

**REQUEST FOR PROPOSALS ("RFP")  
FOR  
SECURITIES FRAUD MONITORING AND/OR LITIGATION COUNSEL**

To: Interested Firms

From: Richard R. Frank, Secretary, Board of Trustees

Date of Issue: July 26, 2011

Re: Securities Litigation Counsel

Date of Closing: August 22, 2011

**I. General Information**

The Employees Retirement System of the City of St. Louis (the "System") is requesting proposals from qualified law firms to monitor the System's investment assets and issue reports regarding whether or not it would be in the System's best interests to: 1) seek lead plaintiff status in class action litigation relating to securities fraud, 2) opt out of such class actions and pursue independent litigation, or 3) remain in the class and participate in any recovery or settlement.

**II. Scope of Work**

The System is seeking proposals from firms that would provide the following services:

1. Monitor the System's investment assets for any losses that may have occurred as a result of a violation or potential violation of federal and state securities laws or a breach of any duty owed the System. As part of this process, your firm would be required to make the System's Board of Trustees ("Board") aware of any and all such losses on a timely basis (so as to enable the Board at a regular monthly meeting to determine whether or not it wanted to opt out of any class action in order to bring an independent action against the alleged wrongdoer). Along with the report of losses you would be required to provide a report to the Board regarding the advisability of seeking damages or compensation for such losses, as well as the chances of success and potential expenses of litigation.
2. Identify potential litigation and represent the System as either the sole lead plaintiff or in a consortium of lead plaintiffs.
3. Identify potential litigation and represent the System when appropriate in opting out of a class action case filed under the Private Securities Litigation Reform Act of 1995, as amended and may be amended from time to time (PSLRA)
4. Provide a report and advice to the Board on when to object to any proposed settlement of a class action filed under the PSLRA and file such objection and at the request of the System represent the System.
5. Identify and provide advice regarding any settlement or fund the System may be eligible to obtain the recovery of any losses due to alleged or proven breach of federal or state securities law(s). (Please also indicate whether or not your firm

files claims on behalf of clients for participation in such settlements or funds and the cost for such services, if any.)

### **III. Proposal Content**

The System requests the following information:

1. A description of your firm's experience in securities litigation and opt-out litigation.
2. A fee proposal for each of the requested services described in Section II of this RFP. With regard to litigation services, we invite suggestions for a progressive fee structure that rewards securities litigation counsel for success in pursuing damage recovery and that encourages prompt resolution of the matter, discourages unnecessary discovery and motion practice, and avoids situations where counsel could obtain a small settlement on behalf of the System that provides disproportionately high fees.
3. With regard to monitoring, please:
  - A) List the name, address, telephone number of the firm making the proposal;
  - B) List the name, address, telephone number, facsimile number and email address of the person with the firm to serve as the contact person in reference to the proposal;
  - C) Provide a brief history of the firm including year of origination, number of attorneys, number of other support personnel, office locations, and any anticipated changes of ownership;
  - D) Describe the extent of your firm's securities monitoring services, including the number of years providing such service;
  - E) Describe other services offered by the firm;
  - F) Describe the number of persons dedicated to securities monitoring services (as opposed to litigation services);
  - G) Provide the name, home office location and resume of person(s) with the firm who will be directly responsible for System monitoring services and a explanation of such person's work or case load;
  - H) Describe of any fees or costs to the System;
  - I) Indicate your firm's extent of involvement in public/governmental pension fund arena, including involvement in public/governmental public pension fund professional organizations;
  - J) Describe your firm's specialties, strengths and limitations, and any plans to address limitations with regard to securities monitoring;
  - K) Describe how your firm would identify potential class action litigation suitable for the System to act as sole lead plaintiff or in a consortium of lead plaintiffs;
  - L) Describe how your firm would identify potential class action litigation for the System to opt out of for purposes of filing an individual action on behalf of the System;
  - M) Describe how you would envision the roles of the System's custodian, investment consultant and investment manager(s) in the process;

- N) Describe how you would envision the role of the System's staff in the process;
- O) Describe your process for assuring that the System files timely claims through your firm and/or the System's custodian when it participates in class action recoveries or settlements (not as lead plaintiff);
- P) Provide a list of public pension funds for which your firm currently provide monitoring services, the total investment assets of such fund, and the number of lead plaintiff application filed by your firm on behalf of such funds;
- Q) Describe the reporting process to the System's staff and the Board; and
- R) Indicate whether or not your firm files claims for participation in class action settlements or funds on behalf of clients and describe the cost for such services, if any.

4. With regard to litigation, please:

- A) List the name, address, telephone number of the firm making the proposal;
- B) List the name, address, telephone number, facsimile number and email address of the person with the firm to serve as the contact person in reference to the proposal;
- C) Provide a brief history of the firm including year of origination, number of attorneys, number of other support personnel, office locations, and any anticipated changes of ownership;
- D) Describe your firm's experience providing securities fraud litigation services, including the number of years your firm has dedicated at least 50% of the firm's activities to securities fraud litigation;
- E) Description of other legal services offered by the firm;
- F) Provide the number of attorneys dedicated exclusively to securities litigation matters (please exclude attorneys used to solicit clients that do not appear in court to represent clients);
- G) List the name, home office location and resume of person(s) with the firm who will be directly responsible for System litigation and a explanation of such person's work or case load;
- H) Describe any fees or costs to the System;
- I) Set out the extent of your firm's level of involvement and experience in public/governmental pension fund arena, including involvement in public/governmental public pension fund professional organizations;
- J) Describe your firm's specialties, uniqueness, strengths and limitations, and any plans to address limitations;
- K) Describe the application process to seek lead plaintiff status in the event the System would be the single lead plaintiff or in a consortium of lead plaintiffs.
- L) Describe the process to opt out of a class action case.
- M) Describe your firm's method for damage analysis and recovery projections for class action cases and opt out cases.

- N) Describe suggested reporting arrangements to the System's staff and Board for supervision of counsel during litigation and as lead plaintiff or under opt-out litigation.
- O) Provide confirmation that your firm would cover all litigation costs including any bonds required by the court and potential Rule 11 liability.
- P) Describe proposed fee arrangements base on the size of projected damages and confirmation that all fee arrangements would be subject to final approval by the Board.
- Q) Identify whether or not the firm has malpractice insurance coverage, the current carrier and your firm's current coverage limits.
- R) Disclose whether or not your firm or any member of your firm has any pending or record of disciplinary action or court sanctions issued against it, him or her. If disclosure of any such action is made, please provide a complete copy of any records pertaining to same.

The System may hire one or more firms to handle all or a part of the requested services. Therefore, a firm that can only provide part of the requested services will not be automatically disqualified from consideration.

#### **IV. Responses**

To be considered, your firm's proposal must be received by no later than 3:00 pm (Central Time) on August 22, 2011. All proposals properly received will be opened at this time. Please provide twelve (12) copies of all materials and an electronic copy in PDF format on a CD.

Proposals concerning this request for proposals should be addressed to:

Richard R. Frank  
Secretary, Board of Trustees  
Employees Retirement System of the City of St. Louis  
1114 Market Street, Room 900  
St. Louis, Missouri 63101  
(314) 622-3560

Questions about this request for proposals should be directed by email to Scott Harper, Legal Counsel, Employees Retirement System of the City of St. Louis at [harpers@stlouiscity.com](mailto:harpers@stlouiscity.com). Responses to questions from potential responders along with the questions submitted will be sent all firms that have expressed an interest and provided all requested contact information, including an email address. To assure timely distribution of information to all bidders, questions must be submitted no later than August 9, 2011.

Any previously received information or proposals should be considered to have been rejected by the Board, and any firm or person interested in providing the services described herein must resubmit any prior proposal furnished to the System.

In the event the System receives more than one proposal from any firm, the Board shall request the firm review the proposals and advise the System as to the one proposal it wishes the System to consider. Should the firm not advise the System in a timely manner which proposal to consider, all proposals from the firm or person will be rejected.

The System reserves the right, where it may serve the System's best interests, as determined solely by the Board, to request additional information or clarifications from law firms that submit proposals or to allow corrections of errors or omissions. The System also reserves the right to reject any or all proposals submitted and to refuse to permit the correction of any error or omission or the consideration of any additional information or clarification.

Proposals must be signed by a principal of the firm and indicate that he or she has the authority to bind the firm.

Please note that the System will not be responsible for any fees or costs associated incurred by any person or firm with regard to this RFP. The System will also not be responsible for fees or costs prior to acceptance of a proposal pursuant to the execution of a written retention agreement. If you or your firm submits a proposal, you may be contacted regarding a presentation(s) required under this RFP by firm personnel who would be responsible for leading any litigation and/or securities monitoring and the person who would be responsible for the relationship with the System. Such presentation(s) would be required to be made in person at the System's offices or such other place designated by the System in the City of St. Louis, Missouri at your or the firm's sole expense.

#### **V. Selection Criteria**

- a. Complete Responses to RFP;
- b. Compliance with RFP requirements;
- c. Ability to meet service and contract requirements;
- d. Experience in providing similar services to other clients;
- e. Qualifications and experience of individuals to be assigned to the engagement;
- f. Quality of written proposal;
- g. Quality of oral presentation, if any;
- h. Service cost;
- i. Extent of services provided;
- j. Public pension fund experience; and
- k. Smaller scale public pension fund experience.

It is anticipated that the selection of a firm(s) would be completed not later than October 1, 2011. **ANY CONTACT WITH SYSTEM PERSONNEL OR A BOARD MEMBER REGARDING THE REQUEST FOR PROPOSALS OTHER THAN THE CONTACT LISTED HEREIN (WITH THE EXCEPTION OF A SYSTEM INITIATED INTERVIEW OR PRESENTATION REQUIRED UNDER THIS**

**PROPOSAL OR IN CONNECTION WITH A PRESENTATION TO ANOTHER PUBLIC PENSION BOARD ON WHICH A SYSTEM BOARD MEMBER SERVES) SHALL BE GROUNDS FOR ELIMINATION OF THE FIRM AND/OR INDIVIDUAL FROM THE SELECTION PROCESS.**

**VI. System Overview**

The System was created by City of St. Louis ordinance (currently codified as Chapter 4.16 of the Revised Code of the City of St. Louis) pursuant to Article VI, Section 25 of the Missouri Constitution and Section 95.540 of the Missouri Revised Statutes. The System operates under the direction and control of a six (6) member board of trustees. The Board is responsible for overseeing the administration of the System's retirement plan. The day to day management of the System is delegated to the Secretary of the System, who by ordinance is the Director of Personnel for the City of St. Louis. The System is a 401(a) qualified governmental plan and changes to benefit structure require legislative action. The System's master custodian is State Street Bank and Trust Company. The System's most recent Report of Secretary, audited financial statements, actuary report and other documents are available at <http://stlouis-mo.gov/government/departments/employee-retirement/Publications-and-Documents.cfm>

**VII. Final Selection**

Selected firms will be invited to make presentations to the Board. Following such presentations, the Board may select a firm or firms to provide all or part of the requested services.

Following notification of the firm(s) selected, it is expected that a contract or contracts will be executed between the System and the firm(s) after approval of the contract terms by the Board.

**VIII. Contract Requirements**

Contracts will be expected to comply with the following:

- a. The firm shall be enrolled and participate in a federal work authorization program with respect to the employees working in connection with the contracted services and shall not knowingly employ any person who is an unauthorized alien in connection with the contracted work.
- b. The System may require representations and warranties that the firm(s) has not made any political contribution with the intent of influencing a decision of the Board regarding the purchasing, hiring or firing of the firm(s) being contracted. (Disclosures of any political contributions to a City of St. Louis elected official or any gifts, meals or entertainment provided to any member of the Board or System's staff within the last 12 months should be included in any proposal submitted. See Section IX.)
- c. Proof that the firm is current with respect to all City of St. Louis taxes and licenses prior to contract execution.
- d. In carrying out its fiduciary duties to prudently invest and manage the assets of the System, the Board has delegated to its Master Custodian the

duty to file any claim (except those pursued independently or where the System has made an application for lead plaintiff status) for participation in any settlement for any losses that may have occurred as a result of a violation of federal and state securities laws or of any duty owed the System. Firm(s) hired pursuant to this RFP shall monitor the System's investment assets, report to the System's staff any losses that have or may have occurred as a result of a violation or potential violation of federal and state securities laws or a breach of any duty owed the System. Staff shall forward said reports to the System's Master Custodian. Said firm shall timely make System's staff and Board aware of any losses that may have occurred as a result of a violation or potential violation of federal and state securities laws or a breach of any duty owed the System where the firm(s) believes it is in the System's best interests to seek lead plaintiff status or opt out of any pending litigation by producing a report for the Board regarding the advisability of seeking damages or compensation for such losses, the chances of success, and the potential expenses of litigation (which shall include an estimate of System staff time lost to the prosecution of such action). Said report shall be timely forwarded to the System's staff for placement on the Board's agenda. The System's staff shall comment on whether or not staff concurs with the recommendation of the firm(s).

Any decision by the Board to seek compensation, including the decision of whether or not to seek lead plaintiff status, in suits brought pursuant to the PSLRA, shall be based solely on the best interests of the System.

#### **IX. Additional Response Requirements**

All firms must state that they do not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. All firms must also state compliance with the American Disability Act and Patriot Act.

#### **X. Disclosure Requirements**

Firms responding to this RFP are required to disclose the following information in any proposal submitted in response to this RFP:

- a. Any political contributions to a City of St. Louis elected official by the firm, members of the firm or employees of the firm since January 1, 2006;
- b. Any gifts, meals or entertainment provided to any member of the Board or System's staff by the firm, members of the firm or employees of the firm within the last 12 months; and/or
- c. Any business or financial relationships between your firm and any of the following entities:
  - i. Any current or former member of the Board (including the member's parents, spouse, children, brothers and/or sisters);
  - ii. Any current or former System staff member (including the member's parents, spouse, children, brothers and/or sisters);

- iii. Any public official of the City of St. Louis since January 1, 2006; and/or
- iv. Any law firm in the state of Missouri that your firm has a relationship with or a potential relationship with, if your firm is retained in connection with representing the System in securities litigation matters.

Any disclosure should provide a detailed explanation of the nature of the relationship, the time period of the relationship, the name(s) of the person(s) at your firm who were (or are) involved in the relationship.