

**METROPOLITAN UTILITIES DISTRICT**  
**Committee Meetings**

8:15 a.m.

February 2, 2022

**AGENDA**

1. Safety Briefing
2. Roll Call
3. Open Meetings Act Notice
4. Recognition of Outgoing Board of Directors Chairperson

**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. Water Infrastructure Partner – Hawkins Construction  
[Stephanie Henn – Director, Plant Engineering] – **Tab 7**
4. Amendment to LNG Capital Improvement Project Contract with CHI  
[Jim Knight – VP, Gas Operations] – **Tab 8**
5. Bids on Materials and Contracts  
[Jon Zellars – VP, Procurement & Enterprise Services] – **Tab 9**

**Services & Extensions – Friend, Begley, Howard**

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

**Personnel – Begley, Frost, Friend**

1. Wage and/or Salary Increases and Ratifications  
[Bonnie Savine – VP, Human Resources] - **Tab 11**
2. SPA Salary Structure Adjustment [Bonnie Savine – VP, Human Resources] - **Tab 12**

**Judicial and Legislative – Cook, Cavanaugh, Howard**

1. First Legislative Report for 2022  
[Rick Kubat - Government Relations Attorney] – **Tab 13**

**Accounts, Expenditures, Finance & Rates – McGowan, Begley, Cook**

1. Renewal of Financial Services Agreement with Piper Sandler & Co.  
[Joseph Schaffart – SVP & Chief Financial Officer] – **Tab 14**
2. Proposal to Authorize Gas System Revenue Bonds Series 2022  
[Joseph Schaffart – SVP & Chief Financial Officer] - **Tab 15**

**Insurance and Pension – Howard, McGowan, Cook**

1. 2021 Retirement Plan and Other Post-Employment Benefits Investment Review  
[Joseph Schaffart, SVP & Chief Financial Officer and Joseph Wolfram, Vanguard Institutional Advisory Services] – **[Tab A - INFORMATION ONLY]**

***(Turn over for regular monthly Board Meeting agenda)***

**METROPOLITAN UTILITIES DISTRICT**  
**Regular Monthly Board Meeting**

**9:00 a.m.**

**February 2, 2022**

**AGENDA**

1. Roll Call
2. Open Meetings Act Notice
3. Pledge of Allegiance
4. Approval of Minutes – Committee Meetings & Regular Board Meeting for January 5, 2021
5. Capital Expenditures
6. Acceptance of Contracts and Payment of Final Estimates
7. Water Infrastructure Partner – Hawkins Construction
8. Amendment to LNG Capital Improvement Project Contract with CHI
9. Bids on Materials and Contracts
10. Main Extensions
11. Wage and/or Salary Increases and Ratifications
12. SPA Salary Structure Adjustment
13. First Legislative Report for 2022
14. Renewal of Financial Services Agreement with Piper Sandler & Co.
15. Proposal to Authorize Gas System Revenue Bonds Series 2022
16. Other Matters of District Business for Discussion
17. CLOSED SESSION – Litigation, Real Estate and Personnel Matters

**Adjourn Regular Board Meeting**

***(Turn over for Committee Meetings agenda)***

## METROPOLITAN UTILITIES DISTRICT

### Minutes of Committee Meetings

January 5, 2022

Chairperson Mike McGowan called to order the Committee meetings 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, December 26, 2021, and in the online version from December 26, 2021, through January 1, 2022. Notice was also provided on the MUD website at [www.mudomaha.com](http://www.mudomaha.com) and other social media platforms. Agendas and pertinent Board materials to be presented at the January 5, 2022 Board Meeting were emailed to Board Members on December 30, 2021, and additional materials were emailed on January 3, 2022.

Chairperson McGowan 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. He also announced that due to COVID, the number of attendees at the meeting was limited to the extent possible, unvaccinated people were required to wear masks, and all attendees were encouraged to abide by the recommended six-foot social distancing rule.

#### **Safety Briefing**

Vice-President of Safety, Security and Business Continuity Shane Hunter provided a safety briefing for all individuals attending the meeting in-person regarding the protocol in the event of an emergency.

#### **Roll Call**

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

#### **Open Meetings Act Notice**

Chairperson McGowan announced that a copy of the Open Meetings Act was located on the wall in the back of the Board Room and a copy was also available in the conference room designated for any members of the public who may attend.

### **Community Giving Drive Recap**

Chairperson McGowan announced that the District-sponsored annual fundraising campaign last November of 2021 raised more than \$78,000 from MUD employees and retirees. The renamed 'Community Giving Drive' now allows donors the option of directing their donation to either the District's utility assistance program, the Home Fund, to the United Way of the Midlands or to a designated agency of their choice. Donations will directly serve members of the community who are struggling financially. Director McGowan commended those who were involved in the fundraising effort and thanked them on behalf of the Board and the District's customer-owners.

### **Construction and Operations – Frost, Friend, Cavanaugh**

Senior Vice-President & Chief Operations Officer Gina Langel reviewed the proposed capital expenditures as outlined in her letter to the Committee dated December 29, 2021.

Of particular significance among the District's capital expenditure proposals were annual authorizations for gas (\$11.6 million) and water (\$23.1 million) infrastructure replacement (IR). The District's accelerated IR program for both gas and water is intended to keep pace with its annual completion goals. Part of the water infrastructure replacement program is a plan to expand the use of condition assessment technologies for higher consequence distribution size mains with the intention of collecting data that will facilitate more precise replacement or rehabilitation decisions on sections of mains. Two miles of mains are planned for condition assessment in 2022 and it's anticipated that a small percentage will require replacement using the IR funds. In addition to the IR projects are annual authorizations for construction machines, equipment, vehicles and upfitting; gas service installations; reconnection and replacement of water services; gas meters and regulators; and crossbore inspection and repairs on the gas distribution system.

Director of Plant Engineering Stephanie Henn reviewed the Acceptance of Contracts and Payment of Final Estimates as outlined in her letter dated December 30, 2021.

Director of Plant Engineering Stephanie Henn reviewed the proposed continuation of the partnership with Heimes Corporation for water infrastructure replacement work, as outlined in her letter to the Committee dated January 3, 2022. The underlining purpose of the one-year partnership arrangement is to provide assurances for both parties that investment in employee hirings, equipment and materials will be adequate to handle the full extent of scheduled work projects that need to be completed by the end of the year. The partnership is and will continue to be contingent upon negotiated acceptable pricing. If the contractor continues to perform to expectations, the District may seek a longer partnership term 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 December 23, 2021.

Senior Vice-President and General Counsel Mark Mendenhall reviewed the proposed interlocal agreement between MUD and the Nebraska Department of Health and Human Services (DHHS) as outlined in his letter to the Committee dated January 3, 2022. The agreement authorizes two State agencies, DHHS and the Department of Environment and Energy (NDEE) to use analyses of drinking water samples from MUD's certified laboratory as evidence of compliance with testing requirements under the Nebraska Safe Drinking Water Act. The agreement also allows the parties to renew the agreement for up to two additional one-year periods.

**Services & Extensions – Friend, Begley, Howard**

Vice-President of Engineering & Construction Cory O'Brien reviewed the proposed main extensions as outlined in his letter dated December 28, 2021.

**Personnel - Begley, Frost, Friend**

Vice-President of Human Resources Bonnie Savine provided an update on the current number of employees and the current status of open employee positions and job applicants. Ms. Savine also reviewed the proposed wage and/or salary increases and ratifications as outlined in her letter to the Committee dated December 20, 2021.

Ms. Savine reviewed the proposed promotion of Jinson Pappalil to the position of Vice-President for Information Technology, effective retroactive to January 16, 2021 as outlined in her letter to the Committee dated December 22, 2021.

Ms. Savine reviewed the proposed recommendation to add voluntary long term care (LTC) group insurance coverage to the District's employee benefits portfolio as outlined in her letter to the Committee dated December 22, 2021. The District engaged the services of benefits consulting firm Silverstone/HUB in partnership with J. Manning & Associates for review, consultation and recommendations. Allstate was selected to be the insurance carrier. The proposed benefit will be fully funded by the employee and the District is responsible only for incidental administrative costs.

Chairperson McGowan asked whether any members of the public were present and wished to address the Board and if so, he asked the moderator to please escort them to the Board Room so that they may do so in person. There were none. He asked whether any Board Members had any further comments to share. There were none.

At 9:02 a.m., Chairperson McGowan announced that the Committee Meetings had concluded and that the Board would reconvene for the regular monthly Board Meeting at 9:10 a.m.



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Mark E. Doyle  
Secretary and President

MED/mjm

**METROPOLITAN UTILITIES DISTRICT**  
**Minutes of the Regular Monthly Board Meeting**  
**January 5, 2022**

Chairperson McGowan called to order the regular Board Meeting of the Metropolitan Utilities District Board of Directors at 9:10 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, December 26, 2021, and in the online version from December 26, 2021, through January 1, 2022. Notice was also provided on the MUD website at [www.mudomaha.com](http://www.mudomaha.com) and other social media platforms. Agendas and pertinent Board materials to be presented at the January 5, 2022 Board Meeting were emailed to Board Members on December 30, 2021, and additional materials were emailed on January 3, 2022.

**ROLL CALL**

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

**AGENDA NO. 2**

**OPEN MEETINGS ACT NOTICE**

Chairperson McGowan announced that a copy of the Open Meetings Act was located on the wall in the back of the Board Room and was also available in the conference room designated for any members of the public who may attend.

**AGENDA NO. 3**

**PLEDGE OF ALLEGIANCE**

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

**AGENDA NO. 4**

**APPROVAL OF MINUTES FOR COMMITTEE MEETINGS, PUBLIC HEARING AND REGULAR MONTHLY BOARD MEETING FOR DECEMBER 1, 2021**

Director Cavanaugh moved to approve the minutes for the Committee Meetings, Public Hearing and regular monthly Board Meeting for December 1, 2021, which was seconded by Director Frost and carried on a roll call vote.

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

Voting No: None

Committee Meetings & Regular Board Meeting

January 5, 2022

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**AGENDA NO. 5**

**ELECTION OF CHAIRPERSON AND ELECTION OF VICE-CHAIRPERSON**

Director Cavanaugh moved to nominate Director Frost as Chairperson of the Board of Directors, which was seconded by Director Howard and carried on a roll call vote.

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

Voting No: None

Director Howard moved to nominate Director Cook as Vice-Chairperson of the Board of Directors, which was seconded by Director Begley and carried on a roll call vote.

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

Voting No: None

Director Frost thanked his colleagues for the honor of being selected Chairperson for his final year serving on the Board.

Director Cavanaugh moved for approval of the grouped Agenda Items #6, #7, #8, #9, and #10 in one motion as follows:

**AGENDA NO. 6**

**CAPITAL EXPENDITURES** (as presented in the Committee Meetings by Senior Vice-President and Chief Operations Officer Gina Langel and as outlined in her letter to the Committee dated December 29, 2021)

**AGENDA NO. 7**

**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 December 30, 2021)

**AGENDA NO.8**

**WATER INFRASTRUCTURE PARTNER – HEIMES CORPORATION** (as presented at the Committee Meetings by Director of Plant Engineering Stephanie Henn and as outlined in her letter to the Committee dated January 3, 2022)

**AGENDA NO. 9**

**BIDS ON MATERIALS AND CONTRACTS** (as presented at the Committee Meetings by Vice-President of Procurement and Enterprise Services Jon Zellars and as outlined in the letter to the Committee dated December 23, 2021 from Director of Procurement Sherri Meisinger)



**AGENDA NO. 10**

**INTERLOCAL AGREEMENT WITH THE DEPARTMENT OF HEALTH & HUMAN SERVICES** (as presented at the Committee Meetings by Senior Vice-President and General Counsel Mark Mendenhall and as outlined in his letter to the Committee dated January 3, 2022)

The blanket motion to approve the five grouped agenda items was seconded by Director McGowan and carried on a roll call vote.

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

**AGENDA NO. 11**

**MAIN EXTENSIONS**

Director Cook moved to approve the main extensions as presented by Mr. O'Brien at the Committee Meetings and as outlined in his letter to the Committee dated December 28, 2021. The motion was seconded by Director Howard and carried on a roll call vote.

Voting Yes: Cavanaugh, Begley, Cook, Frost, McGowan, Howard  
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 December 20, 2021. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

**AGENDA NO. 13**

**PROMOTION OF VICE-PRESIDENT, INFORMATION TECHNOLOGY**

Director Begley moved to approve the promotion of Jinson Pappalil for the position of Vice-President, Information Technology effective retroactive to January 16, 2021, as outlined in the letter from Ms. Savine dated December 22, 2021. The motion was seconded by Director Howard and carried on a roll call vote.

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

**AGENDA NO. 14**

**RECOMMENDATION FOR VOLUNTARY EMPLOYEE LONG TERM CARE GROUP INSURANCE**

Director Begley moved to approve Management's recommendation to offer voluntary employee long term care group insurance to employees as presented in the Committee Meetings and as outlined in the letter from Ms. Savine dated December 22, 2021. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

Voting No: None

**AGENDA NO. 15**

**APPOINTMENT OF COMMITTEES**

Chairperson Frost announced that Board members had been apprised of the 2022 Committee assignments and no vote would be necessary.

**AGENDA NO. 16**

**OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION**

Chairperson Frost asked whether any Board Members had any further comments.

Director Cavanaugh inquired as to whether MUD had a role in contributing to the extended duration of a project on 168<sup>th</sup> Street between Pacific and Center Streets. Ms. Langel responded that MUD's gas and water projects in the area were completed in early December 2021 but that MUD did address a three-day unplanned project later in the month but its involvement concluded at that point.

Chairperson Frost announced that due to COVID-related precautions, any members of the public attending the Board Meeting were provided access via a Webex connection set up in a conference room adjacent to the Board Room at the Headquarters Building. He asked whether any members of the public were present and wished to address the Board, and if so, he asked the moderator to please escort them to the Board Room so that they may do so in person. There were none.

Vice-President of Gas Operations Jim Knight provided a brief overview of the natural gas market. He reported that Winter began with mild temperatures in November and December. December was 20 percent warmer than normal which resulted in natural gas sales that were 15% lower than budgeted for December. With current temperatures expected to remain in the single digits, coupled with projected spot market prices, MUD will utilize our LNG plant to meet some of the increased demand, though we will not be utilizing propane. He reported that the January 1<sup>st</sup> gas sendout of 310,000 decatherms (Dth) was our tenth highest sendout on record. Gas sendout for a normal January day would be 185,000 Dth. Gas prices were in the range of \$4 - \$6 per Dth during the first week of January.

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

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

The regular monthly meeting was adjourned at 9:27 a.m.



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Mark E. Doyle  
Secretary and President

MED/mjm

# METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

January 28, 2022

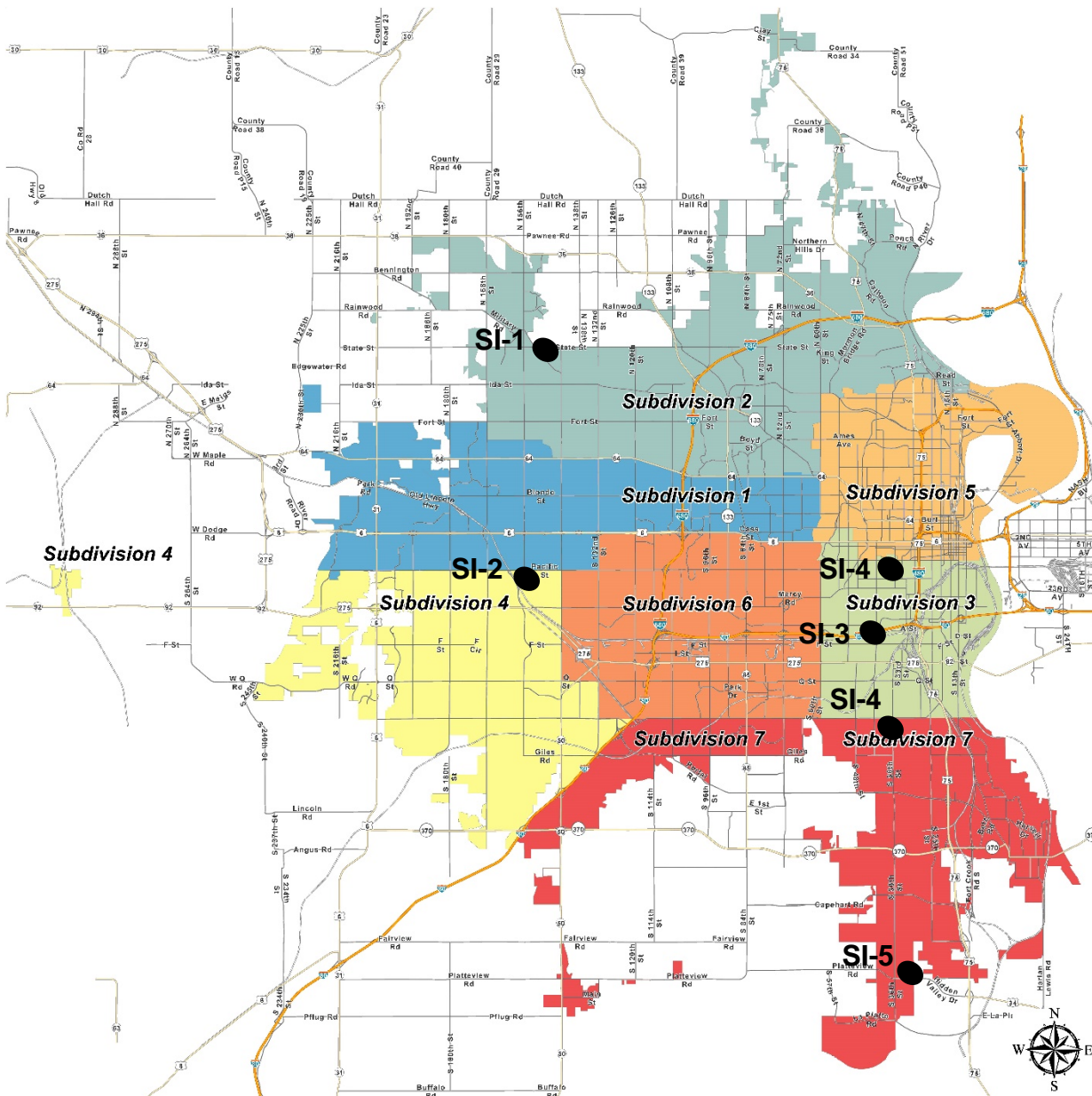
**Subject:** CAPITAL EXPENDITURES

**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 February 2, 2022, Committee Agenda for consideration and the Board Agenda for approval:



MUD Subdivision Map

## **SYSTEM IMPROVEMENTS**

**1. R 2044 (100053001487 and associated job numbers) – \$184,900 – Install 180 feet of 8-inch water main, adjust four hydrants to grade and install 2,775 feet of 2- and 4-inch gas mains, State St. from 147<sup>th</sup> to 153<sup>rd</sup> Sts.** This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done on a Douglas County road improvement project. The gas and water mains in conflict with these improvements were installed in 2005. This project is anticipated to start March 2022. This work is not reimbursable as the mains are in public right-of-way. One residential gas service will be reconnected at an estimated cost of \$7,000. **(Subdivision 2 – Friend)**

**2. R 2035 (100053001485 and associated job numbers) - \$566,800 – Install 800 feet of 8- and 12-inch water main and install 2,510 feet of 2-, 3- and 4-inch gas mains, 156<sup>th</sup> St., Leavenworth St. to 155<sup>th</sup> Ave.** This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done for a City of Omaha project. The water mains were installed between 1973 and 1999 while the gas mains were installed between 1978 and 1988. This project is anticipated to start in February of 2022 and will be constructed by District crews. This work is not reimbursable as the mains are in public right-of-way. One commercial gas service will be replaced and connected to the new gas main at an estimated cost of \$5,000. **(Subdivision 4 – Cavanaugh)**

**3. R 2051 (100053001457 and associated job numbers) - \$77,900 – Install 10 feet of 8-inch water main and install 270 feet of 2-inch gas main, 42<sup>nd</sup> and “D” Sts.** This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done for a City of Omaha project. A hydrant in conflict with new roadway boundaries on “D” Street will be relocated. Gas mains in conflict with proposed storm sewers and roadway grading will also be relocated. This project is anticipated to start in April 2022 with bridge work itself scheduled to begin the fall of 2022. This work is not reimbursable as the mains are in public right-of-way. **(Subdivision 3 – Howard)**

**4. WP1881 (100051001057) - \$112,600 – Install 54”/16” tapping saddle and valve by Field Club Reservoir and a 48”x16” tapping saddle and flange by 36<sup>th</sup> and Edna St Pump Station.** This work is needed to facilitate the condition assessment of the 54” prestressed concrete cylinder pipe (PCCP) interconnection line between the 36<sup>th</sup> and Edna pump station and the Field Club Reservoir (36<sup>th</sup> and Poppleton). These large taps will act as the insertion and extraction points for the free-swimming inspection tool (PipeDiver). The inspection is scheduled for late spring of 2022 pending Board approval, but due to unpredictable and long lead times for these tapping saddles and for construction flexibility, we are requesting early approval for this portion of the work. **(Subdivision 3 – Howard, Subdivision 7 – Frost)**

**5. WP1871 (100057000504 and associated job numbers) - \$898,208 – Professional engineering services to design approximately 14,300 feet of 16” and 9,500 feet of 24” ductile iron main along Platteview Road from Hidden Valley Drive to S. 23<sup>rd</sup> Avenue, along Hidden Valley Drive from Platteview Road to S. 10<sup>th</sup> St., along S. 10<sup>th</sup> St. from Hidden Valley Drive to La Platte Road, along La Platte Road from Hwy 75 to Harlan Lewis Road, and along Harlan Lewis Road from La Platte Road to North of the Papillion Creek.** Authorization of this work will allow the President to enter into a professional engineering design agreement with HDR to provide design services for these water transmission main extensions which will serve areas in southeastern Bellevue including the City’s LB840 Economic Development Zone. The City of Bellevue is the developer and is undertaking this project to attract industrial users and promote development of the area. In the event the project does not move forward for construction, the District will be reimbursed all design costs. This authorization covers the design cost for the mains. Following completion of the design, the project is tentatively scheduled to be advertised for construction by the District in

early 2023, with project completion by approximately Spring of 2025. A subsequent Capital Expenditure Authorization will be submitted to the Board for main construction tentatively planned for March 2023. **(Subdivision 7 – Frost)**

**BUILDINGS, PLANTS AND EQUIPMENT**

**1. 100083001153 - \$175,000 – Lime grit removal improvement project, Platte West.**

The existing lime feed system includes a grit removal system which allows significant amounts of fines (grits or impurities in the lime) to pass through in the lime solution and into the water treatment and residuals handling basins and tanks. Since the nearly 14 years the plant has been in service, RDP Technologies, the manufacturer of the lime feed system, has re-designed the lime application and grit removal portion of their system to greatly improve the removal of the finer grits. This newer system was recently installed at Florence. Retrofit projects have also been completed in numerous facilities in several states. This capital expenditure includes \$175,000 for outside engineering services and will allow the President to enter into an agreement to provide these services. Additional monies for equipment procurement and installation costs will be included in future capital expenditures as required. This capital expenditure is intended to cover the two-year 2022-2023 time period with services for design and procurement completed in 2022 and construction period services completed in 2023. This project was included in the 2022 capital budget.

**2. 1000830001152 - \$99,190 – Professional design and construction inspection services to replace roofs at the Skyline Pump Station, Rainwood Pump Station and Walnut Hill Engine Building.**

Facilities Management is seeking approval to enter into a consulting agreement with Terracon Consultants, Inc. to perform design and construction inspection services to replace roofs at the Skyline Pump Station, Rainwood Pump Station and Walnut Hill Engine Building. The roofs at each of these facilities are over 25 years old, in poor condition and in need of replacement. Due to current material delays, Facilities Management is seeking permission to proceed with the design services so the projects can be bid as soon as possible to have a chance of completing them this year. Approval of this capital expenditure will authorize the President to enter into contract with Terracon Consultants, Inc.



Gina Langel

Senior Vice President, Chief Operations Officer

Approved:



Mark E. Doyle  
President

**METROPOLITAN UTILITIES DISTRICT**  
*Inter-Department Communication*

January 26, 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 February 2, 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, Inc., WP1712S, 100055001316, Install Water Mains in Windsor East Subdivision; NW Corner of S. 174 <sup>th</sup> St. & Giles Rd.	1/7/2021	\$334,832.00	\$270,040.10

**Comments:** There was an overall net decrease of \$64,791.90 on this project, primarily due to a change in the design after the project was bid that shortened the project, thereby requiring less pipe and bends than originally estimated.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
b. Roloff Construction, WP1761, 100093001306, 100095001221, 10097000000, 100097000001, 100041000093, Cast Iron Water Main Replacement, Pratt St./Bedford Ave., N. 48 <sup>th</sup> Ave., to N. 45 <sup>th</sup> St.	3/4/2021	\$2,029,359.25	\$1,904,676.04

**Comments:** There was an overall net decrease on this project of \$124,683.21, primarily due to a reduction in the amount of hard surface restoration required to complete the work. When the project was estimated it was not yet determined if the main would be able to be laid under, or outside of paving. Included in this overall decrease were increases for replacing unacceptable backfill and installing a sand bed trench.

Contract	Contract Approval Date	Amounts	
		*Unit Price Bid	Actual
c. Roloff Construction, WP1748, 100093001301, 100095001221, 100097000000, 100097000001, 100041000089, Cast Iron Main Replacement, Center St. – S. 51 <sup>st</sup> St to S. 50 <sup>th</sup> Ave. & S. 50 <sup>th</sup> Ave., Center St. to Frances St.	3/4/2021	\$805,783.50	\$698,545.00

**Comments:** There was an overall net decrease in this project of \$107,238.50, primarily due to a reduction in the amount of hard surface restoration to complete the work. When the project was estimated it was not yet determined if the main would be able to be laid under, or outside of paving.

Contract	Contract Approval Date	Amounts	
		Contract Bid	Actual
d. McGill Restoration Inc., WP1643, 10083001130, Rehabilitation of Basin 3 at the Florence Water Treatment Plant	3/3/2021	\$3,662,744.00	\$3,604,973.00

**Comments:** There was an overall net decrease in this project of \$57,771.00, primarily due to a reduction in the amount of concrete materials and labor to complete the work than originally estimated. Included in the overall decrease is Change Order No. 1 in the amount of \$40,771.00. Approval of this final will also approve Change Order No. 1.



Contract	Contract Approval Date	Amounts	
		Original Consultant Fee	Actual
e. JEO Architecture Inc., GP2609, 100084001269, Professional Engineering Services for the Design of MUD Construction Center – Preliminary Site Analysis, Platting, and Rezoning Services	11/3/2020	\$83,300.00	\$126,350.00

**Comments:** There was an overall net increase in this project of \$43,050.00, primarily due to two previously approved amendments to the contract. These amendments included work to address new platting conditions received after preliminary plat approval and additional field work and site planning for an additional 4.5 acre parcel acquisition that the District decided to purchase after the original agreement was executed.

*\*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*

January 24, 2022

**Subject:** HAWKINS CONSTRUCTION - WATER INFRASTRUCTURE PARTNER FOR 2022

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

**From:** Stephanie L. Henn, Director of Plant Engineering

### **Purpose**

**Management is recommending that the District continue our partnership with Hawkins Construction for another one-year period to perform water infrastructure replacement work for the 2022 calendar year.**

For 2022, the District has identified a single water infrastructure replacement project, approximately 1.2 miles in length, for Hawkins Construction (“Hawkins”) to construct, and pricing is currently being negotiated.

### **Background**

As a part of the District’s water infrastructure program, the goal is to abandon 16 miles of water pipe in 2022. This will be accomplished with both District crews and various contracted partners, including Hawkins.

