AGENDA

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

Construction and Operations – Frost, Cavanaugh, Friend

Services and Extensions – Howard, Friend, Begley
1. Main Extensions [Cory O’Brien – VP, Engineering and Construction] - Tab 9

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

Audit Committee – McGowan, Cook, Howard
1. RSM Contract Extension [Joseph Schaffart – SVP, Chief Financial Officer] - Tab 12
METROPOLITAN UTILITIES DISTRICT
Regular Meeting

9:00 a.m. October 2, 2019

AGENDA

1. Roll Call
2. Open Meetings Act Notice
3. Pledge of Allegiance
4. Approval of Minutes – Committee Meetings & Regular Board Meeting for September 4, 2019

CONSTRUCTION & OPERATIONS
5. Capital Expenditures
6. Acceptance of Contracts and Payment of Final Estimates
7. Gas Infrastructure Replacement Plan – Q3 Contracting Through 2022
8. Bids on Materials and Contracts

SERVICES & EXTENSIONS
9. Main Extensions

PERSONNEL
10. Wage and/or Salary Increases and Ratifications
11. Group Insurance Contract Renewals

AUDIT
12. RSM Contract Extension

BOARD
13. Other Matters of District Business for Discussion
14. CLOSED SESSION
Safety Briefing

Senior Vice-President of Safety, Security and Field Operations Steve Ausdemore provided a briefing regarding the District’s safety and security protocol for all individuals in attendance at the Board Meeting in the event of an emergency.

Roll Call

Chairman Tim Cavanaugh called the Committee Meetings to order at 8:15 a.m. On a roll call vote, the following members were present:

Gwen Howard
Tim Cavanaugh
Jim Begley
Dave Friend
Jack Frost
Mike McGowan
Mark Doyle, Secretary and President

Also present were various members of the staff, representatives from IBEW #1521, and other members of the public.

Open Meetings Act Notice

Chairman Cavanaugh advised those in attendance that a copy of the Open Meetings Act was posted in the rear of the Board Room.

Chairman Cavanaugh reminded those in attendance that the Committee Meetings were being livestreamed.

Construction and Operations - Frost, Cavanaugh, Friend

Senior Vice-President and Chief Operations Officer Dave DeBoer reviewed the proposed capital expenditures as outlined in his letter to the Committee dated August 22, 2019.

Mr. DeBoer reviewed the proposed acceptance of contracts and payment of final estimates as outlined in his letter to the Committee dated August 27, 2019.

Director of Purchasing Jon Zellars presented the bids for materials and contracts as outlined in his letter to the Committee dated August 23, 2019.
Services and Extensions - Howard, Friend, Begley

Vice-President of Engineering and Construction Cory O’Brien discussed the proposed main extensions as outlined in his letter to the Committee dated August 22, 2019.

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 August 23, 2019. She also noted that her letter dated July 26, 2019 from the previous month’s regular Board Meeting was included as an attachment because the salaries required the approval of two-thirds (five) of the voting Members according to state statute (Neb. Rev. Stat. §14-2109) and only four members were in attendance at the August meeting.

Judicial and Legislative – Dowd, Cavanaugh, Howard

Senior Vice-President and General Counsel Mark Mendenhall reviewed his letter dated August 19, 2019 and the accompanying Resolution regarding the boundary update for Subdivisions 3 and 5. The proposal would establish the boundaries for MUD’s voting districts, Subdivision 3 and Subdivision 5, so as to assign the entirety of The Breakers apartment building to Subdivision 3.

Committee of the Whole

Chairman Cavanaugh and the other Board Members each expressed their condolences regarding the tremendous loss of their colleague and friend Tom Dowd who passed away recently, and expressed their deep admiration for his kindness and compassion, his unflagging respectfulness for anyone and everyone, his exceptional knowledge and skills, and his enduring commitment to the District and the people it serves.

Chairman Cavanaugh announced that the interviews of the candidates seeking to fill the remaining portion of Tom Dowd’s term would begin. He reported that although state law requires that the Board has only 30 days in which to fill the vacancy, the media notifications were able to attract a representative pool of applicants from Subdivision 5 during that time period. Six applicants were selected for interviews by Board Members after reviewing all the applications. Each candidate was asked to present reasons as to why they would be the best candidate to serve the remainder of the term, and also answer the question as to whether he or she will seek reelection in 2020 when the current term expires. The interviews were conducted in the following alphabetical order as shown on the Committee agenda: Sam Billig, Doug Clark, Tanya Cook, John Coolidge, Burke Harr and Shane Strong.

At the conclusion of the interview process, Chairman Cavanaugh thanked each of the applicants for accommodating the Board’s short timeline and also thanked them for their interest in joining the MUD Board of Directors. He noted that the vote on the selection would take place at the end of the regular Board Meeting.
Chairman Cavanaugh asked whether any Board Member or member of the public had any further comments. Some discussion took place.

At 9:30 a.m., Chairman Cavanaugh announced that the Committee Meetings were concluded and the regular Board Meeting would begin in ten minutes.

Mark E. Doyle
Secretary and President
The Board of Directors of the Metropolitan Utilities District of Omaha met in the Board Room of the Headquarters Building at 1723 Harney Street in regular session at 9:40 a.m. on September 4, 2019.

Advance notice of the meeting was posted on the first floor of the Headquarters Building from August 7, 2019 to September 4, 2019. Notice of the meeting was published in *The Omaha World-Herald* on Sunday, August 25, 2019. The agenda of the meeting was available for public inspection at the office of the Secretary and President and delivered to Board Members on August 30, 2019. The agendas and accompanying board documents were posted to the M.U.D. website on August 30, 2019.

AGENDA NO. 1
ROLL CALL

Chairman Tim Cavanaugh called the meeting to order at 9:40 a.m. On a roll call vote, the following members were present:

Gwen Howard
Tim Cavanaugh
Jim Begley
Dave Friend
Jack Frost
Mike McGowan
Mark Doyle, Secretary and President

Also present were various members of the staff, representatives from IBEW #1521, and other members of the public.

AGENDA NO. 2
OPEN MEETINGS ACT NOTICE

Chairman Cavanaugh advised those in attendance that a copy of the Open Meetings Act was posted in the rear of the Board Room.

Chairman Cavanaugh reminded those in attendance that the regular Board Meeting was being livestreamed.

