

**PENSION BOARD POLICIES
FIREFIGHTERS & POLICE OFFICERS
PENSION FUND OF THE CITY OF TAMPA**

Policy Number: 703
Policy: Securities Litigation Policy
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Ref: Board Minutes

POLICY

1. **PRINCIPLES:** The Board of Trustees manages the assets entrusted to it “in accordance with the prudent expert principle,” which requires that the Board act “with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character and with like aims.”

Claims under state and federal securities laws arising out of losses on securities under the Board’s management are assets subject to the Board’s fiduciary duty of prudent management. Accordingly, the Board should take reasonable steps to identify and recover on such claims. Such steps may include:

- a. Participating as passive class member in class actions brought by others, and filing a proof of claim when action is settled/resolved.
- b. Enhanced participation as class member in class actions brought and led by others, by considering objections or comments on settlements.
- c. Active participation in class action litigation, including serving as a “lead plaintiff” or “co-lead plaintiff” pursuant to the Private Securities Litigation Reform Act.
- d. Separate litigation on behalf of the Board.

The Board will delegate to qualified service providers the responsibility to take steps to identify, analyze, pursue, and collect upon securities law claims. The duties of each service provider shall be clearly articulated as a matter of contract and the Board shall adopt prudent, documented procedures to monitor the implementation of its policies.

All securities litigation monitoring firms shall be nationally recognized based on both experience and demonstrated success in the area of securities litigation on behalf of institutional investors in general, and public pension funds in particular. All securities firms must have the demonstrated financial security to adequately fund the cost of litigation.

2. **POLICY:** The Board shall take reasonable, cost-effective steps to identify, pursue and collect upon claims under state and federal securities laws for losses suffered by the Board on its investments because of alleged or proven violations of securities laws.

A proof of claim should be filed on behalf of the Board in connection with every securities class action litigation settlement or judgment in which the Board is a member of the plaintiff class.

Because pursuing securities litigation as an active plaintiff, either by separate lawsuit or by serving as a lead plaintiff in a class action, imposes on the Board a separate fiduciary responsibility to other class members (in the case of lead plaintiff status), administrative, legal and other burdens and possibly out-of-pocket expense, the Board will not consider separate litigation or lead plaintiff status with respect to any claim unless the losses suffered with respect to the particular securities are at least \$500,000. When losses exceed that amount, the Board may commence separate litigation or apply for lead or co-lead plaintiff status, after receiving advice from the Board's General Counsel that it is in the best interest of the Board to do so. The criteria to be considered in deciding whether to commence separate litigation or apply for lead plaintiff status are set forth in Attachment 1.

If the Board has suffered losses of \$500,000 or more and the Board is not pursuing separate litigation or acting as lead or co-lead plaintiff in a class action, the Board may play an enhanced role, which may include review of the terms of any settlement, including applications for legal fees, to determine if the Board should file a comment or objection with respect to the settlement, or opt out of the class. The criteria for deciding whether to opt out are in Attachment 1. The Board is authorized to direct the filing of a comment or objection.

The Board will act only as a passive class member with respect to any claim in which the losses suffered are less than \$500,000. Proofs of claim will be filed on behalf of the Board upon a settlement or final judgment awarding damages in relevant class actions.

While it is understood that filing deadlines apply in many cases, the decision to initiate litigation or seek lead or co-lead plaintiff status in any class action discussed in this policy will require Board approval. Monitoring Firms are therefore encouraged to forward such recommendations to the Board as soon as possible.

The Plan Administrator, General Counsel, and the Board's Investment Manager(s) shall receive reports from the Monitoring Legal Firms regarding the status of all securities class action litigation matters in which the Board is or could be a member and upon each filing of proofs of claim.

When the General Counsel and multiple Monitoring Firms recommend commencing litigation or seeking a lead or co-lead plaintiff designation, the Board will select the Firm to act as special counsel for the case. At the request of the Board, Chairman, Plan Administrator or General Counsel, the Monitoring Firms may be asked to provide a presentation to the Board to outline details such as their proposed litigation teams, experience in related cases and the specific judicial District, special conditions regarding the case, and any other aspects that the Monitoring Firms feel are appropriate. These presentations should not exceed 15 minutes.

3. **ROLES AND AUTHORITY:**

- 1) Board Role and Authority:
 - a) Review reports regarding securities litigation matters.
 - b) Periodically review and, as appropriate, modify this Policy.

