



## ITEM 9

Executive Staff

Richard Stensrud  
Chief Executive Officer

Vacant  
Chief Investment Officer

Robert L. Gaumer  
General Counsel

Kathryn T. Regalia  
Chief Operations Officer

John W. Gobel, Sr.  
Chief Benefits Officer

**For Agenda of:  
August 17, 2016**

August 12, 2016

**TO:** President and Members  
Board of Retirement

**FROM:** Robert L. Gaumer  
General Counsel

**SUBJECT:** Amendment of Legal Services Agreement with Nossaman LLP

**Recommendation:**

**That the Board adopt the attached resolution authorizing the Amendment (extension) of the Legal Services Agreement with Nossaman LLP.**

**Background and Discussion:**

The Nossaman law firm (“Nossaman”) has provided legal services required for certain real property investments and in other real property matters to SCERS since 1998. The costs of such services are charged directly to the applicable real property investments – not as a cost of administration. The General Counsel is charged with overseeing Nossaman’s work under the agreement, and reviews its monthly invoices in that regard.

Nossaman has requested an extension of its agreement for 3 years, with an increase of approximately 5% in the hourly rates it will charge for such services (see attached Memorandum from David Kimport dated June 20, 2016). The present agreement ran through June 30, 2016.

Amendment of Legal Services Agreement with Nossaman LLP

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In the opinion of the General Counsel, the services provided by Nossaman continue to be very satisfactory and necessary and the proposed increase in hourly rates appear reasonable.

Respectfully submitted,

Concur:

Robert L. Gaumer  
General Counsel

Richard Stensrud  
Chief Executive Officer

Attachments



**TO:** Robert Gaumer  
**FROM:** David L. Kimport  
**DATE:** June 20, 2016  
**RE:** Request to Extend Agreement for Legal Services  
190782-0005

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The Nossaman firm respectfully requests an extension of our Legal Services Agreement for real estate investments and related services (the "Agreement") with the Sacramento County Employees' Retirement System ("SCERS"). It has been our privilege to work with SCERS since the inception of the Separate Account Investment Program for Real Estate which began in 1995. We have subsequently worked on all aspects of the Separate Account portfolio, including litigation, except for the acquisition of assets managed by PM Realty, which were carved out in 2000, and for most of the assets acquired and managed by Cornerstone (we have worked with Cornerstone on occasion). As separate, outside real estate counsel, unrelated to any of the investment advisors and working exclusively for SCERS, we believe we've had a direct, positive impact on SCERS' real estate portfolio over the years, avoiding legal pitfalls, minimizing adverse legal results, and protecting the interests of the System and its beneficiaries. Moreover, as independent counsel, we have acted as your inside observers and have made sure that matters of importance to SCERS were brought to your attention in a timely fashion.

Although not related to this particular Agreement, Nossaman has also been privileged to provide legal services to SCERS in other areas, including benefits and employment issues and litigation, and in alternative investments.

The current Agreement was entered into in 1998, and has been amended and extended several times. The contract has typically set a three-year term, and we ask for a similar term for this renewal.

We have reviewed the Agreement, as amended, and believe that it continues to work well for our services to SCERS. The only change we request is adjustment in our approved billing rates. The Agreement calls for Nossaman to use blended rates applicable to the level of professional providing service. These rates were last adjusted in 2013. Although the Agreement permits Nossaman to seek adjustment on an annual basis, Nossaman has typically sought adjustments less often. Since we are seeking a renewal at this time, it seems an appropriate time to ask for an adjustment. On considering our rates for SCERS, we note that based on the attorneys working on SCERS matters, we are able to minimize our request and only ask for an overall adjustment of approximately 5%, as set out in the chart below:

Memorandum to Robert Gaumer

June 20, 2016

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<u>Categories</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Partner	\$420	\$438
Junior Partner	\$370	\$387
Associate	\$325	\$335
Junior Associate	\$260	\$275
Paralegal	\$155	\$170

We respectfully request your approval of the extension of the contract for a term of three years with new rates as stated above (subject to periodic adjustment throughout the Term by agreement of the parties).