AGENDA NO. 3
PLEDGE OF ALLEGIANCE

Chairman Cavanaugh invited those who wished to participate, to stand and recite the Pledge of Allegiance.
AGENDA NO. 4
APPROVAL OF MINUTES FOR COMMITTEE MEETINGS AND REGULAR BOARD MEETING FOR AUGUST 7, 2019
Mr. Frost moved to approve the minutes for the Committee Meetings and regular Board Meeting for August 7, 2019, which was seconded by Ms. Howard and carried on a roll call vote.
Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

MINUTES FILE DOCUMENT NO. 137961

AGENDA NO. 5
CAPITAL EXPENDITURES
Mr. Frost moved to approve the capital expenditures as outlined in Mr. DeBoer's letter to the Committee dated August 22, 2019, which was seconded by Mr. Friend and carried on a roll call vote.
Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

MINUTES FILE DOCUMENT NO. 137962

AGENDA NO. 6
ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES
Mr. Frost moved to approve the acceptance of contracts and payment of final estimates as outlined in Mr. DeBoer's letter to the Committee dated August 27, 2019. The motion was seconded by Mr. Friend and carried on a roll call vote.
Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

MINUTES FILE DOCUMENT NO. 137963

AGENDA NO. 7
BIDS ON MATERIALS AND CONTRACTS
Mr. Frost moved to approve Management's recommendations with regard to bids for materials and contracts as reviewed in Mr. Zellars' letter to the Committee dated August 23, 2019. The motion was seconded by Mr. Friend and carried on a roll call vote.
Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None

MINUTES FILE DOCUMENT NO. 137964
AGENDA NO. 8
MAIN EXTENSIONS
Ms. Howard moved to approve the main extensions as outlined in the letter dated August 22, 2019 from Vice-President of Engineering and Construction Cory O'Brien. The motion was seconded by Mr. Begley and carried on a roll call vote.

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

AGENDA NO. 9
WAGE AND/OR SALARY INCREASES AND RATIFICATIONS
Mr. Begley moved to approve the wage and/or salary increases and ratifications as outlined in Ms. Savine’s letter to the Committee dated August 23, 2019, as well as the salaries that were reviewed at the previous month’s regular Board Meeting (July 26, 2019) but not approved due to an insufficiency of voting Board Members. Mr. Begley also clarified that last month’s salaries, if approved, would be retroactive to last month’s planned effective date. The motion was seconded by Ms. Howard and carried on a roll call vote.

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

AGENDA NO. 10
BOUNDARY UPDATE FOR MUD BOARD OF DIRECTORS’ SUBDIVISIONS 3 AND 5
Mr. Friend moved to approve the boundary update for MUD Board of Directors’ Subdivision 3 and 5 as recommended by Mr. Mendenhall in the Committee Meetings and as outlined in the letter to the Committee from Mr. Kubat dated August 19, 2019 and the accompanying Resolution. The motion was seconded by Mr. Frost and carried on a roll call vote.

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

AGENDA NO. 11
APPOINTMENT FOR SUBDIVISION 5 BOARD SEAT VACANCY
In his role as Chairman of the Personnel Committee, Mr. Begley moved to select Tanya Cook to fill the Board seat vacancy for the remainder of Tom Dowd’s term. The motion was seconded by Ms. Howard and carried on a roll call vote.

Voting Yes: Howard, Cavanaugh, Begley, Friend, Frost, McGowan
Voting No: None
Chairman Cavanaugh along with other Board Members welcomed Ms. Cook to the Board and invited her to take her seat at the table.

Board Members thanked the other candidates who appeared for the interviews, expressed appreciation for their efforts, and encouraged their continued interest in seeking a seat on the Board of Directors in the future.

Chairman Cavanaugh asked if anyone had any comments to share. There were none.

AGENDA NO. 12
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION
Chairman Cavanaugh announced for all those in attendance and for those viewing the livestream that due to the District's headquarters relocation, and in the interest of the public's convenience, the regular monthly Committee and Board Meetings will be held at the downtown Omaha-Douglas County Civic Center's Legislative Chamber at 1819 Farnam Street beginning in November of this year. Also, due to scheduling issues, the monthly MUD meetings will then take place on Thursdays instead of Wednesdays. He asked that those interested in attending these meetings should note the location and weekday changes for future reference. The meeting times will remain the same for the time being though that issue may be subject to further discussion by the Board.

AGENDA NO. 13
CLOSED SESSION – PERSONNEL MATTERS
No closed session was needed.

Mr. Frost moved to adjourn the regular Board Meeting which was seconded by Ms. Cook and carried on a roll call vote.

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

The regular board meeting was adjourned at 9:55 a.m.
Tom Dowd served 40 years on M.U.D. Board

August 8, 2019, Omaha, Neb. — Tom Dowd, an attorney who served more than 40 years on the board of the Metropolitan Utilities District, died August 7. He was 81.

Tom was first elected to the board in 1974, at the age of 35, and served as chairperson six times.

"Tom was a leader on our board and was a mentor for me personally," said M.U.D. Board Chairperson Tim Cavanaugh. "He was a fine gentleman, husband, father, attorney and a close friend who will be missed tremendously. He has left us a legacy that will live on for years. Our thoughts and prayers go out to Sally and his family."

Dowd's expertise in the fields of law and employee relations, coupled with his passion for public service, contributed greatly to the successful operation of the District over his considerable tenure as a board member.

"Tom's deep, wide-ranging knowledge of issues affecting the District was impressive," said M.U.D. President Mark Doyle. "He understood the board's role is to provide their judgment to make well-informed decisions. Tom also always made sure customers received the same fair treatment, regardless of economic means or social position."

Dowd earned a bachelor's degree in business administration from Creighton University in 1961 and a law degree, also from Creighton, in 1963. Following graduation, he served as a prosecutor for the National Labor Relations Board in Kansas City, Denver and Los Angeles.

In the mid-1960s, Dowd returned to Nebraska where he received an appointment as Assistant U.S. Attorney. He later served as Assistant City Attorney for the City of Omaha where he handled labor negotiations and litigation. After that role ended, Dowd went into private practice.

A veteran of the U.S. Naval Reserve, Dowd was a member of the Omaha Bar Association and the Nebraska Bar Association.

He and his wife of 58 years, Sally, have four children.
Subject: CAPITAL EXPENDITURES

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

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

The following items will be on the October 2, 2019 Committee Agenda for consideration and the October 2, 2019 Board Agenda for approval:

SYSTEM IMPROVEMENTS

1. 100071000699 - $400,000 – Condition assessment of approximately 3.7 miles of concrete water main, 132nd Street from Maple to Blondo Streets, 90th Street from Fort to Blondo Streets and State Street from 78th to 66th Street. These concrete mains were previously inspected in 2007 or 2011. The severely distressed pipes identified at that time were promptly replaced, but the slightly distressed pipes were left in service. This condition assessment will determine if any of the previously identified distressed pipes have deteriorated further or if there are additional distressed pipes of concern.

BUILDINGS, PLANTS AND EQUIPMENT

1. 100083001100 - $140,700 – Engine Building catwalk addition, Florence. The District was required by the EPA to modify existing engines and generator with catalytic convertors to meet the new emission standards. In the Engine Building at Florence there are three natural gas engines for the high service pumps and two generators for low service. The catalytic convertors are approximately 20 feet off the ground. As part of the emission requirements, the catalytic convertors are tested every year and removed for cleaning. This requires scaffolding and ladders that make it an unsafe working condition. This catwalk addition will be a permanent fixed pathway system around the catalytic convertors. This will allow District staff and consultants to maintain these elements in safe working conditions.

