

METROPOLITAN UTILITIES DISTRICT
Committee Meetings

8:15 a.m.

June 4, 2020

AGENDA

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

Construction and Operations – Friend, Frost, Cavanaugh

1. Capital Expenditures [Dave DeBoer, SVP & Chief Operations Officer] – **Tab 5**
2. Acceptance of Contracts and Payment of Final Estimates
[Dave DeBoer, SVP & Chief Operations Officer] – **Tab 6**
3. Bids on Materials and Contracts
[Jon Zellars – Vice-President, Procurement and Enterprise Services] – **Tab 7**

Services & Extensions – Friend, Begley, Howard

1. Main Extensions [Cory O'Brien, VP – Engineering & Construction] – **Tab 9**

Personnel – Begley, Frost, Friend

1. Wage and/or Salary Increases and Ratifications
[Bonnie Savine, VP – Human Resources] - **Tab 10**

Insurance and Pension – Howard, McGowan, Cook

1. Insurance Renewals [Mark Myers, VP- Accounting] – **Tab 11**

Judicial & Legislative – Cook, Cavanaugh, Howard

1. Settlement of Lawsuit [Mark Mendenhall, SVP & General Counsel] – **Tab 12**
2. Legislative Update [Rick Kubat, Governmental Relations Attorney] – **Tab 13**

(Turn over for regular Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT
Regular Meeting

9:00 a.m.

June 4, 2020

AGENDA

1. Roll Call
2. Open Meetings Act Notice
3. Pledge of Allegiance
4. Approval of Minutes – Committee Meetings & Regular Board Meeting for May 14, 2020
- CONSTRUCTION & OPERATIONS 5. Capital Expenditures
6. Acceptance of Contracts and Payment of Final Estimates
7. Bids on Materials and Contracts
8. Notice of Purchases Between \$25,000 and \$50,000
- SERVICES & EXTENSIONS 9. Main Extensions
- PERSONNEL 10. Wage and/or Salary Increases and Ratifications
- INSURANCE & PENSIONS 11. Insurance Renewals
- JUDICIAL & LEGISLATIVE 12. Settlement of Lawsuit
13. Legislative Update
- BOARD 14. Other Matters of District Business for Discussion
(a) Resolution Regarding George Floyd

Adjourn Regular Board Meeting

(Turn over for Committee Meetings agenda)

METROPOLITAN UTILITIES DISTRICT

Minutes of Committee Meetings

May 14, 2020

(rescheduled from original meeting date of May 7, 2020)

Introduction

Chairperson Gwen Howard called the Committee Meetings to order at 8:15 a.m. and announced that for the second time in its history, the M.U.D. Board of Directors would be conducting its meeting ‘virtually’ due to the health and safety threats and challenges presented by the COVID-19 virus pandemic. She reported that the Board of Directors and presenters would continue to carry out their duties and responsibilities as delegated by statute, but would do so remotely to comply with directives issued by federal, state and local officials, including avoidance of groups greater than 10 members and maintaining social distancing. In addition, public and media access to the meeting’s proceedings were available via telephone with audio and video connectivity located in the lobby of the District’s former headquarters at 1723 Harney Street. Agendas and copies of all pertinent documents related to the Committee Meetings and regular Board Meeting were available in the lobby to members of the public and the media. Additionally, in compliance with the Open Meetings Act, Board Member Jim Begley participated remotely from the Board Room at 1723 Harney Street. The audio/video recording of the meeting was uploaded to the District’s website after the conclusion of the meeting.

Senior Vice-President and General Counsel Mark Mendenhall noted that the steps taken by the District to allow for remote participation were consistent with the Governor’s Executive Order relaxing restrictions of the Open Meetings Act in response to the COVID-19 pandemic. He also reported that M.U.D. staff members were on hand at the 1723 Harney Street location to assist any members of the public and ensure that social distancing guidelines were respected.

Safety Briefing

Vice-President of Safety and Security Shane Hunter provided a modified safety briefing, reiterating the importance of following health and governmental officials’ directives to mitigate the risks posed by the COVID-19 virus pandemic.

Roll Call

On a roll call vote, the following Board Members acknowledged their attendance: Jim Begley, Tanya Cook, Dave Friend, Jack Frost, Mike McGowan, Gwen Howard, Tim Cavanaugh.

Open Meetings Act Notice

Compliance with the Open Meetings Act was previously addressed by Chairperson Howard and Mr. Mendenhall.

Construction and Operations – Friend, Frost, Cavanaugh

Senior Vice-President and Chief Operations Officer Dave DeBoer reviewed the proposed capital expenditures as outlined in his letter to the Committee dated April 27, 2020. Some discussion took place regarding the proposed ratification of the District's purchase of 24 travel trailers for \$289,000. The trailer purchases were undertaken as part of the District's precautionary measures to facilitate a 24/7 workforce lockdown at each of the three water treatment plants, thereby minimizing potential COVID-19 exposure and safeguarding the District's ability to provide safe, reliable drinking water. Further discussion addressed the possible reactivation of the trailers in the future.

Mr. DeBoer reviewed the acceptance of contracts and payment of final estimates as outlined in his letter to the Committee dated April 28, 2020.

Director of Purchasing Jon Zellars reviewed the bids on materials and contracts as outlined in his letter dated April 30, 2020.

Services and Extensions - Friend, Begley, Howard

Vice-President of Engineering and Construction Cory O'Brien reviewed the proposed main extensions as outlined in his letter to the Committee dated April 28, 2020.

Personnel - Begley, Frost Friend

Vice-President of Human Resources Bonnie Savine reviewed the proposed wage and/or salary increases and ratifications as outlined in her letter to the Committee dated April 30, 2020.

Ms. Savine reviewed her letter to the Committee dated May 1, 2020, outlining the proposed changes to Article VIII, Section 1 of the District's Retirement Plan Document to reflect the updated employee contribution rates previously approved by the Board.

Ms. Savine reviewed the recommended promotion of Director of Purchasing Jon Zellars to Vice-President, Procurement and Enterprise Services, due to added responsibilities involving supervision of the Meter Services Division and Facilities/Enterprise Management.

Chairperson Howard asked whether any Board Member had comments to share. Director McGowan inquired as to the impact of the pandemic on customer service calls. Vice-President of Customer Service and Information Technology Sue Lobsiger reported that call volumes have been low, but a spike is anticipated. Customer Service did initiate an outbound calling campaign to customers who may be experiencing financial difficulties to offer payment arrangement options.

Senior Vice-President and Chief Financial Officer Joseph Schaffart reported that the District is monitoring the situation very closely, and cited the forecast for a 15% unemployment rate which will most certainly erode the District's financial position when coupled with the District's pandemic-related policy to forego late fees and service disconnections for the present time. Mr. Schaffart outlined several areas to demonstrate how the District is preparing for what will likely be a substantial financial impact such as deferring capital expenditures and applying a high level of scrutiny to new hiring.

President Mark Doyle commented that the low customer call volume should not be considered an indicator that customers are not experiencing extreme financial difficulties. He reported that the District's outbound customer calling campaign that has recently been undertaken has been a positive and productive effort to assist customers in getting ahead of financial consequences before they become more serious, and perhaps dire.

