. After retiring, Sandhu decided to return to work part time as a municipal finance professional. As is relevant to this matter, he performed such work off and on for several cities between February 25, 2015, and June 20, 2016, all while legally employed by RGS.

14. Sandhu believed in good faith when he performed the work described in Finding 13 that he was neither a legal nor a common-law employee of any of the cities for which he worked. For this reason, he also believed in good faith that statutory limitations on post-retirement employment for CalPERS retirees did not govern his work with these cities. He testified credibly and without contradiction that if he had believed or suspected otherwise, he would have either declined these work opportunities or altered his working arrangements to conform to statutory limitations.

CalPERS Audit and Determination of Unlawful Post-Retirement Employment

15. By letter dated February 2, 2018, a CalPERS staff member notified the City of Capitola that CalPERS was "conducting a common-law employment review for every individual hired through a contract with RGS." The letter requested information from the City of Capitola regarding any such persons. The city manager returned a questionnaire to CalPERS identifying Sandhu as a person who had worked for the City of Capitola through a contract with RGS.

16. By letter dated June 28, 2019, a CalPERS staff member notified Sandhu that the CalPERS staff members conducting the review described in Finding 15 had "preliminarily determined" that he had been a common-law employee, while legally employed at RGS, of the City of Alameda, the City of Capitola, the Town of Los Altos Hills, and Union City, and that some or all of this employment had violated statutory

limits on post-retirement employment. No evidence establishes that any CalPERS staff member gave any notice, formal or informal, to Sandhu regarding this issue before this letter.

17. By letter dated January 10, 2020, a CalPERS staff member notified Sandhu that CalPERS staff members had confirmed the preliminary determination described in Finding 16. The letter stated further that the implication of this determination was that Sandhu would be "subject to reinstatement" from retirement. It invited Sandhu to appeal, which he did.

18. In her official capacity, complainant's predecessor as Chief of the Employer Account Management Division signed a Statement of Issues against Sandhu and against the cities of Capitola, Alameda, and Union City on October 21, 2020, and an Amended Statement of Issues against all these respondents as well as the Town of Los Altos Hills on February 26, 2021. No evidence establishes the date on which this complainant filed either the initial Statement of Issues or the Amended Statement of Issues. The matter was CalPERS Case Number 2020-0564.

19. The Statement of Issues and Amended Statement of Issues alleged that Sandhu had worked after retirement: (a) for the City of Capitola between February 25 and April 30, 2015, during which period he was a common-law employee of that city and received excessive compensation; (b) for the City of Alameda between July 15 and September 17, 2015, during which period he was a common-law employee of that city and received excessive compensation; and (c) for Union City between February 1 and June 20, 2016, during which period he was a common-law employee of that city and exceeded the 960-hour employment limit for retired annuitants for the fiscal year ending June 30, 2016. They also alleged that Sandhu had worked after retirement as a common-law employee of the Town of Los Altos Hills between March 6, 2015, and

January 22, 2016. Although the Statement of Issues and Amended Statement of Issues identified several potential consequences of these allegations, they expressly limited the issue for resolution to whether Sandhu was a common-law employee of the City of Capitola, City of Alameda, or Union City during the relevant time periods.

20. An administrative hearing on Sandhu's appeal occurred before Administrative Law Judge (ALJ) Coren D. Wong in spring 2021. ALJ Wong described the issues for resolution regarding Sandhu as (a) whether Sandhu was a common-law employee of (i) the City of Capitola, (ii) the City of Alameda, (iii) the Town of Los Altos Hills, or (iv) Union City; and (b) whether any of this employment violated statutory limits on post-retirement employment.³ He ruled against Sandhu on all issues, concluding specifically that:

- Sandhu was a common law employee during his post-retirement tenure with all four cities.
- Sandhu's compensation (\$75 per hour) for his work at the City of Capitola between February 25 and April 30, 2015, was greater than the compensation a regular City of Capitola employee would have received for the same work (\$62.55 per hour).
- Sandhu worked 199 hours for the City of Alameda between July 15 and September 17, 2015. During this time, his compensation (\$75 per hour) was

³ The record does not reflect that any party objected at the hearing to expansion of the issues in this manner.

greater than the compensation a regular City of Alameda employee would have received for the same work (\$63.39 per hour).

- Sandhu worked 331 hours for the Town of Los Altos Hills between July 1, 2015, and January 22, 2016.
- Sandhu worked for Union City between October 7, 2015, and June 20, 2016. He worked 430 hours between October 7, 2015, and February 1, 2016.
- For the fiscal year that began July 1, 2015, and ended June 30, 2016, Sandhu exceeded 960 working hours on and after February 1, 2016, through his combined employment with the City of Alameda, the Town of Los Altos Hills, and Union City.

The CalPERS Board adopted this decision effective December 22, 2021.

21. The decision summarized in Finding 20 characterized the arrangements among Sandhu, RGS, and the cities where Sandhu worked as “subterfuge to hide the fact” that Sandhu was the cities’ common-law employee. The Amended Statement of Issues did not tender any issue regarding these actors’ intent, however, and the parties presented no evidence either in the prior proceeding or in this proceeding that supported this characterization.

22. Sandhu petitioned for a writ of mandate on the first issue but not the others. The California courts affirmed the CalPERS Board’s decision.

23. Between February 25 and April 30, 2015, Sandhu worked 244 hours for the City of Capitola. In total, for the work at the City of Capitola and City of Alameda that the CalPERS Board found to have been in violation of statutory limits on

post-retirement employment, Sandhu's compensation exceeded the compensation that would have conformed to those limits by no more than \$5,400.

24. Between February 1 and June 20, 2016, Sandhu worked 648 hours for the City of Union City, and received \$85 per hour. In total, he received no more than \$55,100 in compensation for this work.

25. The evidence does not establish how many hours Sandhu worked for the Town of Los Altos Hills between July 1 and September 17, 2015 (the date he stopped also working for the City of Alameda). For this reason, the evidence does not establish whether Sandhu would have exceeded 960 total hours for the 2015–2016 fiscal year (or if so on what date) if his post-retirement hours for this fiscal year comprised only his hours at the Town of Los Altos Hills on and after September 18, 2015, and his hours at Union City.

CalPERS Staff Members' Actions After Determination of Unlawful Post-Retirement Employment

26. Immediately after the CalPERS Board adopted the decision summarized in Finding 20, staff members from CalPERS Employer Account Management Division instructed staff members in the Retirement Benefit Services Division to reinstate Sandhu to active CalPERS membership. They reinstated him promptly.

27. Sandhu had received notice in 2020, as summarized in Finding 17, that reinstatement to active CalPERS membership might result from a determination that he had worked in a manner violating the statutory limits on post-retirement employment. He received no notice between December 2021 and February 2022 that CalPERS staff members intended to take this action on any particular date. Moreover,

before February 2022, Sandhu had received no notice whatsoever regarding precisely how reinstatement would affect him financially.

28. By letter dated February 24, 2022, a CalPERS staff member from the Retirement Benefit Services Division notified Sandhu that staff members had retroactively reinstated him to active CalPERS membership, effective February 25, 2015. This letter notified Sandhu further that this reinstatement had resulted in a total overpayment to him of monthly retirement allowances through February 1, 2022 (for the month ending January 31, 2022) of \$454,474.11. The letter did not explain this calculation, but said that CalPERS would "send a letter at a future date to provide the instructions for repayment of the overpayment."

29. The letter summarized in Finding 28 said nothing about Sandhu's retiree health coverage. Nevertheless, because of his reinstatement to active CalPERS membership, Sandhu's retiree health coverage lapsed effective February 28, 2022.

30. On March 15, 2022, the Sacramento County Superior Court ordered CalPERS to reverse the actions summarized in Findings 26 and 29, pending resolution of the petition for writ of mandate described in Finding 22.

31. The Sacramento County Superior Court entered its judgment affirming the CalPERS Board decision described in Finding 20 on November 9, 2023. The California Court of Appeal and California Supreme Court declined to extend the order described in Finding 30.

32. By letter dated August 20, 2024, a CalPERS staff member notified Sandhu that CalPERS staff members again intended to reinstate him to active CalPERS membership. This letter proposed to reinstate Sandhu as of February 25, 2015, and to

re-retire him as of June 21, 2016, with both changes becoming effective November 1, 2024. It stated further:

- that the overpayment from CalPERS to Sandhu of his retirement allowances between February 25, 2015, and October 31, 2024, would total \$657,319.94;
- that Sandhu would receive additional CalPERS service credit of 0.635 years, reflecting his post-reinstatement work with the City of Capitola, City of Alameda, and Union City, but not with the Town of Los Altos Hills;
- that CalPERS would collect employee and employer contributions corresponding to this additional service credit, in unstated amounts,⁴ and that one or more of the cities might ask Sandhu to reimburse the city for these employee contributions;
- that the underpayment to Sandhu of his re-retirement allowances between June 21, 2016, and October 31, 2014, would total \$565,778.77;
- that Sandhu owed CalPERS the difference between the overpayment and underpayment, \$91,541.17;
- that his base re-retirement allowance would be \$5,308.20, and that his COLA would re-set to begin as of his re-retirement date; and
- that the underpayment figure, net amount Sandhu owed to CalPERS, and monthly re-retirement allowance could change if Sandhu made choices

⁴ A chart accompanying this letter suggested that the total amount of employee contributions would be about \$5,600.

upon re-retirement respecting beneficiaries and post-death options that differed from the choices he made when he retired in 2011, or if he did not re-retire.

33. A further letter dated October 1, 2024, repeated the statements summarized in Finding 32, except that it stated that the underpayment totaled \$565,517.53 and that the net amount Sandhu owed was \$91,802.40. The letter offered no explanation for the change to the underpayment figure. This letter again invited Sandhu to appeal, which he did; this appeal is the subject of this administrative proceeding.

34. For reasons the evidence does not establish, CalPERS staff members caused Sandhu's reinstatement to active CalPERS membership as promised by the letter described in Finding 32, but not his immediate re-retirement. His retiree health coverage again lapsed, effective February 28, 2025. Although Sandhu had attempted to avoid this lapse by procuring substitute coverage, the CalPERS employee who received his application for this substitute coverage mishandled it, which caused Sandhu to go without health coverage during March 2025. He was unable for this reason to refill an important prescription, and had to visit a hospital emergency room at least once.

Complainant's Current Demands

35. After further correspondence, a CalPERS staff member notified Sandhu by letter dated April 30, 2025, that CalPERS staff members had "processed a reinstatement to active membership with the City of Capitola effective February 25, 2015[,] through April 30, 2015, with the City of Alameda effective July 15, 2015[,] through September 17, 2015, and[] with the City of Union City effective February 01,

2016[,] through June 20, 2016.” The letter stated further that Sandhu had tendered a re-retirement application “with a retirement effective date of June 21, 2016,” and that staff members had used this application to calculate a retroactive re-retirement allowance underpayment “covering the periods of May 01, 2015[,] through July 14, 2015, September 18, 2015[,] through January 31, 2016, and June 21, 2016[,] through March 31, 2025.” Based on these periods, the letter stated further:

- that Sandhu’s retirement allowance overpayment between February 25, 2015, and February 28, 2025, totals \$683,578.44;
- that Sandhu’s re-retirement allowance underpayment totals \$634,008.57;
- that CalPERS “was able to recover \$1,954.83 of Federal and State Tax Withholdings” from retirement allowances it had paid to Sandhu in early 2025;
- that Sandhu’s remaining reimbursement obligation to CalPERS, as of April 30, 2025, is \$47,615.04; and
- that Sandhu’s new monthly gross re-retirement allowance (reflecting a base allowance plus COLA calculated beginning June 21, 2016) would be \$6,284.19.

