



Action Item

BOARD OF DIRECTORS

January 18, 2022

ITEM

Updated Statement of Investment Policy for the OPPD Retirement Plan

PURPOSE

To approve an updated Statement of Investment Policy for the OPPD Retirement Plan

FACTS

- a. The District retained Segal Marco Advisors, the District’s Retirement Plan Consultant, to perform an Asset/Liability Study (“Study”) for the Retirement Plan (“Plan”). The purpose of the Study was to evaluate the Plan’s asset allocation in the context of its liabilities to determine if asset allocation changes should be considered. The Study provided a comprehensive framework for evaluating the Plan’s current asset allocation relative to other potential asset allocations, including alternative asset classes, to determine if an alternative asset allocation would be more effective in meeting the Plan’s liabilities and investment objectives.
- b. Numerous alternative asset classes were reviewed and screened with several new asset classes being included as options in the Study. Several Asset Allocation portfolios were modeled by Segal Marco Advisors and reviewed by the Trust Selection Committee. Segal Marco Advisors will present an overview of the Study and ultimate recommendation.
- c. The Trust Selection Committee is recommending several changes to the Statement of Investment Policy (“Policy”). Based on modeling results, recommended changes to the current investment portfolio are expected to provide higher average annual returns with a minimal increase in volatility than those forecasted for the current portfolio. The Policy has been updated to reflect the proposed changes. Primary changes to the Policy include:
 - 1. One new asset class has been added.
 - 2. One current asset class has been removed.
 - 3. Asset allocation targets and ranges have been revised.

ACTION

Board approval of the updated Statement of Investment Policy for the OPPD Retirement Plan.

RECOMMENDED:

DocuSigned by:

Jeffrey M. Bishop

66F002772CFE45A

Jeffrey M. Bishop
Vice President and Chief Financial Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:

L. Javier Fernandez

AC399EDCE56247E

L. Javier Fernandez
President and Chief Executive Officer

JMB: jap

Attachments: Statement of Investment Policy for the Omaha Public Power District Retirement Plan Resolution

**STATEMENT OF INVESTMENT POLICY
FOR THE OMAHA PUBLIC POWER DISTRICT
RETIREMENT PLAN**

As Approved by the OPPD Board of Directors
[Month, Day, Year TBD](#)

TABLE OF CONTENTS

Article I.	Introduction	4
Article II.	Duties and Responsibilities	5
Article III.	Statement of Objectives	6
Article IV.	Statement of Investment Policy	6
	Section 1. Asset Allocation Targets and Ranges	6
	Section 2. Adherence to Policy Targets and Ranges	7
	Section 3. Rebalancing Procedures	7
	Section 4. Diversification	7
	Section 5. Volatility	8
	Section 6. Liquidity	8
	Section 7. Voting of Proxies	8
	Section 8. Execution of Security Trades	8
	Section 9. Securities Lending	8
	Section 10. Deviations From This Policy	9
Article V.	Guidelines for Security Holdings	10
	Section 1. Commingled Securities Holdings	10
	Section 2. U.S. Equity Security Holdings	10
	Section 3. Non-U.S. Equity Security Holdings	10
	Section 4. Fixed Income Security Holdings	10
	Section 5. <u>Private Credit Holdings</u>	<u>11</u>
	<u>Section 6</u> Real Estate Holdings	<u>11</u>
	Section 6 <u>7</u> . Cash Holdings	12

TABLE OF CONTENTS (2)

Section 7 8.	Prohibited Transactions	_____ 12
Article VI.	Control Procedures	13
	Section 1. Review of Liabilities	13
	Section 2 Review of Investment Objectives	13
	Section 3. Review of Investment Managers	13
	Section 4. Performance Expectations	14
	Section 5. New Manager Criteria	14
	Section 6. Performance Measurement Standards	16

ARTICLE I

INTRODUCTION

This document establishes the Investment Policy for the management of the assets of the Omaha Public Power District Retirement Plan (the “Plan”).

This Statement of Investment Policy (the “Policy”) represents the guiding document for overseeing the investment of all assets in the Plan. This Policy is to be communicated to the appointed Investment Managers (the “Managers”) as their principal source for developing an appropriate investment strategy and serves as the basis for the Plan’s performance evaluation.

Any changes to the guidelines defined by this Policy or exceptions to them, will be in writing and delivered to the Investment Managers.

This Policy was prepared with input and guidance from Segal ~~Rogerseasey~~ Marco Advisors and approved by the Trust Selection Committee (the “Committee”). The Committee has arrived at this Policy through careful study of the returns and risks associated with alternative investment strategies. This Policy has been chosen as the most appropriate policy for achieving the financial objectives of the Plan, which are described in the Objectives section of this document.

The Committee has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long term potential for appreciation of assets.

The assets of the Plan will be invested in a manner that provides the safeguards and diversity that a prudent investor would adhere to. All transactions will be undertaken to fulfill the objectives of the Plan.

ARTICLE II

DUTIES AND RESPONSIBILITIES

The Committee is responsible for developing policy recommendations and for overseeing the investment activities of the Plan assets. The Committee must gain approval of the recommended changes to the Policy from the Board of Directors before they can be implemented.

The Committee's responsibilities include recommending revisions to this Policy as necessary such as, but not limited to, recommendations regarding (1) acceptable asset classes, (2) allowable ranges of holdings by asset class as a percent of assets, and (3) definitions of acceptable securities within each asset class.

The Committee (1) recommends the selection, retention and replacement of investment managers, investment advisers and custodians to the Board of Directors, (2) controls the asset allocation within policy limits and by individual investment managers, (3) establishes investment performance expectations for each portfolio, and (4) ensures all managers comply with this Policy.