Director Begley inquired as to whether the District was vying for the \$150 million in federal funds authorized by the CARES Act (i.e., the "Coronavirus Aid, Relief, and Economic Security Act" enacted by Congress to address the economic devastation caused by the COVID-19 pandemic). Mr. Doyle outlined some of the various strategies currently underway in an effort to qualify for the funding and reported that alternative approaches are also being explored.

Director McGowan inquired as to whether the District should attempt to refinance its current bonds while the borrowing interest rate reportedly is at 0%. Mr. Schaffart indicated it was a subject under review and that the District will consult with its financial advisor Piper Sandler (formerly "Piper Jaffray") for any recommended actions.

Some discussion was held regarding the current status of the District's supply of PPE equipment. Director Cavanaugh suggested that the District consider purchasing locally whenever possible rather than purchasing from online suppliers. Mr. Zellars relayed information regarding the recent bulk supply purchases of masks, sanitizer, gloves, foot coverings, etc., many of which were obtained locally. He reported that the District is well-positioned at the present time, but the situation requires ongoing monitoring to properly estimate the District's needs going forward in a reasonable and economical manner.

In response to Director Begley's inquiry as to whether the Board could hold a Closed Session using remote technology, Mr. Mendenhall affirmed that a Closed Session could be held in such a manner, and also noted that the Governor's Executive Order pertaining to the Open Meetings Act is set to expire on May 31st and unless extended, the Board may need to consider the best method for holding the June Board Meeting.

Chairperson Howard inquired as to whether any member of the public participating by phone at the downtown headquarters building would like to make any comments. There were none.

At 9:11 a.m., Director McGowan suggested moving forward immediately with the regular Board Meeting without breaking for a brief time period. Chairperson Howard announced that the Committee Meetings were concluded and if there were no objections, the regular Board Meeting would be taken up immediately. There were none.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT
Minutes of Regular Board Meeting
May 14, 2020

(rescheduled from original meeting date of May 7, 2020)

The Board of Directors of the Metropolitan Utilities District of Omaha convened its regular monthly meeting via videoconferencing on May 14, 2020 at 9:11 a.m. due to the state of emergency declared by federal, state and local officials in response to the COVID-19 public health pandemic.

Advance notice of the meeting was published in the print version of *The Omaha World-Herald* on May 3, 2020, and the online (website) version from May 3, 2020 through May 9, 2020. The notice stated that the meeting would be held virtually using video and telephone conferencing and also specified how members of the public and media could join and participate in the meeting. The notice also provided that the agenda would be posted on the M.U.D. website at www.mudomaha.com and could also be obtained by calling M.U.D. and requesting a copy. Board documents were delivered to Board Members on May 5, 2020 and were posted to the M.U.D. website on May 6, 2020. Copies of the agendas and all pertinent documents presented at the Committee and Board Meetings were available in the lobby at 1723 Harney Street for review by members of the public and the media.

AGENDA NO. 1

ROLL CALL

Chairperson Howard called the meeting to order at 9:11 a.m. On a roll call vote, the following Board Members acknowledged their attendance: Jim Begley, Tanya Cook, Dave Friend, Jack Frost, Mike McGowan, Gwen Howard, Tim Cavanaugh.

AGENDA NO. 2

OPEN MEETINGS ACT NOTICE

Chairperson Howard announced the steps that were taken to ensure compliance with both the Open Meetings Act and the Governor's Executive Order 20-03. A copy of the Open Meetings Act was available in the lobby of the M.U.D. building at 1723 Harney Street. Access for the public and for the media was arranged via telephone to enable audio and video connectivity in the lobby of the Harney Street location. Board Member Jim Begley participated from the Board Room at 1723 Harney Street to ensure compliance with the Open Meetings Act. Chairperson Howard announced that the recording of the meeting would become available on the M.U.D. website shortly after the conclusion of the meeting.

AGENDA NO. 3

PLEDGE OF ALLEGIANCE

Chairperson Howard announced that the Pledge of Allegiance would not be recited due to the necessity of having each individual Board Member participate remotely at offsite locations.

AGENDA NO. 4

APPROVAL OF MINUTES FOR COMMITTEE MEETINGS AND REGULAR BOARD MEETING FOR APRIL 16, 2020

Director Cavanaugh moved to approve the minutes for the Committee Meetings and regular Board Meeting for April 16, 2020, which was seconded by Director Friend and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 5

CAPITAL EXPENDITURES

Director Friend moved to approve the capital expenditures as outlined in Mr. DeBoer's letter to the Committee dated April 27, 2020, which was seconded by Director McGowan and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 6

ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

Director Friend moved to approve the acceptance of contracts and payment of final estimates as outlined in Mr. DeBoer's letter to the Committee dated April 28, 2020. The motion was seconded by Director Frost and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 7

BIDS ON MATERIALS AND CONTRACTS

Director Friend moved to approve Management's recommendations regarding the bids on materials and contracts as outlined in Mr. Zellars' letter dated April 30, 2020. The motion was seconded by Director Cook and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 8
MAIN EXTENSIONS

Director Friend moved to approve the main extensions as outlined in Mr. O'Brien's letter dated April 28, 2020, which was seconded by Director Frost and carried on a roll call vote.

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

AGENDA NO. 9
WAGE AND/OR SALARY INCREASES AND RATIFICATIONS

Director Begley moved to approve the wage and/or salary increases and ratifications as outlined in Ms. Savine's letter to the Committee dated April 30, 2020. The motion was seconded by Director Frost and carried on a roll call vote.

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

AGENDA NO. 10
UPDATE TO RETIREMENT PLAN EMPLOYEE CONTRIBUTION RATE

Director Begley moved to approve the update to the Retirement Plan employee contribution rate as outlined in Ms. Savine's letter to the Committee dated May 1, 2020. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 11
VICE-PRESIDENT, PROCUREMENT & ENTERPRISE SERVICES

Director Begley moved to approve the promotion of Jon Zellars to the position of Vice-President, Procurement & Enterprise Services effective May 16, 2020, as outlined in Ms. Savine's letter to the Committee dated April 24, 2020. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

AGENDA NO. 12
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION


Chairperson Howard asked if any Board Members or others had any comments to share. Director Cavanaugh commended Chairperson Howard on handling a virtual Board Meeting under adverse circumstances.

Chairperson Howard asked if any member of the public participating by conference phone at the downtown headquarters building would like to make any comments, and if so, to please state their name and address. There were none.

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

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

The regular Board Meeting was adjourned at 9:22 a.m.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 22, 2020

Subject: CAPITAL EXPENDITURES

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

From: Dave W. DeBoer, Senior Vice President, Chief Operations Officer

The following item will be on the June 4, 2020 Committee Agenda for consideration and the June 4, 2020 Board Agenda ratification:

BUILDINGS, PLANTS AND EQUIPMENT

1. **100083001111 and 100083001117 – RATIFICATION - \$445,939 – Procurement of butterfly valves with actuators, Florence.** This expenditure is to purchase three 60-inch butterfly valves at the pre-sedimentation basins and two 48-inch butterfly valves at the primary basins. These valves have degraded and no longer provide adequate isolation for cleaning and maintenance of the basins. Upon replacement of the valves, each basin will be capable of full isolation. Installation is anticipated during the plant shutdown scheduled for October 2020. The valves have a four to five-month lead time and we have initiated the purchase. The installation will be brought to the Board as a separate request and be competitively bid later this summer.