36. The letter summarized in Finding 35 also presented figures that its author, Valerie Lum, characterized as applying to the circumstance in which Sandhu’s reinstatement to active membership between February 25, 2015, and June 20, 2016, were continuous. In that circumstance, according to the letter, Sandhu’s retirement

allowance overpayment would remain \$683,578.44.⁵ Sandhu would receive 0.986 years of service credit for his work at the Town of Los Altos Hills. Despite this extra service credit, according to the letter, Sandhu's re-retirement underpayment would be only \$614,115.83, and he would owe CalPERS \$67,507.78. The letter did not state Lum's calculation of the base re-retirement allowance that Sandhu would receive under these circumstances.

37. The evidence does not establish the total amount that complainant demands in employee contributions for Sandhu's work at the City of Capitola, the City of Alameda, and Union City, if his involuntary reinstatement covers only the periods described in Finding 35. Similarly, the evidence does not establish the total amount that complainant demands in employee contributions for Sandhu's work at all four cities if his involuntary reinstatement covers the entire continuous period described in Finding 36. Finally, the evidence does not establish the amount of interest, if any, complainant would demand on either sum.

38. Since October 1, 2025, Sandhu's base monthly re-retirement allowance has been \$5,075.23; the gross allowance with COLA is \$5,997.71. The evidence does not establish why this base allowance is \$232.97 less than the base allowance (\$5,308.20) described in the 2024 letters summarized above in Findings 31 and 32. Similarly, the evidence does not establish why this gross allowance is \$286.48 less than

⁵ Lum could not explain, in testimony, why this figure would be the same regardless of whether CalPERS treated the periods between of May 1, 2015, through July 14, 2015, and September 18, 2015, through January 31, 2016, as periods of retirement or of active CalPERS membership.

the gross allowance (\$6,284.19) described in the April 30, 2025, letter summarized above in Finding 35.

39. The hearing evidence does not establish the total retirement allowance Sandhu received for the period between February 25, 2015, and April 30, 2015, the period between July 15, 2015, and September 17, 2015, and the period between February 1, 2016, and June 20, 2016. The hearing evidence likewise does not establish the total retirement allowance Sandhu received for the entire continuous period between February 25, 2015, and September 17, 2015, between September 18, 2015, and January 22, 2016, or between January 23, 2016, and June 20, 2016.

40. The evidence does not establish what Sandhu's base monthly retirement allowance would be as of April 1, 2025, if reinstatement and re-retirement had not reset his COLA to zero as of June 21, 2016 (his final re-retirement date), and if he received no service credit for any of his post-retirement employment.

SOUZA

41. When she retired, Souza's base monthly retirement allowance was \$6,890.72. This amount reflected her years of service, her final compensation, and the choices she made at retirement respecting beneficiaries and post-death options. During the years after her retirement in 2010, Souza's monthly retirement allowance increased because of COLA. Souza also procured health insurance in retirement for herself and her husband through coverage available to CalPERS retirees.

42. After retiring, Souza decided to return to work part time as a municipal finance professional. As is relevant to this matter, she performed such work between January 4, 2011, and July 14, 2015, for the City of Hughson. Between January 4, 2011, and October 31, 2012, she was a part-time employee of the city, and between

November 1, 2012, and July 14, 2015, she continued working part-time for the city while legally employed by RGS.

CalPERS Audit and Determination of Unlawful Post-Retirement Employment

43. By letter dated February 2, 2018, a CalPERS staff member notified the City of Hughson that CalPERS was “conducting a common-law employment review for every individual hired through a contract with RGS.” The letter requested information from the City of Hughson regarding any such persons. The city manager returned a questionnaire to CalPERS identifying Souza as a person who had worked at the City of Hughson through a contract with RGS.

44. By letter dated January 10, 2020, a CalPERS staff member notified Souza that CalPERS staff members conducting the review described in Finding 43 had determined that her employment with the City of Hughson between November 2012 and July 2015 had violated statutory limits on post-retirement employment. The letter stated further that the implication of this determination was that Souza would be “subject to reinstatement” from retirement. It invited Souza to appeal, which she did. No evidence establishes that any CalPERS staff member gave any notice, formal or informal, to Souza regarding this issue before this letter.

45. In her official capacity, complainant’s predecessor as Chief of the Employer Account Management Division signed a Statement of Issues against Souza and the City of Hughson on September 17, 2020, and an Amended Statement of Issues on March 22, 2021. No evidence establishes the date on which this complainant filed either the initial or the Amended Statement of Issues. The matter was CalPERS Case Number 2020-0565.

46. The Statement of Issues alleged that Souza had worked after retirement as a common-law employee of the City of Hughson between November 2012 and July 2015, and that she had received excessive compensation during this period. The Amended Statement of Issues alleged that Souza had worked after retirement as a legal employee of the City of Hughson between January 2011 and October 2012 and as a common-law employee of that city between November 2012 and July 2015, and that she had received excessive compensation during both periods. Although the Statement of Issues and Amended Statement of Issues identified several potential consequences of these allegations, they expressly limited the issue for resolution to “whether [Souza] was a common law employee of [the City of Hughson]” for the relevant time period.

47. An administrative hearing on Souza’s appeal occurred before ALJ Wong in spring 2021. ALJ Wong described the issues for resolution regarding Souza as both whether Souza ever was a common-law employee of the City of Hughson and whether her entire post-retirement employment with that city violated statutory limits on post-retirement employment.⁶ He ruled against Souza on both issues, concluding that:

- Souza was a legal employee at the City of Hughson between January 4, 2011, and October 31, 2012, and a common-law employee at the City of Hughson between November 1, 2012, and July 14, 2015.
- Souza’s compensation for her work for the City of Hughson (\$45 per hour) was greater than the compensation a regular City of Hughson employee

⁶ The record does not reflect that any party objected at the hearing to inclusion of this second issue.

would have received for the same work (\$37.97 per hour in 2011, rising to \$42.60 by November 1, 2012⁷).

The CalPERS Board adopted this decision effective December 22, 2021.

48. The decision summarized in Finding 47 characterized the arrangement among Souza, RGS, and the City of Hughson as “subterfuge to hide the fact” that Souza was the city’s common-law employee. The Amended Statement of Issues did not tender any issue regarding these actors’ intent, however, and the parties presented no evidence either in the prior proceeding or in this proceeding that supported this characterization.

49. Souza petitioned for a writ of mandate on the first issue but not the second. The California courts affirmed the CalPERS Board’s decision.

50. Souza worked a total of 1,051.65 hours for the City of Hughson between November 1, 2012, and July 14, 2015. The evidence does not establish exactly how many hours she worked between January 4, 2011, and October 31, 2012, but she reasonably estimated that she worked 20 hours or fewer per week during these 22 months (75 hours or fewer per month). The compensation Souza received in excess of the statutory limit on post-retirement compensation she could have received was not more than \$14,200.

⁷ In subsequent letters to Souza, CalPERS staff members have presented calculations relying on pay rates that differ from those ALJ Wong expressly found to be appropriate.

51. Regular full-time City of Hughson employees receive health insurance coverage and employer CalPERS contributions in addition to their hourly pay. As a part-time legal employee at the City of Hughson, Souza received no health insurance coverage and did not believe herself eligible for employer CalPERS contributions. Similarly, when Souza was an RGS employee, the City of Hughson did not provide either health or retirement benefits to her. Souza reasonably believed when she performed the work described in Finding 42 that health insurance coverage and employer CalPERS contributions were worth close to \$10 per hour. For these reasons, Souza believed in good faith when she performed the work described in Finding 42 that she was in full compliance with any relevant statutory limitations on post-retirement compensation for CalPERS retirees. She testified credibly and without contradiction that if she had believed or suspected otherwise, she would have altered her working arrangements to conform to those statutory limitations.

CalPERS Staff Members' Actions After Determination of Unlawful Post-Retirement Employment

52. Immediately after the CalPERS Board adopted the decision summarized in Finding 47, staff members from CalPERS Employer Account Management Division instructed staff members in the Retirement Benefit Services Division to reinstate Souza to active CalPERS membership. They reinstated her promptly.

53. Souza had received notice in 2020, as summarized in Finding 43, that reinstatement to active CalPERS membership might result from a determination that she had worked in a manner violating the statutory limits on post-retirement employment. She received no notice between December 2021 and February 2022 that CalPERS staff members intended to take this action on any particular date. Moreover,

before February 2022, Souza had received no notice whatsoever regarding precisely how reinstatement would affect her financially.

54. A CalPERS staff member in the Financial Reporting and Accounting Services Division caused a "PAST DUE NOTICE" to issue to Souza, dated February 22, 2022. The notice stated that Souza owed CalPERS \$846,202.17 on her "delinquent account," and that this payment had been due on December 23, 2021.

55. By letter dated February 23, 2022, a CalPERS staff member from the Retirement Benefit Services Division notified Souza that staff members had retroactively reinstated her to active CalPERS membership, effective November 4, 2011. This letter notified Souza further that her reinstatement effective November 4, 2011, had resulted in a total overpayment to her of monthly retirement allowances through February 1, 2022 (for the month ending January 31, 2022) of \$928,810.09. The letter did not explain this calculation, but said that CalPERS would "send a letter at a future date to provide the instructions for repayment of the overpayment."

56. The letter summarized in Finding 55 said nothing about Souza's retiree health coverage. Nevertheless, because of her reinstatement to active CalPERS membership, Souza's retiree health coverage lapsed. She learned that she had no health coverage when she attempted to fill a critical prescription.

57. On March 15, 2022, the Sacramento County Superior Court ordered CalPERS to reverse the actions summarized in Findings 52 and 56, pending resolution of the petition for writ of mandate described in Finding 49.

58. The Sacramento County Superior Court entered its judgment affirming the CalPERS Board decision described in Finding 47 on October 27, 2023. The

California Court of Appeal and California Supreme Court declined to extend the order described in Finding 57.

59. By letter dated August 20, 2024, a CalPERS staff member notified Souza that CalPERS staff members again intended to reinstate her to active CalPERS membership. This letter proposed to reinstate Souza as of January 4, 2011, and to re-retire her as of July 15, 2015, with both changes becoming effective November 1, 2024. It stated further:

- that the overpayment from CalPERS to Souza of her retirement allowances between January 4, 2011, and October 31, 2024, would total \$1,284,116.43;
- that Souza would receive additional CalPERS service credit of 0.670 years, reflecting her post-reinstatement tenure with the City of Hughson;
- that CalPERS would collect employee and employer contributions corresponding to this additional service credit, in unstated amounts,⁸ and that the City of Hughson might ask Souza to reimburse the city for these employee contributions;

⁸ A chart accompanying this letter suggested that the total amount of employee contributions would be about \$325.

