



SECURITIES AND OTHER INVESTMENT RELATED LEGAL ACTIONS POLICY

PURPOSE

In order to protect the assets of the fund, the Board of Retirement adopts this policy to establish procedures and guidelines for SamCERA's active participation (as a lead or named plaintiff) in securities class actions, participation in class action type claims filed in courts not located in the United States, authorize steps in asset recovery matters for any investment, including non-securities, such as alternative investments and real estate.

A. STATEMENT OF FUNCTIONS AND RESPONSIBILITIES -CLASS ACTIONS

This policy shall not relieve SamCERA's custodial bank from its responsibility for filing all proofs of claim, including the necessary supporting documents and information, necessary to recover assets in every securities class action proceeding in which SamCERA has potentially suffered losses.

1. Review of Class Action Filings

The Board of Retirement shall select and retain one or more private law firms to identify and evaluate potential securities class action filings in which SamCERA would be a member of the class. Firms will only recommend active participation to SamCERA when they believe that without such participation SamCERA's rights and interests will not be represented in a case.

2. Determination of Active Participation by SamCERA

If SamCERA is asked to actively participate in a case, the Chief Executive Officer, after considering the factors listed below, and in consultation with the Chief Legal Counsel, shall make an initial determination of whether SamCERA will take an active role in a securities class action, or decline to do so.

The following factors will be considered:

- a) the likelihood of achieving a recovery

- b) the probable net amount of recovery (the probable amount of recovery less the estimated costs of staff and Chief Legal Counsel time and any other costs). Any estimated likely recovery amount must far outweigh any estimated participation costs (mainly staff and Chief Legal Counsel time) so as to eliminate any likelihood of a net loss due to active participation.
- c) the impact on the amount of recovery that would likely result from SamCERA participation as lead or named plaintiff
- d) whether SamCERA's rights and/or interests may in fact be preserved by active participation
- e) staff's and Chief Legal Counsel's potential workload
- f) any other relevant factors

For only those matters in which the Chief Executive Officer and Chief Legal Counsel will recommend to the Board that SamCERA should play an active role, a written report shall be presented to the Board. The report shall reflect the Chief Executive Officer's recommendation based upon the factors listed above. The report shall be placed on the Consent Agenda under Anticipated Litigation for the Board's approval. Any Board member has the authority to remove the report item for discussion and determination in closed session.

B. ALL OTHER INVESTMENT ASSET RECOVERY INCLUDING FOREIGN SECURITIES ACTIONS, ALTERNATIVE INVESTMENT, REAL ESTATE

For class action type claims filed in courts not located in the United States or claims or actions for any investment assets filed in bankruptcy, other state or federal court, or administrative agency, in which the Chief Executive Officer, in consultation with the Chief Legal Counsel, determines that it is in the best interest of SamCERA to respond to or file such a claim or action, the Chief Executive Officer is authorized to take all necessary steps to recover or protect assets in these matters without seeking Board approval or ratification.

C. RETENTION OF OUTSIDE COUNSEL

For matters in which the Chief Executive Officer, in consultation with the Chief Legal Counsel, has determined that outside counsel should be used, all retainer agreements shall be negotiated and submitted for approval, in advance, to the Board of Retirement. However, where it is determined that immediate approval is required to preserve SamCERA's rights and/or interests by retaining such counsel, the Chief Executive Officer in consultation with the Chief Legal Counsel is authorized to make the decision, subject to ratification by the Board.

D. REPORTS TO THE BOARD ON ACTIVE LITIGATION

The Chief Legal Counsel shall provide the Board with status reports as needed to keep the Board apprised of major developments in matters in which SamCERA is an active participant. Staff will present to the Board an annual report on the time spent by staff, if any, on active litigation matters.

Adopted by the Board of Retirement

January 25, 2011

Amended September 25, 2012

Amended December 3, 2019