

June 23, 2017

LGS Employees and Former LGS Employees

SUBJECT: Additional Information about CalPERS Audit of Local Government Services

This is a follow-up to my May 30, 2017 letter.

As indicated to you in my May 10th and again in the May 30th letter, LGS continued to press CalPERS to negotiate a positive outcome to preserve all accumulated service credit for all LGS employees. While CalPERS indicated that they would work with us on the outcome, yesterday, LGS received a letter stating CalPERS' proposed resolution with copies of letters that were sent to you by CalPERS. You will likely receive the CalPERS letter in the next few days.

As indicated previously CalPERS has been unwilling in the past to discuss with LGS any steps that can be taken that will result in positive outcomes for all affected LGS individuals by either grandfathering in all accrued service credit or transferring the service credit to another CalPERS employer for any individual who has or is working for a CalPERS member. It appears that CalPERS is still unwilling. They prepared the letter and documents sent to LGS and to you without ever engaging LGS in a substantive discussion, despite their final decision directing us to contact program staff to work on a resolution.

Their actions continue to astound us, and will likely force LGS to file an appeal. Within the next couple of weeks, LGS will forward a copy of that appeal to you. In the meantime, we know as much as you do about these actions as CalPERS legal staff and program staff still appear to be unwilling to work with us. Because of their failure to communicate, LGS can only guess at what their next actions will be. *Please immediately forward to LGS any correspondence received from CalPERS.* This will ensure we have all the most-up-to-date information.

I, and the other LGS administrative staff and Board members, understand what a shock these developments are to each of you, as it is to us, particularly after many years of receiving no adverse comments from CalPERS as to LGS' employment model. Because we cannot get CalPERS to negotiate a reasonable outcome, we will need to appeal, and that process will take time over which LGS has no control.

Sincerely,



Richard H. Averett, Executive Director
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