



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Richard Doyle,
City Attorney

Board of Administration for
the Police & Fire Department
Retirement Plan

SUBJECT: Legal Services Agreement

DATE: 06-02-2008

RECOMMENDATION

Adoption of a resolution authorizing the City Attorney to execute the Third Amendment to the legal services agreement with Nossaman, Guthner, Knox & Elliott, LLP to increase the compensation by \$600,000 for a total not to exceed \$1,600,000.

OUTCOME

Increase the amount of the legal agreement with Nossaman, Guthner, Knox & Elliott, LLP by \$600,000, for a total not to exceed \$1,600,000.

BACKGROUND

The Police and Fire Department Retirement Plan ("the Plan") has used the services of outside real estate legal counsel since 1992. The Board hired Nossaman, Guthner, Knox & Elliott, LLP ("Nossaman") following a request for proposal that was conducted in 2003. The current agreement between Nossaman and the Plan was entered into on March 4th, 2004 for a maximum compensation of \$200,000. Effective November 1, 2005, the first amendment to the agreement increased the compensation by \$300,000 not to exceed \$500,000. Effective April 9, 2007, the second amendment to the agreement increased compensation by \$500,000 not to exceed \$1,000,000.

ANALYSIS

The maximum compensation in the current agreement has been nearly expended for services rendered by Nossaman through April 30, 2008. Staff anticipates that an additional \$600,000 will be needed to cover expenses through the fiscal year 2008-09. The increase in expenditures for real estate legal services is mainly due to both the increased acquisition activity as well as the complexity of the acquisitions, which required more outside local legal counsel. Those expenses will include, but not be limited to the following:

- ❖ General Operational Legal:
 - Preparation of property management and leasing agreements;
 - Handling legal matters pertaining to tenant delinquencies;
 - Attending subcommittee and Board meetings as required;
 - Any real estate legal consulting, as needed.

- ❖ Acquisitions/Dispositions:
 - Preparation and/or review of purchase and sale agreements;
 - Preparation and/or review of all closing and escrow documents;
 - Formulation of title holding company.

- ❖ Other Real Estate Legal:
 - Special real estate projects and research;
 - Unexpected real estate legal situations.

The Board of Administration for the Plan is expected to approve the third amendment to the agreement between Nossaman and the Plan at their June 5, 2008 meeting.

EVALUATION AND FOLLOW-UP

Resolution is for an increase to the agreement between Nossaman and the Plan. No follow-up action is required.

PUBLIC OUTREACH

Not applicable.

COST IMPLICATIONS

The expenses will be paid from the Police and Fire Retirement Fund. In accordance with the Mayor's Budget Strategy, this proposal meets the following General Principle:

HONORABLE MAYOR AND CITY COUNCIL

June 24, 2008

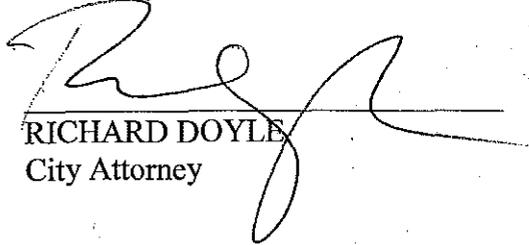
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- ❖ Continue to emphasize prevention and expenditures that reduce costs to the City and our community.

CEQA

Not a Project.



RICHARD DOYLE
City Attorney



RUSSELL U. CROSBY
Secretary, Board of Administration

For questions please contact Donna Busse, Investment Officer, Retirement Services at 392-6709.