The Committee or its designee will communicate the Policy and performance expectations to the investment managers. The Committee will also review investment performance regularly to assure the Policy is being followed and progress is being made toward achieving the objectives.

The Managers shall be responsible for determining investment strategy and implementing security selection and the timing of purchases and sales within the Policy guidelines set forth in this statement and as otherwise provided by the Committee.

Relative performance benchmarks for the Plan's investment managers are set forth in the Control Procedures section of this document.

ARTICLE III

STATEMENT OF OBJECTIVES

The assets of the Plan shall be invested in accordance with the objectives summarized below:

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1. Improve the Plan's funded status over the long-term to maintain assets at or above 100% of the Fund's Termination Liability as calculated by the District's actuary.
 2. Maximize returns within reasonable and prudent levels of risk.
 3. Maintain sufficient liquidity to meet benefit payment obligations on a timely basis.
 4. Maintain District contributions as a percentage of base payroll at or below employee contribution levels over the long-term (excluding amortized accrued liability contributions).
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The Policy has been established in conjunction with a comprehensive review of both the current and projected financial requirements of the Plan and investment returns by asset class.

While there are no assurances that these objectives will be realized, it is believed that the likelihood of their realization is reasonably high based upon this Policy and historical performance of the asset classes discussed herein. The objectives have been based on a long-term investment horizon, so that interim fluctuations should be viewed with appropriate perspective.

ARTICLE IV

STATEMENT OF INVESTMENT POLICY

Section 1. Asset Allocation Targets and Ranges

It shall be the policy of the Plan to invest in each asset class ranging between a minimum and a maximum of total Trust assets as shown below.

Asset Class as a Percent of Total Assets

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
US Large Cap Equity	14.0%	18.0%	22.0%
US Mid Cap Equity	3.5%	5.0%	6.5%
US Small Cap Equity	3.5%	5.0%	6.5%
Non-US Equity (Developed Large)	8.0%	10.0%	12.0%
Non-US Equity (Developed Small)	2.5%	4.0%	5.5%
Emerging Markets Equity	8.0%	10.0%	12.0%
Domestic Fixed Income	18.0%	23.0%	28.0%
Global Fixed Income	6.5%	7.5%	8.5%
High Yield Fixed Income	2.0%	-3.0%	-4.0%
Treasury Inflation Protected Securities	0.0%	2.0%	3.0%
Emerging Market Fixed Income	3.5%	5.0%	6.5%
Private Credit	0.0%	7.5%	12.5%
Private Real Estate	5.0%	7.5%	10.0%

Section 2. Adherence to Policy Targets and Ranges

The Committee is guided by the philosophy that asset allocation is the most significant determinant of long-term investment return. The Plan asset allocation will be maintained as close to the target allocations as reasonably possible. Fund additions and withdrawals shall be allocated across portfolios to bring the asset mix as close to the target allocation as possible.

Rapid unanticipated market shifts may cause the asset mix to fall outside of the Policy range. These divergences should be of a short-term nature. The Committee through its designee will be responsible for ensuring that the Managers keep divergences from the Policy as brief as possible. This may require rebalancing the assets when necessary.

Section 3. Rebalancing Procedures

If the asset allocation cannot be maintained within the above Policy limits through contributions and withdrawals, the Committee or its designee shall direct the shifting of assets across investment management portfolios in accordance with the guidelines below. Such reallocations are anticipated to occur infrequently.

Where multiple investment portfolios per asset class are employed, target allocations for each portfolio will be set as a percent of the category assets. Rebalances among portfolios within asset classes will be made at the discretion of the Committee or its designee but must be made whenever portfolio market values diverge more than 10% above or below their target amounts expressed as a percent of the asset category.

Cash withdrawals from the portfolio will first be taken from asset classes and individual managers that are above their respective target commitments.

Any portfolio that is out of compliance will be rebalanced back within the allowable range.

When a rebalance is required, withdrawals of funds from portfolios above their target allocations will be invested in the portfolios that are the most underweighted with respect to their benchmarks. To rebalance portfolios that are underweighted with respect to their percent of assets limits, withdrawals will be made first from the portfolios that are the most overweighted.

The Committee's designee will monitor the actual asset allocation compared to the target allocations each quarter to determine if rebalancing is required.

Section 4. Diversification

Investments shall be diversified with the intent to minimize the risk of large losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, corporations, or industries.

Not more than 5% of the total of all stock portfolios valued at market may be invested in the common stock of any one corporation. A position greater than 5% of the portfolio at market should be highlighted and explained by the investment manager. Not more than 5% of the outstanding shares of any one company may be held. Not more than 25% of stock valued at market may be held in any one industry category as defined by the Plan's Investment Advisor.

With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue.

It is recognized that individual portfolios or funds may have greater concentrations of individual companies, but these portfolios should be offset by other portfolios or funds of complementary styles should offset these portfolios such that the total of all equity holdings complies with these diversification maximums.

The diversity guidelines above will be monitored on a quarterly basis by the Investment Advisor and adjustments will be made accordingly.

Section 5. Volatility

Consistent with the desire for adequate diversification, the Policy is based on the assumption that the volatility of the combined portfolios will be similar to that of the market opportunity available to institutional investors with similar return objectives.

The volatility of each Manager's portfolio will be compared to the volatility of appropriate market indices and peer groups.

Section 6. Liquidity

When the amount and timing of withdrawals are determined, the Committee or its designee will notify the Managers as far in advance as possible of any withdrawal orders to allow them sufficient time to build up necessary liquid reserves.

