

METROPOLITAN UTILITIES DISTRICT
Committee Meetings

8:15 a.m.

June 1, 2022

1. Safety Briefing
2. Roll Call
3. Open Meetings Act Notice

Construction and Operations – Friend, Frost, Cavanaugh

1. Capital Expenditures [Gina Langel - SVP, Chief Operations Officer] – **Tab 5**
2. Acceptance of Contracts and Payment of Final Estimates [Stephanie Henn – Director, Plant Engineering] – **Tab 6**
3. Gas infrastructure Partner – Continued Partnership with Q3 Contracting through the End of Cast Iron Replacement in Approximately 2027 [Stephanie Henn – Director, Plant Engineering] – **Tab 7**
4. Bids on Materials and Contracts [Jon Zellars – VP, Procurement & Enterprise Services] – **Tab 8**
5. Purchase of Six (6) Compact Track Loaders Utilizing Total Cost of Ownership (TCO) Analysis [Andy Melville – VP, Field Operations] - **Tab 9**

Services & Extensions – Friend, Begley, Howard

1. Main Extensions [Cory O'Brien – Vice-President, Engineering & Construction] – **Tab 10**

Personnel – Begley, Frost, Friend

1. Wage and/or Salary Increases and Ratifications [Bonnie Savine – VP, Human Resources] - **Tab 11**
2. Revise Personnel Policy Manual, Section 5 Pertaining to Compression Issues [Bonnie Savine – VP, Human Resources] - **Tab 12**

Judicial and Legislative – Cook, Cavanaugh, Howard

1. Sale of Surplus Property on South 148th Street [Mark Mendenhall – SVP, General Counsel] – **Tab 13**

Insurance and Pension – Howard, McGowan, Cook

1. Insurance Renewals [Mark Myers, VP- Accounting] – **Tab 14**

(Turn over for regular Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT
Regular Monthly Board Meeting

9:00 a.m.

June 1, 2022

1. Roll Call
2. Open Meetings Act Notice
3. Pledge of Allegiance
4. Approval of Minutes – Public Hearing, Committee Meetings & Regular Board Meeting for May 4, 2022
- CONSTRUCTION & OPERATIONS 5. Capital Expenditures
6. Acceptance of Contracts and Payment of Final Estimates
7. Gas infrastructure Partner – Continued Partnership with Q3 Contracting through the End of Cast Iron Replacement in Approximately 2027
8. Bids on Materials and Contracts
9. Purchase of Six (6) Compact Track Loaders Utilizing Total Cost of Ownership (TCO) Analysis.
- SERVICES & EXTENSIONS 10. Main Extensions
- PERSONNEL 11. Wage and/or Salary Increases and Ratifications
12. Revise Personnel Policy Manual, Section 5 Pertaining to Compression Issues
- JUDICIAL & LEGISLATIVE 13. Sale of Surplus Property on South 148th Street (RESOLUTION)
- INSURANCE & PENSION 14. Insurance Renewals
- BOARD 15. Other Matters of District Business for Discussion
16. CLOSED SESSION – Litigation, Personnel and Real Estate

Adjourn Regular Monthly Board Meeting

(Turn over for Committee Meetings agenda)

METROPOLITAN UTILITIES DISTRICT
Minutes of Committee Meetings and Public Hearing
May 4, 2022

Chairperson Jack Frost called to order the Committee meetings and Public Hearing of the Metropolitan Utilities District Board of Directors at 8:15 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meetings was published in the print version of *The Omaha World-Herald* on Sunday, April 24, 2022, and in the online version from April 24, 2022, through April 30, 2022. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and pertinent Board materials to be presented at the May 4, 2022, Board Meeting were emailed to Board Members on April 28, 2022.

Chairperson Frost announced that the meeting was being livestreamed and a recording of the meeting would be uploaded to the MUD website after the meeting's conclusion.

Safety Briefing

Manager of Security Zach Valentine provided a safety briefing for all individuals attending the meeting in-person regarding protocol in the event of an emergency.

Roll Call

On a roll call vote, the following Directors acknowledged their presence: Gwen Howard, Tim Cavanaugh, Jim Begley, Dave Friend, Jack Frost, Mike McGowan. Tanya Cook was absent. All attendees participated in-person.

Open Meetings Act Notice

Chairperson Frost announced that a copy of the Open Meetings Act was located on the wall in the back of the Board Room.

Public Hearing – Proposed Updates to the Billing Price Book

Manager of Financial Planning and Analysis Stephanie Lemonds introduced the proposed updates to the Billing Price Book resulting from the Accounting Department's annual review of the District's pricing schedule for services and materials provided to customers and contractors. Ms. Lemonds presented the documents associated with the proposed updates including a letter to the Board dated April 26, 2022, a detailed summary of the revisions and the Resolution authorizing their implementation.

Invitation for Public to Comment

Chairperson Frost asked if any member of the public attending the meeting would like to comment on the proposed updates to the Billing Price Book. There were none.

Construction and Operations – Friend, Frost, Cavanaugh

Senior Vice-President and Chief Operations Officer Gina Langel presented the proposed capital expenditures as outlined in her letter to the Committee dated April 26, 2022.

Director of Plant Engineering Stephanie Henn reviewed the Acceptance of Contracts and Payment of Final Estimates as outlined in her letter to the Committee dated April 26, 2022.

Ms. Henn reviewed the Change Order No. 1 pertaining to a joint water main contract with the City of Omaha as outlined in her letter dated April 19, 2022. Included in the Change Order were adjustments to avoid conflicts with an existing fence requiring directional boring instead of open trench method.

Ms. Henn provided an extensive review of a proposed partnering with Murphy Pipeline Contractors to conduct a pipe bursting pilot project as outlined in the letter to the Committee from Senior Plant Engineer Kris Thompson dated April 22, 2022. Successful completion of the currently proposed 1.5-mile-long project is expected to lead to further projects with Murphy Pipeline in the future.

Vice-President of Procurement and Enterprise Services Jon Zellars reviewed the bids on materials and contracts as outlined in the letter from Director of Procurement Sherri Meisinger to the Committee dated April 22, 2022.

Services & Extensions – Friend, Begley, Howard

Director of Engineering Design Jeff Schovanec presented the proposed main extensions as outlined in the letter to the Committee dated April 26, 2022, from Vice-President of Engineering & Construction Cory O'Brien.

Personnel - Begley, Frost, Friend

Vice-President of Human Resources Bonnie Savine reviewed the wage and salary increases and ratifications as outlined in her letter dated April 20, 2022.

Ms. Savine reviewed the 2021 Bargaining Unit Wage Re-Opener as outlined in her letter to the Committee dated April 25, 2022. As required by the District's Collective Bargaining Agreement, the annual wage re-opener process involves review of employment positions when requested by an employee due to increased job duties and responsibilities that may warrant additional compensation. A recommendation was made

to adjust wage levels for one job series (material handler and material handler trainee) affecting five employees.

Judicial and Legislative – Cook, Cavanaugh, Howard

Governmental Relations Attorney Rick Kubat presented the Fourth Legislative Report. dated April 27, 2022. Mr. Kubat provided an update on legislative bills, highlighting those of specific interest to the District. He reported on three main bills: LB 344, a bill that proposed changes to One-Call enforcement was indefinitely postponed; LB 809 which proposed changes to the State of Nebraska's Drinking Water Revolving Fund was signed into law; and LB 1012 which provides the Nebraska Department of Natural Resources (DNR) with a \$20 million allocation for various studies regarding the proposed Lower Platte Lake project was signed into law. Some of these studies are to include any impact that a proposed lake would have on the public water supply for both the City of Lincoln and MUD. The 2022 Legislative Session adjourned on April 20, 2022. All pending legislation not enacted into law is no longer viable and must be reintroduced next year in order to be considered again.

Senior Vice-President and General Counsel Mark Mendenhall presented the proposed amendments to the Gas and Water Rules and Regulations as outlined in his letter to the Committee dated April 27, 2022. State statutes authorize the District's Board of Directors to approve amendments to the gas and water rules and regulations. The last update approved by the Board occurred in July of 2019 for the Gas Rules and Regulations and in May of 2017 for the Water Rules and Regulations. Upon approval, the District will engage in a communication effort to ensure that impacted parties are informed of the changes to the rules and regulations.

Insurance and Pension – Howard, McGowan, Cook

Senior Vice-President & Chief Financial Officer Joseph Schaffart reviewed the proposed fee increase for Vanguard Institutional Advisory Services. Vanguard was first approved by the Board at its November 5, 2014 regular monthly meeting to serve as the discretionary asset manager/co-fiduciary on behalf of the assets held in trust for the District's employee retirement plan. Discussion centered on the language in the 2014 Board letter that lent an interpretation that future fees would be unchanged for the duration of the agreement. The District's letter that was presented to the Board at that time reflected what was an incorrect interpretation of an RFP response provided by Vanguard which it has acknowledged could have been clearer.

The proposed fee increase was presented at the April 18, 2022, meeting of the Insurance and Pension Committee. Management recommends that the Board approve Vanguard's increased Advisory Fees for several key reasons: the District has been very satisfied with its services and performance, particularly the key role it has served in managing Trust assets; and Vanguard continues to be a low cost/high value provider of these services. To further substantiate the fee increase, Mr. Schaffart pointed out that

Vanguard's fees had not been increased since 2014; duties were broadened in 2016 (to include additional assets under management) with new OPEB trust; and the increase applies to the Advisory Fee only, not Fund Expenses or Trustee fees.

Based on the combined Pension and OPEB trust assets at the end of 2021, the proposed fee increase will be \$73,000 (for a total fee of \$218,000) phased in over a two-year period beginning October 1, 2022, and the advisory fee increase will be locked in for three years beyond the October 1, 2023 date (or until October 1, 2026). Director McGowan pointed out that the Vanguard fees are paid out from the assets held within the pension and OPEB trusts and not directly by ratepayers. Vanguard Senior Investment Consultant Joseph Wolfram was on hand via Webex to respond to any questions.

Committee of the Whole

The State of the District presentation was moved to the end of the regular Board Meeting.

At 9:46 a.m., Chairperson Frost announced that the Public Hearing and Committee Meetings were adjourned and that the Board would reconvene for the regular monthly Board Meeting in ten minutes.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT
Minutes of the Regular Monthly Board Meeting
May 4, 2022

Chairperson Jack Frost called to order the regular Board Meeting of the Metropolitan Utilities District Board of Directors at 9:56 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the meetings was published in the print version of *The Omaha World-Herald* on Sunday, April 24, 2022, and in the online version from April 24, 2022, through April 30, 2022. Notice was also provided on the MUD website at www.mudomaha.com and other social media platforms. Agendas and pertinent Board materials to be presented at the May 4, 2022, Board Meeting were emailed to Board Members on April 28, 2022.

Chairperson Frost announced that the meeting was being livestreamed and a recording of the meeting would be uploaded to the MUD website after the meeting's conclusion..

AGENDA NO.1

ROLL CALL

On a roll call vote, the following Directors acknowledged their presence: Gwen Howard, Tim Cavanaugh, Jim Begley, Dave Friend, Jack Frost, Mike McGowan. Tanya Cook was absent. All attendees participated in-person.