- that the underpayment to Souza of her re-retirement allowances⁹ would total \$854,099.51;
- that Souza owed CalPERS the difference between the overpayment and underpayment, \$430,016.92;
- that her base re-retirement allowance would be \$7,154.85, and that her COLA would re-set to begin as of her re-retirement date; and
- that the underpayment figure, net amount Souza owed to CalPERS, and monthly re-retirement allowance could change if Souza made choices upon re-retirement respecting beneficiaries and post-death options that differed from the choices she made when she retired in 2010, or if she did not re-retire.

60. A further letter dated October 1, 2024, repeated the statements summarized in Finding 59. This letter again invited Souza to appeal, which she did; this appeal is the subject of this administrative proceeding.

61. For reasons the evidence does not establish, CalPERS staff members caused Souza's reinstatement to active CalPERS membership as promised by the letter described in Finding 57, but not her immediate re-retirement. Her retiree health coverage again lapsed, effective February 28, 2025. Although her coverage since has

⁹ The letter stated incorrectly that the period for which Souza should have received these re-retirement allowances is January 4, 2011, through July 14, 2015. The letter should have stated that these allowances were for the period from July 15, 2015, through October 31, 2024.

resumed, this lapse was very stressful for Souza and her husband, because her husband was hospitalized for major surgery during this period.

Complainant's Current Demands

62. After further correspondence, a CalPERS staff member notified Souza by letter dated April 25, 2025, that CalPERS staff members had "processed your reinstatement to active membership with the City of Hughson effective January 4, 2011." The letter stated further that Souza had tendered a re-retirement application "with a retirement effective date of July 15, 2015," and that staff members had used this application to calculate a retroactive re-retirement allowance underpayment "covering the period of July 15, 2015, through March 31, 2025." Based on these periods, the letter stated further:

- that Souza's retirement allowance overpayment between January 4, 2011, and February 28, 2025, totals \$1,317,465.61;
- that Souza's re-retirement allowance underpayment totals \$1,084,144.42;
- that Souza's remaining reimbursement obligation to CalPERS, as of April 30, 2025, is \$233,321.19;
- that because CalPERS staff members applied the entirety of Souza's April 1, 2025, re-retirement allowance to her overpayment, and none to pay her health premium, she owed CalPERS \$1,011.40 for her April 2025 premium; and
- that Souza's new monthly gross re-retirement allowance (reflecting a base allowance plus COLA calculated from July 15, 2015) would be \$10,346.32.

63. Souza later received a demand for \$2,856.04, for premium underpayments between July 1, 2020, and April 30, 2025. She has paid this demand, although the evidence does not establish whether it is accurate or why it was greater than the amount stated in the April 25, 2025, letter described in Finding 62.

64. The evidence does not establish the total amount that complainant demands in employee contributions for Souza's work at the City of Hughson, or the amount of interest, if any, complainant demands on this sum.

65. Since April 1, 2025, Souza's base monthly re-retirement allowance has been \$8,657.28. This re-retirement allowance reflects 1.208 years of service credit for Souza's work for the City of Hughson. Souza also has elected an actuarially equivalent reduction to her monthly re-retirement allowance of \$1,661.66 to address the reimbursement demand summarized in Finding 62, while reserving her right to contest this demand through this proceeding.

DOWSWELL

66. When he retired, Dowswell's base monthly retirement allowance was \$8,386.32. This amount reflected his years of service, his final compensation, and the choices he made at retirement respecting beneficiaries and post-death options. During the years after his retirement in 2011, Dowswell's monthly retirement allowance increased because of COLA. Dowswell also procured his health insurance in retirement through retiree coverage available to CalPERS retirees.

67. After retiring, Dowswell decided to return to work part time as a municipal planning professional. As is relevant to this matter, he performed such work for the City of Dixon between late 2013 and mid-2015, while employed by RGS.

68. Dowswell believed in good faith when he performed the work described in Finding 67 that he was neither a legal nor a common-law employee of the City of Dixon. For this reason, he also believed in good faith that statutory limitations on post-retirement employment for CalPERS retirees did not govern this work. He testified credibly and without contradiction that if he had believed or suspected otherwise, he would have either declined this work opportunity or altered his working arrangements to conform to those statutory limitations.

CalPERS Audit and Determination of Unlawful Post-Retirement Employment

69. By letter dated February 2, 2018, a CalPERS staff member notified the City of Dixon that CalPERS was “conducting a common-law employment review for every individual hired through a contract with RGS.” The letter requested information from the City of Dixon regarding any such persons. The city’s human resources director returned a questionnaire to CalPERS identifying Dowswell as a person who had worked at the City of Dixon through a contract with RGS.

70. By letter dated June 28, 2019, a CalPERS staff member notified Dowswell that the CalPERS staff members conducting the review described in Finding 69 had “preliminarily determined” that he had been a common-law employee of the City of Dixon, while legally employed at RGS, and that some or all of this employment had violated statutory limits on post-retirement employment. No evidence establishes that any CalPERS staff member gave any notice, formal or informal, to Dowswell regarding this issue before this letter.

71. By letter dated January 10, 2020, a CalPERS staff member notified Dowswell that CalPERS staff members had confirmed the preliminary determination

described in Finding 70. The letter stated further that the implication of this determination was that Dowswell would be "subject to reinstatement" from retirement. It invited Dowswell to appeal, which he did.

72. In her official capacity, complainant's predecessor as Chief of the Employer Account Management Division signed a Statement of Issues against Dowswell and the City of Dixon on September 22, 2020, and an Amended Statement of Issues on March 25, 2021. No evidence establishes the date on which this complainant filed the initial Statement of Issues. The matter was CalPERS Case Number 2020-0562.

73. Both the initial Statement of Issues and the Amended Statement of Issues alleged that Dowswell had worked after retirement as a common-law employee of the City of Dixon between November 1, 2013, and July 1, 2015, and that he had worked more than 960 hours in this capacity during the fiscal year that ended June 30, 2015. The Amended Statement of Issues alleged further and more specifically that Dowswell had reached 960 hours on or before April 27, 2015, and that his work between April 28 and July 1, 2015, exceeded this limit. Although the Statement of Issues and Amended Statement of Issues identified several potential consequences of these allegations, they expressly limited the issue for resolution to whether Dowswell was a common-law employee of the City of Dixon between April 28 and July 1, 2015.

74. An administrative hearing on Dowswell's appeal occurred before ALJ Wong in spring 2021. ALJ Wong described the issues for resolution regarding Dowswell as both whether Dowswell was a common-law employee of the City of Dixon between April 28 and July 1, 2015, and whether his employment violated statutory

limits on post-retirement employment.¹⁰ He ruled against Dowswell on both issues, concluding that Dowswell (a) was a common-law employee at the City of Dixon between April 28 and July 1, 2015, and (b) violated the statutory limits on post-retirement employment by working a total of 1,168 hours during the fiscal year that ended June 30, 2015, with 208 of those hours occurring on or after April 28, 2015. The CalPERS Board adopted this decision effective December 22, 2021.

75. The decision summarized in Finding 74 characterized the arrangement among Dowswell, RGS, and the City of Dixon as “subterfuge to hide the fact” that Dowswell was the city’s common-law employee. The Amended Statement of Issues did not tender any issue regarding these actors’ intent, however, and the parties presented no evidence either in the prior proceeding or in this proceeding that supported this characterization.

76. Dowswell petitioned for a writ of mandate on the first issue but not the second. The California courts affirmed the CalPERS Board’s decision.

77. Dowswell received \$50.32 per hour for his work at the City of Dixon in 2015. His total compensation for the 208 hours he worked between April 28 and June 30, 2015, was not more than \$10,500.

¹⁰ The record does not reflect whether any party objected at the hearing to inclusion of this second issue.

CalPERS Staff Members' Actions After Determination of Unlawful Post-Retirement Employment

78. Immediately after the CalPERS Board adopted the decision summarized in Finding 74, staff members from CalPERS Employer Account Management Division instructed staff members in the Retirement Benefit Services Division to reinstate Dowswell to active CalPERS membership. They reinstated him promptly.

79. Dowswell had received notice in 2020, as summarized in Finding 71, that reinstatement to active CalPERS membership might result from a determination that he had worked in a manner violating the statutory limits on post-retirement employment. He received no notice between December 2021 and February 2022 that CalPERS staff members intended to take this action on any particular date. Moreover, before February 2022, Dowswell had received no notice whatsoever regarding precisely how reinstatement would affect him financially.

80. A CalPERS staff member in the Financial Reporting and Accounting Services Division caused a "PAST DUE NOTICE" to issue to Dowswell, dated February 22, 2022. The notice stated that Dowswell owed CalPERS \$664,289.07 on his "delinquent account," and that this payment had been due on December 23, 2021.

81. By letter dated February 24, 2022, a CalPERS staff member from the Retirement Benefit Services Division notified Dowswell that staff members had retroactively reinstated him to active CalPERS membership, effective April 28, 2015. This letter notified Dowswell further that his reinstatement effective April 28, 2015, had resulted in a total overpayment to him of monthly retirement allowances through February 1, 2022 (for the month ending January 31, 2022) of \$744,132.37. The letter

did not explain this calculation, but said that CalPERS would “send a letter at a future date to provide the instructions for repayment of the overpayment.”

82. On March-15, 2022, the Sacramento County Superior Court ordered CalPERS to reverse the actions summarized in Finding 81, pending resolution of the petition for writ of mandate described in Finding 76.

83. The Sacramento County Superior Court entered its judgment affirming the CalPERS Board decision described in Finding 74 on November 9, 2023. The California Court of Appeal and California Supreme Court declined to extend the order described in Finding 82.

84. By letter dated August 20, 2024, a CalPERS staff member notified Dowswell that CalPERS staff members again intended to reinstate him to active CalPERS membership. This letter proposed to reinstate Dowswell as of April 28, 2015, and to re-retire him as of July 2, 2015, with both changes becoming effective November 1, 2024. It stated further:

- that the overpayment from CalPERS to Dowswell of his retirement allowances between April 28, 2015, and October 31, 2024, would total \$1,083,840.10;
- that Dowswell would receive additional CalPERS service credit of 0.119 years, reflecting his post-reinstatement tenure with the City of Dixon;

- that CalPERS would collect employee and employer contributions corresponding to this additional service credit, in unstated amounts,¹¹ and that the City of Dixon might ask Dowswell to reimburse the city for these employee contributions;
- that the underpayment to Dowswell of his re-retirement allowances between July 2, 2015, and October 31, 2024, would total \$1,045,738.44;
- that Dowswell owed CalPERS the difference between the overpayment and underpayment, \$38,101.66;
- that his base re-retirement allowance would be \$8,729.76, and that his COLA would re-set to begin as of his re-retirement date; and
- that the underpayment figure, net amount Dowswell owed to CalPERS, and monthly re-retirement allowance could change if Dowswell made choices upon re-retirement respecting beneficiaries and post-death options that differed from the choices he made when he retired in 2011, or if he did not re-retire.

85. A further letter dated October 1, 2024, repeated the statements summarized in Finding 84. This letter again invited Dowswell to appeal, which he did; this appeal is the subject of this administrative proceeding.

¹¹ A chart accompanying this letter suggested that the total amount of employee contributions would be about \$825.

