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MEMORANDUM

**TO: Tim Johnson, Executive Director
Jacksonville Police and Fire Pension Fund**

VIA: Tiffany Douglas Safi, Assistant General Counsel

FROM: Jason R. Gabriel, General Counsel

CC: Lawsikia J. Hodges, Deputy General Counsel

RE: Jacksonville Police and Fire Pension Fund Securities Litigation

DATE: January 11, 2019

INTRODUCTION

From time to time, the Jacksonville Police and Fire Pension Fund (“JPFPF”) considers whether it should take affirmative steps to protect and maximize viable legal claims by serving as a named plaintiff in a securities litigation, by serving as lead plaintiff or class representative in a class action securities litigation, or by bringing other securities-related legal actions (including derivative and individual or opt-out cases), (collectively “Securities Litigation”), and requires legal advice and legal services in order to consider and prosecute such actions. Accordingly, to facilitate JPFPF’s measured participation in Securities Litigation, if warranted, the Office of General Counsel provides this memorandum: (1) outlining the criteria to guide the selection of counsel; (2) establishing the general criteria that the Board of Trustees shall consider before taking an active role in Securities Litigation; and (3) ensuring proper monitoring and reporting of Securities Litigation.

SELECTION OF PORTFOLIO MONITORING COUNSEL

Pursuant to Section 7.01 of the Charter of the City of Jacksonville (“Charter”) and 108.505 of the Ordinance Code of the City of Jacksonville (“Ordinance Code”), the General Counsel for the City of Jacksonville (“General Counsel”) will engage a minimum of three (3) private, qualified law firms with demonstrated experience in Securities Litigation as special counsel to provide portfolio monitoring services to the JPFPF (“Portfolio Monitoring

Counsel”). As part of its portfolio monitoring services, the Portfolio Monitoring Counsel shall keep the Executive Director of JPPPF (“Executive Director”) apprised of litigation or potential litigation involving securities held by the JPPPF.

The selection of Portfolio Monitoring Counsel will be conducted as follows: The Executive Director of the JPPPF shall publish a public notice or advertisement of a Request for Proposals (“RFP”) for portfolio monitoring services, and then recommend to the Board of Trustees three (3) to five (5) qualified respondents from among the law firms responding to the RFP. The Board of Trustees will select at least three (3) firms from among those recommended by the Executive Director, or, if it does not select from among those firms recommended by the Executive Director, ask the Executive Director for additional recommendations from among the respondents. Once the Board of Trustees has selected three (3) qualified law firms, it will then submit a written recommendation and request to the General Counsel for General Counsel to engage the law firms as Portfolio Monitoring Counsel to the JPPPF. The Board of Trustees’ request to engage Portfolio Monitoring Counsel shall state the reasons why the engagement of Portfolio Monitoring Counsel is recommended and shall state that the engagement of Portfolio Monitoring Counsel is consistent with the Charter and Ordinance Code.

Any engagement of Portfolio Monitoring Counsel must comply with the Charter and the Ordinance Code, including Section 108.505. The Board of Trustees shall not execute an engagement letter with any law firm. The General Counsel will make the final determination of whether to engage any law firm, as well as the terms of such engagement, and will enter into such General Counsel-approved engagement agreement with the law firm. A copy of this Securities Litigation Memorandum shall be delivered to Portfolio Monitoring Counsel upon engagement.

Minimum qualifications for potential law firms include:

1. The law firm must have been in business for a minimum of five (5) years and the individual(s) assigned to JPPPF must have a minimum of five (5) years professional experience in portfolio monitoring and Securities Litigation.
2. Within the five (5) years preceding the RFP, the law firm must have concluded a minimum of five (5) Securities Litigation cases and overseen the appropriate distribution of the settlement proceeds with a minimum settlement amount of one million dollars (\$1,000,000) per case.
3. Within the five (5) years preceding the RFP, the law firm must have ranked within the top 20 of Institutional Shareholder Services Securities Class Action Services LLC’s “Top 50” plaintiffs’ securities law firms.
4. The law firm must have provided portfolio monitoring and Securities Litigation services to other public retirement systems or corporate pension plans which are approximately the same size as JPPPF.

5. The law firm must be able to demonstrate the capacity to finance litigation and the resolution of large, complex, lengthy, and contentious Securities Litigation cases.
6. The law firm must be able to maintain a data processing interface with JPFPPF's custodian bank by electronic means.
7. The law firm must not seek to limit its liability for negligence and must agree to indemnify JPFPPF for any action against it as a result of any securities class action litigation where such law firm has been engaged by JPFPPF as its counsel in serving as a named or lead plaintiff.
8. The law firm must be willing to reach agreement with the General Counsel on the methodology to determine fees to be received by the firm in class action awards or settlements where JPFPPF is lead plaintiff. The firm must also be willing to not make any application to a court for attorneys' fees, costs, or expenses in an amount in excess of that approved in writing by JPFPPF.
9. The law firm must be willing to provide portfolio monitoring and Securities Litigation monitoring and evaluation services to JPFPPF at no cost and handle all Securities Litigation claims only on a contingency fee basis.

