

METROPOLITAN UTILITIES DISTRICT
Committee Meetings

8:15 a.m.

June 2, 2021

AGENDA

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

Construction and Operations – Frost, Friend, Cavanaugh

1. Capital Expenditures [Cory O'Brien - Interim SVP, Chief Operations Officer] – **Tab 5**
2. Acceptance of Contracts and Payment of Final Estimates
[Stephanie Henn – Director, Plant Engineering] – **Tab 6**
3. Bids on Materials and Contracts
[Jon Zellars – VP, Procurement & Enterprise Services] – **Tab 7**

Services & Extensions – Friend, Begley, Howard

1. Main Extensions [Cory O'Brien – Interim SVP, Chief Operations Officer] – **Tab 9**
2. Water Services Contract Partners for 2021
[Stephanie Henn – Director, Plant Engineering] – **Tab 10**

Personnel – Begley, Frost, Friend

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

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

1. Renewal of Unsecured Line of Credit
[Joseph Schaffart – SVP, Chief Financial Officer] – **Tab 12**

Insurance and Pension – Howard, McGowan, Cook

1. Insurance Renewals [Mark Myers, VP- Accounting] – **Tab 13**

Judicial and Legislative – Cook, Cavanaugh, Howard

1. Fifth Legislative Report [Rick Kubat, Governmental Affairs Attorney] – **Tab 14**

(Turn over for regular Board Meeting agenda)

METROPOLITAN UTILITIES DISTRICT
Regular Monthly Board Meeting

9:00 a.m.

June 2, 2021

AGENDA

1. Roll Call
2. Open Meetings Act Notice
3. Pledge of Allegiance
4. Approval of Minutes – Public Hearing, Committee Meetings & Regular Board Meeting for May 5, 2021
- CONSTRUCTION & OPERATIONS 5. Capital Expenditures
6. Acceptance of Contracts and Payment of Final Estimates
7. Bids on Materials and Contracts
8. Notice of Purchases
- SERVICES & EXTENSIONS 9. Main Extensions
10. Water Services Contract Partners for 2021
- PERSONNEL 11. Wage and/or Salary Increases and Ratifications
- ACCOUNTS, EXPENDITURES, FINANCE & RATES 12. Renewal of Unsecured Line of Credit
- INSURANCE & PENSION 13. Insurance Renewals
- JUDICIAL & LEGISLATIVE 14. Fifth Legislative Report
- BOARD 15. Other Matters of District Business for Discussion
16. CLOSED SESSION – Litigation, Real Estate & Personnel Matters

Adjourn Regular Monthly Board Meeting

(Turn over for Committee Meetings agenda)

METROPOLITAN UTILITIES DISTRICT

Minutes of Public Hearing and Committee Meetings

May 5, 2021

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

Advance notice of the Meetings was published in the print version of *The Omaha World-Herald* on April 25, 2021 and its online version from April 25, 2021 through May 1, 2021. Notice was also provided on the M.U.D. website at www.mudomaha.com and other social media platforms. Agendas and all pertinent documents to be presented at the May 5, 2021 meetings were posted to the M.U.D. website on April 27, 2021.

Chairperson McGowan announced that the meeting was being livestreamed and a recording of this meeting would be uploaded to the M.U.D. website after the meeting's conclusion. Chairperson McGowan reminded those in attendance in the Board Room that due to an Omaha City Council ordinance, all attendees must abide by the requirement for wearing a facemask or face covering or maintain six-foot distancing from one another in indoor public settings in response to the COVID-19 pandemic. This ordinance will remain in effect until May 25, 2021. He also announced that the State of Nebraska recently enacted LB 83 which amended the Open Meetings Act to allow members of public governing bodies, including the M.U.D. Board of Directors, to attend Board Meetings remotely under specified circumstances. The passage of LB 83 provided the legal authority for three Board Members to attend the Board Meeting remotely.

Roll Call

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

Safety Briefing

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

Open Meetings Act Notice

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

Public Hearing – Proposed Updates to the Billing Price Book

Vice-President of Accounting Mark Myers introduced the proposed updates to the Billing Price Book resulting from the Accounting Department's annual review of the District's pricing schedule for services and materials provided to customers and contractors. Mr. Myers presented the documents associated with the proposed updates including a memo to the Board dated April 27, 2021, a detailed summary of the revisions and the Resolution authorizing their implementation. He pointed out that the annual review and price adjustment process did not take place in 2020 due to the COVID-19 pandemic, thus no price changes have been implemented since 2019. Mr. Myers noted that although the revenue raised as a result of these charges comprised only 1.5% of the District's consolidated revenue in 2020, the District devotes considerable effort and diligence to applying methodologies that accurately represent the District's actual costs as nearly as possible so that District customers are charged appropriately for these services. Two types of charges were distinguished from those based upon cost recovery, including those considered "penalty" charges such as the charge for unauthorized turn-on of services and those intentionally priced below cost such as the turn-on charge for collection (delinquent) accounts. Mr. Myers presented the proposed pricing changes for frequently billed services as well as those increasing more than 15% or more than \$200. Price adjustments will become effective June 1, 2021.

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

Senior Vice-President and Chief Financial Officer Joseph Schaffart presented the proposed renewal of the unsecured line of credit with First National Bank of Omaha (FNBO) as outlined in his letter to the Committee dated April 27, 2021. Mr. Schaffart reported that the District has had a credit line in place since 2006; the current \$30 million three-year credit line expires on June 1, 2021. The proposed three-year extension to the credit line reflects a reduction in amount, from \$30 million to \$20 million due to the District's improved financial condition. He reported that the credit line is a prudent way to bolster the District's liquidity and is viewed favorably by credit rating agencies as it represents a ready source of cash. Some discussion took place when Board Members questioned whether adequate due diligence was devoted to comparing price quotes from other financial institutions. Mr. Schaffart noted that the terms of the proposed credit line as offered by FNBO are very competitive, a point echoed by Todd Goffoy, Managing Director with Piper Sandler, who serves as a financial advisor to the District for bond issuances. Mr. Schaffart will proceed with the solicitation of additional quotes and will present that information to the Board along with the proposed renewal at the June 2, 2021 Board meeting.

Construction and Operations – Frost, Friend, Cavanaugh

Interim Senior Vice-President & Chief Operations Officer Cory O'Brien reviewed the proposed capital expenditures as outlined in his letter to the Committee dated April 27, 2021.

One particular pilot project using new condition assessment technology to identify corrosion on water mains was highlighted due to its dramatic cost-savings potential. Mr. O'Brien indicated that the section of 12" unwrapped ductile iron pipe on "I" Street between

102nd and 108th Streets presents a good example of the value of the “Sea Snake” inspection technology because the City of Omaha plans a resurfacing project along the same street next year and given its history of frequent water main breaks, the main would typically be a likely candidate for replacement. Mr. O’Brien reported that this section would have been automatically replaced in its entirety five years prior at a cost of millions of dollars. In this case, however, the decision to repair or replace will be based upon the high-resolution, highly detailed analyses and if it is determined that precise localized repairs can be made, it would be accomplished ahead of the City’s project and with comparatively minimal traffic disruption and customer inconvenience.

Director of Plant Engineering Stephanie Henn reviewed the acceptance of contracts and payment of final estimates as outlined in her letter to the Committee dated April 27, 2021.

Vice-President of Procurement and Enterprise Services Jon Zellars reviewed the bids on materials and contracts as outlined in the letter from Director of Procurement Sherri Meisinger to the Committee dated April 23, 2021.

Services & Extensions – Friend, Begley, Howard

Mr. O’Brien reviewed the proposed main extensions as outlined in his letter to the Committee dated April 27, 2021.

Personnel - Begley, Frost, Friend

Vice-President of Human Resources Bonnie Savine provided an update on the employee COVID cases and COVID testing, and District job postings.

Ms. Savine reviewed the proposed wage and/or salary increases and ratifications as outlined in her letter to the Committee dated April 23, 2021.

Ms. Savine reviewed the recommended promotion of Michael Koenig, currently Director of Water Production and Pumping, to the position of Vice-President, Water Operations, as outlined in her letter to the Committee dated April 22, 2021.

Judicial & Legislative – Cook, Cavanaugh, Howard

Government Affairs Attorney Rick Kubat presented the Fourth Legislative Report for 2021 dated April 26, 2021. The report added LB 131 to the legislative tracking list because of its relevance to natural gas providers, and Management recommended a neutral position due to its limited applicability to providers in small municipalities. Mr. Kubat noted that 17 business days remained in the current Legislative Session.

Chairperson McGowan asked whether any Board Members had any further comments. There were none.

Chairperson McGowan announced that due to COVID-related precautions, any members of the public interested in speaking at the meeting were provided access via a Webex connection set up in a conference room adjacent to the Board Room at the Headquarters Building. He asked whether any members of the public were present and

wished to speak, and if so, to please relay that information to the conference room moderator. There were none.

At 9:22 a.m., Chairperson McGowan announced that the Committee Meetings had concluded and that the regular monthly Board Meeting would convene at 9:30 a.m.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT
Minutes of the Regular Monthly Board Meeting
May 5, 2021

Chairperson McGowan called to order the regular monthly Board Meeting of the Metropolitan Utilities District Board of Directors at 9:30 a.m. at its headquarters building located at 7350 World Communications Drive.

Advance notice of the Meetings was published in the print version of *The Omaha World-Herald* on April 25, 2021 and its online version from April 25, 2021 through May 1, 2021. Notice was also provided on the M.U.D. website at www.mudomaha.com and other social media platforms. Agendas and all pertinent documents to be presented at the May 5, 2021 meetings were posted to the M.U.D. website on April 27, 2021.

Chairperson McGowan announced that the meeting was being livestreamed and a recording of this meeting would be uploaded to the M.U.D. website after the meeting's conclusion. Chairperson McGowan reminded those in attendance in the Board Room that due to an Omaha City Council ordinance, all attendees must abide by the requirement for wearing a facemask or face covering or maintain six-foot distancing from one another in indoor public settings in response to the COVID-19 pandemic. This ordinance will remain in effect until May 25, 2021. He also announced that the State of Nebraska recently enacted LB 83 which amended the Open Meetings Act to allow members of public governing bodies, including the M.U.D. Board of Directors, to attend Board Meetings remotely under specified circumstances. The passage of LB 83 provided the legal authority for three Board Members to attend the Board Meeting remotely.