AGENDA NO. 2

OPEN MEETINGS ACT NOTICE

Chairperson Frost announced that a copy of the Open Meetings Act was located on the wall in the back of the Board Room.

He announced that the MUD Board of Directors must comply with a statutory requirement under the Open Meetings Act which limits the number of virtual Board Meetings to one-half of the total number of Board Meetings during the course of the calendar year. The announcement is intended to serve as a reminder for Directors to be mindful of the statutory limitation. Four (4) possible virtual meetings remain for the current year. Once the statutory limitation for the maximum allowable virtual meetings for the year has been met, a Director may still opt to attend a Board Meeting remotely but the Director's presence will not be recorded in the meeting minutes; (s)he will not be able to participate in meeting discussions; (s)he will not be able to vote on any meeting agenda items.

AGENDA NO. 3

PLEDGE OF ALLEGIANCE

Chairperson Frost invited all who wished to participate to recite the Pledge of Allegiance.

AGENDA NO. 4

APPROVAL OF MINUTES FOR COMMITTEE MEETINGS AND REGULAR MONTHLY BOARD MEETING FOR APRIL 6, 2022

Director Cavanaugh moved to approve the minutes for the Committee Meetings and regular monthly Board Meeting for April 6, 2022, which was seconded by Director Begley and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan

Voting No: None

AGENDA NO. 5

PROPOSED UPDATES TO THE BILLING PRICE BOOK (RESOLUTION)

Director McGowan moved to approve the proposed updates to the Billing Price Book and the Resolution as presented by Manager of Financial Planning and Analysis Stephanie Lemonds and as outlined in her letter to the Committee dated April 26, 2022. The motion was seconded by Director Begley and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan

Voting No: None

AGENDA NO. 6

CAPITAL EXPENDITURES

Director Friend moved to approve the capital expenditures as presented by Senior Vice-President, Chief Operations Officer Gina Langel and as outlined in her letter dated April 26, 2022. The motion was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan

Voting No: None

AGENDA NO. 7

ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

Director Friend moved to approve the acceptance of contracts and payment of final estimates as presented at the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in her letter to the Committee dated April 26, 2022. The motion was seconded by Director McGowan and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 8

CHANGE ORDER FOR JOINT WATER MAIN CONTRACT WITH CITY OF OMAHA

Director Friend moved to approve the change order for the joint water main contract with the City of Omaha as presented by Director of Plant Engineering Stephanie Henn and as outlined in the letter to the Committee dated April 19, 2022 from Vice-President of Engineering and Construction Cory O'Brien. The motion was seconded by Director McGowan and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 9

PIPE BURSTING PILOT PROJECT – MURPHY PIPELINE

Director Friend moved to approve the pipe bursting pilot project as presented by Director of Plant Engineering Stephanie Henn in the Committee Meetings and as outlined in the letter from Senior Plant Engineer Kris Thompson dated April 22, 2022. Approval will authorize the President to enter into a contract with Murphy Pipeline. The motion was seconded by Director McGowan and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 10

BIDS ON MATERIALS AND CONTRACTS

Director Friend moved to approve the bids on materials and contracts as presented by Vice-President of Procurement and Enterprise Management Jon Zellars and as outlined in the letter to the Committee dated April 22, 2022 from Director of Purchasing Sherri Meisinger. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 11

MAIN EXTENSIONS

Director Friend moved to approve the main extensions as presented by Director of Engineering Design Jeff Schovanec and as outlined in the letter to the Committee dated April 26, 2022 from Vice-President of Engineering and Construction Cory O'Brien. The motion was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 12

WAGE AND/OR SALARY INCREASES AND RATIFICATIONS

Director Begley moved to approve the wage and/or salary increases and ratifications as outlined in Ms. Savine's letter to the Committee dated April 20, 2022. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 13

2021 BARGAINING UNIT WAGE REOPENER

Director Begley moved to approve the 2021 Bargaining Unit Wage Reopener as outlined in Ms. Savine's letter to the Committee dated April 25, 2022. The motion was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 14

FOURTH LEGISLATIVE REPORT FOR 2022

Director Cavanaugh requested that the Fourth Legislative Report dated April 27, 2022 be placed on file.

AGENDA NO. 15

AMENDMENTS TO GAS AND WATER RULES

Director Cavanaugh moved to approve the amendments to the gas and water rules as presented by Senior Vice-President and General Counsel Mark Mendenhall and as outlined in his letter to the Committee dated April 27, 2022. The motion was seconded by Director McGowan and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

AGENDA NO. 16

PROPOSED FEE INCREASE FOR VANGUARD INSTITUTIONAL ADVISORY SERVICES

Director Howard moved to approve the proposed fee increase for Vanguard Institutional Advisory Services as presented in the Committee Meetings and as outlined in the letter dated April 26, 2022 and other accompanying documents from Senior Vice-

President and Chief Financial Officer Joseph Schaffart. The motion was seconded by Director Begley and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan

Voting No: None

COMMITTEE OF THE WHOLE

At 10:06 a.m., President Mark Doyle presented the State of the District.

Mr. Doyle pointed out the importance of institutionalizing the annual State of the District presentation as a way to document for historical purposes the District's progress and organizational performance. He highlighted the multiple organizational functions throughout the presentation to demonstrate how they will continue to shape the framework of the District's future. Each of the following key topical areas was discussed and depicted in the PowerPoint presentation: mission and core values, safety, field operations, employee culture, fiscal responsibility, business continuity, utility assistance, controlling market volatility, enhancing reliability and resiliency, gas infrastructure replacement, global methane challenges, condition assessment tools, enhancing the water plant triangle of reliability, capital improvement plans, facility plans, cyber security, strategic planning, water infrastructure risk mitigation, environmental sustainability, renewable energy investments, and the natural gas industry outlook.

Mr. Doyle emphasized in particular the District's commitment to environmental sustainability and renewable energy investments. He cited the District's partnering in a current pilot project with the Douglas County landfill to develop renewable natural gas (RNG) which involves the delivery of landfill gas through a pipe distribution system to local CNG (compressed natural gas) fueling stations which then fuels natural gas-powered vehicles, including among them the District's CNG vehicle fleet. The methane gas emissions that would otherwise have been released into the air are captured and used in the District's natural gas distribution system, thereby significantly reducing greenhouse gas emissions.

Mr. Doyle addressed the state of the natural gas industry today, pointing out some of the unfavorable opinions and criticisms as demonstrated by regulatory requirements and policies that are being proposed and instituted in various cities across the country which seek to impose restrictions and even prohibitions of the use of natural gas in favor of other greener energy resources. Mr. Doyle pointed out that green energy choices such as wind and solar present practical limitations which can be offset by the foundational role that natural gas plays in "backing up" these energy sources when they are unable to produce sufficient power. Natural gas can and does play a significant role in moving green energy options forward due to its reliability and affordability as an energy resource.

As an example, Mr. Doyle referenced the District's partnering with OPPD on its Power with Purpose initiative whereby MUD's natural gas system will serve as an energy resource backup for periods when solar energy production is not sufficient in generating electricity demands. The initiative is part of OPPD's goal of reaching net-zero carbon reduction by 2050. This OPPD/MUD project represents an alliance of the core values of reliability and affordability of energy resources with the development and integration of green alternatives.

Mr. Doyle presented a map showing the 560 miles of cast iron gas mains in need of replacement prior to 2008 and compared it to a map showing the 153 miles remaining by the end of 2021. In 2008, the District embarked on a multi-year project focused on replacing cast iron natural gas infrastructure. The investment in the replacement of gas infrastructure mitigated gas leaks from an aging and deteriorating distribution system. Infrastructure replacement efforts during that period (from 2008-2020) reduced gas leaks by what is the equivalent of 450 million pounds of coal burned. As a ratepayer-owned natural gas utility striving to meet the growing needs of its service territory, reliability and affordability are and will continue to govern the District's decision-making.

Mr. Doyle noted that it is important for the District to document its path as the natural gas industry moves forward, particularly when much of the decision-making takes place against an ever-changing background. And even more importantly will be the need to continue to take part in the ongoing public conversations concerning the relative value of natural gas alongside other renewable and green energy resources.

Much discussion on several matters followed the State of the District presentation. Director Cavanaugh suggested that the District's narrative be changed when referencing its 200,000-plus 'customers' because the term 'customer' represents the number of meters or structures, and instead should be stated as '200,000-plus customers serving 600,000 people.' Mr. Doyle agreed that the reference will be integrated into the District's narrative going forward to more accurately reflect the actual number of people served. Director Cavanaugh also lauded the addition of recurring credit card payments as a welcome and convenient payment option for customers.

Director McGowan inquired as to whether the Board will be called upon to approve the District's 'work from home' policy being developed in the aftermath of the pandemic's decline. Mr. Doyle responded that the policy would not be subject to Board approval but would certainly be presented to the Board for its information and awareness. Mr. Doyle stated the temporary work-from-home policy instituted during the two years of the pandemic was successful and statistics would bear that out. Several Directors acknowledged the benefits of the work-from-home policy, particularly with regard to employee recruitment and retention efforts. Director Begley raised the issue of 'the great resignation' that is broadly occurring across all sectors of the workforce and cautioned the District to be prepared and mindful of the importance of recruiting and retention during

this period, particularly given the vast number of current and planned District projects. Mr. Doyle agreed, citing as an example the fact that job listings often tout remote work options, and that it is becoming a commonly sought-after benefit by jobseekers.

Director McGowan suggested that the District provide customers more information about its cybersecurity efforts to assure them that the gas and water systems are secure and insulated to the degree possible from external threats of cyber attacks. Mr. Doyle agreed and added that the District employs multi-factor authentication, a very fundamental process which enhances security but which has not yet been deployed by many organizations.

Director Friend and Director Begley left the meeting during the discussion.

AGENDA NO. 17

OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

No further matters of District Business were raised for discussion.

AGENDA NO. 18

CLOSED SESSION

Chairperson Frost announced there would be no Closed Session.

