

STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES
CITY OF PLANO RETIREMENT SECURITY PLAN
Adopted: August 14, 2019

Introduction

This Statement of Investment Objectives and Policies (the "Policy") is adopted by the Retirement Security Plan Committee (the "Committee") as of the date specified above. All capitalized terms used herein and not otherwise defined shall have the meaning specified by the City of Plano Retirement Security Plan (the "Plan"). In the event of any conflict between the terms of this Policy and the terms of the Plan Document, the terms of the Plan Document shall be controlling.

Purpose

The Committee has established this Policy for the purpose of identifying the risk and return objectives for the Plan and providing guidelines, limitations, and directions for the investment of the assets of the Plan.

This document represents the conclusions and decisions made after a deliberate and focused review of the Plan's investment objectives, risk tolerance levels, time horizons, income needs, taxation, and other investment concerns, taking into account the requirements of applicable law. Notwithstanding anything contained herein to the contrary, the Committee may waive any requirement, limitation, or provision of this Policy to the extent the Committee determines in their discretion that such waiver is prudent and consistent with their fiduciary obligations under applicable law.

Relationship to Plan and Funding Policy

The City has established a Trust Fund (the "Trust") to fund certain benefits under the Plan. The Trust has been established under the Plan to fund certain Plan benefits for eligible Participants and their beneficiaries. The Committee has adopted this Policy in accordance with Section 9.3 of the Plan Document.

Responsibilities of the Committee

The Committee intends to review portfolio performance on a periodic basis and to evaluate performance over a three to five year time period, or full market cycle. The Committee retains the right to terminate any investment manager at any time, for any reason subject only to notice required under the terms of the applicable agreement with the investment manager.

The Committee shall avoid any real or perceived conflict of interest or self-dealing in the selection of any investment managers retained by the Plan. No Committee member may be affiliated with, or receive any compensation or other economic benefit, directly or indirectly, from any investment manager. A Committee member shall not be considered to have such a conflict solely because the trustee has funds invested in the same investment vehicles as the Trust or has an account at or receives services from the same bank or other institution as the Trust.

Investment Objective

Exhibit B for Attachment 2: Statement of Investment Objectives and Policies

The investment objective for the Trust is to achieve an average annual rate of return equal to or greater than the a rate of return of the weighted average of market indices for the approved target asset allocation over an evaluation period of three to five years, or a full market cycle. The target asset allocation and applicable market indices are shown in Appendix A.

The Committee does not expect that the investment objective will change frequently. Short-term changes in the financial markets generally will not require an adjustment in the investment objective.

Investment Philosophy

The assets of the Trust shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility and the requirements of applicable law. All transactions undertaken on behalf of the Trust shall be for the exclusive benefit of the Participants and their beneficiaries.

The Trust is generally exempt from federal income taxes under section 115 of the Internal Revenue Code of 1986, as amended. Therefore, income tax efficiencies are generally not a factor and should not affect investment decisions regarding the Trust. However, the Trust should be invested in a manner that does not generate unrelated business taxable income, excise taxes, or other-taxable income under federal or state law.

The Trust shall be actively managed subject to the terms of this Policy. To the extent prudent the Trust should be essentially fully invested at all times.

Asset Allocation

Taking into consideration the long term performance and risk characteristics of various asset classes, the Committee has approved a strategic, long-term asset allocation for the investment of Trust assets.

Based on the Trust's investment horizon, risk tolerances, and performance expectations, the Trust's investments should be maintained within the acceptable allocation ranges (as a percentage of total assets of the Trust) set forth in Appendix A. Notwithstanding the allocation range specified above, the amount of assets invested in cash equivalents shall not be less than the amount required to cover current liabilities.

The Plan's investments should be maintained within the acceptable ranges set forth below and with the long-term goal of meeting or exceeding the stated performance objective. The Plan's investment allocation may deviate from the stated ranges if such deviation is consistent with the duty of prudence under this Policy and applicable law and if written notice of such deviation is promptly documented by the Committee.

Consistent with the desire for prudent diversification, this Policy is based on the assumption that the volatility of each asset class should not differ significantly from its respective market. Consequently, it is expected that the volatility of the total portfolio, in aggregate, will be reasonably close to the volatility of a weighted composite of market indices.

Exhibit B for Attachment 2: Statement of Investment Objectives and Policies

Diversification

Investment diversification is important to minimize the risk of large losses to the Trust. It shall be the responsibility of the Committee to establish and maintain a diversified portfolio and acceptable balance between various asset classes, and other appropriate measures of diversification, including country and region allocations for international investments.

Amendment

This Policy shall be reviewed on a periodic basis by the Committee to ensure that it remains relevant and effective within prevailing economic conditions and other conditions affecting the Trust.

The Committee may amend this Policy at any time by a written instrument duly adopted by the Committee and provided to the respective investment managers.

Appendix A

Target Asset Allocation

Asset Class	Minimum Allocation	Target Allocation	Maximum Allocation
Domestic Equity	42%	50%	58%
International Equity	10%	15%	20%
Fixed Income	20%	25%	30%
Core Real Estate	7%	10%	13%
Cash Equivalents	0%	0%	5%

Performance Evaluation Benchmarks

Asset Class	Performance Evaluation Benchmark
Domestic Equity	Russell 3000 Index
International Equity	MSCI All Country World Ex-US Index
Fixed Income	Bloomberg US Aggregate Bond Index
Core Real Estate	NCREIF Open End Diversified Core Equity Index ("ODCE")
Cash Equivalents	ML US 3 Month T-Bill