Management recommended Hawkins Construction as a water infrastructure partner for a single project to be built in 2020, and again in 2021. These projects have gone well, Hawkins has done quality work, and we are now recommending Hawkins for another project, as the District’s partner, to be built in 2022. Hawkins is currently installing ductile iron pipe for the District.

### **Pricing**

The District is currently negotiating pricing with Hawkins for an approximately 1.2 mile single project, in a one-year partnership to be constructed in 2022. Based on preliminary, estimated prices, the current costs for this project are higher than last year’s prices, with the cost per mile of approximately \$2 million, which is similar to other contractors installing ductile iron pipe. This is the contractor’s cost only, not including District overheads, inspection, etc.

As with any of the District’s partnerships, if at any time, we do not agree with the final priced proposal, we can choose to not move forward.

We continue to learn and evaluate different materials and technologies and determine if we should change strategies, based on pricing or other factors. At this time, Management recommends going ahead with this one project with Hawkins, installing ductile iron pipe.

## Partnership

These water infrastructure partnerships have, so far, proven to be advantageous, as the District knows that we have contractors to perform the work and the contractors know that they have work to keep their businesses going.

Management is asking for a one-year partnership continuation with Hawkins Construction, at this time. However, assuming Hawkins continues performing quality work for the District, and the pricing is favorable, it is possible that Management will ask for a longer partnership for the 2023 construction season, in addition to the District's other water infrastructure replacement partners.

## Recommendation

**Management is requesting that the President be authorized to enter a one-year contract with Hawkins Construction to perform water infrastructure replacement work, contingent upon negotiating acceptable pricing.**

Thank you very much for your past support in our water infrastructure program, and specifically for the support you have shown for our water infrastructure partners. Your approval is requested.



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*

January 26, 2022

**Subject:** AMENDMENT NO. 1 – PROFESSIONAL ENGINEERING SERVICES FOR THE DESIGN AND RECONSTRUCTION OF THE LNG PLANT – GP2622 (100084001272, 100084001273, 100084001274, 100084001275)

**To:** Committee on Construction & Operations

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

**From:** Denise Dolezal, Director, Gas Production

On March 11, 2021, the District entered into an agreement with CHI Engineering for professional engineering services for design and construction for the rebuild of the LNG vaporization and liquefaction processes. This letter is to request an amendment to the existing contract. Additional services are required by the District which are changes to the original project scope of work.

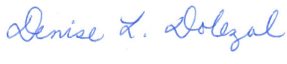
The additional work needed is to install a hydronic heating system within the containment dike in the LNG pump area, spill trough, and spill containment structure. The heating system consists of piping embedded in the concrete structures which will be connected to the water/glycol vaporization heating system.

This piping will be built into the concrete slab in and around the new LNG pumps and in the structure of the LNG spill trough and containment structure. Warm water/glycol will circulate throughout the winter during the time that vaporization is warmed up and in “ready” mode. This system will keep snow and ice from accumulating in and around the LNG pumps, and the sensitive controls attached to them. The LNG pumps are among the most important parts of the peakshaving process, and they are integral to our entire gas supply plan. Keeping them in the best operating condition at all times is critical.

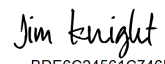
In addition, the hydronic heating system will also melt snow and ice within the new spill trough and containment area, keeping it open year-round to accept spilled LNG should a leak occur. The effort required to keep this area clear during the winter months could be significant during years of high snow fall. It is best to melt this snow and ice before it accumulates. Also, using snowplows and snow blowers or shovels in this area has the potential to damage the sensitive equipment and structures.


In 2018, the existing LNG pump area experienced frost heaving and movement. The proposed hydronic heating system will prevent this from reoccurring with the new LNG pumps.


The original amount of the agreement is \$62,469,140. Amendment No. 1, proposed here for a total amount of \$519,100, will increase the total amount of this capital improvement project to \$62,988,240. Your approval is requested.


DocuSigned by:  
  
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Denise L. Dolezal  
Director, Gas Production

**APPROVED:**

DocuSigned by:  
  
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Jim Knight  
Vice President, Gas Operations

DocuSigned by:  
  
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Gina Langel  
Sr. Vice President, Operations

DocuSigned by:  
  
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Mark A. Mendenhall  
Sr. Vice President, General Counsel

DocuSigned by:  
  
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Mark Doyle  
President

METROPOLITAN UTILITIES DISTRICT  
*Inter-Department Communication*

January 24, 2022

**Subject:** BIDS ON MATERIALS AND CONTRACTS DURING THE MONTH OF JANUARY

**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 February 2, 2022 Committee Agenda for consideration and the February 2, 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 Deer Creek Highlands N. 116 <sup>th</sup> Street and Potter Street 100055001388 WP1886 Engineering Estimate: \$301,700.00 (A C&A in the amount of \$324,804.00 will be presented to the Board on February 2, 2022 for approval.)	18/2	<b>Kersten Construction</b> <i>Cedar Construction</i>	<b>\$223,016.00</b> 240,155.20

**OTHER**

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
6600' of 12" Coated Steel Gas Pipe	3/2	<b>Edgen Murray</b> <i>Pioneer Pipe</i>	<b>\$240,900.00</b> 547,800.00
Two (2) Rubber Tire Loaders 100087000646 (C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 5, 2022 in the amount of \$16,953,750.00.)	2/2	<b>NMC</b> <i>Murphy Tractor</i>	<b>\$414,670.00</b> 434,522.90

Four (4) Kubota R430 Tractors with Backhoe  
100087000647  
1/1 Kubota of Omaha \$264,625.93  
(C&A for Annual Construction Machines, Equipment, Vehicles and Upfitting approved January 5, 2022 in the amount of \$16,953,750.00.)

One (1) Fuel and Lube Truck Body  
100088000790  
6/1 Aspen Equipment \$145,000.00\*  
\*Bid Rejected



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*

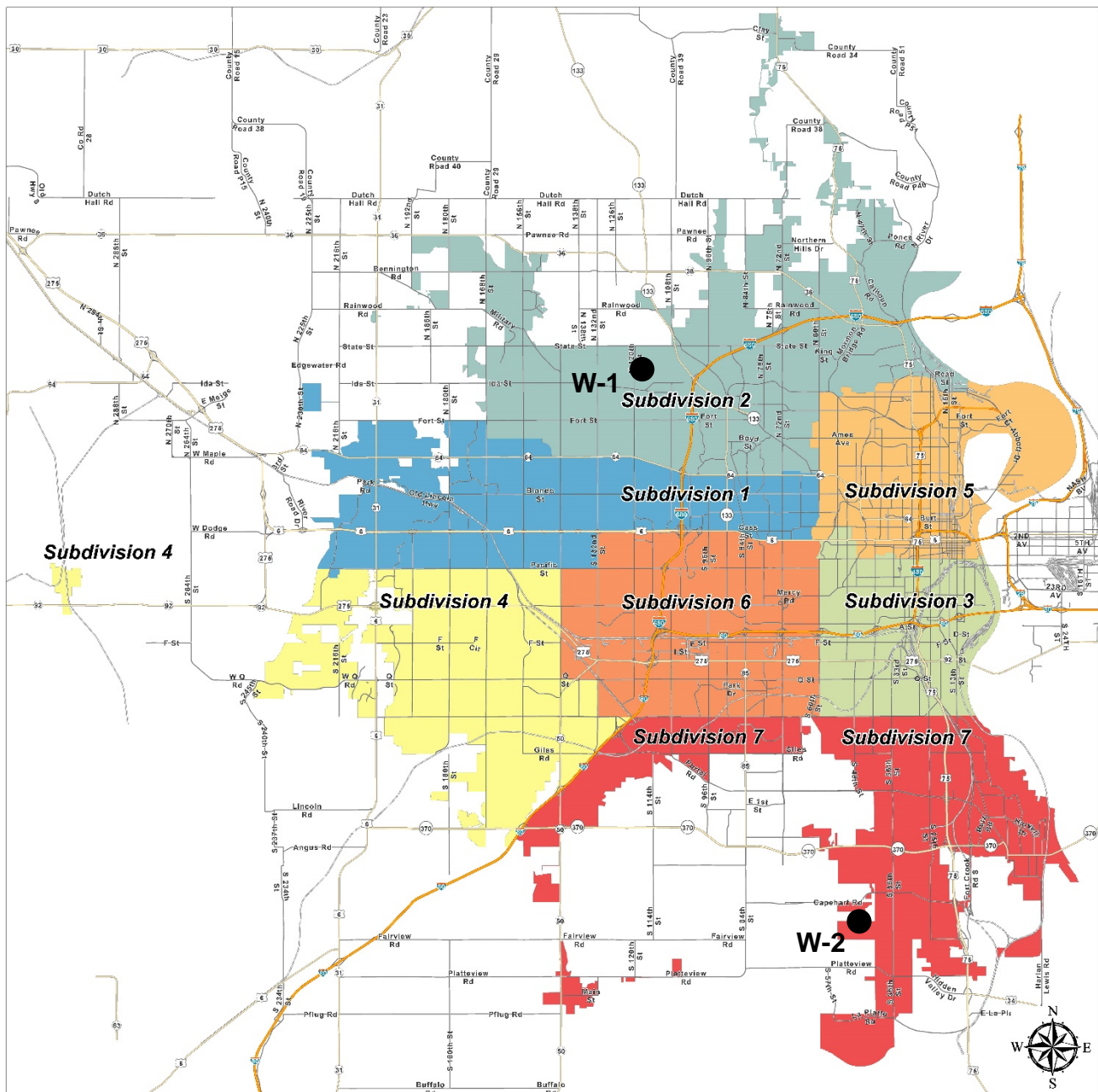
January 25, 2022

**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 February 2, 2022, Committee Agenda for consideration and the Board Agenda for approval:



MUD Subdivision Map



**WATER MAINS:**

- 1. DEER CREEK HIGHLANDS NORTHEAST, Subdivision 2, Friend:** These mains are being installed to provide water service and fire protection to 52 single-residence lots in the Deer Creek Highlands Northeast Subdivision, 116<sup>th</sup> and Potter Sts. Work is requested to be completed by May 2022. There is a pioneer main fee in the amount of \$36,064 due to the existing 36- and 48-inch water mains in State Street. (City of Omaha Zoning, Hubbell Realty)

**Subdivision:** Deer Creek Highlands Northeast  
**Project Number:** WP 1886  
**Project Cost:** \$324,804  
**Applicant Contribution:** \$360,868  
**Construction by Applicant:** \$0  
**M.U.D. Cost:** \$0

- 2. ALTA COLLINA PHASE 1, Subdivision 7, Frost:** These mains are being installed to provide water service and fire protection to 125 single-residence lots in the Alta Collina Phase I Subdivision, 48<sup>th</sup> St. and Lookingglass Dr. These mains will be installed under the District's WCD policy. Work is requested to be completed by Fall 2022. There is a pioneer main fee in the amount of \$16,884 due to the existing 16-inch water main in Capehart Road. (City of Bellevue Zoning, Orchard Valley, Inc.)

**Subdivision:** Alta Collina Phase 1 Subdivision  
**Project Number:** WP 1853  
**Project Cost:** \$667,348  
**Applicant Contribution:** \$183,721  
**Construction by Applicant:** \$483,627  
**M.U.D. Cost:** \$0



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

Approved:



Gina Langel  
Sr. Vice President, Chief Operations Officer



Mark E. Doyle  
President

**METROPOLITAN UTILITIES DISTRICT**  
*Inter-Department Communication*

January 20, 2022

**Subject: Wage and/or Salary Increases and Ratifications, February 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:** Timothy Burk  
**Current position (department):** Machine Operator (Construction)  
**New position (department):** Utility Locator (Safety and Security)  
**Current rate; step/grade:** \$36.19; Step 4  
**Proposed rate; step/grade:** \$38.31; Step 4  
**Percent of increase:** 5.86%  
**District hire date:** December 12, 1994

**Employee:** Lorena Chaidez  
**Current position (department):** Customer Service Clerk II (Customer Service)  
**New position (department):** Customer Service Clerk III (Customer Service)  
**Current rate; step/grade:** \$30.51; Step 4  
**Proposed rate; step/grade:** \$31.97; Step 4  
**Percent of increase:** 4.79%  
**District hire date:** October 7 ,2013

**Employee:** Joseph Guyott  
**Current position (department):** Customer Service Technician – Fitter (Field Services)  
**New position (department):** Senior Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$42.47; Step 4  
**Proposed rate; step/grade:** \$44.11; Step 4  
**Percent of increase:** 3.86%  
**District hire date:** June 5, 2000

**Employee:** Amelia Moran  
**Current position (department):** Customer Service Clerk II (Credit Services)  
**New position (department):** Customer Service Clerk III (Credit Services)  
**Current rate; step/grade:** \$30.51; Step 4  
**Proposed rate; step/grade:** \$31.97; Step 4  
**Percent of increase:** 4.79%  
**District hire date:** September 8, 2014

**Employee:** Chris Muhlbauer  
**Current position (department):** General Maintenance Mechanic (Water Distribution)  
**New position (department):** Valve Maintenance Mechanic (Water Distribution)  
**Current rate; step/grade:** \$36.25; Step 4  
**Proposed rate; step/grade:** \$37.94; Step 4  
**Percent of increase:** 4.66%  
**District hire date:** July 14, 2014

**Employee:** David Turnbo  
**Current position (department):** Customer Service Technician (Field Services)  
**New position (department):** Senior Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$40.84; Step 4  
**Proposed rate; step/grade:** \$44.11; Step 4  
**Percent of increase:** 8.01%  
**District hire date:** April 26, 1999

## **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:** **Rafael Barraza**  
**Current position (department):** Apprentice Customer Service Technician (Field Services)  
**New position (department):** Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$34.71; Step 4  
**Proposed rate; step/grade:** \$36.76; Step 2  
**Percent of increase:** 5.91%  
**District hire date:** October 3, 2011

**Employee:** **Ronald Cerny**  
**Current position (department):** Apprentice Customer Service Technician (Field Services)  
**New position (department):** Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$34.71; Step 4  
**Proposed rate; step/grade:** \$36.76; Step 2  
**Percent of increase:** 5.91%  
**District hire date:** May 27, 2014

**Employee:** **Daniel Hussey**  
**Current position (department):** Apprentice Customer Service Technician (Field Services)  
**New position (department):** Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$34.71; Step 4  
**Proposed rate; step/grade:** \$36.76; Step 2  
**Percent of increase:** 5.91%  
**District hire date:** May 2, 2016

**Employee:** **Nicholas Kiscoan**  
**Current position (department):** Apprentice Customer Service Technician (Field Services)  
**New position (department):** Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$34.71; Step 4  
**Proposed rate; step/grade:** \$36.76; Step 2  
**Percent of increase:** 5.91%  
**District hire date:** July 14, 2014

**Employee:** **Ryan Plott**  
**Current position (department):** Apprentice Customer Service Technician (Field Services)  
**New position (department):** Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$34.71; Step 4  
**Proposed rate; step/grade:** \$36.76; Step 2  
**Percent of increase:** 5.91%  
**District hire date:** March 23, 2009

**Employee:** Paul Sherry  
**Current position (department):** Apprentice Customer Service Technician (Field Services)  
**New position (department):** Customer Service Technician (Field Services)  
**Current rate; step/grade:** \$34.71; Step 4  
**Proposed rate; step/grade:** \$36.76; Step 2  
**Percent of increase:** 5.91%  
**District hire date:** October 17, 2016

#### **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:** Jeffrey Gottner  
**Current position (department):** Network Technician I (Information Technology)  
**New position (department):** Network Technician II (Information Technology)  
**Current rate; step/grade:** \$92,160; SPA – 3  
**Proposed rate; step/grade:** \$96,768; SPA – 4  
**Percent of increase:** 5.00%  
**District hire date:** December 2, 2013

**Employee:** Jessica Heidebrecht  
**Current position (department):** Communications Specialist (Corporate Communications)  
**New position (department):** Supervisor, Corporate Communications (Corporate Communications)  
**Current rate; step/grade:** \$85,117; SPA – 2  
**Proposed rate; step/grade:** \$89,373; SPA – 4  
**Percent of increase:** 5.00%  
**District hire date:** August 17, 2015

**Employee:** Steven Meinders  
**Current position (department):** Field Foreman (Field Services)  
**New position (department):** Foreman, Gas Distribution (Gas Distribution)  
**Current rate; step/grade:** \$100,925; SPA – 4(TX)  
**Proposed rate; step/grade:** \$105,971; SPA – 5  
**Percent of increase:** 5.00%  
**District hire date:** April 10, 2000

**Employee:** Oliver O'Brien  
**Current position (department):** Software Developer I (Information Technology)  
**New position (department):** Software Developer II (Information Technology)  
**Current rate; step/grade:** \$78,237; SPA – 3  
**Proposed rate; step/grade:** \$82,149; SPA – 4  
**Percent of increase:** 5.00%  
**District hire date:** November 11, 2019

**Employee:** **Allen Richardson**  
**Current position (department):** System Administrator (Information Technology)  
**New position (department):** Senior System Administrator (Information Technology)  
**Current rate; step/grade:** \$92,160; SPA – 3  
**Proposed rate; step/grade:** \$96,768; SPA – 5  
**Percent of increase:** 5.00%  
**District hire date:** September 15, 2014

**Employee:** **Bintou Taal**  
**Current position (department):** Senior System Administrator (Information Technology)  
**New position (department):** Senior System Engineer (Information Technology)  
**Current rate; step/grade:** \$108,421; SPA – 5  
**Proposed rate; step/grade:** \$113,842; SPA – 6  
**Percent of increase:** 5.00%  
**District hire date:** June 16, 2008

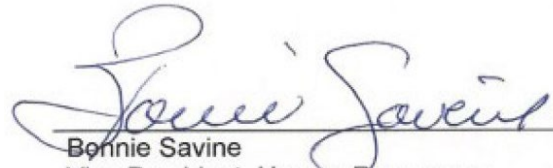
**Employee:** **Hemanthakumar Thatikonda**  
**Current position (department):** ERP Technical/Functional Analyst II (Information Technology)  
**New position (department):** Senior ERP Technical/Functional Analyst (Information Technology)  
**Current rate; step/grade:** \$108,421; SPA – 5  
**Proposed rate; step/grade:** \$113,842; SPA – 6  
**Percent of increase:** 5.00%  
**District hire date:** July 16, 2018

**Employee:** **Jarod Warneke**  
**Current position (department):** Accountant II (Accounting)  
**New position (department):** Gas Scheduling Specialist (Gas Operations)  
**Current rate; step/grade:** \$100,027; SPA – 4  
**Proposed rate; step/grade:** \$105,028; SPA – 6  
**Percent of increase:** 5.00%  
**District hire date:** September 23, 2013

##### **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.

**There are no New Hire Ratifications for this month**



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Bonnie Savine  
Vice President, Human Resources



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Mark A. Mendenhall  
Senior Vice President, General Counsel



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Mark E. Doyle  
President

## METROPOLITAN UTILITIES DISTRICT

*Inter-Department Communication*

January 25, 2022

**Subject:** SPA SALARY STRUCTURE ADJUSTMENT

**To:** Personnel Committee, Jim Begley, Jack Frost, and Dave Friend

**cc:** Board Members Cavanaugh, Cook, Howard, and McGowan;  
President Doyle, and Sr. Vice Presidents Ausdemore, Langel, Lobsiger,  
Mendenhall and Schaffart

**From:** Bonnie Savine, Vice President, Human Resources

As a matter of policy, the salary structure for Supervisory, Professional, and Administrative (SPA) employees is reviewed by the District's management on an annual basis. This review has been completed for 2022. Below is a summary and recommendation for an adjustment to the SPA salary structure. If the adjustment is authorized by the Board, it will be effective on March 1, 2022.

The 2022 recommendation continues to reflect management's commitment to the District's organizational excellence and fiscal responsibility pillars. As in 2021, some factors impacting the recommendation continue to be changes to SPA Benefits including pension contributions, the SPA/Bargaining Unit General Increase Comparison, and Compensation Survey Data. The information in this memo supports management's recommendation for the 2022 SPA Salary Structure adjustment of 2.25%. The 2022 budgeted general increase for the SPA employee group is also 2.25%.

The District's long-term success depends on overall financial stability. Like last year, the District and the rest of the world continue to feel the impacts of the COVID-19 pandemic. Our organization has been able to maintain an adequate financial position. Our employees continue to work safely and efficiently and deliver significant value to our customers whether that be through traditional work in the office, the field or a remote environment. In contributing to the overall financial stability of the company a 2.25% salary scale adjustment is fiscally responsible and was approved for the 2022 budget.

We commit to further exploration in 2022 of options to recognize and reward high performers in SPA jobs to support interest and motivation for SPA jobs as well as add to recruitment and retention efforts as we continue with succession planning. Additionally, we continue to keep our Core Values, including Fiscal Responsibility, in mind as we strive to reach our goals.

### **SPA Pension Contribution Increase**

Effective January 1, 2022 the SPA employee's contribution to the District's pension plan increased from 8.0% to 8.5%.

### **SPA/Bargaining Unit General Increase Comparison**

The District has maintained and monitored an index which compares the cumulative effect of increases over the years as they apply to the Bargaining Unit wage system (OAC employees) and the SPA employees salary structure. This index is maintained for awareness as we strive for equity between the two groups. The SPA salary structure has increased at a lower rate than the OAC structure over the years since the index was established in 1983. The gap is smaller than in years past.

A review of the last ten (10) years reflects a cumulative percent difference of 0.97% in favor of the OAC group. General Increases are not part of any wage or salary determination for any particular position. Please note that the 0.97% disparity in cumulative wages already reflects the proposed 2.25% increase for SPA employees in 2022.



Salary compression between SPA management personnel and subordinates does exist. This adjustment helps ensure that the gap between a manager and their subordinate's annual salary does not shrink further. The District will continue to address compression for management personnel per District policy during the annual compensation cycle.

### **Compensation Survey Data**

Each year, the District reviews salary data made available by outside consulting services and professional organizations. The data is consistent with what has been published in recent years. As part of this year's survey the District collected the following increase data:

World at Work 2021-2022 Salary Budget Survey: Projected 2022 salary increase	3.30%
Mercer's 2021/2022 U.S. Compensation Planning Survey: Projected 2022 budgeted salary increase	3.50%
Korn Ferry (Hay Group) 2022 Salary: Planned average salary growth U.S.	3.00%
Human Resource Association of the Midlands (HRAM): Anticipated overall increase to the salary range for 2021	2.50%
Willis Towers Watson (AGA) Projected 2022 salary increase	3.00%
American Water Works (AWWA) Projected 2022 salary increase	2.70%
<b>Published Survey Data Average</b>	<b>3.00%</b>

### **Recommendation**

- Increase the SPA salary scales minimum and maximum values by 2.25% effective March 1, 2022.
- Grant a general increase effective March 1, 2022 to all SPA employees who have demonstrated satisfactory performance, per the following guidelines:

Upon review of completed 2022 SPA Performance Appraisals General Increases will be awarded, based on the aggregate appraisal score of each SPA employee, according to the 1 through 5 rating system.

- An employee with an appraisal score for the prior calendar year of 3.0 to 5.0 will receive the entire Board authorized General Increase of 2.25%
- An appraisal score of 2.5 to 2.99 shall result in adjustment to 75% of the authorized General Increase.
- An appraisal score of 2.0 to 2.49 shall result in adjustment to 50% of the authorized General Increase.
- An appraisal score of 1.99 or lower will result in no increase for the employee.

In accordance with SAP Compensation Policy see the full 2020 SPA Compensation Guidelines for more information.

- SPA employees eligible for a 2022 progression increase are subject to the following guidelines:

The 2021 SPA appraisals will be reviewed, and SPA Progression Increases will be awarded, based on the aggregate appraisal score of each SPA employee, according to the 1 through 5

rating system. Progression Increases are subject to the proration schedule for employees hired, promoted or transferred in the previous 12 months. The Progression Increases are determined by the following:

- An appraisal score of 3.0 or higher shall result in the entire 5% Progression Increase or applicable prorated progression percentage if the employee was hired or changed jobs in the previous 12 months.
  - An appraisal score of 2.5 to 2.99 shall result 75% of the maximum Progression Increase.
  - An appraisal score of 2.00 to 2.49 shall result 50% of the maximum Progression Increase.
  - An appraisal score of 1.99 or lower shall result in no annual Progression Increase for the SPA employee for the year.
- To complete the Annual SPA compensation review; If compression issues are identified, per the SPA Compensation Administration Policy, an adjustment will be made which will maintain a 10% differential between the highest paid OAC position (or position designated by management) and the position of the SPA employee.
  - A report will be completed in February to identify SPA employees that are eligible for an Increase on March 1, 2022. Only these identified employees will be eligible for a Progression Increase on March 1, 2022. If an employee is at the maximum for their pay grade per this report and they do not qualify for the full General Increase effective March 2022, they will not be eligible for a Progression Increase in 2022. They will be eligible for a Progression Increase in 2023 because their annual salary will be below the new maximum salary for the grade.

\*See the full 2022 SPA Compensation Guidelines for more information.



Bonnie Savine  
Vice President, Human Resources



Mark A. Mendenhall  
Sr. Vice President, General Counsel



Mark E. Doyle  
President

**Attachments:**

2022 SPA Compensation Guidelines  
2022 SPA Salary Scale

# **SPA Compensation Guidelines for 2022**

## **(Appraisal Year 2021)**

### **General Increases**

All SPA employees will be eligible for the approved General Increase. The increase will be effective on the same date as a Board of Director's approved revision to the SPA salary structure. Employees may receive up to the same percentage increase as the structure increase for their assigned grade. For 2022, the effective date is March 1, 2022. This policy will be reviewed and updated for each calendar year in January of each succeeding year. General Increases for SPA employees are subject to the following:

The prior year's SPA appraisals will be reviewed, and SPA General Increases will be awarded, based on the aggregate appraisal score of each SPA employee, according to the 1 through 5 rating system.

- An employee with an appraisal score for the prior calendar year of 3.0 to 5.0 will receive the entire Board authorized General Increase.
- An appraisal score of 2.5 to 2.99 shall result in adjustment to 75% of the General Increase.
- An appraisal score of 2.0 to 2.49 shall result in adjustment to 50% of the General Increase.
- An appraisal score of 1.99 or lower will result in no Increase for the employee.

### **Progression Increases**

Note: All progression increases are subject to the \*proration schedule, if applicable, during the first year of hire, transfer, or promotion. (See the attached \*Proration Schedule chart.) All prorated progression increases shall be calculated effective on the first of the month following the employee's anniversary date.

Progression Increases of up to 5% can be annually granted to SPA employees who have not attained the Maximum salary of their job grade. This includes employees who are promoted or transferred, or who are new hires still eligible to obtain Progression increases--- until the Maximum salary for the grade has been reached. The progression increase will be determined by scores achieved on the prior year's annual appraisal. Progression Increases are granted effective March 1<sup>st</sup> of each year (subject to the proration schedule). The Progression Increases are determined by the following:

- An appraisal score of 3.0 or higher shall result in the entire 5% Progression Increase or applicable prorated progression percentage.
- An appraisal score of 2.5 to 2.99 shall result 75% of the maximum Progression Increase (75% X 5% = 3.75%).
- An appraisal score of 2.00 to 2.49 shall result 50% of the maximum Progression Increase (50% X 5% = 2.5%).
- An appraisal score of 1.99 or lower shall result in no annual Progression Increase for the SPA employee for the year.

### Timely Appraisal Completion Requirements

All OAC and SPA appraisals must be timely completed by supervisors.

The 2021 SPA Appraisal Timeline is as follows:

- SPA Appraisal/Self-Assessments Launch on December 1st
- Employee Self-Assessments Due on December 18th
- Direct Manager Assessments Due on January 8th
- 2nd Level Manager Approval Due January 22nd
- 3rd Level Manager Approval Due February 5th
- Manager Feedback and 1:1 Due by Feb. 25th

It is expected that all SPA appraisals will be completed for the 2021 calendar year, and going forward, in compliance with the policy.

