



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 15

MEETING DATE: August 15, 2018

SUBJECT: Legal Contract Renewal

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

RECOMMENDATION

Staff recommends that the Board authorize Staff to negotiate updated legal services contracts with Nossaman, LLP.

PURPOSE

This item supports the 2018-19 Strategic Management Plan to maintain transparency and demonstrate fiscal responsibility and stewardship. This item also supports Staff's continuing contract management project by renewing and amending legal services contracts to include fixed terms and fixed expenditure limits.

DISCUSSION

For the past several years, SCERS has retained Nossaman, LLP to handle a variety of legal issues. SCERS receives legal counsel from Nossaman for personnel issues, litigation, fiduciary, disability, investments, property management, and IT contracting. Currently, SCERS has four active contracts with Nossaman: Litigation, Employment, Disability, and Special Projects.¹ Historically, legal services contracts, including Nossaman, are evergreen contracts that have an annual limit not to exceed the CEO's delegated contracting authority.²

Over the past year, Staff has implemented an improved contract management system. These efforts have resulted in many long-term contracts being reviewed, updated, and amended. One area of focus is the inclusion of a fixed term and fixed expenditure limit for each contract. Including the fixed term ensures periodic review of each contract. Including a fixed expenditure

¹ SCERS also has two investment contracts; one for alternative investment contracts and one for management of SCERS' separate real estate accounts. The latter will be terminated upon the successful liquidation of the separate accounts.

² The exception of the four contracts would be the disability contract, which currently has a three-year term and \$300,000 annual limit.

limit also assists in the Sacramento County Department of Finance’s payment process. Staff request authorization to update the four active Nossaman contracts.

Over the past three fiscal years, SCERS has spent the following amounts on each of these contracts:

Nossaman Contracts	FY 2015-2016	FY 2016-2017	FY 2017-2018	Grand Total
Disability Retirement	260,920.20	295,815.76	251,006.39	807,742.35
Employment	54,442.92	5,149.40	39,342.50	98,934.82
Litigation	37,974.02	38,139.33	45,960.65	122,074.00
Special Projects		21,609.10	36,582.20	58,191.30
Grand Total	353,337.14	360,713.59	372,891.74	1,086,942.47

Based on this historical usage, Staff requests authority from the Board to negotiate three-year contracts with Nossaman not to exceed the following values:

Disability Retirement	Three years	Not To Exceed \$350,000/ year
Employment	Three years	Not To Exceed \$50,000/year
Litigation	Three years	Not To Exceed \$100,000/year
Special Projects	Three years	Not To Exceed \$50,000/year

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