Approved:

Dave W. DeBoer
Senior Vice President, Chief Operations Officer

Mark E. Doyle
President
Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

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

<table>
<thead>
<tr>
<th>Contract</th>
<th>Board Approval Date</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>*Unit Price Bid</td>
</tr>
<tr>
<td>a. Est. 13 - L.G. Roloff Construction, 100051001025, 100055001234, 100057000445-6, Install water mains in 144th St. from FNB Pkwy. to Pacific St. and W. Dodge Rd. from 144th to 148th Sts.</td>
<td>January 3, 2018</td>
<td>$3,972,027.00</td>
</tr>
</tbody>
</table>

Comments: There was an increase in unit quantities of $85,041.01 and an increase of $14,981.50 for additional casing, to fill a bore hole, concrete removal and replacement for drive and sidewalk and a bore without casing. Also, there was a reduction for Change Order No. 1 of $15,638.95.

<table>
<thead>
<tr>
<th>Contract</th>
<th>Board Approval Date</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>*Unit Price Bid</td>
</tr>
<tr>
<td>b. Est. 2 - Cedar Construction, 100055001273, Install water mains in R &amp; R Commerce Park, Lot 2, 146th and Gold Coast Rd.</td>
<td>February 6, 2019</td>
<td>$96,599.00</td>
</tr>
</tbody>
</table>

Comments: There was a reduction in unit quantities of $6,490.20.

<table>
<thead>
<tr>
<th>Contract</th>
<th>Board Approval Date</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Bid</td>
</tr>
<tr>
<td>c. Est. 2 - Kersten Construction, 100055001245, Install water mains in Belle Lago, 48th St. and Lawnwood Dr.</td>
<td>March 7, 2018</td>
<td>$174,342.00</td>
</tr>
</tbody>
</table>

Comments: There was a reduction in unit quantities of $2,387.80.
Contract Board Amounts

<table>
<thead>
<tr>
<th>Contract</th>
<th>Board Approval Date</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>*Unit Price Bid</td>
<td>Actual</td>
</tr>
<tr>
<td>d. Est. 3 - Kersten Construction, 100057000443-4, 100055001218, 100055001220, Install water mains in 216th St. from &quot;F&quot; St. to Platte West Plant.</td>
<td>October 3, 2018</td>
<td>$376,925.16</td>
</tr>
</tbody>
</table>

**Comments:** There was a reduction in unit quantities of $11,807.80 and an increase of $1,300.00 to substitute a vault for an adjustable valve box.

<table>
<thead>
<tr>
<th>Contract</th>
<th>Board Approval Date</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>e. Est. 5 - WSP USA, Inc., 100084001205, Professional engineering services to perform Phase I, pressure reduction design.</td>
<td>March 3, 2017</td>
<td>$100,000.00</td>
</tr>
</tbody>
</table>

**Comments:** All work has been completed by the contractor, is acceptable and in compliance with the scope of work.

<table>
<thead>
<tr>
<th>Contract</th>
<th>Board Approval Date</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>f. Est. 4 - WSP USA, Inc., 100084001205, Professional engineering services to perform Phase II, pressure reduction design.</td>
<td>September 27, 2017</td>
<td>$97,000.00</td>
</tr>
</tbody>
</table>

**Comments:** All work has been completed by the contractor, is acceptable and in compliance with the scope of work.

*Based upon Engineering's estimated unit quantities.*

Dave W. DeBoer  
Senior Vice President, Chief Operations Officer

Approved:

Mark E. Doyle  
President
Subject: GAS INFRASTRUCTURE REPLACEMENT PARTNER – CONTINUED
PARTNERING WITH Q3 CONTRACTING THROUGH 2022

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

From: Stephanie L. Henn, Director, Plant Engineering

Overview

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

The District’s contracted gas infrastructure partner has been Q3 Contracting (“Q3”) since we began contracting this work 8 years ago in 2012. Management recommends that we continue this partnership currently with Q3 through the year 2022.

Background

The District began its formal gas infrastructure replacement plan in 2008. The plan was to have all existing cast iron gas mains replaced as quickly as possible. As of the end of June 2019 (second quarter), there were approximately 275 miles of aging gas cast iron mains left to be replaced. We anticipate that the cast iron gas infrastructure replacement program will be substantially complete in approximately 2027.

Since the gas infrastructure replacement plan began, we continued to expand the gas abandonment goals until 2017, when we stabilized our goal of abandoning a total of 40 miles per year, with District crews abandoning at least 15 miles, and gas contracted crews abandoning at least 25 miles of gas infrastructure. This abandonment goal will now stay fixed at 40 miles per year at least through 2022.
The District began contracting gas installation work for mains and services in 2012. Q3 has been the District’s partner for the last 8 years in this endeavor. This venture has been successful for both parties and therefore, it is advantageous to continue the partnership of gas infrastructure replacement with Q3.

2020 / 2021 / 2022 Plan

Management recommends continuing the partnership with Q3 Contracting for an additional 3 years. This contract would be structured as a 3-year contract, beginning in 2020, subject to acceptable pricing in subsequent years 2021 and 2022, very similar to the contract with Q3 for the calendar years 2017, 2018, and 2019.

The District has built a strong working relationship with Q3 over the last 8 years. It takes time to learn how the other entity operates and for the District and contractor personnel to get to know each other. As this working relationship has progressed, it has made the projects go much smoother.

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

Pricing

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

In 2014, the District attempted to hire an additional contractor to perform gas infrastructure work. The prices submitted by other contractors were significantly higher than Q3’s, with Q3’s prices actually going down due to finding operational efficiencies. As a result, Q3 was selected as the District’s continued partner to complete all the planned contracted gas infrastructure work.

The current pricing provided by Q3 for the 2020 construction season is approximately 0.5% over the current year’s pricing. This is less than current inflation rates. Over the last 8 years, Q3’s pricing has remained very stable year to year.
The stability of Q3’s pricing is largely due to Q3 utilizing nearly 100% local union labor, and they no longer bring in staff from other areas of the country. Also, Q3 is now very familiar with the District’s protocols, staff, and procedures. The District values the established partnership with Q3 and vice versa. Q3 has voiced their opinion many times that they want to ensure that they keep prices reasonable, to keep the partnership established.

Gas Infrastructure Abandonment Progress

Significant progress has been made on the Gas Infrastructure Replacement Program since the program began. The following table shows the total abandonments from both District crews and Q3 crews throughout the program:

<table>
<thead>
<tr>
<th>Year</th>
<th>Abandonment BY DISTRICT CREWS (miles)</th>
<th>Abandonment by Q3 Crews (miles)</th>
<th>Gas Total Abandonment (miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>7.73</td>
<td>0.00</td>
<td>7.7</td>
</tr>
<tr>
<td>2009</td>
<td>9.22</td>
<td>0.00</td>
<td>9.2</td>
</tr>
<tr>
<td>2010</td>
<td>23.00</td>
<td>0.00</td>
<td>23.0</td>
</tr>
<tr>
<td>2011</td>
<td>19.28</td>
<td>0.00</td>
<td>19.3</td>
</tr>
<tr>
<td>2012</td>
<td>14.88</td>
<td>5.33</td>
<td>20.2</td>
</tr>
<tr>
<td>2013</td>
<td>16.73</td>
<td>9.69</td>
<td>26.4</td>
</tr>
<tr>
<td>2014</td>
<td>15.99</td>
<td>14.75</td>
<td>30.7</td>
</tr>
<tr>
<td>2015</td>
<td>13.69</td>
<td>18.27</td>
<td>32.0</td>
</tr>
<tr>
<td>2016</td>
<td>20.66</td>
<td>19.37</td>
<td>40.0</td>
</tr>
<tr>
<td>2017</td>
<td>16.35</td>
<td>24.01</td>
<td>40.4</td>
</tr>
<tr>
<td>2018</td>
<td>21.4</td>
<td>25.01</td>
<td>46.4</td>
</tr>
<tr>
<td>2019</td>
<td>8.17</td>
<td>13.26</td>
<td>21.4</td>
</tr>
<tr>
<td>Total</td>
<td>187.10</td>
<td>129.68</td>
<td>316.78</td>
</tr>
</tbody>
</table>

** Total Based on actual numbers through the 2nd Quarter and estimated numbers through the middle of September 2019 due to on-going projects.