Director McGowan moved to adjourn the regular monthly Board Meeting, which was seconded by Director Cavanaugh and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Frost, McGowan

Voting No: None

The regular monthly Board meeting was adjourned at 11:10 a.m.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

May 24, 2022

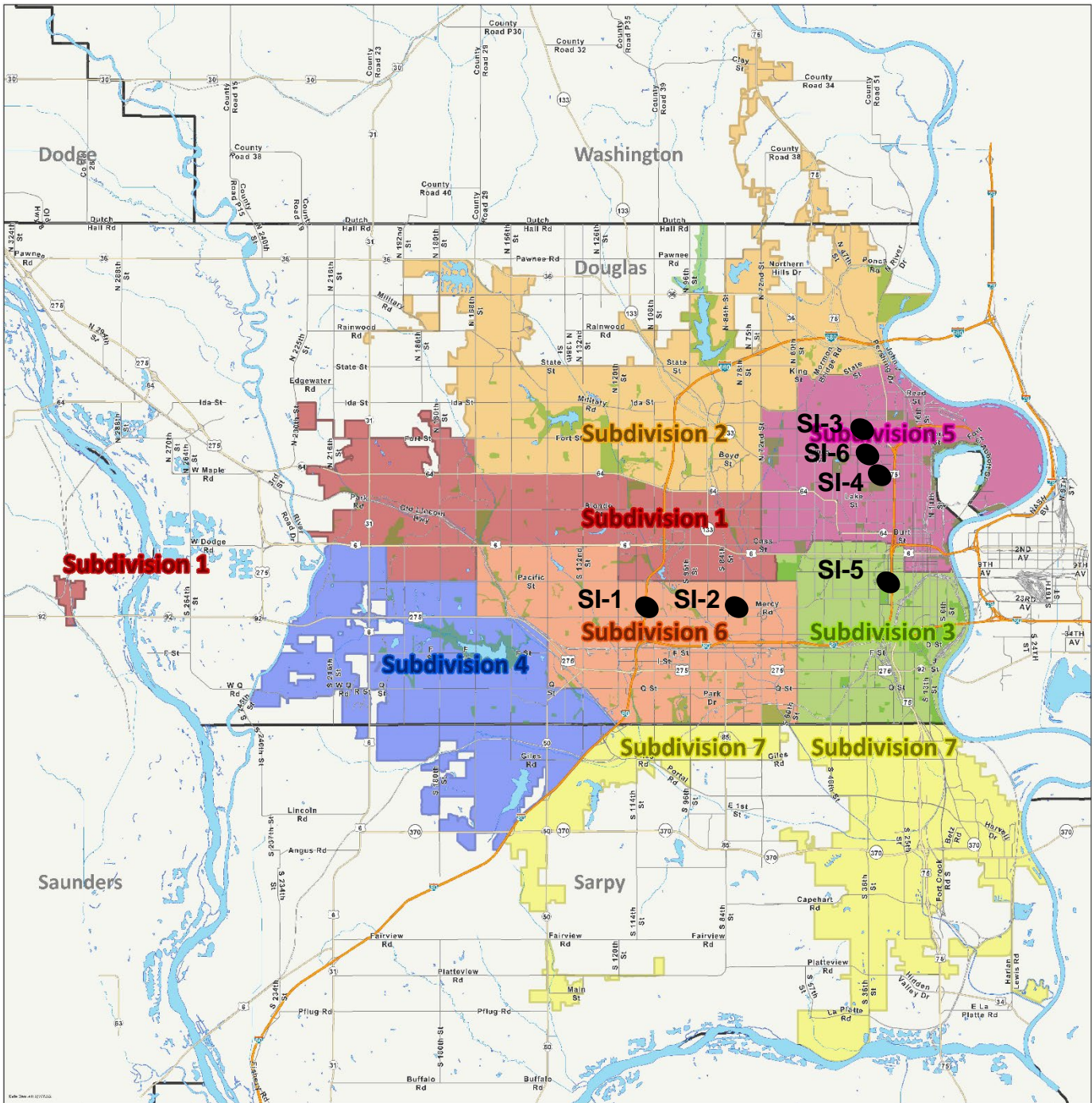
Subject: CAPITAL EXPENDITURES

To: Committee on Construction and Operations

cc: all Board Members, Doyle, Mendenhall, Schaffart, Ausdemore, Langel, Lobsiger, and all Vice Presidents

From: Gina Langel, Senior Vice President, Chief Operations Officer

The following items will be on the June 1, 2022, Committee Agenda for consideration and the Board Agenda for approval:



SYSTEM IMPROVEMENTS

1. 100053001505 and 100067001483 – \$300,000 – Install 720 feet of 12-inch water main in W. Center Rd. between 90th St. and Paddock Rd. This work is required to eliminate conflicts with proposed helical piles at bridge abutments and redecking work being done for a City of Omaha project. The existing water main that runs along the underside of the West Center Road bridge was installed in 1966 and the bridge inspection report notes corrosion concerns at the abutments. Boring a new water main under the creek will eliminate pending conflicts, future maintenance and costs for the District and risks to the existing water main when the City performs future bridge work. This project is anticipated to start in the summer of 2022 and will be performed by a District crew and a boring contractor. This work is not reimbursable as the mains are in public right-of-way. One commercial water service will be reconnected to the new water main at an estimated cost of \$4,500. **(Subdivision 6 – McGowan)**

2. 100071000711 and 100071000712 - \$332,100 – Assess the condition of 2,200 feet of 12-inch water main along “J” St. from 72nd to 67th Sts. Assess the condition of 4,400 feet of 12-inch water main along 72nd St. from Mercy St. to the Little Papillion Creek north of Pacific St. This request is to utilize the See Snake electromagnetic in-line inspection technology offered by Pipeline Inspection and Condition Analysis Corporation (PICA) to evaluate the condition of 12-inch cast iron main on J Street and 12-inch cast iron and ductile iron mains on 72nd Street (described above). The information gathered from the inspection will be used for targeted rehabilitation activities versus an entire pipeline replacement if determined to be a cost-effective strategy based on the results of the inspection. The goal will be to use the information from the inspection to take actions to reduce the risks of water main breaks on these mains and confirm the integrity of the pipeline. These mains are located in areas of high economic activity and where consequences of water main breaks would be high. PICA’s See Snake employs high-resolution remote field-testing technology, which is designed to find localized areas of wall loss and measure the depth and length of local wall loss indications. PICA offers high granularity allowing the District to make surgical repairs to the water main. The condition assessment is tentatively scheduled for late July pending Board approval. **(Subdivision 6 – McGowan)**

3. 100052001831 and 100066002288 - \$107,500 – Install 70 feet of 12-inch gas main, three 12-inch steel valves, and abandon two regulator stations and the associated piping at 42nd St. and Ames Ave. This project will abandon two regulator stations on the northwest corner of North 42nd Street and Ames Avenue and associated monitoring regulator located under paving in Ames Avenue. The low-pressure regulator station is no longer needed after a series of 2021 gas IR projects were completed. The 45-psig regulator station is no longer needed after an uprate was completed in 2021. Two 12-inch steel valves that were installed in 1951 on the 125-psig main will also be replaced by a new 12-inch steel valve which will be installed out of paving/traffic for enhanced safety. **(Subdivision 5 – Cook)**

4. 100097000006 - \$70,720 – Replace lead water services, 30th and Emmet Sts. These existing residential lead water services will be replaced as part of a pilot for the District’s Lead Service Water Service Replacement Program. This pilot project is anticipated to start in June 2022. The goal of this pilot project is to test the viability of starting a full lead service replacement program at full scale. The pilot project will help manage risk, collect cost data, and reveal deficiencies prior to committing substantial resources to the project. This pilot project location was selected because it contains a childcare center and can be completed prior to the City of Omaha street resurfacing the corresponding street. Approximately one residential block of water services will be replaced as part of this limited pilot project. Eight residential lead water services will be replaced to the existing water main. **(Subdivision 5 – Cook)**

5. 100097000007 - \$61,880 – Replace lead water services, 25th and Woolworth Aves.

These existing residential lead water services will be replaced as part of a pilot for the District's Lead Service Water Service Replacement Program. This pilot project is anticipated to start in June 2022. The goal of this pilot project is to test the viability of starting a full lead service replacement program at full scale. The pilot project will help manage risk, collect cost data, and reveal deficiencies prior to committing substantial resources to the project. This pilot project location was selected because it contains a childcare center and can be completed prior to the City of Omaha street resurfacing the corresponding street. Approximately one residential block of water services will be replaced as part of this limited pilot project. Seven residential lead water services will be replaced to the existing water main. **(Subdivision 3 – Howard)**

6. 100097000005 - \$79,560 – Replace lead water services, 38th St. and Fowler Ave.

These existing residential lead water services will be replaced as part of a pilot for the District's Lead Service Water Service Replacement Program. This pilot project is anticipated to start in June 2022. The goal of this pilot project is to test the viability of starting a full lead service replacement program at full scale. The pilot project will help manage risk, collect cost data, and reveal deficiencies prior to committing substantial resources to the project. This pilot project location was selected because it contains a childcare center and can be completed prior to the City of Omaha street resurfacing the corresponding street. Approximately one residential block of water services will be replaced as part of this limited pilot project. Nine residential lead water services will be replaced to the existing water main. **(Subdivision 5 – Cook)**

BUILDINGS, PLANTS AND EQUIPMENT

1. 100083001151 - \$22,700,000 – Site header piping and basin 6 rehabilitation, Florence. In late 2010, the District completed a Capital Improvement Plan (CIP) which identified several projects to be completed between 2021 and 2025 known as Phase IV. Phase IV of the CIP consists of both treatment capacity projects and chemical system related improvement projects. One of the projects included in Phase IV of the CIP is the Site Header Piping and the Rehabilitation of Basin 6. These two projects were packaged together to increase project appeal with the current bidding market. The site header project includes replacement of the site piping and associate valves (suction and discharge) between the clear well and Minne Lusa Pump Station. This will also include site drainage improvements, architectural & structure improvements to Minne Lusa staircase entrance, valve replacement at the river station, landscape package including a fountain, site lighting and new pavement. Basin 6 Rehabilitation includes replacement of six sluice gates, replacement of wooden stop logs, concrete repairs, replacement of mud valve control lines and resealing concrete/seams and cracks. Some safety upgrades include a fixed access ladder system, installing and above grade structure to house the piping heard for controls of the mud valves and boundary cables between the existing railings.

2. 10089000918 - \$225,000 – Analyzers at various pump stations. This project includes the purchase of new alkalinity and chlorine analyzers for seven pump stations. The chlorine analyzers will also include pH and temperature monitoring. These new analyzers will allow better monitoring of the distribution system for nitrification at early stages. Installation will be completed by District staff and integration will be completed by a contractor.

3. 100086000749 - \$200,000 – VIM upgrade. This project request is to upgrade the Vendor Invoice Management (VIM) application in the OpenText ecosystem. This upgrade is part of the ongoing technology maintenance tasks to improve the system's efficiency, reliability, and security. In addition, this system upgrade will enable the District to take advantage of new enhancements and

capabilities offered in the latest version of the software. OpenText VIM is part of the document management system suite of projects. VIM allows us to be more productive with our Accounts Payable and Accounts Receivable processes at the District.

4. 100086000748 - \$110,000 – OpenText upgrade. As part of the preparation for the upcoming S4HANA conversion, Information Technology Services (ITS) plans to upgrade the OpenText document management system to the latest version. This upgrade will improve the security and reliability of the OpenText system. In addition, this upgrade enables the ITS team to apply future enhancements and security patches timely and cost-effectively. This system upgrade will also allow us to take advantage of new enhancements and capabilities of the latest version of the software. OpenText is our Document management system. We currently store over one million documents which are shared by multiple departments and divisions in the District.

