

**THE EL PASO FIREMEN & POLICEMEN'S PENSION BOARD OF TRUSTEES**  
**SPECIAL MEETING HELD**  
**Thursday, July 29, 2010 at 1:00 PM**  
**El Paso Firemen and Policemen's Pension Fund Office**  
**Chase Tower, 201 East Main, Suite 1616**  
**El Paso, Texas 79901**

**MINUTES**

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**MEMBERS PRESENT:**

**Mayoral Appointments:**

Mr. Presi Ortega  
Dr. Robert Tollen

**City Manager Appointments**

Ms. Terri Garcia

**Police Department**

Commander Mark Austin  
Detective Stanley Hayes  
Lieutenant Tyler Grossman

**Fire Department**

Chief Michael V. Calderazzo  
Chief Jerry Villanueva

**OTHERS PRESENT:**

Ms. Yolanda Carreon – Assistant Secretary  
Ms. Christina Ramirez – Specialist  
Mr. Michael O'Donnell – Bixler & Co.  
Ms. Brenda Varela – Bixler & Co.  
Mr. Steven Bune – Bixler & Co.

**MEMBERS ABSENT:**

Chief Ralph B. Johnson  
Mr. John D. Davis, III  
Mr. William F. Studer

1. **Call to order**

Chairperson Calderazzo called the special meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees to order at 1:00 p.m.

2. **Discussion and action on approval of the December 31, 2009 Audited Financial Statements as presented by Mr. Michael O'Donnell of Bixler & Company.**

Copies of the Financial Audit were provided to Board Trustees. A copy is also attached to the minutes.

Mr. Michael O'Donnell of Bixler & Co. reviewed the Independent Auditor's Report and stated that they audited the accompanying consolidated statement of plan net assets of El Paso Firemen and Policemen's Pension Fund as of December 31, 2009 and 2008, and the related consolidated statement of changes in plan net assets for the years then ended. These financial statements as a whole are the responsibility of the Fund's management. The accountant's responsibility is to express an opinion on these combined financial statements based on their audits. The recurring theme going forward these years is that these financial statements are the responsibility of the Fund's management, not the auditors. The audit is conducted in accordance with generally accepted auditing standards in the United States of America. Mr. O'Donnell emphasized the opinion paragraph which reads *"In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of El Paso Firemen and Policemen's Pension Fund as of December 31, 2009 and 2008, and the changes in its plan net assets for the years then ended in conformity with accounting principles generally accepted in the United State of America"*. Per Mr. O'Donnell this is their opinion, an unqualified opinion, and the best opinion the Fund can receive.

He referred to the sections of the report that contain a narrative overview and analysis of the financial activities of the Fund. This is intended to serve as an introduction to the Fund's basic financial statements and gives the reader a little summary of the highlights that are contained in all the numbers that are presented. He pointed out two bullet points to observe. One being that the assets of the Fund exceeded its liabilities at the close of the fiscal year 2009 by \$934,694,812. The other that the Fund's total net assets increased by \$280,099,821. He reported that these two numbers will be seen throughout the financial statements as they are basically the recurring themes of the financial statements themselves. He proceeded to review the data of the actual financial statements.


The Management Letter was discussed by Mr. O'Donnell. He stated the following deficiency in El Paso Firemen and Policemen's Pension Fund and Subsidiary's internal control to be a noted deficiency: As previously reported in a letter dated July 14, 2008, changes in Governmental Accounting Standard require El Paso Firemen and Policemen's Pension Fund and Subsidiary's personnel and management to have a better understanding of financial reporting. Previously it was recommended the Fund hire and accountant that can review the Fund's financial data and produce reliable financial statements to the Fund's management and Board of Trustees. Since then, the Fund has hired an accountant. Their observations is that interim financial reports are produced


by different personnel using sources other than the Northern Trust Company's monthly statements which creates different numbers presented to the Board of Trustees for the same item. One of these reports presented to the Board of Trustees has the correct number that is reconciled with the Northern Trust Company's monthly statements. Also, the accountant manually reconciles the Northern Trust Company's monthly statements, but does not put it into the accounting software, QuickBooks, which would allow her to be able to run complete interim financial statements. As large as the Fund is getting, Mr. O'Donnell recommends that the Fund train or hire an accountant who can review the Fund's financial data and produce reliable interim unaudited financial statements and be able to present them monthly to the Fund's management and Board of Trustees.

*Mr. Ortega moved to approve the audit report as presented by Michael O'Donnell of Bixler & Co. seconded by Mr. Hayes and passed by the Board.*

3. **Adjournment.**

*Mr. Ortega moved to adjourn seconded by Mr. Grossman and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees Special meeting stands in adjournment at 1:25 p.m.*

  
Chairperson

  
Secretary