Currently, over 300 miles of gas infrastructure has been abandoned since the onset of the program. This requires huge effort by various District divisions including Construction, Gas Distribution, Engineering, Field Services and others, plus our partner Q3. Therefore, since standard procedures and protocols have been established with Q3, it is advantageous to continue this partnership.
Conclusion

The District continues to make steady progress towards the goal of replacing critical gas infrastructure, currently replacing 40 miles per year. This needs to continue through the substantial completion of the cast iron portion of the gas infrastructure replacement program which is expected in 2027; utilizing both District and contracted gas infrastructure replacement forces.

The District’s contracted gas infrastructure partner has been Q3 Contracting since we began contracting this work 8 years ago in 2012. Q3’s pricing has remained very stable over the years, with only a 0.5% increase for 2020, and therefore, management recommends that we continue this successful partnership through calendar year 2022.

With the approval of this request, management is asking that the president be authorized to enter into a contract with Q3 Contracting to provide gas infrastructure main and service replacement work for the years of 2020 as well as 2021, and 2022, subject to acceptable pricing. The corresponding C&A’s for this work will be submitted as a part of the annual C&A requests for all gas infrastructure work for the 2020 calendar year at the January 2020 Board of Directors meeting. Your approval is requested.

APPROVED:

Stephanie L. Henn, P.E.
Director, Plant Engineering

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

Dave DeBoer
Senior Vice President, Operations

Mark Doyle
President
METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

September 20, 2019

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

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

From: Jon A. Zellars, Director, Purchasing

The following items will be on the October 2, 2019 Committee Agenda for consideration and the October 2, 2019 Board Agenda for approval. The recommended bid is bolded and listed first.

WATER/GAS MAIN CONTRACTS

<table>
<thead>
<tr>
<th>Item</th>
<th>Bids Sent / Rec'd</th>
<th>Bidders</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Install Water Mains in Newport Vista, 168th Street and Bennington Road 100055001301 100055001315 100057000472 WP1677</td>
<td>18/2</td>
<td>Cedar Construction $715,427.00 Kersten Construction 743,335.00</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Install Water Mains in Antler View East Phase 3, 180th Street and West Maple Road 100055001306 WP1689</td>
<td>18/2</td>
<td>Cedar Construction $333,899.00 Kersten Construction 368,694.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Install Water Mains in Arbor Woods, 92nd and Arbor Streets 100055001307 WP1690</td>
<td>18/3</td>
<td>Cedar Construction $124,115.50 Kersten Construction 149,230.00 Pat Thomas Construction 166,803.20</td>
<td></td>
</tr>
</tbody>
</table>
### RATIFICATION

<table>
<thead>
<tr>
<th>Item</th>
<th>Bids Sent / Rec’d</th>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bore and Install Two 12” HDPE Gas Mains Under the Big Papillion Creek along 120th Street North of Old Maple Road 100054001019 R1976</td>
<td>1/1</td>
<td>TH Construction</td>
<td>$167,690.00*</td>
</tr>
</tbody>
</table>
| * Reimbursable by the City of Omaha  
(C&A 100054001019 approved September 4, 2019 in the amount of $340,000.00) |                   |                     |                 |

### INFORMATION TECHNOLOGY

<table>
<thead>
<tr>
<th>Item</th>
<th>Bids Sent / Rec’d</th>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCADA Integration Services for Platte West Water Treatment Facility SCADA Upgrade 100086000726</td>
<td>2/2</td>
<td>Huffman Engineering Design Group</td>
<td>$364,040.00</td>
</tr>
<tr>
<td>(C&amp;A for 100086000726 approved August 7, 2019 in the amount of $500,000.00)</td>
<td></td>
<td></td>
<td>399,040.00</td>
</tr>
<tr>
<td>HMI Network Equipment for Platte West Water Treatment Facility SCADA Upgrade 100086000726</td>
<td>1/1</td>
<td>Sirius</td>
<td>$45,011.95</td>
</tr>
<tr>
<td>(C&amp;A for 100086000726 approved August 7, 2019 in the amount of $500,000.00)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCADA Network Redundancy and Segmentation 100086000720</td>
<td>3/1</td>
<td>Sirius</td>
<td>$34,442.58</td>
</tr>
<tr>
<td>(C&amp;A for 100086000720 approved January 2, 2019 in the amount of $140,000.00)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### OTHER

<table>
<thead>
<tr>
<th>Item</th>
<th>Bids Sent</th>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florence WTP Engine Building</td>
<td>6/3</td>
<td>Cummings &amp; Sons</td>
<td>$97,433.40</td>
</tr>
<tr>
<td>Catwalk Addition</td>
<td></td>
<td>Hawkins</td>
<td>104,191.00</td>
</tr>
<tr>
<td>100083001100 WP1699</td>
<td></td>
<td>Judds Bros. Const.</td>
<td>114,750.00</td>
</tr>
</tbody>
</table>

(A C&A in the amount of $140,700.00 will be presented to the Board on October 2, 2019 for approval.)

### ANNUALS

<table>
<thead>
<tr>
<th>Item</th>
<th>Bids Sent</th>
<th>Bidder</th>
<th>Bid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snow Removal Service for Various M.U.D. Facilitates per Snow Event Extension #1 (2019 to 2020 Season)</td>
<td>1/1</td>
<td>A-Plush Lawns</td>
<td>$5,190.00</td>
</tr>
</tbody>
</table>

---

Jon A. Zellars  
Director, Purchasing  
(402) 504-7253

Approved:  
Joseph J. Schaffart  
Senior Vice President, CFO

Mark E. Doyle  
President
Subject: MAIN EXTENSIONS

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

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

The following main extensions will be on the October 2, 2019 Committee Agenda for consideration and the October 2, 2019 Board Agenda for approval:

<table>
<thead>
<tr>
<th>Job Number</th>
<th>Project Cost</th>
<th>Applicant Contribution</th>
<th>Construction by Applicant</th>
<th>M.U.D. Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>100055001306</td>
<td>$470,798</td>
<td>$470,798</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Pioneer Contribution</td>
<td>33,464</td>
<td>33,464</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connection Charge</td>
<td>69,408</td>
<td>69,408</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$573,670</td>
<td>$573,670</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These mains are being installed to provide domestic water service and fire protection to eight commercial and three single-residential lots in Antler View East Subdivision, Big Elk Parkway and West Maple Road. There is a pioneer main fee of $33,464 due to the existing 30-inch water main in West Maple Road. There is also a connection charge due to the existing 12-inch water main in Big Elk Parkway in the amount of $69,408. (City of Omaha zoning, 180 Maple, LLC)

