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SEP 5 2017

Honorable John R. Hickman

BENDICH, STOBAUGH & STRONG, P.C.

**IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF PIERCE**

KEVIN DOLAN, and a class of similarly
situated individuals,

Plaintiffs,

v.

KING COUNTY, a political subdivision of
the State of Washington,

Defendant,

and

DEPARTMENT OF RETIREMENT SYSTEMS,

Intervenor.

NO. 06-2-04611-6

STIPULATED MOTION AND AGREED
ORDER CONCERNING NOTICE OF
CONTRIBUTION PAYMENT OPTIONS
TO CLASS MEMBERS

I. STIPULATION

The Court's October 28, 2015 Order provided that "class counsel's fee, \$12, 554,000, is paid from funds (contributions) held and owed by King County and is deducted from the common recovery for the class thereby reducing the class's pension benefits. The reduced benefits create an offset to or reduction from each class member's pension." The Court's August 28, 2015 Order provided that class members have the option of having their pensions reduced to account for the

1 service credit obtained in the *Dolan* case. For class members who choose not to have their
2 pensions reduced to account for the PERS contributions used to pay class counsel's common fund
3 fee, the Order of August 28, 2015, provided that they may pay DRS an amount equal to "their pro
4 rata share of the fees with cash now or time payments or by transferring funds from an existing
5 retirement account."

6 Following a December 11, 2015 Order setting the interest/discount rate for calculating
7 future repayment of class member contributions, Plaintiff class members and Department of
8 Retirement Systems (DRS) stipulated to an agreement governing payment of class counsel
9 attorney fees from state pension contributions and payment of those contribution amounts to the
10 Public Employees Retirement Systems (PERS) by class members.

11 On March 11, 2016, the Court ordered Plaintiffs and DRS to implement their agreement
12 according to its terms. One of the terms of the March 11, 2016 Order was that DRS send each
13 class member a notice of their option to pay the member's attorney fee in one payment (rather
14 than reducing the future pension payments) and the amount of that single payment. The March
15 11, 2016 Order provided that the form of the notice would be as agreed by Plaintiffs and DRS,
16 subject to approval by the Court.

17 Plaintiffs and DRS have agreed to a form of these documents that will provide the
18 required notice to class members, which are: 1) a cover letter, 2) a member invoice, 3) an
19 information sheet, 4) a payment option form, and 5) a notice to interim retirees. The documents to
20 which Plaintiffs and DRS have agreed are attached to this Stipulation and Motion as Exhibit A.

21 II. MOTION

22 Plaintiffs and DRS respectfully request the Court to approve the notice documents
23 attached to the stipulation and motion as Exhibit A.
24
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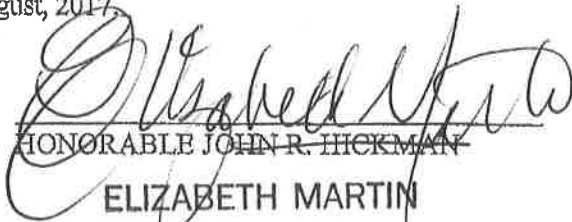
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III. ORDER

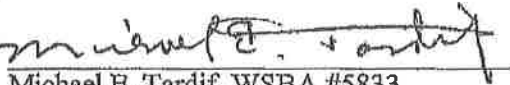
The court being fully advised, it is hereby:

ORDERED that the three notice documents attached to this stipulation, motion and order as Exhibit A are approved as provided in ¶ I.3 of the Court's March 11, 2016 Stipulation and agreed Order.

DATED this 22 day of August, 2017.


HONORABLE JOHN R. HICKMAN
ELIZABETH MARTIN
Presiding Judge

Presented by:
FREIMUND JACKSON & TARDIF, PLLC


Michael E. Tardif, WSBA #5833
Jeffrey A. O. Freimund, WSBA #17384
Attorneys for Washington State
Department of Retirement Systems



Stipulation Approved, Notice of Presentation Waived,
Approved for entry:

BENDICH STOBAUGH & STRONG, P.C,

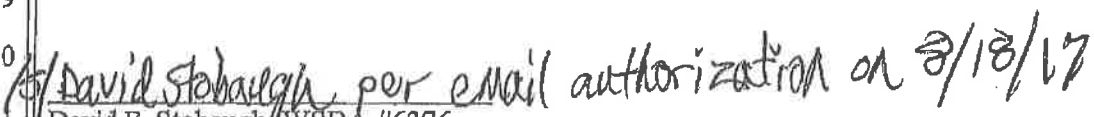

David F. Stobaugh, WSBA #6376
Stephen K. Strong, WSBA #6299
Attorneys for Plaintiff & the Class

EXHIBIT A

State of Washington
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 9018 - Olympia, Washington 98507-9018

MEMBER INVOICE

Month day, 2017

Name	SSN: XXX-XX-1234
Address	Sys/Plan: P2
City, WA zip	Invoice: 80000001

Dear Full Name:

You are a class member in the class action of *Dolan v. King County and Department of Retirement Systems*, Pierce County Superior Court Case No. 06-2-04611-6. As a result of the lawsuit, you received service credit in the Public Employees' Retirement System (PERS) for your eligible service while employed by a public defender organization between January 1, 1978, and March 31, 2012. As part of the Court's Order, the Department of Retirement Systems (DRS) is required to notify you of your portion of the total pension contributions owed.