Section 7. Voting of Proxies

It is expected the Managers will review each proxy ballot and vote them in a manner that preserves and enhances shareholder value.

Each Manager shall keep accurate written records of all proxy votes, and provide a detailed report to the Committee documenting all votes upon request.

Section 8. Execution of Security Trades

The Committee expects the purchase and sale of securities to be made through responsible brokers in a manner designed to receive the best combination of realized prices and commission rates.

Section 9. Securities Lending

The portfolio may participate in securities lending only in those portfolios where the Committee has specifically approved its use. The securities lending program will be designed to generate incremental income from lending securities to qualified borrowers who provide collateral in exchange for the right to use the securities. The investing of this collateral is expected to follow the investment guidelines developed by the Plan portfolio with the principal objectives being liquidity and preservation of capital. There are no goals or expectations on a specific amount of income to be generated from the securities lending program. The reason for setting no goals or

expectations is to minimize incentives to violate the guidelines established in an effort to generate higher income levels. Incremental income levels will be dictated by the market's demand for securities in the Plan portfolio.

Section 10. Deviations From This Policy

It is recognized that new or unique investment opportunities may become available from time to time which are not specifically addressed in this Policy Statement. As such, the Committee may approve minor deviations from this Policy, provided that the Committee believes any and all deviations will enhance long-term return expectations and not increase the Plan's exposure to investment losses.

All material policy deviations approved should be reported to the Omaha Public Power District Board of Directors at the next scheduled review of the Plan Policy and performance.

ARTICLE V

GUIDELINES FOR SECURITY HOLDINGS

Section 1. Commingled Securities Holdings

In addition to direct investment in individual securities, the Plan will utilize mutual funds and other commingled investments. It is understood that it may not be possible to adhere completely to the following guidelines. The Plan will notify its managers of these Policy guidelines and request the maximum feasible compliance.

Section 2. U.S. Equity Security Holdings

Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded in significant volume on major exchanges including NASDAQ in the U.S. Equity holdings may include American Depositary Receipts traded on U.S. exchanges. Preferred and convertible preferred stocks may be held. Publicly traded Real Estate Investment Trust (REITs) shares may be held and are considered part of the allocation to stocks if they are held in a portfolio classified as U.S. Equity.

For the purposes of this Policy, small and mid cap stocks are defined as having market capitalizations of \$10 Billion or less. Stocks with capitalizations above \$10 Billion are included in the Large Cap U.S. Equity commitment.

There is no minimum market capitalization for holdings of individual issues. However, each holding shall be of a sufficiently low percentage of average daily trading volume to ensure sale on favorable terms at the appropriate time.

Futures and options can be used as a substitute for equity securities provided that they are 100% collateralized by highly liquid, low volatility fixed income securities and therefore do not represent leveraging of the assets.

Section 3. Non-U.S. Equity Security Holdings

All Non-U.S. equity holdings shall be highly liquid securities issued by corporations headquartered in countries included in the Morgan Stanley Capital All Country World ex US Index. Issues may also be purchased and sold on exchanges in other countries that offer a ready and continuous market for individual issues and have no restrictions on the transfer of funds to and from the U.S. Managers holding Non-U.S. dollar denominated securities are permitted to employ currency-hedging strategies.

Section 4. Fixed Income Security Holdings

Fixed income investments shall be marketable securities, which may include, but not necessarily be limited to U. S. Treasury, Federal Agencies and U.S. Government guaranteed obligations, and corporate issues including convertibles. Mortgage pass-throughs, collateralized debt obligations and non-dollar denominated bonds may be held.

The total fixed income portfolio must have a weighted average rating of A or better in the aggregate as determined by at least one credit rating service. In cases where the yield spread

adequately compensates for additional risk, up to 10% of the value of each fixed income portfolio, with the exception of the High Yield Fixed Income Portfolio, may be invested in below investment grade securities provided that they are easily tradable and overall fixed income quality is maintained.

Investment grade quality is defined as BBB rated or higher at time of purchase. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below minimum investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is low risk of default, and buyers will continue to be available throughout the anticipated holding period. The Manager has the responsibility of notifying the Committee whenever an issue falls below investment grade. The notification should include the Manager's assessment of the issue's credit rating and its ongoing role in the portfolio.

Non U.S. dollar fixed income holdings are allowed to be held in the Plan. Non U.S. dollar securities must be highly liquid, actively traded, and rated single A or higher at time of purchase. The only exception is for Emerging Market Debt Securities, which may be held in a portfolio designated for such securities.

Mortgage securities held should exhibit price, volatility, and liquidity similar to components of the Barclays Mortgage Backed Securities Index. The intent is to invest only in the most conservative mortgage instruments. These may include collateralized mortgage obligations such as pass-throughs, sequential CMO tranches, or planned amortization classes. Asset backed securities including categories other than mortgages may be held provided they are un-leveraged, low risk and their values do not change due to the performance of any other security, index or commodity (i.e., structured notes). In determining the acceptability of a derivative, duration must be easily calculated and where duration cannot be calculated, the investment is not permissible.

Privately placed fixed income issues may be held provided that the credit risk is carefully evaluated and judged to conform to this Policy, and that there is a secondary market for potential sale before maturity or call date.

Futures and options can be used as a substitute for fixed income provided that they are 100% collateralized by highly liquid, low volatility fixed income securities and therefore do not represent leveraging of the assets.

If an investment manager investing in a separate account for the Plan has any questions about the authorization granted to purchase and/or hold a security because of its issuer, type, effective duration, or effective credit quality, the manager must consult with the Committee prior to purchase of the security. In addition, no separate account investment will be made in any newly developed instrument without the explicit consent of the Committee.