<table>
<thead>
<tr>
<th>Job Number</th>
<th>Project Cost</th>
<th>Applicant Contribution</th>
<th>Construction by Applicant</th>
<th>M.U.D. Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>100059000244</td>
<td>$105,000</td>
<td>$105,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>100067001373</td>
<td>15,000</td>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$120,000</td>
<td>$120,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This work is required to eliminate conflicts with proposed grading, paving, sewers and new buildings for the former ConAgra Campus, 10th and Farnam Streets. This includes the relocation of existing 16-inch ductile iron water main and existing 16-inch wrapped steel gas main. This work is reimbursable as the development project is private in nature. The total estimated cost for the water main installation is $362,500 and $15,000 for the abandonment. The estimated total cost of the project is $377,500. The developer has requested to contract the water main installation and abandonment. The District will perform the gas main relocation work. (City of Omaha zoning, Hines)
### WATER (con’t)

<table>
<thead>
<tr>
<th>Job Number</th>
<th>Project Cost</th>
<th>Applicant Contribution</th>
<th>Construction by Applicant</th>
<th>M.U.D. Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>100055001307</td>
<td>$177,485</td>
<td>$177,485</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

These mains are being installed to provide domestic water service and fire protection to 37 single-residence and one multi-resident lot in Arbor Woods Subdivision, 92nd Street and Arbor Woods. (City of Omaha zoning, NP Dodge Building Company)

<table>
<thead>
<tr>
<th>Job Number</th>
<th>Project Cost</th>
<th>Applicant Contribution</th>
<th>Construction by Applicant</th>
<th>M.U.D. Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>100055001301</td>
<td>$951,518</td>
<td>$951,518</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>100055001315</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100057000472</td>
<td>20,000</td>
<td>20,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pioneer Contribution</td>
<td>258,082</td>
<td>258,082</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$1,347,725</td>
<td>$1,347,725</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

These mains are being installed to provide domestic water service and fire protection to 215 single-residence lots in Newport Vista Subdivision, 168th Street and Bennington Road. There are pioneer main fees in the amount of $258,082 due to the existing 24-, 16- and 12-inch mains in 156th Street, Bennington Road and 168th Street. (City of Bennington zoning, Krejci Development, LLC)

### GAS

<table>
<thead>
<tr>
<th>Job Number</th>
<th>Total Estimated</th>
<th>Cost</th>
<th>Revenue Credits Developer</th>
<th>Deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Estimated</td>
<td>Cost</td>
<td>Revenue Credits Developer</td>
<td>Deficiency</td>
</tr>
<tr>
<td>100060001314</td>
<td>$206,547</td>
<td>Developer Equivalent</td>
<td>Developer Estimate</td>
<td>$227,642</td>
</tr>
</tbody>
</table>

This main is being installed to provide gas service to six commercial, multi-residence and single-residence lots in South Farm Replat 2, 144th and Pacific Streets. (City of Omaha zoning, Noddle Companies)

<table>
<thead>
<tr>
<th>Job Number</th>
<th>Total Estimated</th>
<th>Cost</th>
<th>Revenue Credits Developer</th>
<th>Deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>100060001349</td>
<td>$72,056</td>
<td>Developer Equivalent</td>
<td>Developer Estimate</td>
<td>$20,791</td>
</tr>
</tbody>
</table>

This main is being installed to provide gas service to 10 commercial lots in Coventry North Subdivision, 204th and "Q" Streets. Management is recommending oversizing approximately 1,400 feet of 2-inch main to 4-inch main at an estimated District cost of $12,463. (City of Omaha zoning, AVG-CFM 204Q, LLC)
<table>
<thead>
<tr>
<th>Job Number</th>
<th>Total Estimated</th>
<th>Developer Equivalent</th>
<th>Developer Estimate</th>
<th>Revenue Credits Developer</th>
<th>Deficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>100060001343</td>
<td>$53,400</td>
<td>$43,132</td>
<td>$38,121</td>
<td>$12,869</td>
<td>$25,252</td>
</tr>
</tbody>
</table>

This main is being installed to provide gas service to five commercial lots in Town Center West Subdivision, 210th Street and West Center Road. Management is recommending oversizing approximately 1,720 feet of 2-inch main to 4-inch main at an estimated District cost of $10,268. (City of Omaha zoning, 204th Street LLC)

Approved:

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

Dave W. DeBoer  
Senior Vice President, Chief Operations Officer

Mark E. Doyle  
President
Subject: Wage and/or Salary Increases and Ratifications, October 2019 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, Schaffart and Stanley

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.

<table>
<thead>
<tr>
<th>Employee</th>
<th>John Connolly</th>
<th>Christopher Frederick</th>
<th>Adam Kriegler</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current position (department):</td>
<td>Customer Service Clerk I (Customer Service)</td>
<td>Meter Mechanic (Measurement)</td>
<td>Auto Service Person (Transportation)</td>
</tr>
<tr>
<td>New position (department):</td>
<td>Meter Reader - Car Route (Meter Reading)</td>
<td>Water Plant Maintenance Mechanic (Water Pumping)</td>
<td>Water Maintenance Trainee (Water Distribution)</td>
</tr>
<tr>
<td>Current rate; step/grade:</td>
<td>$26.40; Step 3</td>
<td>$33.64; Step 4</td>
<td>$20.27; Step EN</td>
</tr>
<tr>
<td>Proposed rate; step/grade:</td>
<td>$28.52; Step 2</td>
<td>$34.23; Step 4</td>
<td>$21.54; Step 1</td>
</tr>
<tr>
<td>Percent of increase:</td>
<td>8.03%</td>
<td>1.75%</td>
<td>6.27%</td>
</tr>
<tr>
<td>District hire date:</td>
<td>May 8, 2017</td>
<td>November 13, 2006</td>
<td>January 14, 2019</td>
</tr>
</tbody>
</table>
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.

Employee: Troy Bostwick
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Customer Service Technician Trainee (Field Service Operations)
Current rate; step/grade: $26.95; Step 4
Proposed rate; step/grade: $28.95; Step 4
Percent of increase: 3.97%
District hire date: October 9, 2017
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.

<table>
<thead>
<tr>
<th>Employee</th>
<th>Current position (department)</th>
<th>New position (department)</th>
<th>Current rate; step/grade</th>
<th>Proposed rate; step/grade</th>
<th>Percent of increase</th>
<th>District hire date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyler Reed</td>
<td>Pipe Layer Trainee (Construction)</td>
<td>Customer Service Technician Trainee (Field Service Operations)</td>
<td>$24.55; Step 2</td>
<td>$26.95; Step 4</td>
<td>9.78%</td>
<td>August 7, 2017</td>
</tr>
<tr>
<td>Jesse Norman</td>
<td>Pipe Layer Trainee (Construction)</td>
<td>Pipe Layer (Construction)</td>
<td>$25.27; Step 4</td>
<td>$27.16; Step 4</td>
<td>7.48%</td>
<td>September 25, 2017</td>
</tr>
</tbody>
</table>

4. Operating and Clerical (OAC) Wage Increases Due To Wage Scale Adjustment

The Human Resources Department is recommending the Board of Directors approve wage increases for the following employees, currently all holding the Utility Locator job. The wage scale for the Utility Locator job has been adjusted to match the Utility Worker wage scale as it was prior to the Commission of Industrial Relations (CIR) order in 2013 to support a career path for employees within the District. These employees will be placed on the corresponding wage step they currently hold. The effective date for these increases will be August 10, 2019, corresponding with a division reorganization.