#### **\*Proration Schedule** (effective March 1, 2015)

(Based on first of the month following Hire, Promotion or Transfer)

•	March	12/12 =	1.0000 x 5%	= 5.00%
•	April	11/12 =	.9167 x 5%	= 4.58%
•	May	10/12 =	.8333 x 5%	= 4.17%
•	June	9/12 =	.7500 x 5%	= 3.75%
•	July	8/12 =	.6667 x 5%	= 3.33%
•	August	7/12 =	.5833 x 5%	= 2.92%
•	September	6/12 =	.5000 x 5%	= 2.50%
•	October	5/12 =	.4167 x 5%	= 2.08%
•	November	4/12 =	.3333 x 5%	= 1.67%
•	December	3/12 =	.2500 x 5%	= 1.25%
•	January	2/12 =	.1667 x 5%	= .83%
•	February	1/12 =	.0833 x 5%	= .42%

Note: Prorated progression increases, per the above guidelines and proration schedule became effective March 1, 2015. These guidelines replaced previous compensation policy for progression increases during the first year in a job.

# METROPOLITAN

## UTILITIES DISTRICT

<b>2022 SPA Salary Scale</b>		
2.25% Increase Effective March 1, 2022		
Grades	2022 Minimum	2022 Maximum
SPA - 13	\$203,585	\$305,378
SPA - 12	\$177,031	\$265,546
SPA - 11	\$153,939	\$230,909
SPA - 10	\$133,861	\$200,791
SPA - 9	\$121,692	\$182,537
SPA - 8D**	\$110,628	\$165,943
SPA - 8	\$110,364	\$141,066
SPA - 7D**	\$102,333	\$153,499
SPA - 7	\$102,320	\$130,253
SPA - 6	\$94,876	\$120,281
SPA - 5	\$87,798	\$110,860
SPA - 4	\$81,332	\$102,278
SPA - 3	\$75,248	\$94,234
SPA - 2	\$69,790	\$87,032
SPA - 1	\$64,829	\$80,519
*District President's Salary Grade Not Published		
**Director jobs in grade 7 & 8		

**METROPOLITAN UTILITIES DISTRICT**

*Inter-Department Communication*

January 26, 2022

**Subject:** FIRST LEGISLATIVE REPORT – 2022 SESSION

**To:** Judiciary and Legislative Committee

**cc:** All Board Members; Doyle, Mendenhall, Ausdemore, Schaffart, Langel;  
all Vice Presidents; Nowka

**From:** Rick Kubat, Government Relations Attorney

The sixty-day short session of the Nebraska legislature began on January 5<sup>th</sup> and is tentatively set to adjourn on April 20<sup>th</sup>. The listing of carryover bills from the 2021 session are provided below along with the new bills introduced in the 2022 session. Management's recommendations for newly introduced legislation are separately provided for Board consideration. Along with the bills provided below, there are numerous other legislative proposals that will be closely monitored on behalf of the District.

**LB 26** (Wayne) – Eliminates sales tax for residential water. LB 26 eliminated both city and state sales tax imposed on the sale, lease, or rental of and the storage, use, or other consumption of residential water. Industrial and commercial water would still be subject to city and state sales tax under the provisions of the legislation.

Board Pos: Support  
Status: Signed into law by the Governor

**LB 83** (Flood) – Changes the Open Meetings Act to provide for virtual conferencing. LB 83 has two parts. The first part provides for virtual meetings under regular or non-emergency circumstances. The District was added as an eligible entity via an amendment to LB 83 to hold up to half of our Board meetings in a virtual setting. The second part of the bill addresses virtual meetings when an emergency declaration is made. It allows virtual meetings if an emergency is declared under the Emergency Management Act. The District is also included as an eligible public body in the emergency declaration portion of LB 83.

Board Pos: Support  
Status: Signed into law by the Governor

**LB 131** (Hunt) - Urban Affairs clean-up and priority bill containing various items. LB 131 provided up to \$10 million in general fund dollars to help smaller natural gas municipalities pay for the increased gas prices associated with last year's polar vortex.

Mgmt. Rec: Neutral

Status: Signed into law by the Governor

**LB 148** (Bostelman) – Transfers powers and duties from the Department of Health and Human Services to the Department of Environment and Energy. For District purposes, these powers and duties include oversight over drinking water, testing of water samples and the licensure, and permitting of water well contractors.

Board Pos: Neutral  
Status: Signed into law by the Governor

**LB 163** (Urban Affairs Committee) – LB 163 amends all sections of Chapter 18 of the Nebraska State Statutes. LB 163 is the Urban Affairs clean up bill intended to replace or eliminate antiquated, obsolete, or unnecessary language and it includes various statutory references to the District.

Board Pos: Neutral  
Status: Signed into law by the Governor

**LB 178** (Lindstrom) – Provides for a turn-back of a portion of the 5.5% of state sales tax dollars collected for sewer and potable water services. LB 178 is a similar version of last year's LB 242. The only change from last year's LB 242, is additional language in LB 178 which requires entities who receive turnback dollars to account for their receipt in their budget statement along with a declaration of the percentage by which water and sewer rates would have increased if not for the receipt of turnback funds. The turn-back of revenue is specifically designated and earmarked for potable water and wastewater infrastructure assistance or repaying of bonds for such work. LB 178 would turn-back 36% of the 5.5% of state sales tax dollars collected for water and sewer services from July 1, 2021 through June 30, 2022, a turn-back of 54% of the 5.5% of state sales tax dollars collected from July 1, 2022 through June 30, 2024, and a turn-back of 72% of the 5.5% of state sales tax dollars collected after July 1, 2024. LB 178 did not receive any opposition testimony. The bill was supported by the Omaha and Lincoln Chambers, the City of Omaha, City of Lincoln, Sarpy County, United Cities of Sarpy County, Nebraska Assn. of Resource Districts, the Coalition of Agricultural Manufactures, American Council of Engineering Companies, Assn. of General Contractors, Nebraska Assn. of Commercial Property Owners, Nebraska Utility and Excavators Assn, Nebraska Water Resources Assn, the cities of Blair, Hastings, Grand Island, South Sioux City, Plattsmouth and others. LB 178 has not received a priority designation and will not be heard without such a designation.

Board Pos: Support  
Status: Advanced to General File

**LB 190** (Hughes) – Prohibits the Legislature from appropriating or transferring money from the Water Sustainability Fund. The only exception would be upon a finding that the goals of the fund are no longer being accomplished. LB 190 had been amended into LB 507.

Board Pos: Support  
Status: Signed into law by the Governor

**LB 266** (McCollister) – Adopt the Renewable Energy Standards Act. LB 266 requires public power suppliers to achieve net-zero carbon emissions by 2050.

Board Pos: Oppose  
Status: Remains in the Natural Resources Committee

**LB 293** (Flood) – Changes the membership of the Public Service Commission from the current five-member board to seven Commissioners.

Board Pos: Neutral  
Status: Remains in the Transportation & Telecommunications Committee

**LB 306** (Brandt) – Changes requirements for low-income home energy assistance program (LIHEAP). LB 190 increased the federal poverty income guidelines from 130% to 150% to increase the threshold of income to qualify for LIHEAP. Additionally, LB 190 would set aside 10% of the LIHEAP funds for weatherization purposes for qualified applicants to make their homes more energy efficient.

Board Pos: Support  
Status: Passed into law over the objection of the Governor

**LB 339** (Bostelman) – Requires a utility coordination plan for highway, bridge, and other specific construction projects. LB 339 applies to any contract exceeding \$50,000 for construction, reconstruction, improvement, maintenance or repair of a street, highway, bridge, or other related structure. The utility coordination plan shall provide the date and time for when utilities are moved or removed. The Contractor for the project may rely upon such plan and shall be compensated by the Department of Transportation, city or county for damages associated with any deviation of the utility coordination plan. LB 339 impacts both the water and gas facilities owned by the District.

Board Pos: Oppose  
Status: Remains in the Transportation & Telecommunications Committee

**LB 344** (Friesen) – Changes provisions to the One-Call Notification System Act and creates the Underground Excavation Safety Committee (UESC). LB 344 creates the UESC to consist of the State Fire Marshall, two operator representatives and two excavator representatives appointed by the Governor. As amended, LB 344 will also include two locators. The UESC members will not be compensated and will be governed by rules and regulations promulgated by the State Fire Marshall. The UESC will review complaint proceedings brought by any person for any violation of the One Call Act of an excavator or operator. If the UESC unanimously determines that a violation of the One-Call Act has occurred, a recommendation for a civil penalty shall be submitted for



consideration by the Nebraska Attorney General. A majority of the UESC may make a recommendation for continuing education.

Board Pos: Neutral  
Status: Amended and advanced to General File

**LB 406** (McDonnell) – Creates the Lower Platte River Infrastructure Task Force and provides funding. LB 406 created a task force to study potential reservoirs on the Lower Platte River. The purpose of the study was to look at three to five potential flood-control infrastructure projects along the river basin for flood control, water supply, water quality, recreation, and hydropower. Last year, the Board took a position to support LB 406 with the understanding that the District would have representation on any committee formed to study a reservoir on the Platte River. LB 406 was altered in the last days of the legislative session to include only state senators as committee members. LB 406 was further amended to include studies of Lake McConaughy, Lewis and Clark Lake and Niobrara State Park.

Mgmt. Rec: Neutral  
Status: Signed into law by the Governor

**LB 414** (Wishart) – Changes provisions of the Political Subdivisions Construction Alternatives Act. LB 414 enhances the ability for political subdivisions to use design-build contracts for sewer, water, utility, and other large projects. Unfortunately, the District was unable to be amended onto LB 414. Senator Wishart has introduced LB 847 in the 2022 Session to include the District as an eligible entity to use design-build contracts.

Board Pos: Support  
Status: Signed into law by the Governor

**LB 512** (Brewer) – Adopts the Critical Infrastructure Utility Worker Protection Act. In the event of a civil defense emergency, the Governor shall ensure that critical utility workers are provided access to personal protective equipment, medical screening, testing, preventive health services, medical treatment, and vaccines. Priority access means a level of accessibility at least equal to that provided to hospital, medical personnel, law enforcement and other emergency responders. Under LB 512, the District would maintain a list of mission critical employees.

Board Pos: Support  
Status: Remains in the Business & Labor Committee

**LB 619** (Sanders) – Changes excavation requirements under the One-Call Notification System Act. LB 619 changes the depth requirements for underground utilities. The District is concerned that the minimum depth requirements proposed by LB 619 are contrary to federal regulations as proscribed by the Pipeline and Hazardous Materials Safety Administration (PHMSA). Specifically, PHMSA requires a depth of 18 inches for gas service lines and LB 619 would require a new depth requirement of 24 inches. The

Board took an initial position to oppose to LB 619. However, the District's concerns of residential grading and gas utility depths were removed from the bill via an amendment.

Board Pos: Neutral  
Status: Remains in the Transportation & Telecommunications Committee

**LB 650** (Flood) – Adopt the Nebraska Geologic Storage of Carbon Dioxide Act. LB 650 establishes the legal and regulatory framework for carbon dioxide capture and storage projects in Nebraska. Carbon capture technology captures industrial carbon dioxide emissions, compresses the carbon, and places them in geological formations for long term storage. This technology enables industries such as ethanol to reduce their carbon footprint, thus mitigating the environmental impact of their operations. LB 650 establishes the legislative intent for carbon capture in Nebraska. It clarifies property rights related to storage, assigns the Nebraska Oil and Gas Conservation Commission as the primary regulatory authority, provides for regulations and permitting procedures, and creates a cash fund for administration of regulations.

Board Pos: Neutral  
Status: Signed into law by the Governor

### **NEWLY INTRODUCED LEGISLATION IN THE 2022 SESSION**

**LB 800** (Urban Affairs) - Changes provisions to cities of the metropolitan class. LB 800 is a clean up bill and makes some non-substantive changes to the District's empowering statutes.

Mgmt. Rec: Neutral  
Status: January 18 Urban Affairs Committee hearing

**LB 809** (Moser) – Changes powers and duties of the Nebraska Department of Environment and Energy (NDEE). The NDEE administers the State of Nebraska's Drinking Water State Revolving Fund (SRF). LB 809 would increase the amount of loan forgiveness from 50% to 75% for SRF funds. Current law only allows SRF loan forgiveness for communities with a population of 10,000 or less. LB 809 also removes the population threshold for loan forgiveness, specifically for lead service line replacements. This change would enable the District to become an eligible entity to receive SRF. This bill is important to the District because the State of Nebraska is receiving roughly \$360 million additional dollars in the next five years in the SRF program via the recently passed federal Bi-partisan Infrastructure and Jobs Act. The District provided testimony in support of LB 809, and we will likely be seeking financial assistance from the SRF fund to finance the long-term goal of lead service line replacements.

Mgmt. Rec: Support  
Status: January 19 Natural Resources Committee hearing

**LB 847** (Wishart) – Introduced on behalf of the District, LB 847 would provide the District with the ability to use design-build contracts. Last year the District was not included in similar legislation (LB 414) for other political subdivisions. LB 847 provides the District, Omaha Public Power District, Nebraska Public Power District and Central Nebraska Public Power District with permissive authority to use design-build contracts. Political subdivisions are currently only allowed to use design-build if two-thirds of the governing boards make a finding that design-build either saves in cost or time or that the project is specialized or complex.

Mgmt. Rec: Support  
Status: January 28 Government, Military and Veteran’s Affairs Committee hearing

**LB 884** (M. Cavanaugh) – Provide notice to private residential owners under the One-Call Notification System Act. LB 884 requires notification to private property owners before an excavation. The bill could become problematic for the District when an emergency excavation becomes necessary. The One Call Notification Act currently does not provide for methods of notification for private property owners. LB 884 has been introduced to address a specific situation and will likely be significantly altered.

Mgmt. Rec: Oppose  
Status: January 25 Transportation and Telecommunications hearing

**LB 906** (B. Hansen) - Requires employers to provide for vaccine exemptions and provides for duties to the Department of Health and Human Services (DHHS). Employees could fill out a form provided from DHHS to become exempt from a vaccine mandate due to moral, ethical, or philosophical beliefs.

Mgmt. Rec: Neutral  
Status: January 27 Health and Human Services Committee

**LB 944** (McCollister) – Changes the sales tax rate on the furnishing of electricity services. The Tax Commissioner would establish a carbon intensity factor in 2023 for the production of electricity. Electrical utilities currently pay 5.5% state sales tax for electrical services. LB 944 would enable electrical utilities to lower their state sales taxes by lowering their carbon intensity factor. An electric utility that has a carbon intensity factor of less than 20% of the State standard would be completely exempt from state sales tax. An electric utility with a carbon score greater than 20% of the state standard, but less than 100% of the state standard would have state sales taxes lowered on a sliding scale basis.

Mgmt. Rec: Neutral  
Status: Referred to the Revenue Committee

**LB 1002** (McDonnell) – Appropriates funds under the American Rescue Plan Act (ARPA) for low-income home energy assistance. LB 1002 provides \$2 million in ARPA funds for individuals eligible under the low-income home energy assistance program

(LIHEAP). LB 1002 provides \$1 million dollars to the Omaha Public Power District and \$1 million dollars to the District for low-income energy assistance.

Mgmt. Rec: Support  
Status: Referred to the Appropriations Committee

**LB 1008** (Albrecht) – Prohibits a county, city, or village from restricting energy utility service. LB 1008 prohibits political subdivisions from enacting any ordinance, resolution, regulation, rule, or policy that has the effect of limiting energy choice. Specifically, such county, city or village could not ban the use of any electric, natural gas, propane, or other energy utility service.

Mgmt. Rec: Support  
Status: Referred to Government, Military and Veterans Affairs Committee

**LB 1012** (Hilgers on behalf of the Governor) - The bill proposes to create two new funds for water infrastructure projects. The first fund created is the Statewide Tourism and Recreational Water Access and Resource Sustainability Fund (STAR WARS). This is the fund that seeks to establish a reservoir on the Platte River between Omaha and Lincoln. The second fund created is the Perkins County Canal Project Fund. Both funds would be administered by the Department of Natural Resources. The bill also modifies the United States Space Command Headquarters Assistance Fund to allow the fund to contribute to the support and profile of the Strategic Air Command and Offutt Air Force Base.

Mgmt. Rec: Neutral  
Status: January 24 Appropriations Committee hearing

**LB 1013** (Hilgers on behalf of the Governor) - The bill proposes the following transfers from the cash reserve fund: \$175,000,000 to the Nebraska Capital Construction Fund and \$400,000,000 to the Perkins County Canal Project Fund. The bill also strikes language tying use of United States Space Command Headquarters Assistance Fund to Nebraska being selected as the site of the US Space Command Headquarters. Since Nebraska was not selected, the bill modifies the amount to be transferred from \$50 million to \$5 million from the Cash Reserve Fund to the United States Space Command Headquarters Assistance Fund.

Mgmt. Rec: Neutral  
Status: January 24 Appropriations Committee hearing

**LB 1014** (Hilgers on behalf of the Governor) - The bill directs the appropriation of American Rescue Plan dollars allocated to the State of Nebraska. LB 1014 contains numerous appropriations. Of interest to the District is a \$50 million allocation for STAR WARS projects to include a reservoir on the Platte River. \$100 Million for the Perkins County Canal project on the South Platte River.

Mgmt. Rec: Neutral

Status: January 25 Appropriations Committee hearing

**LB 1015** (Hilgers on behalf of the Governor) – LB 1015 creates the underlying legislation for the Perkins County Canal. It provides the Department of Natural Resources with the authority necessary to complete the \$500 million canal system in western Nebraska. The Governor has stated that the Perkins County Canal is necessary for Nebraska to maintain a 1923 South Platte River Compact with the State of Colorado.

Mgmt. Rec: Neutral  
Status: Referred to the Natural Resources Committee

**LB 1023** (Hilgers) – LB 1023 creates the underlying legislation for the STAR WARS water projects to include a Lower Platte River reservoir, enhanced amenities at Lake McConaughy, Lewis and Clark Lake and Niobrara State Park. LB 1023 tasks the Department of Natural Resources with the authority to engage in public-private partnerships necessary to complete said projects. The reservoir on the Lower Platte River is to be no less than 3,600 acres in Sarpy County and shall not include a dam on the Platte River, nor can it flood any city or village. The District, along with the City of Lincoln, has met with Speaker Hilgers and provided legislative testimony on our mutual concerns that any reservoir on the Lower Platte does not hinder the public water supply in terms of water quantity or water quality. The District has further advocated that a study be conducted at no cost to the District to assure the proposed project will not have any unintended consequences to the public water supply.

Mgmt. Rec: Neutral  
Status: Referred to the Natural Resources Committee

**LB 1046** (Bostelman) – Changes the selection of Directors and CEO's of the Omaha Public Power District (OPPD) and the Nebraska Public Power District (NPPD). This bill provides that both OPPD and NPPD would have four Board members each elected by the public in subdivisions. Five remaining directors for each Board would be appointed by the Governor, bringing total representation on each board to nine members. The Governor would have the additional authority to appoint future CEO's of both OPPD and NPPD.

Mgmt. Rec: Neutral  
Status: Natural Resources Committee hearing January 27

**LB 1048** (Blood) – Appropriates \$10 million from the American Rescue Plan Act to the University of Nebraska Medical Center to study chemicals released during ethanol production and storage and its effects on polluted ground water. The legislation is centered on the ground water contamination caused by the closed AltEn LLC ethanol plant in Mead Nebraska.

Mgmt. Rec: Support  
Status: Referred to the Appropriations Committee

**LB 1058** (Brewer) – Provides requirements for public power suppliers related to base load generation. LB 1058 would have public power pay any employee a five-year severance for shutting down any base load generation. LB 1058 further provides that any public power utility that eliminates base load generation would need to pay the state of Nebraska the greater amount of either 10 years of state tax payments or a \$50 million dollar penalty.

Mgmt. Rec: Neutral  
Status: January 28 Natural Resources Committee hearing

**LB 1081** (Bostar) – Provides \$200 million in American Rescue Plan Act dollars to a city that utilizes more than 30 million gallons per day of water for costs associated for an additional water supply project. This legislation has been introduced on behalf of the City of Lincoln to help finance their long-term alternative water supply.

Mgmt. Rec: Support  
Status: Referred to the Natural Resources Committee

**LB 1146** (Friesen) – Changes provisions related to the Interlocal Cooperation Act. LB 1146 would require political subdivisions to have their elected Board members serve as voting members of any interlocal agreement entity. It would further provide that future bonding only be allowed by a vote of the people. LB 1146, as drafted, would be problematic for the Central Plains Energy Project (CPEP) which is comprised, in part, by the District via an interlocal agreement. Senator Friesen has indicated that he does not intend to include CPEP as part of LB 1146 and is willing to carve out an exemption should this legislation advance to the floor for consideration.

Mgmt. Rec: Oppose  
Status: Referred to the Government Military and Veterans Affairs Committee

**LB 1166** (Sanders) – Changes provisions to the One-Call Notification System Act. Excavators who do not comply with current notice requirements of the One-Call Act are strictly liable to owners of underground facilities if such facilities are damaged. LB 1046 would void strict liability for excavators when telecommunications are buried at a depth of less than 10 inches on residential property. Senator Sanders is concerned that telecommunication companies are not burying their service lines on residential property at a depth necessary to avoid damage.

Mgmt. Rec: Support  
Status: Referred to Transportation and Telecommunications Committee

**LB 1196** (McDonnell) – Appropriates \$45 million in American Rescue Plan Act funds to the Nebraska Department of Economic Development to assist the District in replacing lead service lines. LB 1196 was introduced at the request of the District.

Mgmt. Rec: Support  
Status: Referred to the Appropriations Committee



Richard A. Kubat  
Government Relations Attorney

Approved:



Mark A. Mendenhall  
Senior Vice President/General Counsel



Mark E. Doyle  
President

**METROPOLITAN UTILITIES DISTRICT**

*Inter-Departmental Communication*

January 25, 2022

**Subject:** Renewal of Financial Services Agreement – Piper Sandler & Co.

**To:** Committee on Accounts, Expenditures, Finance and Rates  
cc: All Board Members; Doyle, Ausdemore, Langel, Lobsiger, Mendenhall, and all Vice Presidents

**From:** Joseph J. Schaffart, Senior Vice President, Chief Financial Officer

Piper Sandler & Co. has served as the Financial Advisor for three revenue bond offerings on behalf of the District, including the Water Series 2015, the Gas Series 2018 and the Water Series 2018. Combined, these debt offerings raised approximately \$259 million in proceeds directed at various capital needs as well as to refinance remaining debt associated with a 2006 bond offering for the Water Department at more favorable interest rates. Piper Sandler's services were offered pursuant to a Financial Services Agreement that was effective from August 25, 2015, through December 31, 2018.

Piper Sandler & Co. ranked 6<sup>th</sup> nationally in 2020 in terms of the number of municipal bond offerings they participated in (2021 rankings are not yet available). In the Midwestern region, Piper Sandler was involved in 442 financings totaling \$4.8 billion in 2020, making them the most active municipal finance firm for number of new issues. As noted above, our relationship with Piper Sandler began in 2015, and they have become a trusted advisor to the District as we finance various capital needs.

Approval of this memo will serve to authorize the President to renew the agreement with Piper Sandler & Co. with the following terms:

- Term of Agreement: February 2, 2022 – December 31, 2024; the agreement may be extended for additional one-year terms.
- Fee Structure: Two-tier
  - Annual Retainer \$10,000
  - Bond Advisory Services: \$1.25 per \$1,000 of bonds issued with a minimum per issue of \$40,000 and a maximum per issue of \$125,000

It should be noted that the proposed fee structure is unchanged from the prior agreement. It's also important to note that I have consulted with Piper Sandler on several matters since the December 31, 2018 expiration date of the prior agreement, and I have not been charged for these consultations.

Your consideration of this matter is appreciated.

Approved:



Mark E. Doyle  
President



Joseph J. Schaffart  
Senior Vice President, Chief Financial Officer



**METROPOLITAN UTILITIES DISTRICT**

*Inter-Departmental Communication*

January 25, 2022

**Subject:** 2022 GAS DEPARTMENT BOND ISSUANCE

**To:** Committee on Accounts, Expenditures, Finance and Rates  
cc: All Board Members; Doyle, Ausdemore, Langel, Lobsiger, Mendenhall,  
and all Vice Presidents

**From:** Joseph J. Schaffart, Senior Vice President, Chief Financial Officer

The District's 2022 Budget included bond financing to yield net proceeds of \$121.9 million for the Gas Department, with \$80 million for the LNG upgrade project and the remaining \$41.9 million directed at gas infrastructure replacement. As we have worked to further refine cost estimates and strategized as to the most effective way to borrow, the required net bond proceeds have increased by \$8.8 million, to \$130.7 million, with \$70.3 million for LNG and \$60.4 million for Gas Infrastructure replacement. The amount required for LNG has been reduced by \$9.7 million, because the cost estimates for the LNG plant upgrade as reflected in the 2022 budget included approximately \$10 million of contingencies. Though it is too soon to state with confidence that the contingency cost will not be incurred in whole or in part, we believe it is prudent to size borrowings based on more definitive cost estimates.

The \$18.5 million increase in borrowing for the Gas Infrastructure Replacement program is driven by two factors, neither of which represent an increase in the assumed cost of this program. First, the revised bond proceeds will address costs associated with the 2022 through 2026 time-period, whereas bond proceeds reflected in the budget addressed costs for 2022 through 2025; this adds approximately \$9.6 million to the required proceeds (the budget assumed another bond offering in 2026 to address these costs). Second, the bond proceeds calculation used in the budget did not address the abandonment costs associated with infrastructure replacement, which total \$8.9 million for 2022 through 2026. These abandonment costs were included in the budget, but they were assumed to be funded from operating cash rather than bond proceeds; we believe it is prudent to address these costs with the bond offering.

As noted above, the Gas Department bond offering, which is assumed to "close" in March, is intended to fund the costs associated with the upgrade of our liquefied natural gas plant as well as a portion of the gas main replacement costs for 2022 through 2026. To clarify, the District's rate structure includes a Gas Infrastructure Replacement (GIR) "rider"; for Residential customers, this GIR "rider" is a "fixed" charge of \$3 per month. The \$60.4 million in required bond proceeds is the estimated amount by which cast iron gas main replacement expenditures will exceed the revenue generated by the GIR "rider" for the 2022 through 2026 period. It's important to note that expenditures used to "size" the bond also include the bond carrying costs (principal and interest payments) for the 2018 Gas

Infrastructure Replacement bond offering, which total \$11.2 million for 2022 through 2026. These carrying costs, combined with gas infrastructure replacement and abandonment capital costs of \$117.0 million over the like period, exceed the associated GIR revenue “stream” by the aforementioned \$60.4 million.

The Board approved a Gas Department Reimbursement Resolution associated with the proposed bond issuance at the March 2021 Board meeting. It is the intention of Management to rely on the professional guidance of Piper Sandler & Co., our Financial Advisor, and Gilmore & Bell P.C., our Bond Counsel, to assist us in the bond issuance process. Management is asking the Board to approve the attached Bond Resolution to enable us to move forward with the bond issuance according to a calendar that has been developed by Piper Sandler. Your approval will enable us to immediately proceed with securing a credit rating for the Gas Department Series 2022 bonds. We will then turn our attention to preparing all necessary documentation to market the offering in late February or early March to allow for “closing” and receipt of proceeds in mid-March.

This matter will be placed on the agenda of the Accounts, Expenditures, Finance and Rates Committee meeting of February 2, 2022.

Thank you for your consideration in this matter. Please feel free to contact me with questions prior to the Board meeting.