Complainant's Current Demands

86. After further correspondence, a CalPERS staff member notified Dowswell by letter dated April 25, 2025, that CalPERS staff members had "processed your reinstatement to active membership with the City of Dixon effective April 28, 2015." The letter stated further that Dowswell had tendered a re-retirement application "with a retirement effective date of July 2, 2015," and that staff members had used this application to calculate a retroactive re-retirement allowance underpayment "covering the period of July 2, 2015, through March 31, 2025." Based on these periods, the letter stated further:

- that Dowswell's retirement allowance overpayment between April 28, 2015, and February 25,¹² 2025, totals \$1,104,499.91;
- that Dowswell's re-retirement allowance underpayment totals \$1,097,298.65;
- that Dowswell's remaining reimbursement obligation to CalPERS, as of April 30, 2025, is \$7,201.26;
- that because CalPERS staff members had applied the entirety of Dowswell's April 1, 2025, re-retirement allowance to his overpayment, and none to pay his health premium, he owed CalPERS \$726.50 for his April 2025 premium; and

¹² The evidence does not explain whether this date is accurate, or if so why the calculation is not through February 28, 2025.

- that Dowswell's new monthly gross re-retirement allowance (reflecting a base allowance plus COLA calculated from July 2, 2015) would be \$10,436.90.

87. Dowswell did not know before April 1, 2025, that CalPERS staff members intended to apply the payment he expected in early April 2025 for his March 2025 retirement allowance to his alleged reimbursement obligation. Had he not happened to check his bank balance in time, he would have had insufficient funds to cover an automatic mortgage payment withdrawal.

88. Complainant has demanded \$841.25 in employee contributions for Dowswell's work at the City of Dixon. The evidence does not establish how complainant calculated this demand.

89. Dowswell has paid CalPERS \$7,201.26, to satisfy the reimbursement demand, but has reserved his right to contest this demand through this proceeding.

BREEZE

90. When he retired, Breeze's base monthly retirement allowance was \$2,557.69.¹³ This amount reflected his years of service, his final compensation, and the choices he made at retirement respecting beneficiaries and post-death options. During the years between his retirement in 2007 and his death in 2021, Breeze's monthly retirement allowance increased because of COLA.

¹³ During some of this period, Breeze also received an additional \$2,000 per month because of a "Temporary Annuity Excess Reduction," which the evidence does not explain further.

91. After retiring, Breeze decided to return to work part time as a municipal public works professional. As is relevant to this matter, he performed such work for the City of Atascadero during 2014, while employed by RGS.

CalPERS Audit and Determination of Unlawful Post-Retirement Employment

92. By letter dated February 2, 2018, a CalPERS staff member notified the City of Atascadero that CalPERS was "conducting a common-law employment review for every individual hired through a contract with RGS." The letter requested information from the City of Atascadero regarding any such persons. The city manager returned a questionnaire to CalPERS identifying Breeze as a person who had worked at the City of Dixon through a contract with RGS.

93. By letter dated June 28, 2019, a CalPERS staff member notified Breeze that the CalPERS staff members conducting the review described in Finding 92 had "preliminarily determined" that he had been a common-law employee of the City of Atascadero, while legally employed at RGS, and that some or all of this employment had violated statutory limits on post-retirement employment. No evidence establishes that any CalPERS staff member gave any notice, formal or informal, to Breeze regarding this issue before this letter, which arrived almost five years after Breeze's work for the City of Atascadero had ended.

94. By letter dated January 10, 2020, a CalPERS staff member notified Breeze that CalPERS staff members had confirmed the preliminary determination described in Finding 93. The letter stated further that the implication of this determination was that Breeze would be "subject to reinstatement" from retirement. It invited Breeze to appeal, which he did.

95. In her official capacity, complainant's predecessor as Chief of the Employer Account Management Division signed a Statement of Issues against Breeze and the City of Atascadero on October 27, 2020, and an Amended Statement of Issues on April 5, 2021. No evidence establishes the date on which this complainant filed the initial Statement of Issues. The matter was CalPERS Case Number 2020-0561.

96. Both the initial Statement of Issues and the Amended Statement of Issues alleged that Breeze had worked after retirement as a common-law employee of the City of Atascadero between July 18 and November 6, 2014, and that he had received excessive compensation during this period. Although the Statement of Issues and Amended Statement of Issues identified several potential consequences of these allegations, they expressly limited the issues for resolution to: (a) "whether [Breeze] was a common-law employee of [the City of Atascadero] for the period of July 28, 2014, through November 6, 2014," and (b) "if his post-retirement employment violated the terms and conditions of the" Public Employees Retirement Law.

97. An administrative hearing on Breeze's appeal occurred before ALJ Wong in spring 2021. ALJ Wong ruled against Breeze on both issues, concluding that Breeze (a) was a common-law employee at the City of Atascadero between July 28 and November 6, 2014, and (b) violated the statutory limits on post-retirement employment by receiving compensation (\$70.00 per hour) greater than the compensation a regular City of Atascadero employee would have received for the

same work (\$62.04 per hour).¹⁴ The CalPERS Board adopted this decision effective December 22, 2021.

98. The decision summarized in Finding 97 characterized the arrangement among Breeze, RGS, and the City of Atascadero as “subterfuge to hide the fact” that Breeze was the city’s common-law employee. The Amended Statement of Issues did not tender any issue regarding these actors’ intent, however, and the parties presented no evidence either in the prior proceeding or in this proceeding that supported this characterization.

99. Breeze petitioned for a writ of mandate on the first issue but not the second. The California courts affirmed the CalPERS Board’s decision.

100. Breeze worked a total of 384 hours for the City of Atascadero between July 28 and November 6, 2014. The compensation he received in excess of the statutory limit on post-retirement compensation he could have received was not more than \$3,100.

CalPERS Staff Members’ Actions After Determination of Unlawful Post-Retirement Employment

101. By letter dated August 20, 2024, a CalPERS staff member notified Breeze’s widow¹⁵ that CalPERS staff members intended to treat Breeze as if he had

¹⁴ The Amended Statement of Issues also alleged that Breeze had received additional compensation. The decision did not address this allegation.

¹⁵ Breeze had married Jonnalyn Cabarles in 2019.

reinstated to active CalPERS membership as of July 28, 2014, and re-retired as of November 7, 2014. It stated further:

- that the overpayment from CalPERS to Breeze of his retirement allowances between July 28, 2014, and September 10, 2021, totaled \$358,152.93;
- that Breeze would receive additional CalPERS service credit of 0.223 years, reflecting his post-reinstatement tenure with the City of Atascadero;
- that CalPERS would collect employee and employer contributions corresponding to this additional service credit, in unstated amounts,¹⁶ and that the City of Atascadero might ask Breeze to reimburse the city for these employee contributions;
- that the underpayment to Breeze of his re-retirement allowances between November 7, 2014, and September 10, 2021, totaled \$321,960.74; and
- that Breeze owed CalPERS the difference between the overpayment and underpayment, \$36,192.19.

102. A further letter dated October 1, 2024, repeated the statements summarized in Finding 101. This letter again invited an appeal; this appeal is the subject of this administrative proceeding.

103. Breeze's widow does not receive any allowance from CalPERS as Breeze's survivor or beneficiary. She is or was the administrator of his estate.

¹⁶ A chart accompanying this letter suggested that the total amount of employee contributions would be about \$1,550.

104. The evidence does not establish that any other person receives an allowance as Breeze's post-death beneficiary. If so, this person has never been a respondent in any administrative proceeding relating to Breeze's post-retirement employment.

Complainant's Current Demands

105. After further correspondence, a CalPERS staff member notified Breeze by letter dated April 25, 2025, that CalPERS staff members had "processed a reinstatement to active membership with the City of Atascadero effective July 28, 2014," and a re-retirement with an "effective date of November 7, 2014." The letter stated further:

- that Breeze's retirement allowance overpayment between July 28, 2014, and September 10, 2021, totals \$358,153.06;
- that Breeze's re-retirement allowance underpayment totals \$332,335.68; and
- that Breeze's reimbursement obligation to CalPERS is \$35,817.38.

106. The evidence does not establish the total amount that complainant demands in employee contributions for Breeze's work at the City of Atascadero, or the amount of interest, if any, complainant demands on this sum.

CITY OF HUGHSON

107. The evidence does not establish whether CalPERS staff members ever have sent notice to the City of Hughson demanding employer or employee contributions to CalPERS for Souza's employment between January 4, 2011, and July 14, 2015.

CITY OF DIXON

108. On a date the evidence does not establish, but that was after December 22, 2021, CalPERS staff members sent notice to the City of Dixon demanding \$2,446.65 in employer contributions and \$841.15 in employee contributions to CalPERS for Dowswell's employment between April 28 and July 1, 2015.

109. The City of Dixon has asked Dowswell to pay the City \$841.15.

CITY OF ATASCADERO

110. The evidence does not establish whether CalPERS staff members ever have sent notice to the City of Atascadero demanding employer or employee contributions to CalPERS for Breeze's employment between July 28 and November 6, 2014.

Summaries

111. CalPERS staff members have sent inconsistent demands, in some cases for shocking sums, to Sandhu, Souza, Dowswell, and Breeze's widow. Their communications have been error-riddled and opaque. On multiple occasions, such as those summarized above in Findings 29, 34, 56, 61, and 87, CalPERS staff members have taken actions without advance warning that have caused actual hardship as well as unnecessary anxiety to Sandhu, Souza, and Dowswell.

112. Staff members' unprofessionalism extended through this hearing. Despite having alleged that one of the issues for resolution in this proceeding would be whether CalPERS staff members "accurately calculated the overpayments, service credit, contributions, and health premium overpayments," complainant failed to

present evidence even explaining, let alone supporting, most of complainant's demands and calculations.

SANDHU (CAPITOLA, ALAMEDA, LOS ALTOS HILLS, UNION CITY)

113. Sandhu was a common-law employee of the City of Capitola between February 25 and April 30, 2015. He worked 244 hours during this period, and received pay that was \$12.45 per hour (\$3,040) greater than the compensation a regular City of Capitola employee would have received for the same work. Sandhu was a common-law employee of the City of Alameda between July 15 and September 15, 2015. He worked 199 hours during this period, and received \$11.61 per hour (\$2,311) greater than the compensation a regular City of Alameda employee would have received for the same work. This excessive compensation, which totals less than \$5,400, violated statutory limits on post-retirement employment by CalPERS retirees.

114. Sandhu was a common-law employee of the Town of Los Altos Hills between March 6, 2015, and January 22, 2016. His compensation was not greater than the compensation a regular Town of Los Altos Hills employee would have received for the same work. Between July 1, 2015, and January 22, 2016, he worked 331 hours.

115. Sandhu was a common-law employee of Union City between October 7, 2015, and June 20, 2016. His compensation was not greater than the compensation a regular Union City employee would have received for the same work. Between February 1, 2016, and June 20, 2016, he worked 648 hours, which caused him to exceed 960 total hours at the City of Alameda, Town of Los Altos Hills, and Union City for the fiscal year that began July 1, 2015, and ended June 30, 2016. These excessive working hours violated statutory limits on post-retirement employment by CalPERS

retirees. Sandhu received total compensation of about \$55,100 for these excessive hours of work.