JPFPPF may consider other factors in addition to or in place of those listed above, and nothing in the foregoing shall require or preclude the engagement of a firm if such decision is warranted based on all the facts and circumstances. The law firm must acknowledge, however, that its engagement is subject to the approval of the General Counsel.

AUTHORIZING LITIGATION & ENGAGEMENT OF SECURITIES LITIGATION COUNSEL

In the event that a law firm, including Portfolio Monitoring Counsel, desires to propose that the JPFPPF participate in or initiate Securities Litigation, it must submit by simultaneous email to the Executive Director, the Chairman of the Board of Trustees, and the General Counsel, the following: (1) a written recommendation to participate in or initiate the litigation; (2) the deadline by which a decision must be made; and (3) a case memorandum identifying (a) the wrongful corporate conduct, (b) the names of all proposed defendants and co-plaintiffs, (c) the laws or standards alleged to have been violated, (d) the proposed course of the litigation, and (e) the extent of the law firm's investigation or gathering of the facts upon which the proposed litigation is based.

Upon the submission of a proposal consistent with the previous paragraph, the Executive Director shall consult with the Chairman of the Board of Trustees, and the General Counsel, regarding the proposal. After such consultation, the Executive Director may schedule a telephone conference to be held between the law firm, the General Counsel, the Chairman of the Board of Trustees (if available) and the Executive Director, during which the law firm will present the case and answer any questions.

The Executive Director may thereafter propose to the Board of Trustees that the JPPPF participate in the litigation. If the Board of Trustees approves of participation by the JPPPF in the litigation, it will then submit a written request to the General Counsel for the General Counsel to engage the law firm as “Securities Litigation Counsel” for the purpose of such litigation. The Board of Trustees’ request to engage Securities Litigation Counsel shall state the reasons why the engagement of Securities Litigation Counsel is recommended and shall state that the engagement of Securities Litigation Counsel is consistent with the Charter and Ordinance Code.

Any engagement of Securities Litigation Counsel must comply with the Charter and Ordinance Code, including Section 108.504 and 108.505. Pursuant to Section 108.504 of the Ordinance Code, unless otherwise provided by law or by City Council, prosecution of all civil litigation in which the JPPPF is a party or is interested, is reserved to the Office of General Counsel, who shall direct all special counsels in the discharge of their duties. When the decision to participate in litigation must be made prior to the next scheduled meeting of the Board of Trustees, the Executive Director, with the advice of the Chairman of the Board of Trustees (if available), has the authority to submit to the General Counsel a request on behalf of the JPPPF for the General Counsel to engage Securities Litigation Counsel in the manner prescribed herein, subject to the Chairman’s consent and ratification by the Board of Trustees at their next scheduled meeting.

If more than one law firm approaches JPPPF regarding the same lawsuit, the same procedure above shall be followed for each firm.

The Board of Trustees shall not execute an engagement letter with any law firm. The General Counsel will make the final determination of whether to engage any law firm, as well as the terms of such engagement, and will enter into such General Counsel-approved engagement agreement with the law firm. A copy of this Securities Litigation Policy shall be delivered to Securities Litigation Counsel upon engagement.

CRITERIA FOR SEEKING LEAD PLAINTIFF STATUS OR BRINGING A DERIVATIVE ACTION

In most cases, JPPPF’s interests in securities class action litigation will be adequately addressed solely through passive participation as a class action member. However, in select cases, it is more appropriate for JPPPF to become actively involved and seek the status of “Lead Plaintiff” in securities class action litigation, or to bring a derivative action. JPPPF will use the following guidelines in evaluating whether it should pursue either of these options:

In general, JPPPF’s losses must exceed \$500,000 before JPPPF will consider Lead Plaintiff status in securities class action litigation or to bring a derivative action. Nonetheless, JPPPF may pursue Lead Plaintiff status in securities class action litigation with losses of less than \$500,000 or bring a derivative case with losses of less than \$500,000 (or where losses are not readily ascertainable):

1. Where there is an exceptional opportunity to preserve or enhance the long-term value of a significant portfolio holding;

2. When a stock or bond is not widely held;
3. When corporate conduct impacts Duval County, the State of Florida, or the firefighting, emergency medical services or police professions;
4. When corporate conduct is egregious, illegal, or subject to enforcement or prosecution by state or federal governmental agencies or officials; or
5. To deter wrongful corporate conduct.