Joseph J. Schaffart  
Senior Vice President, Chief Financial Officer

Approved:



Mark E. Doyle  
President

Attachment

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**BOND RESOLUTION**

**OF**

**THE METROPOLITAN UTILITIES DISTRICT OF OMAHA  
IN THE STATE OF NEBRASKA**

**ADOPTED  
February 2, 2022**

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**AUTHORIZING:**

**GAS SYSTEM REVENUE BONDS  
SERIES 2022**

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## RESOLUTION

A RESOLUTION SUPPLEMENTAL TO THAT CERTAIN RESOLUTION ADOPTED ON MAY 2, 2018 CONCERNING THE AUTHORIZATION, ISSUANCE AND SALE BY THE METROPOLITAN UTILITIES DISTRICT OF OMAHA, OF A SERIES OF THE DISTRICT'S GAS SYSTEM REVENUE BONDS DESIGNATED AS "THE METROPOLITAN UTILITIES DISTRICT OF OMAHA GAS SYSTEM REVENUE BONDS, SERIES 2022," IN THE AGGREGATE STATED PRINCIPAL AMOUNT NOT TO EXCEED \$135,000,000, FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS RELATING TO EXTENSIONS, IMPROVEMENTS, ADDITIONS AND CAPITAL INVESTMENTS FOR THE DISTRICT'S GAS SYSTEM; SUCH GAS SYSTEM REVENUE BONDS AND INTEREST AND PREMIUM, IF ANY, THEREON SHALL BE PAYABLE SOLELY FROM THE NET REVENUES OF THE DISTRICT'S GAS SYSTEM; PROVIDING FOR THE PAYMENT OF SUCH SERIES 2022 GAS SYSTEM REVENUE BONDS AND THE INTEREST THEREON AND OTHER DETAILS IN CONNECTION THEREWITH; RATIFYING ACTIONS PREVIOUSLY TAKEN FOR ISSUING SAID SERIES 2022 GAS SYSTEM REVENUE BONDS AND TOWARDS EFFECTING THE PURPOSE OF THEIR ISSUANCE; AND PROVIDING THE EFFECTIVE DATE HEREOF;

### W I T N E S S E T H :

WHEREAS, The Metropolitan Utilities District of Omaha (the "**District**") has heretofore been duly organized pursuant to the provisions of Section 14-2101 to Section 14-2157, inclusive, Reissue Revised Statutes of Nebraska, 2012, as amended (the "**Act**"); and

WHEREAS, pursuant to the Act, the District's officers and directors have been duly elected and qualified; and

WHEREAS, the District owns and operates a gas system which supplies and distributes natural gas for municipal, domestic, commercial and industrial use (the "**System**"); and

WHEREAS, the Board, by resolution supplemental to the Series 2018 Resolution adopted on May 2, 2018, (the "**Series 2018 Resolution**") authorized the issuance of its \$31,605,000 The Metropolitan Utilities District of Omaha, Gas System Revenue Bonds, Series 2018 (the "**Series 2018 Bonds**"), of which \$29,470,000 aggregate principal amount remains outstanding; and

WHEREAS, Section 35(c) of the Series 2018 Resolution provides for the issuance of Parity Revenue Bonds pursuant to a resolution supplemental to the Series 2018 Resolution upon satisfaction of the conditions established by Section 28 of the Series 2018 Resolution; and

WHEREAS, the Board deems it necessary at this time to borrow money for the sole purpose of paying for extensions, improvements, additions and capital investments for the System, and, in furtherance of such purpose, to issue its not to exceed \$135,000,000 The Metropolitan Utilities District of Omaha Gas System Revenue Bonds, Series 2022 (the "**Series 2022 Bonds**"), the net proceeds of which will be used as provided in this recital, including reimbursement of the District for expenditures therefor; and

WHEREAS, the Series 2022 Bonds shall be payable, both as to principal and interest, solely from the Net Revenues (as defined herein), and the Series 2022 Bonds shall have a first, but not exclusive, lien on the Net Revenues; and

WHEREAS, the District has determined, and does hereby determine, to proceed with the offering and sale of the Series 2022 Bonds, and desires to set forth certain terms for the Series 2022 Bonds and to authorize certain officers of the District to determine certain final terms for the Series 2022 Bonds, subject to the limitations set forth herein; and

WHEREAS, the District has determined to provide for the pledge of the Net Revenues for the payment of the principal of, premium, if any, and interest on any Bonds Outstanding; and

WHEREAS, there has been presented to the Board at this meeting a draft of the Preliminary Official Statement related to the Series 2022 Bonds (the **“Preliminary Official Statement”**);

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN UTILITIES DISTRICT OF OMAHA:

**Section 1. Definitions and Construction.**

(a) **Definitions.** The terms defined in this Section shall have the designated meanings for all purposes in this Resolution and of any amendatory or supplemental resolution, except where the context by clear implication otherwise requires. Other terms are parenthetically defined elsewhere in this Resolution.

**“Act”** means Section 14-2101 to Section 14-2157, inclusive, Reissue Revised Statutes of Nebraska, 2012, as amended.

**“Average Principal and Interest Requirements”** means, as of any particular date of computation, an amount equal to that amount which would become due annually on the Bonds, including any Parity Revenue Bonds, if the total principal of and interest on such Bonds were payable in substantially equal annual payments over the term of such Bonds.

**“Board”** or **“Board of Directors”** means the Board of Directors of the District.

**“Bond Fund”** means the “The Metropolitan Utilities District of Omaha Gas System Bond Fund,” created in **Section 13** of the Series 2018 Resolution.

**“Bond Fund Minimum Reserve”** means (a) with respect to the Series 2022 Bonds, \$0; (b) with respect to the Series 2018 Bonds, such amount as provided in the Series 2018 Resolution; and (c) with respect to any Parity Revenue Bonds, such amount or credit facility to be determined by the Board in its discretion.

**“Bonds”** means the Series 2022 Bonds issued hereunder, the Series 2018 Bonds issued under the Series 2018 Resolution and any Parity Revenue Bonds issued pursuant to the provisions of **Section 28** of this Resolution.

**“Chairperson”** means the Director of the Board, chosen by the Board as the presiding officer of the Board and the District, and designated as the Chairperson of the Board.

**“Closing Date”** means the date of original issue of the Series 2022 Bonds, or such other date as determined by a District Officer in the Designation pursuant to **Section 5** hereof.

**“Consultant”** means an independent engineer or engineering firm, accountant or firm of accountants, or other professional firm or individual having a favorable reputation for skill and experience in the construction, financing and operation of public utilities, and the preparation of management studies and financial feasibility studies in connection therewith, selected by the

District for the purpose of carrying out the duties imposed on the Consultant by this Resolution, and may include a registered municipal advisor for all purposes once the Series 2018 Bonds are no longer Outstanding.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Undertaking, dated as of the Closing Date, by the District in favor of, among others, the Holders of the Series 2022 Bonds, as amended or supplemented.

**“County”** means the County of Douglas, Nebraska.

**“Counsel’s Opinion”** means an opinion signed by an attorney or by a firm of attorneys of nationally recognized standing (who may be counsel to the District), selected, retained and compensated by the District.

**“Current Expense Fund”** means the “The Metropolitan Utilities District of Omaha Gas System Current Expense Fund,” created in **Section 16** of this Resolution.

**“Current Expenses”** means all reasonable and necessary current expenses of the District, paid or incurred while operating, maintaining and repairing the System; and the term may include, at the District’s option (except as may be limited by law), without limiting the generality of the foregoing, engineering, auditing, legal and other overhead expense of the District, insurance and surety bond premiums, reasonable charges of the Paying Agent, the Registrar and any other depository bank appertaining to the System, payments to pension, retirement, health and hospitalization funds; any taxes, assessments or other charges which may be lawfully imposed on the District, or its income or operations of facilities under its control, ordinary and current rentals of equipment and other property, refunds of any revenues lawfully due to others, including, but not limited to, refunds, expenses in connection with the issuance of the Bonds or other obligations evidencing any loan to the District, any expenses and compensation of any trustee or other fiduciary hereunder, or otherwise, contractual services, professional services required by this Resolution, salaries, labor and the cost of materials and supplies used for current operation and all other administrative, general and commercial expenses related to the System, but excluding: (a) any allowance for depreciation or any reserves or capital replacements; (b) any reserves for operation, maintenance or repair of the System; (c) any allowance for the redemption of any Bond or other obligation evidencing a loan to the District or the payment of any interest thereon; (d) liabilities incurred by the District as the result of its negligence in the operation of the System or other grounds of legal liability not based on contract; and (e) the costs of any capital replacements, improvements, extensions or betterments.

**“Debt Service Reserve Account”** means the Debt Service Reserve Account of the Bond Fund created in **Section 20** of this Resolution.

**“District”** means The Metropolitan Utilities District of Omaha, a public service corporation authorized under the Act to own, manage and control the gas system serving Omaha and environs.

**“District Officer”** means any one of the Chairperson, Vice Chairperson and Secretary of the Board, and the President and the Treasurer of the District.

**“DTC Letter of Representations”** means the Blanket Issuer Letter of Representations, dated January 10, 2006, by and between the District and The Depository Trust Company with respect to the book-entry registration system for the Bonds.

**“Event of Default”** means any of the events described in **Section 31** of this Resolution.



**“Facilities”** means any of the properties, or any interest therein, appertaining to the System including, without limitation, the Project.

**“Federal Securities”** means Permitted Investments described below:

- (i) Cash;
- (ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series—“SLGs”);
- (iii) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (iv) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable;
- (v) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipals to satisfy this condition; and
- (vi) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
  - (A) U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership;
  - (B) Farmers Home Administration (FmHA): Certificates of beneficial ownership;
  - (C) Federal Financing Bank;
  - (D) General Services Administration: Participation certificates;
  - (E) U.S. Maritime Administration: Guaranteed Title XI financing;and
  - (F) U.S. Department of Housing and Urban Development (HUD):
    - (1) Project Notes;
    - (2) Local Authority Bonds;
      - a. New Communities Debentures—U.S. government guaranteed debentures; and
      - b. U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds.

**“Fiscal Year”** means the 12 months, commencing on the first day of January in any calendar year and ending on the last day of December in the same calendar year.

**“Hereby,” “herein,” “hereinabove,” “hereinafter,” “hereinbefore,” “hereof,” “hereto,” “hereunder,”** and any similar term, refer to this Resolution and not solely to the particular portion

thereof in which such words are used. “Heretofore” means before the adoption of this Resolution; and “hereafter” means after the adoption of this Resolution.

“**Holder**” or “**bondholder**” or “**registered owner**” or “**Owner**” means any person who is the registered owner of any Bond as shown on the registration books kept by the Registrar.

“**Independent Accountant**” means any independent certified public accountant or any firm of such independent certified public accountants, duly licensed to practice and practicing as such under laws of the State, appointed and paid by the District: (a) who is, in fact, independent and not under the domination of the District; (b) who does not have any substantial interest, direct or indirect, in the District; and (c) who is not connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or similar audits of the public records of the District.

“**Net Revenues**” means the System Revenues after deducting Current Expenses.

“**Outstanding**,” when used with reference to the Bonds, including any Parity Revenue Bonds of the District and as of any particular date, means all such Bonds of the District payable solely from System Revenues and theretofore and thereupon being executed and delivered, except: (a) any Bond cancelled by the District or by the Paying Agent, the Registrar, any other agent of the District or a District Officer, at or before said date; (b) any Bond for the payment or the redemption of which cash or Federal Securities equal to the principal amount thereof, any prior redemption premium due in connection therewith, and interest thereon to the date of maturity or redemption date shall have theretofore been deposited with the Paying Agent, or any other trustee, as provided in **Section 26** of this Resolution (including, but not limited to, paragraphs (i) to (iv), both inclusive); and (c) any Bond in lieu of or in substitution for which another Bond shall have been executed and delivered pursuant to **Section 8** of this Resolution or otherwise.

“**Parity Revenue Bonds**” means Bonds or other obligations issued pursuant to the provisions of **Section 28** of this Resolution, which are payable solely from the System Revenues and which have a lien on System Revenues on a parity with the Series 2022 Bonds, any other Bonds Outstanding under this Resolution.

“**Paying Agent**” means the single entity serving as the paying agent, registrar and transfer agent for the Series 2022 Bonds, appointed by the District, being BOKF, National Association, as successor in interest to First National Bank of Omaha approved by the District.

“**Paying Agent Agreement**” means the Paying Agent Agreement, dated as of the Closing Date, by and between the Paying Agent and the District, as amended or supplemented.

“**Permitted Investments**” means any investments permitted under the laws of the State, including, in particular, Section 14-2144 of the Act, for funds of the District.

“**Person**” means a natural person, firm, partnership, association or corporation, other than a county, town, city or other political subdivision.

“**Project**” means extensions, improvements, additions and capital investments for the System, including the replacement of piping and gas mains.

“**Project Fund**” means the “The Metropolitan Utilities District of Omaha Gas System Project Fund,” created in **Section 13** of the Series 2018 Resolution.

**“Rebate Fund”** means the “The Metropolitan Utilities District of Omaha Gas System Rebate Fund,” created in **Section 13** of the Series 2018 Resolution.

**“Redemption Date”** means the date fixed for the redemption of any Bond prior to its maturity in any notice of prior redemption of the District, or otherwise designated.

**“Registrar”** means the single entity serving as the paying agent, registrar and transfer agent for the Series 2022 Bonds, appointed by the District, being BOKF, National Association, as successor in interest to First National Bank of Omaha approved by the District.

**“Resolution”** means the Series 2018 Resolution, and as further supplemented by this Resolution, including any amendments or supplements hereto.

**“Revenue Fund”** means the “The Metropolitan Utilities District of Omaha Gas System Revenue Fund,” created in **Section 13** of the Series 2018 Resolution.

**“Secretary”** means the person chosen by the Board as Secretary of the Board and of the District, which person may be (but need not be) a member of the Board and may be (but need not be) the same person as the Treasurer.

**“Series 2018 Bonds”** has the meaning set forth in the recitals hereto.

**“Series 2022 Bonds”** means the District’s Gas System Revenue Bonds, Series 2022, issued pursuant to this Resolution.

**“Series 2022 Rebate Account”** means the account of the Rebate Fund created in **Section 13** of this Resolution.

**“Special Record Date”** means a special record date fixed to determine the names and addresses of registered owners of Bonds, for purposes of paying interest on a special interest payment date for the payment of defaulted interest.

**“State”** means the State of Nebraska.

**“Subordinate Bonds”** or **“Subordinate Obligations”** means bonds or other obligations payable from System Revenues hereafter issued, subsequent and junior to the lien of the Bonds herein authorized to be issued.

**“System”** or **“Gas System”** means the facilities designated as the District’s gas supply, transmission and distribution facilities to supply gas within the District’s service area for domestic or commercial use, including all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the District through acquisition, construction and completion, or otherwise, and used in connection with the gas supply, transmission and distribution facilities of the District, and in any way appertaining thereto, whether situated within or without the limits of the District. The System expressly does not include the District’s facilities used in connection with or apportioned to its water system.

**“System Revenues”** means all income and revenues derived by the District from the ownership and operation of the System, or any part thereof, whether resulting from improvements, extensions, enlargements, repairs or betterments thereto, or otherwise, including, without limitation, all investment income and the designated terms include all revenues received by the District or by any municipal corporation succeeding to the rights of the District from the System, and from the sale and use of gas, gas service, gas facilities or a combination thereof, by means of

the System owned and operated by the District, as the same may at any time exist, to serve customers outside the present District limits, as well as customers within the present District limits, but excluding the proceeds of any general (ad valorem) taxes levied by the District, and excluding the proceeds of any restricted donations, restricted grants, loans or other moneys derived by the District from other than the operation of the System, or any part thereof. The System Revenues expressly do not include the District's revenues from its water system.

**“Tax Compliance Certificate”** means the Federal Tax Certificate, dated as of the Closing Date and executed by the District relating to the Series 2022 Bonds.

**“Treasurer”** means the Senior Vice President and Chief Financial Officer, or his successor as may be duly appointed from time to time by the Board or such officer of the District fulfilling the duties of the chief financial officer of the District.

**“Underwriter”** means the initial purchaser of the Series 2022 Bonds.

(b) **Construction.** This Resolution, except where the context by clear implication herein otherwise requires, shall be construed as follows: (i) definitions include both singular and plural; (ii) pronouns include both singular and plural and cover all genders; (iii) any percentage of Bonds are to be figured on the unpaid principal amount thereof then Outstanding; (iv) all sections, paragraphs and subparagraphs, mentioned by number, letter or otherwise with respect to **“this Resolution”**, correspond to the respective sections, paragraphs and subparagraphs of this Resolution so numbered or otherwise so designated; and (v) the titles which apply to sections and subsections of this Resolution are inserted only as a matter of convenience and ease in reference, and in no way define, limit or describe the scope or intent of any provision of this Resolution.

**Section 2. Ratification.** All action (not inconsistent with the provisions of this Resolution) heretofore taken by the Board and the District Officers directed toward the sale and issuance of the Series 2022 Bonds, for such purpose be, and the same are hereby, ratified, approved and confirmed.

**Section 3. Authority.** The Series 2022 Bonds authorized by this Resolution are issued in accordance with the provisions of Section 14-2142 of the Act.

**Section 4. Authorization.** (a) For the purpose of providing funds to defray all or a portion of the costs of (i) the Project and (ii) issuing the Series 2022 Bonds (including Underwriter's Discount), the Board, on behalf of the District, shall issue its Series 2022 Bonds designated as: “The Metropolitan Utilities District of Omaha Gas System Revenue Bonds, Series 2022,” in the aggregate stated principal amount not to exceed \$135,000,000.

(b) The District represents, warrants and covenants, in satisfaction of the requirements established by Section 28 of the Series 2018 Resolution for the issuance of Parity Revenue Bonds that:

(i) The Net Revenues of the System for each of the two Fiscal Years for which audited financial statements are available immediately preceding the issuance of the Series 2022 Bonds were not less than 1.20 times the Average Principal and Interest Requirements for any succeeding Fiscal Year on all Bonds then Outstanding payable from the System Revenues and the Series 2022 Bonds based on anticipated debt service requirements for the Series 2022 Bonds;

(ii) The payments required to be made into the various funds and accounts provided in Sections 16 through 18, inclusive, of the Series 2018 Resolution are current;

(iii) The District has not defaulted in making any payments required by Sections 16 through 18, inclusive, of the Series 2018 Resolution during the 24 months immediately preceding the issuance of the Series 2022 Bonds; and

(iv) The Series 2022 Bonds shall bear interest payable on the dates, and shall mature on the date or dates, designated by this Resolution, during the term of the Series 2022 Bonds.

#### **Section 5. Series 2022 Bond Details; Designation; Book Entry.**

(a) The Series 2022 Bonds or any portion thereof are hereby authorized to be sold pursuant to a competitive sale to the Underwriter, as may be determined by a District Officer. In connection with such sale, each District Officer is hereby authorized to specify, determine, designate, establish and appoint, as the case may be (i) the price at which the Series 2022 Bonds may be sold to the Underwriter, which Underwriter shall be the bidder providing the lowest true interest cost to the District for the Series 2022 Bonds, (ii) the form and contents of a notice of sale in connection with such sale, (iii) the title (including number of series and series designation), dated date, aggregate principal amount (including the aggregate principal amounts of serial Bonds and term Bonds, if any), which aggregate stated principal amount shall not exceed \$135,000,000, and the final maturity date, which shall not be later than December 31, 2042, (iv) the principal amounts maturing in each year, (v) the rate or rates of interest to be borne by each principal maturity, (vi) the principal payment dates and interest payment dates, (vii) whether the Series 2022 Bonds will be subject to redemption prior to their stated maturity, and if subject to such optional redemption, the provisions governing such redemption, including a redemption price not to exceed 104% of the principal amount then being redeemed plus accrued interest to the date of redemption, (viii) the amount and due date of each sinking fund installment for any of the Series 2022 Bonds issued as term Bonds, (ix) the form and content of any agreement between the District and the Paying Agent and Registrar and (x) all other terms and provisions of the Series 2022 Bonds not otherwise specified or fixed by this Resolution. The final details of the Series 2022 Bonds as provided in this **Section 5** shall be determined in a written designation (the “**Designation**”) signed by a District Officer on behalf of the Board. Each District Officer is hereby authorized to make such determinations on behalf of the Board and to evidence the same by execution and delivery of the Designation and such determinations, when made, shall constitute the action of the Board without further action of the Board.

(b) The Series 2022 Bonds shall be issued in fully registered form (i.e., registered as to payment of both principal and interest), in denominations of \$5,000 or any integral multiple thereof (provided that no Series 2022 Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Series 2022 Bond may be issued for more than one maturity). The Series 2022 Bonds shall be dated as their date of original delivery. The Series 2022 Bonds shall be numbered consecutively, by maturity, from one upward. The Series 2022 Bonds shall bear interest from their date to maturity at the rates per annum to be determined in the Designation and subject to the limitations in this **Section 5**, payable December 1, 2022, and semiannually thereafter on June 1 and December 1, in each year (or such other date as may be determined in the Designation; each such date, an “**Interest Payment Date**”), except that Series 2022 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates to be determined in the Designation from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2022 Bonds.

(c) Notwithstanding any other provision hereof, the Series 2022 Bonds shall be delivered only in book-entry form as a single certificate for each maturity thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York, acting as securities depository of the Series 2022 Bonds and principal of and interest on the Series 2022 Bonds shall be paid by wire transfer to DTC; provided, however, if at any time the Paying Agent determines, and notifies the

District of its determination, that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Series 2022 Bonds, the Paying Agent may, at its discretion, either (i) designate a substitute securities depository for DTC and reregister the Series 2022 Bonds as directed by such substitute securities depository or (ii) terminate the book-entry registration system and reregister the Series 2022 Bonds in the names of the beneficial owners thereof provided to it by DTC. Neither the District nor the Paying Agent shall have any liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Series 2022 Bonds are reregistered at the direction of any substitute securities depository, any beneficial owner of the Series 2022 Bonds or any other Person for (A) any determination made by the Paying Agent pursuant to the proviso at the end of the immediately preceding sentence or (B) any action taken to implement such determination and the procedures related thereto that is taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Series 2022 Bonds are reregistered. The District agrees to execute the DTC Letter of Representations and be bound by its terms.

(d) The principal of any Series 2022 Bond shall be payable to the registered owner thereof, as shown on the registration books kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender to the Registrar. If any Series 2022 Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the rate borne by said Series 2022 Bond until the principal thereof is paid in full. Payment of interest on any Series 2022 Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each Interest Payment Date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof at his or her address as it last appears on the registration books kept by the Registrar on the close of business on the fifteenth day immediately preceding an Interest Payment Date (or such other date as may be determined in the Designation, the “**Record Date**”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Series 2022 Bonds not less than 10 days prior thereto, by first-class mail to each such registered owner, as shown on the registration books kept by the Registrar, on a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Series 2022 Bond by such alternative means as may be mutually agreed upon between the owner of such Series 2022 Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America. No recourse shall be had for the payment of the principal of or interest on the Series 2022 Bonds, or for any claim based thereon or on this Resolution against any member, director or officer of the District or any person executing the Series 2022 Bonds. The Series 2022 Bonds and the interest thereon shall not be deemed to constitute a debt or indebtedness of the District, or the State, the County, or any political subdivision thereof, within the meaning of any constitutional or statutory limitations, or a pledge of the faith and credit of the District, the State, the County, or any political subdivision thereof, but shall be payable solely from the revenues pledged therefor hereunder, and the District is not obligated to pay the Series 2022 Bonds or the interest thereon, except from the revenues and proceeds pledged therefor hereunder, and neither the faith and credit nor the taxing power of the District, the State, the County, or any political subdivision thereof, is pledged to the payment of the principal of or the interest on the Series 2022 Bonds.

## **Section 6. Prior Redemption.**

(a) ***Optional Redemption.*** The Series 2022 Bonds shall be subject to redemption at the option of the District as determined in the Designation and subject to the provisions hereof.

(b) ***Mandatory Sinking Fund Redemption.*** The Series 2022 Bonds shall be subject to mandatory sinking fund redemption, if any, as determined in the Designation and subject to the provisions hereof.

(c) ***Redemption Procedures.*** Notice of any redemption of Series 2022 Bonds shall be given by the Paying Agent by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Series 2022 Bond being redeemed. Such notice shall specify the number or numbers of the Series 2022 Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Series 2022 Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Resolution funds sufficient to pay the redemption price of such Series 2022 Bond on the redemption date, then such Series 2022 Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Series 2022 Bonds with respect to which such failure or defect did not occur. Any Series 2022 Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

**Section 7. Execution and Authentication.** The Series 2022 Bonds shall be executed in the name of and on behalf of the District and signed by the manual or facsimile signature of the Chairperson of the Board and attested by the manual or facsimile signature of the Secretary of the Board, and each Series 2022 Bond shall be authenticated by the manual signature of an authorized officer of the Registrar as hereinafter provided. The Series 2022 Bonds bearing the manual or facsimile signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the District (subject to the requirement of authentication by the Registrar as hereinafter provided), notwithstanding that, before the delivery of the Series 2022 Bonds or before the issuance of the Series 2022 Bonds upon transfer or exchange, any or all of the persons whose facsimile signatures appear on the Series 2022 Bonds shall have ceased to fill their respective offices. The Chairperson of the Board and the Secretary shall, by the execution of a signature certificate pertaining to the Series 2022 Bonds, adopt as and for their respective signatures the facsimiles thereof appearing on the Series 2022 Bonds. At the time of the execution of the signature certificate, the Chairperson of the Board and the Secretary may each adopt as and for his facsimile signature the facsimile signature of his predecessor in office, in the event that such facsimile signature appears upon any of the Series 2022 Bonds.

No Series 2022 Bond shall be valid or obligatory for any purpose unless the certificate of authentication, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Series 2022 Bonds issued hereunder. By authenticating any of the Series 2022 Bonds initially delivered pursuant to this Resolution, the Registrar and the Paying Agent shall be deemed to have assented to the provisions of this Resolution.

**Section 8. Registration, Transfer and Exchange of Bonds.**

(a) Books for the registration and transfer of the Series 2022 Bonds shall be kept by the Registrar, which is hereby appointed by the District as Registrar (i.e., transfer agent) for the Series 2022 Bonds. Upon the surrender for transfer of any Series 2022 Bond to the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or by his attorney duly authorized in writing, the Registrar shall authenticate and deliver, in the name of the transferee or transferees, a new Bond or Bonds of the same series, of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. Series 2022 Bonds may be exchanged with the Registrar for an equal aggregate principal amount of Series 2022 Bonds of the same series and maturity of other authorized denominations. The Registrar shall authenticate and deliver a Series 2022 Bond or Series 2022 Bonds

which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange and transfer of Series 2022 Bonds, as herein provided, the District or the Registrar may make a charge sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such exchange or transfer and any cost incurred by the District or the Registrar in preparing each Series 2022 Bond to be exchanged or transferred and any expense of either of them in connection therewith.

(b) The Registrar shall not be required (i) to transfer or to exchange all, or a portion, of any Series 2022 Bond subject to prior redemption during the period beginning at the opening of business 15 days next preceding the mailing of notice calling any Series 2022 Bonds for prior redemption as herein provided or (ii) to transfer or to exchange all, or a portion, of a Series 2022 Bond after the mailing of notice calling such Series 2022 Bond or portion thereof for prior redemption.

(c) The person, in whose name any Series 2022 Bond shall be registered on the registration books kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for purpose of making payment thereof and for all other purposes, except as may otherwise be provided with respect to payment of interest as is provided in **Section 5** of this Resolution; and payment of or account of either principal of or interest on any Series 2022 Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such Series 2022 Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Series 2022 Bond, to the extent of the sum or sums so paid.

(d) If any Series 2022 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it may reasonably require, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount, of the same series and maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct the Paying Agent to pay such Series 2022 Bond in lieu of replacement.

