

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (FCERA)
SECURITIES MONITORING AND LITIGATION POLICY**

I. General Purpose

- 1) FCERA is a fiduciary for assets held in trust for the benefit of plan members and their beneficiaries, and to defray expenses of administration of the retirement fund.
- 2) In order to carry out its fiduciary duty to prudently invest and diversify the assets of the retirement fund, FCERA invests considerable assets in global public securities markets.
- 3) The efficient and effective deployment of plan assets requires that market risks in seeking returns must be prudently assumed and managed. Investing in publicly-traded securities in regulated markets under accounting, disclosure and business practice laws and regulations provides general, but not perfect assurance that the information forming the basis for investments is accurate, conforms with accepted accounting practices, and is not distorted due to misfeasance, malfeasance or nonfeasance, or the timing of information disclosures by persons or entities with the ability to affect market prices of the those investment securities.
- 4) Legal action is sometimes necessary to attempt to recover all or part of losses the fund may incur due to alleged improper action or inaction that results in the impairment of the value of the fund's security holdings.
- 5) Most such actions will be prosecuted by the class action bar whether or not FCERA takes an active role as a plaintiff or a passive role as a member of a certified class of plaintiffs. Any ultimate award or settlement from a class action filing will be ratably allocated among legitimate claimants.
- 6) It is the position of the Board of Retirement that FCERA not pursue active participation in such cases.

II. Class Action Monitoring by Custodial Bank

- 1) FCERA will require as part of its agreement with its custodial bank, that adequate securities class action monitoring is maintained on an ongoing basis, sufficient to assure that most of the actual awards and settlements for such cases are tracked and identified, and that proof of claim forms, including supporting documentation, will be properly and timely filed.
- 2) For claims with transaction periods that pre-date the current custodial relationship (in whole or in part) FCERA staff will work with the prior custodial bank or directly file proof of claim documents.
- 3) The custodial bank will be required to provide FCERA with periodic reports that detail class action cases monitored, claims filed, and award or settlement distributions received.

FCERA Administration will maintain and provide to the Board accounting information on distributions received on claims filed by the custodians and in-house staff.

III. Initiating and Monitoring Litigation

- 1) In the event that the Retirement Administrator determines that it is in the best interests of FCERA to initiate litigation in a securities related matter, the Retirement Administrator shall recommend taking such action to the Board of Retirement. The Board of Retirement shall make the final determination about whether or not to engage one or more legal firms for such purpose.
- 2) Decisions regarding the conduct and implementation of the Board's decision to engage one or more legal firms for the purposes set forth in Article III, Section 1), hereof, will be the responsibility of the Administrator, or an approved member of the Investment Unit if he so delegates. When feasible and advisable, the Administrator shall seek advice and direction from the Board on strategic and legal issues that may arise in such representation of FCERA. The Administrator shall timely report to the Board on the progress of the litigation.
- 3) The Administrator shall be responsible for management of the litigation relationship.

IV. Policy Review

- 1) The Board shall review this policy at least every three years to ensure that it remains relevant and appropriate.

V. Policy History

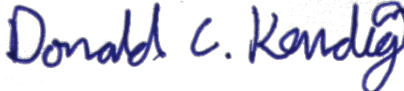
- 1) This policy was adopted by the Board on February 20, 2013.
- 2) The Board of Retirement reviewed and modified this policy on March 16, 2016, June 19, 2019, and March 16, 2022.

VI. Secretary's Certificate

I, Donald Kendig, the duly appointed Secretary of the Fresno County Employees' Retirement Association, hereby certify the adoption of this Policy.

March 16, 2022

Date of Action:



By: Retirement Administrator