

OAKLAND COUNTY EMPLOYEES' RETIREMENT SYSTEM

-AND-

OAKLAND COUNTY VEBA

SECURITIES LITIGATION POLICY

I. PURPOSE

This Securities Litigation Policy (the "Policy") is intended to establish procedures and guidelines for monitoring and participating in securities litigation matters in furtherance of the Retirement and Deferred Compensation Board's and VEBA Board's (collectively, the "Board") fiduciary duty to protect the assets of the Oakland County Employees' Retirement System (the "Retirement System") and the Oakland County VEBA (the "VEBA") (collectively, the "Plans").

II. GENERAL PROVISIONS

A. Definitions

1. "General Counsel" shall mean the individual attorney(s) or law firm retained by the Board to provide legal advice and counsel to the Board's including, without limitation, regarding the Board's fiduciary and legal responsibilities for the investment of Retirement System and VEBA assets.

2. "Securities Counsel" shall mean the individual attorney(s) or law firm(s) retained by the Board to monitor, investigate, and litigate securities actions on behalf of the Plans.

B. Authority

1. The Board is the trustee of the assets of the Retirement System and VEBA with the exclusive authority to invest and re-invest the monies and assets of the Retirement System and VEBA subject to all terms, conditions, limitations and restrictions imposed by the State of Michigan on the investments of public employee retirement systems.

2. The Board is vested with the authority to take action and enter into agreements to fulfill its legal and fiduciary responsibilities with respect to the investment of Retirement System and VEBA assets and to act in the best interests of Retirement System and VEBA participants and beneficiaries.

3. The Private Securities Litigation Reform Act ("PSLRA") promotes institutional investors and other large shareholders to participate in securities actions.

4. The United States Securities and Exchange Commission and Department of Labor have commented that the governing board of a public pension system has a fiduciary duty to monitor securities class actions in which the system has an interest, and to participate where such participation is likely to enhance the recovery by members of the class.

C. Applicability

1. Consistent with the requirements of the PSLRA, this Policy shall apply to the evaluation and monitoring of potential deal cases, derivative cases, direct actions, and class actions regarding corporate fraud, mismanagement, or breach of fiduciary duty (the “securities actions”); and

D. Objectives

1. Since enactment of the PSLRA, it has been demonstrated that participation by large sophisticated investors in securities actions, particularly public pension funds, has resulted in lower attorneys’ fees and significantly larger recoveries on behalf of shareholders.

2. Pursuit of lead plaintiff status in securities actions will allow the Board to actively participate in the litigation through selection and monitoring securities counsel, reviewing and negotiating settlement offers, and incorporating corporate governance mandates into settlement agreements.

3. In light of the foregoing the goals of this Policy are as follows:

- a. Fulfill the Board’s fiduciary duty by effectively managing claims as Plan assets;
- b. Maximize recoveries on claims;
- c. Reduce fees paid to obtain recoveries;
- d. Deter future fraud by imposing personal liability on wrongdoers;
- e. Resolve corporate governance issues to prevent future problems;
- f. Foster accountability at the highest levels of corporate governance; and
- g. Identify Securities Counsel that will effectively engage in client directed litigation.

III. GUIDELINES

A. Portfolio Monitoring

1. The Board acknowledges that monitoring securities actions is the first step in exercising its fiduciary duty to pursue action to recover on a claim.

2. The Board may retain the services of Securities Counsel to assist in monitoring securities actions, identifying those cases that potentially involve Retirement System and/or VEBA assets, evaluating potential investment losses to the Retirement System and/or VEBA, and the possible value of taking an active role in the litigation.

- a. The Board’s General Counsel, through the County Treasurer’s office, will be authorized to direct the Plans’ custodial bank(s), investment consultant(s), and investment managers to provide read-only access to the Plans’ trading records, including any computer database, so that the investment portfolios of the Plans may be regularly monitored by General Counsel and Securities Counsel retained by the Board.

b. The Board shall periodically review and evaluate the services provided by its Securities Counsel in accordance with its Service Provider Review Policy.

3. The Board's General Counsel is responsible for oversight of Securities Counsel and shall provide periodic reports to the Board regarding the results of portfolio monitoring.

4. The Board's General Counsel will collaborate with Securities Counsel, the Board's Investment Committee, the Plans' custodial bank, and the Board's investment professionals in monitoring securities class action filings and settlements that affect the Plans' investment portfolios, identifying instances where the Plans may have suffered losses, and identifying developments in the marketplace that would lead to an interest or need to participate in securities actions.

B. Claims Filing

1. The Plans' custodial bank shall be responsible for filing all claims, including the necessary supporting documentation and information, required to recover assets in every securities class action in which the Retirement System and/or VEBA has suffered losses.

a. If the Plans' custodial bank is not able to file any such claims and necessary supporting documentation and information, then General Counsel will recommend to the Board the entity that is responsible for filing said claims.

2. The Board's General Counsel, in collaboration with the County Treasurer's office, shall from time to time audit the custodial bank's claims filing process to ensure that the Plans are recovering all of the amounts due from resolved securities actions.

C. Active Participation

1. The Board's General Counsel will recommend whether the Retirement System and/or VEBA should take an active role in a securities action (which may include, but is not limited to, seeking lead plaintiff status, or opting out of a class action and pursuing a direct action) in any case where General Counsel, in consultation with Securities Counsel, has determined that the case has merit and the best interests of the Plans will be served by taking such action.

2. Recommendations to take an active role in securities actions will be presented to the Board at a regularly scheduled meeting or, where time is of the essence, at a special meeting of the Board.

a. If the Board's General Counsel determines that immediate action is required in order to preserve the Plans' rights and/or interests by taking an active role in a securities action, and the matter cannot be timely presented for approval at a regular or special meeting of the Board, the Board's General Counsel, with the consent of the County Treasurer or Board Chairperson, shall be authorized to take

action on behalf of the Retirement System and/or VEBA and shall notify the Board at its next regularly scheduled meeting.

3. In the event the Board proceeds in taking an active role, as lead plaintiff or otherwise, in a securities action, Securities Counsel shall serve as its primary legal counsel in the litigation and will provide all necessary services for the effective representation of the Board, including, without limitation:

- a. Providing copies of all substantive pleadings filed in the securities action;
- b. Providing periodic reports on the status of the securities action;
- c. Providing prompt written notice of any significant developments in the securities action; and
- d. Consultation with the Board to obtain pre-approval of any proposed resolution of the securities action before entering into a final settlement agreement.

D. Costs

1. In no event shall any costs or expenses for the review and monitoring of the Plans' investments be paid by the Plans.

2. Any and all fees incurred on account of active participation in securities actions shall be on a contingency basis. No costs or expenses incurred shall be directly borne by the Plans.

IV. REVIEW

The Board shall review this Policy at least once every three years to ensure that it remains relevant and appropriate.

V. HISTORY

The Board adopted this Policy on September 19, 2019.