This letter serves as your invoice. The contributions due are \$_____. Your options for payment of the invoiced amount are explained in the enclosed documents.

If, after reviewing the enclosed documents, you have any questions regarding this invoice, you may write to the address above; call Tonya Marney at 1-360-664-7213 or 1-800-547-6657; or email her at tonyam@drs.wa.gov. Please include your Social Security number, invoice number, and retirement system on all correspondence.

Sincerely,

TONYA MARNEY
RETIREMENT SPECIALIST



STATE OF WASHINGTON

DEPARTMENT OF RETIREMENT SYSTEMS

PO Box 48380 • Olympia, WA 98504-8380 • 360.664.7000 • 800.547.6657 • www.drs.wa.gov

Month day, 2017

Greetings,

As a class member in the *Dolan v. King County and Department of Retirement Systems* litigation, you received retroactive service credit in the Public Employees' Retirement System (PERS). This service credit will be used in the calculation of your PERS benefit at the time of retirement, consistent with the information in this mailing.

The Court ordered King County to pay the class members' attorney fees out of the pension contributions it otherwise would have paid to PERS on your behalf, creating a shortfall in pension contributions due to PERS. The Court established procedures through which class members would either pay their prorated share of the shortfall in pension contributions or receive a reduced retirement benefit based on the reduced contributions that were paid by the County. We are writing to provide you with information on the amount owed for your prorated share of contributions and your options for making payment.

Enclosed you will find a Member Invoice specifying your prorated share of the contributions; an Information Sheet that provides details on the four payment options that are available to you and background on the *Dolan* litigation; and a Payment Options Form that allows you to indicate which payment option you choose. You have 90 days from the date of this letter to make a payment choice. If DRS does not receive your form by _____ you will be defaulted to Payment Option 1, a reduction in your PERS pension at retirement.

Thank you for your attention to this communication. If you have any questions regarding your payment options, please contact Tonya Marney at 1-360-664-7036, toll free at 1-800-547-6657, or tonyam@drs.wa.gov.

Sincerely,

Seth Miller
Retirement Services Division, Assistant Director

SM: wdb

ENCLOSURES:

Member Invoice
Information Sheet
Payment Option Form
Rollover Authorization Form

INFORMATION SHEET

Dolan v. King County and Department of Retirement Systems
Pierce County Superior Court Case No. 06-2-04611-6

Month Day, 2017

You are a class member in the above-captioned class action lawsuit. As a result of the lawsuit, you received retroactive service credit in the Public Employees' Retirement System (PERS) for your employment by a public defender organization from January 1, 1978, through March 31, 2012. This service credit will be used in the calculation of your PERS benefit at retirement, consistent with the information in this mailing. On March 11, 2016, the Pierce County Superior Court ordered King County to pay the class members' attorney fees in the amount of \$12,554,000.00 from the employee portion of the contributions King County would have otherwise paid to PERS for the class members' retroactive PERS service credits.

The Court's order established procedures for class members to pay PERS for the unpaid portion of their employee contributions or else agree to receive a diminished PERS retirement benefit. Specifically, the Court ordered that

1. the Office of the State Actuary would determine (i) the total present value of the liability to the PERS fund created by the pensions achieved in the class action and (ii) the portion of that liability attributable to each individual class member;
 2. the individual liability attributable to each member would be divided by the total liability to determine each class member's percent of the total liability; and
 3. to determine each class member's pro rata share of the unpaid employee contributions, each class member's percent of the total liability would be multiplied by \$12,544,000.
- As used here, the term "liability" means the "cost" of a pension or all class pensions to PERS.

The enclosed invoice states your prorated share of the unpaid employee contributions. You have four options for responding to this invoice.

According to the terms of the Court's March 11, 2016, Order, you have until _____ to choose from one of four options:

1. You may choose to pay no additional contributions to PERS. In other words, you may choose not to pay any of the amount stated in the enclosed invoice. If you choose this option, at retirement your PERS pension benefit will be reduced. The percent by which your benefit will be reduced is the ratio of your *Dolan* service credit to your total service credit multiplied by 12.67 percent.
2. You may choose to make a lump sum payment of the full amount on the enclosed invoice. At retirement, you will receive a full, unreduced retirement benefit.
3. You may choose to make a lump sum payment of part of the amount stated in the enclosed invoice. At retirement, the portion of your retirement benefit that is attributable

to your *Dolan* service credit will be reduced between 0% and 12.67%, depending on the amount of contributions you pay.

4. You may choose an installment payment plan to pay some or all of the amount in the enclosed invoice, but only if you are currently employed with a PERS employer willing to make such an arrangement with you. You are responsible for making any such arrangements with your current PERS employer. At retirement, you will receive either a full benefit or a reduced benefit, depending on the total amount paid. The maximum payment period under this option is five years. Interest will accrue monthly at the rate of 0.625% per month (7.5% per year) on the unpaid balance.

If you choose to make a lump sum payment under either option (2) or option (3), the amount must be received by the Department of Retirement Systems (DRS) on or before _____. The amount may be paid either in cash or through rollover of funds from an eligible retirement plan, contingent on the source plans allowing for such rollover and consistent with IRS regulations. If you elect to roll over funds, the necessary Rollover Form is enclosed.

If your enclosed invoice is not paid in full, the portion of your benefit attributable to your *Dolan* service credit will be reduced at the time of retirement by a proportional amount of 12.67%, based on the ratio of the amount unpaid divided by the total of the invoice. For example, if your invoice amount was \$10,000 and you paid \$4,000, then at the time of retirement the benefit attributable to your *Dolan* service credit would be reduced by 7.6% ($12.67\% \times \$6000/\$10,000$).

All members must complete and return the enclosed Payment Options Form by _____. If DRS does not receive your Payment Options Form by this date, your retirement benefit will automatically be calculated under the default option, which is Option 1. Under that option, you will pay nothing; when you retire, your PERS pension will be reduced as explained earlier.

This notice to class members is required by the court's March 11, 2016, Order, and has been approved by the Court, the attorneys for the class members, and by DRS.

Payment Options Form

As a member of the *Dolan* class action lawsuit you have the choice of the following options with regard to the enclosed Member Invoice. Please choose one option by checking one box below and return no later than [DATE] to:

Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380

1. Pay no portion of the enclosed Member Invoice. At retirement your PERS pension benefit will be reduced. The percent by which your benefit will be reduced is the ratio of your *Dolan* service credit to your total PERS service credit multiplied by 12.67 percent.
2. Make a lump sum payment of the full amount stated in the enclosed Member Invoice. You must make this payment by [DATE]. You will receive an unreduced retirement benefit.
3. Make a partial lump sum payment of the amount stated in the enclosed Member Invoice. You must make this payment by [DATE]. If you choose this option, upon retirement, your benefit will be reduced. The percentage amount of the reduction will be the percentage of the invoice left unpaid times 12.67%. For example, if 60% of your Invoice is unpaid, your benefit will be reduced 7.6% (60% of 12.67%). The reduction applies only to that portion of your retirement benefit attributable to your *Dolan* service credit.
4. Arrange for an installment payment plan, ending up to five years from [DATE], provided you are still employed with a PERS employer willing to make such an arrangement. Interest will accrue monthly at the rate of 0.625% per month (7.5% per year) on the unpaid balance. If the installment payment plan is not completed, your pension will be reduced. The percentage amount of the reduction will be the percentage of the invoice left unpaid times 12.67%. For example, if 60% of your invoice is unpaid, your benefit will be reduced 7.6% (60% of 12.67%). The reduction applies only to that portion of your retirement benefit attributable to your *Dolan* service credit. This option is not available to a retired member of the *Dolan* class action lawsuit.

Name (please print)

Social Security Number

Signature

Date

ATTENTION RETIRED DOLAN CLASS MEMBERS

March 10, 2017

Greetings,

You are receiving this additional letter because you are a *Dolan* class member that the Court ordered to receive unreduced retirement benefits until the case was settled. Once the case was settled each class member was billed a specific amount owed. If you choose Option 1 or Option 3 on the enclosed Payment Options Form, there will be an additional cost to you to account for the payments you have received to date that have not been reduced. This additional cost will result in a further reduction being applied to your benefit. An example of how this additional cost is calculated is provided below.

EXAMPLE:

In this example, the benefit amount attributable to the *Dolan* service was \$1000/month, the full reduction of 12.67% was chosen (Option 1), the retiree is a 65 year old PERS Plan 2 member, and the member has received 48 unreduced payments. The original amount that should have been paid is \$873.30 (\$1000 reduced by 12.67%), a difference of \$126.70 per month. The overpayment amount is \$6081.60 (\$126.70 x 48)¹.

As stated, this amount may be paid (1) in full immediately, or (2) through a reduction in your future monthly benefit. Choosing an additional reduction to pay for the overpayment would result in an additional monthly pension reduction of \$36.86 per month (\$6,081.60 x 0.0060605²), resulting in a continuing monthly benefit of \$836.44 (\$1000.00 - \$126.70 - \$36.86).

If you pay the full amount of the enclosed Member Invoice, none of these reductions apply. If you have any questions, please contact Tonya Marney at 1-360-664-7306, toll free at 1-800-547-6657, or tonyam@drs.wa.gov. Thank you.

¹This example is for illustration purposes only. This example does not reflect reductions if COLAs have been applied.

²The Administrative Factors used for this calculation can be found at <http://www.drs.wa.gov/administration/administrative-factors/default.htm>