AGENDA NO. 1

Roll Call

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

AGENDA NO. 2

Open Meetings Act Notice

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

AGENDA NO. 3

PLEDGE OF ALLEGIANCE

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

AGENDA NO. 4

APPROVAL OF MINUTES FOR COMMITTEE MEETINGS AND REGULAR MONTHLY BOARD MEETING FOR APRIL 7, 2021

Director Frost moved to approve the minutes for the Committee Meetings and regular monthly Board Meeting for April 7, 2021 which was seconded by Director Cavanaugh and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 5

PROPOSED UPDATES TO THE BILLING PRICE BOOK (RESOLUTION)

Director McGowan moved to approve the updates to the Billing Price Book as presented by Mr. Myers at the Committee Meetings and as outlined in his memo dated April 27, 2021, his summary of updates and the Resolution. The motion was seconded by Director Friend and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 6

RENEWAL OF UNSECURED LINE OF CREDIT

The vote to approve the renewal of an unsecured line of credit with First National Bank of Omaha was postponed until the June 2, 2021 Board Meeting, pending the presentation of additional price quotes from other financial institutions for purposes of comparison.

AGENDA NO. 7

CAPITAL EXPENDITURES

Director Frost moved to approve the capital expenditures as outlined in Mr. O'Brien's letter to the Committee dated April 27, 2021, which was seconded by Director Cavanaugh and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 8

ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

Director Frost moved to approve the acceptance of contracts and payment of final estimates as outlined in the letter from Ms. Henn to the Committee dated April 27, 2021, which was seconded by Director Begley and carried on a roll call vote.

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

Voting No: None

AGENDA NO. 9
BIDS ON MATERIALS AND CONTRACTS

Director Frost moved to approve Management's recommendations regarding the bids on materials and contracts as discussed by Mr. Zellars and as outlined in the letter from Ms. Meisinger dated April 23, 2021. The motion was seconded by Director Cavanaugh and carried on a roll call vote.

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

Director Begley requested that Mr. Zellars compile an annual report of construction projects awarded to contractors, including the total number of contracts and total dollar amount for all awarded contracts per bidder/contractor. Mr. Zellars agreed and suggested the annual report be provided in January in order to present results for the preceding calendar year.

AGENDA NO. 10
MAIN EXTENSIONS

Director Friend moved to approve the proposed main extensions as outlined in Mr. O'Brien's letter to the Committee dated April 27, 2021 which was seconded by Director Cavanaugh and carried on a roll call vote.

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

AGENDA NO. 11
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 23, 2021. The motion was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 12
PROMOTION OF VICE-PRESIDENT, WATER OPERATIONS

Director Begley moved to approve the promotion of Michael Koenig to the position of Vice-President, Water Operations as outlined in Ms. Savine's letter to the Committee dated April 22, 2021. The motion was seconded by Director Friend and carried on a roll call vote.

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

AGENDA NO. 13
FOURTH LEGISLATIVE REPORT FOR 2021

Director Cook moved to approve the Fourth Legislative Report for 2021 dated April 26, 2021 as presented by Mr. Kubat at the Committee Meetings. The motion was seconded by Director Frost and carried on a roll call vote.

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

AGENDA NO. 14
OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

Mr. Ausdemore provided an update on the District's COVID-related cases, employee vaccinations, and employees' return to the workplace. He reported that the employee occupancy rates have not yet changed and that more than 50% of the employee population have received their first COVID vaccination which far exceeds the regional and national average.

Vice-President of Corporate Communications Stephanie Mueller provided an update on the federal Lead and Copper Rule (LCR) and outlined how the District is preparing for the upcoming changes prior to the compliance deadlines that will begin in September 2024. The Environmental Protection Agency first published the federal rule in 1991, creating a national standard for addressing the health concerns associated with the content of lead and copper in drinking water that leach from lead pipes and brass or bronze faucets and fixtures. In January of 2021, the EPA published revisions to the federal rule which will require more water sampling and testing, public education and communication aimed at identifying at-risk communities and ensuring a system for rapid response to reducing potential exposure. Ms. Mueller pointed out that the District's water testing has always shown lead content to be below the level warranting intervention.

In preparing for the federal rule change, the District initiated a policy in 2019 whereby lead services could no longer be repaired but would need to be replaced in their entirety. This will become a requirement under the federal rule changes once they become effective. Because the property owner bears the financial responsibility for any necessary maintenance for the water service that begins at the water main under the street and extends to the inside of the home, the \$7,000 average replacement cost for an entire water service can be prohibitive for many customers. The District has earmarked the financial remuneration it receives by virtue of its contractual arrangement with HomeServe so that it can be used to alleviate some of the financial burden for homeowners in need of assistance; to this point, none of these funds have been expended for lead service replacement. To date, the District has replaced 343 lead services in affiliation with the replacement of cast iron water mains associated with the District's water infrastructure replacement efforts. The District assembled a task force in March of 2021 to review the new federal rule and ensure District compliance. This task force will be making recommendations over the next few years for policy changes, workflows, customer communications and a long-term solution for lead water services.

Mr. Doyle noted that the presentation by Ms. Mueller was intended to be only a brief update but assured Board Members that the District is fully committed to staying ahead of the issues because of the health concerns and because the topic could evolve in any number of ways including, for example, an unfunded mandate. He indicated that the District has a reasonable estimate as to the number of lead services in need of replacement among the 207,000-plus water services currently in its water distribution system. Mr. Doyle offered to provide more opportunities at any time for Board Members who wish to stay up-to-date regarding the District's efforts.

Chairperson McGowan asked whether any Board Members had any further comments. There were none. He then asked whether there were any members of the public interested in speaking at the meeting and if so, to please relay their intentions to the moderator. There were none.

At 10:04 a.m., Director Friend moved to adjourn the regular monthly Board Meeting, which was seconded by Director Begley and carried on a roll call vote.

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

The meeting was adjourned at 10:04 a.m.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 25, 2021

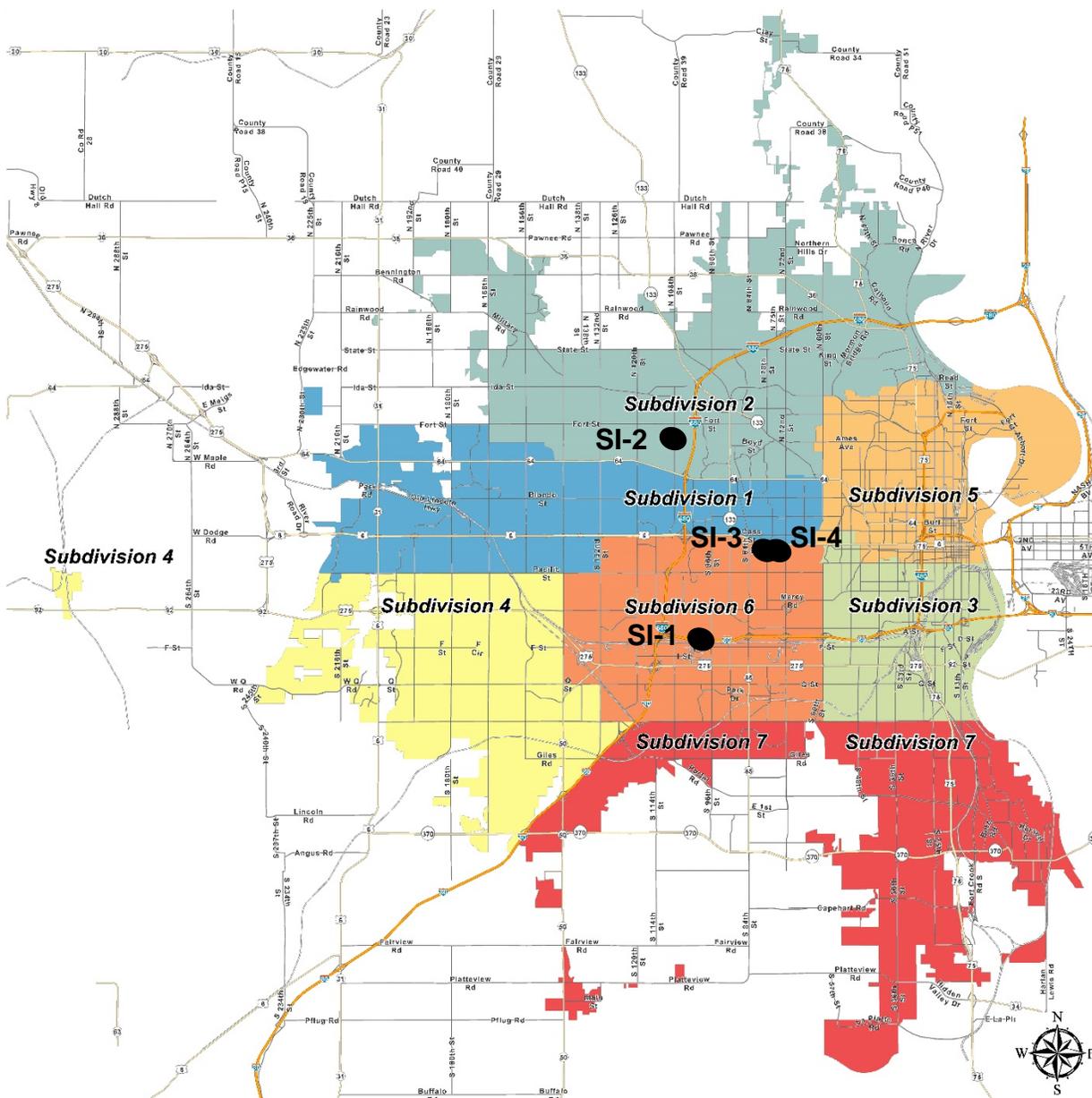
Subject: CAPITAL EXPENDITURES

To: Committee on Construction and Operations

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

From: Cory J. O'Brien, Interim Senior Vice President, Chief Operations Officer

The following items will be on the June 2, 2021 Committee Agenda for consideration and the Board Agenda for approval:



MUD Subdivision Map

SYSTEM IMPROVEMENTS

1. GP 2608 (100062000665 and associated job numbers) - \$156,400 – Install above and below ground regulator station piping and install 560 feet of 4-inch and smaller gas main, 96th St. and W. Center Rd. The existing below ground regulator station is under paving and constantly fills with water which accelerates corrosion. The new regulator station will be installed above ground on the north side of the same intersection in right-of-way. This is one of Gas Distribution's high priority regulator station replacements budgeted for 2021. This project is anticipated to start in late 2021 or early 2022. **(Subdivision 6 – McGowan)**

2. GP 2606 (100052001808, 100066002258) - \$201,200 – Install a 16-inch and a 4-inch valve along with 90 feet of 24-, 16- and 4-inch gas main, 108th and Fort Sts. The 24-inch gas valve is inoperable and needs to be replaced. As part of this project, the two additional gas valves leading to the nearby regulator station will be abandoned and one new valve will be installed. All three of these valves were installed in 1963 and are under paving so addressing all of them now will save on future paving replacement. This is one of Gas Distribution's prioritized gas valve replacements budgeted for 2021 and is anticipated to start in the summer or fall of 2021. **(Subdivision 2 – Friend)**

3. R 2054 (100062000668 and associated job numbers) - \$133,600 – Install above and below ground piping for an above ground regulator station and install 440 feet of 4-inch gas main, 84th and Dodge Sts. This work is required to eliminate conflicts with proposed grading, paving and storm sewers being done for a City of Omaha project. The District's work for the project is anticipated to start in June 2021. The wrapped steel gas mains to be abandoned were installed between 1958 and 1965. This work is not reimbursable as the mains are in public right-of-way. **(Subdivision 6 – McGowan)**

4. R 2116 (100053001475 and associated job numbers) - \$338,700 – Install 1,150 feet of 12- and 8-inch water main and install 530 feet of 2-inch gas main, 77th St., Dodge to Harney Sts. This work is required to eliminate conflicts with a proposed building and site improvements being done for the Nebraska Furniture Mart redevelopment. This project is anticipated to start in June 2021. This work is reimbursable as the redevelopment is privately funded. Two commercial gas services will be replaced and connected to the new gas main at a cost of \$10,000. One commercial water service will be reconnected to the new water main at a cost of \$3,250. **(Subdivision 6 – McGowan)**

BUILDINGS, PLANTS AND EQUIPMENT

1. 100084001281 - \$174,200 – Concrete paving replacement at the Construction and Operations Center. The purpose of this project is to replace deteriorating concrete paving sections while improving safety and access at the Construction and Operations Center facilities. The improvements will include replacing the driveway entry from 61st Ave. to the guard shack at the south gate entrance, constructing stairs and installing ADA ramps between the Construction Center and parking lot to the east, replacing stairs to one of the entrances to the Operations Center and replacement of concrete panels at the fuel pumps west of the Operations Center.

2. 100071000680 - \$260,000 – Resurface and reseal skylights, Platte South Water Treatment Facility. The Platte South Water Treatment Facility has approximately 18,000 square feet of skylights located over the upflow basins and filter beds. The skylights are the main source of light in these areas. The skylights, installed in 1987, are fiberglass which require maintenance per the manufacturer's recommendations. Based upon inspection by the manufacturer's representative in 2016, a project to resurface and reseal them was placed in the budget. For various reasons the project was delayed and is now being moved forward. As the fiberglass skylights age, they become more brittle and susceptible to damage by weather. Refurbishing and resealing them will extend their life

another 10 years. Full replacement of these skylights is estimated at \$1.2 million so refurbishing is a more cost-effective solution.

3. 100083001141 - \$105,000 – Reconditioning of Low Service Pump #1 motor, Florence.

The motor is a 1,250-horsepower synchronous motor that drives a 60-million-gallon raw water pump. This motor is a critical part of the Florence Plant operation during peak demands. The reconditioning will include additional inspection/testing along with cleaning, rotor balancing and varnishing to prolong the life of the motor. The buildup of dust and dirt on the motor windings can lead to excessive heat and break down the winding insulation resulting in catastrophic failure and larger expenses to repair/replace the motor and related equipment. This motor was installed in 1961 and the last reconditioning service was completed in 1993. This work will take place after the high pumping season in 2021.

4. 100071000695 - \$175,000 – SUPPLEMENTAL – RATIFICATION – Well redevelopment work, Platte West Water Treatment Facility.

This request covers the additional costs associated with column pipe replacement in redeveloped wells at the Platte West Water Treatment Facility. The original C&A covered six wells being redeveloped in both 2020 and 2021 with each well costing \$25,000 to \$30,000, depending on the level of parts needing replaced once the pump was pulled and evaluated. Until last year, previous well redevelopments were in the \$25,000 to \$27,000 per well range which included well screen redevelopment, replacement of wear parts and worn shafts, and evaluation/reconditioning of column piping. In 2020, the evaluation of two wells resulted in nearly total column pipe replacement at an additional cost of nearly \$19,000 per well. The District's contractor and original well installer, Sargent Drilling, advised they normally see column pipe start to increasingly fail at around 10 to 15 years of age for wells in the Platte River valley. Platte West's pumps were installed approximately 14 years ago. The lead time for ordering and receiving new column pipe last year was three to four weeks which was easily managed as it didn't affect the first couple wells taken out of service for redevelopment work. This year, due to steel shortages, the contractor advised that lead time could easily be 10 to 12 weeks and costs are continuing to increase significantly. This Supplemental C&A allows the contractor to pre-purchase enough column pipe for the first four wells at a cost of \$102,070 which will greatly lessen the impact of the increased lead time. This supplemental request is for \$175,000 with monies intended to cover the cost of any column pipe needing replacement in wells redeveloped in 2021. Any column pipe not used for redevelopment in the first four wells will be available for use in remaining wells redeveloped in 2021. This request will also allow for additional column pipe to be ordered if needed for the remaining two wells. Any column pipe not used in 2021 will be used in future well redevelopment work.

5. 100083001112 - \$162,000 – Isolation valve replacement for pumps at the Turner Boulevard Pump Station.

The existing isolation valves which are being replaced are original to the pump station construction in 1953 and no longer provide an adequate shutoff. The replacement valves will allow for work on either pump to be completed without taking the entire pump station out of service. The existing double disk gate valves are being replaced with butterfly valves. Work on this project is anticipated to start and be completed winter 2021/2022.



Cory J. O'Brien
Interim Senior Vice President, Chief Operations Officer

Approved:



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 25, 2021

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

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

From: Stephanie L. Henn, Director, Plant Engineering

The following items will be on the June 2, 2021 Committee Meeting for consideration and the Board Meeting Agenda for approval. Work has been satisfactorily completed on the following contracts and final payment is recommended:

| Contract | Contract Approval Date | Amounts | |
|--|------------------------|--------------|--------------|
| | | Contract Bid | Actual |
| a. HDR Engineering, Inc., WP 1691, 100085000648, Professional Engineering Services to Develop Risk Prioritization and Asset Management Program | August 20, 2019 | \$167,378.00 | \$174,873.66 |

Comments: There was a contract amendment approved on January 12, 2021. All work required has been completed by the consultant and is acceptable and in compliance with the scope of work.

| Contract | Contract Approval Date | Amounts | |
|---|------------------------|-----------------|--------------|
| | | *Unit Price Bid | Actual |
| b. Cedar Construction, WP 1773, 100055001339, 100057000485, Install Water mains in Falcon Pointe Subdivision, 54 th St. and Capehart Rd. | September 3, 2020 | \$280,331.00 | \$278,503.50 |

Comments: There was a net decrease of \$1,827.50 mainly due to needing less ductile iron pipe than originally estimated.

| Contract | Contract Approval Date | Amounts | |
|---|------------------------|-----------------|--------------|
| | | *Unit Price Bid | Actual |
| c. Cedar Construction, WP 1697, 100055001309, 100051001049, Install Water Mains in UNO Nebraska Village, 67 th St. and W. Center Rd. | February 26, 2020 | \$384,580.00 | \$386,933.00 |

Comments: There was a net increase in unit quantities of \$2,353.00, primarily due to the contractor remobilizing and installing various erosion control measures.

| Contract | Contract Approval Date | Amounts | |
|---|------------------------|-----------------|-------------|
| | | *Unit Price Bid | Actual |
| d. Kersten Construction, Inc., WP 1774, 100055001342, Install Water Mains in Evert Place Replat 1 Subdivision, 193 rd and Jackson Sts. | September 3, 2020 | \$70,191.00 | \$57,874.80 |

Comments: There was a net decrease of \$12,316.20 primarily due to needing less ductile iron pipe and bends that originally estimated.

| Contract | Contract Approval Date | Amounts | |
|---|------------------------|-----------------|--------------|
| | | *Unit Price Bid | Actual |
| e. Kersten Construction, Inc., WP 1672, 100055001298, Install Water Mains in I-80 Logistics Hub, 132 nd St. and Cornhusker Rd. | June 5, 2019 | \$189,027.00 | \$184,702.40 |

Comments: There was a net decrease in unit quantities of \$4,324.60 mainly due to needing less valves and corresponding vaults than originally estimated.

| Contract | Contract Approval Date | Amounts | |
|---|------------------------|-----------------|--------------|
| | | *Unit Price Bid | Actual |
| f. Kersten Construction, Inc., WP 1744, 100055001326, Install Water Mains in Evert Place, 192 nd and Harney Sts. | May 14, 2020 | \$126,068.00 | \$134,083.00 |

Comments: There was a net increase of \$8,105.00, primarily due to an increase in unit quantities for additional boring, taps, and valves. Included in the overall net increase is Change Order No. 1 for \$5,300.00. Change Order No. 1 was to provide additional boring to avoid a conflict with a storm sewer. This project was a developer funded project and the developer pre-approved these additional costs. Approval of this final will approve Change Order No. 1.