Dave W. DeBoer
Senior Vice President, Chief Operations Officer

Approved:



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 22, 2020

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

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

From: Dave W. DeBoer, Senior Vice President, Chief Operations Officer

Work has been satisfactorily completed on the following contracts and final payment is recommended:

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
a. Est. 2 - Kersten Construction, 100055001269, Install water mains in Coventry Ridge Replace 2, 208 th Ave. and Spencer St.	March 6, 2019	\$168,464.50	\$180,971.90	\$86,445.48

Comments: There was a decrease in unit quantities of \$3,316.50 and an increase of \$10,988.00 for a change order due to additional wrapping of pipe and shoring to meet new requirements. There was also an increase of \$4,835.90 due to installing a portion of the main in frost, replacing sidewalks and needed seeding and matting.

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
b. Est. 2 - Cedar Construction, 100055001282, Install water mains Harrison 210, 210 th and Harrison Sts.	November 7, 2019	\$703,280.00	\$698,037.30	\$131,580.80

Comments: There was a decrease in unit quantities of \$23,867.45 and an increase of \$18,420.00 for a change order due to removal of silt fencing, additional shoring and additional wrapping. There was also an increase of \$204.75 to replace unacceptable backfill material.

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

Dave W. DeBoer
Senior Vice President, Chief Operations Officer

Approved:

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 21, 2020

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

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

From: Jon Zellars, Vice President, Procurement and Enterprise Services

The following items will be on the June 4, 2020 Committee Agenda for consideration and the June 4, 2020 Board Agenda for approval. The recommended bid is bolded and listed first.

WATER/GAS MAIN CONTRACTS

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Install Water Mains in Lake Cunningham Village, N 96 th and Reynolds Streets 100055001313 WP1708-S Engineering Estimate: \$381,253.00 (A C&A in the amount of \$477,827.00 will be presented to the Board on June 4, 2020 for approval.)	18/2	Cedar Construction	\$359,868.50
		Kersten Construction	387,698.00

RATIFICATION

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Procurement of Three (3) 60" and Two (2) 48" Butterfly Valves for the Florence WTP 100083001111 WP1754	14/4	Core and Main	\$122,688.00
		Mellen & Associates	162,647.00
		Muller Co. LLC	162,680.00
		Water Technology	188,174.40
		ESI	190,589.85

(A C&A in the amount of \$186,980.00 will be presented to the Board on June 4, 2020 for ratification.)

INFORMATION TECHNOLOGY

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Infrastructure Server Equipment for New Headquarters 100084001241 (C&A for 100084001241 approved February 6, 2019 for \$3,852,327.00 and February 6, 2020 for \$8,100,000.00 for a total of \$11,952,327.00)	3/3	Sterling Dell OneNeck	\$131,983.28 133,994.64 176,050.40
Cisco Telephony Server Equipment for New Headquarters 100084001241 (C&A for 100084001241 approved February 6, 2019 for \$3,852,327.00 and February 6, 2020 for \$8,100,000.00 for a total of \$11,952,327.00)	1/1	Sirius	\$88,544.40

OTHER

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Install Six (6) New Water Pressure Monitoring Points 100085000647 (C&A for 100085000647 approved August 7, 2019 in the amount of \$150,000.00)	3/3	Miller Electric Schaeffer Electric Commonwealth Electric	\$39,624.00 42,250.00 50,527.00

ANNUALS

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Soda Ash – 3,500 Tons (June 1, 2020 to May 31, 2021)	8/4	Dubois (Rail Car) Dubois (Truck) Univar (Truck) Harcross (Truck)	\$834,120.00 1,039,500.00 1,050,000.00 1,134,000.00



Jon Zellars
Vice President, Procurement and Enterprise Services
(402) 504-7253

Approved:



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



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

May 21, 2020

Subject: NOTICE OF PURCHASES BETWEEN \$25,000 - \$50,000

To: All Board Members
cc: Doyle, Ausdemore, DeBoer, Mendenhall, Schaffart and all Vice Presidents

From: Jon Zellars, Vice President, Procurement and Enterprise Services

During the month of May, the following items were purchased or contracted for and are being submitted to the Board to be placed on file. The purchase or contract was initiated with the low bidder which is bolded and listed first.

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidder</u>	<u>Amount Bid</u>
Liquid Ferric Sulfate – Platte South (200,000 lbs.) Extension #1 (August 1, 2020 to July 31, 2021)	1/1	Kimera Water Solutions	\$31,200.00
Liquid Ferric Sulfate – Platte West (200,000 lbs.) Extension #1 (August 1, 2020 to July 31, 2021)	1/1	Kimera Water Solutions	\$31,200.00



Jon Zellars
Vice President, Procurement and Enterprise Services
(402) 504-7253

Approved:



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



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

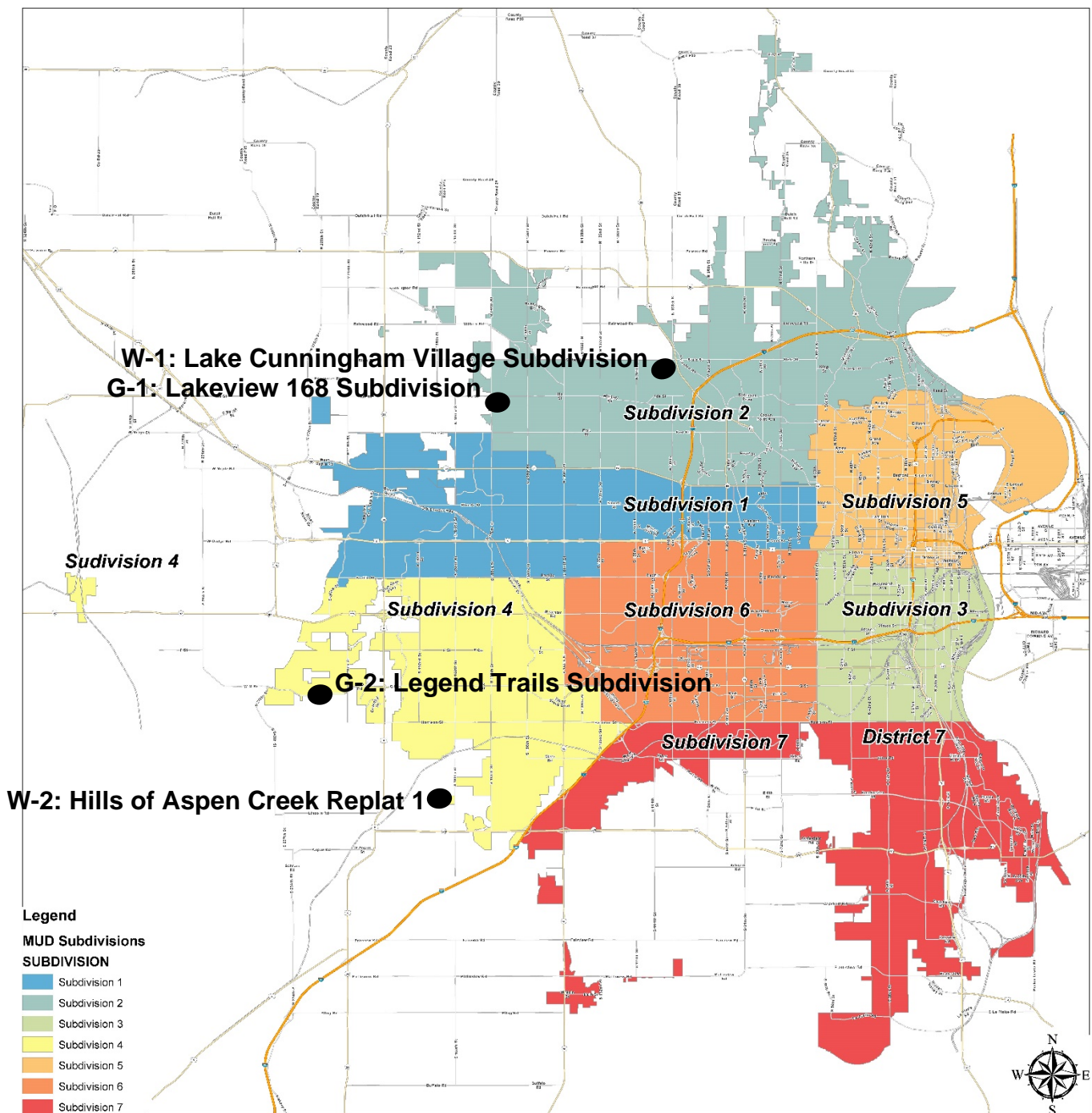
May 26, 2020

Subject: MAIN EXTENSIONS

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

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

The following main extensions will be on the June 4, 2020 Committee Agenda for consideration and the June 4, 2020 Board Agenda for approval:



WATER					
	Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
	WP 1708	\$842,827	\$871,578	\$0	\$0
1.	Subdivision 2, Friend: These mains are being installed to provide domestic water service and fire protection to 168 single residence lots in Lake Cunningham Village Subdivision, 96 th and Reynolds Streets. There is a pioneer main fee due to the existing 48-inch water main in State Street in the amount of \$28,751. (City of Omaha zoning, A1 Development)				
	Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
	WP 1768	\$323,037	\$556,495	\$295,537	\$0
2.	Subdivision 4, Cavanaugh: These mains are being installed to provide domestic water service and fire protection to 104 single residence lots in the Hills of Aspen Creek Replat 1 Subdivision, 180 th Street and Cornhusker Road. The applicant will be required to pay a firm price of \$27,500 for 160 feet of 8-inch water main that will be installed at a later date. There are pioneer main fees due to the existing 12-, 16- and 36-inch water mains in 192 nd and 180 th Streets and Cornhusker Road in the amount of \$233,458. (Sarpy County zoning, Richland Homes, LLC)				

GAS						
	Project Number	Total Estimated	Cost		Allowable Revenue Credits Developer	Deficiency
			Developer Equivalent	Developer Estimate		
	GP 2533	\$198,898	\$173,356	\$153,924	\$146,744	\$7,180
1.	Subdivision 2, Friend: These mains are being installed to provide gas service to 136 single residence lots in Lakeview 168 Subdivision, 168 th Street and Redick Avenue. Management is recommending oversizing approximately 3,050 feet of main as a 4-inch main at an estimated District cost of \$25,542. The applicant has agreed to pay the cost of the deficiency in the amount of \$7,180. (City of Omaha zoning, Celebrity Homes Omaha)					
	Project Number	Total Estimated	Developer Equivalent	Developer Estimate	Allowable Revenue Credits Developer	Deficiency
	GP 2537	\$233,413	\$221,288	\$196,483	\$92,794	\$103,689
2.	Subdivision 2, Friend: These mains are being installed to provide gas service to 86 single residence lots in Legend Trails Subdivision, 222 nd and West "Q" Road. Management is recommending oversizing approximately 1,580 feet of main as a 4-inch main at an estimated District cost of \$12,125. The applicant has agreed to pay the cost of the deficiency in the amount of \$103,689. (City of Omaha zoning, Krejci Development, LLC)					



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

Approved:



Dave W. DeBoer
Senior Vice President, Chief Operations Officer



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 22, 2020

Subject: Wage and/or Salary Increases and Ratifications, June 2020 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, DeBoer, 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:	Jared McConnell
Current position (department):	Pipe Layer Trainee (Construction)
New position (department):	Maintenance Mechanic Trainee (Maintenance)
Current rate; step/grade:	\$25.11; Step 2
Proposed rate; step/grade:	\$27.75; Step 2
Percent of increase:	10.51%
District hire date:	April 15, 2019

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:	Travis Crawford
Current position (department):	Water Maintenance Trainee (Water Distribution)
New position (department):	Water Maintenance Worker (Water Distribution)
Current rate; step/grade:	\$28.03; Step 4
Proposed rate; step/grade:	\$29.68; Step 2
Percent of increase:	5.89%
District hire date:	December 17, 2001

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:	Sean Guinzy
Current position (department):	Design Engineer (Engineering Design)
New position (department):	Manager, SCADA Systems (Information Technology)
Current rate; step/grade:	\$106,035; SPA – 05
Proposed rate; step/grade:	\$111,337; SPA – 07
Percent of increase:	5.00%
District hire date:	September 12, 2005


Employee:	Jeffrey Hyde
Current position (department):	Water Plant Engineer (Florence)
New position (department):	Water Plant Shift Foreman (Florence)
Current rate; step/grade:	\$41.15; Step 4
Proposed rate; step/grade:	\$89,872; SPA – 03
Percent of increase:	5.00%
District hire date:	June 3, 2002

Employee:	Jerry Johnson
Current position (department):	Night Foreman, Transportation (Transportation)
New position (department):	Shop Foreman, Transportation (Transportation)
Current rate; step/grade:	\$97,826; SPA – 04
Proposed rate; step/grade:	\$102,717; SPA – 05
Percent of increase:	5.00%
District hire date:	April 12, 1999

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

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

Employee:	SreekarReddy Pula
Current position (department):	ERP Technical/Functional Analyst II
Current rate; step/grade:	\$103,500; SPA - 05
District hire date:	May 4, 2020



Bonnie Savine
Vice President, Human Resources

APPROVED:



Mark A. Mendenhall
Senior Vice President, General Counsel



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

May 27, 2020

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

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

From: Mark F. Myers, Vice President, Accounting

The following insurance policies expire June 15, 2020 and require action:

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

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

Property/LNG Propane Caverns/Equipment Breakdown/Data Processing

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

	<u>Expiring Policy</u>	<u>Proposed Policy</u>
Property – without LNG & Caverns		
Insurance Carrier	AEGIS/Starr Tech	AEGIS/Starr Tech
Total Insurable Values	\$874.7 million	\$884.9 million
Average Rate per \$100 of Insured Value	N/A-combined rate	N/A – combined rate
Premium	N/A-combined	N/A – combined premium

Property – LNG & Caverns

Insurance Carrier	AEGIS/Starr Tech	AEGIS/Starr Tech
Total Insurable Values	\$82.5 million	\$82.1 million
Average Rate per \$100 of Insured Value	N/A-combined rate	N/A – combined rate
Premium	N/A-combined	N/A – combined premium

Equipment Breakdown

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

Data Processing Equipment

Insurance Carrier	AEGIS/Starr Tech	AEGIS/Starr Tech
Total Insurable Values	\$6.2 million	\$6.7 million
Average Rate per \$100 of Insured Value	N/A-combined rate	N/A – combined rate
Premium	N/A-combined	N/A – combined premium

Total Property/Equipment Breakdown/Data Processing

Total Insurable Values	\$963.4 million	\$973.7 million
Average Rate per \$100 of Insured Value	\$0.0525	\$0.0666
Premium	\$505,462	\$648,114

