

August 23, 2017

Current and Former LGS Employees

SUBJECT: CalPERS Audit and Appeal Process

This is a continuing follow-up to the various letters about the CalPERS audit and results. We again would like to keep you informed of the status of the CalPERS' decision and next steps.

A CalPERS letter with the final results of the audit, proposed reallocation decision, and steps for an appeal was sent out recently and you should have received it over the weekend. Please let us know if you did not receive that letter.

As LGS has previously indicated, our primary goal has always been and will remain the preserving of employees CalPERS service credit. We understand its importance to each of you and have consistently worked to ensure it is not lost. However, the audit process as well as the post-audit process has been especially confusing. CalPERS' lack of transparency about the process, next steps, or appropriate actions leaves LGS continually trying to anticipate what will happen. CalPERS has not been forthcoming, so consequently, we are left to take action without knowing if it is the right timing for such action. An example of this is LGS filed an appeal on behalf of all LGS employees. Apparently, as indicated in your letters, it is only when the final letters are distributed to employees, not the employer, that the appeal process start.

Of the 144 employees LGS has had during its 16 years in service, CalPERS is proposing to reallocate service for all except 12 former LGS employees. We continue to try to find appropriate agencies to reallocate service, be they counties, state agencies, or some other mechanism and will continue to do so through the appeal process.

At this time, LGS is preparing a representation letter for those 12 stranded employees so that we can join together in an appeal of the adverse determination of service. We want to take the appropriate steps to counter CalPERS' erroneous decision and actions so that affected individuals might preserve their service credit. You should receive this letter by the beginning of next week.

Although LGS is working on the reallocations, if those reallocations cannot be completed before the deadline to file an appeal, LGS will file an appeal on behalf the affected employee to ensure that no changes are made to service credit or benefits. We ask that you wait before doing anything until that information is available to you.

As indicated our attorneys are preparing the appeal letter which includes both the factual and legal bases for why the CalPERS rejection of service credit is erroneous. The appeal letter will also include a signature line for you to inform CalPERS that LGS' attorneys have your authority to represent you. We ask that if the letter is acceptable to you and if you want LGS' attorneys to represent you in your appeal, along with LGS, that you sign, date, and return the letter immediately. If the appeal letters are not submitted by the specified date in September, you will

waive your rights. Of course, you also have the option of retaining your own attorney for your appeal, or representing yourself. However, we assume that you will want to file an appeal in order to preserve your ability to protect your accrued service credit.

As always, we will continue to update you as key steps arise.

Sincerely,

A handwritten signature in black ink, appearing to read "R. H. Averett". The signature is written in a cursive, slightly slanted style.

Richard H. Averett, Executive Director