

# Memorandum

**TO: Board of Administration for the  
Federated City Employees'  
Retirement System**

**FROM: John Flynn**

**SUBJECT: Legal Services Request For  
Proposal (RFP) Results - Fiduciary  
and General Counsel**

**DATE: April 17, 2025**

Approved

Date April 9, 2025

## **RECOMMENDATION**

Discussion and action on the results of the Request for Proposal ("RFP") for Legal Services - Fiduciary and General Counsel, including Board authorization for the Chief Executive Officer ("CEO") to negotiate and execute an agreement with Reed Smith LLP ("Reed Smith") for a term of 6 years for an amount not to exceed \$3,011,000, with four (4) one-year options to extend.

## **BACKGROUND**

Reed Smith LLP has served as the Board's Fiduciary and General Counsel since March 2012. Following the RFP process in 2020, the Board entered into a five-year agreement with Reed Smith for a not-to-exceed (NTE) amount of \$1,000,000, with a term ending June 30, 2025.

The table below summarizes expenditures under that contract for the past five fiscal years:

Fiscal Year	General Counsel	Hourly/Fiduciary	Total Expenses
7/1/19-6/30/20	\$103,125	\$40,945	\$144,070
7/1/20-6/30/21	\$124,200	\$8,910	\$133,110
7/1/21-6/30/22	\$117,271	\$243,614	\$360,885
7/1/22-6/30/23	\$120,791	\$245,383	\$366,174
7/1/23-6/30/24	\$124,410	\$400,508	\$524,918
<b>Total</b>	<b>\$589,797</b>	<b>\$939,360</b>	<b>\$1,529,157</b>
Average	\$117,959	\$187,872	\$305,831

In September 2023, the Board approved the first amendment to the agreement, increasing the NTE amount by \$600,000 to \$1.6 million. A second amendment was approved in January 2025, further increasing the NTE amount by \$180,000 to a total of \$1.78 million.

Reed Smith provides two categories of services under the current agreement:

- Legal services are billed at a fixed monthly rate, which includes 10 hours of legal services per month (in addition to attendance at 11 regular monthly Board meeting up to 5 hours, as well as agenda review), with a 3% annual increase.

- Additional legal services are billed at prevailing attorney rates, which range from \$636 to \$759 per hour for FY 2024–2025. These rates have increased by 3% annually under the current agreement.

In anticipation of the contract’s expiration on June 30, 2025, staff issued a new RFP for Legal Services, including Fiduciary and General Counsel, on December 20, 2024. Proposals were due January 24, 2025.

Three firms submitted proposals:

<b>RFP Response</b>	<b>Kutak Rock LLP</b>	<b>Nossaman LLP</b>	<b>Reed Smith LLP</b>
Fiduciary Counsel	X	X	X
General Counsel		X	X

## **ANALYSIS**

### **Scoring**

Proposals for Fiduciary Counsel were reviewed and scored by the Legal Services Joint Ad Hoc Committee (JAHC) and the CEO. General Counsel proposals were reviewed by the same group along with Senior Staff. Scores reflect the combined average across reviewers.

<b><u>Fiduciary Counsel Scores</u></b>		<b>COMBINED AVERAGE</b>		
<b>Description</b>	<b>Weight</b>	<b>Kutak Rock</b>	<b>Nossaman</b>	<b>Reed Smith</b>
Proposal Responsiveness	Pass/Fail	Pass	Pass	Pass
General Requirements	10	9.8	10.0	9.9
Experience and Qualifications	25	17.5	23.2	24.0
Project Approach	15	13.1	15.0	15.3
Technical Capabilities	20	12.5	18.8	19.5
Cost Proposal	20	20.0	14.0	12.6
Local Business Enterprise	5	-	-	-
Small Business Enterprise	5	-	-	-
	100	72.9	80.9	81.3

<b><u>General Counsel Scores</u></b>		<b>COMBINED AVERAGE</b>	
<b>Description</b>	<b>Weight</b>	<b>Nossaman</b>	<b>Reed Smith</b>
Proposal Responsiveness	Pass/Fail	Pass	Pass
General Requirements	10	9.8	8.8
Experience and Qualifications	25	23.0	24.5
Project Approach	15	14.0	13.5
Technical Capabilities	20	18.5	19.4
Cost Proposal	20	18.4	16.5
Local Business Enterprise	5	-	-
Small Business Enterprise	5	-	-
	100	83.6	82.7

### Evaluation and Recommendation

Based on the combined scoring results, Nossaman LLP and Reed Smith LLP were invited to interview for both Fiduciary and General Counsel services. While interviews were conducted simultaneously for both service areas, each was evaluated independently.

Interviews were held on March 13, 2025, with participation from the JAHC, the CEO, and Senior Staff. While Nossaman LLP was considered a strong second choice, the interview panel unanimously concluded that Reed Smith LLP demonstrated the strongest combination of experience, institutional knowledge, and understanding of the Board's needs.

Accordingly, the JAHC, with the concurrence of the CEO and staff, unanimously recommends the selection of Reed Smith LLP to provide both Fiduciary and General Counsel services to the Boards.

### Cost Proposal

The tables below summarize Reed Smith's cost proposal for the initial six-year term, excluding any costs associated with the four optional one-year extensions.

It is important to note the following concerning the cost estimates provided below:

- **Fixed Monthly Retainer:** Reed Smith will provide General Counsel services under a fixed monthly retainer. This includes attending 11 Board meetings per year, participating in agenda review meetings, and providing up to 10 hours of legal advice per month.
- **Hourly Services:** Legal services beyond the fixed retainer will be billed at government client discounted hourly rates, which vary by attorney and staff level.
- If selected for both General Counsel and Fiduciary Counsel services, Reed Smith would only charge the overlapping services covered by the fixed fee once under the Fiduciary Counsel contract services.

During the interview, Reed Smith highlighted a potential transition to an in-house General Counsel model, which they fully support. In their proposal, they noted:

“We believe that the creation of an independent inhouse General Counsel position at the Office of Retirement Services would be appropriate for the two Retirement Plans, and we would like to help structure and transition work to that position if created. Our scope of work and estimates for hours would decrease if that ... position came to fruition.”

Reed Smith outlined a three-year transition plan during the interview, during which their role would gradually shift in scope to accommodate the integration of an internal General Counsel, should the Boards and City support such a move. If this transition occurs, cost adjustments in the latter years of the contract will be addressed through the annual budgeting process.

<b>Fiduciary Counsel Services</b>									
ITEM #	SPECIFIC SERVICES		Not to Exceed (NTE)						
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
1	Fixed Fee Monthly Retainer (Fiduciary counsel)		\$14,000/month per client	\$14,420/month per client	\$14,855/month per client	\$15,300/month per client	\$15,760/month per client	\$16,235/month per client	\$1,086,840 per client for Years 1-6.
2	Fixed Fee Agenda Review (Fiduciary counsel)		See comment						0
3	Fixed Fee Attendance at 11 Board Meetings (Fiduciary counsel)		See comment						0
4	Fixed Fee 10 Hours of Legal Advice as Requested (Fiduciary counsel)		See comment						0
ITEM #4	CLASS OF PERSONNEL		Standard Hourly Rates						
		Estimated Hours	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
5	Partner	150 hours/ year (per client)	\$783/hour	\$806/hour	\$830/hour	\$855/hour	\$881/hour	\$907/hour	\$759,521 per client for Years 1-6.
6	Counsel/ Senior Associate (7+ years of experience)	100 hours/ year (per client)	\$721/hour	\$743/hour	\$765/hour	\$788/hour	\$811/hour	\$836/hour	\$466,372 per client for Years 1-6.
7	Mid-level (4-6 years of experience)/ Junior Associate (0-3 years of experience)	150 hours/ year (per client)	\$659/hour	\$679/hour	\$699/hour	\$720/hour	\$742/hour	\$764/hour	\$639,596 per client for Years 1-6.
8	Paralegal	30 hours/ year (per client)	\$300/hour	\$309/hour	\$318/hour	\$328/hour	\$338/hour	\$348/hour	\$58,216 per client for Years 1-6.
TOTAL BASE BID (Initial Term Cost of Ownership)									\$3,010,545 per client for Years 1-6.

<b>General Counsel Services</b>									
ITEM #	SPECIFIC SERVICES		Not to Exceed (NTE)						
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
1	Fixed Fee Monthly Retainer (General counsel)		\$14,000/month per client	\$14,420/month per client	\$14,855/month per client	\$15,300/month per client	\$15,760/month per client	\$16,235/month per client	\$1,086,840 per client for Years 1-6.
2	Fixed Fee Agenda Review (General counsel)		See comment						0
3	Fixed Fee Attendance at 11 Board Meetings (General counsel)		See comment						0
4	Fixed Fee Board Meeting Minutes (General counsel)		See comment						0
ITEM #4	CLASS OF PERSONNEL		Standard Hourly Rates						
		Estimated Hours	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
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TOTAL BASE BID (Initial Term Cost of Ownership)									\$3,010,545 per client for Years 1-6.

### Contract Not to Exceed Amount

Staff recommends a total not-to-exceed amount of \$3,011,000 for the six-year contract with Reed Smith LLP. This estimate is based on projected hours and rates for the scope of services proposed across both Fiduciary and General Counsel roles.

Should the Boards decide to pursue the creation of an in-house General Counsel position, and if supported by the City, any resulting changes to Reed Smith's scope of work and associated costs will be addressed as part of the regular annual budgeting process.

## **CONCLUSION**

After a comprehensive RFP process—including a review of written proposals, scoring by the Joint Ad Hoc Committee, CEO, and staff, and interviews with the top firms—the evaluation team unanimously concluded that Reed Smith LLP is the best-qualified firm to serve as both Fiduciary and General Counsel for the Boards.

Staff recommends that the Board authorize the Chief Executive Officer to negotiate and execute a six-year agreement with Reed Smith LLP for legal services, in an amount not to exceed \$3,011,000, with four (4) one-year options to extend the agreement.

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John Flynn  
Chief Executive Officer