Approved:



Mark E. Doyle
President



Gina Langel
Senior Vice President, Chief Operations Officer

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 23, 2022

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

To: Committee on Construction and Operations
cc: all Board Members, Doyle, Mendenhall, Schaffart, Ausdemore, Langel, Lobsiger, and all Vice Presidents

From: Stephanie L. Henn, Director, Plant Engineering

The following items will be on the June 1, 2022, Committee Meeting for consideration and the Board Meeting Agenda for approval. Work has been satisfactorily completed on the following contracts and final payment is recommended:

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
a. Kersten Construction, WP1816, 100055001364, Install Water Mains in Falling Waters Subdivision; NE of 204 th St. and Harrison St.; Lots 348-429	5/5/2021	\$211,002.00	\$227,911.40

Comments: There was an overall net increase for this project of \$16,909.40, primarily due to an increase in unit quantities because of a design revision after the project was bid to account for a future water main extension project. This overall net increase does include a change order for \$5,529.00 to account for pipe fitting price increases charged by the manufacturer. **Approval of this final will also approve Change Order No. 1.**

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
b. Cedar Construction, WP1844, 100055001376, Install Water Mains in Anchor View, 177 th St. & Potter St.	9/1/2021	\$373,788.00	\$365,524.75

Comments: There was an overall net decrease for this project of \$8,263.25, due to an approximately 2% decrease in unit quantities necessary to complete the work primarily due to estimation of quantities. All work required by the contract has been completed by the Contractor and is acceptable and in compliance with the Contract and Specifications.

Contract	Contract Approval Date	Amounts	
		Contract Bid	Actual
c. Kersten Construction, WP1783, 100055001345, 100057000486, Install Water Mains in Vistancia II Subdivision, NW of N. 209 th St. & Fort St.: Lots 301-512	2/3/2021	\$861,100.00	\$825,133.42

Comments: There was an overall net decrease for this project of \$35,966.58, due to less materials required than originally anticipated. This overall net decrease does include a change order for \$19,190.17, primarily for tree removal and piping changes. **Approval of this final will also approve Change Order No. 1.**

**Based upon Engineering's estimated unit quantities.*

Stephanie L. Henn
Director, Plant Engineering

Approved:

Cory J. O'Brien
Vice President
Engineering & Construction

Gina Langel
Senior Vice President
Chief Operations Officer

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 23, 2022

Subject: GAS INFRASTRUCTURE PARTNER – CONTINUED PARTNERSHIP WITH Q3 CONTRACTING THROUGH THE END OF CAST IRON REPLACEMENT IN APPROXIMATELY 2027

To: Committee on Construction & Operations
cc: All Board Members, Doyle, Schaffart, Langel, Mendenhall, Lobsiger, Ausdemore, and all Vice Presidents

From: Stephanie L. Henn, Director, Plant Engineering

Overview

As a part of the District’s gas infrastructure replacement program, approximately 40 miles of critical gas infrastructure mains and corresponding services are consistently getting replaced each year. This is accomplished by both District, and contracted, gas infrastructure replacement forces.

The District’s contracted gas infrastructure partner has been Q3 Contracting (“Q3”) since we began contracting this work in 2012. Management recommends that we continue this partnership with Q3 through the end of the cast iron replacement in approximately 2027.

While the typical timeframe for a partnership extension is three years, Management recommends an approximate 5-year extension in this case, as the gas infrastructure replacement program is planned to be substantially complete in approximately 2027, prior to beginning the replacement of other related gas infrastructure facilities. While the program was slated to end in 2027, availability of materials due to supply chain challenges may cause the program to extend slightly longer than 2027.

Background

The District began its formal gas infrastructure replacement program in 2008. The plan was to have all existing cast iron gas mains replaced as quickly as possible. Currently, there are approximately 153 miles of aging gas cast iron mains, with corresponding gas services, left to be replaced. We anticipate that the cast iron gas infrastructure replacement program will be substantially complete in approximately 2027.

Since the gas infrastructure replacement program began, we continued to expand the gas abandonment goals until 2017, when we stabilized our goal of abandoning a total of 40 miles per year, with District crews abandoning at least 15 miles, and gas contracted crews abandoning at least 25 miles of gas infrastructure.

The partnership with Q3 has been successful for both parties and therefore, it is advantageous to continue the partnership of gas infrastructure replacement with Q3.

2023 thru Approximately 2027 Plan

Management would typically make this recommendation to the Board of Directors in the Fall, prior to the upcoming Spring construction season. However, due to significant supply chain issues, we are asking for approval much sooner.

Management recommends continuing the partnership with Q3 Contracting for an additional approximately five years. This agreement would be structured as a 5-year partnership, beginning in 2023, subject to acceptable pricing in subsequent years 2024, 2025, 2026, and 2027, very similar to the agreement with Q3 for the calendar years 2020, 2021, and 2022.

The District has built a strong working relationship with Q3 since 2012. It takes time to learn how the other entity operates and for the District and contractor personnel to get to know each other. As this working relationship has progressed, it has made the projects go much smoother.

As either District crews, or Q3, construct a gas infrastructure project, each handles the gas work, external to the home. The District's Field Services Division handles the replacement of the internal piping to the customer's home. This protocol will continue.

Pricing

In 2011, the District conducted a Request for Proposals/Request for Qualifications (RFP/RFQ) process in order to select a qualified contractor to perform gas infrastructure replacement work. This process included both vetting the contractors for qualifications and estimated costs. Q3 was determined to be the most qualified contractor at that time and was hired.

A similar process was performed in 2014, with other contractor's prices being significantly higher than Q3, with Q3's prices actually going down due to finding operational efficiencies. As a result, Q3 was selected as the District's continued partner to complete all the planned contracted gas infrastructure work.

The current estimates for pricing provided by Q3 for the 2023 construction season are approximately 5% over the current year's pricing. This pricing is not yet set, as the supply chain has caused costs for materials to be very volatile. Since 2012, Q3's pricing has remained very stable year to year.

The stability of Q3's pricing is largely due to Q3 utilizing nearly 100% local union labor, and they rarely bring in staff from other areas of the country. Also, Q3 is now very familiar with the District's protocols, staff, and procedures. The District values the established

partnership with Q3 and vice versa. Q3 has voiced their opinion many times that they want to ensure that they keep prices reasonable, to keep the partnership established.

Gas Infrastructure Abandonment Progress

Currently, over 400 miles of gas infrastructure has been abandoned since the onset of the program. This requires huge effort by various District divisions including Construction, Gas Distribution, Engineering, Field Services and others, plus our partner Q3. Therefore, since standard procedures and protocols have been established with Q3, it is advantageous to continue this partnership.

Conclusion

The District continues to make steady positive progress towards the goal of replacing critical gas infrastructure, with the goal of currently replacing 40 miles per year. This needs to continue through the substantial completion of the cast iron portion of the gas infrastructure replacement program which is expected in approximately 2027, utilizing both District and contracted gas infrastructure replacement forces. As the gas IR program will be substantially complete in approximately 2027, Management is recommending that this partnership continue through this time.

The District's contracted gas infrastructure partner has been Q3 Contracting since we began contracting this work in 2012. Q3's pricing has remained very stable over the years, with a proposal of approximately a 5% increase for 2023, and therefore, management recommends that we continue this successful partnership through the end of cast iron replacement in approximately 2027.

With the approval of this request, management is asking that the president be authorized to enter into a contract with Q3 Contracting to provide gas infrastructure main and service replacement work for the years of 2023 through approximately 2027, subject to acceptable pricing. The corresponding C&As for this work will be submitted as a part of the annual C&A requests for all gas infrastructure work for each calendar year at the January Board of Directors meetings. Your approval is requested.

Stephanie L. Henn
Director, Plant Engineering

APPROVED:

Cory J. O'Brien
Vice President,
Engineering & Construction

Gina Langel
Chief Operations Officer

Mark Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 20, 2022

Subject: BIDS ON MATERIALS AND CONTRACTS DURING THE MONTH OF MAY

To: Construction & Operations Committee
cc: All Board Members, Doyle, Ausdemore, Langel, Lobsiger, Mendenhall, Schaffart
and all Vice Presidents

From: Sherri A Meisinger, Director, Procurement

The following items will be on the June 1, 2022 Committee Agenda for consideration and the June 1, 2022 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

WATER/GAS MAIN CONTRACTS

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Install Water Mains in The Hill, N.E. of 168 th Street and State Street 100055001400 100055001391 WP1889 Engineering Estimate: \$1,883,168.00 (A C&A in the amount of \$2,137,684.00 will be presented to the Board on June 1, 2022 for approval.)	18/2	Kersten Construction <i>Cedar Construction</i>	\$1,787,349.50 1,791,907.00
Install Water Mains in Echo Park, N.W. of 144 th Street and Chandler Rd. 100055001399 100057000518 WP1905 Engineering Estimate: \$207,201.00 (A C&A in the amount of \$286,417.00 will be presented to the Board on June 1, 2022 for approval.)	18/2	Cedar Construction <i>Kersten Construction</i>	\$213,940.00 256,014.59
Bore a 12" HDPE Water Main at South 90 th Street and West Center Road 100053001505 R2154 Engineering Estimate: \$113,400.00 (A C&A in the amount of \$270,000.00 will be presented to the Board on June 1, 2022 for approval.)	4/1	TH Construction	\$109,934.48

OTHER

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Site Header Piping and Rehabilitation of Basin 6 at the Florence Water Treatment Plant 100083001151 WP1803 Engineering Estimate: \$19,086,615.00 (A C&A in the amount of \$22,700,000.00 will be presented to the Board on June 1, 2022 for approval.)	10/1	Hawkins Constr.	\$20,928,585.00
Analyzers at Seven Pump Stations 100089000918 (A C&A in the amount of \$225,000.00 will be presented to the Board on June 1, 2022 for approval.)	2/2	Swan Anal. Instr. <i>Hach Company</i>	\$165,269.30 186,479.44
Two (2) 800 Gallon Trailer Mounted Vacuum Excavators 100087000653 (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 5, 2022 in the amount of \$16,953,750.00.)	6/3	Midwest Underground Ditch Witch Undercon. <i>MacQueen Equipment</i>	\$226,580.00 233,631.64 245,688.00



Sherri A. Meisinger
Director, Procurement
(402) 504-7253

Approved:



Jon Zellars
Vice President, Procurement and Enterprise Services



Steven E. Ausdemore
Senior Vice President, Safety, Security and Field Operations



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 23, 2022

Subject: RECOMMENDATION FOR PURCHASE OF SIX (6) COMPACT TRACK LOADERS UTILIZING TOTAL COST OF OWNERSHIP ANALYSIS

To: Committee on Construction and Operations
cc: all Board Members, Doyle, Mendenhall, Schaffart, Ausdemore, Langel, Lobsiger, and all Vice Presidents

From: Andy Melville, Vice President Field Service Operations

Transportation is developing a long-term fleet management program. Total Cost of Ownership (TCO) for each asset is an important metric for managing a fleet that considers costs such as initial purchase price, preventative and reactive maintenance, and downtime among other variables. A TCO analysis determines the difference between short-term (purchase price) and long-term (total cost of ownership) costs of a fleet asset. The analysis assists in making an informed purchasing decision when selecting between multiple alternatives and their anticipated long-term cost. When applicable, bid recommendations for vehicles and equipment, utilizing this analytical approach, will be presented to the Board for review and consideration of approval.