116. The complainant in the prior administrative proceeding summarized in Findings 18 through 20 tendered only the question of common-law employment for resolution. The parties expanded the issues at hearing to encompass whether, if Sandhu was a common-law employee of any city, his compensation or total working hours exceeded statutory limits on post-retirement employment. The prior proceeding did not address the proper remedy if any violation of the statutory limits on post-retirement employment had occurred, or the statute of limitations (if any) that applies to any effort by CalPERS to impose this remedy. This proceeding has been Sandhu's first opportunity to contest these issues.

117. Complainant in this proceeding alleges that CalPERS must reinstate Sandhu to active CalPERS membership for periods corresponding to his common-law employment with the City of Capitola, the City of Alameda, and Union City. Complainant contends further that despite Sandhu's reinstatement to active CalPERS membership during these periods, CalPERS may treat his common-law employment with the Town of Los Altos Hills during these same periods as having occurred while Sandhu was not an active CalPERS member. Sandhu contends that if CalPERS treats him as having been an active CalPERS member while he worked at the City of Capitola, the City of Alameda, and Union City, he also should receive service credit for work he performed at the Town of Los Altos Hills during those same periods. He contends in addition that if CalPERS treats him as having been an active CalPERS member until September 17, 2015 (the end of his employment at the City of Alameda), his hours of employment with the Town of Los Altos Hills and with Union City on and after

September 18, 2015, did not exceed the fiscal year limit for post-retirement employment, or exceeded that limit only as of a date after February 1, 2016.

118. Before April 30, 2025, CalPERS staff members had not given Sandhu clear, accurate, or definitive statements regarding:

- reimbursement he might owe to CalPERS for retirement allowances received during any involuntary reinstatement period;
- his monthly allowance upon re-retirement at the end of any involuntary reinstatement period;
- reimbursement he might owe to CalPERS if the monthly allowances he should have received after re-retirement were less than the monthly allowances he actually received for the same period, or additional payment CalPERS might owe to Sandhu if the monthly allowances he should have received after re-retirement were greater than the monthly allowances he actually received for the same period; or
- the total amount of employee contributions and interest Sandhu might owe to CalPERS for work qualifying for service credit during any involuntary reinstatement period.

119. As of this hearing's conclusion, complainant still has never given Sandhu clear, accurate, or definitive statements regarding any of the questions summarized in Finding 118. Specifically:

- Complainant seeks reimbursement from Sandhu of \$47,615.04, less any amount Sandhu has paid to CalPERS since May 1, 2025. Complainant also

seeks affirmation that CalPERS correctly withheld Sandhu's entire retirement allowance payable in April 2025 for the period ending March 31, 2025.

- This total sum includes reimbursement to CalPERS that complainant seeks from Sandhu for retirement allowances received during the involuntary reinstatement periods stated in Finding 35.
- Complainant seeks to pay Sandhu a monthly re-retirement allowance that incorporates service credit for some, but not all, of Sandhu's post-reinstatement common-law employment, and that calculates his COLA from June 21, 2016 (his final re-retirement date) rather than from September 10, 2011 (his original retirement date). The evidence does not establish, however, precisely how much complainant contends that this monthly re-retirement allowance should be, or how CalPERS should calculate it.
- Because the evidence does not establish whether complainant contends that the monthly allowance Sandhu should have received after re-retirement is greater or less than the monthly allowance Sandhu actually received for the same period, it does not establish whether the \$47,615.04 complainant demands reflects reimbursement from Sandhu for overpayment, or reflects an offset by CalPERS for underpayment. Likewise, the evidence does not establish the amount of such over- or underpayment.
- Complainant has never told Sandhu how much, if anything, complainant seeks in employee contributions and interest for Sandhu's employment during the involuntary reinstatement periods stated in Finding 35.

120. Considering only complainant's reimbursement demand, complainant asks Sandhu to pay CalPERS a sum that is roughly equivalent to the total amount he

received from the excessive employment summarized in Findings 113 through 115. Complainant seeks this sum despite having first alerted Sandhu to a potential problem with his post-retirement employment more than three years after that employment had ended, and despite Sandhu's good faith in undertaking that employment as a CalPERS retiree.

SOUZA (HUGHSON)

121. Souza was a legal employee of the City of Hughson between January 4, 2011, and October 31, 2012, during which time she worked no more than 1,650 hours. She received pay that was \$7.03 per hour (no more than \$11,600) greater than the compensation a regular City of Hughson employee would have received for the same work. Souza was a common-law employee of the City of Hughson between November 1, 2012, and July 14, 2015, during which time she worked 1,051.65 hours. She received pay that was \$2.40 per hour (\$2,523.96) greater than the compensation a regular City of Hughson employee would have received for the same work. This excessive compensation, which totals less than \$14,200, violated statutory limits on post-retirement employment by CalPERS retirees.

122. The complainant in the prior administrative proceeding summarized in Findings 45 through 47 tendered only the question of common-law employment for resolution. The parties expanded the issues at hearing to encompass whether, if Souza was a common-law employee of the City of Hughson, her compensation or total working hours exceeded statutory limits on post-retirement employment. The prior proceeding did not address the proper remedy if any violation of the statutory limits on post-retirement employment had occurred, or the statute of limitations (if any) that applies to any effort by CalPERS to impose this remedy. This proceeding has been Souza's first opportunity to contest these issues.

123. Complainant in this proceeding alleges that CalPERS must reinstate Souza to active CalPERS membership for the entire period of her employment with the City of Hughson, January 4, 2011, through July 14, 2015.

124. Before April 25, 2025, CalPERS staff members had not given Souza clear, accurate, or definitive statements regarding:

- reimbursement she might owe to CalPERS for retirement allowances received during any involuntary reinstatement period;
- her monthly allowance upon re-retirement at the end of any involuntary reinstatement period;
- reimbursement she might owe to CalPERS if the monthly allowances she should have received after re-retirement were less than the monthly allowances she actually received for the same period, or additional payment CalPERS might owe to Souza if the monthly allowances she should have received after re-retirement were greater than the monthly allowances she actually received for the same period; or
- the total amount of employee contributions and interest Souza might owe to CalPERS for work qualifying for service credit during any involuntary reinstatement period.

125. As of this hearing's conclusion, complainant still has never given Souza clear, accurate, or definitive statements regarding any of the questions summarized in Finding 124. Specifically:

- Complainant seeks reimbursement from Souza of \$233,321.19, less any amount she has paid to CalPERS since May 1, 2025. Complainant also seeks

affirmation that CalPERS correctly withheld Souza's entire retirement allowance payable in April 2025 for the period ending March 31, 2025.

- This total sum includes reimbursement to CalPERS that complainant seeks from Souza for retirement allowances received between January 4, 2011, and July 14, 2015.
- Complainant seeks to pay Souza a monthly re-retirement allowance that incorporates service credit for Souza's City of Hughson employment, and that calculates her COLA from July 15, 2015 (her re-retirement date) rather than from October 5, 2010 (her original retirement date). The evidence does not establish, however, precisely how much complainant contends that this re-retirement allowance should be, or how CalPERS should calculate it.
- Because the evidence does not establish whether complainant contends that the monthly allowance Souza should have received after re-retirement is greater or less than the monthly allowance Souza actually received for the same period, it does not establish whether the \$233,321.19 complainant demands reflects reimbursement from Souza for overpayment, or reflects an offset by CalPERS for underpayment. Likewise, the evidence does not establish the amount of such over- or underpayment.
- Complainant has never told Souza or the City of Hughson how much, if anything, complainant seeks in employee or employer contributions and interest for Souza's employment with the City of Hughson.

126. Considering only complainant's reimbursement demand, complainant asks Souza to pay CalPERS a sum that is more than 15 times the total amount she received from the excessive employment summarized in Finding 121. Complainant

seeks this sum despite having first alerted Souza to a potential problem with her post-retirement employment more than four years after that employment had ended, and despite Souza's good faith in undertaking that employment as a CalPERS retiree.

DOWSWELL (DIXON)

127. Dowswell was a common-law employee of the City of Dixon between April 28 and July 1, 2015, during which time he worked 208 hours. These hours were in excess of the statutory limit on post-retirement employment by CalPERS retirees. Dowswell received no more than \$10,500 for this excessive employment.

128. The complainant in the prior administrative proceeding summarized in Findings 72 through 74 tendered only the question of common-law employment for resolution. The parties expanded the issues at hearing to encompass whether, if Dowswell was a common-law employee of the City of Dixon, his compensation or total working hours exceeded statutory limits on post-retirement employment. The prior proceeding did not address the proper remedy if any violation of the statutory limits on post-retirement employment had occurred, or the statute of limitations (if any) that applies to any effort by CalPERS to impose this remedy. This proceeding has been Dowswell's first opportunity to contest these issues.

129. Complainant in this proceeding alleges that CalPERS must reinstate Dowswell to active CalPERS membership for the period of his excessive employment with the City of Dixon (April 28 through July 1, 2015).

130. Before April 25, 2025, CalPERS staff members had not given Dowswell clear, accurate, or definitive statements regarding:

- reimbursement he might owe to CalPERS for retirement allowances received during any involuntary reinstatement period;
- his monthly allowance upon re-retirement at the end of any involuntary reinstatement period;
- reimbursement he might owe to CalPERS if the monthly allowances he should have received after re-retirement were less than the monthly allowances he actually received for the same period, or additional payment CalPERS might owe to Dowswell if the monthly allowances he should have received after re-retirement were greater than the monthly allowances he actually received for the same period; or
- the total amount of employee contributions Dowswell might owe to CalPERS for work qualifying for service credit during any involuntary reinstatement period.

131. As of this hearing's conclusion, complainant still has never given Dowswell clear, accurate, or definitive statements regarding any of the questions summarized in Finding 130. Specifically:

- Complainant seeks affirmation that CalPERS correctly demanded reimbursement of \$7,201.26 from Dowswell to CalPERS, and correctly withheld Dowswell's retirement allowance payable in April 2025 for the period ending March 31, 2025.
- This total sum includes reimbursement to CalPERS that complainant seeks from Dowswell for retirement allowances received between April 28 and July 1, 2015.

- Complainant seeks to pay Dowswell a monthly re-retirement allowance that incorporates service credit for Dowswell's City of Dixon employment, and that calculates his COLA from July 2, 2015 (his re-retirement date) rather than from September 30, 2011 (his original retirement date). The evidence does not establish, however, precisely how much complainant contends that this monthly re-retirement allowance should be, or how CalPERS should calculate it.
- Because the evidence does not establish whether complainant contends that the monthly allowance Dowswell should have received after re-retirement is greater or less than the monthly allowance Dowswell actually received for the same period, it does not establish whether the \$7,201.26 complainant demands reflects reimbursement from Dowswell for overpayment, or reflects an offset by CalPERS for underpayment. Likewise, the evidence does not establish the amount of such over- or underpayment.
- Complainant has never told Dowswell how much, if anything, complainant seeks in employee or employer contributions and interest for Dowswell's employment with the City of Dixon. Complainant has demanded \$841.15 in employee contributions and \$2,446.65 in employer contributions from the City of Dixon, however.