Section 5. Private Credit Holdings:

The private credit portion of the Plan's assets will be invested through an investment manager. Private credit managers are expected to be focused on providing cash-flow based financing to medium size private companies located primarily in the U.S. and be invested near the top of the capital structure.

Section 56. Private Real Estate Holdings:

The private real estate portion of the Plan's assets ~~may~~will be invested through ~~an~~ investment manager. Private real estate managers are expected to hold a diversified pools of ~~in a diversified pooled of~~ real estate investments.

Section 67. Cash Holdings

It shall be the policy of the Plan to be fully invested to the maximum extent possible. Any excess cash holdings in separate short term fixed income accounts should be based upon the anticipated spending needs of the Fund plus a limited margin of safety.

It is understood that the Plan Managers at any point in time may not be fully invested. While the Plan's assets may be partially invested in cash equivalents, for asset allocation purposes, these funds shall be considered invested in the asset classes of the respective managers. In turn, each Manager's performance will be evaluated on the total amount of assets under its direct management.

Uninvested cash balances should be kept to a minimum through the prompt investment of available funds. For actively managed equity portfolios, cash and short term instruments maturing in less than 360 days shall be restricted to 5% of the market value of each portfolio except for brief periods. Exceptions are allowed when building liquidity in anticipation of a large withdrawal or by special permission from the Committee.

Cash equivalent holdings are allowed in the fixed income portfolio to maintain the portfolio duration within Policy limits. Cash equivalent reserves shall consist of cash instruments having quality ratings by at least one rating agency of A-2, P-2 or higher, maturing in 360 days or less.

Should any investment manager wish to exceed the guideline limits, special prior approval by the Committee will be needed. For special situations, the Committee can grant special exemptions in writing from the guidelines. In no case can a manager intentionally exceed guideline limits without formal prior approval by the Committee.

Section 78. Prohibited Transactions

The following securities and transactions are not authorized:

- a) Unregistered equity securities;
- b) Commodities or commodity contracts (except for unleveraged stock or bond index futures and currency futures and options);
- c) All forms of Private Equity including, but not restricted to, venture capital or buyout funds.

Any financial options and futures employed must be solely for defensive and hedge strategies undertaken to protect principal.

No investments shall be made for the purpose of engaging in speculative trading.

ARTICLE VI

CONTROL PROCEDURES

Section 1. Review of Liabilities

All major liability assumptions regarding number of participants, benefit levels and actuarial assumptions will be subject to an annual review by the Committee consistent with applicable State and Federal Statutes. This review will focus on the Plan's growth assumptions and actual experience.

Section 2. Review of Investment Objectives

Investment objectives will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Policy for achieving these objectives in light of the review of cash flow and Fund growth.

It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the Policy.

Section 3. Review of Investment Managers

The Committee will review the performance of the total of all investments and individual Manager performance quarterly. The Investment Adviser or other designee will monitor each Manager to identify any material changes that may affect their ability to perform their duties. The Committee will meet with each Manager to review the goals, objectives, guidelines and performance, including total rate of return of their portfolio(s) as needed. Any recommendations by the Manager as to changes in the investment guidelines should be submitted to the Committee in writing.

For small dollar placements in mutual funds, annual reviews may be conducted by telephone.

Performance reviews will focus on:

- Comparison of Managers' results to funds using similar policies (in terms of diversification, volatility, style, etc.)
- Comparison to indices appropriate for monitoring individual portfolio investment strategies.
- Total Fund and Manager adherence to the Policy guidelines.
- Material changes in the Manager organizations, such as in investment philosophy, personnel, acquisitions or losses of major accounts, etc.

The Committee encourages the Managers to have open communication with them on all significant matters pertaining to investment policies and the management of the Plan's assets entrusted to them.

The Managers are responsible for keeping the Committee, or its designee, advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance of their portfolios.

Section 4. Performance Expectations

The most important performance expectation is the achievement of long-term investment results that are consistent with the Plan's Policy. Implementation of the Policy will be directed toward achieving this return and not toward maximizing return without regard to risk.

In order to ensure that investment opportunities available over specific time periods are fairly evaluated, the Committee will use comparative performance statistics to evaluate investment results.

The total Plan will be expected to achieve and maintain minimum performance as follows:

- 1) Exceed an appropriate benchmark index, net of management fees.
- 2) Earn a rate-of-return on the Retirement Fund assets that is at least 4% greater than the rate of inflation over a ten-year planning horizon.

Each investment manager will be expected to achieve and maintain minimum performance as follows:

- 1) Rank in the top 40% of an appropriate peer group of portfolios.
- 2) Exceed an appropriate benchmark index, net of management fees.

While these performance standards should be achieved over a complete market cycle, the Committee will also monitor performance over rolling three and five year time periods.

Section 5. New Manager Criteria

The following parameters are established for those organizations seeking to manage a portion of the District's Retirement Plan assets. Plan fiduciaries should ensure that decisions regarding the hiring of an investment management firm are being made for the exclusive benefit of the plan participants.

- A MINIMUM OF FIVE YEARS IN BUSINESS PRACTICING THE PROPOSED DISCIPLINE
- A MINIMUM OF \$500 MILLION UNDER MANAGEMENT IN THE PROPOSED DISCIPLINE
- A PERFORMANCE HISTORY THAT ***RANKS COMPETITIVELY*** IN AN APPROPRIATE DATA BASE OF A NATIONALLY-RECOGNIZED PERFORMANCE MEASUREMENT SERVICE OVER THE LAST FIVE YEARS
- OTHER MORE SPECIFIC CRITERIA BASED ON STYLE AND/OR ASSET CLASS CONSIDERATIONS

The only exception to the preceding criteria would be for consideration of an emerging or protected class firm. In those cases, the qualification requirements will focus on more subjective elements including the credentials of key decision makers:

- APPROPRIATE ACADEMIC BACKGROUND - MBA AND/OR CFA DESIGNATION

- A MINIMUM OF FIVE YEARS' EXPERIENCE IN THE PROPOSED DISCIPLINE

Other criteria to be evaluated by the District will include the depth of the firm's support staff, its research capabilities, and its business affiliations. Managers hired under these conditions will have a maximum initial funding of \$10 million.