*Based upon Engineering's estimated unit quantities.

Stephanie L. Henn
Director, Plant Engineering

Approved:

Cory J. O'Brien
Interim SVP, COO

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 21, 2021

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

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

From: Sherri A Meisinger, Director, Procurement

The following items will be on the June 2, 2021 Committee Agenda for consideration and the June 2, 2021 Board Agenda for approval. The recommended bid is bolded and listed first. Nonlocal bidders have been indicated in italics.

WATER/GAS MAIN CONTRACTS

| <u>Item</u> | <u>Bids Sent / Rec'd</u> | <u>Bidders</u> | <u>Bid Amount</u> |
|---|---------------------------------|--|---|
| Install Water Mains in Kempton Creek, 162 nd Street and Bennington Road 100055001330 WP1757 Engineering Estimate: \$1,007,080.00 (A C&A in the amount of \$989,696.00 will be presented to the Board on June 2, 2021 for approval.) | 18/2 | Cedar Construction Kersten Construction | \$749,770.00 797,205.00 |
| Install Water Mains in Arbor View, 210 th Street and Ames Street 100055001361 WP1813 Engineering Estimate: \$588,100.00 (A C&A in the amount of \$721,365.00 will be presented to the Board on June 2, 2021 for approval.) | 18/3 | Cedar Construction Kersten Construction <i>Valley Corporation</i> | \$542,379.50 552,932.00 719,204.98 |

| | | |
|--|------|---|
| Install Water Mains in Shadow Glenn North, 204 th Street and Harrison Street 100055001363 WP1815 Engineering Estimate: \$163,545.00 (A C&A in the amount of \$220,488.00 will be presented to the Board on June 2, 2021 for approval.) | 18/4 | Kersten Construction \$151,019.00 Cedar Construction 152,603.00 Pat Thomas Constr. 188,595.20 Valley Corporation 220,039.77 |
|--|------|---|

| | | |
|---|------|--|
| Install Water Mains in Project Gemini 144 th Street and Capehart Road 100057000493 100057000492 WP1788 Engineering Estimate: \$2,665,410.00 (A C&A in the amount of \$1,982,279.00 will be presented to the Board on June 2, 2021 for approval.) | 18/4 | Judds Bros Constr. \$1,484,565.00 TJ Osborn Constr. 1,756,978.00 Cedar Construction 1,767,107.00 Kersten Construction 1,816,960.50 |
|---|------|--|

INFORMATION TECHNOLOGY

| <u>Item</u> | <u>Bids Sent / Rec'd</u> | <u>Bidders</u> | <u>Bid Amount</u> |
|---|--------------------------|---|--|
| Payment Processing & Merchant Services for Bank Cards and Electronic Checks (July 1, 2021 to June 30, 2026) *Second low bid recommended | 4/4 | Paymentus <i>CSGI</i> <i>ACI</i> <i>KUBRA</i> | \$5,581,549.00* 5,094,909.00 10,428,179.00 10,726,750.00 |

OTHER

| <u>Item</u> | <u>Bids Sent / Rec'd</u> | <u>Bidders</u> | <u>Bid Amount</u> |
|---|--------------------------|--|--|
| Metropolitan Utilities District Headquarters Roof Renovation 100084001241 GP2542 *Bid rejected, non-responsive | 10/5 | Independent Roofing Boone Bros Roofing Rawson & Sons Roofing McKinnis Roofing RL Craft of Omaha | \$286,200.00 247,000.00* 288,762.00 334,517.00* 444,305.00* |

(C&A for 100084001241 approved February 6, 2019 for \$3,852,327.00; February 6, 2020 for \$8,100,000.00; and July 2, 2020 for \$3,154,000.00 for a total of \$15,106,327.00.)

| | | | |
|---|-----|---|---|
| Concrete Pavement Replacement at The Construction and Operations Centers 100084001281 GP2565 (A C&A in the amount of \$174,200.00 will be presented to the Board on June 2, 2021 for approval.) | 9/1 | Burrell Enterprises | \$125,956.55 |
| Wellfield Pump House Door Replacement at The Platte South Water Treatment Plant 100071000681 WP1832 *Bid rejected, non-responsive (C&A for 100071000681 approved November 1, 2017 in the amount of \$67,200.00.) | 9/4 | Future Construction DH Pace Judds Bros Construction Omaha Door and Window | \$65,000.00 71,240.60 104,500.00 54,070.00* |
| LNG and Propane Air Facility Concrete and Drainage Maintenance 100072000873 GP2650 (C&A for 100072000873 approved May 19, 2021 in the amount of \$46,000.00.) | 6/1 | Cormaci Constr., Inc. | \$29,592.00 |
| Install Electrical Runs for Equipment at 14242 "C" Circle 100084001288 (C&A for 100084001288 approved April 7, 2021 in the amount of \$3,662,000.00.) | 3/2 | Miller Electric Commonwealth Elec. | \$213,243.41 306,580.00 |
| Install Security Cameras & Card Access at 14242 "C" Circle 100084001288 (C&A for 100084001288 approved April 7, 2021 in the amount of \$3,662,000.00.) | 2/2 | Prime Communications Electric Co. of Omaha | \$89,194.12 108,844.97 |

ANNUALS

| <u>Item</u> | <u>Bids Sent / Rec'd</u> | <u>Bidders</u> | <u>Bid Amount</u> |
|--|---------------------------------|--|------------------------------------|
| Trash Removal and Recycling Services at various District Facilities (July 1, 2021 to June 30, 2025) * Bid rejected, non-responsive | 5/2 | Waste Connections Waste Management | \$182,256.00 161,475.90* |

Soda Ash – 3,500 Tons
Extension #1
(June 1, 2021 to August 31, 2022)

1/1

Dubois (Rail Car)

\$834,120.00



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

Approved:



Jon Zellars
Vice President, Procurement and Enterprise Services



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



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 21, 2021

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

To: All Board Members
cc: Doyle, Ausdemore, O'Brien, Mendenhall, Schaffart and all Vice Presidents

From: Sherri A. Meisinger, Director, Procurement

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. Nonlocal bidders have been indicated in italics.

| <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 #2 (August 1, 2021 to August 31, 2022) | 1/1 | <i>Kimera Water Solutions</i> | \$31,200.00 |
| Liquid Ferric Sulfate – Platte West (200,000 lbs.) Extension #2 (August 1, 2021 to August 31, 2022) | 1/1 | <i>Kimera Water Solutions</i> | \$31,200.00 |



Sherri Meisinger
Director, Procurement
(402) 504-7253

Approved:



Jon Zellars
Vice President, Procurement and Enterprise Services



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



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

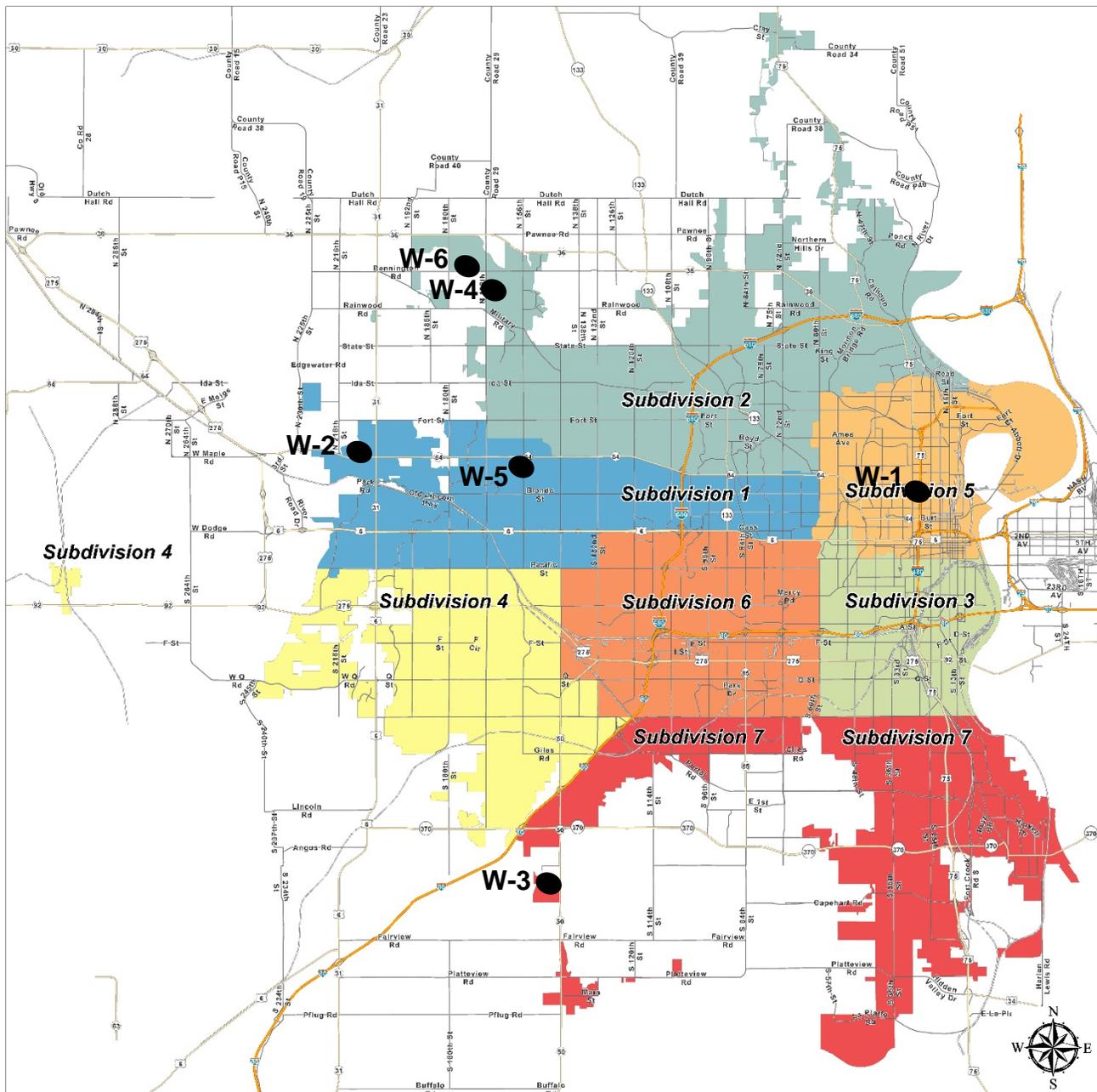
May 25, 2021

Subject: MAIN EXTENSIONS

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

From: Cory J. O'Brien, Interim Senior Vice President, Chief Operations Officer

The following main extensions will be on the June 2, 2021 Committee Agenda for consideration and the Board Agenda for approval:



