

Date: January 21, 2026
To: Board of Retirement
From: Doris L. Rentschler, Executive Director
Subject: Tax Counsel Services

Recommended Action:

Provide direction to staff regarding tax counsel services. Options are listed below:

- Direct staff to negotiate with the Buchalter law firm for tax counsel services based on responses to the CERL system survey.

Alternate direction:

- Direct staff to issue a Request for Proposals for Tax Counsel Services.

Fiscal and Financial Impacts:

For FY 2025-2026, MCERA budgeted \$155,000 for legal services. The current budget amount is believed to be adequate, and no additional funds will need to be allocated. However, MCERA has not received an estimate of the number of billable hours anticipated. If the expected cost exceeds the current budget allocation, staff will bring a budget amendment to the Board. An allocation for tax counsel will be included in the FY 2026-2027 Budget proposal.

Strategic Plan Importance and Risk Assessment:

While not directly tied to the goals or objectives in the Strategic Plan, MCERA has tax related issues that arise periodically that would benefit from the specialized knowledge of tax counsel.

Background and Discussion:

MCERA has contracted with Hanson Bridgett for many years to provide tax counsel services, including advice related to the filing of the application to the IRS Voluntary Correction Program (VCP). The contract with Hanson Bridgett expired June 30, 2025 and was not renewed since the VCP was completed at that time and there were no tax related matters requiring attention.

Although provisions of federal legislation called SECURE 2.0 are already in effect, the deadline to amend the plan's model regulations is December 31, 2027. In addition to the model regulations, the documents that require updating to reflect provisions of SECURE 2.0 include, but are not limited to, the following:

- Error Correction Policy
- Special Tax Notice
- Disposition of Retirement Distributions Form

Staff and counsel surveyed other CERL systems regarding their satisfaction with the attorney servicing their account and current rates for their system's tax counsel. 19 responses were received and were split between three law firms: Ice Miller LLP (5), Hanson Bridgett LLP (7), and Buchalter (7). Tax services are a recent offering from Nossaman LLP. Only one of the 19 systems have utilized Nossaman for tax matters as an augment to their primary tax counsel.

Based on the level of satisfaction reported and competitive rates, staff would like direction to negotiate with Buchalter for tax counsel services.

MCERA's counsel supports the recommended direction and feels that there is value in having different tax counsel than fiduciary counsel.