(e) The District Officers are authorized to deliver to the Registrar fully executed but unauthenticated Bonds in such quantities as may be convenient to be held in custody by the Registrar pending use as herein provided.

(f) Whenever any Series 2022 Bond shall be surrendered to the Paying Agent, upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Series 2022 Bond shall be promptly cancelled by the Paying Agent or by the Registrar, and counterparts of a certificate of such cancellation shall be furnished to the District by the Paying Agent or by the Registrar.

**Section 9. Negotiability.** Subject to the registration provisions hereof, the Series 2022 Bonds hereby authorized shall be fully negotiable and shall have all the qualities of negotiable paper, and the holder or holders thereof shall possess all rights enjoyed by the holders of negotiable instruments under provisions of the Uniform Commercial Code.

**Section 10. Form of Bonds.** The Series 2022 Bonds shall be in substantially the form set forth in Appendix A hereto, with such changes thereto, not inconsistent herewith, as may be necessary or desirable and approved by the officials of the District executing the same (whose manual or facsimile signatures thereon shall constitute conclusive evidence of such approval). All covenants, statements, representations and agreements contained in the Series 2022 Bonds are hereby approved and adopted as the covenants, statements, representations and agreements of the District. Although attached as an appendix for the



convenience of the reader, Appendix A is an integral part of this Resolution and is incorporated herein as if set forth in full in the body of this Resolution.

**Section 11. Delivery of Series 2022 Bonds.** When the Series 2022 Bonds have been duly executed and authenticated, they shall be delivered to the Underwriter upon receipt of the agreed purchase price as set forth in the Underwriter’s proposal. The Registrar shall initially register the Series 2022 Bonds in the name of Cede & Co., as nominee of DTC. The funds realized from the sale of the Series 2022 Bonds shall be applied as set forth in **Section 12** of this Resolution. The Underwriter of the Series 2022 Bonds shall in no manner be responsible for the application or disposal by the District, or by any of its officers, of any of the funds derived from the sale thereof.

**Section 12. Initial Credits to Accounts.** Immediately upon issuance of the Series 2022 Bonds and from the proceeds thereof, and after payment of the Underwriter’s discount and the other costs of issuing the Series 2022 Bonds, the District shall make the following credits:

- (a) to the Series 2022 Account of the Bond Fund, the accrued interest on the Series 2022 Bonds from the dated date thereof to the date of issuance, if any; and
- (b) to the Series 2022 Account of the Project Fund, the remaining proceeds of the Series 2022 Bonds.

**Section 13. Revenue Fund, Rebate Fund, Project Fund and Bond Fund.**

(a) There was created by Section 13(a) of the Series 2018 Resolution and the District covenants to maintain a special fund designated as the “The Metropolitan Utilities District of Omaha Gas System Revenue Fund.” So long as any of the Bonds herein authorized shall be Outstanding, either as to principal or interest, or both, the System Revenues shall be set aside and remitted to the Treasurer for deposit into the Revenue Fund.

(b) There was created by Section 13(b) of the Series 2018 Resolution and the District covenants to maintain a special fund designated the “The Metropolitan Utilities District of Omaha Gas System Rebate Fund” and there is hereby created a special account within the Rebate Fund designated as the “**Series 2022 Rebate Account.**” The District shall deposit earnings from the investment of proceeds of the Series 2022 Bonds delivered to it, earnings from the investment of moneys on deposit in the funds and accounts created hereby or other legally available moneys in the Series 2022 Rebate Account in the amounts and at the times provided in the Tax Compliance Certificate. Earnings from the investment of moneys on deposit in the Rebate Fund shall be retained in the Rebate Fund. Moneys on deposit in the Rebate Fund shall be used as provided in the Tax Compliance Certificate.

(c) There was created by Section 13(c) of the Series 2018 Resolution and the District covenants to maintain a special fund designated as the “The Metropolitan Utilities District of Omaha Gas System Project Fund” (the “**Project Fund**”). Within the Project Fund there shall be established an account relating to each series of Bonds, including without limitation a “**Series 2022 Project Account.**” Moneys on deposit in the Project Fund shall be expended to pay costs of acquiring, constructing, improving and equipping the Project, including reimbursement of the District for expenditures related thereto and any costs of issuing the Series 2022 Bonds not paid at closing.

(d) There was created by Section 13(d) of the Series 2018 Resolution and the District covenants to maintain a special fund designated as the “The Metropolitan Utilities District of Omaha Gas System Bond Fund” (the “**Bond Fund**”). Within the Bond Fund there shall be established an account relating to each series of Bonds, including without limitation a “**Series 2022 Bond Account.**” Moneys on deposit in the

Bond Fund shall be used as provided in **Sections 17 and 20** of each the Series 2018 Resolution and this Resolution.

**Section 14. Pledge Securing the Bonds.** The Net Revenues paid, or to be paid, or held, or to be held, in the Revenue Fund and all moneys at any time held in the Bond Fund and the Project Fund, are hereby pledged to secure the payment of the principal of and interest on the Bonds. The moneys, as received and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the District (other than Current Expenses and the Series 2018 Bonds). The lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise, against the District, irrespective of whether said parties have notice thereof.

**Section 15. Administration of Revenue Fund.** So long as any of the Series 2022 Bonds hereby authorized shall be Outstanding, either as to principal or interest, or both, the following payments shall be made from the Revenue Fund, as provided in **Sections 16 through 23**, inclusive, of this Resolution.

**Section 16. Current Expenses.** First, there shall be deposited into the Current Expense Fund the amount necessary from time to time to pay Current Expenses and the District shall pay Current Expenses from the Current Expense Fund, as they become due and payable. Any surplus remaining at the end of the Fiscal Year and not needed for Current Expenses shall be transferred to the Revenue Fund and shall be used for the purposes thereof, as herein provided.

**Section 17. Bond Fund.** Second, but subsequent to the payments required by **Section 16** of this Resolution, from any moneys remaining in the Revenue Fund, i.e., from Net Revenues, there shall be deposited in trust, for the benefit of the owners of the Bonds, into the Bond Fund as follows:

(a) Monthly, on or before the first day of each month, commencing on the first day of the month immediately succeeding the delivery of any Bond, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the next maturing installment of interest on the Bonds, and monthly thereafter, commencing on the first day of the month next following said interest payment date, one-sixth of the amount necessary to pay the next maturing installment of interest on the Outstanding Bonds, except to the extent of moneys otherwise deposited in the Bond Fund and available for that purpose;

(b) Monthly, on or before the first day of each month, commencing on the first day of the month immediately succeeding the delivery of any Bond, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the next maturing installment of principal of the Outstanding Bonds, and monthly thereafter, commencing on the first day of the month immediately following said principal date, one-twelfth of the amount necessary to pay the next maturing installment of principal of the Bonds, whether at maturity or by mandatory sinking fund redemption, except to the extent of moneys deposited into the Bond Fund and available for that purpose;

(c) If in any month the District shall have failed to deposit into the Bond Fund the full amount required to be deposited therein, then an amount shall be paid into the Bond Fund in such month from the first System Revenues thereafter received not required to be applied in accordance with the provisions of the two preceding subsections; and

(d) With respect to any Parity Revenue Bonds for which a Debt Service Reserve Account is required to be funded, monthly, on or before the first day of the month, if the amount (including the amount of any surety bond or other credit facility deposited in the Debt Service Reserve Account) on deposit in the Debt

Service Reserve Account is less than the Bond Fund Minimum Reserve, to the Debt Service Reserve Account, an amount which will, when added to the amount in the Debt Service Reserve Account, equal the Bond Fund Minimum Reserve.

**Section 18. Payment of Additional Obligations.** Third, but subsequent to the payments required by **Sections 16 and 17** of this Resolution, any moneys remaining in the Revenue Fund after making the payments hereinabove provided shall be used by the District for the payment of interest on and principal of additional bonds or other additional long-term obligations (excluding Current Expenses) or other additional indebtedness hereafter authorized to be issued or incurred by the District and payable from System Revenues, which are subordinate to the lien and pledge of the Series 2022 Bonds herein and in the Series 2018 Resolution, as hereinafter provided.

**Section 19. Other Purposes of the District.** Fourth, but subsequent to the payments required by **Sections 16 through 18**, inclusive, of this Resolution, any moneys remaining in the Revenue Fund after making the payments hereinabove provided may be applied by the District for any other lawful purpose of the District.

**Section 20. Debt Service Reserve Account of the Bond Fund.**

(a) There is hereby created and the District covenants to maintain a special account in the Bond Fund designated as the “The Metropolitan Utilities District of Omaha Gas System Debt Service Reserve Account.” Within the Debt Service Reserve Account of the Bond Fund there shall be established a subaccount relating to each series of Bonds as may be determined by the Board from time to time, and any moneys currently on deposit in the Debt Service Reserve Account that were deposited therein in connection with the issuance of such series of Bonds shall be transferred to the corresponding subaccount of the Debt Service Reserve Account. No subaccount within the Debt Service Reserve Account shall be funded or maintained with respect to the Series 2022 Bonds.

(b) The Bond Fund Minimum Reserve required to be maintained by **Section 17** of this Resolution shall be held as a continuing reserve to meet possible deficiencies in deposits into the Bond Fund for the payment of the principal of and interest on such series of Bonds. No payment need be made into any subaccount within the Debt Service Reserve Account of the Bond Fund for the debt service reserve, so long as the moneys therein shall equal not less than the Bond Fund Minimum Reserve. The moneys in each subaccount within the Debt Service Reserve Account of the Bond Fund constituting the debt service reserve shall be maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the principal of and interest on the series of Bonds to which subaccount corresponds resulting from a failure to deposit therefor into the Bond Fund sufficient moneys to pay said principal and interest as the same become due.

(c) For any issuance of Parity Revenue Bonds, the District may in its sole discretion and at any time obtain a credit facility (or other credit provider) in an amount equal to the Bond Fund Minimum Reserve for such series of Parity Revenue Bonds and deposit such credit facility into the subaccount of the Debt Service Reserve Account relating to such series of Bonds. Upon making such deposit of a credit facility, the District shall withdraw any moneys then on deposit in such subaccount and, first, apply such portion thereof as may be available to pay, or reimburse itself for the payment of, the premium of such credit facility, and, second, transfer any remaining portion thereof to the subaccount of the Project Fund corresponding to such series of Bonds for application to the payment of the costs of acquiring, constructing, improving and equipping the Project for such series of Bonds. Each District Officer is hereby authorized to negotiate and obtain such a credit facility on behalf of the District, and to enter into on behalf of the District any such credit support facility agreement with the credit facility provider and all other related documents

and certificates as shall be necessary and desirable to effectuate the procurement of such credit facility.

**Section 21. Termination Upon Deposits to Maturity or Redemption Date.** No payment need be made into the Bond Fund, if the amount in the Bond Fund, including, without limitation, the Debt Service Reserve Account of the Bond Fund, totals a sum at least equal to the entire amount of the Outstanding Bonds, both as to principal and interest to the respective maturities, or to any redemption date on which the District shall have exercised its option to redeem Bonds then Outstanding and thereafter maturing, and both accrued and nonaccrued, in which case moneys in the Bond Fund in an amount, except for any interest or other yield to accrue from any investment of moneys in Federal Securities from the time from any such deposits to the time or respective times the proceeds of any such investment shall be needed for such payment, at least equal to such principal and interest requirements shall be used solely to pay such as the same accrue, and any moneys in excess thereof in the Bond Fund and any other System Revenues may be used in any lawful manner determined by the Board.

**Section 22. Places and Times of Deposits.** Each of the special funds, accounts and subaccounts hereinabove designated shall be maintained and kept separate from all other funds and accounts as a trust fund or account solely for the purposes herein designated therefor by the Treasurer, as determined and designated by the Board (except as otherwise expressly stated herein); provided, however, that moneys accounted for in the Revenue Fund and moneys accounted for in the Current Expense Fund may be commingled in one or more bank accounts by the Treasurer; and provided, further, that nothing herein contained shall be construed as limiting the management of any fund or account for the payment of any bond, other long-term obligation or other debt of the District other than the Bonds (except as herein otherwise expressly provided). Each such trust fund or account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respectively designated purposes. Each monthly payment shall be made into the proper fund or account on or before the first day of each month; except that when the first day of any month is not a business day, then such payment shall be made on or before the next succeeding business day. Notwithstanding any other provision herein to the contrary, moneys shall be deposited or credited with the Paying Agent at least five days prior to each interest payment date herein designated sufficient to pay the principal of and interest on the Bonds then coming due.

**Section 23. Investment of Moneys.** Any moneys accounted for in any account or fund designated herein and not needed for immediate use may be invested or reinvested at the request of the District in Permitted Investments. Subject to **Section 13(b)** of this Resolution, all such investments shall be credited to the fund or account from which the money used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and all losses therein shall be charged against, such account or fund; provided that earnings on Debt Service Reserve Account investments shall be credited thereto only if and to the extent necessary to maintain the Bond Fund Minimum Reserve, and otherwise shall be credited, at the option of the District, to the Revenue Fund or the Bond Fund.

**Section 24. Notice of Sale; Sale.** The Board hereby approves and ratifies, as applicable, the preparation, execution and delivery of a Notice of Sale at the direction of, or by, a District Officer. The Series 2022 Bonds are hereby authorized to be sold to the Underwriter in accordance with the Notice of Sale, and each District Officer is hereby authorized to approve the sale of the Series 2022 Bonds to the Underwriter in accordance with the limitations set forth in **Section 5** and **Section 11** hereof. Each District Officer is authorized to deliver the Series 2022 Bonds to the Underwriter, as the initial purchaser thereof, upon payment in full of the principal thereof and accrued interest thereon to the date of delivery thereof.

**Section 25. Equality of Bonds.** The Bonds from time to time Outstanding shall not be entitled to any priority one over the other in the application of System Revenues, regardless of the time or times of the

issuance of the Bonds, it being the intention of the Board that there shall be no priority among the Bonds, regardless of the fact that they are actually issued and delivered at different times.

## **Section 26. Defeasance.**

(a) **By Payment.** If the District shall pay, or shall cause to be paid, to the owner of any Series 2022 Bond the principal and interest to become due thereon at the times and in the manner stipulated therein and in the Resolution, then the pledge of the System Revenues and other moneys and securities hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Paying Agent shall, at the request of the District, execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Paying Agent and any other depository shall pay over or shall deliver to the District all moneys or securities held by it, pursuant to this Resolution, which are not required for the payment of the redemption of the Series 2022 Bonds not theretofore surrendered for such payment or redemption.

(b) **By Deposit for Payment.** There shall be deemed to have been paid within the meaning of this Section any installment of interest on, and any installment of principal of, the Series 2022 Bonds, for the payment of which in the manner provided therein and in this Resolution, if moneys shall then be held by any depository, through deposit by the District, or otherwise, of moneys for such payment on and prior to any prior redemption date or respective prior redemption dates designated therefor, or, if none, on their maturity or respective maturities, including the known minimum yield from interest and any other gain to be derived from any investment of any such moneys or any part thereof in any Federal Securities, in an amount at the time of the deposit, and at all times subsequently, at least fully sufficient to pay, on behalf of the District, without any deficiency or other default, such interest and principal as the same become due, subject to the following provisions:

(i) If any such Series 2022 Bonds are to be redeemed prior to the maturity or respective maturities thereof, there shall have been taken, to the extent practicable, all action necessary to redeem such Series 2022 Bonds (or installments of principal thereof), and notice of such redemption shall have been duly given or provision satisfactory to each depository therefor acting as escrow agent shall have been made for the giving of such notice;

(ii) Any moneys held by each depository for such payment of any part thereof prior to the time or times on which such moneys are needed for such payment on behalf of the District of such interest and principal due, without default, may be invested in Federal Securities; provided, however, that each such investment shall be scheduled, and in the case of each reinvestment, if any, rescheduled by the Treasurer:

(A) so that the Federal Securities in which moneys are so invested or reinvested, other than any such securities which shall be subject to redemption at any time at least at face value at the option of and by the holder thereof, shall become due at a time or times at or prior to the time or respective times on which the proceeds thereof shall be needed (with the proceeds of any Federal Securities so subject to prior redemption by the holder thereof at the time or respective times such securities shall have been scheduled for redemption and with any other moneys held by each depository and available for such use) to pay the designated interest or installment or installments of interest on and the designated principal or installment or installments of principal due on the Series 2022 Bonds, as the same become due; and

(B) so that no deficiency or other default shall result in the absence of a sale of any Federal Securities on the market prior to a time on which the federal government or other obligor is, upon demand or presentation, obligated to pay a fixed sum in discharge of the whole of such obligation and at which time the Federal Securities shall have been scheduled for redemption, at maturity or otherwise, for at least said sum;

(iii) Prior to any reinvestment of any moneys held by each depository for such payment of the District's securities, the depository shall state its approval thereof in writing and shall forward a copy of its written approval to the Treasurer; and

(iv) Nothing herein contained shall be construed as entitling any owner of any of the Series 2022 Bonds to the payment of the interest on and the principal of any such of the Series 2022 Bonds at any time prior to the time or respective times the same become due on and prior to any redemption date or, if none, to the maturity or respective maturities of the installments of principal in this Resolution, notwithstanding that moneys for such payment may be held at any time or times prior to such due dates by any depository fully sufficient for any such prior payment and regardless of whether or not such moneys shall at any time or times be invested or reinvested, wholly or in part, in Federal Securities.

**Section 27. Covenants of the District.** The District hereby particularly covenants and agrees with the registered owners of the Bonds and makes provisions which shall be a part of its contract with such registered owners, to the effect and with the purposes set forth in the following provisions of this Section.

(a) ***Performing Duties.*** The District, acting by and through the Board, will faithfully and punctually perform all duties with respect to the System and to the System Revenues, required by the constitution and the laws of the State and by the various resolutions of the District, including, but not limited to, the making and collecting of reasonable and sufficient rates and charges for services rendered or furnished by the System and the proper segregation of the System Revenues and their application to respective funds or accounts, as herein also provided.

(b) ***Operation and Maintenance of System.*** The District, acting by and through the Board, shall, at all times, operate the System properly and in a sound and economical manner; and the District shall maintain, preserve and keep the same properly, or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall, from time to time, make, or cause to be made, all necessary and proper repairs, replacements and renewals.

(c) ***Rules, Regulations and Other Details.*** The District, acting by and through the Board, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System (as well as any other Facilities under the jurisdiction of the Board). The District shall observe and perform all of the terms and conditions contained in the Act and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the District.

(d) ***Payment of Lawful Governmental Charges.*** The District shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or with respect to the System, or upon any part thereof, upon any revenue therefrom, or upon any other portion of the System Revenues, when the same shall become due; the District shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the System. The District shall pay, or shall cause to be discharged, or will make adequate provision to satisfy and to discharge within 60 days after the same shall become payable, all lawful claims and demands for labor, materials or supplies which, if unpaid, might, by law, become a lien on the System, any part thereof, or upon the System Revenues; provided, however, that nothing in this subsection contained shall require the District to pay, or cause to be discharged, or make provision for any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

(e) ***Further Assurances.*** At any and all times, the District, acting by and through the Board, except when otherwise required by law, shall, so far as it may be authorized by law, pass, make, do, execute,

acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming of, all and singular, the rights, System Revenues and other moneys hereby pledged or assigned, or intended so to be, or which the District may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Resolution. The District shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge of the System Revenues, and other moneys pledged hereunder and all the rights of every registered owner of any Series 2022 Bond hereunder, against all claims and demands of all persons whomsoever.

(f) ***Prejudicial Contracts and Action Prohibited.*** No contract will be entered into, nor any action taken, by which the rights of any registered owner of any Bond might be impaired or diminished.

(g) ***Insurance.***

(i) The Board shall procure and maintain, so long as any of the Bonds are Outstanding, fire and extended coverage insurance on the insurable portions of the Facilities comprising the System, in amounts at least sufficient to provide for not less than full recovery whenever the loss from perils insured against does not exceed 100% of the full insurable value of the highest valued component of the System.

(ii) The Board, in its sole discretion, may self insure against all or a portion of its exposure to public liability claims or if it does not self insure against all or a portion of such claims, shall procure (except to the extent previously procured) and shall maintain, so long as any of the Bonds are Outstanding, public liability insurance in reasonable amounts, but in no event less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, against claims for bodily injury and death, or either, and in no event less than \$10,000 for one accident, against claims for damage to property of others, suffered, or alleged to have been suffered, by others, arising from the District's operation of the System, including any use and occupancy of its grounds, structures and Facilities.

(iii) The District, in its sole discretion, may self insure against all or a portion of its exposure to vehicular liability claims or, if it does not self insure against all or a portion of such claims, shall procure (except to the extent previously procured) and shall maintain, so long as any of the Bonds are Outstanding, vehicular public liability insurance in reasonable amounts, but in no event less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, against claims for bodily injury and death, or either, and in no event less than \$10,000 for one accident, against claims for damage to property of others, suffered, or alleged to have been suffered, by others, arising from the District's operations of any vehicle.

(iv) In addition to the above-designated fire and extended coverage insurance, public liability insurance and vehicular liability insurance, the District shall, at all times, also maintain, by self insurance or with responsible insurers, workers' compensation insurance and all other such insurance, if any, as is customarily maintained with respect to facilities of like character against loss or damage to the System and against loss of System Revenues. The costs of all insurance, including the maintenance of reserves for self insurance and the costs of paying self insured claims, shall be considered as Current Expenses. Upon the occurrence of any loss or damage covered by any of the insurance policies of the District, the Board, on behalf of the District and in its name, will cause due proof of loss and will do all things necessary to cause the insurers to make payment in accordance with the terms of each such policy.

(h) ***Insurance During Construction.*** The District may require that each of its construction contractors and such contractor's subcontractors shall maintain, during the life of such contract, workers' compensation insurance and public liability and property damage insurance in amounts and on terms satisfactory to the District. The District may maintain, or may require that each of its construction contractors maintain, during

the life of such contractor's contract, builder's risk insurance in amounts and on terms satisfactory to the District.

(i) **Contract Security.** The District shall require that each construction contractor for the Project furnish a performance bond and payment bond in such amount as required by the District's internal policies and by law, as security for the faithful performance of each such contract.

(j) **Reconstruction.** If any useful part of the System or of any Facility thereof shall be damaged or destroyed, the District, acting by and through the Board, shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged or destroyed property so as to restore the same to use. The proceeds of any such insurance appertaining thereto shall be payable to the District and shall be applied by the Board to the necessary costs involved in such repair and replacement, and to the extent not so applied, shall be deposited in the Revenue Fund by the Board, on behalf of the District, as System Revenues.

(k) **Alienation of System Prohibited.** On and after this date, neither all, nor a substantial part, of the System shall be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of until all the Bonds herein authorized have been paid in full, both as to principal and interest, unless provision has been made therefor, or until the Bonds herein authorized have otherwise been redeemed, including, but not necessarily limited to, the termination of the pledge herein authorized; and the District shall not dispose of its title to all, nor a substantial part of the System, including any Facility necessary to the operation and use of the System and the lands and interest in lands comprising the site or sites of the System, except as provided in subsection (o) hereof.

(l) **Disposal of Unnecessary Property.** The District, acting by and through the Board, may, in accordance with the Act, sell, exchange, lease or otherwise dispose of, at any time and from time to time, any property or Facilities constituting a part of the System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the System, or which shall have been replaced by other property of at least equal value.

(m) **Service Charges.** The District covenants that it will (except as limited by law) fix, establish and maintain rates or charges for gas, services or facilities supplied or furnished by the District, and shall revise the same from time to time, whenever necessary, as will in each Fiscal Year provide an amount sufficient to pay Current Expenses and to generate Net Revenues at least equal to the sum of the following amounts:

(i) 120% of the amount equal to the Average Principal and Interest Requirements on the Bonds, including any Parity Revenue Bonds, then Outstanding; and

(ii) 100% of the amount required to pay any other unpaid long-term obligations (excluding Current Expenses) and any other unpaid indebtedness of the District (including any amounts required to be accumulated and maintained as reserves therefor) that are payable from System Revenues, as the same shall become due.

No free gas, service or facilities shall be furnished by the District. The District shall forthwith take all steps necessary to enforce the prompt payment of all rates and charges. The Board will shut off or discontinue, or cause to be shut off or discontinued, service for delinquencies in the payment of such charges, and the Board will prescribe and enforce rules and regulations for the connection with and the disconnection from properties or the Facilities of the District.

(n) **Competent Management.** The District, acting by and through the Board, shall employ experienced and competent management personnel for the System, including a President to be superintendent of all the



Facilities and improvements of the System, who shall have full control over the Facilities comprising the System and shall operate the System for the District, subject to the reasonable control of the Board. It shall establish, fix and, from time to time, modify such reasonable fees and charges, as will be sufficient to make the payments required by this Resolution; and the Board shall have the power to establish, fix and, from time to time, modify such reasonable fees and charges for all Facilities under its jurisdiction (except as herein otherwise expressly provided). The President shall enforce the collection of all such fees and charges, and shall, in all things, so operate the System as to comply fully with all of the requirements and provisions of this Resolution.

(o) **Budget.** The Board and its officials shall annually, and at such other times as may be provided by State law, prepare and adopt a budget appertaining to the District.

(p) **Records.** So long as any of the Series 2022 Bonds remain Outstanding, proper books of record and account will be kept by the District, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System and to the System Revenues. Such books shall include (but not necessarily be limited to) records showing: (i) the number of customers by class; (ii) the revenues received from rates and charges by class of customers; and (iii) a detailed statement of the Current Expenses.

(q) **Audit Required.** At least once a year in the time and manner provided by the Act, the District will cause an audit to be performed of the records relating to the revenues and expenditures of the System.

**Section 28. Parity Revenue Bonds.** Parity Revenue Bonds may be issued under the Act or any other statute authorizing the issuance of such bonds or obligations which are solely from System Revenues and have a lien on System Revenues on a parity with the Series 2018 Bonds and the Series 2022 Bonds if all of the following conditions are satisfied:

(a) (i) The Net Revenues of the System for each of the two Fiscal Years for which audited financial statements are available immediately preceding the issuance of the additional Parity Revenue Bonds must have been not less than 1.20 times the Average Principal and Interest Requirements for any succeeding Fiscal Year on all Bonds then Outstanding payable from the System Revenues and the Parity Revenue Bonds so proposed to be issued; provided however, if new rates and charges have been established during the Fiscal Years for which audited financial statements are available immediately preceding the issuance of the additional Parity Revenue Bonds, the Net Revenues of the System may be adjusted by applying the new rates to the connections being served during such period as if such rates had been in effect for the entire Fiscal Year or Fiscal Years, or

(ii) The District shall have obtained a certificate of a Consultant which concludes that the Net Revenues of the System for the Fiscal Year immediately following the Fiscal Year in which the improvements to the System, the cost of which is being financed in whole or in part by such Parity Revenue Bonds, are to be in commercial operation, shall be at least 1.20 times the Average Principal and Interest Requirements for any succeeding Fiscal Year on all Bonds then Outstanding payable from the System Revenues and the Parity Revenue Bonds so proposed to be issued; In determining such Net Revenues, the Consultant may adjust such Net Revenues by adding thereto any increase in rates and charges for the System which, in the opinion of the Consultant, are economically feasible and reasonably considered necessary based on projected operations of the System;

(b) The payments required to be made into the various funds and accounts provided in **Sections 16** through **18**, inclusive, of this Resolution must be current;

- (c) The District shall not have defaulted in making any payments required by **Sections 16 through 18**, inclusive, of this Resolution during the 24 months immediately preceding the issuance of any such additional Parity Revenue Bonds;
- (d) The additional Parity Revenue Bonds shall bear interest payable on the dates, and shall mature on the date or dates, designated by resolution of the Board, during the term of said Parity Revenue Bonds; and
- (e) The proceedings for issuance of such additional Parity Revenue Bonds shall provide for the application of the proceeds from the sale thereof.