MUD Subdivision Map

WATER

| | Project Number | Project Cost | Applicant Contribution | Construction by Applicant | M.U.D. Cost |
|----|---|---------------------|-------------------------------|----------------------------------|--------------------|
| 1. | WP 1808 | \$191,769 | \$67,119 | \$124,650 | \$0 |
| | Subdivision 5, Cook: These mains are being installed to provide domestic water service and fire protection to 22 single-residence lots in Highlander East Subdivision, 29 th and Burdette Sts. These mains will be installed under the District's WCD policy. Work is requested to be completed by September 2021. (City of Omaha zoning, City of Omaha Planning Department) | | | | |
| 2. | WP 1813 | \$721,365 | \$841,732 | \$0 | \$0 |
| | Subdivision 1, Begley: These mains are being installed to provide domestic water service and fire protection to 152 single-residence lots in Arbor View West Subdivision, 210 th St. and Ames Ave. Work is requested to be completed by September 2021. A connection charge is due to the existing 8-inch water main in Kestral Pkwy. and 210 th St. in the amount of \$11,210. There are pioneer main fees due to the existing 24-inch water mains in 204 th St. in the amount of \$109,157. (City of Omaha zoning, Charleston Homes, LLC) | | | | |
| 3. | WP 1788 | \$1,982,279 | \$2,166,343 | \$0 | \$0 |
| | Subdivision 7, Frost: These mains are being installed to provide domestic water service and fire protection to a commercial development on Lot 1 of Project Gemini, 150 th St. and Capehart Rd. Work is requested to be completed by June 2022. There are pioneer main fees due to the existing 24-inch water mains in 144 th St. in the amount of \$184,064. (City of Springfield zoning, Raven Northbrook, LLC) | | | | |
| 4. | WP 1757 | \$989,696 | \$1,070,218 | \$0 | \$0 |
| | Subdivision 2, Friend: These mains are being installed to provide domestic water service and fire protection to 205 single-residence lots in Kempton Creek Subdivision, 162 nd St. and Bennington Rd. Work is requested to be completed by August 2021. There are pioneer main fees due to the existing 24- and 16-inch water mains in 156 th St. and in Bennington Rd. in the amount of \$80,522. (City of Bennington zoning, David Vogtman) | | | | |
| 5. | WP 1815 | \$220,488 | \$220,488 | \$0 | \$0 |
| | Subdivision 1, Begley: These mains are being installed to provide domestic water service and fire protection to 35 single-residence lots and one multi-residence lot in Shadow Glen North Subdivision, 166 th and Locust Sts. Work is requested to be completed by August 2021. (City of Omaha zoning, Jerry Standerford) | | | | |

| WATER (con't) | | | | | |
|---------------|---|--------------|------------------------|---------------------------|-------------|
| | Project Number | Project Cost | Applicant Contribution | Construction by Applicant | M.U.D. Cost |
| | WP 1817 | \$689,032 | \$199,569 | \$489,463 | \$0 |
| 6. | <p>Subdivision 2, Friend: These mains are being installed to provide domestic water service and fire protection to 153 single-residence lots in Newport Vista Subdivision, 171st St. and Bennington Rd. These mains will be installed under the District's WCD policy. Work is requested to be completed by August 2021. There are pioneer main fees due to the existing 24-inch water mains in 156th St. in the amount of \$20,421. (City of Bennington zoning, Krejci Development)</p> | | | | |

Cory J. O'Brien
Interim Senior Vice President, Chief Operations Officer

Approved:

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 26, 2021

Subject: WATER SERVICES CONTRACT PARTNERS FOR 2021

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

From: Stephanie L. Henn, Director, Plant Engineering

Purpose

As a part of the District's Water Infrastructure Replacement Program, when a water main is replaced by District crews, the existing water services need to be either reconnected to the newly installed water main or replaced.

By City of Omaha statutes, the parties performing this work, need to have a Master Plumbers license. As the District does not typically have employees with a Master Plumbers license on staff, this work is performed by plumbing contractors.

Management is recommending that the District partner, and enter into contracts with, three plumbing contractors to perform the corresponding water service work when a water main is installed by District crews. These three plumbing contractors are:

- Backlund Plumbing – 3-year contract
- NxtGen Plumbing – 1-year contract
- Veskerna Plumbing & Excavating – 1-year contract.

In negotiating with these plumbing contractors, all entities will be paid on the same price schedule.

Background

The District began hiring plumbing contractors on a case-by-case basis prior to 2010, when it was determined that water service reconnections or replacements were necessary. This only applies to District replaced water mains. If a water main is replaced by a water main contractor, the water service work is also performed by the water main contractor.

The District solicited bids for the water service work in 2010, and 2012, with Kersten Construction as the successful bidder, ultimately performing the work through 2014. The water services contract was rebid in 2014. Backlund Plumbing was awarded the contract and performed this work through 2016, with an extension through 2018. The

District rebid the work again in 2018, with Backlund Plumbing as the successful bidder. Backlund Plumbing had been performing this work for the District since 2018 and continues to do so.

Due to the fragmented nature of the work, the District can provide little notice to the plumbing contractor as to when a series of water services need to be completed, as most of the work is coordinated as a part of City of Omaha, or other larger projects. This makes it very difficult for a plumbing contractor to plan their work and resources.

Therefore, having more than one plumbing contractor available to perform this work is necessary to keep projects from being delayed.

Since approximately 2014, due to workload and construction schedules, the District has hired various other plumbing contractors, in addition to our primary plumbing contractor. This was done to handle additional water service work in higher work volume times, based on tight completion timelines on a project-by-project basis.

In 2020, in addition to Backlund Plumbing, our primary water services contractor, the District hired both NxtGen Plumbing and Veskerna Plumbing & Excavating for specific project work. All three contractors have performed the work adequately at identical prices.

2021 Plan

Due to increasing water infrastructure workload, tight timelines, and fragmented water service work, the District has determined that to complete this work effectively, multiple plumbing contractors are needed.

Successful negotiations with the three proposed plumbing contract partners, Backlund Plumbing, NxtGen Plumbing, and Veskerna Plumbing & Excavating are completed. Prices were obtained from all three plumbing contractors and then a common pay schedule was developed to be used with all three proposed partners. All three plumbing contractors have agreed to this pricing and approach.

While this is a new, but modified from recent years, approach to this work, over time, the District has determined that this will be more effective than previous protocols to completing the water service work. Soliciting bids for water service work results in “apples to apples” bids but the water service work completion timelines are quite sporadic, making it nearly impossible for one plumbing contractor to accomplish all the work in a timely manner. It is challenging for any plumbing contractor to plan for resources when the District is not able to give the contractor much notice on what timeline that the work needs to occur. Therefore, a multiple partnering strategy is recommended.

Partnering methodology has worked well with both the District’s water and gas infrastructure partners over recent years.

The District plans to enter into a 3-year contract with Backlund Plumbing and 1-year contracts with both NxtGen Plumbing and Veskerna Plumbing & Excavating. Each

contract will be established with the option for contract extensions, with price schedules being negotiated each year for all. Approximately half of the water service work will be assigned to Backlund Plumbing, as our established water services partner, and the remainder of the work will be split evenly between the other two plumbing contractors.

The estimated total cost for this work in 2021 is \$2.871 million. This is based on negotiated unit prices applied to estimated quantities.

Conclusion

As a part of the District's water infrastructure program, as water mains are replaced, water services need to be either reconnected to the new water main or replaced. When District crews replace a water main, the District has previously solicited bids and hired various plumbing contractors to perform the associated water service work.

The District has successfully negotiated with three plumbing contractors, who have been performing water service work for the District recently. For the water service work in 2021, all three plumbing contractors have agreed to, and will be paid, on a common price schedule.

Recommendation

Management recommends approval for the president to be authorized to enter into a 3-year contract with Backlund Plumbing and 1-year contracts with both NxtGen Plumbing and Veskerna Plumbing & Excavating, as our three proposed water service work partners. All contracts will have the option for negotiated price extensions in the future.

The corresponding C&A funding for this work was submitted as part of the annual C&A requests for all gas and water infrastructure main and service work for the 2021 calendar year at the January 2021 Board of Directors meeting. Your approval is requested.