The District purchases and utilizes compact track loaders in multiple divisions operating them for ten years or more accumulating 4,000 hours on average prior to replacement. As the machines age, maintenance expense and the associated downtime increase while reliability and value decrease. The machines are then sold at auction for any remaining residual value.

Six (6) bids were received for six (6) compact track loaders. Bids were taken with an annual guaranteed buyback option at a fixed price starting at the end of the first year and continuing annually for three consecutive years. The principle of the buyback option is such that at the end of each year the District returns the used machine and pays a fixed price to receive a new machine. This continues until the end of the term at which time the District receives its final new machine.

Accounting performed a business case analysis of each bidder's proposal to quantify the estimated savings through the duration of the buyback term. It was determined that the District will save approximately \$60,000 with the buyback option vs an outright purchase. The savings increase with time as the 10-year analysis, expected minimum life of the loader, showed over \$115,000 in savings. The annual buyback also ensures predictable cost and reduces the incremental cost associated with owning these machines.

In addition to cost savings the guaranteed buyback program provides a more dependable fleet, reduces downtime, and increases employee morale. The machines will constantly be covered under warranty and will not incur covered maintenance or repair costs. This analytical approach is used by industry peers such as the City of Omaha and OPPD with each managing over 40 units each year on similar programs.

Below is the tabulation of the six (6) bids received and reviewed for six (6) Compact Track Loaders.

Six (6) Compact Track Loaders	Initial Investment	Annual Trade-In Costs	Net Cash Outflow	4-Year NPV (Expense)
Murphy Tractor – John Deere 317G	\$ 369,645	\$ -	\$536,902	\$515,055 *
Bobcat of Omaha – Bobcat T76 w/annual buyback option	\$ 424,972	\$ 28,569	\$556,358	\$543,393
Murphy Tractor – John Deere 325G	\$ 430,993	\$ -	\$628,149	\$602,375 **
Akrs Equipment – John Deere 325G w/annual buyback option	\$ 437,298	\$ 47,604	\$612,644	\$596,234
Bobcat of Omaha – Bobcat T740 w/annual buyback option	\$ 440,110	\$ 28,569	\$574,632	\$561,281
NMC – Cat 279D3	\$ 547,002	\$ -	\$800,939	\$767,706 **

* Did not meet specifications.
 ** Did not offer buyback option.
 NPV - Net Present Value
 Attachment costs not included

Management recommends approval of the bid from Bobcat of Omaha (T76) for an initial purchase cost of \$453,118.00, which includes the necessary attachments, and exercise the buyback option to trade-in machines for new units at \$4,450 per machine annually for three (3) years. Upon approval, the purchase will be made under job numbers 100087000643 & 100087000644 and the Annual Construction Machines, Equipment, Vehicles and Upfitting C&A approved January 5, 2022, in the amount of \$16,953,750.00.

Your approval is requested.

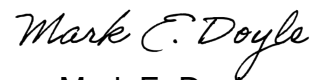


Andy Melville
 Vice President, Field Service Operations
 (402) 504-7790

APPROVED:



Steven E. Ausdemore
 Senior Vice President,
 Safety, Security and Field Operations



Mark E. Doyle
 President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

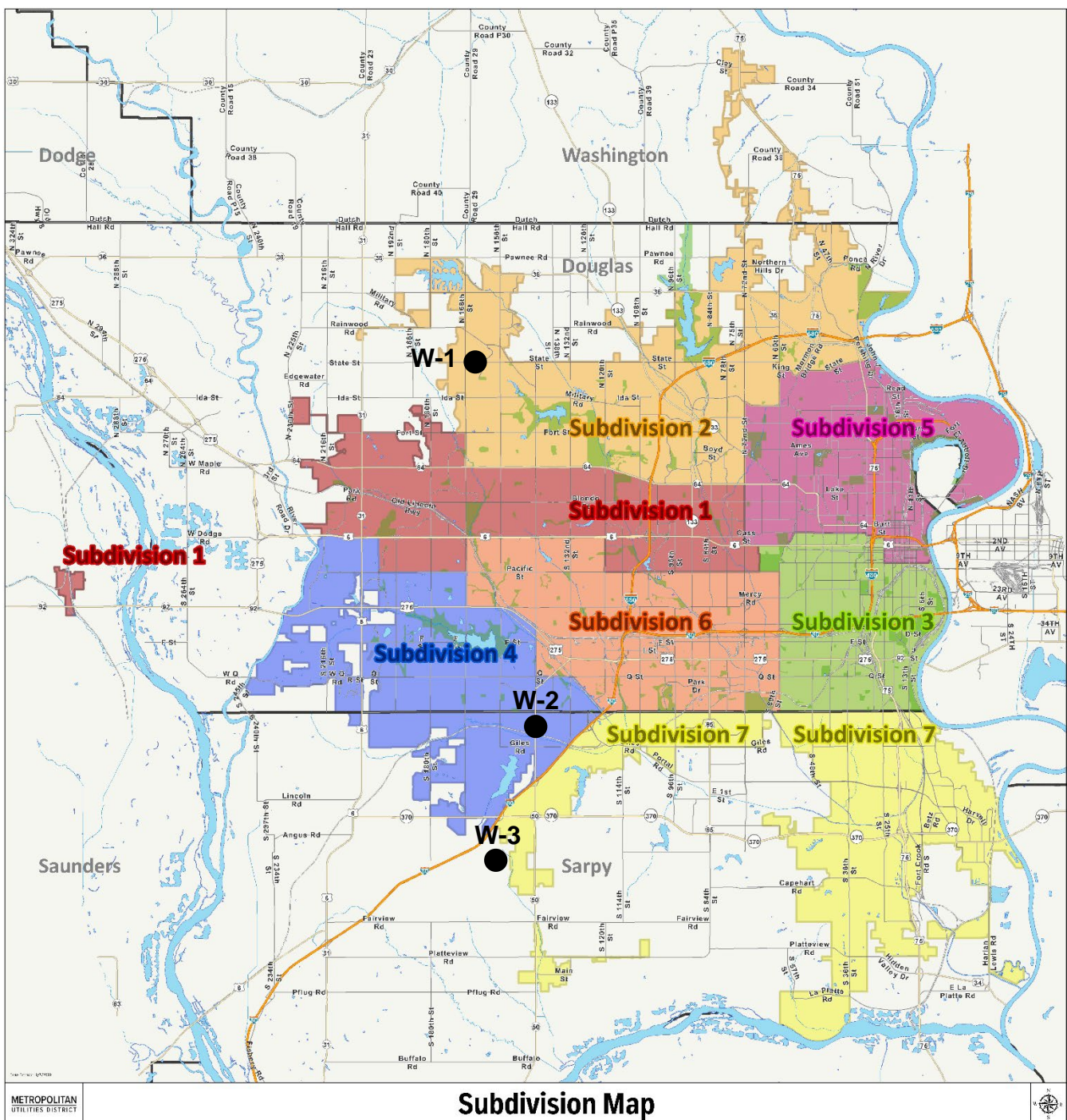
May 23, 2022

Subject: MAIN EXTENSIONS

To: Services and Extensions Committee
cc: All Board Members, Doyle, Mendenhall, Schaffart, Ausdemore, Langel, Lobsiger,
and all Vice Presidents

From: Cory J. O'Brien, Vice President, Engineering & Construction

The following main extensions will be on the June 1, 2022, Committee Agenda for consideration and the Board Agenda for approval:



Subdivision Map

WATER MAINS:

- 1. THE HILL, Subdivision 2, Friend:** These mains are being installed to provide domestic water service and fire protection to 393 single residence lots in The Hill Subdivision, 168th and State Streets. Work is requested to be completed by summer 2023. A pioneer main fee is due to the existing 36-inch water mains in State Street and the existing 12-inch main in 168th Street in the amount of \$265,284. (City of Omaha Zoning, Woodsonia 168/State LLC)

Subdivision: The Hill
Project Number: WP 1889
Project Cost: \$2,137,684
Applicant Contribution: \$2,402,968
Construction by Applicant: \$0.00
M.U.D. Cost: \$0.00

- 2. ECHO PARK APARTMENTS, Subdivision 4, Cavanaugh:** These mains are being installed to provide domestic water service and fire protection to a multiple residence lot at Echo Park Apartments, 146th Street and Chandler Road. Work is requested to be complete by the fall of 2022. (City of LaVista Zoning, Echo Hills Apartments, LLC)

Subdivision: Echo Park Apartments
Project Number: WP 1905
Project Cost: \$286,417
Applicant Contribution: \$286,417
Construction by Applicant: \$0.00
M.U.D. Cost: \$0.00

- 3. R&R COMMERCE PARK SOUTH, Subdivision 7, Frost:** This work is being done to provide domestic water service and fire protection to three commercial lots in R&R Commerce Park South Subdivision, 156th Street and Schram Road. Work is requested to be completed by August 2022. There is a pioneer main fee due to the existing 24-inch water mains in 144th Street and the existing 12-inch water main in Schram Road in the amount of \$107,638. (City of Papillion Zoning, Development Services Corporation)

Subdivision: R&R Commerce Park
Project Number: WP 1906
Project Cost: \$760,200
Applicant Contribution: \$243,935
Construction by Applicant: \$516,265
M.U.D. Cost: \$0.00

Approved:



Gina Langel
Sr. Vice President, Chief Operations Officer



Cory J. O'Brien
Vice President, Engineering & Construction



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 19, 2022

Subject: Wage and/or Salary Increases and Ratifications, June 2022 Board Meeting

To: Personnel Committee members Begley, Friend, and Frost

cc: Board Members Cavanaugh, Cook, Howard, and McGowan

President Doyle, and Senior Vice Presidents Ausdemore, Langel, Lobsiger, Mendenhall, and Schaffart

From: Bonnie Savine, Vice President, Human Resources

The Human Resources Department is recommending the Board of Directors approve the wage or salary increases outlined below. All positions involve District employees earning more than \$10,000 per year and therefore require your approval.

1. Operating and Clerical (OAC) Wage Increases Due To Promotion

The Human Resources Department is recommending the Board of Directors approve wage increases for the following Employees within the OAC classification. These wage increases are based on a job selection process, are in compliance with the Collective Bargaining Agreement, and are made following the posting and application process for a job opening in the District. The effective date for these increases will be the beginning of the next OAC pay period following Board approval.