In evaluating whether to serve as a Lead Plaintiff in securities class action litigation or to bring a derivative action, JPFPPF will consider the following factors:

- a. Whether there are claims against auditors and/or other third parties that could also be pursued;
- b. Whether personal claims against individual defendants could be filed so as to prevent similar future improper behavior;
- c. Whether corporate governance changes could be considered to address causes of the wrongful conduct;
- d. Whether JPFPPF's participation would likely have a positive impact;
- e. Whether it is a viable case based on an initial assessment of certain key elements, including, for example, alleged misrepresentations or omissions, scienter, and loss causation, recognizing the heightened pleading standard of the PSLRA;
- f. Whether the case is likely to be pursued at all without JPFPPF taking action;
- g. Whether another sophisticated Lead Plaintiff is likely to come forward to manage the case;
- h. The reputation and skills of other potential lead counsel candidates and their lawyers who have filed other lawsuits;
- i. Whether JPFPPF might have a conflict of interest, as determined by the Office of General Counsel, in being Lead Plaintiff;
- j. Whether unusual circumstances exist that could complicate or undermine JPFPPF's position (e.g., the number of cases in which JPFPPF has served as a Lead Plaintiff);
- k. Whether JPFPPF holds unique claims that may not apply to other class members; and

1. Assuming plaintiffs can prevail, whether there are sources of recovery available to satisfy a judgment or settlement.

There may be circumstances in which JPFPPF may want to partner with one or more institutional investors in seeking Co-Lead Plaintiff status, or may want to opt out of a class and pursue an independent Securities Litigation action, either individually or in coalition with one or more institutional investors. JPFPPF will follow the same criteria and procedures outlined above in evaluating those possibilities.

FOREIGN ACTION PARTICIPATION

Unlike the U.S. class action process—where investors can remain absent, receive notice of a settlement, and then decide to make a claim or opt out of the class action case—in foreign actions, investors are generally required to join as named plaintiffs or “opt-in” at the commencement of the case. This “opt-in” process requires affirmative decisions early in the process to join the case in order to recover anything on JPFPPF’s losses. Foreign actions require the consideration of numerous additional issues, including:

1. How is the action being funded? Are those parties funding the action reliable? Who are the investors in such funders? What is the percentage fee that the funder is taking from the case? Is this percentage fee the entire fee to be paid or is the funder also entitled to reimbursement of expenses and any costs award? What law will apply to the relationship between JPFPPF and the funder?
2. Is the funding agreement sufficient? In particular, are attorneys’ fees, litigation expenses and potential costs covered by the funder without recourse to the investor?
3. Can the funder cease to fund the litigation and, if so, under what conditions? Will the funder have any input or control over the prosecution of the litigation?
4. What is the process and cost for opting in?
5. Who is the foreign counsel and how are they being paid?
6. Are there unique risks, including the extent to which adverse party fees and costs are covered and any potential discovery burdens?
7. What role will JPFPPF play or be allowed to play? How are the decisions made in the case?
8. Even if JPFPPF’s losses are large, will JPFPPF be entitled to recover damages under the foreign law?

9. Does the funder have a minimum loss threshold?
10. What time and resources will JPFPPF have to devote to the foreign litigation?
11. Can JPFPPF comply with the appropriate deadlines?

EFFECTIVE MONITORING OF LITIGATION AND ATTORNEYS' FEES & EXPENSES

All Securities Litigation in which the JPFPPF is a passive plaintiff shall be monitored by the General Counsel. If a court grants JPFPPF the role of Lead Plaintiff (or Co-Lead Plaintiff or a named plaintiff) in a lawsuit, JPFPPF and the Office of General Counsel will monitor the lawsuit to ensure that the goals and objectives of the class members and this Securities Litigation Policy are met. In doing so, JPFPPF will follow these guidelines:

1. JPFPPF will assume an active role as Lead Plaintiff in a lawsuit. To this end, the General Counsel will: (a) review all pleadings and other significant documents related to the lawsuit; (b) participate in depositions and preparation of testimony of all parties related to the JPFPPF; (c) be liaison with Securities Litigation Counsel; (d) assist JPFPPF staff in discovery process and response for document production; (e) attend or be available by phone settlement conferences and any mediations or arbitrations; (f) be present at trial when any trustees, JPFPPF staff or JPFPPF professionals testify; and (g) be available for any important meetings, discussions, or status hearings relating to the lawsuit.
2. Consistent with Sections 108.504 and 108.505 of the Ordinance Code, Securities Litigation Counsel will regularly consult the General Counsel regarding all material aspects of the litigation. The General Counsel will monitor the litigation until resolution of the case and will regularly report to the Board of Trustees and the Executive Director regarding the status of the case. Securities Litigation Counsel must provide all pleadings, monthly written status reports, as well as other client monitoring tools to the General Counsel, the Chairman of the Board of Trustees, and the Executive Director, and to such other Trustees who may request same.
3. The Executive Director shall be authorized to sign all routine documents relating to the lawsuit. The Executive Director shall be authorized to sign documents of significance relating to the lawsuit, including settlement documents, subject to approval by the General Counsel and the Board of Trustees.
4. The General Counsel will regularly report any significant developments in the case to the Board of Trustees.

5. All expenses of the litigation, including filing fees, expert witness fees, investigators' fees, court reporter fees, and travel expenses for JPFPF staff, trustees, and lawyers (should depositions, meetings, hearings, mediations, or court hearings be held outside Duval County) shall be advanced by Securities Litigation Counsel subject to reimbursement from any fees, expenses or settlement proceeds recovered by settlement or prevailing in court.
6. At the conclusion of the litigation, Securities Litigation Counsel will send JPFPF and the General Counsel a closing statement showing all fees and costs paid out and to whom they were paid.