Stephanie L. Henn
Director, Plant Engineering

APPROVED:



Cory J. O'Brien
Interim Senior Vice President
Chief Operations Officer



Mark Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

May 21, 2021

Subject: Wage and/or Salary Increases and Ratifications, June 2021 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, Mendenhall, Schaffart and Interim
Senior Vice President O'Brien

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: Jerod Cleveland
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: November 19, 2018

Employee: Thomas Dillon
Current position (department): Pipe Layer (Construction)
New position (department): Pipe Layer Welder (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: June 4, 2018

Employee: Nicholas Foreman
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$32.36; Step 3
Proposed rate; step/grade: \$34.38; Step 3
Percent of increase: 6.24%
District hire date: July 17, 2017

Wage and/or Salary Increases and Ratifications

June 2021

Page 2

Employee: **Kevin Hensel**
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: May 29, 2018

Employee: **Oliver Hernandez**
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: January 22, 2019

Employee: **Andrew Johnson**
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: November 26, 2018

Employee: **Zachary Markham**
Current position (department): Pipe Layer (Construction)
New position (department): Pipe Layer Welder (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: May 29, 2018

Employee: **Joshua Peacher**
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: January 7, 2019

Employee: **Arturo Rocha Ventura**
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: February 25, 2019

Employee: **Thomas Sneed**
Current position (department): Pipe Layer (Construction)
New position (department): Pipe Layer Welder (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: January 7, 2019

Employee: **William Stoffel**
Current position (department): Pipe Layer (Construction)
New position (department): Pipe Layer Welder (Construction)
Current rate; step/grade: \$34.06; Step 4
Proposed rate; step/grade: \$36.19; Step 4
Percent of increase: 6.25%
District hire date: January 13, 2014

Employee: **Tyler Vaca-Keller**
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: August 13, 2018

Employee: **Tammy Watkins**
Current position (department): Laboratory Field Technician (Florence)
New position (department): Water Plant Operator (Florence)
Current rate; step/grade: \$32.90; Step 4
Proposed rate; step/grade: \$36.34; Step 3
Percent of increase: 10.46%
District hire date: May 3, 2004

Employee: Jakeb Whitbeck
Current position (department): Pipe Layer (Construction)
New position (department): Machine Operator I (Construction)
Current rate; step/grade: \$30.65; Step 2
Proposed rate; step/grade: \$32.57; Step 2
Percent of increase: 6.26%
District hire date: December 10, 2018

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: Frank Colabello
Current position (department): Gas Leak Assistant (Gas Distribution)
New position (department): Gas Leak Technician (Gas Distribution)
Current rate; step/grade: \$33.44; Step 4
Proposed rate; step/grade: \$36.52; Step 3
Percent of increase: 9.21%
District hire date: April 21, 1999

Employee: Trent Volenec
Current position (department): Pipe Layer Trainee (Construction)
New position (department): Pipe Layer (Construction)
Current rate; step/grade: \$28.53; Step 4
Proposed rate; step/grade: \$30.65; Step 2
Percent of increase: 7.43%
District hire date: May 6, 2019

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.

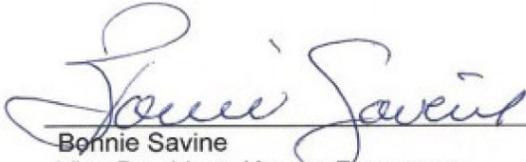
Employee: Noree Sy
Current position (department): Geographic Info System Tech II (Infrastructure Integrity)
New position (department): Senior Engineering Technician – Operations (Plant Engineering)
Current rate; step/grade: \$34.27; Step 4
Proposed rate; step/grade: \$74,846; SPA – 03
Percent of increase: 5.00%
District hire date: January 26, 2015

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: Noah Hawkins
Current position (department): Engineer I (Plant Engineering)
Current rate; step/grade: \$68,254; SPA – 02
District hire date: May 10, 2021

Employee: Beth Venteicher
Current position (department): Senior Financial Analyst (Accounting)
Current rate; step/grade: \$100,000; SPA – 06
District hire date: May 17, 2021


Bonnie Savine
Vice President, Human Resources



Mark A. Mendenhall
Senior Vice President, General Counsel



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Departmental Communication

May 25, 2021

Subject: RENEWAL OF UNSECURED LINE OF CREDIT

To: Committee on Accounts, Expenditures, Finance and Rates
cc: All Board Members; Doyle, Ausdemore, Mendenhall, O'Brien and all Vice Presidents

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

During the May Board meeting, there was discussion of renewing the District's three-year line of credit, albeit at a reduced level: \$20 million. The District previously had a \$30 million line of credit, but due to its improving financial condition, the reduced amount is deemed sufficient. The credit line has been in place since October 31, 2006, and it is viewed favorably by credit rating agencies as it represents a ready source of cash; the current \$30 million credit line expires on June 1, 2021. Since this issue was "laid over" to the June Board meeting for additional discussion, a one-month extension to the credit line was negotiated with First National Bank of Omaha; the revised expiration date is July 1, 2021.

During the May Board meeting, the Board was presented with a single proposal from First National Bank of Omaha for the credit line renewal. To ensure that the best value is secured for its ratepayers, the Board instructed management to pursue additional credit line proposals. To that end, outreach was initiated with Wells Fargo and US Bank, the other two banks that the District currently relies on to meet its diverse banking needs. US Bank chose not to provide a quote for the credit line; Wells Fargo did provide a proposal which is reflected in the comparative table below.

| | <u>First National Bank of Omaha</u> | <u>Wells Fargo</u> |
|-------------------------------------|---|--|
| Credit Line | \$20,000,000 | \$20,000,000 |
| Term | Three Years | Three Years |
| Interest Rate | One-Month LIBOR + 50 basis points * | One-Month LIBOR + 40 basis points * |
| Resulting Interest Rate | 60 Basis Points (.6%) | 50 Basis Points (.5%) |
| Interest Rate Floor | 1.95% | No Floor |
| Commitment Fee on Unused Amounts | 15 Basis Points | 33 Basis Points |
| Other Fees | N/A | \$20,000 |

It should be noted that LIBOR, or London Interbank Offered Rate, is being phased out as a “benchmark” interest rate over the three-year duration of the line of credit under consideration. First National Bank of Omaha will henceforth base our credit line borrowing rate on the Prime Interest Rate less 263 basis points, whereas Wells Fargo will be transitioning to the Secured Overnight Financing Rate plus 40 basis points; both methodologies are intended to replicate their current LIBOR-based lending rates. Additionally, the \$20,000 in “Other Fees” listed for Wells Fargo represents the “pass through” of third-party legal fees associated with drafting the line of credit documentation; legal fees associated with future renewals would be reduced.

Upon review of the competing proposed credit line terms, it becomes apparent that the best value is contingent upon whether we borrow on the credit line. As noted previously, the credit line has been in place since October 31, 2006; the District has never borrowed on the credit line. Our primary purpose for the credit line is to enhance liquidity, thereby bolstering third-party credit ratings. Though not assured, the credit line could be a factor in our ability to issue bonds at more favorable interest rates. With budgeted bond issuances of \$151.8 million in 2021 (\$86.7 million for the Gas department and \$65.1 million for the Water department) steps to reduce bond interest rates are important to pursue.

Due to the factors discussed above, management recommends renewing the three-year credit line, albeit at a reduced amount of \$20 million, with First National Bank of Omaha. Your consideration in this matter is appreciated. Please advise with questions.



Joseph J. Schaffart
Sr. Vice President, Chief Financial Officer

Approved:



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Departmental Communication

May 27, 2021

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

To: Insurance and Pension Committee

cc: All Board Members; Doyle, Ausdemore, O'Brien, Mendenhall, Schaffart and all Vice Presidents

From: Mark F. Myers, Vice President, Accounting

The following insurance policies expire June 15, 2021 and require action:

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

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

Property/LNG Propane Caverns/Equipment Breakdown/Data Processing

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

| | <u>Expiring Policy</u> | <u>Proposed Policy</u> |
|---|------------------------|------------------------|
| Property – without LNG & Caverns | | |
| Insurance Carrier | AEGIS/Starr Tech | AEGIS/Starr Tech |
| Total Insurable Values | \$845.0 million | \$908.7 million |
| Average Rate per \$100 of Insured Value | N/A-combined rate | N/A – combined rate |
| Premium | N/A-combined | N/A – combined premium |

Property – LNG & Caverns

| | | |
|---|-------------------|------------------------|
| Insurance Carrier | AEGIS/Starr Tech | AEGIS/Starr Tech |
| Total Insurable Values | \$82.1 million | \$85.0 million |
| Average Rate per \$100 of Insured Value | N/A-combined rate | N/A – combined rate |
| Premium | N/A-combined | N/A – combined premium |

Equipment Breakdown

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

Data Processing Equipment

| | | |
|---|-------------------|------------------------|
| Insurance Carrier | AEGIS/Starr Tech | AEGIS/Starr Tech |
| Total Insurable Values | \$6.7 million | \$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 | \$933.8 million | \$1.0 billion |
| Average Rate per \$100 of Insured Value | \$0.0666 | \$0.0838 |
| Premium | \$621,587 | \$838,137 |

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 | 456 | 460 |
| Overall Average Rate per Unit | \$97.83 | \$88.55 |
| Premium | \$44,611 | \$40,731 |

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 | \$36.3 million | \$39.8 million |
| Average Rate per \$100 of Insured Value | \$0.0958 | \$0.1018 |
| Premium | \$34,755 | \$40,468 |

Cyber

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

| | <u>Expiring Policy</u> | <u>Proposed Policy</u> |
|--------------------|------------------------|------------------------|
| Insurance Carrier | AIG | AIG |
| Limit of Liability | \$1 million | \$1 million |
| Premium | \$10,420* | \$21,278 |

* Initial cyber insurance policy term April 1, 2020 to June 15, 2021 (14 ½ months) with a total premium of \$12,591.

| | | |
|---|-----------|-------------|
| Subtotal – Premiums | \$711,373 | \$940,614 |
| Inspection Fees | \$5,450 | \$5,390 |
| Insurance Brokerage Fee/Commission | \$62,954 | \$63,000 |
| Total Insurance Premiums and Fees | \$779,777 | \$1,009,004 |

Consistent with the approach used for the expiring insurance coverage, the District's property insurance program has a \$300 million loss limit per loss, despite total property insurable values of \$1.0 billion. Loss limits are provided by most carriers because the total level of values will likely exceed their individual capacity, and because it is highly unlikely that an insured will incur a 100% loss to all assets from any one occurrence. Aon believes a \$300 million loss limit is more than adequate to address the District's risk. It should be noted that the aforementioned \$1.0 billion of insurable value is spread among many separate locations; it is highly unlikely that one event would result in a 100% loss at all locations.

Cyber liability insurance was first acquired in 2020 with an initial term of April 1, 2020 to June 15, 2021. The expiring policy with AIG included a liability limit of \$1.0 million dollars and a \$50,000 retention. The quote from AIG for the upcoming policy year continues to include a \$1.0 million liability limit but requires an increased retention of \$150,000. In addition, AIG reduced the ransomware limit from \$1.0 million to \$500,000 and requires a 50% coinsurance for ransomware events, with the District sharing equally in any ransom loss.

