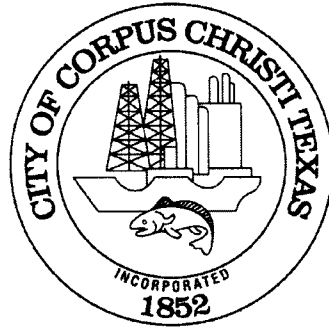


**CITY OF CORPUS CHRISTI
457 DEFERRED COMPENSATION**

INVESTMENT POLICY STATEMENT



March 2018

I. THE PLAN

The City of Corpus Christi (the "City") sponsors a 457(b) Deferred Compensation Plan (the "Plan") for the benefit of its employees. The Plan is intended to fully comply with all applicable state and federal laws and regulations governing §457(b) deferred compensation plans. The Plan provides eligible employees with a program that facilitates the long-term accumulation of retirement savings through voluntary employee contributions to individual participant accounts along with their subsequent investment results.

II. THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

This investment policy statement is intended to communicate the Plan's administrative policy and procedures to its participants and assist the Plan's Oversight Committee (the "Committee") in making recommendations to the City about the Plan in a prudent manner.

This Investment Policy Statement will be reviewed at least annually, and, if appropriate, can be amended at any time to reflect changes in the Plan's objectives, plan participants' objectives, or other factors relevant to the Plan.

III. ROLES AND RESPONSIBILITIES

The City of Corpus Christi (the "City") is the Plan Sponsor and Plan Administrator and is responsible for the Plan's structure, administration, and the overall monitoring of the Plan's administrative and investment activities. The City has hired external contractors to assist in the management and administration of the Plan. Pursuant to Section 609.106 of the Texas Government Code the City Manager has appointed the Committee of employee/Plan participants to assist the City Manager with the following responsibilities:

- The determination of the Plan's administrative structure;
- The establishment and maintenance of the Plan's Investment Policy Statement;
- The periodic evaluation of the Plan's investment options;
- The monitoring of the activities and performance of the Plan's outside contractors.

The Committee is charged with making recommendations to the Plan Administrator about and for the Plan that are exclusively in the best interests of the Plan's participants and beneficiaries. Final decision making authority for all decisions about the Plan rests with the City Council and/or City Manager, as appropriate. A listing of members currently serving on the Committee is available from the Director of Human Resources.

Any recommendation or action regarding the Plan by any City official, any City employee, any member of the Committee, or the any of the Plan's outside contractors that is not solely in the best interests of the Plan's participants and beneficiaries or which could create a conflict of interest or the potential of a conflict of interest is strictly prohibited.

IV. INVESTMENT OBJECTIVES

The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to self-direct their account balances among a range of investment options to construct diversified portfolios that span the risk/reward spectrum. ***PARTICIPANTS AND BENEFICIARIES ALONE BEAR THE RISK OF INVESTMENT RESULTS FROM THE OPTIONS AND ASSET MIXES THAT THEY SELECT.***

V. INVESTMENT GUIDELINES

To provide for the investment needs of the Plan's participants, the Plan provides investment offerings across various asset classes. The investment offerings may consist of mutual funds, variable annuity separate accounts, collective trusts, or other types of investments that are permitted by law and appropriate for this type of Plan. At least one of the investment options in the Plan must have an investment objective of preservation of principal.

The Plan may also provide a Self-Directed Brokerage Option ("SDBO") as part of its investment menu. The SDBO may allow participants to utilize other investment options that are not part of the Plan's core investment menu. The Committee does not monitor any investment option provided through a SDBO. A participating employee assumes all risk for any investment option selected through a SDBO.

Employees should contact the City's Human Resources department for specific information about the Plan's current Third Party Administrator ("TPA") and/or investment options available in the Plan.

VI. QUALIFIED DEFAULT INVESTMENT ALTERNATIVE (QDIA)

The contributions of participants who do not make an active selection among the available options in the Plan's investment menu will be placed in the Plan's Target Date Investment Funds. The Target Date Funds were selected as the Qualified Default Investment Alternative (QDIA) because they meet the long-term needs of Plans' participants. Defaulted assets will be placed into the appropriate target date fund based on the age and assumed time to retirement of the participant.

VII. ADMINISTRATIVE ALLOWANCE ACCOUNT

In the normal course of Plan Administration, the Plan may be reimbursed credits that consist of fees that are in excess of the contractual revenue required for plan administration and/or represent other payments from the Plan's recordkeeper involving plan administration. In the event that the Plan realizes such revenue, it is the policy of the Plan to deposit that revenue in an interest-bearing account as an asset of the Plan and to expend it exclusively by paying appropriate Plan-related expenses and/or periodically returning such revenue to the Plan's then current participants.

VIII. INVESTMENT SELECTION, MONITORING, AND REPORTING

The Plan intends to provide a variety of investment options that allow participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk.

A. Initial Selection Criteria

All actively managed investment options in the Plan are initially selected using the following criteria:

1. Each investment option has at least five (5) years of investment experience as of the date of review;
2. Each investment option has a total net expense ratio that is equal to or less than the average of its peer group;
3. Each investment option has a performance percentile ranking in the top one third of its asset class peer group for the last three (3) or five (5) year performance period as of the date of review.

Passively managed investment options (i.e., indexed funds) that are consistently managed to their published benchmark index are selected for the Plan solely on the basis of cost.

The Plan's Stable Value product is selected based on:

- The product's focus and ability to effectively guarantee the safety of participants' contributions
- The quality of the product's underlying portfolio in assuring the relative safety of contributions
- The historical earnings of the product relative to its appropriate peer group
- An expense structure that compares favorably to the product's peer group.

