

SUPPLEMENTAL RETIREMENT PLAN OF UNIVERSITY MEDICAL CENTER

Title: Investment Policy for Supplemental Retirement Plan Of University Medical Center

Approved By: Jeff Dane, Executive Vice President Administrator and Chief Financial Officer

Effective Date: April 1, 2023

Policy Statement:

The governing body of a public retirement system is responsible for the management and administration of the funds of the system pursuant to Texas Government Code §802.202. The Board of Managers appointed Prosperity Bank as discretionary trustee of the Plan assets pursuant to the Trust Agreement effective September 1, 2022 (the "Trust"). Texas Government Code §802.202 provides, when a surplus of funds exists in accounts of a public retirement system over the amount needed to make payments as they become due within the next year, the governing body shall deposit all or as much of the surplus as the governing body considers prudent in a reserve fund for investment. In accordance with Section 8.01(c)(iii) of the Plan Document effective September 1, 2022 (the "Plan"), the Executive Vice President Administrator and Chief Financial Officer has the authority to communicate the Plan's needs and goals to the Trustee. The Trust provides in Section 4.01 the Trustee has sole responsibility for the investment of the Trust and in Section 4.05, the Employer shall formulate an investment policy and communicate such policy in writing to the Trustee.

Standard of Care:

In accordance with §802.203 of the Texas Government Code:

(a) In making and supervising investments of the Trust, the Trustee and the Executive Vice President Administrator and Chief Financial Officer shall discharge its duties solely in the interest of the participants and beneficiaries:

(1) For the exclusive purposes of:

- (A) Providing benefits to participants and their beneficiaries; and
- (B) Defraying reasonable expenses of administering the system;

(2) With the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims:

(3) By diversifying the investments of the system to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(4) In accordance with the documents and instruments governing the system to the extent that the documents and instruments are consistent with this subchapter.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the governing body must act prudently and in the interest of the participants and beneficiaries of the public retirement system.

Procedures:**Objectives and Priorities**

The primary objectives of this policy shall be as follows:

a) Safety:

Safety of principal is important to the investment program.

b) Liquidity:

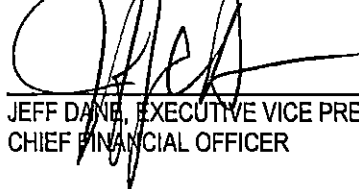
The investment portfolio shall remain sufficiently liquid to meet all current distribution obligations. The cash reserves of the Trust will include the portion of assets invested in fixed income.

c) Yield:

The overall investment objective is to grow the fund consistently and steadily at a rate equal to 5%. The growth rate objective will be a total return which measures investment cash flow and capital appreciation, both realized and unrealized.

Authorized Investments

- a) U.S. Government Obligations
- b) U.S. Government agency and instrumentality obligations
- c) Certificates of Deposit of a denomination not to exceed the total insured amount by the Federal Deposit Insurance Corporation (FDIC) for any depositor within a single FDIC insured bank.
- d) Mutual Funds
- e) Money Market Funds
- f) Common Stocks
- g) Bonds
- h) ETF (Exchange Traded Fund)
- i) Alternative Investments as defined by the American Institute of CPAs (AICPA)

APPROVED:

JEFF DANE, EXECUTIVE VICE PRESIDENT ADMINISTRATOR AND
CHIEF FINANCIAL OFFICER