132. Considering only complainant's reimbursement demand (but including the amount CalPERS already has withheld to satisfy this demand), complainant asks Dowswell to pay CalPERS a sum that is about twice as much as the total amount he received from the excessive employment summarized in Finding 127. Complainant seeks this sum despite having first alerted Dowswell to a potential problem with his post-retirement employment more than four years after that employment had ended,

and despite Dowswell's good faith in undertaking that employment as a CalPERS retiree.

BREEZE (ATASCADERO)

133. Breeze was a common-law employee of the City of Atascadero between July 28 and November 6, 2014. During this time, he worked 384 hours, and received \$7.96 per hour (\$3,100) more than a regular City of Atascadero employee would have received for the same work. This excessive compensation violated statutory limits on post-retirement employment by CalPERS retirees.

134. The complainant in the prior administrative proceeding summarized in Findings 95 through 97 tendered only the questions of common-law employment and excessive compensation for resolution. The prior proceeding did not address the proper remedy if any violation of the statutory limits on post-retirement employment had occurred, or the statute of limitations (if any) that applies to any effort by CalPERS to impose this remedy. This proceeding has been Breeze's first opportunity to contest these issues.

135. Complainant in this proceeding alleges that CalPERS must reinstate Breeze to active CalPERS membership for the period of his excessive employment with the City of Atascadero (July 28 through November 6, 2014).

136. Before April 25, 2025, CalPERS staff members had not given Breeze clear, accurate, or definitive statements regarding:

- reimbursement he might owe to CalPERS for retirement allowances received during any involuntary reinstatement period;

- his monthly allowance upon re-retirement at the end of any involuntary reinstatement period;
- reimbursement he might owe to CalPERS if the monthly allowances he should have received after re-retirement were less than the monthly allowances he actually received for the same period, or additional payment CalPERS might owe to Breeze if the monthly allowances he should have received after re-retirement were greater than the monthly allowances he actually received for the same period; or
- the total amount of employee contributions Breeze might owe to CalPERS for work qualifying for service credit during any involuntary reinstatement period.

137. As of this hearing's conclusion, complainant still has never given Breeze clear, accurate, or definitive statements regarding any of the questions summarized in Finding 136. Specifically:

- Complainant seeks reimbursement from Breeze of \$35,817.38.
- This sum includes reimbursement to CalPERS that complainant seeks from Breeze for retirement allowances received between July 28, 2014, and November 6, 2014.
- Complainant seeks to credit Breeze with a monthly re-retirement allowance through his death that incorporates service credit for Breeze's City of Atascadero employment, and that calculates his COLA from November 7, 2014 (his re-retirement date) rather than from July 1, 2007 (his original retirement date). The evidence does not establish, however, precisely how

much complainant contends that this monthly re-retirement allowance should have been, or how CalPERS should calculate it.

- Because the evidence does not establish whether complainant contends that the monthly allowance Breeze should have received after re-retirement is greater or less than the monthly allowance Breeze actually received for the same period, it does not establish whether the \$35,817.38 complainant demands reflects reimbursement from Breeze for overpayment, or reflects an offset by CalPERS for underpayment. Likewise, the evidence does not establish the amount of such over- or underpayment.
- Complainant has never told Breeze or the City of Atascadero how much, if anything, complainant seeks in employee or employer contributions and interest for Breeze's employment with the City of Atascadero.

138. Considering only complainant's reimbursement demand, complainant asks Breeze to pay CalPERS a sum that is about ten times the total amount he received from the excessive employment summarized in Finding 133. Complainant seeks this sum despite having first alerted Breeze to a potential problem with his post-retirement employment almost five years after that employment had ended.

LEGAL CONCLUSIONS

1. Subdivisions (a) and (b) of Government Code section 20160 authorize CalPERS to correct "errors or omissions" by CalPERS members or contracting agencies. Subdivision (d) places the burden on "the party seeking correction of an error or omission" to present evidence "establishing the right to correction." In this matter, complainant bears the burden to establish that CalPERS may or must make any corrections regarding any respondents, and if so what corrections.

2. Complainant argues that Government Code section 20160 has no relevance to this matter, because rather than seeking to correct any error or omission, complainant seeks a remedy described in Government Code sections 21202 and 21220. This argument is absurd, because the revisions to CalPERS records that complainant seeks would be not only unnecessary but unlawful unless those records were somehow incorrect. As summarized in Findings 116 and 117, 122 and 123, 128 and 129, and 134 and 135, complainant contends that respondents Sandhu, Souza, Dowswell, and Breeze erred by engaging in employment that exceeded statutory limits on post-retirement employment without reinstating to active membership; and complainant seeks to correct this alleged error by reinstating them to active membership and then permitting them to re-retire. Likewise, complainant contends that the respondent cities failed to identify these common law employees to CalPERS, failed to limit their work in accordance with statutory limits on retirees, and failed to pay contributions to CalPERS on these persons' behalf; and complainant seeks to correct these alleged omissions by collecting these contributions now. Government Code section 20160 describes error correction generally, and encompasses correction of many errors or omissions including the specific errors and omissions described in sections 21202 and 21220.

3. In an administrative proceeding before the CalPERS Board, the complainant must initiate the proceeding within any statutory limitations period that applies to the remedy the complainant seeks. In the administrative context, complainant initiates a proceeding by filing an accusation or a statement of issues, regardless of any earlier notice or demand an agency staff member may have given. (Gov. Code, §§ 11503, 11504; see *Baxter v. State Teachers' Retirement System* (2017) 18 Cal.App.5th 340, 374-375.)

4. All respondents assert that CalPERS may collect nothing from them because the applicable statutory limitations period expired before complainant filed any statement of issues. Because expiration of a statutory limitations period is an affirmative defense, respondents bear the burden of proof on this issue.

5. On all issues, because no statute or judicial precedent states otherwise, a preponderance of all evidence meets the standard of proof. The factual findings above all rest on a preponderance of the evidence.

Potential Corrections for Excessive Post-Retirement Employment

6. Government Code section 21220 prescribes remedies for excessive post-retirement employment. At all times material to this matter, it has stated that a retiree whose post-retirement employment exceeds statutory limits shall reimburse CalPERS for "any retirement allowance received during the period or periods of employment that are in violation of law." (Gov. Code, § 21220, subd. (b)(1).)

7. Before January 1, 2022, Government Code section 21202 stated that a retiree who worked in a manner violating statutory limits on post-retirement employment "shall be reinstated to membership in the category in which, and on the date on which, the unlawful employment occurred." On and after January 1, 2022,

Government Code section 21202 has stated that such a retiree "may be reinstated to membership in the category in which, and on the date on which, the unlawful employment occurred." No statute or regulation prescribes specific criteria to govern when CalPERS should or should not exercise its discretionary reinstatement power.

8. If CalPERS involuntarily reinstates such a retiree to active membership, the person also must reimburse CalPERS for "an amount of money equal to the employee contributions that would otherwise have been paid during the period or periods of unlawful employment, plus interest thereon." (Gov. Code, § 21220, subd. (b)(2).) Likewise, if CalPERS reinstates the retiree to active membership, the employer must "pay to this system an amount of money equal to employer contributions that would otherwise have been paid for the period or periods of time that the member is employed in violation of this article, plus interest thereon." (*Id.*, subd. (c)(1).)

9. Reinstatement to active membership has other statutory results with financial consequences. If CalPERS reinstates a person to membership, the person's "retirement allowance shall be canceled immediately." (Gov. Code, § 21200.) Upon any subsequent re-retirement, the person may make choices respecting beneficiaries and post-death options that differ from the choices the person had made upon initial retirement. After any subsequent re-retirement, CalPERS must calculate the person's re-retirement allowance to reflect these changes, as well as any additional service credit. (*Ibid.*; see also *id.*, §§ 21357, 21385.)

Limitations Periods

10. Under subdivision (c) of Government Code section 20160, the authority to make corrections "shall terminate upon the expiration of obligations of this system

to the party seeking correction of the error or omission, as those obligations are defined by Section 20164.”

11. In cases other than those involving “fraudulent reports,” Government Code section 20164 limits CalPERS’s “right to collect” reimbursement for “erroneous payment to a member or beneficiary” to “three years from the date of payment.” (Gov. Code, § 20164, subd. (b)(1).) This same three-year limitations period applies to payments by members or contracting agencies into the CalPERS retirement fund “for adjustment of errors or omissions.” (*Id.*, subd. (b).)

12. Government Code section 20164, subdivisions (c) and (d) enlarge this limitations period to ten years, in the case of death or remarriage (subdivision (c)) or “fraudulent reports . . . by a member for his own benefit” (subdivision (d)). These subdivisions also state that the ten-year period begins only upon discovery by CalPERS of the death, remarriage, or fraud. The matters stated in Findings 14, 21, 48, 51, 68, 75, and 98 confirm that this matter involves none of these circumstances, however. For this reason, and because Government Code section 20164, subdivision (b), expressly omits any similar discovery rule, the limitations period applicable to CalPERS’s effort to collect from any respondent in this matter is three years: three years after the date of overpayment by CalPERS to the retirees, or three years after the date that payment from the retirees or cities to CalPERS should have occurred.

Analyses

13. Complainant argues that the CalPERS Board decisions described in Findings 20, 47, 74, and 97 already have determined that CalPERS must reinstate Sandhu, Souza, Dowswell, and Breeze to active CalPERS membership during the periods when their post-retirement employment exceeded statutory limits. Because of

the matters stated in Findings 19, 46, 73, 96, 116, 122, 128, and 134, complainant is wrong.

14. Complainant also argues that because all of the post-retirement employment at issue in this matter occurred before January 1, 2022 (the effective date of the current versions of Government Code sections 21202 and 21220, described above in Legal Conclusions 6 through 8), CalPERS has no discretion to take any action other than retroactively reinstating Sandhu, Souza, Dowswell, and Breeze, and then permitting them retroactively to re-retire. Respondents argue that CalPERS had such discretion even before January 1, 2022, and has it now.

15. Although complainant could have permitted respondents to challenge their involuntary reinstatement before January 1, 2022, the matters stated in Findings 19, 46, 73, 96, 116, 122, 128, and 134 confirm that complainant did not. Instead, as summarized in Findings 1, 33, 60, 85, and 102, complainant waited until on or after April 2, 2025, to offer respondents any such opportunity. Under these circumstances, the versions of Government Code section 21202 and 21220 that were in effect on April 2, 2025, govern the available remedies in this matter.

16. For the reasons summarized below for each respondent, however, CalPERS may recover nothing from any respondent even if the versions of Government Code section 21202 and 21220 that were in effect before January 1, 2022, control the available remedies. With respect to every respondent, complainant's failure to pursue any of the potentially available remedies for excessive post-retirement employment promptly and carefully forecloses any recovery now.

SANDHU

17. CalPERS may recover nothing from Sandhu because of any excessive post-retirement employment with the City of Capitola, City of Alameda, or Union City. CalPERS must reverse its efforts to impose any remedy on Sandhu, and restore him to the position he would have been in if CalPERS staff members had not involuntarily reinstated him from retirement.

