Securities Litigation Policy

Approved by the Board of Trustees

Revised May 18, 2006

1. PURPOSE

The purpose of this Securities Litigation Policy is to institute a process by which relevant securities complaints are evaluated and processed to serve the best interests of the participants and beneficiaries of the Retirement Funds. “Retirement Funds” shall mean the Police Officers and Fire Fighters’ Retirement Fund and the Teachers’ Retirement Fund established under the District of Columbia Retirement Reform Act”, as amended.¹

2. GENERAL PROVISIONS

(a) Authority. Under section121(e) of the “District of Columbia Retirement Reform Act”, as amended (“Reform Act”)², the Board is authorized to promulgate rules and regulations, adopt resolutions, issue directives for the administration and transaction of business and for other functions necessary to carry out its responsibilities under the Reform Act.

(b) Applicability. Consistent with the requirements of the Private Securities Litigation Reform Act of 1995 (“PSLRA”), this policy shall apply to: (i) the evaluation and monitoring of relevant securities class action litigation, and (ii) decisions involving the Board as lead plaintiff in securities class action litigation. This policy is also applicable to other securities law violations.

(c) Policy Modification. The procedures outlined under this policy may be modified when deemed necessary by the Board.

(c) Effect on Other Board Rules. This policy shall supersede any Board Rule or Procurement Rule issued by the Board inconsistent with this policy. Nothing in this policy shall affect the application of the statutory provisions governing the Board’s operations.

3. LEGAL COUNSEL

(a) Securities Litigation Counsel. Securities Litigation Counsel may be selected by the Board to: (i) monitor securities class action cases where the Retirement Funds have suffered a loss during the class period, (ii) evaluate whether the Board has sufficient losses to qualify as lead plaintiff on behalf of the class, (iii) confirm proof of claim filings on the Board’s

²Public Law 96-122, 93 Stat. 871 (D.C. Code § 1-711(e)).
behalf, and (iv) evaluate the merits of a securities fraud complaint and other relevant factors to determine if the Board should become lead or co-lead plaintiff of the purported class.

(a) **In-House Counsel.** In-house counsel employed by the Board shall be responsible for oversight of the securities litigation policy and management of all legal counsel activities.

4. **EVALUATION PROCEDURES**

(a) **Custodian Bank.** When the Board’s master custodian bank receives notice that a securities fraud violation has been alleged in one or more complaints filed with the court, it shall review Retirement Fund transaction records to determine whether transactions in the subject securities occurred during the class period specified in the complaint. In such cases, the custodian bank shall file timely and accurate proof of claim information (documentary evidence supporting class eligibility) on behalf of the Board. The custodian bank shall also monitor receipt of proceeds from a settlement or other case resolution in each case where the Board is an eligible participant in the purported class and provide monthly status reports.

(b) **Securities Litigation Counsel.** Within 60 days of notice of the complaint(s) being filed, the Board’s securities litigation counsel will review: (a) transaction records maintained by the Board’s master custodian to estimate the scope of potential damages suffered by the Retirement Funds, and (b) the complaint(s) filed with the court to determine whether the Retirement Funds have suffered losses sufficient for the Board to consider serving as lead plaintiff and representative party on behalf of the class.

(c) **Staff.** If the Board’s staff becomes aware of potential securities fraud violations involving the Retirement Funds through any other means, it may recommend with securities litigation counsel the appropriate action or strategy for the Board to pursue.

5. **APPOINTMENT AS LEAD OR CO-LEAD PLAINTIFF**

(a) **Relative Size of Financial Interest.** Because of the diversity of the Board’s investments, as well as the Board’s investment policy guidelines, it is likely that other institutional investors will have a larger financial interest in the relief sought in most securities class action lawsuits. Accordingly, in most such lawsuits, an investor other than the Board would be a more appropriate lead or co-lead plaintiff.

(b) **Financial Risks.** There are also financial risks involved in serving as lead or co-lead plaintiff if the litigation is unsuccessful. These risks include bearing the costs of litigation and possible payment of the defendant’s expenses and attorneys’ fees, as well as defending against claims by other shareholders for inadequately representing their interests.

(c) **General Policy.** Based on the foregoing, it is the Board’s general policy not to seek or accept designation as lead or co-lead plaintiff in private securities class action litigation. Exceptions to this general policy will be determined on a case-by-case basis in those instances where the Board has a substantial financial interest and designation as lead or co-lead plaintiff is determined to be in the best interest of the participants and beneficiaries of the Retirement Funds.