Section 6. Performance Measurement Standards

Asset Class/Manager	Peer Universe	Benchmark Index
OBJECTIVE:	Exceed 40th Percentile	Active: Outperform Net of Investment Fees Passive: Perform In-line
U.S. Equities: Passive Large Cap Mid-Cap Small Cap Value Small Cap Growth	Large Cap Core Mid Cap Core Small Cap Value Small Cap Growth	Russell 1000 S&P 400 Russell 2000 Value Russell 2000 Growth
Non U.S. Equities: International Large Cap International Small Cap Emerging Markets	International Equities International Small Cap Emerging Markets Equity	MSCI EAFE (Net) MSCI EAFE Small Cap (Net) MSCI EM Mkts (Net)
U.S. Fixed Income: Passive Core Active Core High Yield TIPS	Core Fixed Income Core Fixed Income High Yield Fixed Income TIPS Funds	Barclays Agg Bond Index Citigroup BIG Index Citigroup HY Mkt Barclays US TIPS
Non U.S. Fixed Income: Global Fixed Emerging Markets	Global Fixed Income Emerging Markets Fixed	Barclays Global Agg Bond Index JPM EMBI Global
Alternatives: Private Credit Private Real Estate	Not Applicable Real Estate Funds	To Be Determined Not Applicable* NCREIF ODCE
Total Plan:		Custom

POLICY APPROVAL DATE: ~~October 13, 2016~~TBD

* Benchmarks for private credit investments are product specific and can include opportunity costs as measures.

**STATEMENT OF INVESTMENT POLICY
FOR THE OMAHA PUBLIC POWER DISTRICT
RETIREMENT PLAN**

As Approved by the OPPD Board of Directors
Month, Day, Year TBD

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Article I.	Introduction	4
Article II.	Duties and Responsibilities	5
Article III.	Statement of Objectives	6
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	Section 1. Asset Allocation Targets and Ranges	6
	Section 2. Adherence to Policy Targets and Ranges	7
	Section 3. Rebalancing Procedures	7
	Section 4. Diversification	7
	Section 5. Volatility	8
	Section 6. Liquidity	8
	Section 7. Voting of Proxies	8
	Section 8. Execution of Security Trades	8
	Section 9. Securities Lending	8
	Section 10. Deviations From This Policy	9
Article V.	Guidelines for Security Holdings	10
	Section 1. Commingled Securities Holdings	10
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	Section 6. Real Estate Holdings	12
	Section 7. Cash Holdings	12

TABLE OF CONTENTS (2)

Section 8.	Prohibited Transactions	12
Article VI.	Control Procedures	13
Section 1.	Review of Liabilities	13
Section 2	Review of Investment Objectives	13
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STATEMENT OF OBJECTIVES

The assets of the Plan shall be invested in accordance with the objectives summarized below:

1. Improve the Plan's funded status over the long-term to maintain assets at or above 100% of the Fund's Termination Liability as calculated by the District's actuary.
2. Maximize returns within reasonable and prudent levels of risk.
3. Maintain sufficient liquidity to meet benefit payment obligations on a timely basis.
4. Maintain District contributions as a percentage of base payroll at or below employee contribution levels over the long-term (excluding amortized accrued liability contributions).

The Policy has been established in conjunction with a comprehensive review of both the current and projected financial requirements of the Plan and investment returns by asset class.

While there are no assurances that these objectives will be realized, it is believed that the likelihood of their realization is reasonably high based upon this Policy and historical performance of the asset classes discussed herein. The objectives have been based on a long-term investment horizon, so that interim fluctuations should be viewed with appropriate perspective.

ARTICLE IV

STATEMENT OF INVESTMENT POLICY

Section 1. Asset Allocation Targets and Ranges

It shall be the policy of the Plan to invest in each asset class ranging between a minimum and a maximum of total Trust assets as shown below.

Asset Class as a Percent of Total Assets

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
US Large Cap Equity	14.0%	18.0%	22.0%
US Mid Cap Equity	3.5%	5.0%	6.5%
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Non-US Equity (Developed Small)	2.5%	4.0%	5.5%
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Domestic Fixed Income	18.0%	23.0%	28.0%
High Yield Fixed Income	2.0%	3.0%	4.0%
Treasury Inflation Protected Securities	0.0%	2.0%	3.0%
Emerging Market Fixed Income	3.5%	5.0%	6.5%
Private Credit	0.0%	7.5%	12.5%
Private Real Estate	5.0%	7.5%	10.0%

Section 2. Adherence to Policy Targets and Ranges

The Committee is guided by the philosophy that asset allocation is the most significant determinant of long-term investment return. The Plan asset allocation will be maintained as close to the target allocations as reasonably possible. Fund additions and withdrawals shall be allocated across portfolios to bring the asset mix as close to the target allocation as possible.

Rapid unanticipated market shifts may cause the asset mix to fall outside of the Policy range. These divergences should be of a short-term nature. The Committee through its designee will be responsible for ensuring that the Managers keep divergences from the Policy as brief as possible. This may require rebalancing the assets when necessary.