<table>
<thead>
<tr>
<th>First Name</th>
<th>Last Name</th>
<th>Current rate; step/grade</th>
<th>Proposed rate; step/grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ray</td>
<td>Goldsberry</td>
<td>$35.22 / S4</td>
<td>$36.65 / S4</td>
</tr>
<tr>
<td>Jeffrey</td>
<td>Good</td>
<td>$35.22 / S4</td>
<td>$36.65 / S4</td>
</tr>
<tr>
<td>Ronald</td>
<td>Jankowski Jr</td>
<td>$35.22 / S4</td>
<td>$36.65 / S4</td>
</tr>
<tr>
<td>Gerald</td>
<td>Odowd</td>
<td>$35.22 / S4</td>
<td>$36.65 / S4</td>
</tr>
<tr>
<td>Richard</td>
<td>Costello</td>
<td>$35.22 / S4</td>
<td>$36.65 / S4</td>
</tr>
<tr>
<td>Peter</td>
<td>Suski</td>
<td>$35.22 / S4</td>
<td>$36.65 / S4</td>
</tr>
<tr>
<td>Ronald</td>
<td>Taylor II</td>
<td>$35.22 / S4</td>
<td>$36.65 / S4</td>
</tr>
</tbody>
</table>
Joe Stock $35.22 / S4 $36.65 / S4
Christopher Sacco $35.22 / S4 $36.65 / S4
David Story $35.22 / S4 $36.65 / S4
Matthew Liske $35.22 / S4 $36.65 / S4
Dennis Dudzik $35.22 / S4 $36.65 / S4
Edward Hellbusch $35.22 / S4 $36.65 / S4
Charles Eggers $33.46 / S3 $34.82 / S3
Shawn Sarvis $33.46 / S3 $34.82 / S3

5. 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: Roger Groen
Current position (department): Senior Instrument & Control Technician (Facilities Management)
New position (department): Plant Foreman (Platte West Plant)
Current rate; step/grade: $43.91; Step 4
Proposed rate; step/grade: $95,673; SPA-04
Percent of increase: 4.75%
District hire date: May 14, 2007

Employee: Thomas Vacek
Current position (department): Senior Utility Locator (Safety & Security)
New position (department): Foreman, Quality Assurance Utility Locating (Safety & Security)
Current rate; step/grade: $38.12; Step 4
Proposed rate; step/grade: $83,254; SPA-03
Percent of increase: 5.00%
District hire date: August 6, 1979
6. **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:**
- **Current position (department):** Senior Software Developer (Information Technology)
- **Current rate; step/grade:** $98,000; SPA-05
- **District hire date:** September 9, 2019

**APPROVED:**

Mark A. Mendenhall  
Sr. Vice President, General Counsel

Mark E. Doyle  
President

Dennie Savine  
Vice President, Human Resources
Subject: GROUP INSURANCE CONTRACT RENEWALS

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, Schaffart and Stanley  

From: Bonnie Savine, Vice President, Human Resources  

The following group insurance contracts are being recommended for 2020: PPO health,  
HMO health, dental, vision, flexible spending accounts, basic life insurance,  
supplemental (voluntary) life insurance, accidental death & dismemberment (AD&D),  
and long-term disability (LTD). The District also requested an analysis from SilverStone  
Group on adjusting the out-of-pocket maximums on the HMO plan along with the  
introduction of coinsurance to the plan. A pharmacy formulary list change was also  
heavily researched and vetted. Human Resources and Accounting reviewed the  
recommendations submitted and analyzed by SilverStone Group.

Blue Cross and Blue Shield of Nebraska – PPO & HMO Health Plans and Pharmacy

PPO & HMO Health Plans  
The District worked with SilverStone Group to review the contract renewals for  
the 2020 health plans. Renewals for both the PPO & HMO were received from Blue  
Cross and Blue Shield of Nebraska (BCBS). The current contract includes a  
guaranteed administration fee for 2020 of $45.40 per employee/retiree per month  
(PEPM) which includes $0.25 PEPM for the Telehealth and $0.65 PEPM for Spine  
Management. This rate is $2.00 more PEPM than in 2019. Based on the current  
participant count of 1,306, the increase represents $31,344 annually with a total  
estimated cost of $711,509. Included with the administrative fees is program support  
for items such as Retiree Drug Subsidy (RDS) and wellness.  
The bargained plan design changes for the PPO health plan will be effective January 1,  
2020. The proposed change for the HMO plan is to change the family out-of-pocket  
maximum for the year from $5,500 to $6,000. This aligns with the philosophy of using  
2x the individual out-of-pocket maximum on the PPO plan.

Pharmacy - NetResults Formulary  
BCBS provided estimated savings for MUD to move to the NetResults formulary  
(PDL40). The savings estimate came from a BCBS evaluation of impacted MUD
members if the formulary change were to occur. BCBS indicated of the 389 members impacted by the NetResults formulary changes, roughly 170 were retirees (about 43.7% of the 389 members impacted). When we look at the overall pharmacy spend for MUD, the retirees represent about 42.9% of the total pharmacy spend as well. The remaining spend comes from the active employees and their covered family members. This formulary change is projected to result in $1,500,000.00 in annual savings in 2020.

**HM Life – Aggregate and Specific Stop Loss Coverage**

Aggregate stop loss coverage is under contract with the current administrator, HM Life. A preliminary stop loss renewal from HM has been received. The renewal figures will be finalized after a review of last month’s claims. Based on the preliminary renewal SilverStone Group has performed analysis to recommend a move to a $425,000 Specific stop loss (increased from $400,000). The premium savings is over $80,000 annually and based on District historical claims would result in realized savings.

**Ameritas - Dental Plan**

The current contract includes a guaranteed administration fee of $3.89 per member per month (PEPM). This rate is $0.61 PEPM less than 2018 with BCBS Dental. Based on the 2019-member count of 806, this decreases the administrative fees by an estimated $5,900 for the year. There are no changes recommended for the District’s dental plan administration.

**PayFlex - Flexible Spending Accounts**

PayFlex administers the District’s flexible spending accounts (FSA); Health Care and Dependent Care. PayFlex is offering a rate pass for all services that are currently being administered for 2019. The monthly administrative fee per member in 2020 will continue to be $5.41. The administrative fee includes the use of the PayFlex Debit cards for the Health Care accounts. PayFlex has also recently worked with Ameritas to set up secured claim data files to help improve the approval for dental claim substantiation. This matches the claim process they use for health claims with data from BCBS.

**Ameritas - Voluntary Vision Care**

No changes are recommended for the 2020 plan year. The cost of these benefits is paid by employees that enroll for the plans.

