

# Deferred Compensation Plan BOARD REPORT 14-31

Date: July 15, 2014  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Funding for Second Year of Tax Counsel Contract  
with Steptoe & Johnson LLP

*Board of Deferred  
Compensation Administration  
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## Recommendation:

That the Board of Deferred Compensation Administration: a) approve funding for the second year of the contract with Steptoe & Johnson in the amount of \$10,000; b) recommend that the City Attorney take the necessary actions to amend the contract to provide for such additional funding; and c) direct that any unused balance from the current contract year be carried forward and available for use in the second contract year.

## Discussion:

At its March 19, 2013 meeting, the Board provided approval for the retention of Steptoe & Johnson LLP (Steptoe) for the provision of tax and regulatory advice, and further recommended to the City Council that it approve authorization for the Office of the City Attorney to negotiate and enter into a professional services agreement with the law firm. The contract went into effect on August 27, 2013, through the term ending August 26, 2016.

Unlike its other professional services contracts, the Board is not the contracting authority for Steptoe, as the City Attorney has sole authority under the City Charter to procure for and contract with those firms providing external legal counsel services. However, to the extent the Plan utilizes Steptoe, the Board has authorized payment for those services from the Plan's reserve fund.

When the Board initially discussed the retention of Steptoe, it approved a one-year funding amount of \$10,000. Consequently, the contract entered into between the City and Steptoe caps compensation and costs at \$10,000.

The Board's adopted Plan budget for 2014 includes an expenditure for outside legal counsel of \$10,000. As the first year of the term of the contract is nearing an end, the City Attorney's Office has requested that the Board take action to indicate that the Plan will provide funding for the second year of the contract term in order for Steptoe to continue providing legal services.

The cost for services rendered by Steptoe is approximately \$6,300 through April 2014. Steptoe has provided its expertise on various regulatory matters in regards to, among

other things, the Plan's loan program, auto enrollment and participant beneficiary issues, and also conducted a fiduciary training for the Board. Looking forward, staff anticipates that additional services will be needed to assist with Plan Document review and related regulatory and interpretive issues. Given this, staff recommends that the Board approve funding for the second year of the contract with Steptoe & Johnson in the amount of \$10,000; provide that any unused balance from the current contract year be carried forward and available for use in the second contract year; and request that the City Attorney take the necessary actions to amend the contract with Steptoe to provide for funding for the second year of the term.

Submitted by: \_\_\_\_\_  
Esther Chang

Approved by: \_\_\_\_\_  
Steven Montagna