The proposed insurance premiums are notably higher than prior year amounts due to: 1) an insurance market that has experienced substantial claim losses over the past several years, including numerous non-traditional natural catastrophe losses, such as winter storms and wildfires, 2) the District's two pending property damage claims, including one for flood damage incurred in 2019 and one for property damage to the construction center which began in 2020, and 3) increased insurable values. Due to the magnitude of the increase in premiums, a representative from Aon Risk Services, Gary Wagner, will be present at the June 2, 2021 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 again 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 16, 2021 through June 15, 2022. As noted above, the insurance proposals result in combined annual premiums and fees of \$1,009,004, which represents an increase of \$229,227, or 29.4%, as compared to the prior combined premiums and fees of \$779,777. The increase is driven by an increase in insurable values as well as an increase in the cost per dollar of insured value for the reasons cited previously.

It should be noted that the District, with input from Aon, anticipated an increase in premiums when the 2021 budget was prepared. The budget assumed a 25% increase in the property insurance premiums and a 10% increase in the cost of auto, contractor's equipment and cyber insurance. The 2021 budget is sufficient to fund nearly all of the projected increase, with a net shortfall of approximately \$10,000.

Mark F Myers

Mark F. Myers
Vice President, Accounting

(402) 504-7174

Approved:

A handwritten signature in blue ink, appearing to read "Joseph J. Schaffart". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joseph J. Schaffart
Senior Vice President, Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Mark E. Doyle". The signature is cursive and includes a long horizontal stroke at the end.

Mark E. Doyle
President

Attachments

EXECUTIVE SUMMARY

MARKET OVERVIEW

The insurance market was challenging in 2020 and has remained difficult in 2021 with both the property and casualty markets continuing to seek rate increases being required across the property, general liability, auto liability, and umbrella lines regardless of loss history.

The natural catastrophe events of 2017 continue to influence the underwriting climate. These have been further compounded by 2018, which was another expensive natural catastrophe year. Both years have seen loss creep in 2019. In 2019, 2020 and 2021, non-traditional natural catastrophe losses are affecting the underwriting results: i.e., Winter Storms, Wildfire. Power and utility insurance continues to attract a regular frequency of mechanical breakdown losses putting continued pressure on loss ratios. Severity of events also has increased.

Most markets continue to push for rate increases of 15% to 20% for loss free, non-critical natural catastrophe accounts, but the trend of ongoing escalation has ended. Despite pricing adjustments from 2019 and 2020, further capacity is exiting the market. For example, Liberty has stopped writing power business in the U.S., Aspen has shutdown U.S. operations, StarStone and Navigators have exited power in the U.K. which added some instability to the market. Traditional markets are actively reducing working capacity to manage volatility: AIG, Allianz and Zurich. There is more scrutiny on underwriting at corporate level. No major new entrants are expected in the immediate future. Reinsurance is more difficult to secure economically. Deductibles have remained relatively constant except for clients with adverse loss history or where non-proven technology is being deployed. However, we are starting to see insurers seeking deductible increases for catastrophe, and boiler and machinery if equipment is out of warranty or has experience loss within the fleet.

The District experienced property damage as a result of the regional flooding which occurred in March 2019 and there remains an open flood claim with AEGIS and Starr Tech which is near final resolution. 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.

There is continued pressure on automobile liability rates as it remains a loss leader for most markets. It has become increasingly difficult to place stand-alone coverage and there is increased pressure on rates. It is not uncommon to see carriers seeking upwards of 20% rate increases for automobile liability coverage for loss-free accounts. Stand-alone physical damage only programs are not commonly offered in the marketplace.

The cyber liability marketplace has significantly hardened since the 2020 placement and even more so in the last few months. Average rate increase results for primary cyber liability in April 2020 were 5.2% whereas March 2021 were 60.6%. Currently it is not uncommon to see program increases of upwards of 100% or more. The primary driver has been losses. Throughout 2020, insurance carriers reached, and in many instances surpassed, a tipping point as loss frequency and severity outpaced improved risk selection and limited rate increases. The change that's been developing since late 2018, and ultimately tipped the scale in 2020, relates to ransomware activity across all revenue segments. Aon's Cyber Solutions saw a typical cadence of three new Errors & Omissions/Cyber matters per business day in

2020, up almost 100% from full year 2019, the majority being ransomware event-related. The utility sector is viewed as a high risk for ransomware incidents and the recent Colonial Pipeline incident has caused further concern for some underwriters. The average loss severity climbed each quarter of 2020. In many instances, clients experienced eight-figure ransomware event-related losses. Also, many of those large matters continue to be adjusted over the course of a year, as subsequent business interruption losses are reviewed, and liability claims are litigated. As a result, insurers are reviewing areas in their portfolios where underwriting action is needed, and reevaluating capacity deployment, specifically as it relates to ransomware losses. Underwriters are much more critical on the security and controls in place and will decline to offer coverage if certain controls and protections are not in place.

The renewal strategy for 2021 was to maintain the program structure and manage the rate increases desired in the insurance market. Due to the open construction center claim on the property program, it was agreed to maintain insurer continuity with AEGIS and Starr and obtain competitive rates. Additionally, no competitive options were available through marketing efforts in 2019 or 2020. On the contractor's equipment program, it was recommended to approach CNA, the incumbent, who has provided the most competitive option in prior marketing efforts. It was also recommended to approach One Beacon who was competitive to CNA in 2019 and 2020 but required a higher deductible. AIG and Hartford would also be approached for competitive options. Nationwide, the incumbent, was approached on the auto program as no other markets have been willing to provide a comprehensive and special perils only coverage. On the cyber liability, multiple markets were approached for competitive options due to the significant hardening of the marketplace in terms of pricing and coverage restrictions being sought by insurers. Options for higher limits were requested to be evaluated by the District.

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 annual aggregate sublimit for earthquake and flood. The Starr Tech policy has a flood deductible of 2.5% of the property's value with a minimum of \$250k and a maximum of \$2.5m while the AEGIS policy has a \$2.5m flood deductible. Business interruption is not included, but \$10m in extra expense coverage along with other sublimits are included. The program is split equally between AEGIS and Starr Tech.

The District's property values increased \$66.6m or 7.1% when compared to 2020. As mentioned, the District currently has two open property damage claims of significant value.

Aon approached the incumbent markets of AEGIS and Starr Tech to maintain insurer continuity considering the open claims. The results of the marketing were as follows:

- **AEGIS:**
 - AEGIS continues to push a 20% rate increase on loss-free accounts in the current market. AEGIS indicated that in consideration of the District's claims activity, it again needs a 35% average rate increase on the 2021 renewal. AEGIS indicated that the reason for the additional significant increase this renewal is the two open reserves from the 2019 flood and the 2020 earth movement occurrences. These remain open reserves; and since last renewal, the earth movement loss reserve increased nearly 1,000%. The District's current loss ratio with AEGIS is 375%. AEGIS provided a quote of \$925.4k, inclusive of terrorism, on a 100% basis and AEGIS is willing to offer 50%

- capacity at these terms which are pending management approval. At 50% of the program, this result is a \$142k premium increase. The overall terms and conditions remain similar to expiring. Nebraska surplus lines taxes apply.
- AEGIS continues to provide an engineering reimbursement (Loss Control Allowance) of up to 2.5% of the premium applicable to the District's engineering costs, not including jurisdictional inspections required by the state. This would offset charges by Starr Tech for engineering services.
 - **Starr Tech:**
 - Starr Tech also continues to push for rate increases in this market but desires a smaller increase than that of AEGIS. Starr Tech provided a formal quote with an 15.9% average rate increase on the 2021 renewal. Starr Tech provided a quote with a premium of \$723.1k, 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 \$70.3k premium increase. In addition to the rate increase, Starr Tech also requires some additional changes to the terms and conditions which are as follows:
 - The land and water containment cleanup, removal and disposal sublimit was reduced from \$2m to \$1m.
 - Starr Tech added the Electronic Data/Media Endorsement that replaces the Data Distortion/Corruption endorsement.
 - Starr Tech continues 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.

The combined average rate increase for the incumbent markets of AEGIS and Starr Tech is 25.9% which is slightly down from the 26.8% average rate increase in 2020. While this is a significant increase, it is not out of line with what is being experienced in the current property marketplace in consideration of the claim development of the District. It is our recommendation to place the property coverage with AEGIS and Starr Tech, however, Aon will continue to work at improving the terms offered by both AEGIS and Starr Tech prior to the June 15, 2021 renewal.

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. The Starr engineering expense is offset by the 2.5% engineering fee credit on the AEGIS policy. ARISE quoted an annual fee of \$5.4k for the District's jurisdictional boiler inspections which is a slight reduction to expiring.

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 9.6% in 2021. In 2020 there was a \$19.5k loss under the District program.

Aon worked with the incumbent insurer, CNA, to obtain a competitive quote and was able to negotiate a premium of \$40.5k which is a 6.2% net average rate increase when compared to expiring. This result is very competitive rate increases typically being sought in the property marketplace. The \$5.7k increased premium is due to the increase in values and rate. Other

terms and conditions are as per expiring with the addition of a Communicable Disease Exclusion which is common among all insurers.

Aon approached One Beacon, AIG and Hartford for a competitive option. One Beacon confirmed that it would not be able to improve on its higher deductible structure or improve CNA's rate, so it elected not to present a formal quote. AIG also indicated it would not be able to beat CNA's rate and declined. Hartford never responded to the submission.

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 460 units was an increase compared to the 2020 reported fleet of 456 units. The campers will be removed from the 2020 term at the expiration audit and are not included in 2021.

Aon approached the incumbent, Nationwide, for its best pricing and obtained a renewal quote of \$47.9k. The Nationwide quote included 15% commission, same as expiring. Because of the commissions being credited to the Aon fee, the net result of \$40.7k is a premium decrease of \$3.9k and an average rate decrease of 9.5% per unit. This is believed to be a great result in the marketplace.

CYBER LIABILITY

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

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

AXA XL, Brit, Chubb, Emergin, Houston Casualty Company and Sompco were approached for terms and all declined to quote primarily due to the class of business (utility). Beazley and Cowbell also were approached but have not yet responded. Coalition and Corvus were interested but ultimately declined due to other underwriting factors, however, each indicate they would consider an excess position. No market has put forth an excess option to evaluate at this time, but conversations continue.

