

**INDEMNIFICATION POLICY**  
**OF THE**  
**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**

1. Purpose. The purpose of this Indemnification Policy of the El Paso Firemen & Policemen's Pension Fund ("the Pension Fund") is to establish guidelines for the indemnification of an eligible Individual pursuant to section 802.203(c) of Chapter 802 of Title 8, Subtitle A, of the Government Code, and sub-section 20.06, Indemnification of Board, Parts I and II of the Plan document of the Pension Fund, as amended effective July 1, 2007 ("the Plan"). To qualify for indemnification under this Policy, the Individual must have acted in good faith, in his capacity as a member of the Board of Trustees or employee of the Pension Fund, and in a manner that he believed to be in the best interests of the Members, Beneficiaries and Retirees of the Pension Fund.

2. Definitions. As used in this Policy:

(a) "Board of Trustees", "Trustees" or "Trustee" shall mean the board of trustees of the Pension Fund, or a duly appointed member of the board, charged with the administration of the Pension Fund pursuant to Article 6243b, V.A.T.S., Title 8, Subtitle A, of the Governance Code, and the terms and conditions of the Plan.

(b) The term "Covered Status" shall mean the status of an Individual who is or was a member of the Board of Trustees or employee of the Pension Fund.

(c) The term "Expenses" shall include, without limitation, those reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and other disbursements or expenses of the types customarily incurred in connection with a Proceeding.

(d) The term "Individual" shall mean any person who is or was a Trustee or employee of the Pension Fund as of the Effective Date of this Policy and thereafter.

(e) The term "Liability" shall mean the obligation of an Individual to pay a judgment, settlement, penalty, or fine, and including any excise tax assessed with respect to service as a Trustee or an employee of the Pension Fund.

(f) The term "Proceeding" shall mean any threatened, pending or completed action, suit, or proceeding against an Individual with respect to service as a Trustee or an employee of the Pension Fund, whether civil, criminal, administrative, arbitative or investigative, and whether formal or informal.

### 3. Indemnification of Liability

(a) The Pension Fund shall indemnify an Individual, if he was, is or is threatened to be made a defendant or respondent in a Proceeding because of his Covered Status, against that Liability incurred in the Proceeding if: (i) he conducted himself in good faith; (ii) he reasonably believed that his conduct was in the best interests of the Members, Beneficiaries and

Retirees of the Pension Fund; and (iii) in the case of any criminal Proceeding, he is not found to be guilty of a criminal violation, did not enter a plea of guilty or nolo contendere, and a majority of the Board of Trustees vote in favor of such indemnification.

(b) The termination of a Proceeding by judgment, order, or settlement, is not, of itself, determinative that the indemnitee did not meet the relevant standard of conduct described in this Section 3.

4. Exceptions to Right of Indemnification. Notwithstanding anything to the contrary in this Policy, no indemnification shall be paid to an Individual:

(a) to the extent expressly prohibited by Texas law, or the Pension Fund's Code of Ethics;

(b) for the amount of Liability and Expenses paid to or on behalf of an Individual under a valid and collectible insurance policy maintained by the Pension Fund;

(c) with respect to any Proceeding initiated or brought voluntarily by an Individual, unless the Proceeding was expressly authorized by a vote of the Board of Trustees;

(d) with respect to any Proceeding initiated by the Board of Trustees against the Individual;

(e) based upon or attributable to an Individual gaining any benefit, advantage, or thing of value to which he was not entitled under law or permitted under the Pension Fund's Code of Ethics; or

(f) to the extent that an Individual has been adjudicated not to have acted in good faith with a reasonable belief that his actions were in the best interests of the Members, Beneficiaries and Retirees of the Pension Fund.

5. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Policy, to the extent that an Individual has been successful, on the merits or otherwise, in the defense against the imposition of any Liability under a Proceeding to which he was made a party because of his Covered Status, the Individual shall be indemnified against all reasonable Expenses incurred by him in connection therewith.