Section 3. Rebalancing Procedures

If the asset allocation cannot be maintained within the above Policy limits through contributions and withdrawals, the Committee or its designee shall direct the shifting of assets across investment management portfolios in accordance with the guidelines below. Such reallocations are anticipated to occur infrequently.

Where multiple investment portfolios per asset class are employed, target allocations for each portfolio will be set as a percent of the category assets. Rebalances among portfolios within asset classes will be made at the discretion of the Committee or its designee but must be made whenever portfolio market values diverge more than 10% above or below their target amounts expressed as a percent of the asset category.

Cash withdrawals from the portfolio will first be taken from asset classes and individual managers that are above their respective target commitments.

Any portfolio that is out of compliance will be rebalanced back within the allowable range.

When a rebalance is required, withdrawals of funds from portfolios above their target allocations will be invested in the portfolios that are the most underweighted with respect to their benchmarks. To rebalance portfolios that are underweighted with respect to their percent of assets limits, withdrawals will be made first from the portfolios that are the most overweighted.

The Committee's designee will monitor the actual asset allocation compared to the target allocations each quarter to determine if rebalancing is required.

Section 4. Diversification

Investments shall be diversified with the intent to minimize the risk of large losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, corporations, or industries.

Not more than 5% of the total of all stock portfolios valued at market may be invested in the common stock of any one corporation. A position greater than 5% of the portfolio at market should be highlighted and explained by the investment manager. Not more than 5% of the outstanding shares of any one company may be held. Not more than 25% of stock valued at market may be held in any one industry category as defined by the Plan's Investment Advisor.

With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue.

It is recognized that individual portfolios or funds may have greater concentrations of individual companies, but these portfolios should be offset by other portfolios or funds of complementary styles should offset these portfolios such that the total of all equity holdings complies with these diversification maximums.

The diversity guidelines above will be monitored on a quarterly basis by the Investment Advisor and adjustments will be made accordingly.

Section 5. Volatility

Consistent with the desire for adequate diversification, the Policy is based on the assumption that the volatility of the combined portfolios will be similar to that of the market opportunity available to institutional investors with similar return objectives.

The volatility of each Manager's portfolio will be compared to the volatility of appropriate market indices and peer groups.

Section 6. Liquidity

When the amount and timing of withdrawals are determined, the Committee or its designee will notify the Managers as far in advance as possible of any withdrawal orders to allow them sufficient time to build up necessary liquid reserves.

Section 7. Voting of Proxies

It is expected the Managers will review each proxy ballot and vote them in a manner that preserves and enhances shareholder value.

Each Manager shall keep accurate written records of all proxy votes, and provide a detailed report to the Committee documenting all votes upon request.

Section 8. Execution of Security Trades

The Committee expects the purchase and sale of securities to be made through responsible brokers in a manner designed to receive the best combination of realized prices and commission rates.

Section 9. Securities Lending

The portfolio may participate in securities lending only in those portfolios where the Committee has specifically approved its use. The securities lending program will be designed to generate incremental income from lending securities to qualified borrowers who provide collateral in exchange for the right to use the securities. The investing of this collateral is expected to follow the investment guidelines developed by the Plan portfolio with the principal objectives being liquidity and preservation of capital. There are no goals or expectations on a specific amount of income to be generated from the securities lending program. The reason for setting no goals or

expectations is to minimize incentives to violate the guidelines established in an effort to generate higher income levels. Incremental income levels will be dictated by the market's demand for securities in the Plan portfolio.

Section 10. Deviations From This Policy

It is recognized that new or unique investment opportunities may become available from time to time which are not specifically addressed in this Policy Statement. As such, the Committee may approve minor deviations from this Policy, provided that the Committee believes any and all deviations will enhance long-term return expectations and not increase the Plan's exposure to investment losses.

All material policy deviations approved should be reported to the Omaha Public Power District Board of Directors at the next scheduled review of the Plan Policy and performance.

ARTICLE V

GUIDELINES FOR SECURITY HOLDINGS

Section 1. Commingled Securities Holdings

In addition to direct investment in individual securities, the Plan will utilize mutual funds and other commingled investments. It is understood that it may not be possible to adhere completely to the following guidelines. The Plan will notify its managers of these Policy guidelines and request the maximum feasible compliance.

Section 2. U.S. Equity Security Holdings

Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded in significant volume on major exchanges including NASDAQ in the U.S. Equity holdings may include American Depositary Receipts traded on U.S. exchanges. Preferred and convertible preferred stocks may be held. Publicly traded Real Estate Investment Trust (REITs) shares may be held and are considered part of the allocation to stocks if they are held in a portfolio classified as U.S. Equity.

For the purposes of this Policy, small and mid cap stocks are defined as having market capitalizations of \$10 Billion or less. Stocks with capitalizations above \$10 Billion are included in the Large Cap U.S. Equity commitment.

There is no minimum market capitalization for holdings of individual issues. However, each holding shall be of a sufficiently low percentage of average daily trading volume to ensure sale on favorable terms at the appropriate time.

Futures and options can be used as a substitute for equity securities provided that they are 100% collateralized by highly liquid, low volatility fixed income securities and therefore do not represent leveraging of the assets.

Section 3. Non-U.S. Equity Security Holdings

All Non-U.S. equity holdings shall be highly liquid securities issued by corporations headquartered in countries included in the Morgan Stanley Capital All Country World ex US Index. Issues may also be purchased and sold on exchanges in other countries that offer a ready and continuous market for individual issues and have no restrictions on the transfer of funds to and from the U.S. Managers holding Non-U.S. dollar denominated securities are permitted to employ currency-hedging strategies.

