THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

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

10/13/2026 Board Meeting

7-4

Subject

Authorize an increase of $100,000, to an amount not to exceed $700,000, for a contract for legal services with Hanson Bridgett LLP to provide legal advice on deferred compensation plans, other employee benefits, taxes, and CalPERS matters; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The General Counsel first entered into a contract with the law firm of Hanson Bridgett LLP, as special counsel, in 2017, for the amount of $100,000 to provide Metropolitan with advice on Metropolitan's deferred compensation plans and other employee benefits, taxes, and CalPERS matters. Since then, the firm has continuously provided proficient and capable advice in these areas commensurate with board-authorized contract increases in 2018, 2020, 2021, 2022, and 2025, bringing the current not-to-exceed amount to $600,000. Board approval will allow the firm's assistance to continue to advise on the standard range of deferred compensation and other employment law services, as specified. Staff's experience is that the workload remains constant and the current cost incurred is approximately $70,000 per year.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize an increase of $100,000, to an amount not to exceed $700,000, for a contract for legal services with Hanson Bridgett LLP to provide legal advice on deferred compensation plans, other employee benefits, taxes, and CalPERS matters.

Fiscal Impact: $100,000 for the provision of the authorized legal services
Business Analysis: Metropolitan will obtain specialized legal expertise for its deferred compensation plans.

Option #2

Do not authorize an increase in the maximum amount payable under this contract with Hanson Bridgett LLP.
Fiscal Impact: No known fiscal impact
Business Analysis: Metropolitan will not obtain specialized legal expertise for its deferred compensation plans.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 6200: Personnel Regulations

Metropolitan Water District Administrative Code Section 6430: General Counsel Powers and Duties

Metropolitan Water District Administrative Code Section 6810: Employee Deferred Compensation and Savings Plans

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action/Future Action

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it will not result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (State CEQA Guidelines Section 15378(a)).

CEQA determination for Option #2:

None required

Details and Background

Background

For many years, Metropolitan had regularly retained special counsel to provide Metropolitan legal advice on deferred compensation plans, employee benefits, taxation, and public pension funds. Metropolitan first entered into a contract in 2017 with the law firm of Hanson Bridgett LLP (the firm) in the amount of $100,000 to provide it with legal advice in these specialized areas of legal expertise. The firm has continued for several years since then to provide proficient and capable advice, as highlighted below:

- In 2018, Metropolitan selected a new record keeper and amended its deferred compensation plans. The firm assisted in these efforts, reviewing record keeper agreements and incorporating employee-requested plan changes.
- In 2019, Metropolitan again amended the plans, expanding plan features for participants and streamlining plan administration. The firm assisted in these efforts and advised on other issues: de minimis account forfeitures, plan rollovers, deferral contributions, and a managed account services agreement to offer participants online and personal account management advice.
- In 2020, with the firm's assistance, Metropolitan enhanced plan operations and participant convenience with automated loan payments, electronic signatures, and updated beneficiary designations procedures. The firm also advised on COVID-19 loans and qualified hardship distribution rules.
- In 2021 and 2022, the firm assisted Metropolitan to automate its required minimum distribution procedures, allow qualified birth and adoption distributions, and lower the 457(b) plan in-service distribution age limit to age 59½. The firm also advised on other issues: plan loan offsets, death benefits determinations, after-tax Roth deferrals, environmental and social governance funds, and more flexible partial distributions. Further, the firm clarified employer tax credits for family and sick leave coverage.
- In 2023 and 2024, Metropolitan restructured plan governance and formed an investment committee. It also implemented Roth deferral accounts and provided retirees with the option to consolidate plan accounts. The firm assisted in these matters and advised on other issues: adopting Secure Act 2.0 provisions, designating living trusts as beneficiaries, and applying plan expense account rules.

- In 2025 and 2026, the firm advised on proposed revisions to the plans and assisted to prepare revised plans, and advised on proposed changes to the composition and fiduciary management of target date funds, and provided advice on the tax treatment of certain housing benefits to employees.

Additionally, the firm routinely provides updates on new laws, IRS rules, and U.S. Treasury regulations.

In September 2018, March 2020, March 2021, December 2022, and March 2025, the Board authorized increases of $100,000 each for a current not-to-exceed amount of $600,000. Upcoming efforts will focus on the standard range of deferred compensation, employee benefits, tax, and CalPERS matters.

Staff requests authority to increase the maximum amount payable pursuant to this contract by $100,000 to an amount not to exceed $700,000 so that the firm may continue to assist Metropolitan with its deferred compensation plans and other employment law services, as specified herein.

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 one additional year.

9/24/2026

Marcia Scully
General Counsel

Date

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