Notwithstanding the foregoing, the Committee may recommend and the City may approve any investment option for inclusion in the Plan that is deemed to be appropriate for this type of Plan and in the best interests of the majority of the Plan's participants and beneficiaries even though the investment option may not meet any or all of the above criteria.

B. On-Going Monitoring

The Committee assisted by the Plan's Consultant and/or the Plan's TPA performs an analysis of all investment options included in the Plan on a quarterly basis. The monitoring process focuses on:

- 1) QUALITATIVE CRITERIA: The investment option continues to meet all criteria that caused it to be initially included in the Plan. A substantive change in any of the following qualitative criteria may necessitate the inclusion of the investment option on the Plan's "watchlist" (See Section "C" below):
 - a. The investment option has changed managers, or such a change appears imminent;
 - b. The investment option has had a significant change in ownership or control;
 - c. The investment option has changed its investment mandate or has experienced style drift, departing from the investment objectives or parameters in the prospectus;
 - d. The investment option has changed its cost structure;
 - e. The investment option's management or affiliated management has violated or is under investigation for the alleged violation of an SEC, FINRA, federal or state rule or regulation or the alleged violation of its own rules, regulations, or prospectus;
 - f. The investment option has experienced difficulty in transacting trades, fund transfers, or pricing;
 - g. The investment option has experienced minimal participation by Plan participants as measured by the dollars invested in it compared to other investment options in the Plan.
 - h. Any other circumstance regarding the investment option that the Committee determines is in conflict with the intent of this Investment Policy Statement.

- 2) QUANTITATIVE CRITERIA: Any actively managed investment option in the Plan is expected to consistently perform in the top 50th percentile of its peer group on a rolling 3 year basis. Any option that does not meet that criterion may be included on a "watchlist" (See Section "C" below).

3) SPECIFIC STABLE VALUE PRODUCT CRITERIA: The following factors will be considered in the on-going evaluation of the stable value product in the Plan:

- a. The product's current market-to-book value ratio
- b. The average quality of the product's underlying portfolio
- c. The average duration of the product's underlying portfolio
- d. The creditworthiness of the product's GIC and Wrap issuer(s)
- e. The product's current yield compared to its relative peer group
- f. The product's expense structure relative to its peer group.

C. Watch List

If the Committee determines that any of the above qualitative and quantitative factors or any other development regarding the investment option's performance or organization warrants a more thorough examination, the Committee may place the investment option on a "watch list".

1) If the Committee has determined that an investment option fails any of the criteria in Section B above in the current quarter, it may place it on a "watch list". While a fund is on the "watch list" additional information is gathered as to why the option has failed the Plan's criteria and the cause of the failure is monitored monthly.

2) If the investment option's deficiencies continue for four consecutive quarters or seven of the last twelve quarters, the Committee may recommend that the City close the option to new contributions and/or eliminate the option from the Plan's investment menu. Additionally, the Committee may recommend a replacement option to the City.

3) Participants in investment options eliminated from the Plan are given a reasonable period of time to transfer their balance from the affected option to another available option within the Plan. If the participant does not respond in a timely manner, the Plan may transfer the balance to another investment option available in the Plan at that time or to the Plan's QDIA.

4) The Committee may make a recommendation to the Plan Administrator to take corrective action against any investment option in the Plan at any time. The watch list is not the only route for removing an existing investment option. Serious deficiencies in an investment option may result in a recommendation for the immediate removal of that option by the City without it first being watch-listed.

5) Participants may secure a listing of any investment option in the Plan that has been "watch-listed" from the Plan's TPA.

IX. INVESTMENT OPTION MAPPING POLICY

It is the general policy of the Plans to apply the following procedures when mapping Participant assets in situations of Option removal and absent participant election following notification of the removal of an Option in which they have a balance or future contribution allocation.

- A. The Plans will map Participant assets and future contribution allocations in the discontinued Option to an existing or new Option that is reasonably similar in terms of risk to the discontinued Option. Unless presented with clear evidence to the contrary, the Plans consider Options within the same asset class as being reasonably similar in terms of risk; or
- B. The Plans will map Participant assets and future contribution allocations in the discontinued Option to the appropriate Plan QDIA.

The decision to map Participants to an Option that is reasonably similar in terms of risk to the discontinued Option or to map participants to the QDIA shall be made on a case by case basis as deemed in the best interest of the Plan Participants and beneficiaries under the prevailing circumstances.

In all situations, the Plans shall provide Participants reasonable notification of the qualified change prior to the effective date of the change. The notice shall inform Participants that the notified change will occur unless instructions are received to the contrary.

X. PARTICIPANT EDUCATION AND COMMUNICATION

The Plan provides for participant education, counseling and account management services through a variety of media.

XI. COORDINATION OF THE PLAN DOCUMENT

Notwithstanding the foregoing, if any term or condition of the investment policy conflicts with any term or condition in the Plan document, the terms and conditions of the Plan document shall control.

XII. QUESTIONS REGARDING THIS POLICY

Questions regarding this policy shall be directed to the Director of Human Resources, or designee, who may be contacted at 361-826-3315.

Appendix A

Historical Record

Adopted: May 11, 2007

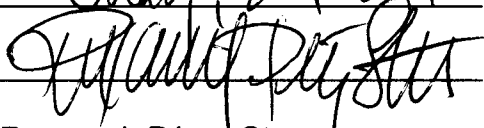
Amended: February 21, 2011

Amended: May 15, 2014

Amended: March 8, 2018

Approved as to Form:

Date: May 22, 2018

By: 

Roxana I. Pérez Stevens
Assistant City Attorney for the City Attorney
The City of Corpus Christi

Approved By:

City of Corpus Christi, Texas

Date: 5/23/18

By: 

Samuel K. Selman
Interim City Manager
The City of Corpus Christi