Section 4. Fixed Income Security Holdings

Fixed income investments shall be marketable securities, which may include, but not necessarily be limited to U. S. Treasury, Federal Agencies and U.S. Government guaranteed obligations, and corporate issues including convertibles. Mortgage pass-throughs, collateralized debt obligations and non-dollar denominated bonds may be held.

The total fixed income portfolio must have a weighted average rating of A or better in the aggregate as determined by at least one credit rating service. In cases where the yield spread

adequately compensates for additional risk, up to 10% of the value of each fixed income portfolio, with the exception of the High Yield Fixed Income Portfolio, may be invested in below investment grade securities provided that they are easily tradable and overall fixed income quality is maintained.

Investment grade quality is defined as BBB rated or higher at time of purchase. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below minimum investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is low risk of default, and buyers will continue to be available throughout the anticipated holding period. The Manager has the responsibility of notifying the Committee whenever an issue falls below investment grade. The notification should include the Manager's assessment of the issue's credit rating and its ongoing role in the portfolio.

Non U.S. dollar fixed income holdings are allowed to be held in the Plan. Non U.S. dollar securities must be highly liquid, actively traded, and rated single A or higher at time of purchase. The only exception is for Emerging Market Debt Securities, which may be held in a portfolio designated for such securities.

Mortgage securities held should exhibit price, volatility, and liquidity similar to components of the Barclays Mortgage Backed Securities Index. The intent is to invest only in the most conservative mortgage instruments. These may include collateralized mortgage obligations such as pass-throughs, sequential CMO tranches, or planned amortization classes. Asset backed securities including categories other than mortgages may be held provided they are un-leveraged, low risk and their values do not change due to the performance of any other security, index or commodity (i.e., structured notes). In determining the acceptability of a derivative, duration must be easily calculated and where duration cannot be calculated, the investment is not permissible.

Privately placed fixed income issues may be held provided that the credit risk is carefully evaluated and judged to conform to this Policy, and that there is a secondary market for potential sale before maturity or call date.

Futures and options can be used as a substitute for fixed income provided that they are 100% collateralized by highly liquid, low volatility fixed income securities and therefore do not represent leveraging of the assets.

If an investment manager investing in a separate account for the Plan has any questions about the authorization granted to purchase and/or hold a security because of its issuer, type, effective duration, or effective credit quality, the manager must consult with the Committee prior to purchase of the security. In addition, no separate account investment will be made in any newly developed instrument without the explicit consent of the Committee.

Section 5. Private Credit Holdings:

The private credit portion of the Plan's assets will be invested through an investment manager. Private credit managers are expected to be focused on providing cash-flow based financing to medium size private companies located primarily in the U.S. and be invested near the top of the capital structure.

Section 6. Private Real Estate Holdings:

The private real estate portion of the Plan's assets will be invested through investment manager. Private real estate managers are expected to hold a diversified pools of real estate investments.

Section 7. Cash Holdings

It shall be the policy of the Plan to be fully invested to the maximum extent possible. Any excess cash holdings in separate short term fixed income accounts should be based upon the anticipated spending needs of the Fund plus a limited margin of safety.

It is understood that the Plan Managers at any point in time may not be fully invested. While the Plan's assets may be partially invested in cash equivalents, for asset allocation purposes, these funds shall be considered invested in the asset classes of the respective managers. In turn, each Manager's performance will be evaluated on the total amount of assets under its direct management.

Uninvested cash balances should be kept to a minimum through the prompt investment of available funds. For actively managed equity portfolios, cash and short term instruments maturing in less than 360 days shall be restricted to 5% of the market value of each portfolio except for brief periods. Exceptions are allowed when building liquidity in anticipation of a large withdrawal or by special permission from the Committee.

Cash equivalent holdings are allowed in the fixed income portfolio to maintain the portfolio duration within Policy limits. Cash equivalent reserves shall consist of cash instruments having quality ratings by at least one rating agency of A-2, P-2 or higher, maturing in 360 days or less.

Should any investment manager wish to exceed the guideline limits, special prior approval by the Committee will be needed. For special situations, the Committee can grant special exemptions in writing from the guidelines. In no case can a manager intentionally exceed guideline limits without formal prior approval by the Committee.

Section 8. Prohibited Transactions

The following securities and transactions are not authorized:

- a) Unregistered equity securities;
- b) Commodities or commodity contracts (except for unleveraged stock or bond index futures and currency futures and options);
- c) All forms of Private Equity including, but not restricted to, venture capital or buyout funds.

Any financial options and futures employed must be solely for defensive and hedge strategies undertaken to protect principal.

No investments shall be made for the purpose of engaging in speculative trading.

ARTICLE VI

CONTROL PROCEDURES

Section 1. Review of Liabilities

All major liability assumptions regarding number of participants, benefit levels and actuarial assumptions will be subject to an annual review by the Committee consistent with applicable State and Federal Statutes. This review will focus on the Plan's growth assumptions and actual experience.

Section 2. Review of Investment Objectives

Investment objectives will be reviewed annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Policy for achieving these objectives in light of the review of cash flow and Fund growth.

It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the Policy.

Section 3. Review of Investment Managers

The Committee will review the performance of the total of all investments and individual Manager performance quarterly. The Investment Adviser or other designee will monitor each Manager to identify any material changes that may affect their ability to perform their duties. The Committee will meet with each Manager to review the goals, objectives, guidelines and performance, including total rate of return of their portfolio(s) as needed. Any recommendations by the Manager as to changes in the investment guidelines should be submitted to the Committee in writing.

For small dollar placements in mutual funds, annual reviews may be conducted by telephone.