Repayment of Retirement Allowances

18. As summarized in Findings 19 and 20, Sandhu's common-law employment with the City of Capitola ended April 30, 2015. The three-year limitations period stated in Government Code section 20164, subdivision (b)(1), expired with respect to retirement allowances Sandhu received during this post-retirement employment on April 30, 2018. Sandhu's common-law employment with the City of Alameda ended September 17, 2015, and CalPERS's authority to recover retirement allowances he received during this employment expired on September 17, 2018. (*Ibid.*) Sandhu's common-law employment at the Town of Los Altos Hills ended January 22, 2016, and CalPERS's authority to recover retirement allowances he received during this employment expired on January 22, 2019. (*Ibid.*) Sandhu's common-law employment with Union City ended June 20, 2016, and CalPERS's authority to recover retirement allowances he received during this employment expired on June 20, 2019. (*Ibid.*)

19. All of these dates are long before complainant filed the statement of issues in fall 2020 relating to the nature of this employment. Moreover, and even if complainant's discovery that CalPERS had paid retirement allowances to Sandhu during excessive post-retirement employment were the relevant starting date, complainant filed the first statement of issues demanding reimbursement in spring

2025, many more than three years after not only discovering the employment but filing a statement of issues in fall 2020 characterizing it as excessive (and refusing expressly to litigate the appropriate remedy). Whether or not CalPERS may retroactively reinstate and re-retire Sandhu, recovery from him of any of these retirement allowances is time-barred.

Involuntary Reinstatement and Re-Retirement

20. CalPERS's authority to collect employee contributions from Sandhu for his employment with the City of Capitola expired on April 30, 2018. (Gov. Code, § 20164, subd. (b).) CalPERS's authority to collect employee contributions from Sandhu for his employment with the City of Alameda expired on September 17, 2018. (*Ibid.*) CalPERS's authority to collect employee contributions from Sandhu for his employment with the Town of Los Altos Hills expired on January 22, 2019. (*Ibid.*) CalPERS's authority to collect employee contributions from Sandhu for his employment with Union City expired on June 20, 2019. (*Ibid.*) For the reasons stated in Legal Conclusion 19, whether or not CalPERS may retroactively reinstate and re-retire Sandhu, recovery of these contributions from him is time-barred.

21. Complainant argues that the CalPERS Board decision described in Finding 20 conclusively establishes the periods for which Sandhu violated statutory limits on post-retirement employment and requires his reinstatement to active membership during precisely these periods. This argument is meritless. Although the prior decision found that Sandhu's work for several cities violated those statutory limits, these findings depended on the allegation that Sandhu had been a retiree during the entire period between February 25, 2015, and June 20, 2016. Complainant specifically declined in the prior administrative proceeding to litigate the appropriate remedy if any of Sandhu's employment violated statutory limits on post-retirement

employment. For this reason, the prior proceeding offered no party any opportunity to present evidence, and offered the CalPERS Board no opportunity to consider, whether applying the reinstatement remedy to one period of post-retirement employment might affect employment limitations for other periods. Complainant cannot foreclose consideration of this question simply by splitting the administrative proceeding into multiple phases.

22. Sandhu argues that if the CalPERS Board reinstates him to active membership for the periods when he worked for the City of Capitola and City of Alameda, he should receive service credit for his work at the Town of Los Altos Hills during these same periods. Complainant argues that if the CalPERS Board reinstates Sandhu for the periods when he worked for the City of Capitola, City of Alameda, and Union City, CalPERS may deny Sandhu service credit for his work for the Town of Los Altos Hills during these same periods.

23. Complainant's position violates Government Code section 21200, under which reinstatement immediately restores a retiree to active membership. It also contradicts the CalPERS Board's determination in the earlier administrative proceeding involving Sandhu that he was a common-law employee at the Town of Los Altos Hills. Finally, the discontinuous reinstatement complainant proposes would result in Sandhu's being an active member employed by the Town of Los Altos Hills on April 30, 2015, continuing employment as a retiree on May 1, 2015, resuming active membership while employed at the Town of Los Altos Hills on September 17, 2015, and continuing employment as a retiree on September 18, 2015. This treatment would contradict Government Code section 7522.56, subdivision (f), which requires a gap of at least 180 days between retirement while employed at an agency and

re-employment with the same agency as a retiree, unless the agency certifies that the employment fills "a critically needed position."

24. As summarized in Findings 13 and 16, by the time CalPERS staff members first alerted Sandhu that his post-retirement employment may have exceeded statutory limits, several years had passed since this employment had ended. The Town of Los Altos Hills had no opportunity to consider whether to waive the 180-day requirement such that Sandhu lawfully could continue his work there as a retiree.

25. Sandhu argues further that if CalPERS reinstates him to active membership through September 17, 2015 (the end date of his employment with the City of Alameda), his post-retirement employment for the 2015–2016 fiscal year would begin on September 18, 2015, rather than on July 1, 2015; and he would reach the 960-hour statutory limit (if at all) on a date after February 1, 2016. For this reason, he argues that if the CalPERS Board reinstates him to active membership for the periods when he worked for the City of Capitola and City of Alameda, CalPERS cannot also treat him as having exceeded statutory limits on post-retirement employment while working at the Town of Los Altos Hills and at Union City.

26. As summarized in Finding 25, complainant has failed to present any evidence showing that if Sandhu had been an active CalPERS member while working with the City of Capitola, Town of Los Altos Hills, and City of Alameda between February 25, 2015, and September 17, 2015, and if he had re-retired effective September 18, 2015 (regardless of the prohibition described in Legal Conclusion 23), then his employment with the Town of Los Altos Hills and Union City between September 18, 2015, and June 20, 2016, would have exceeded statutory limits on post-retirement employment.

27. As summarized in Findings 20, 25, and 117, and in Legal Conclusions 21, 23, 24, and 26, complainant not only has not established but cannot establish for Sandhu the periods during which his post-retirement employment actually violated statutory limits on post-retirement employment, the amount of service credit he should receive for those periods, or the employee contributions he should make for those periods. For this reason, complainant cannot establish the amount of retirement allowance described in Legal Conclusion 2, the contribution amounts described in Legal Conclusion 3, or the re-retirement allowance described in Legal Conclusion 4.

28. As summarized in Findings 32, 33, 35 through 40, 118, and 119, and in Legal Conclusion 27, complainant has failed to establish whether Sandhu's re-retirement allowance on and after June 21, 2016, would have been greater or less than the retirement allowance he actually received between June 21, 2016, and March 31, 2025. Even if it were less, however, the statute of limitations in Government Code section 20164, subdivision (b), would bar CalPERS from collecting reimbursement from Sandhu of any overpayment he received before April 2, 2022, three years before the first date complainant could have filed the Statement of Issues initiating this administrative proceeding.

29. The matters summarized in Legal Conclusions 27 and 28 show that CalPERS cannot use retroactive, involuntary reinstatement under Government Code sections 21202 and 21220 to return Sandhu and CalPERS to the same positions that they would have been in if Sandhu had voluntarily reinstated from retirement effective February 25, 2015, and had re-retired when his post-retirement employment ended, or if he had worked with RGS, the City of Capitola, the City of Alameda, the Town of Los Altos Hills, and Union City to ensure that his employment stayed within the statutory limits on post-retirement employment. (See Gov. Code, § 20160, subd. (e).)

30. Under the circumstances described in Legal Conclusion 29, Government Code section 20160, subdivision (e), permits CalPERS to correct errors and omissions "as of the time the correction actually takes place," rather than retroactively. Complainant has not proposed, however, to reinstate Sandhu effective as of any date after February 25, 2015. Further, any later reinstatement and re-retirement would fail to address the excessive post-retirement employment that constitutes the error in this matter. Because all effective remedies are time-barred, CalPERS may recover nothing from Sandhu.

SOUZA AND CITY OF HUGHSON

31. CalPERS may recover nothing from Souza or from the City of Hughson because of any excessive post-retirement employment. CalPERS must reverse its efforts to impose any remedy on Souza or the City of Hughson, and restore them to the positions they would have been in if CalPERS staff members had not involuntarily reinstated Souza from retirement.

Repayment of Retirement Allowances

32. As summarized in Finding 47, Souza's common-law employment with the City of Hughson ended July 14, 2015. The three-year limitations period in Government Code section 20164, subdivision (b), expired with respect to retirement allowances Souza received during this employment on or before July 14, 2018.

33. This date is long before complainant filed the statement of issues in fall 2020 relating to the nature of this employment. Moreover, and even if complainant's discovery that CalPERS had paid retirement allowances to Souza during excessive post-retirement employment were the relevant starting date, complainant filed the first statement of issues demanding reimbursement in spring 2025, many more than

three years after not only discovering the employment but filing a statement of issues in fall 2020 characterizing it as excessive (and refusing expressly to litigate the appropriate remedy). Whether or not CalPERS may retroactively reinstate and re-retire Souza, recovery from her of any of these retirement allowances is time-barred.

Involuntary Reinstatement and Re-Retirement

34. As summarized in Findings 107 and 125, complainant has not established for Souza or for the City of Hughson the employee or employer contributions they should make for her post-retirement employment, as described in Legal Conclusion 3. Moreover, CalPERS's authority to collect employee and employer contributions from her and the City of Hughson for this employment expired on July 14, 2018. (Gov. Code, § 20164, subd. (b).) For the reasons stated in Legal Conclusion 33, whether or not CalPERS may retroactively reinstate and re-retire Souza, recovery of these contributions from her or from the City of Hughson is time-barred.

35. As summarized in Findings 59, 62 through 65, 124, and 125, and even if recovery were not time-barred as summarized in Legal Conclusion 33, complainant has not established for Souza the amount of retirement allowance described in Legal Conclusion 2. Complainant likewise has not established Souza's re-retirement allowance, as described in Legal Conclusion 4, and has not established whether Souza's re-retirement allowance on and after July 15, 2015, would have been greater or less than the retirement allowance she actually received between July 15, 2015, and March 31, 2025. Finally, even if it were less, the statute of limitations in Government Code section 20164, subdivision (b), would bar CalPERS from collecting reimbursement from Souza of any overpayment she received before April 2, 2022, three years before complainant first could have filed the Statement of Issues initiating this administrative proceeding.

36. The matters summarized in Legal Conclusions 34 and 35 show that CalPERS cannot use involuntary reinstatement under Government Code sections 21202 and 21220 to return Souza, CalPERS, and the City of Hughson to the same positions that they would have been in if Souza had voluntarily reinstated from retirement effective January 4, 2011, and had re-retired effective July 15, 2015, or if she had worked with RGS and the City of Hughson to ensure that her employment stayed within the statutory limits on post-retirement employment. (See Gov. Code, § 20160, subd. (e).)

37. Under the circumstances described in Legal Conclusion 36, Government Code section 20160, subdivision (e), permits CalPERS to correct errors and omissions "as of the time the correction actually takes place," rather than retroactively. Complainant has not proposed, however, to reinstate Souza effective as of any date after January 4, 2011. Further, any later reinstatement and re-retirement would fail to address the excessive post-retirement employment that constitutes the error in this matter. Because all effective remedies are time-barred, CalPERS may recover nothing from Souza or the City of Hughson.

DOWSWELL AND CITY OF DIXON

38. CalPERS may recover nothing from Dowswell or from the City of Dixon because of any excessive post-retirement employment. CalPERS must reverse its efforts to impose any remedy on Dowswell or the City of Dixon, and restore them to the positions they would have been in if CalPERS staff members had not involuntarily reinstated Dowswell from retirement.

