



El Paso Firemen & Policemen's Pension Fund



Securities Class Action Litigation Policy

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SECURITIES CLASS ACTION LITIGATION POLICY

This document sets forth the policy of the El Paso Firemen & Policemen's Pension Fund ("the Fund") regarding its potential participation as lead or co-lead plaintiff in securities class action litigation.

Background

In carrying out its fiduciary duties to prudently invest and manage the assets of the pension system, the Fund invests in the stock of various public companies. From time to time, class action lawsuits are filed against certain companies, their directors and/or officers for alleged violations of federal or state securities laws regarding disclosure obligations, fraud, and/or other alleged breaches of fiduciary duties to shareholders. As a shareholder, the Fund may be automatically included as a passive member of such class litigation without further action on its part. Occasionally, the Fund receives solicitations from law firms seeking to persuade the Fund to serve as a lead or co-lead plaintiff in such securities class action litigation, and thereby urge the court's appointment of one or more such law firms as legal counsel for the shareholder class.

Appointment as Lead or Co-Lead Plaintiff

As a member of a class of shareholders, the Fund may be automatically involved in a securities class action brought in the name of the shareholders against a corporation which the system owns. The Private Securities Litigation Reform Act of 1995 ("the Act") requires federal courts to appoint one or more class members to serve as lead or co-lead plaintiffs to represent the class in the securities litigation. The Act provides a rebuttable presumption that the lead plaintiff named as class representative should be that investor with the greatest financial interest in the relief sought by the lawsuit who is willing to serve as lead plaintiff. Since institutional investors such as the Fund are favored under the Act as presumptively adequate class representatives, the Fund may be solicited by plaintiff litigation counsel who have developed a securities fraud case to serve as the lead plaintiff representative of the shareholder class.

Because of the relatively small size, diversity, and investment policy guidelines of the Fund's investment portfolio, however, it is likely that other institutional investors will have larger losses, a larger financial interest, and larger staff to supervise lead counsel in the prosecution of the great majority of such securities class action lawsuits. Accordingly, in such cases, an investor other than the Fund would be a more appropriate lead or co-lead plaintiff under the Act.

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. Although assuming such risks, the Fund as lead plaintiff is prohibited by the Act from obtaining any additional compensation or benefit in serving as lead plaintiff, but only takes its equal, pro rata share on the same basis as passive members of the class.

Securities Litigation Policy

It is the Fund's general policy, therefore, not to assume the additional administrative burdens, costs or risks to the Fund by seeking or accepting designation as lead or co-lead plaintiff in securities class action litigation. Exceptions to this general policy will be determined on a case-by-case basis in those instances where the Fund has a substantial financial interest (i.e., actual and verifiable losses in excess of \$500,000) and designation as lead or co-lead plaintiff is determined to be in the best interest of the Fund, its members and beneficiaries.

It is the Fund's policy to receive monthly reports directly to the Executive Director. If a claim over \$200,000 is presented, the Executive Director will consult the Chair Person on whether to proceed and the Board will be advised at the next available Board meeting. No action will be made without Board approval.

Monthly reports will be reviewed for the potential recapture of monies owed the Fund. Those reports will then be forwarded to the Custodian bank for comparison of their records to ensure claims are filed to recover any money that the Fund is entitled to from securities class action settlements. This process ensures both the Fund and Custodian bank are doing their due diligence.