SUMMARY AND RECOMMENDATION

Aon believes the results achieved are acceptable under the current market conditions. The rate increases received are consistent with what Aon is experiencing in the marketplace and on those accounts with losses. Aon pursued alternate options on the contractor's equipment and cyber liability programs, but no other market provided a competitive option to date.

Based on the results, it is recommended that the District renew the property program to be shared equally between AEGIS and Starr Tech. Aon will continue negotiations with AEGIS and Starr Tech and try to improve upon the terms provided. It also is recommended that the District renew the standalone options for the contractor's equipment, auto physical damage and cyber liability coverages with CNA, Nationwide and AIG, respectfully. Finally, it is recommended that the jurisdictional boiler inspections be renewed 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 and to pursue alternative primary and excess cyber liability options prior to the June 15, 2021, 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 2020 to 2021 Comparison

| 2020 Renewal | | | | | 2021 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/ | \$ 845,022,562 | \$ - | | Property-No LNG | AEGIS/ | \$ 908,769,679 | \$ - | | \$ 63,747,117 | 7.5% | | | | |
| Property-LNG & Caverns | Starr Tech | \$ 82,059,208 | \$ - | | Property-LNG & Caverns | Starr Tech | \$ 84,982,633 | \$ - | | \$ 2,923,425 | 3.6% | | | | |
| Property-New Corp. Office | | Included | \$ - | | Property-New Corp. Office | | Included | \$ - | | Included | | | | | |
| Equipment Breakdown | | Included | \$ - | | Equipment Breakdown | | Included | \$ - | | Included | | | | | |
| EDP | | \$ 6,731,908 | \$ - | | EDP | | \$ 6,679,825 | \$ - | | \$ (52,083) | -0.8% | | | | |
| Total¹ | | \$ 933,813,678 | \$ 621,587 | 0.0666 | Total | | \$ 1,000,432,137 | \$ 838,137 | 0.0838 | \$ 66,618,459 | 7.1% | \$ 216,550 | 34.8% | 0.0172 | 25.9% |
| Contractor Equipment | C.N.A | \$ 36,266,492 | \$ 34,755 | 0.0958 | Contractor Equipment | C.N.A | \$ 39,752,512 | \$ 40,468 | 0.1018 | \$ 3,486,020 | 9.6% | \$ 5,713 | 16.4% | 0.0060 | 6.2% |
| Auto-Comp/Spec Only ² | Nationwide | 456 | \$ 44,611 | \$ 97.83 | Auto-Comp/Spec Only ² | Nationwide | 460 | \$ 40,731 | \$ 88.55 | 4 | 0.9% | \$ (3,880) | -8.7% | \$ (9.29) | -9.5% |
| Cyber Liability ³ | AIG | | \$ 12,591 | | Cyber Liability ³ | AIG | | \$ 21,278 | | | | \$ 8,687 | 69.0% | \$ - | |
| Total Net Premium | | | \$ 713,544 | | Total Net Premium | | | \$ 940,614 | | | | \$ 230,950 | | | |
| Engineering ⁴ | Starr Tech | | Included | | Engineering | Starr Tech | | Included | | | | | | | |
| Jurisdictional | ARISE | | \$ 5,450 | | Jurisdictional | ARISE | | \$ 5,390 | | | | \$ (60) | | | |
| | | | \$ 5,450 | | | | | \$ 5,390 | | | | | | | |
| Aon Compensation | Fee/Commission | | \$ 62,954 | | Aon Compensation | Fee | | \$ 63,000 | | | | \$ 46 | | | |
| Total Costs | | | \$ 781,948 | | Total Costs | | | \$ 1,009,004 | | | | \$ 227,056 | | | |

Note 1: Premium includes terrorism and Nebraska surplus lines taxes on the AEGIS portion of the property premium. Premium also includes removal of Harney St. headquarters

Note 2: 2021 includes removal of campers. Nationwide on the Auto cannot remove all commissions. The 2020 and 2021 premiums include 15% commission. Only net premium is shown as all commissions are credited against the Aon fee.

Note 3: The 2020 cyber liability policy was for a term of 4/1/20-6/15/21 and included commissions. AIG will not net out commissions. The 2021 premium includes 19% commission. Only net premium is shown as the 2021 commissions are credited against the Aon fee. The 2021 policy is moving to non-admitted paper and Nebraska surplus lines taxes will apply, which is included in the net premium.

Note 4: The Starr Tech engineering costs are offset by the 2.5% engineering credit from AEGIS.

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

May 25, 2021

Subject: FIFTH LEGISLATIVE REPORT – 2021 SESSION

To: Judiciary and Legislative Committee

cc: All Board Members; Doyle, Mendenhall, Ausdemore, Schaffart, O'Brien;
all Vice Presidents; Nowka

From: Rick Kubat, Government Relations Attorney

The Legislature is set to adjourn on Thursday, May 27, 2021. Provided below are updates on pending legislation.

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

Board Pos: Support
Status: Presented to the Governor for signature

LB 83 (Flood) – Changes the Open Meetings Act to provide for virtual conferencing. LB 83 has two parts. The first part provides for virtual meetings under regular or non-emergency circumstances. The second part of the bill addresses virtual meetings when an emergency declaration is made. The first part of LB 83 would allow specific political subdivisions to hold up to half of their meetings via virtual conferencing in non-emergency or regular circumstances. The District is seeking a change to the underlying bill that would add the District to the list of eligible entities. The second part of LB 83 allows virtual meetings if an emergency is declared under the Emergency Management Act. For District purposes, the emergency declaration can be made by the principal executive officer of local government. As amended, the emergency declaration can now only be made by the Governor. The District is included as a public body in the emergency declaration portion of LB 83. LB 83 further clarifies notice requirements and the public's ability to participate in Board meetings under emergency declaration circumstances.

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

LB 131 (Hunt) - - Urban Affairs clean-up and priority bill containing various items. As amended, LB 131 will provide up to \$4 million for smaller Nebraska natural gas utilities to assist with increased gas costs associated with this winter's polar vortex.

Mgmt. Rec: Neutral

Status: Presented to the Governor for signature

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

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

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

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

LB 178 (Lindstrom) – Provides for a turn-back of a portion of the 5.5% of state sales tax dollars collected for sewer and potable water services. LB 178 is a similar version of last year's LB 242. The only change from last year's LB 242 is additional language in LB 178 which requires entities who receive turnback dollars to account for their receipt in their budget statement along with a declaration of the percentage by which water and sewer rates would have increased if not for the receipt of turnback funds. The turn-back of revenue is specifically designated and earmarked for potable water and wastewater infrastructure assistance or repaying of bonds for such work. LB 178 would turn-back 36% of the 5.5% of state sales tax dollars collected for water and sewer services from July 1, 2021 through June 30, 2022, a turn-back of 54% of the 5.5% of state sales tax dollars collected from July 1, 2022 through June 30, 2024, and a turn-back of 72% of the 5.5% of state sales tax dollars collected after July 1, 2024. LB 178 did not receive any opposition testimony. The bill was supported by the Omaha and Lincoln Chambers, the City of Omaha, City of Lincoln, Sarpy County, United Cities of Sarpy County, Nebraska Assn. of Resource Districts, the Coalition of Agricultural Manufactures, American Council of Engineering Companies, Assn. of General Contractors, Nebraska Assn. of Commercial Property Owners, Nebraska Utility and Excavators Assn, Nebraska Water Resources Assn, the cities of Blair, Hastings, Grand Island, South Sioux City, Plattsmouth and others. LB 178 did not receive a priority designation. Senator Lindstrom is exploring the possibility of amending LB 178 onto another bill.

Board Pos: Support
Status: Remains on General File

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

Board Pos: Support

Status: Amended into LB 507 and signed into law by the Governor

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

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

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

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

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

Board Pos: Support
Status: Passed Final Reading, Vetoed by the Governor, subject to a Legislative override

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

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

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

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

LB 406 (McDonnell) – Creates the Lower Platte River Infrastructure Task Force and provides funding. LB 406 would create a task force to study potential reservoirs on the Lower Platte River. The purpose of the study is to look at three to five potential flood-control infrastructure projects along the river basin for flood control, water supply, water quality, recreation, and hydropower. LB 406 has been amended to include studies of Lake McConaughy and Lewis and Clark Lake. As advanced with a Committee amendment, the District will be a member of the task force charged with studying water reservoirs in the Lower Platte River.

Board Pos: Support
Status: Presented to the Governor for signature

LB 414 (Wishart) – Changes provisions of the Political Subdivisions Construction Alternatives Act. LB 414 enhances the ability for political subdivisions to use design-build contracts for sewer, water, utility and other large projects. Unfortunately, the District was unable to be amended onto LB 414. The District will likely introduce legislation in 2022 to be included in the provisions of LB 414.

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

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

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

LB 619 (Sanders) – Changes excavation requirements under the One-Call Notification System Act. LB 619 would change the depth requirements for underground utilities. The District is concerned that the minimum depth requirements proposed by LB 619 are contrary to federal regulations as proscribed by the Pipeline and Hazardous Materials Safety Administration (PHMSA). Specifically, PHMSA requires a depth of 18 inches for gas service lines and LB 619 would require a new depth requirement of 24 inches. The Board took a position of opposition to LB 619. The District's concerns of residential grading and gas utility depths have been removed from the bill via an amendment.

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

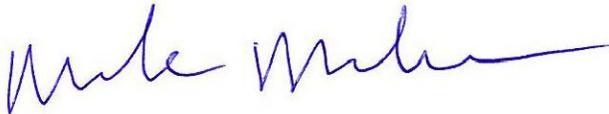
LB 650 (Flood) – Adopt the Nebraska Geologic Storage of Carbon Dioxide Act. LB 650 establishes the legal and regulatory framework for potential carbon dioxide capture and storage projects in Nebraska. Carbon capture technology captures industrial carbon dioxide emissions, compresses the carbon, and places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

Board Pos: Neutral
Status: Presented to the Governor for signature



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Approved:



Mark A. Mendenhall
Senior Vice President/General Counsel



Mark E. Doyle
President