Please contact me if you need further information.

Best regards.



DLK/jmc

## AMENDMENT TO LEGAL SERVICES AGREEMENT

THIS AMENDMENT to Legal Services Agreement (“Amendment”) is entered into between the SACRAMENTO COUNTY EMPLOYEES’ RETIREMENT SYSTEM (“SCERS”) and NOSSAMAN LLP (“NOSSAMAN”).

Whereas, the parties entered into a Legal Services Agreement dated September 5, 1995 (the “Agreement”); and,

Whereas, the Agreement was previously amended in 1998, 2000, 2003, 2006, 2008, 2009, 2010 and 2013; and,

Whereas, the term of the Agreement as last amended was extended to June 30, 2016; and,

Whereas, the parties wish to further amend the Agreement to extend the term to June 30, 2019; and,

Whereas, the Agreement permits NOSSAMAN to request annual increases in such rates; and,

Whereas, the scope of services provided under the Agreement is presently limited to legal services with respect to investment in real estate, and SCERS may require legal services relating to other real estate matters; and,

Whereas, it is in the best interest of SCERS to further extend the term of the Agreement to June 30, 2019 with a reasonable increase in billing rates as provided in this Amendment;

NOW, THEREFORE, it is agreed as follows:

1. The term of the Agreement as set forth in Paragraph 10 of the Agreement, as amended, is hereby extended to and including June 30, 2019.
2. The description of legal services to be provided as set forth in Paragraph 1 of the Agreement shall be modified to read:

SCERS retains NOSSAMAN LLP to provide any and all necessary professional legal services relating to real property matters, including, but not limited to, investments in real estate.

3. The billing rates provided in Paragraph 5(b) of the Agreement shall be increased effective July 1, 2016, so that the following shall apply:

Partners:	\$438.00
Junior Partners:	\$387.00
Associates:	\$335.00
Junior Associates:	\$275.00
Paralegal:	\$170.00

4. Except as specifically provided herein, no amendment, modification, or change to the Agreement is intended or effected by this Amendment. As amended the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment to take effect as of July 1, 2016.

SACRAMENTO COUNTY EMPLOYEES'  
RETIREMENT SYSTEM

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

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

NOSSAMAN LLP

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

By: \_\_\_\_\_

David L. Kimport, Partner

**RESOLUTION NO. SCERS 2016-08**

**RESOLUTION OF THE BOARD OF RETIREMENT  
OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM TO  
APPROVE AMENDMENT TO LEGAL SERVICES AGREEMENT WITH NOSSAMAN LLP**

WHEREAS, Nossaman LLP ("Nossaman") has had an agreement ("Agreement") with the Sacramento County Employees' Retirement System ("SCERS") to provide legal services required for certain real property investments since 1998; and,

WHEREAS, the Agreement has been previously amended in 1998, 2000, 2003, 2006, 2008, 2009, 2010 and 2013; and,

WHEREAS, the Board has determined that it will be in the best interest of SCERS to extend the term of the Agreement, as previously amended, to and including June 30, 2019; and,

WHEREAS, the Board has also decided to expand the scope of services under the Agreement to include any matter relating to real property, not solely investments in real estate; and,

WHEREAS, the Board has considered the request by Nossaman that its hourly rates be increased, and has found that the proposed increases are fair and reasonable;

**THEREFORE, BE IT RESOLVED AND ORDERED** that this Board authorizes and directs the President or the Chief Executive Officer to execute an Amendment to the Agreement effective as of July 1, 2016 to extend the term of the Agreement to and including June 30, 2019, expand the scope of services to include any matter relating to real property, and increase the hourly rates as requested.

On motion made by Member \_\_\_\_\_, Seconded by Member \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Board of the Sacramento County Employees' Retirement System this 17th day of August, 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
President of the Board of the  
Sacramento County Employees'  
Retirement System

ATTEST:

\_\_\_\_\_  
Secretary of the Board of the  
Sacramento County Employees'  
Retirement System