Auto/Fleet

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

	<u>Expiring Policy</u>	<u>Proposed Policy</u>
Insurance Carrier	Nationwide	Nationwide
Vehicle Count - All Types	470	456
Overall Average Rate per Unit	\$88.62	\$94.38
Premium	\$41,652	\$43,036

Construction/Contractor's Equipment

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

	<u>Expiring Policy</u>	<u>Proposed Policy</u>
Insurance Carrier	Continental Casualty	Continental Casualty
Total Insurable Values	\$32.9 million	\$36.3 million
Average Rate per \$100 of Insured Value	\$0.0991	\$0.1011
Premium	\$32,646	\$36,650

Subtotal – Premiums	\$579,760	\$727,800
Inspection Fees	\$6,100	\$6,100
Insurance Brokerage Fees	\$57,500	\$60,000
Total Insurance Premiums and Fees	\$643,360	\$793,900

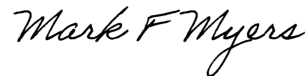
Consistent with the approach used for the expiring insurance program, the AEGIS program has a \$300 million loss limit per loss, despite total property insurable values of \$973.7 million. Loss limits are provided by most carriers because the total level of values will likely exceed their individual capacity, and because it is highly unlikely that an insured will incur a 100% loss to all assets from any one occurrence. In determining premiums, insurers determine the Maximum Foreseeable Loss (MFL) for the assets being insured. AEGIS has estimated the MFL for the District as being under \$100 million; Aon and AEGIS believe a \$300 million loss limit is more than adequate to address the District's risk. It

should be noted that the aforementioned \$973.7 million of insurable value is spread among many separate locations; it is highly unlikely that one event would result in a 100% loss at all locations.

The proposed insurance premiums are notably higher than prior year amounts due to: 1) an insurance market that has experienced substantial claim losses primarily resulting from numerous smaller claims (losses less than \$25 million) and non-traditional natural catastrophe losses, such as winter storms and wildfires, 2) the District's two pending property damage claims, including one for flood damage incurred in 2019 and one for property damage to the construction center in 2020, and 3) increased insurable values. Due to the magnitude of the increase in premiums, a representative from Aon Risk Services, Gary Wagner, will be present at the June 4, 2020 Board Committee meeting to address any questions you may have.

Please note that an Aon-prepared Executive Summary has been attached as well as an additional schedule comparing the expiring policies to the proposed policies. Consistent with prior practice, our insurance broker markets the various lines of coverage to additional insurance carriers, to ensure that we are provided the best value. Considering the aforementioned change in the insurance marketplace, this was particularly important this year. The marketing efforts employed by Aon are addressed in the attached Executive Summary.

Management recommends the Board approve the insurance proposals noted above for the period June 15, 2020 through June 15, 2021. As noted above, the insurance proposals result in combined annual premiums and fees of \$793,900, which represents an increase of \$150,540, or 23.4%, as compared to the prior combined premiums and fees of \$643,360. The increase is driven by an increase in insurable values as well as an increase in the cost per dollar of insured value for the reasons cited previously.



Mark F. Myers
Vice President, Accounting
(402) 504-7174

Approved:



Joseph J. Schaffart
Senior Vice President, Chief Financial Officer



Mark E. Doyle
President

Attachments

EXECUTIVE SUMMARY

MARKET OVERVIEW

The insurance market was in a transitioning phase beginning in 2019 that accelerated and became more challenging as the year continued. In 2020, we have seen a further hardening of both the property and casualty markets with rates increases being required across the property, general liability, auto, and umbrella lines continuing to elevate regardless of loss history.

There have been poor property market results in the power and utility sector in all but one of the last 10 years. While 2019 did not have significant traditional natural catastrophe losses, such as hurricanes and earthquakes, losses less than \$25m and non-traditional natural catastrophe losses, such as winter storms and wildfires, continue to be a substantial contributing factor. Poor results have led to some markets leaving the utility sector while other markets are actively reducing working capacity to manage volatility. Reinsurance is more difficult for markets to secure at economic levels and there is more scrutiny on underwriting at a corporate level.

Regardless of sector results and the fact that market capacity for power and utility clients remains abundant, most markets are pushing for rate increases of 15% to 20% for loss free, non-critical natural catastrophe accounts. Throughout 2019 Aon saw continuing acceleration of rate increases from mid-single digit rate increases in the early part of 2019 to about 20% toward the end of the year. In 2020, many markets are stating they need an additional “20% rate increase in 2020”. Underwriters indicate the continued upward pressure on rates is to achieve the adequate rating and pricing for each account based on actuarial analysis. Also, toward the end of 2019 and into this 2020, many underwriters seem to be re-underwriting accounts whereas prior renewals were with little or limited changes to terms. In 2020, many accounts are seeing some sublimits reduced, some deductibles increased, and/or some policy form changes. This re-underwriting of accounts, along with more new business submissions due to the hard market, has made it more difficult to obtain quotes from underwriters to meet advanced deadlines with some quotes only coming days within the renewal date.

Unfortunately, the District experienced property damage as a result of the regional flooding which occurred in March 2019 and there is an open flood claim with AEGIS and Starr Tech. In 2020, the District also experienced a property damage to the construction center which remains open. Although there is subrogation potential for the insurers on the construction center claim, the recovery is not certain. The claim also is limiting options from other insurance markets since this is an on-going claim. However, maintaining insurers during an open claim is beneficial to the District.

The auto line of coverage continues to incur a high level of losses for casualty insurers. We continue to see auto claim upward trends in severity and frequency, primarily driven by increased costs in contingent and vicarious liabilities (medical and litigation), distracted driving and the opioid epidemic, and the increased repair costs and complexity to repair newer model vehicles. The auto market continued to deteriorate from 2019 to 2020 and we are now seeing 10% to 20% rate increases, even those with positive loss experience. These increases are being applied to all lines of auto coverage.

The renewal strategy for 2020 was to maintain the program structure and manage the rate increases desired insurance market. In addition to approaching the incumbent markets, it was recommended to again obtain alternatives from various insurers. Although this was not likely to drive competition in the current marketplace, it would confirm the best available option for the District. Typically, it is not recommended to move an insurance program to another insurer while there is an open claim as it can lead to difficulty in settling the claim and achieving a satisfactory result. However, we believed it would still be prudent to look at other options for the District considering the hard market.

PROPERTY

The District's current property program is a \$300m loss limit with a \$100k deductible for all losses except \$250k at the LNG facility and caverns. The policy includes a \$25m sublimit for earthquake and flood. The flood deductible is 2.5%, minimum \$250k and maximum \$500k, for AEGIS while Starr Tech maintains a \$100k flood deductible. Business interruption is not included, but \$10m in extra expense coverage along with other sublimits are included. The program is split equally between AEGIS and Starr Tech.

The District's property values increased \$10.2m or 1.1% when compared to 2019. As mentioned, the District currently has two open property damage claims of significant value. The flood claim has paid \$2m to date and the construction center claim damage is still being evaluated.

