



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 14

MEETING DATE: May 19, 2021

SUBJECT: Tax Counsel Services Contract

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends the Board approve a new two-year contract with tax counsel Hanson Bridgett LLP in an amount not to exceed \$125,000 and authorize the Chief Executive Officer to execute any necessary documents.

PURPOSE

This item supports the Strategic Management Plan objective to promote responsible oversight by ensuring accuracy and protecting plan assets.

DISCUSSION

Because SCERS is a "tax-qualified plan," contributions paid to SCERS and income from SCERS' investment of plan assets are tax deferred. To maintain its tax qualification status, SCERS must comply with the federal Internal Revenue Code (IRC).

Hanson Bridgett LLP is SCERS' long-time tax counsel, providing tax law consultation and IRS representation services. Whenever SCERS is considering significant adjustments to its benefits-related policies and processes, staff consults with Hanson Bridgett to confirm IRC compliance.

SCERS' current contract with Hanson Bridgett commenced on August 1, 2019 and will expire on July 31, 2021. Because staff remains satisfied with Hanson Bridgett's legal services, it recommends that the Board approve a new contract to run from August 1, 2021 through July 31, 2023.

Staff further recommends that the new contract carry a not-to-exceed value of \$125,000. That budget is based on historical expenditures as well as an anticipated project to commence in 2022. With respect to historical expenditures, SCERS has paid a total of \$53,771 in fees to Hanson Bridgett for consultation services from August 1, 2019 through the present. Looking ahead to 2022, staff anticipates a tax-related project in connection with benefits corrections necessitated by the California Supreme Court's decision in *Alameda County Deputy Sheriff's Assoc. v. Alameda County Employees' Retirement Assn.*, 9 Cal.5th 1032 (2020).

Staff also anticipates that Hanson Bridgett will also be assisting SCERS with the investment manager standard of care “lookback” project previously discussed at the October 2020 and March 2021 meetings. However, such legal services would be performed by investment counsel – not tax counsel – and would be the subject of a separate contract.

These costs already have been incorporated into the Board-approved SCERS budget for fiscal year 2021-22.

Prepared by:

/S/

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Reviewed by:

/S/

Eric Stern
Chief Executive Officer