6. Partial Indemnification. If an Individual is entitled under any provision of this Policy to indemnification by the Pension Fund for some or a portion of any Liability or Expenses, but not, however, for the total amount thereof, the Pension Fund shall nevertheless indemnify the Individual for that portion thereof as may be determined and authorized by a majority vote of the Board of Trustees.

7. Notification and Defense of Proceeding.

(a) Notice. Promptly upon receipt by an Individual of notice of the commencement of any Proceeding, an Individual shall, if a claim for indemnification in respect thereof is to be made against the Pension Fund under this Policy, notify the Pension Fund of the commencement of the Proceeding. Such notice to the Pension Fund shall be made as soon as practicable, but in no event later than twenty (20) business days of the Individual's receipt of notice of the commencement of the Proceeding.

(b) Defense. With respect to any Proceeding against an Individual, the Pension Fund will be entitled to participate in the Proceeding at its own expense. To the extent the Pension Fund so wishes, it may assume the defense thereof with counsel reasonably satisfactory to the Individual. After notice from the Pension Fund to an Individual of its election to assume the defense of any Proceeding, the Pension Fund shall not be liable to the Individual under this Policy, or otherwise for any Expenses subsequently incurred by an Individual in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. An Individual shall have the right to employ legal counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Pension Fund of its assumption of the defense shall be at Individual's expense unless: (i) the employment of legal counsel by the Individual has been authorized by the Pension Fund; (ii) the Individual has reasonably determined that there may be a conflict of interest between the Individual and the Pension Fund in its defense of the Proceeding; or (iii) the Pension Fund shall not in fact have employed counsel to assume the defense of such Proceeding.

(c) Settlement of Claims. The Pension Fund shall not be liable to indemnify an Individual under this Policy or otherwise for any amounts paid in settlement of any Proceeding effected without the Pension Fund's written consent as authorized by the Board of Trustees, such consent not to be unreasonably withheld. The Pension Fund shall not settle any Proceeding in any manner that would impose any Liability or limitation on an Individual without the Individual's written consent. The Pension Fund shall not be liable to indemnify an Individual under this Policy with regard to any judicial award if the Pension Fund was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

8. Non-Exclusivity. The rights of an Individual hereunder shall be in addition to any other rights the Individual may have under applicable law of the State of Texas. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under applicable law, including this Policy, it is the intent that an Individual receive the greater benefit so afforded by such change.

9. Subrogation. In the event of indemnification to an Individual under this Policy, the Pension Fund shall be subrogated to the extent of such payment to all of the rights of recovery of an Individual, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Pension Fund effectively to enforce such rights.

10. No Duplication of Payments. The Pension Fund will not be liable under this Policy to make any payment in connection with any claim made against an Individual to the

extent the Individual has otherwise received payment (under any insurance policy, statutory indemnification, or otherwise) of the amounts otherwise indemnifiable hereunder.

11. Severability. If any provision (or portion thereof) of this Policy shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. To the fullest extent possible, the provisions of this Policy (including, without limitation, each portion of this Policy containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

12. Governing Law. The Policy and all actions taken thereunder shall be governed by and construed and enforced in accordance with the laws of the State of Texas without regard to the principles of conflict of laws thereof.

13. Notices. All notices or other communications required by or otherwise with respect to the Policy shall be in writing and shall be deemed to have been duly given when delivered (a) in-hand, (b) by certified mail, (c) by confirmed telefax, or (d) by a recognized commercial delivery service at the following notice addresses, or the then current address, of the main office of the Pension Fund:

To Board of Trustees:           ATTN: Chairman, Board of Trustees  
El Paso Firemen & Policemen's Pension Fund  
1155 Westmoreland, Suite 223  
El Paso, Texas 79925-5623

To the Pension Plan:           ATTN: Executive Director  
El Paso Firemen & Policemen's Pension Fund  
1155 Westmoreland, Suite 223  
El Paso, Texas 79925-5623

14.   Effective Date of the Policy. The Policy shall be effective as of October 17, 2007.