Aon approached the incumbent markets of AEGIS and Starr Tech. Additional markets approached included Berkshire Hathaway Specialty, Liberty International, Munich Re and Swiss Re. AIG was approached in 2019, but it had provided a \$1m premium indication. Therefore, AIG was not approached again in 2020. The results of the marketing were as follows:

- **AEGIS:**
 - AEGIS is pushing a minimum 20% rate increase on loss-free accounts in the current market. AEGIS indicated that in consideration of the District's claims activity, it needed a 35% average rate increase on the 2020 renewal. The price is \$668,804 inclusive of terrorism on a 100% basis and AEGIS is willing to offer 50% capacity at these terms. At 50% of the program, this result is an \$83,302 premium increase. In addition to the rate increase, AEGIS also requires some additional changes to the terms and conditions which are as follows:
 - Computer system non-physical damage and damage to data and software is excluded whereas sublimits had been previously provided. Operational property insurers are looking to reduce coverage for exposures more appropriately insured under cyber liability insurance programs. We are seeing these types of cyber changes coming from multiple markets and not just AEGIS. There continues to be coverage for resultant damage due to a cyber incident (i.e. cyber incident causes fire). The removed data and software coverage is currently not under the District's cyber liability policy.
 - A communicable disease exclusion is being added. Language in property policies was not specific on this and insurers are now including specified exclusions following the COVID-19 pandemic.
 - AEGIS continues to provide an engineering reimbursement (Loss Control Allowance) of up to 2.5% of the premium applicable to the District's engineering costs, not including jurisdictional inspections required by the state. This would offset charges by Starr Tech for engineering services.

- AEGIS provided pricing options for increasing the property deductible from \$100k to \$250k and \$500k. AEGIS 50% premium would reduce \$12,609 for the \$250k deductible and \$28,675 for the \$500k deductible.
- **Starr Tech:**
 - Starr Tech also is pushing rate increases in this hard market and required an 18.8% average rate increase on the 2020 renewal. Starr Tech provided a quote with a premium of \$607,360 inclusive of terrorism on a 100% basis and Starr Tech is willing to offer 50% capacity at these terms. At 50% of the program, this result is a \$50,671 premium increase. Starr Tech continued to offer engineering services for \$12k, or \$6k for its participation, which will be reimbursed to the District by AEGIS through the Loss Control Allowance. In addition to the rate increase, Starr Tech also requires some additional changes to the terms and conditions which are as follows:
 - Increased the flood deductible to \$250k which is equal to the minimum deductible required by AEGIS.
 - A communicable disease exclusion is being added for the same reasons as AEGIS.
 - Starr Tech was asked to provide pricing options for increasing the property deductible from \$100k to \$250k and \$500k. Starr Tech's 50% premium would reduce \$17,933 for the \$250k deductible and \$34,763 for the \$500k deductible.
- **Berkshire Hathaway Specialty:** Declined to quote due to exposures.
- **Liberty International:** Did not provide a quote and advised it would need its own property survey completed for consideration.
- **Munich Re:** The underwriter was not comfortable with the open claim and declined to quote.
- **Swiss Re:** Did not provide a quote by deadline provided. Provided an indication of \$0.08 per \$100 in value in 2019, or \$778.9k, based on the 2020 values.

The combined average rate increase for the incumbent markets of AEGIS and Starr Tech is 26.8%. While this is a significant increase, it is not out of line with what is being experienced by insureds with losses in the current hard property market. Alternative markets were approached but no competitive options were provided. It is our recommendation to continue to place the property coverage with AEGIS and Starr Tech. This also maintains the continuity and the continued partnership, and the District works with these markets to resolve the open property claims.

The deductible options for the District's consideration are a combined savings of \$30,352 to increase the deductible from \$100k to \$250k and savings of \$63,437 to increase the deductible from \$100k to \$500k.

CONTRACTOR'S EQUIPMENT

The District's contractor's equipment policy provides physical damage coverage for owned equipment and short-term leased or borrowed equipment with limits of \$500k per item and \$200k per item, respectively, subject to a \$40k deductible. This coverage applies to the equipment whether at a District site or off-site.

The market for inland marine/contractor's equipment coverages mirrors that of the property markets whereas rate increases are desired by insurers. Values of the contractor's equipment increased 10.1% in 2020. There were no claims in 2019.

Aon worked with the incumbent insurer, CNA, to obtain a competitive quote and was able to negotiate a premium of \$36.7k which is a 2% net average rate increase when compared to expiring. This result is well below the rate increases typically being sought in the property marketplace. The \$4,004 increased premium is due to the increase in values and rate. The coverage and terms remain as expiring.

Aon did an extensive marketing of the contractor's equipment coverage in 2019 and only One Beacon provided a competitive quote. Aon reached out to One Beacon again in 2020 and it again provided a competitive option similar to what was provided last year. It provided a competitive quote of \$32.7k. However, One Beacon requires a \$50k deductible and is unable to match the \$40k deductible of CNA. It also offered a few coverages enhancements of adding \$500k Leased/Rented Equipment to Others and \$2.5k per item/\$10k per occurrence for Employee Tools. Although this option provides an additional savings of \$2k, the higher deductible would generate a higher overall cost to the District if there were a loss. Considering the higher deductible, the long-term relationship the District has developed with CNA, and the historical competitiveness of the CNA program, the District may not believe the differences warrant moving coverage to One Beacon.

AUTO PHYSICAL DAMAGE

The District's auto policy provides comprehensive physical damage for private passenger vehicles and specified perils physical damage coverage, designated perils such as wind, hail, theft and flood, for larger vehicles. The policy does not include physical damage resulting from a collision or overturn or third-party liability coverage. The current policy through Nationwide includes a deductible of \$1k for all vehicles.

The District's fleet size of 456 units was a decrease compared to the 2019 reported fleet of 470 units. The recently acquired campers are included in the fleet.

Aon approached the incumbent, Nationwide, for its best pricing and obtained a renewal quote of \$50.6k. The Nationwide quote included 15% commission, same as expiring. Because of the commissions being credited to the fee, the net result is a premium increase of \$1.4k and an average rate increase of 6.5% per unit. This result is in line with what Aon is currently experiencing in the marketplace. Aon also reached out to other markets and no other market was willing to quote a comprehensive physical damage only auto policy, same as in 2019. Aon did request improvement on the quote, but none has been provided to date.

ENGINEERING AND JURISDICTIONAL BOILER INSPECTIONS

The current engineering inspections of the District's assets are provided by Starr and the jurisdictional boiler inspections were provided by ARISE. ARISE quoted a flat annual fee of \$6.1k for the District's jurisdictional boiler inspections which is the same as expiring. This includes the new water heater at the Florence chemical building for which ARISE assisted the District in obtaining an approved exception of the water heater placement.

SUMMARY AND RECOMMENDATION

Aon believes the results achieved, albeit with rate increases, are acceptable under the current market conditions. The rate increases received are consistent with what Aon is experiencing in the marketplace, especially on those accounts with losses. Aon pursued alternate options, but no other market provided a competitive option. Based on the results, it is recommended that the District bind the property program to be shared equally between AEGIS and Starr Tech.

It also is recommended that the District bind the standalone options for the contractor's equipment and auto physical damage coverage with CNA and Nationwide, respectfully. Finally, it is recommended that the jurisdictional boiler inspections be contracted with ARISE. Starr Tech will provide the engineering services for a \$12k fee that will be reduced by 50%, Starr Tech's share. This \$6k will be reimbursed AEGIS through the Loss Control Allowance.

As indicated, Aon continues to try and negotiate with underwriters to obtain improved pricing and terms prior to the June 15, 2020, renewal.