Performance reviews will focus on:

- Comparison of Managers' results to funds using similar policies (in terms of diversification, volatility, style, etc.)
- Comparison to indices appropriate for monitoring individual portfolio investment strategies.
- Total Fund and Manager adherence to the Policy guidelines.
- Material changes in the Manager organizations, such as in investment philosophy, personnel, acquisitions or losses of major accounts, etc.

The Committee encourages the Managers to have open communication with them on all significant matters pertaining to investment policies and the management of the Plan's assets entrusted to them.

The Managers are responsible for keeping the Committee, or its designee, advised of any material changes in personnel, investment strategy, or other pertinent information potentially affecting performance of their portfolios.

Section 4. Performance Expectations

The most important performance expectation is the achievement of long-term investment results that are consistent with the Plan's Policy. Implementation of the Policy will be directed toward achieving this return and not toward maximizing return without regard to risk.

In order to ensure that investment opportunities available over specific time periods are fairly evaluated, the Committee will use comparative performance statistics to evaluate investment results.

The total Plan will be expected to achieve and maintain minimum performance as follows:

- 1) Exceed an appropriate benchmark index, net of management fees.
- 2) Earn a rate-of-return on the Retirement Fund assets that is at least 4% greater than the rate of inflation over a ten-year planning horizon.

Each investment manager will be expected to achieve and maintain minimum performance as follows:

- 1) Rank in the top 40% of an appropriate peer group of portfolios.
- 2) Exceed an appropriate benchmark index, net of management fees.

While these performance standards should be achieved over a complete market cycle, the Committee will also monitor performance over rolling three and five year time periods.

Section 5. New Manager Criteria

The following parameters are established for those organizations seeking to manage a portion of the District's Retirement Plan assets. Plan fiduciaries should ensure that decisions regarding the hiring of an investment management firm are being made for the exclusive benefit of the plan participants.

- A MINIMUM OF FIVE YEARS IN BUSINESS PRACTICING THE PROPOSED DISCIPLINE
- A MINIMUM OF \$500 MILLION UNDER MANAGEMENT IN THE PROPOSED DISCIPLINE
- A PERFORMANCE HISTORY THAT ***RANKS COMPETITIVELY*** IN AN APPROPRIATE DATA BASE OF A NATIONALLY-RECOGNIZED PERFORMANCE MEASUREMENT SERVICE OVER THE LAST FIVE YEARS
- OTHER MORE SPECIFIC CRITERIA BASED ON STYLE AND/OR ASSET CLASS CONSIDERATIONS

The only exception to the preceding criteria would be for consideration of an emerging or protected class firm. In those cases, the qualification requirements will focus on more subjective elements including the credentials of key decision makers:

- APPROPRIATE ACADEMIC BACKGROUND - MBA AND/OR CFA DESIGNATION

- A MINIMUM OF FIVE YEARS' EXPERIENCE IN THE PROPOSED DISCIPLINE

Other criteria to be evaluated by the District will include the depth of the firm's support staff, its research capabilities, and its business affiliations. Managers hired under these conditions will have a maximum initial funding of \$10 million.

Section 6. Performance Measurement Standards

Asset Class/Manager	Peer Universe	Benchmark Index
OBJECTIVE:	Exceed 40th Percentile	Active: Outperform Net of Investment Fees Passive: Perform In-line
U.S. Equities:		
Passive Large Cap	Large Cap Core	Russell 1000
Mid-Cap	Mid Cap Core	S&P 400
Small Cap Value	Small Cap Value	Russell 2000 Value
Small Cap Growth	Small Cap Growth	Russell 2000 Growth
Non U.S. Equities:		
International Large Cap	International Equities	MSCI EAFE (Net)
International Small Cap	International Small Cap	MSCI EAFE Small Cap (Net)
Emerging Markets	Emerging Markets Equity	MSCI EM Mkts (Net)
U.S. Fixed Income:		
Passive Core	Core Fixed Income	Barclays Agg Bond Index
Active Core	Core Fixed Income	Citigroup BIG Index
High Yield	High Yield Fixed Income	Citigroup HY Mkt
TIPS	TIPS Funds	Barclays US TIPS
Non U.S. Fixed Income:		
Emerging Markets	Emerging Markets Fixed	JPM EMBI Global
Alternatives:		
Private Credit	Not Applicable	To Be Determined*
Private Real Estate	Real Estate Funds	NCREIF ODCE
Total Plan:		Custom

POLICY APPROVAL DATE: TBD

* Benchmarks for private credit investments are product specific and can include opportunity costs as measures.



Yoder/Bishop

DRAFT
RESOLUTION NO. 64xx

WHEREAS, the District retained Segal Marco Advisors, the District's Retirement Plan Consultant, to perform an Asset/Liability Study ("Study") for the Retirement Plan ("Plan"); and

WHEREAS, the Study provided a comprehensive framework for evaluating the Plan's current asset allocation relative to other potential asset allocations, including alternative asset classes, to determine if an alternative asset allocation would be more effective in meeting the Plan's liabilities and investment objectives; and

WHEREAS, several sample asset allocation portfolios were modeled by Segal Marco Advisors and reviewed by the District's Trust Selection Committee; and

WHEREAS, the Trust Selection Committee is recommending a new portfolio adding one new asset class and removing one current asset class; and

WHEREAS, the Board of Directors of the Omaha Public Power District concurs with the recommendation of the Trust Selection Committee and finds that the updated Statement of Investment Policy to incorporate this recommendation is in the best interest of the District and the District's Retirement Plan Participants.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Omaha Public Power District that the revised Statement of Investment Policy for the Omaha Public Power District Retirement Plan, as shown on the attachment to this resolution, is hereby approved and adopted.