The District may also issue Parity Revenue Bonds to refund Bonds; provided that the Average Principal and Interest Requirements are not increased by the issuance thereof.

Nothing herein contained shall be construed so as to permit the District to issue additional bonds or other additional obligations or to incur other additional indebtedness payable from System Revenues and having a lien thereon prior and superior to the Series 2022 Bonds or additional Parity Revenue Bonds herein authorized to be issued.

**Section 29. Limitations Upon Issuance of Subordinate Bonds.** Nothing in this Resolution contained shall be construed in such a manner as to prevent the issuance by the District of Subordinate Bonds or Subordinate Obligations (other than Current Expenses) or the incurrence by the District of additional indebtedness (other than Current Expenses) payable from System Revenues and constituting a lien on System Revenues subordinate, inferior and junior to (but not on a parity with nor prior or superior to) the lien of the Series 2022 Bonds herein authorized. The proceeds of the Subordinate Bonds or Subordinate Obligations, exclusive of costs of issuance, shall be used only for purposes from time to time authorized by law.

**Section 30. Bondholder's Remedies.** Each registered owner of any Series 2022 Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted at law or in equity. Nothing in this Resolution contained shall affect or impair the right of any registered owner of any Series 2022 Bond issued hereunder to enforce the payment of the principal of and the interest on his Series 2022 Bond or the obligation of the District to pay the principal of and the interest on each Series 2022 Bond issued hereunder to the registered owner thereof at the time and place expressed in the Series 2022 Bond.

**Section 31. Events of Default.** Each of the following events is hereby declared an “**Event of Default**”:

- (a) **Nonpayment of Principal.** Payment of the principal of any of the Series 2022 Bonds herein authorized to be issued shall not be made when the same shall become due and payable, either at maturity or by proceedings for prior redemption, or otherwise.
- (b) **Nonpayment of Interest.** Payment of any installment of interest shall not be made when the same becomes due and payable.
- (c) **Failure To Perform.** The District shall, for any reason, be rendered incapable of fulfilling its obligations hereunder.
- (d) **Nonperformance of Duties.** The District shall have failed to carry out and to perform (or, in good faith, to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it hereunder or under any contract relating to the System Revenues or to the System, or otherwise, and

such failure shall continue for 30 days after receipt of notice from the registered owners of 25% in principal amount of the Bonds then Outstanding.

(e) **Appointment of a Receiver.** Any order or decree shall be entered by a court of competent jurisdiction with the consent or acquiescence of the District, appointing a receiver or receivers for the System or for the System Revenues, or if an order or decree has been entered without the consent or acquiescence of the District, shall not be vacated, discharged or stayed on appeal within 60 days after entry.

(f) **Default of Any Provision.** The District shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution, on its part to be performed, and if such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the District by the registered owners of 25% in principal amount of the Bonds then Outstanding.

**Section 32. Remedies for Default.** Upon the happening and continuance of any Event of Default, as provided in **Section 31** of this Resolution, then, and in every case, the registered owner or registered owners of not less than 25% in principal amount of the Bonds then Outstanding, including, but not limited to, a trustee or trustees therefor, may proceed against the District, to protect and to enforce the rights of any registered owner of Bonds under this Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as, such registered owner or registered owners may deem most effectual to protect and to enforce the rights aforesaid, thereby to enjoin any act or things which may be unlawful or in violation of any right of any registered owner of any Bond, to require the Board to act as if it were the trustee of an expressed trust, or to proceed with any combination of remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all registered owners of the Bonds then Outstanding. Any receiver appointed in any proceedings to protect the rights of such registered owners hereunder, the consent to any such appointment being hereby expressly granted by the District, may enter and may take possession of the System, operate and maintain the same, prescribe rates and charges and collect, receive and apply all System Revenues arising after the appointment of such receiver, in the same manner as the District itself.

**Section 33. Rights and Privileges Cumulative.** The failure of any such registered owner so to proceed shall not relieve the District of any liability for failure to perform any duty. Each right or privilege of any such registered owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any registered owner shall not be deemed a waiver of any other right or privilege thereof.

**Section 34. Duties Upon Default.** Upon the happening of any of the Events of Default, as provided in **Section 31** of this Resolution, the District, in addition, will do and will perform all proper acts, on behalf of and for the registered owners of Bonds, to protect and to preserve the security created for the payment of the Bonds and to insure the payment of the principal of and the interest on the Bonds promptly, as the same become due.

**Section 35. Supplemental Resolutions Not Requiring Consent of Bondholders.** The District may, without consent of or notice to any of the registered owners of the Series 2022 Bonds enter into a resolution or resolutions supplemental to this Resolution for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Resolution;

- (b) To grant to or to confer upon registered owners of the Series 2022 Bonds, for the benefit of the registered owners of the Series 2022 Bonds, any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the registered owners of the Series 2022 Bonds;
- (c) To provide for the issuance of additional Parity Revenue Bonds pursuant to the provisions of **Section 28** of this Resolution;
- (d) To evidence the appointment of a Co-Paying Agent or Co-Registrar or the succession of a new Paying Agent or a new Registrar hereunder; or
- (e) In connection with any other change which, in the opinion of Bond Counsel, is not to the prejudice of the registered owners of the Series 2022 Bonds.

**Section 36. Modifications or Amendments to Resolution Requiring Consent of Bondholders.** Exclusive of supplemental resolutions permitted by **Section 35** of this Resolution, any modification or amendment of the provisions of this Resolution or of any resolution amendatory thereof and of the rights and the obligations of the District and of the registered owners of the Series 2022 Bonds, in any particular, may be made by resolution of the District, as hereinafter specified, without receipt by the District of any additional consideration, but with the written consent of the registered owners of at least 51% in principal amount of the Series 2022 Bonds Outstanding at the time of the adoption of such amendatory resolution (not including, in any case, any Series 2022 Bonds which may then be owned for the account of the District), at time such consent is given; provided, however, that no such modification or amendment shall have the effect of permitting:

- (a) ***Changing Payment of Principal.*** A change in the maturity or in the terms of redemption of the principal of any Outstanding Series 2022 Bond or the date of payment of any installment of interest thereon; or
- (b) ***Reducing Return.*** A reduction in the principal amount of any Series 2022 Bond or the rate of interest thereon without the consent of the registered owner of the Series 2022 Bond; or
- (c) ***Prior Lien.*** The creation of a lien on or a pledge of System Revenues ranking prior to the lien or to the pledge created by this Resolution; or
- (d) ***Modifying Any Series 2022 Bond.*** A reduction of the principal amount or percentages or other effect on the description of the Series 2022 Bonds, the consent of the registered owner of which is required for any such modification or amendment; or
- (e) ***Priorities Between Bonds.*** The establishment of priorities as between Bonds Outstanding under the provisions of this Resolution; or
- (f) ***Partial Modification.*** The modification of or other effect on the rights of the registered owners of less than all of the Series 2022 Bonds then Outstanding.

**Section 37. Consent of the Bondholders.**

- (a) ***Adoption.*** The District may, at any time, adopt a resolution making a modification or an amendment permitted by the provisions of **Section 36** of this Resolution, except as hereinafter provided.
- (b) ***Notice of Amendment.*** Whenever the District shall propose to amend or to modify this Resolution under the provisions of this Section, it shall cause a copy of the proposed amendment to be certified by the

Secretary and to be delivered to and to be held by the Paying Agent and the Registrar, respectively, and another copy to be filed in the office of the Secretary for the inspection of any registered owner of any Series 2022 Bond. A notice of the proposed amendment, together with a request to registered owners of Series 2022 Bonds for their consent thereto, in form satisfactory to the Secretary, and with a statement that a copy of the proposed amendatory resolution is on file with the Paying Agent and the Registrar (or any named successor of either or of both) and also on file in the office of the Secretary for public inspection, shall be given by the Secretary, in the name of the District, by mail addressed to each registered owner of any Series 2022 Bond, but failure to mail such copy and request shall not affect the validity of the amendatory resolution, when consented to as in this Section provided.

(c) ***Effective Date.*** Such amendatory resolution shall not be effective unless and until there shall have been filed with the Secretary, within one year from the date of mailing of said notice:

(i) the written consents of registered owners of the percentages of Outstanding Bonds specified in **Section 36** of this Resolution; and

(ii) an opinion of nationally recognized bond counsel, or other Counsel's Opinion, stating that such amendatory resolution has been duly and lawfully adopted by the District, in accordance with the provisions of this Resolution, is authorized or is permitted by this Resolution, is valid and binding upon the District, and is enforceable in accordance with its terms.

(d) ***Proof of Consent.*** Each such consent shall be effective only if accompanied by proof of ownership, at the date of such consent, of the Series 2022 Bonds with respect to which such consent is given, which proof shall be established by the registration books maintained by the Registrar for the Series 2022 Bonds. A certificate or certificates by the Secretary, filed in the office of the Secretary, that he has examined such proof and that such proof is sufficient under the provisions of this **subsection (d)**, shall be conclusive that the consents have been given by the registered owners of the Series 2022 Bonds described in such certificate or certificates of the Secretary.

(e) ***Consent Binding.*** Any such consent shall be binding upon the registered owner of the Series 2022 Bonds giving such consent and upon any subsequent registered owner of such Series 2022 Bonds and of any Series 2022 Bonds issued in exchange therefor (whether or not such subsequent registered owner thereof has notice thereof).

(f) ***Adoption of Resolution.*** Thereupon, the Board may adopt the resolution, and it shall be deemed conclusively binding upon the District, the Paying Agent, the Registrar and upon the registered owners of all Bonds upon its effective date and after the filing with the Secretary of the proof of its final passage.

**Section 38. Modifications by Unanimous Action.** Notwithstanding anything contained in the foregoing provisions of this Resolution to the contrary, the terms and provisions of this Resolution or of any resolution amendatory thereof and the rights and obligations of the District and of the registered owners of the Series 2022 Bonds may be modified or amended in any respect upon the adoption by the District and upon the filing with the Secretary of a resolution to that effect and with the consent of the registered owners of all the Series 2022 Bonds then Outstanding, such consent to be given as provided in **Section 37** of this Resolution, except that no notice to the registered owners of Series 2022 Bonds by mailing shall be required.

**Section 39. Exclusion of Bonds Owned by District.** Bonds owned by or for the account of the District shall not be deemed Outstanding and shall be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided for in **Section 37** of this Resolution, and the District shall not be entitled, with respect to such Series 2022 Bonds, to give any consent or to take any other action provided for in this Resolution. At the time of any consent or other action taken under this Resolution, the

District shall furnish the Secretary a certificate of the Treasurer, upon which the District may rely, describing all Bonds so to be excluded.

**Section 40. Successor Registrar or Paying Agent.** The Registrar or Paying Agent may resign at any time on 30 days' prior written notice to the District and the Bond Insurer. The District may reasonably determine that said Registrar or Paying Agent has been incapable of fulfilling its duties and may remove said Registrar or Paying Agent upon 30 days' prior written notice. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the District shall remove said Registrar or Paying Agent, the District may, upon notice mailed to each registered owner of Series 2022 Bonds at the address last shown on the registration books, appoint a successor Registrar or Paying Agent, or both. Every such successor Registrar or Paying Agent shall be a commercial bank with trust powers located in and in good standing in the United States of America and having a shareholder's equity (e.g., capital stock, surplus and undivided profits), however denominated, of not less than \$50,000,000. It shall not be required that the same institution serve as both Registrar and Paying Agent hereunder, but the District shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder.

**Section 41. Official Statement; Other Documentation.** The Board hereby directs and authorizes the preparation, publication, distribution and use of a Preliminary Official Statement in connection with the offering of the Series 2022 Bonds in such form as may be approved by a District Officer substantially in the form presented herewith. The District hereby deems the information contained in the Preliminary Official Statement to be "**final**" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1) under the Exchange Act of 1934, as amended, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and identity of the underwriter. The Board further authorizes and directs the preparation of, and authorizes and directs the execution and delivery by each District Officer of, an Official Statement for use in connection with the sale of the Series 2022 Bonds. The Board hereby authorizes and directs any District Officer to approve a form of Paying Agent Agreement and to finalize, execute and deliver the same (whose signature thereon shall constitute conclusive evidence of such approval). The Chairperson of the Board, the Secretary and all other appropriate District Officers and employees are also hereby authorized and directed to execute all documents and certificates necessary or desirable to effectuate the issuance or administration of the Series 2022 Bonds, the investment of proceeds of the Series 2022 Bonds and the transactions contemplated hereby.

**Section 42. Federal Tax Law Covenants; Tax Compliance Certificate.** (a) In consideration of the purchase and acceptance of the Series 2022 Bonds by the registered owners thereof from time to time, and in consideration of retaining the exemption from federal income taxes of the interest income on the Series 2022 Bonds, the District covenants and agrees, and the appropriate officials of the District are hereby directed, to take all action required, or to refrain from taking any action prohibited, by the Internal Revenue Code of 1986, as amended (the "**Code**"), including, without limitation (i) to meet the arbitrage rebate provisions of the Code (Section 148(f) of the Code), (ii) to make the required information filing pursuant to the Code (Section 149(e) of the Code), and (iii) to do all other things necessary to preserve the tax-exempt status of the interest income on the Series 2022 Bonds.

(b) The Board hereby authorizes and directs any District Officer to approve a form of Tax Compliance Certificate, and to finalize, execute and deliver the same (whose signature thereon shall constitute conclusive evidence of such approval).

(c) Each District Officers is hereby authorized and directed to execute and deliver an Internal Revenue Service Form 8038-G with respect to the Series 2022 Bonds.

**Section 43. Arbitrage Covenant.** At no time or times shall any of the proceeds of the Series 2022 Bonds or other moneys of the District be used directly or indirectly in any manner which would cause any Series 2022 Bond to be an “**arbitrage bond**” within the meaning of Section 148(a) of the Code.

**Section 44. Contract With Bondholders.** After any of the Series 2022 Bonds have been issued, this Resolution shall constitute a contract between the District and the registered owner or registered owners of the Series 2022 Bonds and shall be and remain irrevocable and unalterable until the Series 2022 Bonds and the interest thereon shall have been fully paid, satisfied and discharged.

**Section 45. Continuing Disclosure Undertaking.** The Board hereby approves the form of Continuing Disclosure Undertaking substantially in the form attached to the Preliminary Official Statement, and directs a District Officer to finalize and execute the same, but with such changes as the District Officer, in his or her sole discretion, shall approve (whose signature thereon shall constitute conclusive evidence of such approval).

**Section 46. Parties Interested Herein.** Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Underwriter, the Registrar, the Paying Agent and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Resolution, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Underwriter, the Registrar, the Paying Agent and the registered owners of the Bonds.

**Section 47. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when personally delivered, sent by facsimile (with a copy sent simultaneously by regular United States mail) or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the District:	The Metropolitan Utilities District of Omaha 7350 World Communications Drive Omaha, NE 68122-4041 Attention: President
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If to the Paying Agent:	BOKF, National Association 1248 O Street, Suite 764 Lincoln, NE 68508
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The District and Paying Agent may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 48. Electronic Transactions.** All documents, agreements, certificates, and instruments related to the Series 2022 Bonds shall be valid, binding, and enforceable against the Board when executed and delivered by means of (i) an original manual signature; (ii) a faxed, scanned, or photocopied manual signature, or (iii) any other electronic signature permitted by electronic signatures laws, including any relevant provisions of the Uniform Commercial Code, in each case to the extent applicable. Each faxed, scanned, or photocopied manual signature, or other electronic signature, shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each document, agreement, certificate, and instrument related to the Series 2022 Bonds may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same document, agreement, certificate, or instrument, as applicable.

**Section 49. Severability.** If any section, paragraph, clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

**Section 50. Repealer.** All acts and resolutions in conflict with this Resolution are hereby rescinded, annulled and repealed. This repealer shall not be construed to revive any act or resolution, or part thereof, heretofore repealed.

**Section 51. Effective Date.** This Resolution shall become effective and shall be in full force and effect upon its adoption.

[Signatures on Next Page]



ADOPTED AND APPROVED BY THE METROPOLITAN UTILITIES DISTRICT OF  
OMAHA, this 2nd day of February, 2022.

THE METROPOLITAN UTILITIES DISTRICT OF  
OMAHA

By \_\_\_\_\_  
Chairperson of the Board of Directors

Attest:

\_\_\_\_\_  
Secretary of the Board of Directors of  
the District

[Signature Page to Bond Resolution]

APPENDIX A

FORM OF SERIES 2022 BOND

[DTC LEGEND]

UNITED STATES OF AMERICA  
STATE OF NEBRASKA  
THE METROPOLITAN UTILITIES DISTRICT OF OMAHA  
GAS SYSTEM REVENUE BOND  
SERIES 2022

No. R- \_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Maturity Date	Dated	CUSIP
____% per annum	_____, ____	_____, 2022	_____

REGISTERED OWNER: CEDE & CO.  
Tax I.D. No. 13-2555119

PRINCIPAL AMOUNT: DOLLARS

THE METROPOLITAN UTILITIES DISTRICT OF OMAHA (the “**District**”), a public service corporation created and existing under and by virtue of the laws of the State of Nebraska (the “**State**”), acknowledges itself indebted to, and for value received hereby promises to pay, solely from the revenues of the District pledged therefore as hereinafter provided, to the Registered Owner specified above, on the Maturity Date specified above (unless called for earlier redemption), interest thereon payable on \_\_\_\_\_ and \_\_\_\_\_ in each year, commencing on \_\_\_\_\_, 20\_\_\_\_, at the Interest Rate per annum specified above, until the Principal Amount specified above is paid or payment has been provided therefor. This Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the date of this Bond. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal corporate trust office of the District’s registrar and paying agent (the “**Registrar**” or the “**Paying Agent**”), presently BOKF, National Association, Lincoln, Nebraska, as successor in interest to First National Bank of Omaha, Omaha, Nebraska. Interest on this Bond will be paid on each interest payment date or, if such interest payment date is not a business day, on the next succeeding business day, by check or draft mailed to the person in whose name this Bond is registered (the “**registered owner**”) on the registration books of the District maintained by the Registrar and at the address appearing thereon at the close of business on the \_\_\_\_ day (whether or not a business day) preceding such interest payment date (the “**Record Date**”). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof at the close of business on the Record Date and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (defined in the resolution of the Board adopted on \_\_\_\_\_, 2022 authorizing this Bond (together with the Designation dated as of \_\_\_\_\_, 2022, the “**Bond Resolution**”) for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds of the series of which this is one (the “**Bonds**”) not less than 10 days prior thereto. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Paying Agent or the Registrar.

This Bond, including interest thereon, is payable solely from the Net Revenues (as hereinafter defined) to be derived from the operation of the District’s Gas System (the System”), and is one of a duly authorized issue of bonds of the District designated “The Metropolitan Utilities District of Omaha, Gas System Revenue Bonds, Series 2022” (the “**Series 2022 Bonds**”) in the aggregate principal amount of \$\_\_\_\_\_, issued under authority of and pursuant to Section 14-2142, Reissue Revised Statutes of Nebraska, 2012, as amended (the “**Act**”), and under and pursuant to the Bond Resolution, and said Bond does not constitute a debt of the District within the meaning of any constitutional or statutory limitations of the State. Pursuant to the Act, this Bond has been issued by the District. The Bonds are payable as to principal thereof or redemption price and interest thereon, solely from Net Revenues (defined in the Bond Resolution to mean System Revenues, as defined in the Bond Resolution, after deducting Current Expenses, as defined in the Bond Resolution) of the System, and will have a first, but not exclusive, lien on such Net Revenues. Copies of the Bond Resolution are on file at the office of the District and at the principal corporate trust office of the Paying Agent, or its successor, and reference to the Bond Resolution and any and all supplements thereto, and modifications and amendments thereof, and to the Act, is made for a description of the pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder.

This Bond has been initially delivered in book-entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York, acting as securities depository (the “**Securities Depository**”) of this Bond. Registration and transfer of this Bond shall be subject to the provisions of the DTC Letter of Representation so long as DTC is acting as the Securities Depository.

As provided in the Bond Resolution, bonds of the District may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and otherwise may vary, as provided in the Bond Resolution. The aggregate principal amount of bonds which may be issued under the Resolution is not limited, except as provided in the Bond Resolution, and all bonds issued and to be issued under the Bond Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Bond Resolution.

The Series 2022 Bonds maturing on and before \_\_\_\_\_, 20\_\_ are not subject to redemption prior to their respective maturity dates. The Series 2022 Bonds maturing on and after \_\_\_\_\_, 20\_\_ are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as the District shall determine and by lot within a maturity, on \_\_\_\_\_, 20\_\_\_\_, and on any date thereafter, at a redemption price equal to 100% of the principal amount of the Series 2022 Bonds, plus accrued interest to the redemption date.

The Series 2022 Bonds maturing on \_\_\_\_\_, 20\_\_ are subject to mandatory sinking fund redemption by lot on \_\_\_\_\_ of the years and in the principal amounts specified below, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date:

<b>Years</b>	<b>Principal Amount</b>
20__	\$
20__ (maturity)	

At its option, to be exercised on or before the 45th day next preceding each sinking fund redemption date, the District may (i) purchase and cancel any Series 2022 Bonds with the same maturity date as the

Series 2022 Bonds subject to such sinking fund redemption and (ii) receive a credit in respect of its sinking fund redemption obligation for any Series 2022 Bonds with the same maturity date as the Series 2022 Bonds subject to such sinking fund redemption which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against any sinking fund redemption obligation. Each Series 2022 Bond so purchased and cancelled or previously redeemed shall be credited at the principal amount thereof to the obligation of the District on such sinking fund redemption date, and the principal amount of Series 2022 Bonds to be redeemed by operation of such sinking fund on such date shall be accordingly reduced.

Notice of any redemption of Series 2022 Bonds shall be given by the Paying Agent by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date, to the Owner of each Series 2022 Bond being redeemed. Such notice shall specify the number or numbers of the Series 2022 Bonds so to be redeemed (if redemption shall be in part) and the redemption date. If any Series 2022 Bond shall have been duly called for redemption and if, on or before the redemption date, there shall have been deposited with the Paying Agent in accordance with this Resolution funds sufficient to pay the redemption price of such Series 2022 Bond on the redemption date, then such Series 2022 Bond shall become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Failure to deliver any redemption notice or any defect in any redemption notice shall not affect the validity of the proceeding for the redemption of Series 2022 Bonds with respect to which such failure or defect did not occur. Any Series 2022 Bond redeemed prior to its maturity by prior redemption or otherwise shall not be reissued and shall be cancelled.

The Series 2022 Bonds are fully registered (i.e., registered as to payment of both principal and interest), and are issuable in denominations of \$5,000 or any integral multiple thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date and no individual Bond may be issued for more than one maturity). Upon surrender of any of such Bonds to the Registrar, with a written instrument satisfactory to the Registrar, duly executed by the registered owner or by his duly authorized attorney, such Bond may, at the option of the registered owner or his duly authorized attorney, be exchanged for an equal aggregate principal amount of such Bonds of the same maturity of other authorized denominations, upon payment of the charges and subject to such terms and conditions as set forth in the Bond Resolution.

The Registrar will not be required to transfer or to exchange (a) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (b) any Bond after the mailing of notice calling such Bond or any portion thereof for prior redemption.

To the extent and in the manner permitted by the terms of the Bond Resolution, or any resolution amendatory thereof, the Bond Resolution may be modified or amended by the District with the written consent of the registered owners of at least 51% in principal amount of the Bonds then outstanding, with certain exceptions as provided therein. No such modification or amendment shall permit a change in the maturity or in the terms of redemption of the principal of any outstanding Bond or any installment of interest thereon, or a reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the registered owner of the Bond, or the creation of a lien on or a pledge of revenues ranking prior to the lien or to the pledge created by the Bond Resolution, or a reduction of the principal amount or percentages or otherwise affecting the description of the Bonds, the consent of the registered owners of which is required for any such modification or amendment, or the establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Resolution, or the modification of, or other effect on, the rights of the registered owners of less than all of the Bonds then outstanding.

This Bond is fully transferable by the registered owner hereof, in person or by his duly authorized attorney, shown on the registration books kept by the Registrar, upon surrender of this Bond, together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer, a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, upon payment of the charges and subject to such terms and conditions as set forth in the Bond Resolution. The District, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of making payment and for all other purposes.

This Bond is issued by the District for the purposes of defraying the costs of (i) the Project (as defined in the Bond Resolution), and (ii) paying certain costs associated with the issuance of the Bonds, all under the authority of and in full conformity with the Constitution and laws of the State, including, in particular, the Act, and pursuant to the Bond Resolution duly adopted by the District prior to the issuance of this Bond. This Bond and the interest thereon shall not be deemed to constitute a debt, liability or obligation of the District, or the State or any political subdivision thereof, within the meaning of any constitutional or statutory limitations, or a pledge of the faith and credit of the District, or the State or any political subdivision thereof, but shall be payable solely from the revenues pledged therefor, and the District is not obligated to pay this Bond or the interest thereon, except from the revenues and proceeds pledged therefor, and neither the faith and credit nor the taxing power of the District, or the State or any political subdivision thereof, is pledged to the payment of the principal of or the interest on this Bond.

The Bond Resolution provides that neither the members, directors or officers of the District, nor any person executing this Bond, shall be liable personally for this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

It is hereby certified and recited that all conditions, acts and things required by the constitution or statutes of the State or by the Bond Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed and that the issue of Bonds of which this Bond is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by said constitution or statutes.

THE BOND RESOLUTION CONSTITUTES THE CONTRACT BETWEEN THE REGISTERED OWNER OF THIS BOND AND THE DISTRICT. THIS BOND IS ONLY EVIDENCE OF SUCH CONTRACT AND, AS SUCH, IS SUBJECT IN ALL RESPECTS TO THE TERMS OF THE BOND RESOLUTION, WHICH SUPERSEDES ANY INCONSISTENT STATEMENT IN THIS BOND.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN TESTIMONY WHEREOF, said Board of Directors of The Metropolitan Utilities District of Omaha has caused this Bond to be signed and executed on behalf of the District by the manual or facsimile signature of its Chairperson of the Board of Directors and to be subscribed and attested with the manual or facsimile signature of its Secretary, as of the date specified above.

THE METROPOLITAN UTILITIES DISTRICT OF  
OMAHA

Attest:

By \_\_\_\_\_  
Chairperson of the Board of Directors

By \_\_\_\_\_  
Secretary of the Board of  
Directors

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within-mentioned Bond Resolution, and this Bond has been duly registered on the registration books kept by the undersigned as Registrar for such Bonds.

BOKF, NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Authorized Signatory

Date of Authentication: \_\_\_\_\_, 2022

[Form of Assignment]

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

---

Print or Type Name, Address and Social Security Number  
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ agent to transfer the within Bond on the Bond Register kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular.

Medallion Signature Guarantee:

[End of Form of Assignment]

**METROPOLITAN UTILITIES DISTRICT**  
*Inter-Departmental Communication*

January 25, 2022

**Subject:** 2021 RETIREMENT PLAN AND OPEB INVESTMENT REVIEW

**To:** Insurance and Pensions Committee

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

**From:** Joseph J. Schaffart, Senior Vice President, Chief Financial Officer

Attached please find a report from Vanguard Institutional Advisory Services (VIAS) that presents 2021 investment performance for the Retirement and Other Post-Employment Benefits (OPEB) trust funds. Investment returns for the twelve-month period ending December 31, 2021 were 13.70% and 14.99% for the Retirement and OPEB plans respectively (net of fees). As a point of reference, the investment return assumption for the Retirement trust was recently lowered to 6.75%, as delineated in the Investment Policy Statement that governs its investment practices. The Investment Policy Statement for the OPEB trust does not specify a return assumption, but rather addresses the return goal as follows: "The Fund's long-term total return objective (income plus market appreciations) is to earn the highest possible rate of return consistent with the Plan's tolerance for risk."