**Life Insurance, AD&D, and LTD Plans – Mutual of Omaha**

Mutual of Omaha administers the District’s basic and supplemental (voluntary) life insurance plans. Both plans are fully insured.

Mutual of Omaha is also the administrator of the accidental death & dismemberment (AD&D) and long-term disability (LTD) plans. These plans were renewed starting in 2018, with a three (3) year rate guarantee (until January 1, 2021). The District agrees with SilverStone’s recommendation to continue our contract with Mutual of Omaha for these insurance products.
Recommendation

The District recommends the Board of Directors approve the negotiated rates for the Group Insurance products outlined above at the October 2, 2019 meeting. I will be at the meeting to answer any questions you may have.

Bonnie Saville
Vice President, Human Resources

APPROVED:

Mark A. Mendenhall
Sr. Vice President, General Counsel

Mark E. Doyle
President
MUD’s relationship with RSM, LLP began in 2014, when they were the successful firm pursuant to a Request for Proposal (RFP) process for external audit services. The 2014 RFP process awarded RSM, LLP (previously known as McGladrey, LLP) the audit engagement for the five-year period 2014 through 2018. During the September 16, 2019 meeting of the Audit Committee, there was discussion of extending the audit engagement with RSM for the five-year period 2019 through 2023, pursuant to their renewal proposal dated April 12, 2019.

The Audit Committee and members of management recommend extension of the audit engagement with RSM, LLP for the following reasons:

1) RSM has provided excellent, high quality audits and associated services by virtue of:
A) The technical strength of their staff; the audit partner and manager, as well as their support staff, have served as excellent technical resources.
B) The resources they bring to bear by virtue of their size; RSM is the 6th largest public accounting firm worldwide, with 2018 revenues of $5.1 billion and an employee count of 41,400.
C) Training opportunities via webinars and accounting updates.
D) Their high level of responsiveness and customer service.

2) RSM has provided a proposal with very compelling pricing, offering considerable value to the District. Their quote for performing the 2019 audit is $67,900, which represents a $5,300, or 7.2%, reduction from fees charged for the 2018 audit. The fees increase by approximately 3.4% per year for the 2020 through 2023 time period, reaching $77,700 for the 2023 audit.

RSM’s proposal of April 12, 2019 is attached for your review. Your attention to this matter is appreciated.

Approved:

Joseph J. Schaffart
Senior Vice President, Chief Financial Officer
(402) 504-7111

Mark E. Doyle
President

Attachment
Proposal to provide financial audit services

Metropolitan Utilities District

April 12, 2019

Contact Person:

Kevin Smith, Partner
816 751 4027
4801 Main St., Suite 400
Kansas City, MO 64112
• **Exceptional level of service.** We take a team approach that is heavy on experienced partner involvement. With a partner-to-staff ratio of 1:13, you won't just meet the partner at the initial planning sessions; your partner is in contact with you regularly to help ensure we meet your delivery expectations. They will also challenge your thinking, offer potential solutions and provide sound business advice, when appropriate. We are structured to ensure our clients receive a high amount of attention and involvement. Throughout the year, questions arise concerning accounting procedures, debt refinancing, tax matters, benefit plans, staffing, budgeting and other matters. We believe you will find it reassuring to be able to call experienced professionals and seek their advice whenever needed. We believe you will find our responsive service is different from what you will find with other accounting firms.

Our approach to the engagement to provide professional auditing services will establish a delivery system for providing a truly exceptional level of service. Each element of that system, including team structure, staffing, audit approach, communication and coordination, has been examined and refined to fit the needs of the District. In the following pages, our goals are to demonstrate how the District will benefit from selecting our firm as your professional services provider and underscore our commitment to providing you a quality audit at a competitive fee.

Once you have had the opportunity to review the following response, we would be pleased to discuss your needs in greater detail or make a presentation to your team. Kevin Smith is entitled to represent, empowered to submit the offer and authorized to sign a contract with the District. Please feel free to contact me with any questions.

Sincerely,

Kevin Smith, Partner  
816 751 4027
RSM PROFILE

We are confident that RSM has the right capabilities, qualifications and client-service culture to serve as your advisor. To illustrate this alignment, we would like to highlight the following:

<table>
<thead>
<tr>
<th>Your priorities</th>
<th>Our response</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Excellent client service based on communication and responsiveness.</td>
<td>• Facilitate open and ongoing dialogue to address your questions and concerns, learn about changes in the District’s operations and support your continual improvement.</td>
<td>• Year-round access to a trusted advisor—throughout the engagement and during the year whenever you need us.</td>
</tr>
<tr>
<td>• Consistent and industry experienced team.</td>
<td>• Provide team members with the expertise specific to your industry and maintain continuity in key team members.</td>
<td>• Increased efficiency and understanding between the District and RSM.</td>
</tr>
<tr>
<td>• Competitive fees and consistently high-quality results.</td>
<td>• Leverage highly experienced professionals to plan the engagement and direct and oversee all work phases.</td>
<td>• On-time delivery of services, results that fully align with your expectations, and fees that reflect an optimized staffing approach.</td>
</tr>
</tbody>
</table>

National support, strong local presence

RSM is the leading provider of audit, tax and consulting services focused on the middle market, with more than 10,000 people in 85 cities nationwide. It is a licensed CPA firm and the U.S. member of RSM International, a global network of independent audit, tax and consulting firms with more than 41,000 people in over 116 countries. RSM uses its deep understanding of the needs and aspirations of clients to help them succeed.

We combine the resources of a large, world-class firm with the personal service and attention to detail of a small firm. Our engagement teams are composed of professionals who are optimally positioned to serve you, both geographically and in terms of relevant experience. The combination of local presence and national strength assures you will receive exceptional advice from professionals experienced in the governmental industry, prompt responses to your needs and questions, and timely and cost-effective delivery of services.

While our size affords us the national resources needed to serve complex industries, size by itself is not important. What is important are the factors that have resulted in our success. We believe RSM is unique because while we possess the expertise of a national firm, our client service philosophy matches that of a local accounting firm. Our growth has been the result of our ability to provide our clients with close, personal attention, continuity and accessibility of all professional personnel, including partners, and prompt quality services in a cost-effective and innovative manner.
Many of our audit professionals are members of one or more of the following organizations:

- National Association of State Auditors, Comptrollers and Treasurers, NASACT
- National Association of State Budget Officers, NASBO
- National Grants Management Association, NGMA
- Association of Governmental Accountants, AGA
- National Association of Local Government Auditors, NALGA
- The Government Finance Officers Association, GFOA
- The American Institute of Certified Public Accountants, AICPA, and its nonprofit committees
- Applicable state societies

License to practice in the state of Nebraska

RSM holds an active CPA firm license in Nebraska. Our key personnel assigned to this engagement currently are properly licensed to practice in the state of Nebraska.

RSM and its individually licensed certified public accountants are regulated by a number of state and federal requirements. All partners in the firm are CPAs. All CPAs must be licensed in the state in which their office is located. Our licensing department ensures that our firm and its individual employees are in compliance with the licensing requirements in the states where active firm and individual licenses are held.