- c) Establish, periodically review and, as appropriate, modify Protocols for implementation of this Policy.
 - d) Select securities class action “Monitoring Firms” to identify and evaluate potential claims and oversee the process for selecting such firm. The selection of new Monitoring Firms requires Board approval.
 - e) Approve, modify or terminate agreements with service providers responsible for implementation of this Policy.
- 2) Plan Administrator and Chairman Joint Role and Authority:
- a) Authorize commencement of separate litigation or filing of motion for lead plaintiff or co-lead plaintiff status or support for another’s application for lead plaintiff status, consistent with this Policy and following Board approval.
 - b) Approve settlement of separate litigation or class action in which the Board is lead plaintiff or co-lead plaintiff, consistent with Board Policy.
 - c) Authorize opting out of a class settlement, consistent with this Policy.
 - d) Authorize filing of objections and comments on settlements, consistent with Board Policy.
 - e) Receive and review staff reports on the status of matters other than passive claim filings.
 - f) Circulate to Board members and the Investment Manager the reports from the Custodian and Monitoring Firm(s) showing status of all securities litigation matters in which the Board may have an interest (e.g. date case filed, date of settlement, due date for claim filing, date Board’s claim filed, date of recovery).
 - g) Monitor, with assistance from the Board’s General Counsel, performance of the Monitoring firm and report deficiencies to the Board.
 - h) As appropriate, recommend modifications to this Policy and Implementation Protocols.
- 3) Board General Counsel Role and Authority:
- a) Assist in the selection of Monitoring Firms, review responses, and make recommendations to Board members regarding candidates.
 - b) Assist in negotiations of terms and agreements with Monitoring Firms.
 - c) Review, in consultation with the Investment Manager, prior to submission to the Plan Administrator and Chairman, all recommendations from any Monitoring Firm regarding whether to commence separate litigation or seek lead plaintiff or co-lead plaintiff designation, or to opt out of or object to class settlements. Upon review, Board General Counsel shall make a written recommendation to the Plan Administrator and Chairman.
 - d) Review, prior to submission to the Plan Administrator and Chairman, all recommendations from Monitoring Firm regarding proposed settlements of separate actions brought by the Board or class actions in which the Board is lead or co-lead plaintiff.
 - e) Review, prior to submission to the Plan Administrator and Chairman, all recommendations from Monitoring Firm regarding whether to file objections to or comments upon settlements.
 - f) Supervise, monitor, and participate in the conduct of litigation when the Board pursues separate litigation or acts as lead or co-lead plaintiff, provided that any work by the Board’s General Counsel shall not be the financial responsibility of the Fund but shall be paid solely from contingency fees approved by the Court.

The fees payable to the Board General Counsel shall not result in an increase in the percentage of any settlement payable from a class recovery but shall be made as a reduction of the fee approved for payment to the Monitoring Firm approved by the Court as lead class counsel.

- 4) Custodian Role and Authority:
 - a) Maintain and communicate data necessary to identify the Board's securities holdings and transactions in order to determine if the Board is a class member and calculate losses.
 - b) Collect and distribute to the Monitoring Firms all notices regarding the commencement, class certification and settlement of class action lawsuits in which the Board has an interest as an actual or potential class member.
 - c) Collect, record on the Board's custody statements and deposit into appropriate accounts for investment, proceeds from the Board's claims.
- 5) Custodian/Class Action Role and Authority
 - a) Establish and implement procedures to identify all securities class actions filed by others in which the Board is or may be a class member.
 - b) Collect and distribute to Monitoring Firms all official notices of pendency of class actions in which the Board, according to this Policy, may consider applying for lead plaintiff status or pursuing separate litigation.
 - c) Timely file accurate proofs of claim on behalf of the Board in all class actions in which the Board may participate as class member and notify the Monitoring Firm
 - d) Provide necessary custody data to the Monitoring Firm.
- 6) Monitoring Firms' Role and Authority
 - a) Ensure by written communication that the Custodian has filed the appropriate documents for Board participation in pending class action litigation.
 - b) Identify circumstances in which the Board may have incurred investment losses in excess of the minimum threshold which give rise to potentially meritorious claims for the Board which are not yet the subject of litigation.
 - c) Evaluate claims over \$500,000 and recommend whether the Board should pursue separate litigation or lead or co-lead plaintiff designation. Such recommendations shall be sent in writing to the Board General Counsel, Plan Administrator, and Chairman. In such cases, the Monitoring Firm shall be designated as the Board's special counsel for the case on a purely contingent fee basis and shall work in conjunction with the Board's General Counsel in the prosecution of the case.
 - d) Evaluate settlements of actions in which the Board is not lead plaintiff where losses exceed \$500,000 and recommend whether Board should object to, comment upon, or opt out of settlement.
 - e) File objections to and comments upon settlements as authorized.

ATTACHMENT 1 - IMPLEMENTATION PROTOCOLS

Considerations Relevant to Deciding Whether to Pursue Separate Litigation or Lead or Co-Lead Plaintiff Status

Will the Board add value by volunteering to lead or co-lead litigation in view of the fiduciary responsibilities (as class action lead or co-lead plaintiff), administrative burdens and costs that are associated with separate litigation and acting as lead or co-lead plaintiff?

1. Size of the Board's damages measured by standards applicable to securities litigation.
2. Strength of claims, including evaluation of defenses.
3. Special circumstances which render the Board's claims different from, stronger or weaker than claims of typical class members such that it would be in the interest of the Board to act as lead or co-lead plaintiff.
4. Venue of litigation.
5. Resources available to pay a significant judgment (e.g. financial condition of potential defendants, availability of insurance, potential for bankruptcy).
6. Qualifications of other lead plaintiff candidates and their counsel, and likelihood that the Board would be selected a lead or co-lead plaintiff.
7. Relation of claims to other corporate governance issues of special interest to the Board, and impact on other Board holdings.
8. Potential for non-monetary remedies of special importance to the Board which other class members/lead plaintiffs may not pursue.
9. Costs to the Board of separate litigation/lead or co-lead plaintiff status such as discovery, legal fees and Board staff time and resources needed to monitor litigation more actively.
10. Potential exposure to counterclaims/court costs, and willingness of litigation counsel to indemnify the Board against such exposure.

Considerations Relevant to Deciding Whether to Opt Out, Object to or Comment on Settlements

Is the Board receiving fair value for its claims? Does the likely gain to the Board to be achieved by objecting to or commenting on a settlement outweigh the costs of engaging counsel to file the objection/comment? Should the Board risk losing the certain recovery the settlement provides in order to opt out of the class and pursue separate claims independently?

1. Financial value of settlement to class as a whole and the Board in particular.
2. Non-monetary (e.g. corporate governance) aspects of settlement, or the lack thereof.

3. Amount of attorneys' fees sought and merits of attorneys' fee claim.
4. Expense and risk (including value which might be lost if settlement is disrupted or rejected) associated with opting out, commenting, or objecting in relation to expected benefits of doing so.