This item will be on the February 2, 2022 Board Committee Meeting agenda for discussion and review purposes only. Joseph Wolfram, Senior Investment Consultant with Vanguard Investment Advisory Services, will provide a brief presentation to the Board regarding investment performance and will be available to answer any questions. This information was also presented at the January 24, 2022 meeting of the Insurance and Pension Committee meeting.



Joseph J. Schaffart  
Senior Vice President, Chief Financial Officer

Approved:



Mark E. Doyle  
President

Attachment



# Metropolitan Utilities District

Joseph Wolfram, CFA, Senior Investment Consultant  
Vanguard Institutional Advisory Services

February 2, 2022

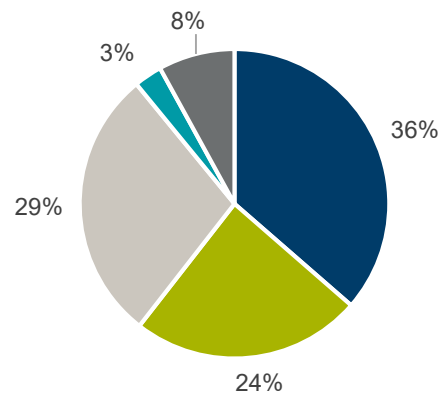
Advice services offered through Vanguard Institutional Advisory Services® are provided by Vanguard Advisers, Inc., a registered investment advisor.

For institutional use only. Not for distribution to retail investors.

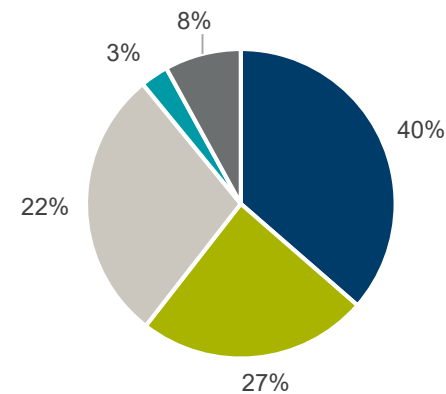
# Total portfolio snapshot as of December 31, 2021

	Q1 2021 (%)	Q2 2021 (%)	Q3 2021 (%)	Q4 2021 (%)	1 Year (%)	Since Inception Pension (Feb 2009)	Since Inception OPEB (March 2016)
Pension Plan Portfolio	2.90	5.94	(0.63)	4.97	13.70	9.95	
OPEB Plan Portfolio	3.50	6.26	(0.74)	5.33	14.99		11.36
Domestic Equity	6.43	8.29	(0.06)	9.16	25.74	14.56	17.72
International Equity	3.96	5.53	(2.99)	2.11	8.67	7.04	9.48
Domestic Fixed Income	(3.25)	2.16	0.10	(0.26)	(1.32)	3.13	3.18
International Fixed Income	(2.32)	0.27	0.06	(0.23)	(2.22)	3.25	2.89
Real Estate fund	8.69	11.67	0.67	14.91	40.41	9.56	10.12

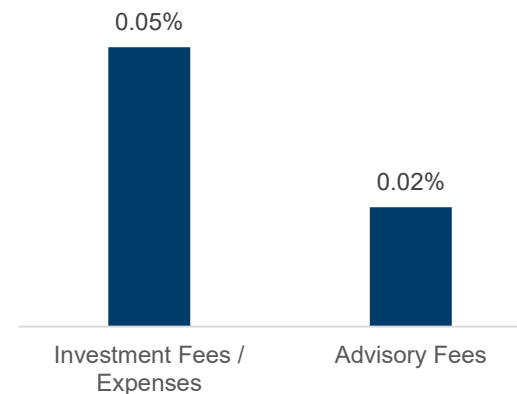
Pension policy allocation



OPEB policy allocation



Total Advisory Fees



- US Equity
- US Fixed Income
- Real Estate
- Non-US Equity
- Non-US Fixed Income

Source: Vanguard. Portfolio return performance is displayed net of advisory fees and expense ratios. Asset class performance is shown net of expense ratios. Past performance is not a guarantee of future results. Returns greater than one year represent annualized returns. Returns less than one year represent cumulative returns.

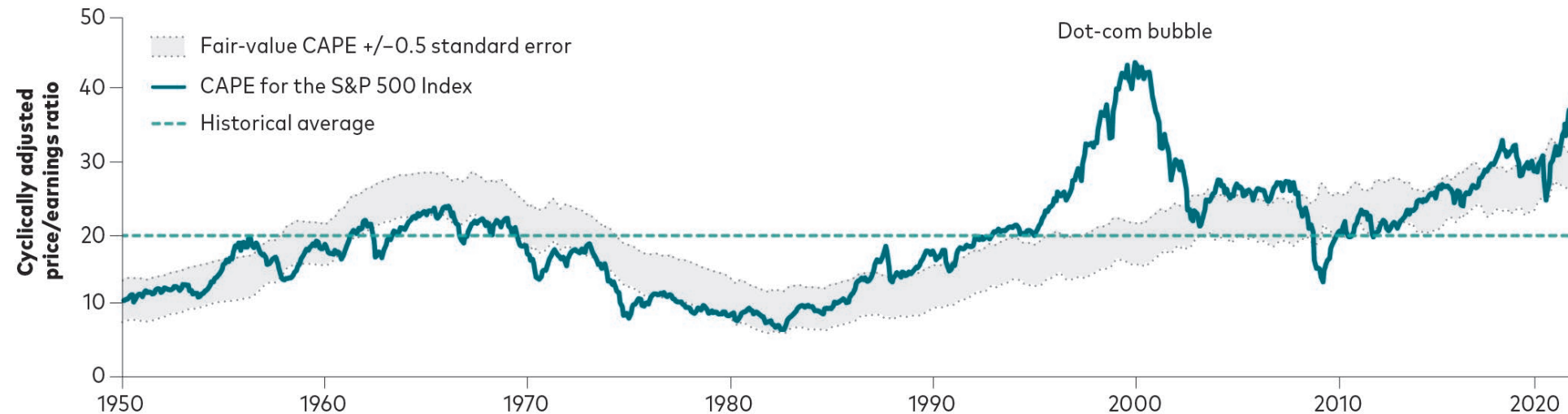
# Global scenarios

	Baseline	Downside risk	Upside surprise
<b>Immunity gap</b>	Continued progress on herd immunity in major economies by end of 2021.	Stalled progress on herd immunity by end of 2021.	Continued progress on herd immunity in major economies by end of 2021, emerging markets through 2022.
<b>Consumer/business reluctance gap</b>	Social and business activity normalize by early 2022.	Social and business activity hampered through 2022.	Social and business activity surpass pre-pandemic levels by early 2022.
<b>COVID-19</b>	New mutations and vaccine distribution issues subside, closing the immunity gap by early 2022.	New mutations and vaccine distribution issues persist, prolonging immunity gap well into 2022.	New mutations subside and distribution efficiencies emerge.
<b>Labor market</b>	Unemployment rate falling through year-end 2022.	High and sustained unemployment results in permanent labor market scarring.	Unemployment rate falling just above NAIRU rates by end of 2022.
<b>Inflation</b>	Inflation moves back toward target from above.	Inflation overshoots and maintains upward trajectory through 2022.	Inflation falls below target toward year-end 2022.
<b>Policy</b>	Central bank policies meet mandates despite unease. Additional fiscal support not necessary.	Central banks are behind the curve, and additional fiscal support would prove inflationary.	Central bank policies meet mandates as supply expands to meet rising demand. Additional fiscal support not necessary.
<b>Growth</b>	Global growth averages 4.6% for 2022.	Global growth averages close to 3.4% for 2022.	Global growth averages close to 5.5% for 2022.
<b>Demand versus supply</b>	Demand > Supply Demand and supply <b>both increase</b>	Demand > Supply Demand and supply <b>both decrease</b>	Demand = Supply Demand and supply <b>both increase</b>
<b>Probability</b>	<b>60%</b>	<b>30%</b>	<b>10%</b>

Notes: Historical global GDP data is taken from Bloomberg Economics estimates. Global growth estimates are derived from Vanguard forecasts, where growth numbers for the regions we forecast (the U.S., U.K., euro area, China, Australia, Japan, and Canada) are combined with IMF forecasts for Sub-Saharan Africa, Latin America, and the Middle East and Central Asia. Pre-virus trend is the average quarterly growth rate from 2013 to 2019. NAIRU refers to the nonaccelerating inflation rate of unemployment.

Sources: Vanguard model estimates, based on data from Reuters, Bloomberg, Bloomberg Economics, Macrobond, and the International Monetary Fund.

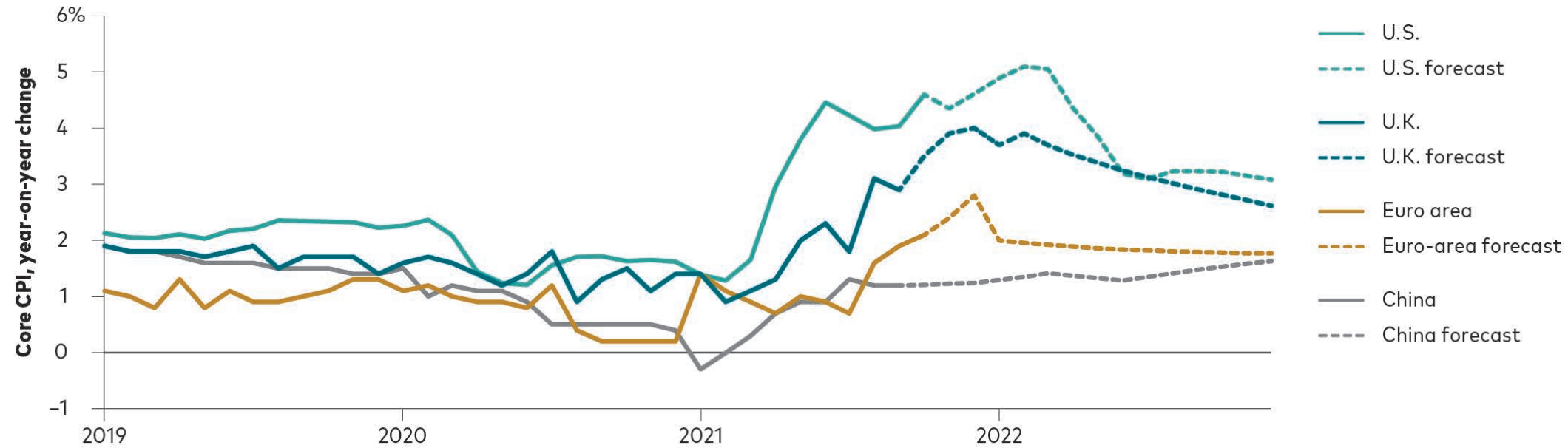
# U.S. equities have not been this overvalued since the dot-com bubble



Notes: The U.S. fair-value CAPE is based on a statistical model that corrects CAPE measures for the level of inflation and interest rates. The statistical model specification is a three-variable vector error correction, including equity-earnings yields, 10-year trailing inflation, and 10-year U.S. Treasury yields estimated over the period January 1940 to September 2021. Details were published in the 2017 Vanguard research paper *Global Macro Matters: As U.S. Stock Prices Rise, the Risk-Return Trade-Off Gets Tricky* (Davis, 2017). A declining fair-value CAPE suggests that higher equity risk premium (ERP) compensation is required, while a rising fair-value CAPE suggests that the ERP is compressing.

Sources: Vanguard calculations, based on data from Robert Shiller's website, at [aida.wss.yale.edu/~shiller/data.htm](http://aida.wss.yale.edu/~shiller/data.htm), the U.S. Bureau of Labor Statistics, the Federal Reserve Board, Refinitiv, and Global Financial Data, as of September 30, 2021.

# How long will high inflation last?



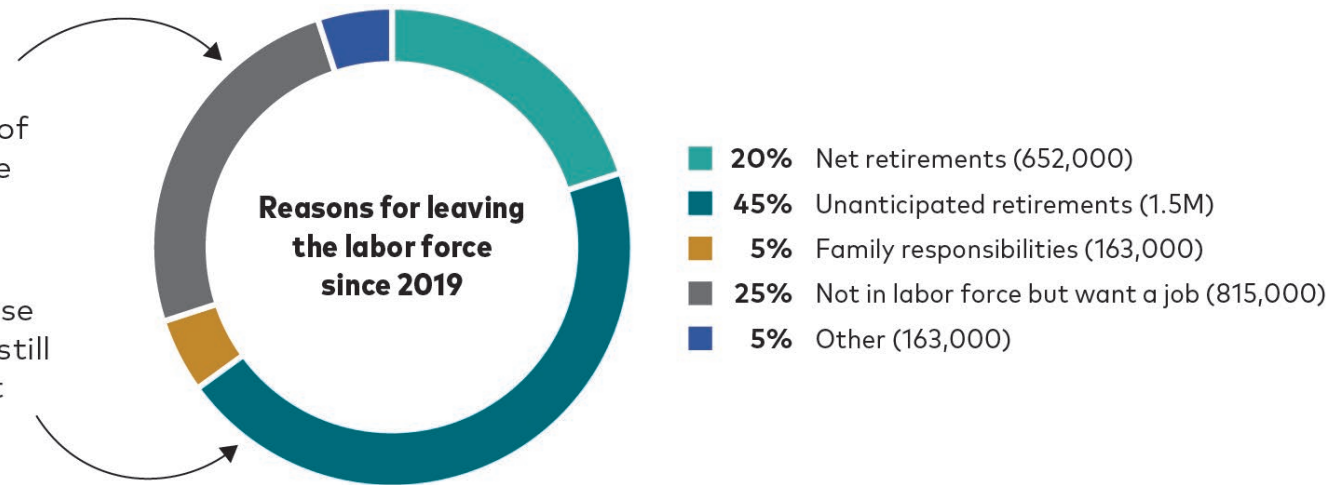
Note: Data and Vanguard forecasts are for year-on-year percentage changes in the core Consumer Price Index, which excludes volatile food and energy prices. Actual inflation is through September 2021 for the U.S., U.K., and China and through October 2021 for the euro area. Vanguard forecasts are presented thereafter.

Sources: Vanguard calculations, using data from Bloomberg and Refinitiv.

# The labor force is unlikely to recover to pre-COVID levels

A very tight labor market should entice the majority of these workers back into the labor force by mid-2022

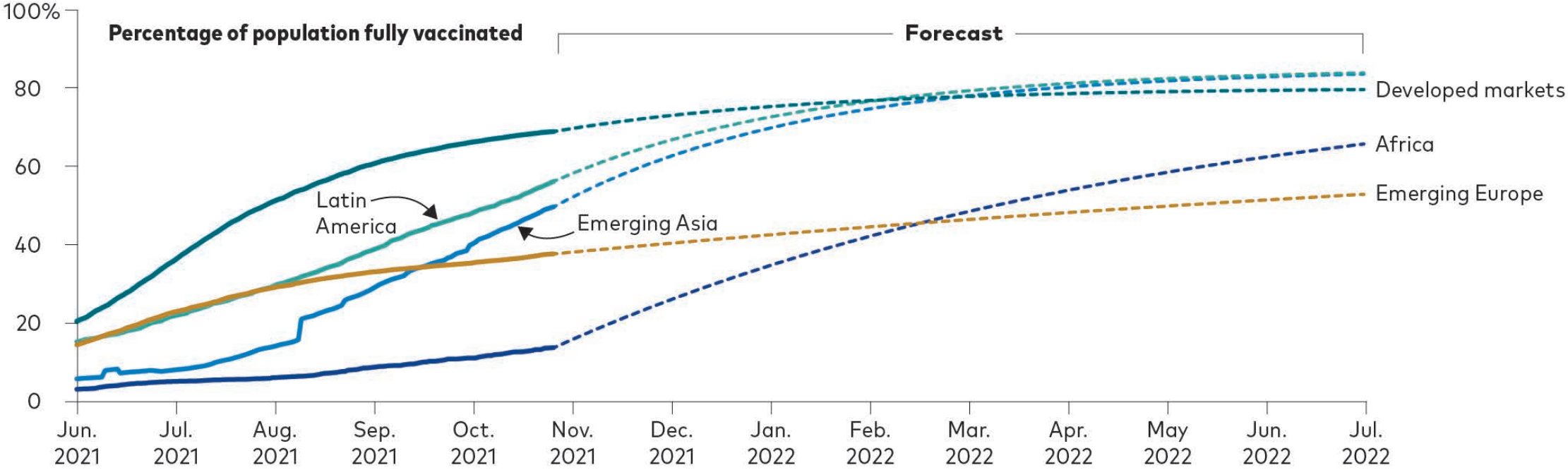
We expect that 75% of these unanticipated retirees will still be out of the labor force at year-end 2023



Notes: Percentages represent the contribution to the overall decline in labor force participation. Net retirements refers to expected retirements minus new labor market entrants. This is a normal labor market rotation that occurs as older workers retire and younger workers enter the labor force. This rotation will have a net negative effect on the labor force from 2020 to 2025 because retirements will exceed new labor market entrants. Unanticipated retirements are retirements in excess of what our demographic models predicted—workers who likely retired as a result of pandemic implications. Family responsibilities refers to those who are not working because they are caring for family. Other includes those who have left the labor force to continue their education or because of a disability. All figures represent the change from the fourth quarter of 2019 through the second quarter of 2021.

Sources: Vanguard calculations, based on data from the Federal Reserve Bank of Atlanta, as of June 30, 2021.

# Divergence in global vaccination rates



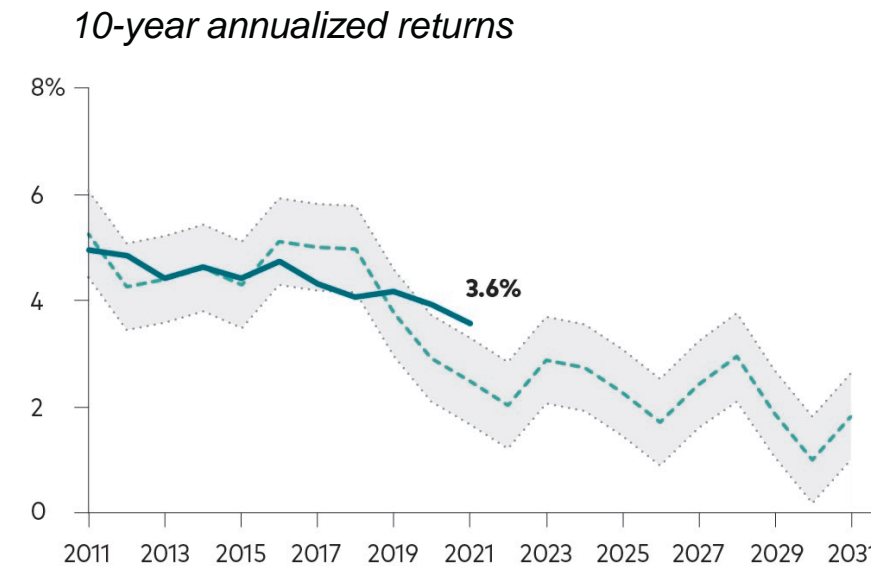
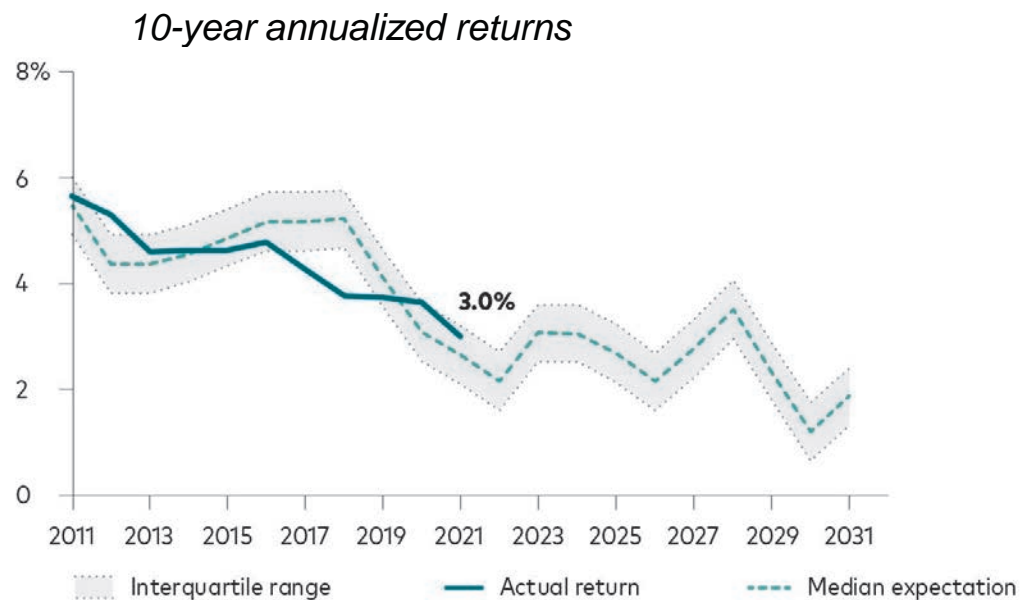
Notes: The forecast is based on an AR(1) process assuming a terminal coverage rate and decay factor by region. AR(1) refers to an auto-regressive process where a contemporary data point is correlated to its lagged value. Terminal coverage rate is the maximum vaccine coverage rate expected for a region based on Vanguard calculations. Decay factors for regions are a combination of factors such as proximity to terminal coverage rate and existing regional vaccination rates.

Sources: Vanguard calculations, based on data from Our World in Data, Oxford University, as of October 31, 2021.

# Falling interest rates pushed bond returns (and our forecast) lower

a. U.S. bond returns were largely in line with our expectations

b. Currency hedging helped offset negative rates impact



Notes: Figure a shows the actual 10-year annualized return of U.S. bonds compared with the VCMM forecast of 10 years earlier. Figure b shows the actual 10-year annualized return of U.S. dollar-hedged international bonds compared with the VCMM forecast of 10 years earlier. For example, the 2011 data point at the beginning of each chart shows the actual return for the 10-year period 2001–2011 (solid line) compared with the 10-year return forecast made in 2001 (dotted line). After 2021 the dotted line is extended to show how our forecasts made between 2012 and 2021 (ending between 2022 and 2031) are evolving. The interquartile range represents the area between the 25th and 75th percentile of the return distribution. See “Indexes for VCMM simulations” and “Indexes used in our historical calculations” for further details.

Source: Vanguard calculations, as of September 30, 2021.

**IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.**

**Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.**



# Vanguard December 2021 market and economic outlook at a glance

## Key takeaways:

- Vanguard expects the U.S. economic recovery to continue in 2022, though at a naturally slower pace.
- The Fed's tapering program sets the stage for what Vanguard believes will be a late 2022 interest rate hike.
- We foresee inflation persisting above 2% toward the end of 2022, but broad wage gains taking hold

## Asset-class return outlooks

The greatest change in our outlooks from the June 30 running of the Vanguard Capital Markets Model® (VCMM) was in emerging markets equities. Large price declines in the intervening months lowered valuations, which are reflected in a 10-year forecast range that is 60 basis points higher in the September 30 running. In fixed income, yields increased marginally in the third quarter, allowing for a marginal rise in forecasts for many fixed income sub-asset classes.

Our 10-year, annualized, nominal return projections, as of September 30, 2021, are shown below. Please note that the figures are based on a 1.0-point range around the rounded 50th percentile of the distribution of return outcomes for equities and a 0.5-point range around the rounded 50th percentile for fixed income.

Equities	Return projection	Median volatility
U.S. equities	2.3%–4.3%	16.7%
U.S. value	3.1%–5.1%	19.2%
U.S. growth	-0.9%–1.1%	17.5%
U.S. large-cap	2.2%–4.2%	16.3%
U.S. small-cap	2.2%–4.2%	22.5%
U.S. real estate investment trusts	1.9%–3.9%	19.1%
Global equities ex-U.S. (unhedged)	5.2%–7.2%	18.4%
Global ex-U.S. developed markets equities (unhedged)	5.3%–7.3%	16.4%
Emerging markets equities (unhedged)	4.2%–6.2%	26.8%

These probabilistic return assumptions depend on current market conditions and, as such, may change over time.

**IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.**

**Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class. Simulations are as of September 30, 2021. Results from the model may vary with each use and over time. For more information, see Important information page.**

Source: Vanguard Investment Strategy Group.

Fixed income	Return projection	Median volatility
U.S. aggregate bonds	1.4%–2.4%	4.6%
U.S. Treasury bonds	1.2%–2.2%	4.7%
U.S. credit bonds	1.6%–2.6%	4.7%
U.S. high-yield corporate bonds	2.2%–3.2%	10.4%
U.S. Treasury Inflation- Protected Securities	1.0%–2.0%	7.0%
U.S. cash	1.2%–2.2%	1.2%
Global bonds ex-U.S. (hedged)	1.3%–2.3%	3.8%
Emerging markets sovereign bonds	2.3%–3.3%	10.1%
U.S. Inflation	1.5%–2.5%	2.3%

# Vanguard December 2021 market and economic outlook at a glance



Region-by-region outlook

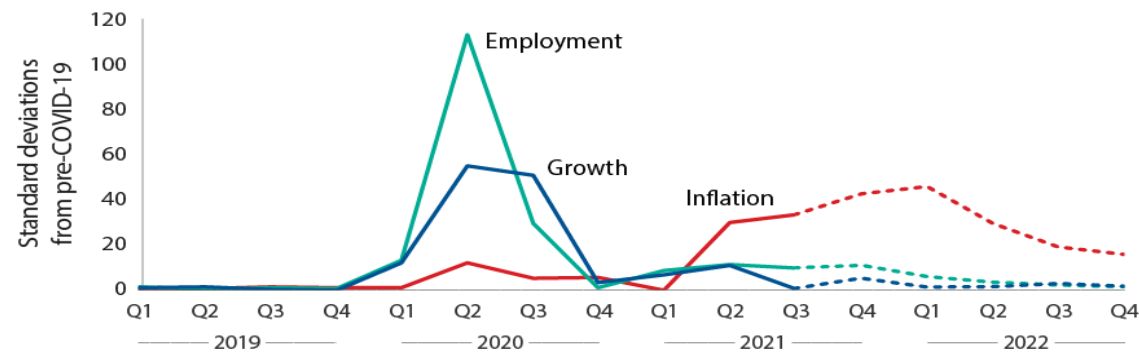
## The U.S. recovery continues but pace slackens

**United States.** Growth appears to have stabilized in the fourth quarter as COVID-19 cases have come down from their third-quarter peaks, and we continue to see fourth-quarter growth around 5.5%.

We expect economic recovery to continue in 2022, though at a naturally slower pace as the easiest gains will already have been captured. We foresee growth of around 4% for 2022. Conditions for continuing U.S. growth look favorable, even relative to pre-pandemic conditions.

Unlike the abrupt shutdown of the economy early in the pandemic, the reopening has been a more drawn-out process and, as such, the near term will continue to be excessively volatile, adding a high degree of uncertainty to the longer-run implications (see figure).

## The key drivers of U.S. inflation are sending mixed signals



Notes: The chart depicts the absolute difference in standard deviation of observed readings from the 2019 trend. Dotted lines represent Vanguard forecasted values.

Sources: Vanguard forecast and calculations, based on Refinitiv data. As of November 12, 2021.

**Euro area.** Vanguard expects the pace of growth to moderate, a natural slowing at this stage of economic recovery from the pandemic.

- COVID-19 continues to be a concern—new cases topped 50,000 in Germany for the first time on November 11—and high energy prices weigh on household finances.
- A rapid unwinding of supply bottlenecks that would boost manufacturing represents a risk to the upside, one especially pertinent to the euro area.
- Vanguard continues to see full-year 2021 euro area growth around 5% and 2022 growth around 4%.

**China.** We foresee growth in the fourth quarter of around 1% compared with the third quarter, below trend, and of around 5% for all of 2022, below market expectations for growth around 5.5%.

- We expect consumption recovery to remain muted, the property downturn to deepen, and infrastructure investment to accelerate only after the National People's Congress in March.
- We expect the government to target growth around 5.5% for 2022; as such, we anticipate that it will need to tolerate an undershoot of its target or to introduce further stimulus measures.

# Vanguard December 2021 market and economic outlook at a glance



Region-by-region  
outlook  
(continued)

**Emerging markets.** Positive health developments lead Vanguard to hold an above-consensus view on 2022 growth in emerging markets of around 5.5% in 2022.

- We anticipate that Latin America and emerging Asia, regions with high vaccine acceptance, will have vaccinated almost all eligible individuals who want to be vaccinated by the end of 2021.
- We expect the percentage of the vaccinated population to lag significantly behind in emerging Europe, where vaccine acceptance is low.
- We foresee vaccination rates in Africa, which have consistently lagged those of other regions, surpassing those in emerging Europe in the first half of 2022.



Setting the  
stage for later  
action

## The Fed begins its tapering program

The gradual removal of pandemic-era monetary policy accommodation in the United States has begun with the Federal Reserve's announcement on November 3 that it would start to scale back its bond-buying program.

- The Fed said it would reduce its purchases of Treasury securities by \$10 billion per month and of agency mortgage-backed securities by \$5 billion per month so that November purchases total \$70 billion and \$35 billion, respectively, with a similar monthly reduction in purchases thereafter.
- At such a pace, the Fed's asset-purchase program will have wound down by the middle of 2022. The Fed said it was prepared to adjust the pace of purchases—up or down—as the economic outlook warranted.
- The move sets the stage for what Vanguard believes will be a late 2022 interest rate hike. If inflation evolves as Vanguard forecasts, it likely has already met its lift-off test and the Fed will turn its attention to the labor market to gauge the appropriate time for a rate hike.

## What's next for U.S. government funding?

The threat of a U.S. government shutdown, a U.S. debt default, or both could arise in early December.

- To avoid a shutdown in December, an omnibus appropriations bill funding the discretionary portion of the budget for the remainder of the fiscal year or another continuing resolution would need to be signed.
- Meanwhile, Congress passed and the president on October 14 signed legislation to raise the U.S. debt ceiling by \$480 billion, an amount expected to allow the government to pay its bills until at least December 3.
- The consequences of a U.S. debt default would be enormous—although Vanguard believes a U.S. debt default is unlikely.

# Vanguard December 2021 market and economic outlook at a glance



Wage gains  
will be key

## Inflation likely to stay above 2%

Vanguard's medium-term outlook for inflation in the United States hasn't materially changed despite a stronger-than-expected reading in October, although near-term inflation is likely to be pressured higher.

- Core Consumer Price Index (CPI), which excludes volatile food and energy prices, reached 0.6% in October and 4.6% year-on-year. Strong readings over recent months have increased the possibility that supply constraints, labor shortages, and the effects of the economy's reopening will take further time to normalize.
- We foresee inflation persisting above 2% toward the end of 2022. A risk that inflation persists at or above 3% by year-end 2022 would depend on broad wage gains taking hold.
- Vanguard sees the likelihood of strong wage gains in certain pandemic-affected sectors such as leisure and hospitality, but we see the risk of such strong gains across all industries as low.



Labor force  
participation  
lags

## Unemployment continues falling

With inflation likely to have already met the Federal Reserve's criterion for an interest rate hike, we expect labor market developments to command attention in the coming months.

- The unemployment rate fell from 4.8% to 4.6% in October, but we don't expect the Fed to rely solely on that indicator in determining when to raise interest rates.
- Vanguard expects the unemployment rate to continue to fall, to just above 3% by the end of 2022, with labor-force participation peaking perhaps a full percentage point below its pre-pandemic level.

# Additional slides

# Market leadership changes

- Emerging markets equities appears at both the top and bottom multiple times, illustrating the relatively high volatility of single asset classes
- The balanced composite generally falls near the middle, demonstrating the volatility dampening effect of high-grade fixed income and the consistency resulting from holding a broadly diversified portfolio
- U.S. stock returns exceeded non-U.S. stock returns by a significant amount over the past ten years, yet it's important to remember that recent outperformance by a sub-asset class or market segment does not imply future outperformance

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10-Year Average
Emg	18.1	Sml	REIT	Grw	Sml	Emg	IB	Grw	Grw	REIT	Grw
		38.8	30.4	5.1	21.3	31.1	3.2	35.8	38.3	43.1	19.4
REIT	17.8	Grw	Lrg	REIT	Val	Grw	T-Bill	Lrg	Lrg	Cmd	Lrg
		34.2	13.2	2.5	18.4	29.6	1.9	31.4	21.0	27.1	16.5
Val	17.5	Lrg	Val	IB	HY	Dev	Bnd	Val	Sml	Lrg	Sml
		33.1	12.7	1.4	17.1	26.3	0.0	26.3	20.0	26.5	13.2
Dev	17.4	Val	Grw	Lrg	Lrg	Lrg	HY	REIT	Emg	Grw	Val
		32.7	12.4	0.9	12.1	21.7	-2.1	25.8	15.5	25.8	12.9
Lrg	16.4	Dev	IB	Bnd	Cmd	Bal	Grw	Sml	Bal	Val	REIT
		20.5	8.8	0.5	11.4	16.5	-2.1	25.5	13.4	25.4	11.3
Sml	16.4	Bal	Bal	T-Bill	Emg	Sml	REIT	Dev	Dev	Sml	Bal
		16.8	6.4	0.0	10.3	14.6	-4.6	22.3	10.0	14.8	9.7
HY	15.8	HY	Bnd	Bal	REIT	Val	Lrg	Bal	Bnd	Bal	Dev
		7.4	6.0	-0.6	8.6	13.2	-4.8	20.7	7.5	12.0	8.3
Grw	15.2	HF	Sml	Dev	Grw	HY	Bal	Emg	HY	Dev	HY
		6.7	4.9	-1.8	7.4	7.5	-5.5	20.4	7.1	11.6	6.8
Bal	12.7	REIT	Emg	HF	Bal	HF	HF	HY	HF	HY	Emg
		2.5	2.6	-3.6	7.3	6.0	-6.7	14.3	6.8	5.3	5.8
IB	6.5	IB	HY	Val	IB	REIT	Val	Bnd	IB	HF	IB
		1.2	2.5	-4.1	4.9	5.1	-8.6	8.7	3.9	3.7	3.8
Bnd	4.2	T-Bill	T-Bill	Sml	Dev	Bnd	Sml	HF	Val	Emg	Bnd
		0.1	0.0	-4.4	3.1	3.5	-11.0	8.6	2.9	1.5	2.9
HF	3.5	Bnd	HF	HY	Bnd	IB	Cmd	IB	T-Bill	T-Bill	HF
		-2.0	-0.6	-4.5	2.6	2.5	-13.0	7.6	0.6	0.0	2.6
T-Bill	0.1	Emg	Dev	Emg	HF	T-Bill	Emg	Cmd	Cmd	IB	T-Bill
		-3.2	-4.4	-13.5	2.5	0.8	-14.8	5.4	-3.5	-1.4	0.6
Cmd	-1.1	Cmd	Cmd	Cmd	T-Bill	Cmd	Dev	T-Bill	REIT	Bnd	Cmd
		-9.6	-17.0	-24.7	0.3	0.7	-14.8	2.3	-7.6	-1.5	-3.4

Val	Value oriented U.S. based stocks (Russell 3000 Value Index)
Grw	Growth oriented U.S. based stocks (Russell 3000 Growth Index)
Lrg	Large U.S. based stocks (Russell 1000 Index)
Sml	Small U.S. based stocks (Russell 2000 Index)
Dev	International stocks from developed countries (FTSE Developed All Cap ex US Index)
Emg	International stocks from emerging countries (FTSE Emerging ACap CN A Includ Idx)
Bnd	Investment-grade U.S. bonds (Bloomberg US Aggregate Bond Index)
HY	High-yield U.S. bonds (Bloomberg US Corp High Yield Index)
IB	Investment-grade international bonds (Bloomberg GA ex-USD Index Hedged)
T-Bill	Short-term Treasury rates (Citigroup 3-Month US T-Bill Index)
REIT	U.S. public equity real estate (REIT) (MSCI US REIT Index)
Cmd	Commodities (Bloomberg Commodity Index)
HF	Hedge funds (HFRX Global Hedge Fund Index*)
Bal	Balanced Static Composite (39% U.S. stocks**, 26% Int'l stocks†, 24.5% Invest-grade U.S. bonds††, 10.5% Invest-grade Int'l bonds††)

**Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.**

Source: Vanguard. Last observation: December 31, 2021; 10-year average performance from December 31, 2011 through December 31, 2021.

\* Source: Hedge Fund Research, Inc.

\*\* U.S. stocks: MSCI US Broad Market Index.

† International Stocks: FTSE Global All Cap ex-US Index.

†† Bonds: Bloomberg US Aggregate Bond Index and Bloomberg Global Aggregate ex-USD Index Hedged.

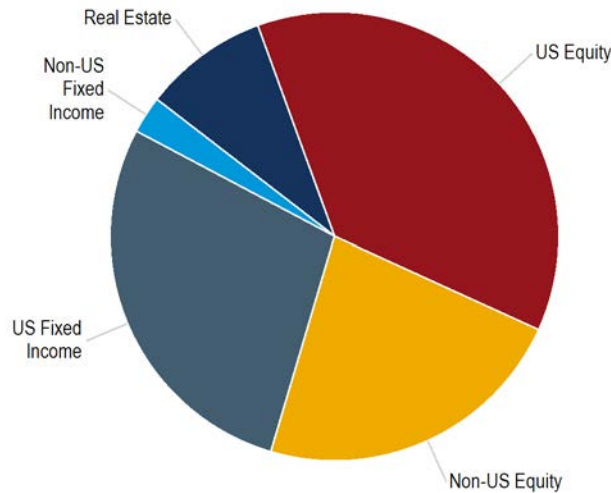
## Total Portfolio Performance & Asset Allocation

Performance Summary ending December 31, 2021

	Market Value (\$)	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>METROPOLITAN UTILITIES DISTRICT OF OMAHA</b>	<b>575,100,515</b>	<b>3.11</b>	<b>4.98</b>	<b>13.73</b>	<b>16.15</b>	<b>11.31</b>	<b>9.99</b>	<b>9.97</b>	<b>Feb-09</b>
<b>METROPOLITAN UTILITIES DISTRICT OF OMAHA (Net)</b>		<b>3.11</b>	<b>4.97</b>	<b>13.70</b>	<b>16.12</b>	<b>11.27</b>	<b>9.97</b>	<b>9.95</b>	
Composite Benchmark		3.08	4.91	13.41	15.82	11.12	9.66	10.99	Feb-09

- Composite Benchmark = 36% Spliced Total Stock Market Index / 24% FTSE All-World ex-US Index / 29% Spliced Bloomberg Barclays US Aggregate Float Adjusted Index / 3% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged / 8% Real Estate Spliced Index

Current Allocation as of December 31, 2021



	Current \$	Current %	Policy	Difference*
US Equity	\$214,972,141	37.4%	36.0%	1.4%
Non-US Equity	\$131,030,611	22.8%	24.0%	-1.2%
US Fixed Income	\$162,113,746	28.2%	29.0%	-0.8%
Non-US Fixed Income	\$15,505,357	2.7%	3.0%	-0.3%
Real Estate	\$51,478,660	9.0%	8.0%	1.0%
<b>Total</b>	<b>\$575,100,515</b>	<b>100.0%</b>	<b>100.0%</b>	

\*Difference between Policy and Current Allocation

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any other security-level expenses.

Net of Fee returns reflect the deduction of fund expense ratios, any purchase or redemption fees, and VIAS advisory fee applied to the client portfolio.

## Performance Summary (Gross of Advisory Fees) ending December 31, 2021

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>METROPOLITAN UTILITIES DISTRICT OF OMAHA</b>	<b>575,100,515</b>	<b>100.00</b>	<b>3.11</b>	<b>4.98</b>	<b>13.73</b>	<b>16.15</b>	<b>11.31</b>	<b>9.99</b>	<b>9.97</b>	<b>Feb-09</b>
Composite Benchmark			3.08	4.91	13.41	15.82	11.12	9.66	10.99	Feb-09
<b>Total Equity</b>	<b>346,002,752</b>	<b>60.16</b>	<b>3.91</b>	<b>6.41</b>	<b>18.82</b>	<b>20.91</b>	<b>14.82</b>	<b>--</b>	<b>11.70</b>	<b>Dec-14</b>
<b>Equity Domestic</b>	<b>214,972,141</b>	<b>37.38</b>	<b>3.82</b>	<b>9.16</b>	<b>25.74</b>	<b>25.79</b>	<b>18.01</b>	<b>--</b>	<b>14.56</b>	<b>Dec-14</b>
Spliced Total Stock Market Index			3.82	9.16	25.72	25.79	18.00	16.31	14.55	Dec-14
Vanguard® Total Stock Market Index Fund Instl Shares Plus	214,972,141	37.38	3.82	9.16	25.74	25.79	18.01	16.26	14.96	Apr-15
CRSP US Total Market TR USD			3.82	9.16	25.72	25.79	18.00	16.29	14.95	Apr-15
Multi-Cap Core Funds Average			4.23	8.34	23.89	22.57	15.09	13.72	11.98	Apr-15
<b>Equity International</b>	<b>131,030,611</b>	<b>22.78</b>	<b>4.05</b>	<b>2.11</b>	<b>8.67</b>	<b>13.71</b>	<b>9.93</b>	<b>--</b>	<b>7.04</b>	<b>Dec-14</b>
Spliced Total International Stock Index			4.27	1.76	8.83	13.82	9.92	7.73	7.02	Dec-14
Vanguard® Total International Stock Index Institutional Plus Shares	131,030,611	22.78	4.05	2.12	8.68	13.71	9.94	7.72	10.27	Apr-19
Spliced Total International Stock Index			4.27	1.76	8.83	13.82	9.92	7.73	10.48	Apr-19
International Funds Average			4.14	2.25	9.54	14.75	10.07	7.90	11.07	Apr-19
<b>Total Fixed Income</b>	<b>177,619,103</b>	<b>30.88</b>	<b>-0.15</b>	<b>-0.26</b>	<b>-1.40</b>	<b>4.91</b>	<b>3.61</b>	<b>--</b>	<b>3.14</b>	<b>Dec-14</b>
<b>Fixed Income Domestic</b>	<b>162,113,746</b>	<b>28.19</b>	<b>-0.09</b>	<b>-0.26</b>	<b>-1.32</b>	<b>5.07</b>	<b>3.66</b>	<b>--</b>	<b>3.13</b>	<b>Dec-14</b>
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.27	0.05	-1.58	4.91	3.64	2.94	3.05	Dec-14
Vanguard® Total Bond Market Index Fund Institutional Shares	83,807,384	14.57	-0.40	-0.08	-1.65	4.83	3.59	2.87	2.99	Dec-14
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.27	0.05	-1.58	4.91	3.64	2.94	3.05	Dec-14
Spliced Intermediate-Term Investment-Grade Debt Funds Average			-0.19	-0.18	-1.29	5.11	3.61	3.10	2.99	Dec-14
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	61,510,412	10.70	0.30	-0.40	-1.14	6.44	4.59	4.21	4.07	Dec-14
Bloomberg US Credit 5-10 Yr TR			0.21	-0.38	-1.57	7.07	4.99	4.69	4.40	Dec-14
Spliced Core Bond Funds Average			-0.19	-0.18	-1.29	5.11	3.61	3.10	2.99	Dec-14
Vanguard® Short-Term Investment-Grade Fund Institutional Shares	16,795,950	2.92	0.04	-0.68	-0.30	3.58	2.77	2.55	2.55	Dec-14
Bloomberg US Credit 1-5 Yr TR			0.02	-0.68	-0.55	3.69	2.90	2.68	2.59	Dec-14



## Performance Summary (Gross of Advisory Fees) ending December 31, 2021

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
1-5 Year Investment-Grade Debt Funds Average			0.00	-0.51	-0.14	2.85	2.23	1.87	1.93	Dec-14
<b>Fixed Income International</b>	<b>15,505,357</b>	<b>2.70</b>	<b>-0.77</b>	<b>-0.23</b>	<b>-2.22</b>	<b>3.33</b>	<b>3.09</b>	<b>--</b>	<b>3.25</b>	<b>Jul-15</b>
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.70	-0.12	-2.10	3.48	3.24	--	3.40	Jul-15
Vanguard® Total International Bond Index Fund Institutional Shares	15,505,357	2.70	-0.77	-0.20	-2.19	3.34	3.10	--	3.25	Jul-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.70	-0.12	-2.10	3.48	3.24	--	3.40	Jul-15
International Income Funds Average			0.12	-1.03	-5.23	2.23	2.56	1.46	2.17	Jul-15
<b>Total Real Estate</b>	<b>51,478,660</b>	<b>8.95</b>	<b>9.71</b>	<b>14.91</b>	<b>40.41</b>	<b>19.98</b>	<b>11.26</b>	<b>--</b>	<b>9.56</b>	<b>Dec-14</b>
<b>Real Estate Domestic</b>	<b>51,478,660</b>	<b>8.95</b>	<b>9.71</b>	<b>14.91</b>	<b>40.41</b>	<b>19.98</b>	<b>11.26</b>	<b>--</b>	<b>9.56</b>	<b>Dec-14</b>
Real Estate Spliced Index			9.73	14.94	40.56	20.07	11.35	11.61	9.65	Dec-14
Vanguard® Real Estate Index Fund Institutional Shares	51,478,660	8.95	9.71	14.91	40.41	19.98	11.26	11.52	9.56	Dec-14
Real Estate Spliced Index			9.73	14.94	40.56	20.07	11.35	11.61	9.65	Dec-14
Real Estate Funds Average			8.66	14.20	38.04	18.91	10.77	10.76	8.94	Dec-14

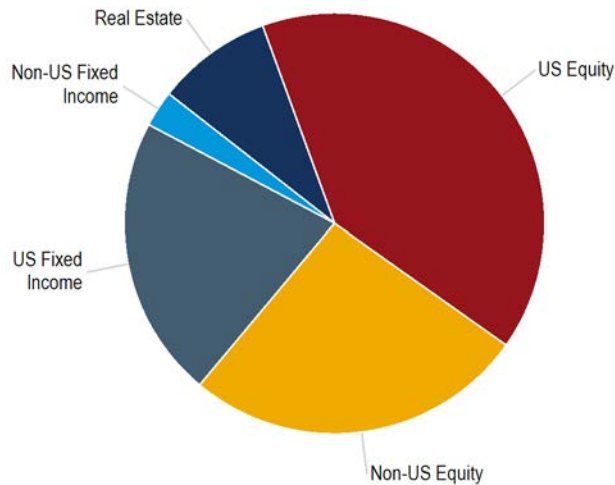
## Total Portfolio Performance & Asset Allocation

Performance Summary ending December 31, 2021

	Market Value (\$)	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>METROPOLITAN UTILITIES DISTRICT OF OMAHA - OPEB</b>	<b>79,685,419</b>	<b>3.37</b>	<b>5.34</b>	<b>15.02</b>	<b>16.83</b>	<b>11.79</b>	--	<b>11.39</b>	<b>Mar-16</b>
<b>METROPOLITAN UTILITIES DISTRICT OF OMAHA - OPEB (Net)</b>		<b>3.37</b>	<b>5.33</b>	<b>14.99</b>	<b>16.80</b>	<b>11.76</b>	--	<b>11.36</b>	
Composite Benchmark		3.38	5.33	14.84	16.89	11.86	--	11.43	Mar-16

- Composite Benchmark = 40% Spliced Total Stock Market Index / 27% FTSE All-World ex-US Index / 22% Spliced Bloomberg Barclays US Aggregate Float Adjusted Index / 3% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged / 8% Real Estate Spliced Index

Current Allocation as of December 31, 2021



	Current \$	Current %	Policy	Difference*
US Equity	\$32,155,835	40.4%	40.0%	0.4%
Non-US Equity	\$20,922,882	26.3%	27.0%	-0.7%
US Fixed Income	\$17,272,683	21.7%	22.0%	-0.3%
Non-US Fixed Income	\$2,212,819	2.8%	3.0%	-0.2%
Real Estate	\$7,121,199	8.9%	8.0%	0.9%
<b>Total</b>	<b>\$79,685,419</b>	<b>100.0%</b>	<b>100.0%</b>	

\*Difference between Policy and Current Allocation

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any other security-level expenses.

Net of Fee returns reflect the deduction of fund expense ratios, any purchase or redemption fees, and VIAS advisory fee applied to the client portfolio.

## Performance Summary (Gross of Advisory Fees) ending December 31, 2021

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>METROPOLITAN UTILITIES DISTRICT OF OMAHA - OPEB</b>	<b>79,685,419</b>	<b>100.00</b>	<b>3.37</b>	<b>5.34</b>	<b>15.02</b>	<b>16.83</b>	<b>11.79</b>	--	<b>11.39</b>	<b>Mar-16</b>
Composite Benchmark			3.38	5.33	14.84	16.89	11.86	--	11.43	Mar-16
<b>Total Equity</b>	<b>53,078,717</b>	<b>66.61</b>	<b>3.91</b>	<b>6.29</b>	<b>18.66</b>	<b>20.84</b>	<b>14.77</b>	--	<b>14.47</b>	<b>Mar-16</b>
<b>Equity Domestic</b>	<b>32,155,835</b>	<b>40.35</b>	<b>3.82</b>	<b>9.16</b>	<b>25.74</b>	<b>25.79</b>	<b>18.01</b>	--	<b>17.72</b>	<b>Mar-16</b>
Spliced Total Stock Market Index			3.82	9.16	25.72	25.79	18.00	16.31	17.71	Mar-16
Vanguard® Total Stock Market Index Fund Instl Shares Plus	32,155,835	40.35	3.82	9.16	25.74	25.79	18.01	16.26	17.72	Mar-16
CRSP US Total Market TR USD			3.82	9.16	25.72	25.79	18.00	16.29	17.71	Mar-16
Multi-Cap Core Funds Average			4.23	8.34	23.89	22.57	15.09	13.72	14.84	Mar-16
<b>Equity International</b>	<b>20,922,882</b>	<b>26.26</b>	<b>4.05</b>	<b>2.11</b>	<b>8.67</b>	<b>13.71</b>	<b>9.93</b>	--	<b>9.48</b>	<b>Mar-16</b>
Spliced Total International Stock Index			4.27	1.76	8.83	13.82	9.92	7.73	9.50	Mar-16
Vanguard® Total International Stock Index Institutional Plus Shares	20,922,882	26.26	4.05	2.12	8.68	13.71	9.94	7.72	10.27	Apr-19
Spliced Total International Stock Index			4.27	1.76	8.83	13.82	9.92	7.73	10.48	Apr-19
International Funds Average			4.14	2.25	9.54	14.75	10.07	7.90	11.07	Apr-19
<b>Total Fixed Income</b>	<b>19,485,502</b>	<b>24.45</b>	<b>-0.15</b>	<b>-0.26</b>	<b>-1.42</b>	<b>4.85</b>	<b>3.57</b>	--	<b>3.15</b>	<b>Mar-16</b>
<b>Fixed Income Domestic</b>	<b>17,272,683</b>	<b>21.68</b>	<b>-0.07</b>	<b>-0.26</b>	<b>-1.32</b>	<b>5.05</b>	<b>3.62</b>	--	<b>3.18</b>	<b>Mar-16</b>
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.27	0.05	-1.58	4.91	3.64	2.94	3.09	Mar-16
Vanguard® Total Bond Market Index Fund Institutional Shares	8,626,777	10.83	-0.40	-0.08	-1.65	4.83	3.59	2.87	3.03	Mar-16
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.27	0.05	-1.58	4.91	3.64	2.94	3.09	Mar-16
Spliced Intermediate-Term Investment-Grade Debt Funds Average			-0.19	-0.18	-1.29	5.11	3.61	3.10	3.20	Mar-16
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	7,071,245	8.87	0.30	-0.40	-1.14	6.44	4.59	4.21	4.04	Mar-16
Bloomberg US Credit 5-10 Yr TR			0.21	-0.38	-1.57	7.07	4.99	4.69	4.53	Mar-16
Spliced Core Bond Funds Average			-0.19	-0.18	-1.29	5.11	3.61	3.10	3.20	Mar-16
Vanguard® Short-Term Investment-Grade Fund Institutional Shares	1,574,662	1.98	0.04	-0.68	-0.30	3.58	2.77	2.55	2.59	Mar-16
Bloomberg US Credit 1-5 Yr TR			0.02	-0.68	-0.55	3.69	2.90	2.68	2.66	Mar-16

## Performance Summary (Gross of Advisory Fees) ending December 31, 2021

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
1-5 Year Investment-Grade Debt Funds Average			0.00	-0.51	-0.14	2.85	2.23	1.87	2.12	Mar-16
<b>Fixed Income International</b>	<b>2,212,819</b>	<b>2.78</b>	<b>-0.77</b>	<b>-0.23</b>	<b>-2.22</b>	<b>3.33</b>	<b>3.09</b>	<b>--</b>	<b>2.89</b>	<b>Mar-16</b>
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.70	-0.12	-2.10	3.48	3.24	--	3.06	Mar-16
Vanguard® Total International Bond Index Fund Institutional Shares	2,212,819	2.78	-0.77	-0.20	-2.19	3.34	3.10	--	2.90	Mar-16
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.70	-0.12	-2.10	3.48	3.24	--	3.06	Mar-16
International Income Funds Average			0.12	-1.03	-5.23	2.23	2.56	1.46	1.86	Mar-16
<b>Total Real Estate</b>	<b>7,121,199</b>	<b>8.94</b>	<b>9.71</b>	<b>14.91</b>	<b>40.41</b>	<b>19.98</b>	<b>11.26</b>	<b>--</b>	<b>10.12</b>	<b>Mar-16</b>
<b>Real Estate Domestic</b>	<b>7,121,199</b>	<b>8.94</b>	<b>9.71</b>	<b>14.91</b>	<b>40.41</b>	<b>19.98</b>	<b>11.26</b>	<b>--</b>	<b>10.12</b>	<b>Mar-16</b>
Real Estate Spliced Index			9.73	14.94	40.56	20.07	11.35	11.61	10.21	Mar-16
Vanguard® Real Estate Index Fund Institutional Shares	7,121,199	8.94	9.71	14.91	40.41	19.98	11.26	11.52	10.12	Mar-16
Real Estate Spliced Index			9.73	14.94	40.56	20.07	11.35	11.61	10.21	Mar-16
Real Estate Funds Average			8.66	14.20	38.04	18.91	10.77	10.76	9.74	Mar-16

# Important information

***For more information about any fund, visit [institutional.vanguard.com](https://institutional.vanguard.com) or call 866-499-8473 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.***

***Vanguard ETF® Shares are not redeemable with the issuing fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.***

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock, they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest.

Investments in Target Retirement Funds and Trusts are subject to the risks of their underlying funds. The year in the fund or trust name refers to the approximate year (the target date) when an investor in the fund or trust would retire and leave the workforce. The fund/trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. The Income Trust/Fund and Income and Growth Trust have fixed investment allocations and are designed for investors who are already retired. An investment in a Target Retirement Fund or Trust is not guaranteed at any time, including on or after the target date.

Vanguard is responsible only for selecting the underlying funds and periodically rebalancing the holdings of target-date investments. The asset allocations Vanguard has selected for the Target Retirement Funds are based on our investment experience and are geared to the average investor. Investors should regularly check the asset mix of the option they choose to ensure it is appropriate for their current situation.

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