Employee: Ronald Kates
Current position (department): Water Maintenance Trainee (Water Distribution)
New position (department): Material Handler Trainee (Stores)
Current rate; step/grade: \$29.31; Step 4
Proposed rate; step/grade: \$31.11; Step 3
Percent of increase: 6.14%
District hire date: May 21, 2018

Employee: Adam Kriegler
Current position (department): Water Maintenance Worker (Water Distribution)
New position (department): Material Handler Trainee (Stores)
Current rate; step/grade: \$31.03; Step 2
Proposed rate; step/grade: \$32.75; Step 4
Percent of increase: 5.54%
District hire date: January 14, 2019

Employee: Joseph Palermo
Current position (department): Geographic Information System Technician II (Infrastructure Integrity)
New position (department): Sr. Geographic Information System Technician (Infrastructure Integrity)
Current rate; step/grade: \$35.04; Step 4
Proposed rate; step/grade: \$38.27; Step 3
Percent of increase: 9.22%
District hire date: May 20, 2002

Employee: **Chad Plog**
Current position (department): Plant Maintenance Person I (Florence)
New position (department): Plant Maintenance Person II (Florence)
Current rate; step/grade: \$33.94; Step 4
Proposed rate; step/grade: \$35.64; Step 4
Percent of increase: 5.00%
District hire date: August 3, 2009

2. Operating and Clerical (OAC) Wage Increases Due To Job Transfer

The Human Resources Department is recommending the Board of Directors approve wage increases for the following Employees within the OAC classification. A transferring employee who is at less than Standard Wage will be moved to an equal rate in the new job classification or, if there is not an identical wage rate, to the nearest higher wage rate in the new job classification. These wage increases are based on a formal selection process, are in compliance with the Collective Bargaining Agreement, and are made following the posting and application process for a job opening in the District. The effective date for these increases will be the beginning of the next OAC pay period following Board approval.

There are no recommendations for approval this month

3. Operating and Clerical (OAC) Wage Increases Due To Job Progression

The Human Resources Department is recommending the Board of Directors approve the following wage increases for the OAC employees who have successfully completed required training and who have been recommended by their supervisor for promotion as they progress within their job family. All increases are based on the bargaining unit wage structure. The effective date for these increases will be the beginning of the next OAC pay period following board approval.

Employee: **Richard Arenas**
Current position (department): Material Handler Trainee (Stores)
New position (department): Material Handler (Stores)
Current rate; step/grade: \$32.75; Step 4
Proposed rate; step/grade: \$35.36; Step 3
Percent of increase: 7.97%
District hire date: June 25, 2018

Employee: **Douglas Lewis**
Current position (department): Material Handler Trainee (Stores)
New position (department): Material Handler (Stores)
Current rate; step/grade: \$32.75; Step 4
Proposed rate; step/grade: \$35.36; Step 3
Percent of increase: 7.97%
District hire date: August 13, 2018

4. Supervisory, Professional and Administrative (SPA) Salary Increases Due To Job Promotion

The following SPA employees are selected for promotion. It is recommended the President be authorized to increase the salary of these employees. These SPA positions have been evaluated, graded, appropriate job descriptions completed, and posting guidelines fulfilled. The effective date for these salaries will be the beginning of the next SPA pay period following board approval.

Employee: Charles Grothe
Current position (department): Water Plant Engineer (Platte West)
New position (department): System Controller (Systems Control)
Current rate; step/grade: \$43.02; Step 4
Proposed rate; step/grade: \$93,956; SPA – 03
Percent of increase: 5.00%
District hire date: January 2, 2002

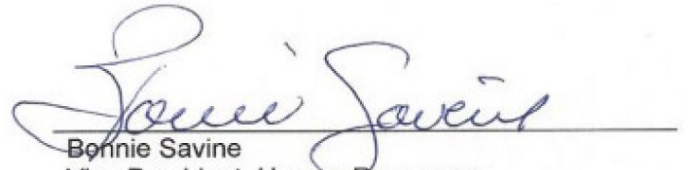
Employee: Jordan Scupien
Current position (department): GIS Technical Functional Analyst I (Information Technology)
New position (department): GIS Technical Functional Analyst II (Information Technology)
Current rate; step/grade: \$97,351; SPA – 04
Proposed rate; step/grade: \$102,219; SPA – 05
Percent of increase: 5.00%
District hire date: September 10, 2018

5. Supervisory, Professional and Administrative (SPA) New Hire Ratification

Board of Director Ratification of salaries, for new SPA employees hired from outside the District, is required to confirm the salary within the grade established for the position. Authorization to ratify the annual salary of SPA employees hired from outside the District will be requested each month, if appropriate.

Employee: Erica Colbert
Current position (department): Safety Specialist (Safety & Security)
Current rate; step/grade: \$80,000; SPA – 03
District hire date: May 23, 2022

Employee: Michelle Gonsior
Current position (department): Accountant II (Accounting)
Current rate; step/grade: \$100,000; SPA – 04
District hire date: May 23, 2022



Bonnie Savine
Vice President, Human Resources



Mark A. Mendenhall
Senior Vice President, General Counsel



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

May 24, 2022

Subject: Recommendation to add Compression Language to Personnel Policy Manual Section 5 for Supervisors of Supervisory, Professional and Administrative employees

To: Personnel Committee members Begley, Friend, and Frost

cc: Board Members Cavanaugh, Cook, Howard, and McGowan, President Doyle, Senior Vice Presidents Ausdemore, Langel, Lobsiger, Mendenhall, Schaffart

From: Bonnie Savine, Vice President, Human Resources

District management is recommending the addition of language to the Personnel Policy Manual (PPM) Section 5: Salary Administration Plan for Supervisory, Professional and Administrative (SPA) Personnel. The additional language will address salary compression between a supervisor and that supervisor's highest paid SPA employee. Employees in a supervisory role have responsibilities to perform assigned job duties as well as meet supervisory expectations and competencies. Having a pipeline of qualified candidates for supervisory roles is critical to the succession planning efforts of the District. The recommended policy language will support interest in supervisory roles and help meet the future needs of the District's recruitment and retention needs.

Section 5 presently includes language that addresses compression for salaries of supervisors in relation to their highest paid Operating and Clerical (OAC) employee(s). The recommended additional language addresses compression for salaries of supervisors in relation to their highest paid SPA employee(s).

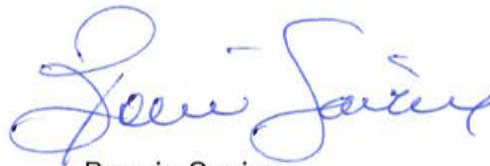
The recommended language is as follows:

"In order to maintain equitable pay differentials internally between supervisors and the SPA employees they directly supervise, a supervisor's salary shall be at least five percent (5%) above the base annual salary of their highest paid SPA employee. This pay differential shall be reviewed at the time of promotion or hire and subsequently on an annual basis when SPA salary structures are reviewed. This differential will help mitigate the potential compression between supervisor salaries and the salaries of their direct reports. (Effective 6/16/2022)"

With the approval of this new policy language, Human Resources has identified four (4) supervisor's that should have a salary adjustment due to compression with their highest paid SPA employee.

Employee Name	Current Annual Salary	Job Title	Grade	Percent Difference w/ Direct Report	06/16/22 Adjusted Salary	Percent Increase
Kyle Krause	\$107,177	Senior Design Engineer	SPA-07	-3.4%	\$116,403	8.4%
Stephanie Lemonds	\$114,171	Manager, Financial Planning & Analysis	SPA-07	-5.4%	\$126,295	10.4%
Marc McCoy	\$111,093	Director, Transportation	SPA-8D	0.2%	\$116,403	4.8%
Jinson Pappalil	\$154,586	Vice President, IT Services	SPA-11	-0.6%	\$163,301	5.6%

The total cost of these salary adjustments is \$35,375 annually, prorated for 2022 is approximately \$19,161. The cost of these salary adjustments is offset by the budgeted progression increases for the senior vice president's being held in 2022. If approved, the effective date of these salary adjustments will be June 16, 2022.



Bonnie Savine
Vice President, Human Resources



Mark A. Mendenhall
Sr. Vice President, General Counsel



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

May 26, 2022

Subject: AUTHORIZATION FOR SALE OF LAND – 4105 S. 148TH STREET, OMAHA, NE. – ABANDONED WELL HOUSE

To: Judiciary and Legislative Committee
cc: All Board Members, Doyle, Mendenhall, Schaffart, Ausdemore, Langel, Lobsiger, and all Vice Presidents

From: Mark A. Mendenhall, Senior Vice President, General Counsel

On November 5, 2020, the Board of Directors declared property found at 4105 S. 148th Street as surplus. The property was previously used as a well house which has been abandoned and decommissioned. After the surplus declaration, the property was appraised and marketed for sale. For this property, the District contracted with a Nebraska Real Estate Agent to market the property via the Multiple Listing Service.

The property is more specifically described as:

COLONIES REPLAT 1 – LOT 1 BLOCK 0, 70 X 115 Parcel
#0825686800, commonly known as 4105 S. 148th Street,
Douglas County, Nebraska and consisting of approximately
.1847 acre.

The District received an all-cash bid of \$15,000 on May 25, 2022. That bid is reasonable compared to the property's appraised value of \$12,000 to \$18,000. I recommend the bid of \$15,000 from Stephen M. Putzi be accepted.

This matter will appear on the agenda at the Judiciary and Legislative Committee meeting for discussion on June 1, 2022, and on the agenda of the June 1, 2022, regular Board Meeting.



Mark A. Mendenhall
Senior Vice President, General Counsel

Approved:



Mark E. Doyle
President

RESOLUTION

WHEREAS, the Metropolitan Utilities District of Omaha (the "District") has, on November 5, 2020, declared by resolution that the abandoned well house and land at 4105 S. 148th Street be designated as surplus, and

WHEREAS, Stephen M. Putzi, after an open marketing process, offered to purchase the property for Fifteen Thousand Dollars (\$15,000) and such offer is reasonable.

NOW, THEREFORE BE IT RESOLVED, the Board of Directors of the District hereby accepts the offer to purchase and further directs the General Counsel to execute and deliver the appropriate deed and other documents in accordance herewith, closing arrangements to be under the direction of the General Counsel.

Adopted:

METROPOLITAN UTILITIES DISTRICT

Inter-Departmental Communication

May 27, 2022

Subject: INSURANCE RENEWALS – PROPERTY, BOILER, CAVERNS, CONSTRUCTION EQUIPMENT, AUTO/FLEET, DATA PROCESSING EQUIPMENT, AND CYBER

To: Insurance and Pension Committee
cc: All Board Members; Doyle, Ausdemore, Langel, Mendenhall, Lobsiger, Schaffart and all Vice Presidents

From: Mark F. Myers, Vice President, Accounting

The following insurance policies expire June 15, 2022 and require action:

Property Policy	Construction Equipment
Equipment Breakdown	Auto/Fleet
Data Processing Equipment	Cyber
LNG/Propane Caverns/Contents	

Following is a brief description of the various insurance policies to be renewed and the corresponding policy-specific points of interest:

Property/LNG Propane Caverns/Equipment Breakdown/Data Processing

First-party insurance that addresses all risks of physical loss or damage, including but not limited to property damage, extra expense and machinery breakdown, losses from terrorism, earth movement, windstorm, storm surge, flooding and other coverages as described in the policy. Please note that the policy cost information presented below has been adjusted to remove commissions and engineering related fees associated with loss control and risk assessment.

	<u>Expiring Policy</u>	<u>Proposed Policy</u>
Property – without LNG & Caverns		
Insurance Carrier	AEGIS/Starr Tech	AEGIS/Starr Tech
Total Insurable Values	\$908.7 million	\$1.0 billion
Average Rate per \$100 of Insured Value	N/A-combined rate	N/A – combined rate
Premium	N/A-combined	N/A – combined premium

Property – LNG & Caverns

Insurance Carrier	AEGIS/Starr Tech	AEGIS/Starr Tech
Total Insurable Values	\$85.0 million	\$94.1 million
Average Rate per \$100 of Insured Value	N/A-combined rate	N/A – combined rate
Premium	N/A-combined	N/A – combined premium

Equipment Breakdown

Insurance Carrier	AEGIS/Starr Tech	AEGIS/Starr Tech
Total Insurable Values	Included above	Included above
Average Rate per \$100 of Insured Value	N/A-combined rate	N/A – combined rate
Premium	N/A-combined	N/A – combined premium

Data Processing Equipment

Insurance Carrier	AEGIS/Starr Tech	AEGIS/Starr Tech
Total Insurable Values	\$6.7 million	\$5.8 million
Average Rate per \$100 of Insured Value	N/A-combined rate	N/A – combined rate
Premium	N/A-combined	N/A – combined premium

Total Property/Equipment Breakdown/Data Processing

Total Insurable Values	\$1.0 billion	\$1.1 billion
Average Rate per \$100 of Insured Value	\$0.0838	\$0.0916
Premium	\$838,137	\$1,010,868

Auto/Fleet

Physical damage insurance coverage for comprehensive and specified perils losses resulting from theft, fire, vandalism or various natural disasters (weather, etc.).

	<u>Expiring Policy</u>	<u>Proposed Policy</u>
Insurance Carrier	Nationwide	Nationwide
Vehicle Count - All Types	460	502
Overall Average Rate per Unit	\$88.55	\$91.05
Premium	\$40,731	\$45,706

Construction/Contractor's Equipment

Coverage directed at loss or damage to covered property defined as owned and rented construction equipment, tools and heavy equipment when the loss is caused by covered perils.

	<u>Expiring Policy</u>	<u>Proposed Policy</u>
Insurance Carrier	Continental Casualty	Continental Casualty
Total Insurable Values	\$39.8 million	\$27.2 million
Average Rate per \$100 of Insured Value	\$0.1018	\$0.1071
Premium	\$40,468	\$29,098
Subtotal – Premiums, excluding Cyber	\$919,336	\$1,085,672
Inspection Fees	\$5,390	\$6,350
Insurance Brokerage Fee/Commission	\$63,000	\$63,000
Total Premiums and Fees, excluding Cyber	\$987,726	\$1,155,022

Cyber

Coverage directed at third-party liability for losses arising from a cyber event as well as first-party coverage for event management and cyber extortion.

	<u>Expiring Policy</u>	<u>Proposed Policy</u>
Insurance Carrier	AIG	AIG
Limit of Liability	\$1 million	\$1 million
Premium	\$21,278	Pending

Consistent with the approach used for the expiring insurance coverage, the District's property insurance program has a \$300 million loss limit per loss, despite total property insurable values of \$1.1 billion. Loss limits are provided by most carriers because the total level of values will likely exceed their individual capacity, and because it is highly unlikely that an insured will incur a 100% loss to all assets from any one occurrence. Aon believes a \$300 million loss limit is more than adequate to address the District's risk. It should be noted that the aforementioned \$1.1 billion of insurable value is spread among many separate locations; it is highly unlikely that one event would result in a 100% loss at all locations.

The expiring auto/fleet policy includes a \$1,000 deductible for all vehicles. The quote from Nationwide for the upcoming policy year requires a \$2,000 deductible for all heavy and extra-heavy vehicles. Other vehicles will remain at the \$1,000 deductible.

Cyber liability insurance was first acquired in 2020. The expiring policy with AIG included a liability limit of \$1.0 million dollars and a \$150,000 retention, excluding ransomware which has a \$500,000 limit and a 50% coinsurance for ransomware events. The quote from AIG for the upcoming policy year is not yet available.

The proposed insurance premiums are notably higher than prior year amounts due to: 1) an insurance market that has experienced substantial claim losses over the past several years, including numerous non-traditional natural catastrophe losses, such as winter storms and wildfires, 2) the District's two pending property damage claims, including one for flood damage incurred in 2019 and one for property damage to the construction center which began in 2020, and 3) increased insurable values. Due to the magnitude of the increase in premiums, a representative from Aon Risk Services, Dave McCue, will be present at the June 1, 2022 Board Committee meeting to address any questions you may have.

Please note that an Aon-prepared Executive Summary has been attached as well as an additional schedule comparing the expiring policies to the proposed policies. Due to the open property damage claims, the renewal strategy was to maintain insurer continuity with AEGIS and Starr Tech in order to maintain the program structure and manage the rate increases. The renewal strategy employed by Aon for each policy is addressed in the attached Executive Summary.

Management recommends the Board approve the insurance proposals noted above for the period June 16, 2022 through June 15, 2023. As noted above, the insurance proposals result in combined annual premiums and fees of \$1,155,022, excluding cyber liability insurance, which represents an increase of \$167,296 or 16.9%, as compared to the prior combined premiums and fees of \$987,726. The increase is driven by an increase in insurable values as well as an increase in the cost per dollar of insured value for the reasons cited previously.

It should be noted that the District, with input from Aon, anticipated an increase in premiums when the 2022 budget was prepared. The 2022 budget is sufficient to fund the projected increase in premiums and fees stated above.

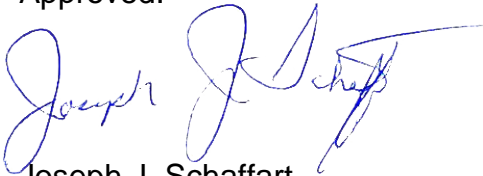
Management also requests that the Board grant the President authority to execute the cyber insurance policy on behalf of the District at his discretion once the premium information is received, with the appropriate ratification at the July meeting.

Mark F Myers

Mark F. Myers
Vice President, Accounting

(402) 504-7174

Approved:



Joseph J. Schaffart
Senior Vice President, Chief Financial Officer

Mark E. Doyle

Mark E. Doyle
President

Attachments

EXECUTIVE SUMMARY

INSURANCE MARKET OVERVIEW

The insurance market continues to be challenging in 2022 with both the property and casualty markets continuing to seek rate increases being required across the property, general liability, auto liability, and umbrella lines regardless of loss history.

Property

Pricing

Rates slightly moderated over Q1 '22 with rates decreasing from an average of +7.49% to +6.6%. Q1 '22 is the 18th consecutive quarter of positive rate increase. This surpasses the seventeen quarters of negative rate decreases witnessed by the market from July 2013 to June 2017. Rate increases have decreased six consecutive quarters with decreases moderating only slightly for the past three quarters. Profitable accounts and more desirable occupancies will attract capacity likely leading to flat renewals or a range of -5% to +5%. Most utilities that have good loss experience are seeing more rapid declines in rates and premiums

Shared and layered accounts increased over the quarter from a Q4 '21 quarterly average of 6.83% to 9.19%. This is likely the result of a dislocation in the Excess & Surplus lines market due to more conservative approaches with capacity. Average rates for single carrier accounts decreased from 8.11% to 4.34%. Rates in this space are moderating as single carrier markets reach technical pricing.

Property Limits

Markets continue to monitor exposure to contingent business interruption with questions around supply chain management. 6.4% of clients reduced limits in Q1 '22. Conversely, 4.8% of clients increased limits in Q1 '22. Clients maintaining their limits increased from 84.1% to 88.9%. For perspective, over eighteen quarters the average for clients maintaining their limits is 85%.

Deductibles/Retentions

Deductibles remained consistent for the quarter with 90.5% of clients maintaining their deductible levels. The percentage of clients increasing retentions was up slightly from 7.4% for Q4 '21 to 8.7% for Q1 '22. This is still below the average of 11.69% for the past eighteen quarters. Retention increase is now more the result of a client controlling costs as opposed to being forced to control costs by insurers. The introduction of separate deductibles for secondary perils could develop given the impact secondary perils contributed to 2021 global insured losses. Aon saw some regulated utility clients take measures to reduce overall premium spend (many across all product lines, not just property). These clients evaluated and utilized strategies such as increasing retentions, increasing captive involvement, reducing and/or removing coverage for certain classes of assets.

Coverage

Property valuation is a key concern among many markets given recent losses that exceed amounts stated on the statement of values, inflation and underreporting of business interruption exposures. Clients with increased exposures were 12.85% on average for the quarter. Supply chain management and contingent business interruption remain at the top of each underwriter's question list.

Losses

Insured losses for Q1 '22 trended better than Q1 '21 when the year started with insured losses of \$15B from Winter Storm Uri. 2022 did mark the sixth consecutive year with insurer losses greater than \$10B. Significant events included Europe's costliest windstorm since 2010 estimated at \$4.3 billion, a 7.3 magnitude earthquake

in Japan estimated at \$2 billion and severe convective storm activity in the U.S are expected to be in the multi-billion dollar range.

The “peak” months from March through June cover many storm-driven perils including tornadoes, hail, damaging straight-line winds, and resultant financial losses from the Severe Conductive Storm (SCS) perils. Above normal, significant fire potential is forecast to increase across northern California from May into July. Colorado State University predicts above normal activity at this time for the North Atlantic Hurricane Season. 19 Named Storms are predicted with 4 becoming major hurricanes.

As we move further into 2022, we will continue to see continued downward pressure on the size of rate increases where in select instances flat renewals may be achievable. Flat renewals might be achievable for accounts when:

- An account has an exemplary recent loss record
- Improvement in risk survey engineering rating
- Starting rate/premium was high for some specific reasons that have now been addressed

Cyber

The cyber landscape remained volatile in the first quarter. Complex cyber losses continued to develop with multiple severity cases compounding on large events that occurred in recent years, while frequency of claims remained relatively constant year-on-year. Waiting periods for Business Interruption related coverage (e.g. Systems Failure Business Interruption, Dependent Business Interruption) increased. Ransomware co-insurance provisions, ransomware sub-limits, and sub-limits for Business Interruption, Systems Failure Business Interruption, and Dependent Business Interruption were introduced in certain client and industry segments, or when risk controls were deemed by insurers as insufficient. Insurers scrutinized the coverage offered for critical infrastructure, systemic, correlated events and restricted coverage on either a generalized or event specific (e.g., Log4j) basis. Insurers actively managed their global aggregate capacity and occasionally reduced limits offered. The utility sector is viewed as a high risk for ransomware incidents and the recent Colonial Pipeline incident has caused further concern for some underwriters. Cyber insurers are looking for the following controls before agreeing to provide capacity and broader coverage terms.