Repayment of Retirement Allowances

39. As summarized in Finding 74, Dowswell's common-law employment with the City of Dixon ended July 1, 2015. The three-year limitations period in Government Code section 20164, subdivision (b), expired with respect to retirement allowances Dowswell received during this post-retirement employment on or before July 2, 2018.

40. This date is long before complainant filed the statement of issues in fall 2020 relating to the nature of this employment. Moreover, and even if complainant's discovery that CalPERS had paid retirement allowances to Dowswell during excessive post-retirement employment were the relevant starting date, complainant filed the first statement of issues demanding reimbursement in spring 2025, many more than three years after not only discovering the employment but filing a statement of issues in fall 2020 characterizing it as excessive (and refusing expressly to litigate the appropriate remedy). Whether or not CalPERS may retroactively reinstate and re-retire Dowswell, recovery from him of any of these retirement allowances is time-barred.

Involuntary Reinstatement and Re-Retirement

41. CalPERS's authority to collect employee and employer contributions from Dowswell and the City of Dixon for his post-retirement employment expired on July 1, 2018. (Gov. Code, § 20164, subd. (b).) For the reasons stated in Legal Conclusion 40, whether or not CalPERS may retroactively reinstate and re-retire Dowswell, recovery of these contributions from him or from the City of Dixon is time-barred.

42. As summarized in Findings 84, 86 through 88, 130, and 131, and even if recovery were not time-barred as summarized in Legal Conclusion 40, complainant has not established for Dowswell the amount of retirement allowance described in Legal Conclusion 2. Complainant likewise has not established Dowswell's re-retirement

allowance, as described in Legal Conclusion 4, and has not established whether Dowswell's re-retirement allowance on and after July 2, 2015, would have been greater or less than the retirement allowance he actually received between July 2, 2015, and March 31, 2025. Finally, even if it were less, the statute of limitations in Government Code section 20164, subdivision (b), would bar CalPERS from collecting reimbursement from Dowswell of any overpayment he received before April 2, 2022, three years before complainant first could have filed the Statement of Issues initiating this administrative proceeding.

43. The matters summarized in Legal Conclusions 41 and 42 show that CalPERS cannot use involuntary reinstatement under Government Code sections 21202 and 21220 to return Dowswell, CalPERS, and the City of Dixon to the same positions that they would have been in if Dowswell had voluntarily reinstated from retirement effective April 28, 2015, and had re-retired effective July 2, 2015, or if he had worked with RGS and the City of Dixon to ensure that his employment stayed within the statutory limits on post-retirement employment. (See Gov. Code, § 20160, subd. (e).)

44. Under the circumstances described in Legal Conclusion 43, Government Code section 20160, subdivision (e), permits CalPERS to correct errors and omissions "as of the time the correction actually takes place," rather than retroactively. Complainant has not proposed, however, to reinstate Dowswell effective as of any date after April 28, 2015. Further, any later reinstatement and re-retirement would fail to address the excessive post-retirement employment that constitutes the error in this matter. Because all effective remedies are time-barred, CalPERS may recover nothing from Dowswell or the City of Dixon.

BREEZE AND CITY OF ATASCADERO

45. CalPERS may recover nothing from Breeze or from the City of Atascadero because of any excessive post-retirement employment. CalPERS must reverse its efforts to impose any remedy on Breeze or the City of Atascadero, and restore them to the positions they would have been in if CalPERS staff members had not involuntarily reinstated Breeze from retirement.

Repayment of Retirement Allowances

46. As summarized in Finding 97, Breeze's common-law employment with the City of Atascadero ended November 6, 2014. The three-year limitations period in Government Code section 20164, subdivision (b), expired with respect to retirement allowances Breeze received during this post-retirement employment on or before November 6, 2017.

47. This date is long before complainant filed the statement of issues in fall 2020 relating to the nature of this employment. Moreover, and even if complainant's discovery that CalPERS had paid retirement allowances to Breeze during excessive post-retirement employment were the relevant starting date, complainant filed the first statement of issues demanding reimbursement in spring 2025, many more than three years after not only discovering the employment but filing a statement of issues in fall 2020 characterizing it as excessive (and refusing expressly to litigate the appropriate remedy). Whether or not CalPERS may retroactively reinstate and re-retire Breeze, recovery from him of any of these retirement allowances is time-barred.

Involuntary Reinstatement and Re-Retirement

48. As summarized in Findings 110 and 137, complainant has not established for Breeze or for the City of Atascadero the employee or employer contributions they should make for his post-retirement employment, as described in Legal Conclusion 3. CalPERS's authority to collect employee and employer contributions from Breeze and the City of Atascadero for his post-retirement employment expired on November 6, 2017. (Gov. Code, § 20164, subd. (b).) For the reasons stated in Legal Conclusion 47, whether or not CalPERS may retroactively reinstate and re-retire Breeze, recovery of these contributions from him or from the City of Atascadero is time-barred.

49. As summarized in Findings 101, 105, 106, 136, and 137, and even if recovery were not time-barred as summarized in Legal Conclusion 47, complainant has not established for Breeze the amount of retirement allowance described in Legal Conclusion 2. Complainant has not established Breeze's re-retirement allowance, as described in Legal Conclusion 4, and has not established whether Breeze's re-retirement allowance on and after November 7, 2014, would have been greater or less than the retirement allowance he actually received between November 7, 2014, and September 10, 2021. Finally, even if it were less, the three-year limitations period in Government Code section 20164, subdivision (b), expired with respect to the last such payment on September 10, 2024, well before complainant first could have filed the April 2, 2025, Statement of Issues initiating this administrative proceeding.

50. The matters summarized in Legal Conclusions 48 and 49 show that CalPERS cannot use involuntary reinstatement under Government Code sections 21202 and 21220 to return Breeze, CalPERS, and the City of Atascadero to the same positions that they would have been in if Breeze had voluntarily reinstated from retirement effective July 28, 2014, and had re-retired effective November 7, 2014, or if he had

worked with RGS and the City of Atascadero to ensure that his employment stayed within the statutory limits on post-retirement employment. (See Gov. Code, § 20160, subd. (e).)

51. Under the circumstances described in Legal Conclusion 50, Government Code section 20160, subdivision (e), permits CalPERS to correct errors and omissions “as of the time the correction actually takes place,” rather than retroactively. Complainant has not proposed, however, to reinstate Breeze effective as of any date after July 28, 2014. Further, any later reinstatement and re-retirement would fail to address the excessive post-retirement employment that constitutes the error in this matter. Because all effective remedies are time-barred, CalPERS may recover nothing from Breeze or the City of Atascadero.

Summary

52. Respondents Sandhu, Souza, Dowswell, and Breeze need not reimburse CalPERS for any retirement allowances received during periods of excessive post-retirement employment between 2011 and 2016.

53. Although the CalPERS decisions in Case Number 2020-0564 (Sandhu, City of Capitola, City of Alameda, Union City, and Town of Los Altos Hills), Case Number 2020-0565 (Souza, City of Hughson), Case Number 2020-0562 (Dowswell, City of Dixon), and Case Number 2020-0561 (Breeze, City of Atascadero) are final, these decisions do not establish that CalPERS must reinstate Sandhu, Souza, Dowswell, or Breeze to active CalPERS membership. Moreover, the decision in Case Number 2020-0564 does not conclusively establish all periods for which such reinstatement may be appropriate for respondent Sandhu.

54. Even if complainant had established in principle the availability and propriety of the remedies complainant seeks for Sandhu's, Souza's, Dowswell's, and Breeze's excessive post-retirement employment, complainant fails to establish that CalPERS staff members correctly calculated "overpayments, service credit, contributions, and health premium overpayments."

55. CalPERS staff members' actions to recover alleged overpayments from respondents Sandhu, Souza, Dowswell, and Breeze, and to modify Sandhu's, Souza's, and Dowswell's retirement allowances prospectively, were premature. Further, in light of the matters stated in Findings 17, 31, 38, 45, and 52 through 54, no legal authority supports these actions. CalPERS must reverse these actions.

ORDER

1. Within thirty days after the effective date of this decision, CalPERS must reverse all remedial or corrective actions its staff members have taken since December 22, 2021, with respect to respondent Tarlochan Sandhu's post-retirement employment with the City of Capitola, the City of Alameda, the Town of Los Altos Hills, and Union City. In particular, and without limitation, CalPERS must:

- Return Sandhu's monthly retirement allowance to the amount it would have been if he had retired effective September 10, 2011, and if CalPERS had never reinstated and re-retired him;
- Reimburse Sandhu for any difference between the amount of re-retirement allowances he has received since March 31, 2025, and the amount of retirement allowances he should have received;

- Cease any demands for reimbursement of retirement allowance overpayments;
- Cease any demands for employee contributions relating to Sandhu's post-retirement employment;
- Reimburse Sandhu for any costs he incurred to procure health insurance during periods when involuntary reinstatement had caused Sandhu's retiree health coverage to lapse; and
- Cease any demands for reimbursement of health premium underpayments.

2. Within thirty days after the effective date of this decision, CalPERS must reverse all remedial or corrective actions its staff members have taken since December 22, 2021, with respect to respondent Margaret M. Souza's post-retirement employment with the City of Hughson. In particular, and without limitation, CalPERS must:

- Return Souza's monthly retirement allowance to the amount it would have been if she had retired effective October 5, 2010, and if CalPERS had never reinstated and re-retired her;
- Reimburse Souza for any difference between the amount of re-retirement allowances she has received since March 31, 2025, and the amount of retirement allowances she should have received;
- Cease any demands for reimbursement of retirement allowance overpayments;

- Cease any demands for employer or employee contributions from the City of Hughson or Souza relating to Souza's post-retirement employment;
- Reimburse Souza for any costs she incurred to procure health insurance during periods when involuntary reinstatement had caused Souza's retiree health coverage to lapse;
- Cease any demands for reimbursement of health premium underpayments; and
- Reimburse Souza for any health premium overpayments she has made because of erroneous demands for reimbursement of premium underpayments.

3. Within thirty days after the effective date of this decision, CalPERS must reverse all remedial or corrective actions its staff members have taken since December 22, 2021, with respect to respondent David Dowswell's post-retirement employment with the City of Dixon. In particular, and without limitation, CalPERS must:

- Return Dowswell's monthly retirement allowance to the amount it would have been if he had retired effective September 30, 2011, and if CalPERS had never reinstated and re-retired him;
- Reimburse Dowswell for any difference between the amount of re-retirement allowances he has received since March 31, 2025, and the amount of retirement allowances he should have received;
- Cease any demands for reimbursement of retirement allowance overpayments; and

- Cease any demands for employer or employee contributions from the City of Dixon or Dowswell relating to Dowswell's post-retirement employment.

4. Within thirty days after the effective date of this decision, CalPERS must reverse all remedial or corrective actions its staff members have taken since December 22, 2021, with respect to respondent Douglas Breeze's post-retirement employment with the City of Atascadero. In particular, and without limitation, CalPERS must:

- Cease any demands for reimbursement of retirement allowance overpayments; and
- Cease any demands for employer or employee contributions from the City of Atascadero or Breeze relating to Breeze's post-retirement employment.

DATE: 01/23/2026



JULIET E. COX

Administrative Law Judge

Office of Administrative Hearings