We appreciate our continued partnership with the District and look forward to discussing the contents of this report if you should have any questions.

MUD 2019 to 2020 Comparison

2019 Renewal					2020 Renewal					Difference					
Program	Insurer	Value	Net Premium	Net Average Rate	Program	Insurer	Value	Net Premium	Net Average Rate	Value	%	Net Premium	%	Net Average Rate	%
Property-No LNG	AEGIS/	\$ 866,247,965	\$ -		Property-No LNG	AEGIS/	\$ 884,863,849	\$ -		\$ 18,615,884	2.1%				
Property-LNG & Caverns	Starr Tech	\$ 82,530,859	\$ -		Property-LNG & Caverns	Starr Tech	\$ 82,059,208	\$ -		\$ (471,651)	-0.6%				
Property-New Corp. Office	Starr Tech	\$ 8,500,000	\$ -		Property-New Corp. Office	Starr Tech	Included	\$ -		Included					
Equipment Breakdown		Included	\$ -		Equipment Breakdown		Included	\$ -		Included					
EDP		\$ 6,161,801	\$ -		EDP		\$ 6,731,908	\$ -		\$ 570,107	9.3%				
Total		\$ 963,440,625	\$ 505,462	0.0525	Total		\$ 973,654,965	\$ 648,114	0.0666	\$ 10,214,340	1.1%	\$ 142,652	28.2%	0.0141	26.9%
Contractor Equipment	C.N.A	\$ 32,942,927	\$ 32,646	0.0991	Contractor Equipment	C.N.A	\$ 36,266,492	\$ 36,650	0.1011	\$ 3,323,565	10.1%	\$ 4,004	12.3%	0.0020	2.0%
Auto-Comp/Spec Only ²	Nationwide	470	\$ 41,652	\$ 88.62	Auto-Comp/Spec Only	Nationwide	456	\$ 43,036	\$ 94.38	-14	-3.0%	\$ 1,384	3.3%	\$ 5.76	6.5%
Total Net Premium			\$ 579,760		Total Net Premium			\$ 727,800				\$ 148,040			
Engineering Jurisdictional	Starr Tech ARISE		Included \$ 6,100		Engineering Jurisdictional	Starr Tech ARISE		Included \$ 6,100				\$ -			
Aon Compensation	Fee		\$ 57,500		Aon Compensation	Fee		\$ 60,000				\$ 2,500			
Total Costs			\$ 643,360		Total Costs			\$ 793,900				\$ 150,540			

Note 1: Premium includes terrorism and Nebraska surplus lines taxes on the AEGIS portion of the property premium. Excluding surplus lines taxes, the net average rate increase on the property policy is 26.8%.

Note 2: Nationwide on the Auto cannot remove all commissions. The 2019 and 2020 premiums include 15% commission. Only net premium is shown as all commissions are credited against the Aon fee.

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

May 27, 2020

Subject: SETTLEMENT OF CIVIL LITIGATION
To: All Board Members
Cc: Messrs. Doyle, Ausdemore, DeBoer and Schaffart
From: Mark Mendenhall, Senior Vice President/ General Counsel

A lawsuit that was affiliated with numerous other lawsuits was filed against the Metropolitan Utilities District of Omaha ("District") in Douglas County District Court in 2016. This particular lawsuit contained numerous individual claims. Although there are still a number of other lawsuits pending from the same set of facts and circumstances, this particular lawsuit was settled on the advice of outside counsel as the terms of the settlement are advantageous to the District.

The District's Law Department, including its outside counsel, have reached a settlement agreement with the law firm of Cozen O'Connor. This settlement is pending this Board's approval. The settlement amount is being withheld pursuant to Neb. Rev. Stat. § 84-713(2). As the settlement of this particular case is really a part of the other series of lawsuits that are still being litigated, the terms of the settlement will be remain confidential and not released to the public at this time.

Pursuant to Neb. Rev. Stat. § 84-713(3), this matter must be placed upon the agenda, and we have done so with a memo that does not go into the details of the District's legal position, which is a matter that is allowed to be kept confidential under Neb. Rev. Stat. § 84-713(2).

If the Board desires, further discussion of this matter can be held in a Closed Session.

If you have any questions, please feel free to contact me.



Mark Mendenhall
SVP/General Counsel

Approved:



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

May 27, 2020

Subject: THIRD LEGISLATIVE REPORT – 2020 SESSION

To: Judiciary and Legislative Committee
cc: All Board Members; Doyle, Mendenhall, Ausdemore; all Vice Presidents; Nowka

From: Rick Kubat, Government Relations Attorney

Provided below are updates on legislative positions taken by the Board of Directors from the 2019 and 2020 sessions. The Speaker of the Legislature, Jim Scheer, announced last week that the Legislature will reconvene on July 20th to complete the 2020 session. There are 17 legislative days remaining and adjournment is now scheduled for August 13th. Upon return, the same bills remain on the agenda. Any proposed legislation to address COVID would need to be considered as amendments to existing legislation or approved for debate by a suspension of the rules. Please know that in addition to the bills provided below, there are numerous additional bills that will be monitored on behalf of the District.

LB 148 (Groene) – Requires the public hearing on a proposed budget statement be held separately from any regularly-scheduled meeting of the governing body. The public hearing on the budget shall not be limited by time, and any member of the public desiring to speak on the proposed budget statement must be given a reasonable amount of time to speak. LB 148 also requires the governing body make a detailed presentation of the proposed budget statement and make at least three copies of the budget statement available to the public. Additionally, LB 148 requires budget notice be published in a newspaper of general circulation within the public body's jurisdiction and, if available, in a digital advertisement on such newspaper's website. The public body would be required to record the methods and dates of such notice in its minutes.

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

LB 150 (Brewer) – Permits political subdivisions to charge a fee for the fulfillment of public record requests by non-residents of Nebraska. Unlike the charge for Nebraska residents, the fee for non-residents would include a charge for the existing salary for public employees who do the work to fulfill the request. An exception is provided for news media regardless of their state of domicile.

Board Position: Support
Status: Remains in Gov't, Military and Veterans Affairs Committee

LB 242 (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. The turn-back of revenue is

specifically designated and earmarked for potable water and wastewater infrastructure assistance. As amended, LB 242 would turn-back 36% of the 5.5% of state sales tax dollars collected for water and sewer services from July 1, 2019 through June 30, 2021, a turn-back of 56% of the 5.5% of state sales tax dollars collected from July 1, 2021 through June 30, 2023, and a turn-back of 76% of the 5.5% of state sales tax dollars collected after July 1, 2023. The legislation is supported by the Nebraska League of Municipalities, Omaha-Council Bluffs Metropolitan Area Planning Agency, Natural Resource District Rural Water Providers, Nebraska Chapter of Utility Contractors Association (NUCA), Nebraska Beef, Nebraska Coalition of Agriculture Manufacturers, Omaha and Lincoln Chambers of Commerce, and the Cities of Lincoln, Omaha, Beatrice, Hastings, Plattsmouth, Grand Island, Blair, South Sioux City and Waverly. LB 242 was prioritized by Senator Lindstrom and was debated by the full legislature on February 10th. LB 242 likely had the support necessary to advance from General File, however the bill did not have the necessary votes to survive a filibuster (33 votes). Opponents of the bill were primarily concerned with the LB 242's fiscal note. The impact to the state's general fund is \$9 million per year in the first phase and results in roughly \$24 million per year when fully implemented at the 76% turn back rate. Senator Lindstrom will need to show the speaker a vote card with 33 votes for LB 242 to be placed back on the agenda.