Multi-factor Authentication (MFA)	Endpoint Protection & Response (EDR)	Phishing Exercise/ Cyber Awareness Training
Patch Management / Zero Day Vulnerability	Secure RDP/VPN	Incident Response Plan / Ransomware Exercise
Access Control/Service Accounts	Disaster Recovery/Backups	Email Filtering
Supply Chain Risk Management	Network Segmentation/ Network Monitoring (IT/OT)	M&A Due Diligence & Integration

Auto

Auto rates averaged around +6% during Q1 2022. Carriers often still seeking modest rate increases on renewals in the absence of market competition. While primary capacity is at near historic levels, pressure on the Auto market continues. Auto accident trends remain severe, even throughout the pandemic with less traffic. There is continued pressure on automobile liability rates as it remains a loss leader for most markets, however rate increases have moderated. Many insurers will not place stand-alone auto coverage and there is increased pressure on rates. It is not uncommon to see carriers seeking upwards of 10-20% rate increases for automobile liability coverage for large fleets that are loss-free accounts. Stand-alone physical damage only programs that the District purchases, are not commonly offered in the marketplace.

District Insurance Program

As advised last year, the District experienced property damage as a result of the regional flooding in the service area which occurred in March 2019, and there remains an open flood claim with AEGIS and Starr Tech which is near final resolution. The flood loss has a reserve of \$4M. There is an issue with the installation of GeoGrid in the roads: insurers have seen it as a betterment, not a code improvement, the Nebraska Dept. of Transportation (NDOT) outlines it as a road construction standard. The District and Aon are asking insurers to recognize the NDOT as an official government body and the construction standard equivalent of code improvement. Finishing the road and reseeded are all that is left to complete the project with the final invoice and settlement in 60-90 days.

The Construction Center earth movement claim resulting from the water reclamation project. The claim is currently reserved at \$1.3M. Additional costs are under review, including rebuild of the facility, the remainder of the lease on the temporary location, and agreement on allowable overhead rates applied to wages.

The renewal insurance strategy is to maintain the program structure and manage the rate increases due to the open construction center claim on the property program, it was agreed to maintain insurer continuity with AEGIS and Starr Tech and obtain competitive rates.

PROPERTY

The District's current property and boiler and machinery program is a \$300M loss limit with a \$100k deductible for all losses except \$250k at the LNG facility and caverns. AEGIS and Starr Tech share the risk equally with a 50% quota share participation. The policy includes a \$25m annual aggregate sublimit for earthquake and flood. AEGIS and Starr Tech have a flood deductible of 2.5% of the property's value with a minimum of \$250k and a maximum of \$2.5m while the AEGIS policy has a \$2.5m flood deductible. Business interruption is not included, but \$10m in extra expense coverage along with other sublimits are included.

The District's property values increased \$102.6m or 10.3% when compared to 2021. Total values are \$1.103m. As mentioned, the District currently has two open property damage claims of significant value.

Aon approached the incumbent markets of AEGIS and Starr Tech to maintain insurer continuity considering the open claims. The results of Aon's negotiations with the insurers are shown below:

- **AEGIS:**
 - AEGIS continues to push a rate increase on loss-free accounts in the current market. AEGIS indicated that in consideration of the District's claims activity, it applied a 17% average rate increase for the 2022 renewal compared to a 35% rate increase on the 2021 renewal. These remain open reserves although the flood claim will close soon, and the earth movement claim is moving towards a possible settlement. AEGIS provided a quote this year of \$595.2k, inclusive of terrorism, on a 50% basis. At 50% participation of the program, this result is a \$121.2k premium increase. The overall terms and conditions remain similar to expiring. Nebraska surplus lines taxes apply.
 - AEGIS continues to provide an engineering reimbursement (Loss Control Allowance) of up to 2.5% of the premium applicable to the District's engineering costs, not including jurisdictional inspections required by the state. This would offset charges by Starr Tech for engineering services.
- **Starr Tech:**
 - Starr Tech also continues to push for rate increases this year but desires a smaller increase than that of AEGIS. Starr Tech provided a formal quote with an 4% average rate increase on the 2021 renewal. Starr Tech provided a quote with a premium of \$361.6k, inclusive of terrorism, on a 50% basis and Starr Tech. At 50% of the program, this result is a \$36.3k premium increase.
 - Starr Tech continues to offer engineering services for \$7.2k which will be reimbursed to the District by AEGIS through the Loss Control Allowance.

The combined average rate increase for the incumbent markets of AEGIS and Starr Tech is 21% which is down from the 26.8% average rate increase in 2021. While this is a significant increase, it is not out of line with what is being experienced in the current property marketplace in consideration of the claim development of the District. Overall, the property rate is .0916 per \$100 of property values or a 9% increase. It is our recommendation to place the property coverage with AEGIS and Starr Tech, however, Aon will continue to work at improving the terms offered by both AEGIS and Starr Tech prior to the June 15, 2022 renewal. It's possible that the property coverage rate increases will continue to drop as the two large property claims are finalized and the overall market continues to improve.

ENGINEERING AND JURISDICTIONAL BOILER INSPECTIONS

The current engineering inspections of the District's assets are provided by Starr Tech and the jurisdictional boiler inspections were provided by ARISE. The Starr engineering expense is offset by the 2.5% engineering fee credit on the AEGIS policy. ARISE quoted an annual fee of \$6.4k for the District's jurisdictional boiler inspections which is \$1.0k higher than expiring.

CONTRACTOR'S EQUIPMENT

On the contractor's equipment program, CNA the incumbent, who has provided the most competitive option in prior marketing efforts. The District moved equipment from this category into the Fire/Property category therefore the values for this policy decreased by \$12.5M or 32% which moved the total to \$27.2m.

The District's contractor's equipment policy provides physical damage coverage for owned equipment and short-term leased or borrowed equipment with limits of \$500k per item and \$500k per item, respectively, subject to a \$40k deductible. This coverage applies to the equipment whether at a District site or off-site.

Aon worked with the incumbent insurer, CNA, to obtain a competitive quote and was able to negotiate a premium of \$29,098 or \$11,370 less than expiring and a 5% net average rate increase due to reducing values by 32% when compared to expiring. This policy continues to have a very competitive rate of 10.7 cents per \$100 of values.

AUTO PHYSICAL DAMAGE

The District's auto policy provides comprehensive physical damage for private passenger vehicles and specified perils physical damage coverage, designated perils such as wind, hail, theft and flood, for larger vehicles. The policy does not include physical damage resulting from a collision or overturn or third-party liability coverage. Nationwide is requiring that all heavy and extra-heavy vehicles will move up to a \$2,000 deductible and the other vehicles will remain at the \$1,000 deductible.

The District's fleet size of 502 units was an increase compared to the 2021 reported fleet of 460 units. Nationwide, the incumbent insurer, was approached on the auto program as no other markets in the recent past have been willing to provide a comprehensive and special perils only coverage. Aon approached the incumbent, Nationwide, for its best pricing and obtained a renewal quote of \$53,818 or \$107.21 per vehicle. The expiring premium with changes throughout the year was \$47,819. The overall increase is 12.5%. The Nationwide quote included 15% commission, same as expiring so the commissions will be credited to the Aon fee.

CYBER LIABILITY

The District's cyber liability policy provides third-party liability for losses the District is legally obligated to pay arising from a cyber event, as well as first-party coverage for event management and cyber extortion, with limits of \$1m per occurrence and \$50k retention. This was a new coverage for the District in 2020.

Due to the volatility of the cyber liability market, multiple markets were approached last year for a renewal option in addition to AIG, the incumbent. AIG quoted a \$1m limit but required an increased retention of \$150k. AIG also reduced the ransomware limit to \$500k and required a 50% coinsurance for ransomware events, meaning AIG and the District would share equally in any ransom loss. All other terms and conditions remained as expiring except the policy form will be moved to a non-admitted for and Nebraska surplus lines taxes will apply. The premium increased to \$25.3k. The AIG quote included 19% commission, same as expiring. Because of the commissions being credited to the Aon fee, the net result is \$21.3k. AIG and other markets were not willing to offer any limit options in excess of \$1m in 2021.

We are approaching other markets for this year's renewal as most cyber insurers will not provide capacity without strong IT controls as discussed earlier in this summary. We will provide an update to the District prior to the June 15 renewal date.

MUD 2021 to 2022 Comparison

2021 Renewal					2022 Renewal					Difference					
Program	Insurer	Value	Net Premium	Net Average Rate	Program	Insurer	Value	Net Premium	Net Average Rate	Value	%	Net Premium	%	Net Average Rate	%
Property-No LNG	AEGIS/	\$ 908,769,679	\$ -		Property-No LNG	AEGIS/	1,003,105,595	\$ -		\$ 94,335,916	10.4%				
Property-LNG & Caverns	Starr Tech	\$ 84,982,633	\$ -		Property-LNG & Caverns	Starr Tech	94,107,313	\$ -		\$ 9,124,680	10.7%				
Property-New Corp. Office		Included	\$ -		Property-New Corp. Office		Included	\$ -		Included					
Equipment Breakdown		Included	\$ -		Equipment Breakdown		Included	\$ -		Included					
EDP		\$ 6,679,825	\$ -		EDP		5,840,971	\$ -		\$ (838,854)	-12.6%				
Total¹		\$ 1,000,432,137	\$ 838,137	0.0838	Total		\$ 1,103,053,879	\$1,010,868	0.0916	\$ 102,621,742	10.3%	\$172,731	20.6%	0.0079	9.4%
Contractor Equipment	CNA	\$ 39,752,512	\$ 40,468	0.1018	Contractor Equipment	CNA	27,176,949	\$29,098	0.1071	\$ (12,575,563)	-31.6%	\$ (11,370)	-28.1%	0.0053	5.2%
Auto-Comp/Spec Only ²	Nationwide	460	\$ 40,731	\$ 88.55	Auto-Comp/Spec Only ²	Nationwide	502	\$ 45,706	\$ 91.05	42	9.1%	\$ 4,975	12.2%	\$ 2.50	2.8%
Total Net Premium, excl. Cyber			\$ 919,336		Total Net Premium			\$1,085,672				\$166,336			
Engineering ³	Starr Tech		Included		Engineering	Starr Tech		Included							
Jurisdictional	ARISE		\$ 5,390		Jurisdictional	ARISE		\$ 6,350				\$ 960			
			\$ 5,390					\$ 6,350				\$ 960			
Aon Compensation	Fee		\$ 63,000		Aon Compensation	Fee		\$ 63,000				\$ -			
Total Costs, excl. Cyber			\$ 987,726		Total Costs			\$ 1,155,022				\$ 167,296			
Cyber Liability ⁴	AIG		\$ 21,278		Cyber Liability ³	AIG		TBD				TBD			
Total Costs, incl. Cyber			\$ 1,009,004					TBD				TBD			

Note 1: Premium includes terrorism and Nebraska surplus lines taxes on the AEGIS portion of the property premium.

Note 2: Nationwide on the Auto cannot remove all commissions. The 2021 and 2022 premiums include 15% commission. Only net premium is shown as all commissions are credited against the Aon fee.

Note 3: The Starr Tech engineering costs are offset by the 2.5% engineering credit from AEGIS.

Note 4: The 2021 premium includes 19% commission. Only net premium is shown as the 2021 commissions are credited against the Aon fee. The 2021 policy is moving to non-admitted paper and Nebraska surplus lines taxes will apply, which is included in the net premium.