



● **Board of Directors**
Legal and Claims Committee

9/11/2018 Board Meeting

7-6

Subject

Adopt CEQA determination and authorize increase of \$100,000, to an amount not to exceed \$200,000, for contract for legal services with Hanson Bridgett LLP to provide legal tax and benefits advice on deferred compensation plans, other employee benefits, and CalPERS matters

Executive Summary and Details

The General Counsel entered into a contract with the law firm of Hanson Bridgett LLP (Hanson Bridgett), as Special Counsel, on November 1, 2017, for the amount of \$100,000 to provide Metropolitan with tax and benefits advice on Metropolitan's deferred compensation plans, other employee benefits, and CalPERS matters.

The firm has provided assistance with Metropolitan's transition to a new deferred compensation plan recordkeeper. The amount spent under the 2017 agreement is approaching the \$100,000 limit. This letter requests that the maximum amount payable for this agreement be increased by \$100,000 to an amount not to exceed \$200,000 so that Hanson Bridgett can continue to provide these legal services for Metropolitan.

Metropolitan has regularly retained special counsel for its deferred compensation plans. Hanson Bridgett has specialized expertise in the regulations pertaining to public agency deferred compensation programs. The firm provides tax and benefits advice to Metropolitan on an as-requested basis on matters such as plan distributions, deferral contributions, trustee fiduciary duties, and participant loans, among other issues, and provides legislative and regulatory updates on new laws, IRS rules, and U.S. Treasury regulations.

In spring 2018, Metropolitan selected a new recordkeeper and custodian for its deferred compensation plans. Under the current contract, Hanson Bridgett has assisted in the transition by reviewing and advising on the new administrative services and custodial agreement, and by developing updated 401(k) and 457(b) plans. In fall 2018, after the transition is complete, Hanson Bridgett will continue to provide advice on deferred compensation and related matters.

While the rate of expenditure is dependent upon the need for expert assistance, it is anticipated that the proposed increase will be adequate for up to two additional years.

Policy

Metropolitan Water District Administrative Code Section 6430: General Counsel's employment of attorneys to render special counsel services

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action involves fiscal decisions that will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In addition, the proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA

Guidelines) and other government fiscal activities, which do not involve any commitment to any specific project, or which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). Finally, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not defined as a project under Public Resources Code Section 21065 and State CEQA Guidelines Sections 15378(b)(2) and 15378(b)(4), and is not subject to CEQA pursuant to Section 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

Authorize the General Counsel to increase the amount payable under its agreement with Hanson Bridgett LLP by \$100,000 to an amount not to exceed \$200,000

Fiscal Impact: \$100,000 for the provision of the authorized legal services

Option #2

Do not authorize an increase in the maximum amount payable under this agreement with Hanson Bridgett LLP, effectively terminating this contract

Fiscal Impact: No known fiscal impact but Metropolitan will not have access to the expertise and assistance provided by this law firm

Staff Recommendation

Option # 1



 Marcia Scully
 General Counsel

9/4/2018

 Date