

REPORT

DATE ISSUED: June 7, 2007 REPORT NO: HCR 07-51

ATTENTION: Chair and Members of the Housing Commission  
For the Agenda of June 15, 2007

SUBJECT: Pension Consultant Contract Amendment

REQUESTED ACTION:

Authorize the President and Chief Executive Officer (CEO) to amend the existing contract for pension consultant services with The Epler Company.

STAFF RECOMMENDATION:

Amend Section 103, of the Housing Commission's contract with The Epler Company to increase the rate of compensation from a not to exceed sum of Eighty Eight Thousand, Five Hundred Dollars (\$88,500) to One Hundred Fifty Three Thousand, Five Hundred Dollars (\$153,500). The approval of this amendment will ensure adequate funding for the specified three-year period of the contract.

BACKGROUND:

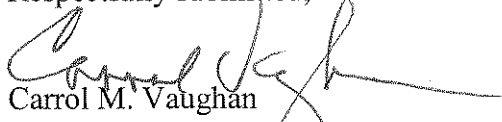
Historically, the Housing Commission has retained the services of a pension consultant to perform a wide range of services relating to the administration of our defined contribution pension plan and optional 457 plan. On June 20, 2006, the Housing Commission approved a three (3) year contract with The Epler Company effective July 1, 2006 to provide pension consultant services for an amount not to exceed Eighty Eight Thousand, Five Hundred Dollars (\$88,500). The original contract amount was based on anticipated activities The Epler Company would be doing on the Housing Commission's behalf. However, as Jane Barry, President of The Epler Company, began a review of the Housing Commission's pension plan documents, policies and procedures, it became evident more work would be required to perform the obligatory requirements related to pension administration than anticipated in the scope of services.

Since the inception of the contract, the Housing Commission has spent nearly Seventy Five Thousand Dollars (\$75,000) to ensure all plan documents and procedures are in full compliance with IRS requirements. Among the many activities completed include: the complete rewrite of the Housing Commission's defined contribution Money Purchase Plan and approved IRS filing; working with auditors to ensure the validity and timeliness of audits required by Federal and State law; negotiating with the State Controller's office on compliant filing of required tax forms; reviewing employee data to correct salary discrepancies; review of data to ensure compliance with maximum annual credits to

employee accounts as required by Federal law; reviewing numerous documents for applicability and completeness; and other services such as soliciting and acquiring a new pension audit firm and assisting with employee recruitment criteria.

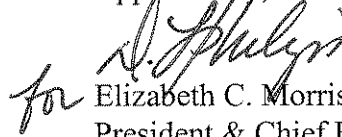
Costs for consulting services in the second and third year of the contract will be less than that of the first year as noted in the attached amendment. Necessary activities include a revision of the current Investment Administrative Policy to comply with Federal regulations and more a carefully defined role of and implementation plan for the Pension Investment Committee.

Respectfully submitted,



Carrol M. Vaughan  
Executive Vice President and  
Chief Operating Officer

Approved by,



for Elizabeth C. Morris

President & Chief Executive Officer

Attachment 1: Amendment to Contract

**ATTACHMENT I**

**SAN DIEGO HOUSING COMMISSION**

**AGREEMENT  
WITH**

**THE EPLER COMPANY  
AMENDMENT NO. 1**

The Agreement for services between the SAN DIEGO HOUSING COMMISSION and THE EPLER COMPANY effective July 1, 2006, (hereinafter referred to as "the Agreement"), is hereby amended as follows:

Section 103: Compensation, of the Agreement, the first sentence of paragraph 103 of page one is hereby deleted and the following is substituted in its place:

The total compensation for all services performed and/or materials and goods supplied pursuant to this Agreement shall not exceed the sum of One Hundred Fifty Three Thousand, Five Hundred Dollars (\$153,500).

**ATTACHMENT SECTION 103**  
**ADDITIONAL COMPENSATION TERMS**

Section 103. Compensation. (Continued from Page 1):

**STANDARD SERVICES**

Year 1	\$	65,000
Year 2		30,000
Year 3		17,500

**SPECIAL SERVICES**

Year 1	\$	23,500
Year 2		10,000
Year 3		7,500

**All other provisions of the agreement shall remain in full force and effect.**

SAN DIEGO HOUSING COMMISSION

THE EPLER COMPANY

By: \_\_\_\_\_  
Carrol M. Vaughan  
Executive Vice President &  
Chief Operating Officer

By: \_\_\_\_\_  
Jane Barry  
President & Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_