External quality control review

Our firm is subject to the triennial peer review requirements of the AICPA. The peer review focuses on the firm's non-SEC audit practice and is conducted by another licensed CPA firm. RSM's system of quality control for the accounting and auditing practice applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2016, was subject to peer review by the firm of BKD, LLP. Under the peer review standards, firms can receive a rating of pass, pass with deficiency(ies), or fail. RSM received a peer review rating of pass.

A copy of our most recent peer review report is included in Appendix B.

Independence

We are independent with respect to the District, as that term is defined by Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants and the Government Auditing Standards. Those rules require that the firm and all of its partners be independent with respect to any clients (not only on a local, but also on a national level) who engage RSM to express an opinion on the financial statements. Those rules specify that an auditor may not have or be committed to acquire a direct financial interest or material indirect financial interest in a client or any of the client's affiliates during the period of his or her engagement or at the time he or she expresses an opinion. Further, those rules specify that an auditor may not act in a capacity of promoter, underwriter, officer, director, voting trustee or employee of the audit client during the periods covered by his opinion.
Quality assurance with regard to staffing

We recognize the impact staffing changes have on clients and are committed to maintaining continuity and team stability as much as possible. Our policy is to maintain the integrity of the client service team from year to year. While we cannot guarantee that every member of the service team will return each year, we provide staffing consistency whenever possible.

If personnel changes do occur, we know how to minimize disruption. We have a deep pool of government accounting and higher education experience from which to draw and will select highly-qualified professionals for your consideration. RSM's senior management on your account will transfer specific knowledge about the District to other team members, helping to bridge any gaps and ensure no interruptions in performance of services. We recognize your right to approve or reject replacements.

RSM'S APPROACH TO THE ENGAGEMENT

Audit services and methodology

Designed for organizations like the District, the RSM audit methodology allows your engagement team to use professional judgment in planning an overall audit strategy.

Key steps in the RSM audit process

<table>
<thead>
<tr>
<th>UNDERSTAND THE CLIENT</th>
<th>RISK ASSESSMENT</th>
<th>FURTHER AUDIT PROCEDURES</th>
<th>EVALUATION</th>
<th>DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business objectives</td>
<td>Risks of material misstatement (error or fraud)</td>
<td>Tests of controls</td>
<td>Audit evidence</td>
<td>Issue reports</td>
</tr>
<tr>
<td>Financial performance</td>
<td>Significant risks</td>
<td>Substantive analytical procedures</td>
<td>Uncorrected misstatements</td>
<td></td>
</tr>
<tr>
<td>Accounting policies</td>
<td>Control deficiencies</td>
<td>Substantive tests of details</td>
<td></td>
<td></td>
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<tr>
<td>Internal control</td>
<td></td>
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</tbody>
</table>

- **Understand the client**—We learn as much as possible about your operations up front in order to properly understand the account balances, classes of transactions, and disclosures relevant to your activities.
- **Risk assessment**—We assess the risk that errors or fraud may cause a material misstatement of financial statements. We next decide whether the identified risks relate to specific relevant assertions related to significant account balances, classes of transactions, or disclosures, or whether they relate to the financial statements taken as a whole and potentially affect many relevant assertions. We then determine which of the identified risks of material misstatement are significant risks that require special audit consideration. We also identify internal control deficiencies as part of our risk assessment process.
As your professional services provider, we are always available to provide the District's finance department with direction toward pertinent literature and pronouncements related to accounting and reporting matters being evaluated by management.

**Audit and accounting insights**

RSM's national office provides *Insights*, a monthly electronic newsletter designed to communicate recent accounting and auditing developments to our clients and other friends.

**Award-winning publications**

*Muse* is a newsletter focusing on governmental nonprofit organizations. It features the latest accounting, tax and business news impacting our public sector clients.

We also present on a variety of technical and industry-specific topics.

**Financial Reporting Insights**

*Audit & Accounting Guide for state and local governments updated.* The American Institute of Certified Public Accountants Audit & Accounting Guide, State and Local Governments, has been updated.

*GASB proposes implementation guidance.* A recent Exposure Draft provides guidance to clarify certain Governmental Accounting Standards Board Statements.

**Webcasts**

*Governmental lease accounting.* Get the latest information on the new lease standard that could affect your organization, including what and how to plan for implementation.

*Annual governmental accounting update—What's new, what's next?* Get the latest information on GASB standards that could affect your organization, including a detailed focus on the new OPEB standards.

*Cybersecurity best practices and considerations for the public sector.* Understand the risks internal employees can pose and learn what public sector entities can do to protect accidental breaches by insiders.

**Client service relationship**

Our relationship with the District will be based on certain long-standing principles, including:

- An outstanding client service experience, focused on efficient and well-coordinated services
- Commitment to completing work within the agreed-upon time frame, assuming your preparation of requested schedules and other supporting documentation before we commence fieldwork and assuming no unforeseen technical issues
- Staffing of the engagement team based on industry-specific qualifications and technical experience
- Hands-on approach to planning, with management meetings and conference calls held routinely to discuss changes to the business, industry issues, new accounting pronouncements, etc.
- Fees that are reasonable based on the scope of work
- Transparent approach to billing, with clear communication and an emphasis on avoiding surprises
APPENDICES

Appendix A—Engagement team biographies

Kevin Smith
Partner, Audit Services
RSM US LLP
Kansas City, Missouri
kevin.smith@rsmus.com
816 751 4027

Summary of experience

Kevin is a regional team leader for RSM's public sector practice and has over 18 years of experience serving this industry. As an experienced professional committed to the public sector, he focuses on providing audit, consulting and reporting services to governmental and nonprofit entities. In his role as a public sector professional and working with a wide variety of clients throughout the country, Kevin brings an in-depth understanding of governmental and nonprofit accounting, auditing and compliance reporting to his clients and consistently shares new ideas and best practices with them. In addition to directly serving clients, Kevin serves as concurring reviewer for governmental engagements throughout the firm. He is well versed in the financial and compliance-related requirements of governmental entities and has extensive experience performing audits in accordance with Government Auditing Standards and single audits in accordance with Uniform Guidance (previously OMB Circular A-133).

Kevin is involved in teaching and developing professional education material at a national and local level. He has received specific training for governmental entities and future governmental accounting standard changes, and has received the necessary continuing professional education to be considered Yellow Book certified. In addition, Kevin is a reviewer for the national Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting program.

Kevin's community involvement includes the following:

- United Way Young Leaders Society
- KIPP Endeavor Academy, board treasurer
Robert Kreiser
Manager, Audit Services
RSM US LLP
Omaha, Nebraska
robert.kreiser@rsmus.com
402 344 6113

Summary of experience

Robert provides financial and compliance audit and consultation services to a variety of public sector entities. He focuses primarily on cities, counties, school districts, utility districts, tribal governments and nonprofit organizations. Robert has practiced public accounting for more than five years.

In his current role, Robert develops exceptional working relationships with clients built on understanding their businesses and individual challenges. He builds bonds with engagement team members in order to increase the level of teamwork and efficiency on engagements.

Professional affiliations and credentials

- Certified public accountant
- American Institute of Certified Public Accountants

Education

- Bachelor of Arts, accounting, magna cum laude, Central College
Education

- Master of Business Administration, St. Ambrose University
- Bachelor of Science, accounting, Illinois State University