Board Position: Support
Status: Senator Lindstrom priority, remains on General File.

LB 289 (Linehan) – LB 289 was introduced as a placeholder bill to allow the Revenue Committee to formulate an omnibus property tax relief proposal. As amended, the bill includes a three-quarter cent increase in state sales tax beginning July 1, 2019. LB 284 makes numerous statutory changes. These changes include, but are not limited to, altering the state aid to schools' formula, the elimination of some sales tax exemptions, increasing the cigarette tax, and altering the real property valuation methodology. In accordance with previous direction from the Board, the Revenue Committee has been notified of the District's opposition to any proposed increase in state sales tax.

Board Position: Oppose any proposal to increase the state sales tax rate
Status: Placed on General File with various amendments

LB 368 (Hughes) – Eliminates all "overappropriated" references in state statute. LB 368 declares all basins previously deemed overappropriated as fully appropriated following the effective date of the legislation. It requires surface water controls be included in an integrated management plan and be adopted by the Department of Natural Resources (DNR) to maintain compliance with any compact, decree, formal state contract or agreement. LB 368 would require the DNR to manage reservoirs in fully-appropriated river basins. Such reservoirs shall not exceed 80% of capacity prior to March 1st of any year so that said structures would be capable of capturing snow melt and runoff. The DNR would develop a management plan for such structures as part of an integrated management plan.

Board Position: Neutral
Status: Indefinitely Postponed

LB 412 (Geist) – Requires a vote of the registered voters of political subdivisions before a joint public agency could be created. The political subdivisions would be prohibited from entering into an agreement until the voters of each political subdivision have approved the creation of the joint agency.

Board Position: Neutral
Status: Remains in Gov't, Military and Veterans Affairs Committee

LEGISLATION INTRODUCED IN THE 2020 SESSION

MANAGEMENT'S RECOMMENDATIONS

LB 749 (Blood) – Enacts the Nebraska Anti-Terrorism Act, which creates new felony offenses for engaging in terrorist activities in Nebraska. Creates a new felony offense for introducing poisons or harmful chemicals into waters of the state or any food, drink or medicine.

Board Position: Support
Status: Remains in Judiciary Committee

LB 802 (Hughes) – Finds and declares the right to use ground water is an attribute of owning fee simple title to land overlaying the source of the ground water and is inseparable from the land to which the right applies. LB 802 does not alter, modify, or change the regulatory authority granted under the Nebraska Ground Water Management and Protection Act. The proposed legislation does not alter or change in any way the District's water rights. LB 802 is a re-statement of the common law as applied in Nebraska.

Board Position: Neutral
Status: Remains in Natural Resources Committee

LB 845 (Groene) – Allows property owners of augmentation projects for streamflow enhancement to sell the above ground real property and retain the rights to ground water. LB 845 is offered primarily to address the Nebraska Cooperative Republican Platte Enhancement project (N-CORPE) public ownership of land used to augment streamflow to meet compact compliance with Kansas.

Board Position: Neutral
Status: Remains in Natural Resources Committee

LB 890 (Hilgers) – Specifically allows political subdivisions to use "design-build," a one-step bidding process for water, waste water, utility or sewer construction projects. LB 890 provides permissive authority to political subdivisions in terms of another way to bid predominantly large projects. LB 890 has been amended into LB 790 via AM 2436 and has advanced to Select File.

Board Position: Support
Status: Amended into LB 790 and placed on Select File

LB 899 (Hughes) – Authorizes public power districts to develop, manufacture, use, purchase, or sell biofuels or biofuel byproducts to reduce greenhouse emissions. LB 899 was introduced on behalf of Nebraska Public Power District (NPPD). The bill provides clarity that NPPD can process and sell energy from Monolith Materials via the hydrogen that is collected as a byproduct of carbon black manufacturing. LB 899 provides all public power districts the authority to manufacture and sell biofuel energy byproducts if the process reduces greenhouse gasses.

Board Position: Neutral
Status: Senator Moser priority, placed on Select File

LB 933 (Crawford) – Changes provisions regarding the discontinuance of gas, water or electric utility services. Provides that utilities may not charge a fee more than “reasonable costs” for the disconnection or reconnection of services. Current law provides that a “duly licensed physician” may certify that a customer has an existing illness or handicap which would cause the customer to suffer an immediate and serious health hazard due to disconnection of utility service. LB 933 adds physician assistant and advanced practice registered nurse as medical providers to those who may make such certification. The District will be further required to provide service termination information on our web site and available by mail upon request.

Board Position: Neutral
Status: Placed on General File

LB 1109 (Chambers) – Provides a sales and use tax exemption for furnishing water services.

Board Position: Support
Status: Remains in Revenue Committee

LB 1201 (Bostelman) – Creates the Flood Mitigation and Planning Task Force. The duties include examining and coordinating flood planning and mitigation efforts in Nebraska and to develop strategies to address flooding. Requires reporting to the Legislature’s Executive Committee. Task Force members include the Directors of Natural Resources, Environment and Energy, State Engineer, Nebraska Emergency Management Agency, Agriculture, a representative from a natural resource district, and chairperson of the Natural Resources Committee.

Board Position: Support
Status: Placed on General File

LB 1205 (McCollister) – Creates the Renewable Energy Standards Act. LB 1205 requires public power suppliers to phase in an increased amount of power generation capacity to come from renewable energy sources. These sources include solar, wind, waste management, a cogeneration facility, an agricultural crop or residue energy generation facility or wood burning facility. Before the end of 2022, renewable power generation capacity equal to 35% of the supplier’s median annual generation for calendar years 2019 through 2021. Before the end of 2026, renewable power generation capacity equal to

50% of the supplier's median annual generation for calendar years 2023 through 2025. Before the end of 2030, renewable power generation capacity equal to 75% of the supplier's median annual generation for calendar years 2027 through 2029.

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



Richard A. Kubat
Government Relations Attorney

Approved:



Mark Mendenhall
Senior Vice President/General Counsel



Mark Doyle
President

RESOLUTION

WHEREAS, The Metropolitan Utilities District of Omaha (M.U.D.) is a political subdivision and municipal corporation organized and governed by the laws of the State of Nebraska with its principal place of business in Douglas County, Nebraska;

WHEREAS, George Floyd was detained by Minneapolis police officers after being accused of using counterfeit currency; and,

WHEREAS, the actions of Minneapolis police officers during the arrest included kneeling on Mr. Floyd's neck until he became unresponsive, leading to his death; and,

WHEREAS, the basic missions of police are maintaining public safety, enforcing the law and preventing, detecting and investigating criminal activities; and,

WHEREAS, the senseless use of excessive force by a small percentage of officers interferes with these missions by undermining the public's confidence in police; and,

WHEREAS, the resulting community distrust continues to cause tension and outrage, often culminating in violence that tears at the nation's social fabric.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Metropolitan Utilities District of Omaha condemns the actions of the Minneapolis police officers involved.

AND, BE IT FURTHER RESOLVED THAT the Board of Directors grieves with the family of George Floyd for their loss and joins with the family in their call for justice and peace following this incident.

Adopted: