

METROPOLITAN UTILITIES DISTRICT
Committee Meetings

8:15 a.m.

February 6, 2020

AGENDA

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

Construction and Operations – Friend, Frost, Cavanaugh

1. Capital Expenditures [Dave DeBoer, SVP & Chief Operations Officer] – **Tab 6**
2. Capital Expenditures for Headquarters Building Renovation at 7350 World Communications Drive [Dave DeBoer, SVP & Chief Operations Officer] - **Tab 7**
3. Acceptance of Contracts and Payment of Final Estimates
[Dave DeBoer, SVP & Chief Operations Officer] – **Tab 8**
4. Bids on Materials and Contracts [Jon Zellars – Director, Purchasing] – **Tab 9**

Services & Extensions –Friend, Begley, Howard

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

Personnel – Begley, Frost, Friend

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

Insurance and Pensions – Howard, McGowan, Cook

1. 2019 Retirement Plan and Other Post-Employment Benefits Investment Review
[Joseph Schaffart, SVP & Chief Financial Officer and Joseph Wolfram, Vanguard Institutional Advisory Services] – **Tab 18**

Judicial and Legislative – Cook, Cavanaugh, Howard

1. First Legislative Report for 2020
[Rick Kubat, Government Relations Attorney] – **Tab 13**
2. Interlocal Agreement with Douglas County for Use of Radio System
[Mark Mendenhall, SVP & General Counsel] – **Tab 14**
3. Interlocal Agreement with the Nebraska Department of Health and Human Services for Laboratory Analysis and Testing
[Mark Mendenhall, SVP and General Counsel] – **Tab 15**

METROPOLITAN UTILITIES DISTRICT

Regular Meeting

9:00 a.m.

February 6, 2020

AGENDA

1. Roll Call
2. Open Meetings Act Notice
3. Pledge of Allegiance
4. Recognition of Tom Dowd
5. Approval of Minutes – Committee Meetings & Regular Board Meeting for January 2, 2020
- CONSTRUCTION & OPERATIONS 6. Capital Expenditures
7. Capital Expenditures for Headquarters Building Renovation at 7350 World Communications Drive
8. Acceptance of Contracts and Payment of Final Estimates
9. Bids on Materials and Contracts
- SERVICES & EXTENSIONS 10. Main Extensions
- PERSONNEL 11. Wage and/or Salary Increases and Ratifications
12. SPA Salary Structure Adjustment
- JUDICIAL & LEGISLATIVE 13. First Legislative Report for 2020
14. Interlocal Agreement with Douglas County for Use of Radio System
15. Interlocal Agreement with the Nebraska Department of Health and Human Services for Laboratory Analysis and Testing
- BOARD 16. Other Matters of District Business for Discussion
17. CLOSED SESSION – Litigation and Real Estate Matters

Adjourn Regular Board Meeting



METROPOLITAN
UTILITIES DISTRICT

In Recognition
of Board Member Tom Dowd

We acknowledge and recognize the service of long-time Metropolitan Utilities District Board Member Tom Dowd, who passed away August 7, 2019.

Tom served on the District's Board for 40 years. He was first elected in 1974 and was re-elected six times.

He was a leader on our board and a mentor to many people. Tom had a deep and wide-ranging knowledge of issues affecting the District, the community and our customer-owners.

Tom's expertise in the fields of law and employee relations, along with his passion for public service, contributed greatly to the successful operation of the District. His accomplishments include:

- Tom was a proponent of a Board initiative to add a third water plant at Platte West, further enhancing the District's reliability and making it well-positioned for future development and expansion.
- Tom encouraged the growth of our natural gas system and the introduction of compressed natural gas as a vehicular fuel.
- He supported the strategy and funding in 2008 for an infrastructure replacement program to improve the safety and reliability of our gas and water systems.

All the while, he would consider how decisions would impact our customer-owners. Tom made sure customers received the same fair treatment, regardless of economic means or social position.

Tom has left a legacy that will live on for years and we will miss him greatly. On behalf of the Board, employees and customer-owners, we offer our deepest appreciation for Tom Dowd's 40 years of service on the M.U.D. Board of Directors, presented this 6th day of February, the year 2020.

We would also like to extend our deepest sympathies to Tom's wife Sally and the entire family. We were fortunate to have the time together with Tom.



METROPOLITAN UTILITIES DISTRICT

Minutes of Committee Meetings

January 2, 2020

Safety Briefing

Vice-President of Safety, Security and Business Continuity Shane Hunter provided a briefing regarding safety and security protocol for all individuals in attendance at the Board Meeting in the event of an emergency.

Roll Call

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

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

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

Open Meetings Act Notice

Chairman Cavanaugh advised those in attendance that a copy of the Open Meetings Act was available on the wall of the Legislative Chamber.

Construction and Operations - Frost, Cavanaugh, Friend

Senior Vice-President and Chief Operations Officer Dave DeBoer reviewed the proposed capital expenditures as outlined in his letter to the Committee dated December 16, 2019.

Mr. DeBoer reviewed the proposed acceptance of contracts and payment of final estimates as outlined in his letter to the Committee dated December 20, 2019.

Director of Purchasing Jon Zellars presented the bids for materials and contracts as outlined in his letter to the Committee dated December 19, 2019.

Services and Extensions - Howard, Friend, Begley

Vice-President of Engineering and Construction Cory O'Brien reviewed the proposed main extensions as outlined in his letter to the Committee dated December 23, 2019.

Personnel - Begley, Frost Friend

Vice-President of Human Resources Bonnie Savine reviewed the proposed wage and/or salary increases and ratifications as outlined in her letter to the Committee dated December 23, 2019.

Ms. Savine also reviewed the 2019 Wage Re-Opener Recommendation as outlined in her letter to the Committee dated December 23, 2019.

Chairman Cavanaugh asked whether any Board Member or member of the public had comments to share. Some discussion was prompted by Mr. McGowan regarding gas supplies and purchase pricing.

At 8:40 a.m., Chairman Cavanaugh announced that the Committee Meetings had concluded and the regular Board Meeting would begin at 9:00 a.m.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT
Minutes of Regular Board Meeting
January 2, 2020

The Board of Directors of the Metropolitan Utilities District of Omaha met in the Legislative Chamber Suite LC-4 in the Omaha Douglas Civic Center at 1819 Harney Street in regular session at 9 a.m. on January 2, 2020.

Advance notice of the meeting was published in *The Omaha World-Herald* on Sunday, December 22, 2019. The agenda of the meeting was available for public inspection at the office of the Secretary and President and posted to the website on December 27, 2019. Board documents were delivered to Board Members on December 23, 2019 and posted to the website on January 1, 2020.

AGENDA NO. 1

ROLL CALL

Chairman Cavanaugh called the meeting to order at 9:00 a.m. On a roll call vote, the following members were present:

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

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

AGENDA NO. 2

OPEN MEETINGS ACT NOTICE

Chairman Cavanaugh advised those in attendance that a copy of the Open Meetings Act was posted on the wall of the Legislative Chamber.

AGENDA NO. 3

PLEDGE OF ALLEGIANCE

Chairman Cavanaugh invited those who wished to participate, to stand and recite the Pledge of Allegiance.

AGENDA NO. 4

APPROVAL OF MINUTES FOR COMMITTEE MEETINGS AND REGULAR BOARD MEETING FOR DECEMBER 5, 2019

Mr. Friend moved to approve the minutes for the Committee Meetings and regular Board Meeting for November 7, 2019, which was seconded by Ms. Howard and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138008

AGENDA NO. 5

ELECTION OF CHAIRPERSON (NEW CHAIRPERSON PRESIDES) AND ELECTION OF VICE-CHAIRPERSON

Mr. Cavanaugh nominated Gwen Howard for the position of Chairperson, which was seconded by Mr. Friend and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138009

Ms. Howard nominated Tanya Cook for the position of Vice-Chairperson, which was seconded by Mr. Begley and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138010

Chairperson Howard expressed her thanks to Mr. Cavanaugh for serving as Chair of the M.U.D. Board of Directors for the past year and presented him with a plaque in honor of his service.

AGENDA NO. 6

CAPITAL EXPENDITURES

Mr. Frost moved to approve the capital expenditures as outlined in Mr. DeBoer's letter to the Committee dated December 16, 2019, which was seconded by Mr. Begley and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138011

AGENDA NO. 7

ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

Mr. Frost moved to approve the acceptance of contracts and payment of final estimates as outlined in Mr. DeBoer's letter to the Committee dated December 20, 2019. The motion was seconded by Mr. Cavanaugh and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138012

AGENDA NO. 8

BIDS ON MATERIALS AND CONTRACTS

Mr. Frost moved to approve Management's recommendations regarding the bids on materials and contracts as outlined in Mr. Zellars' letter dated December 19, 2019. The motion was seconded by Mr. Begley and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138013

AGENDA NO. 9

MAIN EXTENSIONS

Mr. Friend moved to approve the main extensions as outlined in Mr. O'Brien's letter dated December 23, 2019 which was seconded by Mr. Cavanaugh and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138014

AGENDA NO. 10

WAGE AND/OR SALARY INCREASES AND RATIFICATIONS

Mr. Begley moved to approve the wage and/or salary increases and ratifications as outlined in Ms. Savine's letter to the Committee dated December 23, 2019. The motion was seconded by Mr. Frost and carried on a roll call vote.

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

MINUTES FILE DOCUMENT NO. 138015

AGENDA NO. 11

2019 WAGE RE-OPENER RECOMMENDATIONS

Mr. Begley moved to approve the 2019 bargaining unit wage re-opener recommendations as outlined in Ms. Savine's letter to the Committee dated December 23, 2019. The motion was seconded by Mr. Friend and carried on a roll call vote.

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

Voting No: None

MINUTES FILE DOCUMENT NO. 138016

AGENDA NO. 12

APPOINTMENT OF COMMITTEES

Chairperson Howard announced that Board Members have been apprised of the 2020 committee assignments and copies of those assignments have been distributed to each of the Board Members. No vote was necessary.

AGENDA NO. 13

OTHER MATTERS OF DISTRICT BUSINESS FOR DISCUSSION

Vice-President of Customer Service and Information Technology Sue Lobsiger opened the presentation on customer service initiatives, and introduced the Director of the Customer Service Division Shalon Buffum to provide detail on those begun in the past year.

Ms. Buffum noted that the customer service mission statement lies at the core of each of the initiatives, which is "to deliver superior customer service to our community through accurate, timely, and respectful interactions." The initiatives begun in 2019 spanned a number of functional areas, including the creation of a customer service branch housed at the nearby OPPD office to continue its downtown presence; creation of a scheduling and analytics supervisor position whose duties focus on analyzing data, trends, forecasting, and streamlining schedules; creation of simplified productivity metrics to give agents a better measure of job performance; development of revised incentives to better recognize top performers; creation of an online repository for all training documents and other reference materials that agents can access and search while on customer calls, thereby improving productivity, efficiency, and most importantly, customer satisfaction; simplification of the IVR (Interactive Voice Response) options to better direct call traffic; and the roll-out of 'CS Forums' to foster employee/manager engagement aimed at problem-solving and enhancing the customer service experience.

Ms. Lobsiger presented an overview of the wide array of initiatives that are being considered for implementation in the next 18 to 24 months, such as expanded Call Center hours, flexible scheduling, collaboration with industry peers, introduction of customer surveys, Customer Chat, development of cross-divisional training opportunities, and promotion of paperless billing and website self-service options. The employee experience was identified as an important component of the future initiatives to ensure that employees are afforded opportunities in terms of training, mentoring and coaching.

Ongoing discussion with Union representatives will continue to be an integral part of the process as these initiatives are moved forward.

Mr. Doyle addressed the Board to preview major undertakings in 2020, including the preparation of the new headquarters building, the sustained build-up of the water infrastructure replacement program, the employee engagement and workforce development, and the expansion of the employee training programs and facilities.

Mr. Doyle announced that Senior Vice-President Raied Stanley would soon be departing for a professional opportunity elsewhere, and he thanked Mr. Stanley for his many instrumental contributions to the District's success in the 10 years he has been employed at the District. Several Board Members acknowledged his exceptional contributions as well and extended their appreciation.

Chairperson Howard asked if any Board Members or any members in the audience had any comments to share. There were none.

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

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

MINUTES FILE DOCUMENT NO. 138017

The regular board meeting was adjourned at 9:45 a.m.



Mark E. Doyle
Secretary and President

MED/mjm

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

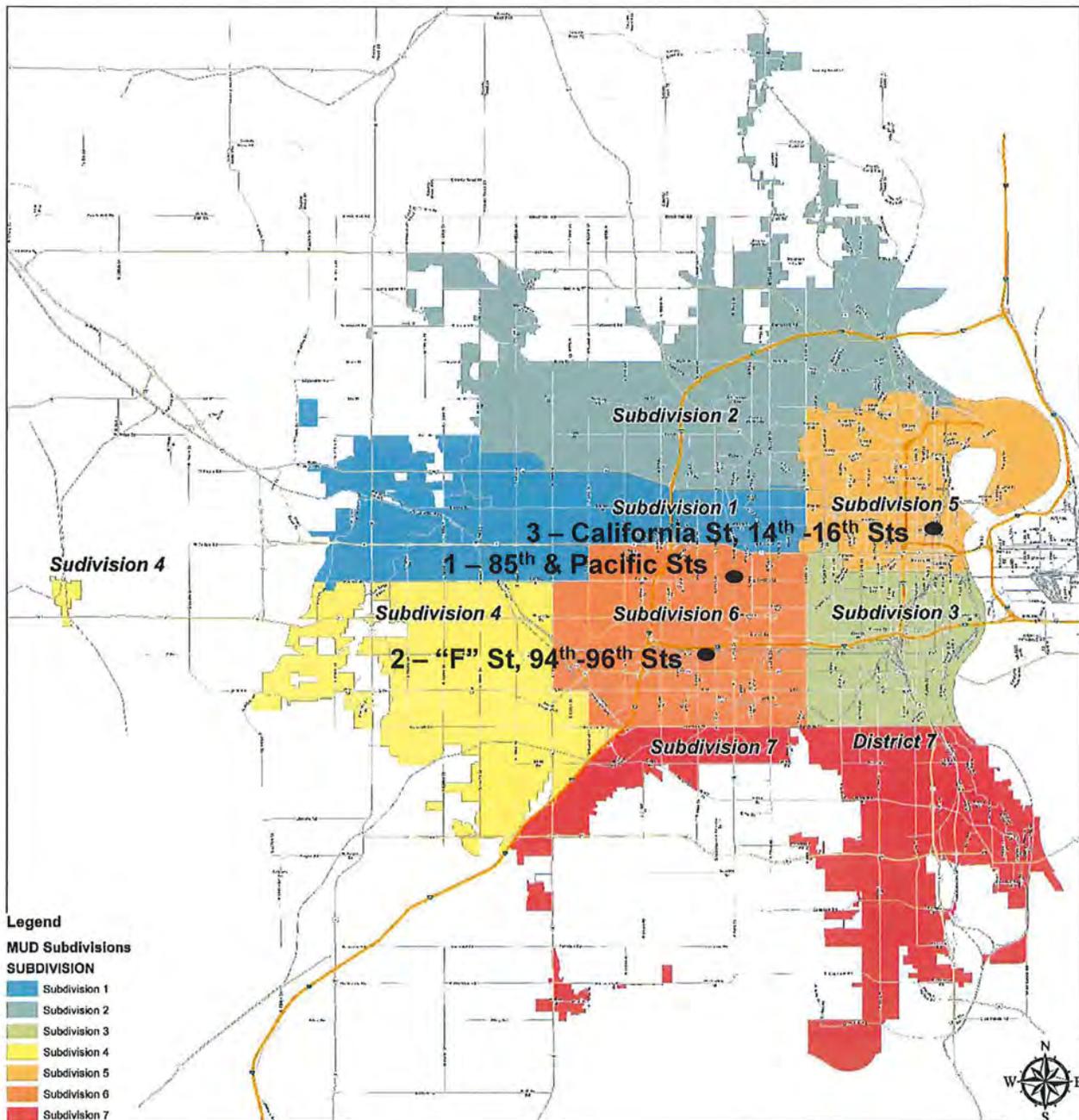
January 24, 2020

Subject: CAPITAL EXPENDITURES

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

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

The following items will be on the February 6, 2020 Committee Agenda for consideration and the February 6, 2020 Board Agenda for approval:



SYSTEM IMPROVEMENTS

1. 100053001436 and associated job numbers – REVISION - \$98,300 – Install 30 feet of 4-inch gas main, 910 feet of 2-inch gas main and 30 feet of 8-inch water main, 85th and Pacific Streets. This work is required to eliminate conflicts with proposed sewer installation for a City of Omaha project. The original capital expenditure was approved on August 9, 2019 for \$47,200. This revision increases the overall job cost by \$51,100. The revision was issued due to changing proposed sewer depths in Pacific Street. The relocation work is not reimbursable as the mains are in the public right-of-way. There will be 13 residential gas services reconnected to the new gas main at an estimated cost of \$39,000.

2. 100052001800 - \$76,200 – Install 790 feet of 4-inch gas main, “F” Street from 94th to 96th Streets. Max I. Walker purchased the building at 4320 South 94th Street. This laundry facility will be a large consumer of gas in comparison to the previous tenant. With this increased gas load, the pressure in the 45-psig distribution system drops to about 30-psig in the area. This main extension will allow the regulator station at 96th and “F” Streets to feed more gas into this area, thus increasing the lowest pressure in this area to about 40-psig.

3. 100053001426 and 10067001407 - \$130,000 – Install 140 feet of 8-inch water main in California Street between 14th and 16th Streets. This work is required to eliminate conflicts with proposed steam lines and chilled water lines for Clearway Energy. This work is reimbursable as the work is private in nature.

BUILDINGS, PLANTS AND EQUIPMENT

1. 100086000730 - \$200,000 – Network Hardware Lifecycle Refresh. As part of the District's SCADA Hardware Lifecycle Refresh Plan, Information Technology Services is requesting the replacement of the SCADA hardware at Florence and System Control Facilities to improve the rehabilitation of the SCADA system. This project proposes to replace SCADA network equipment, 11 servers at three different locations that are older than five years and upgrade the SCADA software.

2. 100087000615 - \$153,000 – Purchase two replacement compact track loaders for Construction. These compact track loaders will be used in Construction on main gangs and will be replacements for units that have reached a point where they are no longer economical to maintain. The units to be replaced are a 2005 John Deer with 4,086 hours and a 2007 John Deer with 3,652 hours. These loaders match the loader specified for the additional WIR crew and were bid together for pricing efficiency.

3. 100087000617 and associated job numbers - \$1,619,000 – Purchase vehicles and equipment for WIR crews. This request is for the authorization to purchase vehicles and equipment to outfit Construction's second water infrastructure replacement crew being added in the spring. This also includes requests to purchase equipment for the first water infrastructure replacement crew that was added in 2019. Basic equipment was purchased in 2019 for the first crew with the plan to rent and use demonstration equipment

for determining the appropriate size and type needed for the water infrastructure specific projects. During the last six months, the correct type and size were determined for both crews and a bid was recently placed and will be purchased together for best pricing.



Dave W. DeBoer
Senior Vice President, Chief Operations Officer

Approved:



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

January 29, 2020

Subject: CAPITAL EXPENDITURE FOR HEADQUARTERS RENOVATION

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

From: Steve E. Ausdemore, Senior Vice President, Field Operations, Safety and Security

The following item will be on the February 6, 2020 Committee Agenda for consideration and the February 6, 2020 Board Agenda for approval:

BUILDINGS, PLANTS AND EQUIPMENT

1. 100084001241 - \$8,100,000 – 7350 World Communications Drive Renovation. The demolition and preparatory work at the new MUD headquarters is near completion on the second and third floors and the renovation of those floors for the employees to occupy is ready to begin.

The renovation portion of the project includes the installation of security systems; new fixtures and finishes; lighting and contemporary aesthetic features; furnishings for employee office areas, conference rooms and common areas; and all the amenities expected in a modern office building with forward-looking planning options.

Approval of this request will authorize the President to enter into a contract to begin the renovation of the occupied space within the new headquarters. Additional authorization of future capital expenditures will be requested to finalize completion of the new headquarters as the current design intends.



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

Approved:



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

January 27, 2020

Subject: ACCEPTANCE OF CONTRACTS AND PAYMENT OF FINAL ESTIMATES

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

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

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

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
a. Est. 2 - Pat Thomas Construction, 100071000693, Repair washout over water main, 24110 W. "Q" St.	September 4, 2019	\$37,238.00	\$37,775.00	\$11,952.58

Comments: There was an increase in unit quantities of \$537.00.

Contract	Board Approval Date	Amounts		
		Bid	Actual	Final
b. Est. 3 - CHI Engineering, 100084001254, LNG pump foundation heat design and engineering services.	September 4, 2019	\$183,283.00	\$183,283.00	\$22,874.87

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

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
c. Est. 3 - Kersten Construction, 100055001284, 100057000463, Install water mains in West Center Village, 204 th St. and W. Center Rd.	April 3, 2019	\$244,203.00	\$262,720.20	\$42,998.31

Comments: There was an increase in unit quantities of \$11,665.20 and an increase of \$6,852.00 for additional excavation and shoring, street cleaning, additional shutdowns and restricted hours for connection times to accommodate customers.

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
d. Est. 3 - Cedar Construction, 100055001212, Install water mains in Spruce 180, 180 th and Locust Sts.	December 6, 2017	\$307,387.00	\$353,849.84	\$67,329.94

Comments: There was a reduction in unit quantities of \$5,783.90 and a reduction of \$1,174.30 for GWO 100070005158. There was an increase of \$53,421.04 for material and pipe increase due to delays in starting the project, pipe cleaning and removal of a spoil pile.

Contract	Board Approval Date	Amounts		
		*Unit Price Bid	Actual	Final
e. Est. 2 - Kersten Construction, 100055001278, Install water mains in Pacific Reserve, 206 th and Pacific Sts.	April 3, 2019	\$78,579.00	\$75,284.00	\$13,054.25

Comments: There was a reduction in unit quantities of \$3,295.00

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

Dave W. DeBoer
Senior Vice President, Chief Operations Officer

Approved:

Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

January 23, 2020

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

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

From: Jon A. Zellars, Director, Purchasing

The following items will be on the February 6, 2020 Committee Agenda for consideration and the February 6, 2020 Board Agenda for approval. The recommended bid is bolded and listed first.

WATER/GAS MAIN CONTRACTS

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Install Water Mains in Olde Town Commons, SW of N 204 th and Blondo Streets 100055001320 WP1715 Engineering Estimate: \$126,710.00 (A C&A in the amount of \$147,165.00 will be presented to the Board on February 6, 2020 for approval.)	18/2	Cedar Construction Kersten Construction	\$112,834.50 168,546.00

INFORMATION TECHNOLOGY

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Click Software Migration to Click Field Service Edge (FSE) 100086000728 *2 nd Low Bid Recommended (C&A for 100086000728 approved January 2, 2020 in the amount of \$265,000.00)	4/2	Diabsolut Evora	\$201,868.00* 99,900.00
Annual Oracle License Renewal	3/2	Mythics DLT	\$228,287.67 242,990.66

OTHER

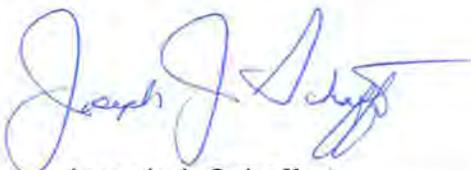
<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
One (1) Mini Excavator 100087000614 * Bid rejected, doesn't meet specifications	8/5	Kubota of Omaha Wise Heavy Equipment NMC Murphy Tractor Titan Machinery	\$123,175.00 124,728.00* 127,924.00 135,815.00 149,500.00*
(A C&A in the amount of \$153,000.00 will be presented to the Board on February 6, 2020 for approval.)			
Three (3) Compact Track Loaders 100087000615 10087000617	9/5	Murphy Tractor NMC Titan Machinery Bobcat Kubota of Omaha	\$183,798.00 191,192.92 191,552.00 206,752.08 218,450.00
(Two C&As in the total amount of \$229,500.00 will be presented to the Board on February 6, 2020 for approval.)			
Two (2) Heavy Duty Rubber Tire, Front End Loaders 100087000618 100087000619 * Includes one in-stock unit w/ 185 hours	6/5	Murphy Tractor (Bid #2) Titan Machinery Murphy Tractor (Bid #1) Wise Heavy Equipment NMC	\$311,316.00* 314,244.00 331,176.00 331,910.00 432,478.00
(A C&A in the total amount of \$369,000.00 will be presented to the Board on February 6, 2020 for approval.)			
One (1) Heavy Duty Rubber Tire, 4x4, Loader Backhoe 100087000616 *Bid rejected, doesn't meet specifications	6/3	Murphy Tractor NMC Titan Machinery	\$152,813.00 172,992.00 146,005.00*
(A C&A in the amount of \$181,000.00 will be presented to the Board on February 6, 2020 for approval.)			
One (1) Tandem Axle Dump Truck 100088000758 Extension #1	1/1	Truck Center Co.	\$149,094.00
(A C&A in the amount of \$180,000.00 will be presented to the Board on February 6, 2020 for approval.)			

ANNUALS

<u>Item</u>	<u>Bids Sent / Rec'd</u>	<u>Bidders</u>	<u>Bid Amount</u>
Ductile Iron Water Pipe (April 1, 2020 to March 31, 2021)	7/4	Core & Main Omaha Winwater Utility Equipment American Cast Iron	\$1,739,425.60 1,759,967.40 1,786,642.80 1,967,730.60
Perform Sanitary Sewer Lateral Pre-Inspections & Post-Inspections using Lateral Launching Equipment in the City of Omaha & the Surrounding Areas Extension #1 (April 1, 2020 to March 31, 2021)	1/1	Backlund Plumbing	\$246,500.00
Activated Carbon for Florence WTP (45 Tons) * 5 th lowest bid recommended **Bid rejected, nonresponsive	10/8	Carbon Activated Corp Cabot Norit Thatcher (Bid #1) Donau Carbon Thatcher (Bid #2) Thatcher (Bid #3) Carbon Central Brenntag	\$77,400.00* 43,200.00 50,400.00 57,825.00** 62,100.00 77,400.00 90,300.15 94,500.00**


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

Approved:


Joseph J. Schaffart
Senior Vice President, CFO


Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

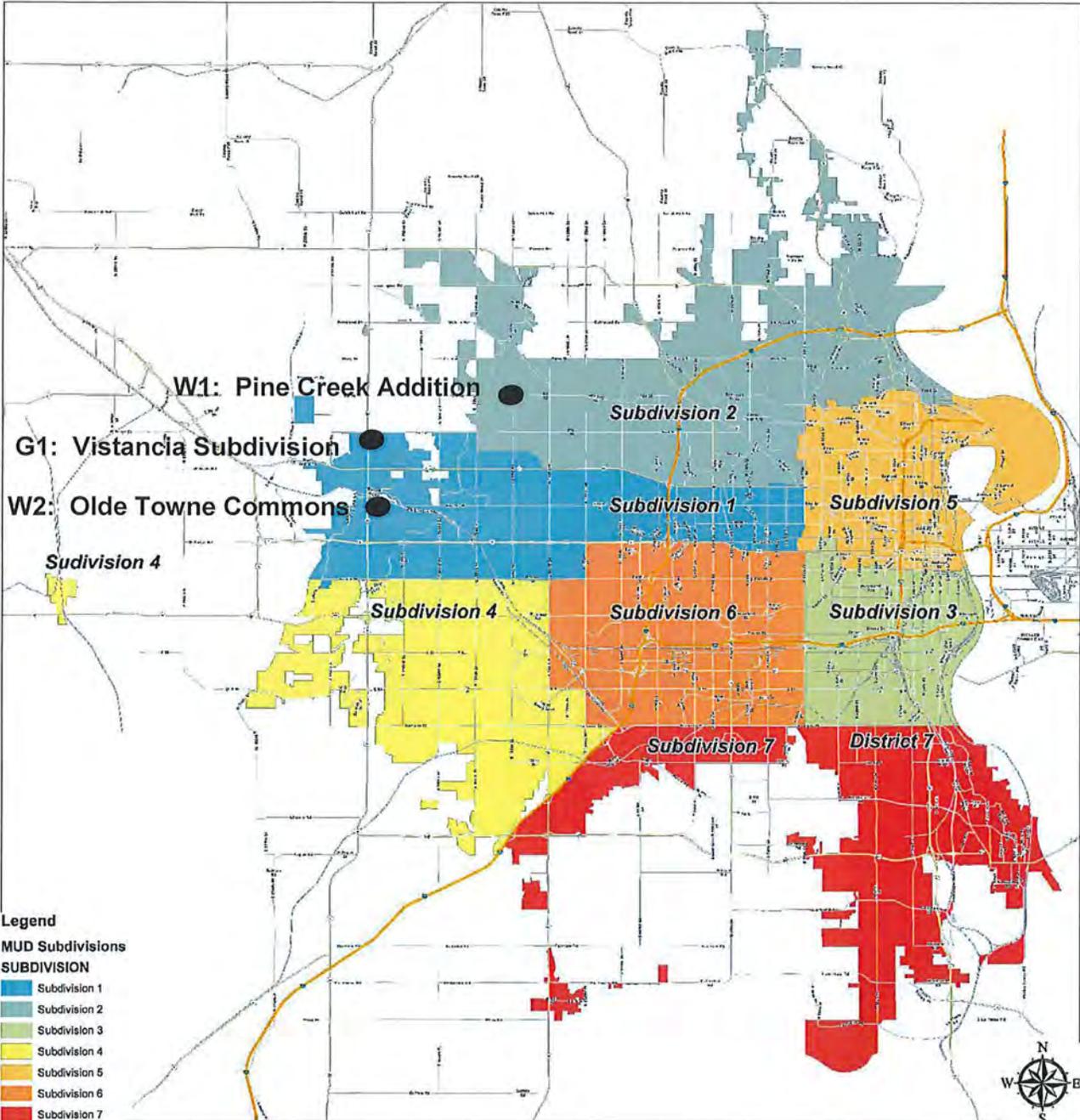
January 24, 2020

Subject: MAIN EXTENSIONS

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

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

The following main extensions will be on the February 6, 2020 Committee Agenda for consideration and the February 6, 2020 Board Agenda for approval:



WATER

	Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
1.	WP 1739	\$140,000	\$140,000	\$0	\$0
	Subdivision 2, Friend: These mains are being installed to provide domestic water service and fire protection to one school lot in Pine Creek Addition, 156 th and Ida Streets. (City of Omaha zoning, Omaha Public Schools)				
	Project Number	Project Cost	Applicant Contribution	Construction by Applicant	M.U.D. Cost
2.	WP 1715	\$147,165	\$147,165	\$0	\$0
	Subdivision 1, Begley: These mains are being installed to provide domestic water service and fire protection to two multi-residence lots and three commercial lots in Olde Towne Commons Subdivision, 204 th and Blondo Streets. A connection charge is due to the existing 8-inch water main in Main Street in the amount of \$67,398.13. (City of Omaha zoning, Aldrich Holdings, LLC)				

GAS

	Project Number	Total Estimated	Cost		Revenue Credits Developer	Deficiency
			Developer Equivalent	Developer Estimate		
1.	GP 2472	\$276,983	\$255,583	\$225,892	\$324,779	\$0
	Subdivision 1, Begley: This main is being installed to provide gas service to 301 single-residence lots in Vistancia Subdivision, 204 th and Fort Streets. Management is recommending oversizing approximately 2,830 feet of main as a 4-inch main at an estimated District cost of \$21,400. (City of Omaha zoning, 20535 Fort LLC)					



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

Approved:



Dave W. DeBoer
Senior Vice President, Chief Operations Officer



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

January 24, 2020

Subject: Wage and/or Salary Increases and Ratifications, February 2020 Board Meeting

To: Personnel Committee members Begley, Friend, and Frost
cc: Board Members Cavanaugh, Cook, Howard, and McGowan
President Doyle, and Senior Vice Presidents Ausdemore, DeBoer, Mendenhall and Schaffart
From: Bonnie Savine, Vice President, Human Resources

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

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

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

Employee:	Justin Kiichler
Current position (department):	Computer Aided Drafting Technician II (Engineering Design)
New position (department):	Senior Computer Aided Drafting Technician (Engineering Design)
Current rate; step/grade:	\$31.13; Step 3
Proposed rate; step/grade:	\$33.90; Step 3
Percent of increase:	8.90%
District hire date:	September 28, 2015

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.

There are no recommendations for approval this month

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: Douglas Asche
Current position (department): Manager, SCADA Systems (Information Technology)
New position (department): Director, Maintenance (Water Operations)
Current rate; step/grade: \$121,843; SPA – 07
Proposed rate; step/grade: \$127,935; SPA – 08
Percent of increase: 5.00%
District hire date: September 12, 2005

Employee: Patricia Cannon
Current position (department): Quality Control Specialist (Customer Accounting)
New position (department): Senior Training Specialist (Customer Accounting)
Current rate; step/grade: \$80,996; SPA – 02
Proposed rate; step/grade: \$85,046; SPA – 04
Percent of increase: 5.00%
District hire date: August 21, 2000

Employee: Denise Dolezal
Current position (department): Senior Design Engineer (Engineering Design)
New position (department): Director, Gas Production (Gas Operations)
Current rate; step/grade: \$121,843; SPA – 07
Proposed rate; step/grade: \$127,935; SPA – 08
Percent of increase: 5.00%
District hire date: June 15, 1987

Employee: Sandeep Jaiswal
Current position (department): ERP Technical/Functional Analyst II (Information Technology)
New position (department): Senior ERP Technical/Functional Analyst (Information Technology)
Current rate; step/grade: \$108,887; SPA – 05TX
Proposed rate; step/grade: \$114,331; SPA – 06
Percent of increase: 5.00%
District hire date: November 23, 2015

Employee: David Smith
Current position (department): Sr. Computer Aided Drafting Technician (Engineering Design)
New position (department): Supervisor, Drafting (Engineer Design)
Current rate; step/grade: \$37.67; Step 4
Proposed rate; step/grade: \$82,272; SPA – 04
Percent of increase: 5.00%
District hire date: August 1, 2011

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: Joshua Gifford
Current position (department): Engineer II – Engineering Design (Engineering Design)
Current rate; step/grade: \$80,000; SPA – 04
District hire date: January 6, 2020

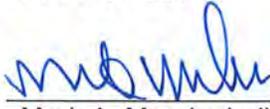
Employee: David Lewis
Current position (department): Senior Engineering Technician (Plant Engineering)
Current rate; step/grade: \$75,000; SPA – 03
District hire date: January 27, 2020

Employee: Matthew Pelton
Current position (department): Engineer II – Plant Engineering (Plant Engineering)
Current rate; step/grade: \$80,000; SPA – 04
District hire date: January 27, 2020



Bonnie Savine
Vice President, Human Resources

APPROVED:



Mark A. Mendenhall
Senior Vice President, General Counsel



Mark E. Doyle
President

METROPOLITAN UTILITIES DISTRICT

Inter-Department Communication

January 27, 2020

Subject: SPA SALARY STRUCTURE ADJUSTMENT

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

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

From: Bonnie Savine Vice President, Human Resources

As a matter of policy, the salary structure for Supervisory, Professional, and Administrative (SPA employees) is reviewed by the District's management on an annual basis. Following the review, a summary, which may include a recommendation for an adjustment, is made to the Board. Any adjustment authorized by the Board will be effective on March 1, 2020.

The 2020 recommendation continues to reflect management's commitment to the District's organizational excellence and financial stability pillars. As in 2019, other factors impacting the recommendation continue to be changes to SPA Benefits (pension contributions), the SPA/Bargaining Unit General Increase Comparison, and Compensation Survey Data. The information in this memo supports management's recommendation for the 2020 SPA Salary Structure adjustment of 2.25%. The 2020 budgeted general increase for the SPA employee group is also 2.25%.

The District's long-term success depends on overall financial stability, which is achieved by supplying significant value to our customers, delivered by a highly efficient and sustainable operation with empowered employees who make up the core of our organization. In contributing to the overall financial stability of the company a 2.25% salary scale adjustment is fiscally responsible and was budgeted for 2020.

SPA Pension Contribution Increase

Effective January 1, 2020 the SPA employee's contribution to the District's pension plan increased from 7.0% to 7.5%.

SPA/Bargaining Unit General Increase Comparison

The District has maintained and monitored an index which compares the cumulative effect of increases over the years as they apply to the Bargaining Unit wage system (OAC employees) and the SPA employees salary structure. This index is maintained to retain equity between the two groups. The SPA salary structure has increased at a lower rate than the OAC structure over the years since the index was established in 1983. In particular, general increases for OAC employees have been more than those granted to SPA employees on a ten-year cumulative basis. (See Attachment: 2020 OAC – SPA General Increase Review)

A review of the last ten (10) years reflects a cumulative percent difference of 3.29% in favor of the OAC group. The SPA group continues to lag in this parity comparison. General Increases are not part of any wage or salary determination for any particular position. Please note that the 3.29% disparity in cumulative wages already reflects the proposed 2.25% increase for SPA employee's in 2020.

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

Compensation Survey Data

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

• World at Work 2019-2020 Salary Budget Survey: Projected salary increase for 2020	3.3%
• Mercer's 2019/2020 U.S. Compensation Planning Survey: Projected salary increase budgeted for 2020	3.0%
• Korn Ferry (Hay Group) 2020 Salary: Planned average salary growth U.S.	3.0%
• Human Resource Association of the Midlands (HRAM) Anticipated overall increase to the salary range for 2020	3.6%
• Willis Towers Watson/AGA 2020 pay increase	3.1%
• American Water Works (AWWA) Projected 2020 salary increase	3.1%
Published Survey Data Average	3.18%

Recommendation

- Increase the SPA salary scales minimum and maximum by 2.25% effective March 1, 2020.
- Grant a general increase effective March 1, 2020 to all SPA employees who have demonstrated satisfactory performance; per the following guidelines:

Upon review of completed 2019 SPA Performance Appraisals General Increases will be awarded, based on the aggregate appraisal score of each SPA employee, according to the 1 through 5 rating system.

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

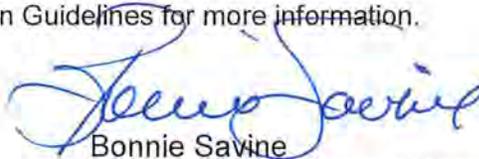
In accordance with SAP Compensation Policy see the full 2020 SPA Compensation Guidelines for more information.

- SPA employees eligible for a 2020 progression increase are subject to the following guidelines:

The 2019 SPA appraisals will be reviewed, and SPA Progression Increases will be awarded, based on the aggregate appraisal score of each SPA employee, according to the 1 through 5 rating system. Progression Increases are subject to the proration schedule for employees hired, promoted or transferred in the previous 12 months. The Progression Increases are determined by the following:

- An appraisal score of 3.0 or higher shall result in the entire 5% Progression Increase or applicable prorated progression percentage if the employee was hired or changed jobs in the previous 12 months.
 - An appraisal score of 2.5 to 2.99 shall result 75% of the maximum Progression Increase.
 - An appraisal score of 2.00 to 2.49 shall result 50% of the maximum Progression Increase.
 - An appraisal score of 1.99 or lower shall result in no annual Progression Increase for the SPA employee for the year.
- To complete the Annual SPA compensation review; If compression issues are identified, per the SPA Compensation Administration Policy, an adjustment will be made which will maintain a 10% differential between the highest paid OAC position (or position designated by management) and the position of the SPA employee.
 - A report will be completed in February to identify SPA employees that are eligible for an Increase on March 1, 2020. Only these identified employees will be eligible for a Progression Increase on March 1, 2020. If an employee is at the maximum for their pay grade per this report and they do not qualify for the full General Increase effective March 2020, they will not be eligible for a Progression Increase in 2020. They will be eligible for a Progression Increase in 2021 because their annual salary will be below the new maximum salary for the grade.

*See the full 2020 SPA Compensation Guidelines for more information.



Bonnie Savine
Vice President, Human Resources

APPROVED:



Mark A. Mendenhall
Sr. Vice President, General Counsel



Mark E. Doyle
President

Attachments:

2020 OAC – SPA General Increase Review – 10 year history
2020 SPA Compensation Guidelines
2020 SPA Salary Scale

**METROPOLITAN UTILITIES DISTRICT
2020 OAC - SPA General Increase Review
10 Year History**

COMPARATIVE INCREASE					
DATE	OAC		DATE	SPA	
Apr-10	3.90%		Jun-10	1.57%	
Apr-11	0.00%		Jun-11	0.00%	
Apr-12	0.00%		Jun-12	0.00%	
Apr-13	3.50%		Jun-13	2.00%	
Sep-14	3.50%		Jan-14	3.50%	
Apr-15	3.50%		Jan-15	3.50%	
Apr-16	3.50%		Mar-16	3.50%	
Apr-17	3.50%		Mar-17	3.50%	
Apr-18	1.50%		Mar-18	2.00%	
Apr-19	2.75%		Mar-19	2.75%	
Budgeted	Apr-20	2.25%	Proposed	Mar-20	2.25%

CUMULATIVE					
DATE	OAC		DATE	SPA	
	100.00%			100.00%	
Apr-10	103.90%		Jun-10	101.57%	
Apr-11	103.90%		Jun-11	101.57%	
Apr-12	103.90%		Jun-12	101.57%	
Apr-13	107.54%		Jun-13	103.60%	
Sep-14	111.30%		Jan-14	107.23%	
Apr-15	115.20%		Jan-15	110.98%	
Apr-16	119.23%		Mar-16	114.86%	
Apr-17	123.40%		Mar-17	118.88%	
Apr-18	125.25%		Mar-18	121.26%	
Apr-19	128.70%		Mar-19	124.60%	
Budgeted	Apr-20	131.59%	Proposed	Mar-20	127.40%

10 Yr Cumulative percent difference OAC over SPA = 3.29%
The proposed SPA 2020 increase retains the % spread of: 3.29%

SPA Compensation Guidelines for 2020

(Appraisal Year 2019)

General Increases

All SPA employees will be eligible for the approved General Increase. The increase will be effective on the same date as a Board of Director's approved revision to the SPA salary structure. Employees may receive up to the same percentage increase as the structure increase for their assigned grade. For 2020, the effective date is March 1, 2020. This policy will be reviewed and updated for each calendar year in January of each succeeding year. General Increases for SPA employees are subject to the following:

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

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

Progression Increases

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

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

- An appraisal score of 3.0 or higher shall result in the entire 5% Progression Increase or applicable prorated progression percentage.

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

Timely Appraisal Completion Requirements

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

SPA employee voluntary self-evaluations will commence in November. Supervisors will commence their evaluations and preparation of appraisals in mid-January, continuing through late-January. The deadline to complete SPA appraisals by supervisors will be **January 22, 2020**. The deadline for 2nd level managers will be **January 31, 2020**.

It is expected that all SPA appraisals will be completed for the 2019 calendar year, and going forward, in compliance with the policy.

*Proration Schedule (effective March 1, 2015)

(Based on month of Hire, Promotion or Transfer)

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

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



SPA Salary Scale

2.25% Increase Effective March 1, 2020

Grades	2020 Minimum	2020 Maximum
SPA - 13	\$171,660	\$246,760
SPA - 12	\$142,222	\$204,441
SPA - 11	\$130,927	\$169,380
SPA - 10	\$121,702	\$157,453
SPA - 9	\$113,605	\$145,790
SPA - 8	\$105,560	\$134,926
SPA - 7	\$97,866	\$124,584
SPA - 6	\$90,746	\$115,045
SPA - 5	\$83,977	\$106,035
SPA - 4	\$77,792	\$97,826
SPA - 3	\$71,973	\$90,132
SPA - 2	\$66,752	\$83,244
SPA - 1	\$62,007	\$77,014
*District President's Salary Not Included		

METROPOLITAN UTILITIES DISTRICT
Inter-Departmental Communication

January 28, 2020

Subject: 2019 RETIREMENT PLAN AND OPEB INVESTMENT REVIEW

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

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

Attached please find a report from Vanguard Institutional Advisory Services (VIAS) that presents 2019 investment performance for the Retirement and Other Post Employment Benefits (OPEB) trust funds. Investment returns for the twelve-month period ending December 31, 2019 were 20.81% and 22.24% for the Retirement and OPEB plans respectively (net of fees). This item will be on the February 6, 2020 Board Committee Meeting agenda for discussion and review purposes only. Joseph Wolfram, Senior Investment Consultant with VIAS, will be in attendance to provide a brief presentation to the Board regarding investment performance and will be available to answer any questions. This information was also presented at the January 27, 2020 meeting of the Insurance and Pensions Committee meeting.



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

Approved:



Mark E. Doyle
President

Attachment

Prepared for

Metropolitan Utilities District

February 6, 2020

Presented by

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



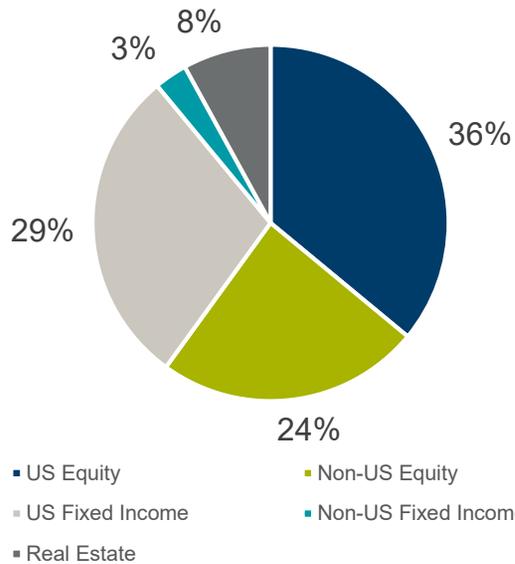
Vanguard

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

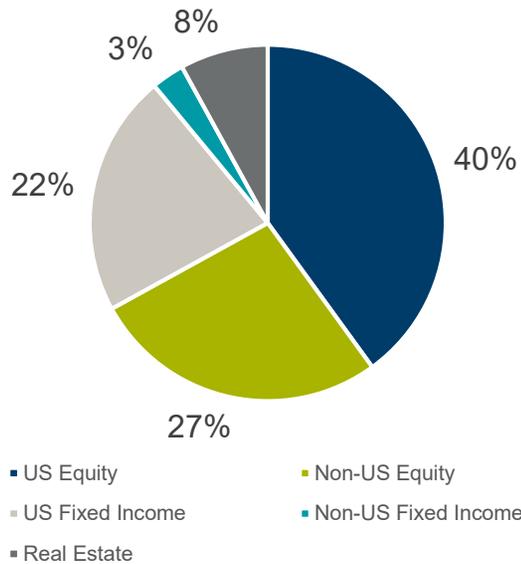
Total Portfolio Snapshot as of December 31, 2019

	Q1 2019 (%)	Q2 2019 (%)	Q3 2019 (%)	Q4 2019 (%)	1 Year (%)	Since Inception Pension (Feb 2009)	Since Inception OPEB (March 2016)
Pension Plan Portfolio	9.65	3.22	1.26	5.41	20.81	9.25	
OPEB Plan Portfolio	10.45	3.27	1.06	6.05	22.24		9.89
Domestic Equity	14.05	4.09	1.10	9.00	30.82	11.22	14.82
International Equity	10.26	2.74	(1.61)	9.05	21.55	5.88	9.21
Domestic Fixed Income	3.03	2.93	1.92	0.23	8.33	2.99	2.99
International Fixed Income	3.09	2.92	2.99	(1.27)	7.89	4.22	3.85
Real Estate fund	17.28	1.76	7.42	0.63	29.02	7.20	7.26

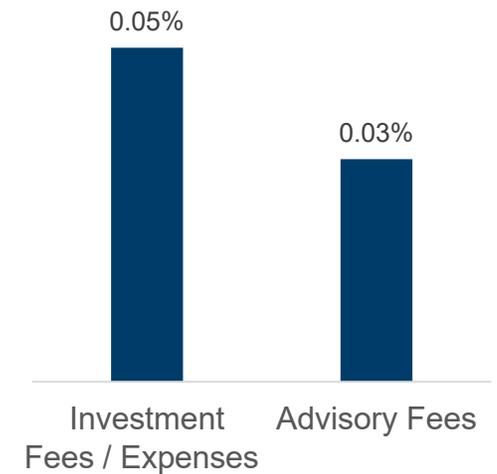
Pension policy allocation



OPEB policy allocation



Total Advisory Fees



Source: Vanguard. Performance is displayed net of fees. Past performance is not a guarantee of future results. Returns greater than one year represent annualized returns. Returns less than one year represent cumulative returns.

2020 Economic and market overview



1

Global growth

Outlook downgraded as policy uncertainty will continue to hamper business investment and global trade

Policy and interest rates

Dovish sentiment growing as downside risks persist



2



3

Global asset returns

Expect higher risks and lower returns

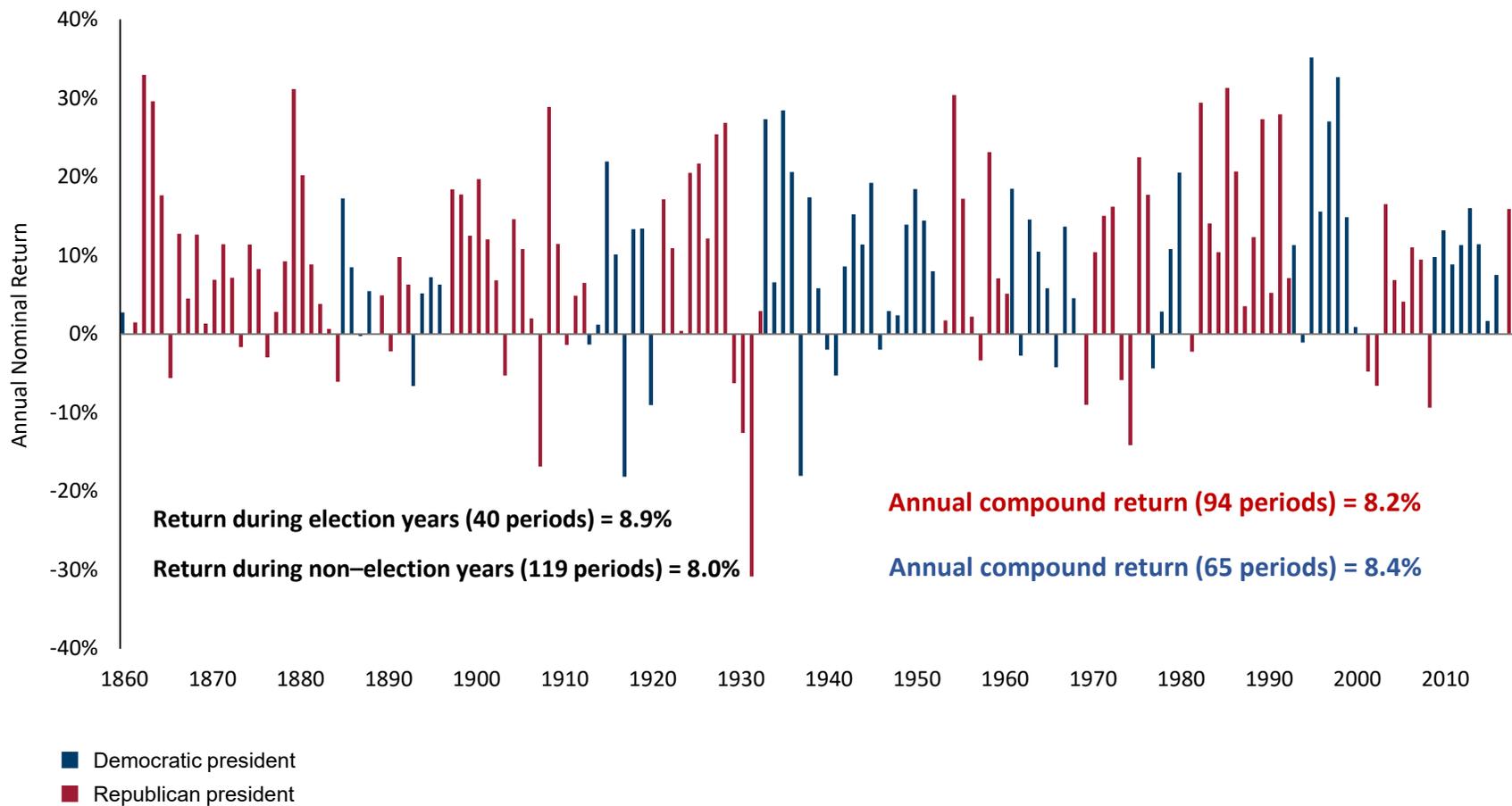
Sources of policy uncertainty likely to persist

	Downside scenario	Base case	Upside scenario
US/China trade tensions	25% The trade truce ends because of a lack of common ground, and the U.S. implements tariffs on remaining Chinese imports.	60% China and the US sign a "phase one" deal but fail to agree on structural issues.	15% China and the U.S. sign a series of trade deals, roll back tariffs, and continue negotiations on structural issues.
Brexit	10% The U.K. fails to negotiate a trade deal with the EU, and leaves under a no deal scenario.	75% The U.K. Parliament approves the Withdrawal Agreement Bill in early 2020 and enters a one- to two-year transition period of trade negotiations, but with little prospect of early clarity emerging.	15% The Withdrawal Agreement Bill is approved, and a comprehensive trade deal on goods is struck by the end of 2020.
U.S./EU trade tensions	35% The U.S. imposes tariffs on EU products and continues to threaten further tariffs.	50% The U.S. continues to threaten tariffs on EU products (e.g., autos) but does not follow through in 2020.	15% The U.S. promises not to impose tariffs on EU products.
USMCA	10% The Trump administration moves to withdraw from NAFTA to expedite ratification of USMCA.	30% U.S. policymakers are unable to compromise, and ratification is delayed until after the 2020 election.	60% U.S. policymakers complete revisions and ratify the agreement.

Notes: The odds are each scenario is based on the judgment of members of Vanguard's Global Economics and Capital Markets Outlook Team.
Source: Vanguard.

Investors benefit by ignoring political noise

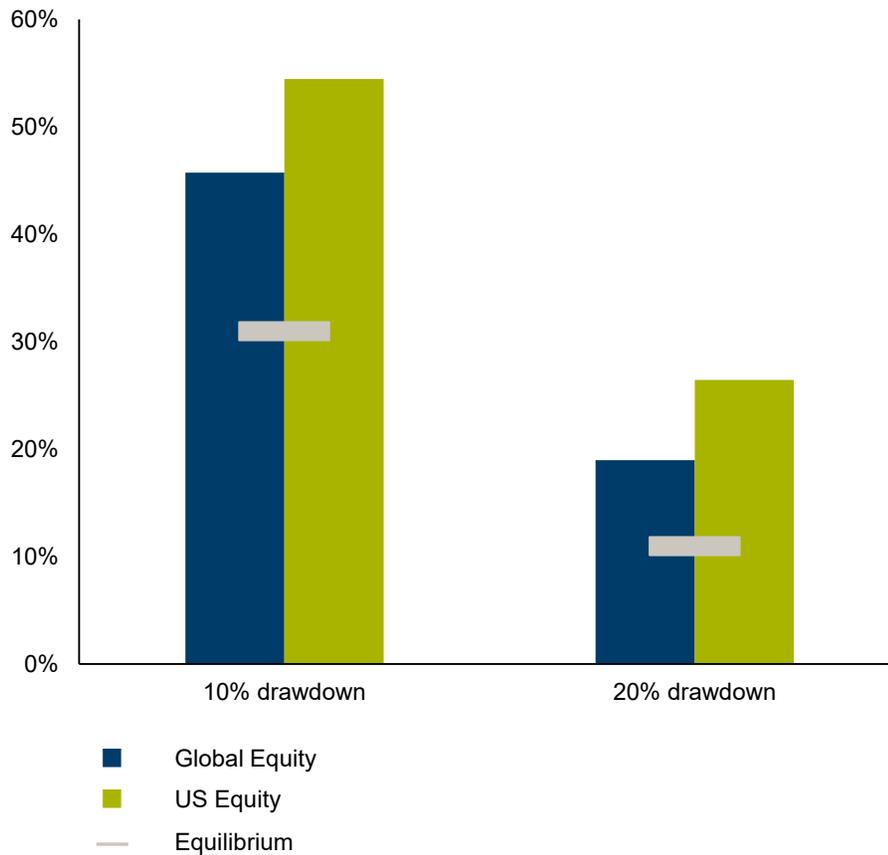
60/40 Portfolio returns by presidential political party



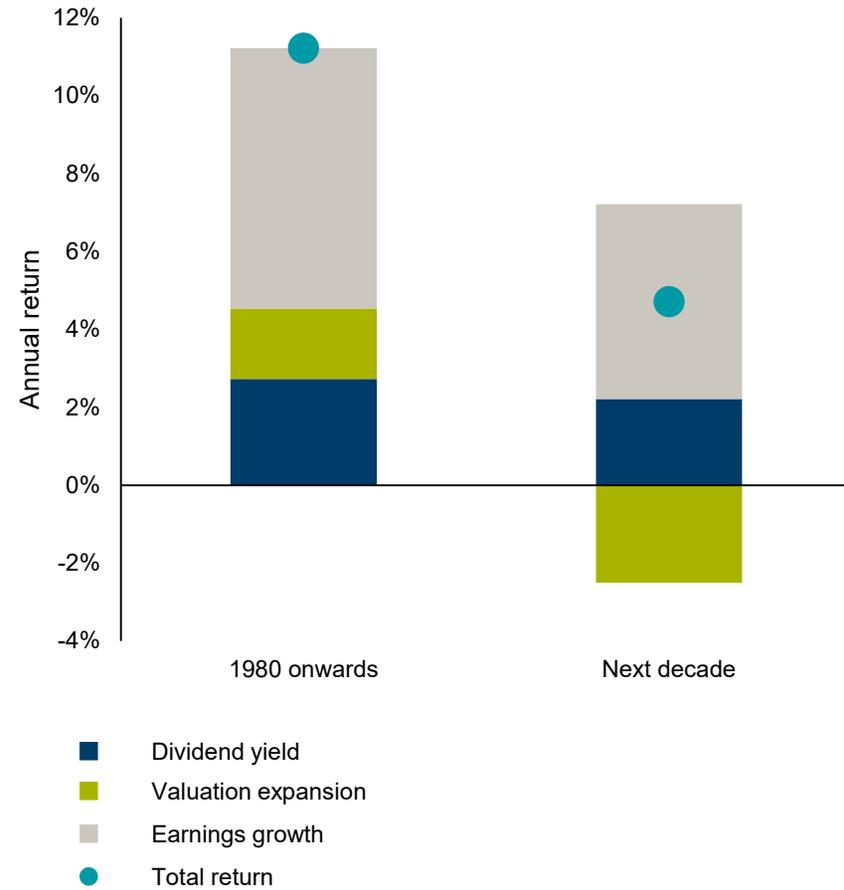
Source: Vanguard calculations based on data from Global Financial Data through 12/31/2018.

Downside risks and volatility likely to stay elevated in risk assets

Probability of global equity correction over the next 3 years remains elevated, but lower than US market



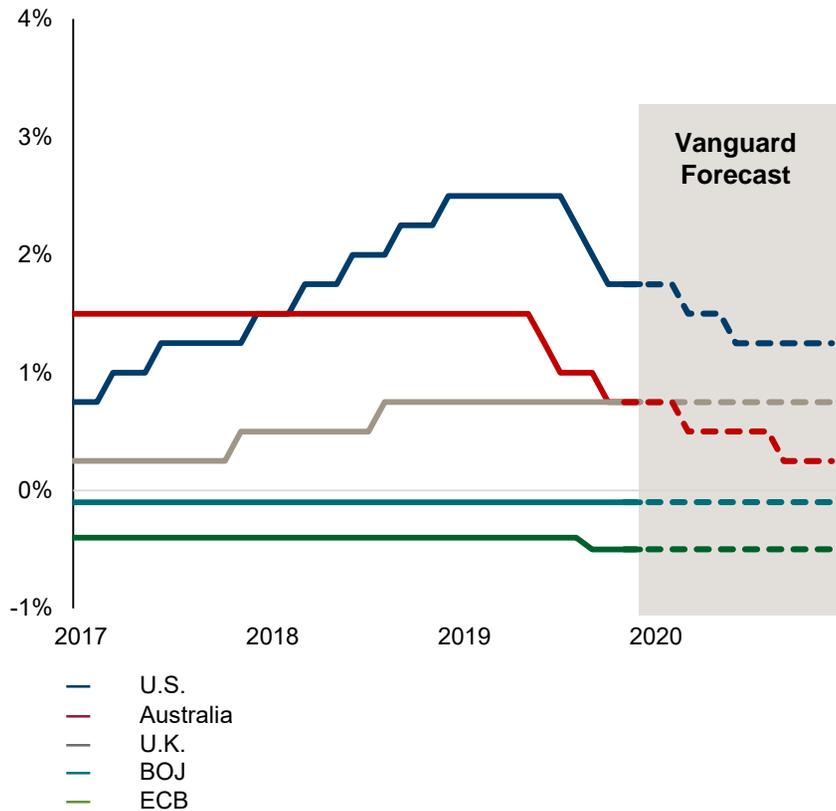
Valuation contraction a headwind for U.S. expected returns



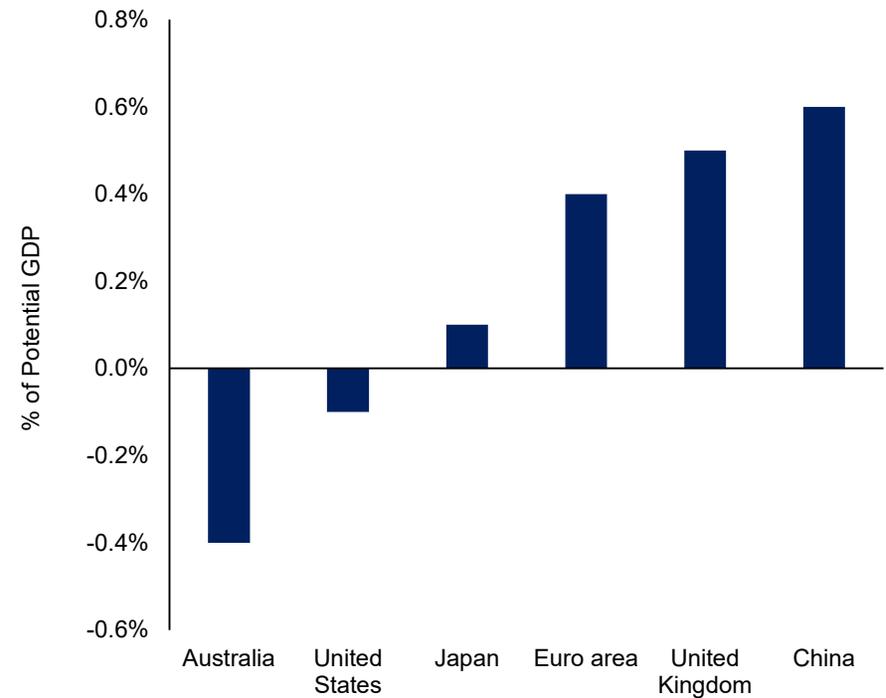
Source: Vanguard Capital Markets Model (VCMM) as of September 30th, 2019

Monetary policy carrying the weight

Fed and Reserve Bank of Australia likely to cut rates further



Expect only a modest fiscal impulse in 2020



Notes: (RHS) "Fiscal impulse" defined as the change in the cyclically adjusted primary balance from 2019 to 2020. Source: Vanguard calculations based on data from Macrobond and IMF.

Vanguard 2020 market and economic outlook at a glance

The new age of uncertainty

Expected growth



1 or 2 more Fed rate cuts by the end of 2020

↓ 25-50 bps

U.S. core inflation

< 2%
(Below Fed target)

Probability of equity market correction remains elevated

10% downturn

43%

31% in a normal environment

20% downturn

16%

11% in a normal environment

Note: Probability corresponds to the percentage of global equity in USD VCMM simulations that declines over the next three years.

Source: Vanguard.

Key take aways:

- Increasingly unpredictable policy environment is undermining economic activity.
- Global growth to slow further but we're a long way from a serious global contraction.
- The chance of a large drawdown in stocks and other high-beta assets remains elevated.

Investment outlook

The 10-year annualized nominal return projections, based on market conditions as of September 30, 2019, are as follows:

Equities

U.S. equities	3.5%–5.5%
U.S. growth	2.5%–4.5%
U.S. value	6.0%–8.0%
U.S. large-cap	3.5%–5.5%
U.S. small-cap	4.5%–6.5%
U.S. real estate investment trusts	2.5%–4.5%
Global equities ex-U.S. (unhedged)	6.5%–8.5%

Fixed income

U.S. bonds	2.0%–3.0%
U.S. Treasury bonds	1.5%–2.5%
U.S. credit bonds	2.5%–3.5%
U.S. high-yield corporate bonds	3.0%–4.0%
U.S. Treasury inflation-protected securities	1.0%–2.0%
U.S. cash	1.5%–2.5%
Global bonds ex-U.S. (hedged)	1.5%–2.5%

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

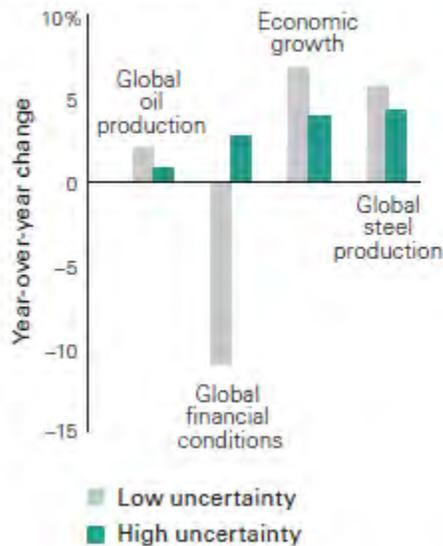
IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model[®] regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class. Simulations are as of September 30, 2019.

Results from the model may vary with each use and over time.

Source: Vanguard Investment Strategy Group.

Vanguard 2020 market and economic outlook at a glance

Spillover effects of uncertainty on fundamentals



Trade tensions and unpredictable policymaking take their toll

An increasingly unpredictable policy environment is undermining economic activity globally through postponed investments and declines in production. But we don't seem on the verge of a serious global contraction.

We do not foresee a significant reversal of trade tensions or expect that policymaking will become more predictable in the year ahead. For example, Vanguard estimates there's only a 10% chance of an upside scenario where China and the U.S. sign a series of trade deals, roll back tariffs, and continue negotiations on structural issues.

Our research also shows that periods of high uncertainty are associated with lower growth, tighter financial conditions, and lower asset returns.

↑4%

We estimate that in periods of **high uncertainty**, year-over-year global growth averages around 4%.

↑7%

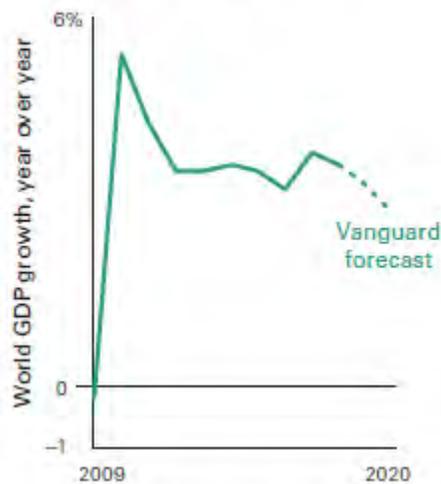
We estimate that in periods of **low uncertainty**, year-over-year global growth averages around 7%.

Notes: The bars represent the average year-over-year change in each of the indicators in high- versus low-uncertainty periods. Periods of low versus high uncertainty are obtained through a Markov-switching model for global growth. Global financial conditions are an aggregate measure of risk sentiment and include variables such as equity returns, credit spreads, and lending behavior. Lower values denote easier financial conditions and risk-on attitudes. Z-scores measure how far a value differs from the historical average, accounting for the measure's typical fluctuations.

Sources: Vanguard calculations, based on data from Moody's Analytics Data Buffet and Thomson Reuters Datastream.

Vanguard 2020 market and economic outlook at a glance

Global growth is expected to continue falling



Growth: Prospects around the globe are deteriorating

United States: Downshifting for an uncertain road ahead

Vanguard expects elevated levels of uncertainty to persist through at least 2020 and continue to weigh on business sentiment, along with waning support from the consumer. We see U.S. growth falling below trend to around 1% in 2020, with the risk of recession still elevated.

China: No hard landing, uncertainty impedes stimulus

Slowing global economic growth and expectations for U.S.-China tensions place China's economy in an environment of perpetual high policy uncertainty. These factors constitute a sizable headwind for both immediate and medium-term growth prospects. China will likely slow to a below-trend pace of 5.8% in 2020.

Euro area: No strong rebound in sight given limited fiscal stimulus

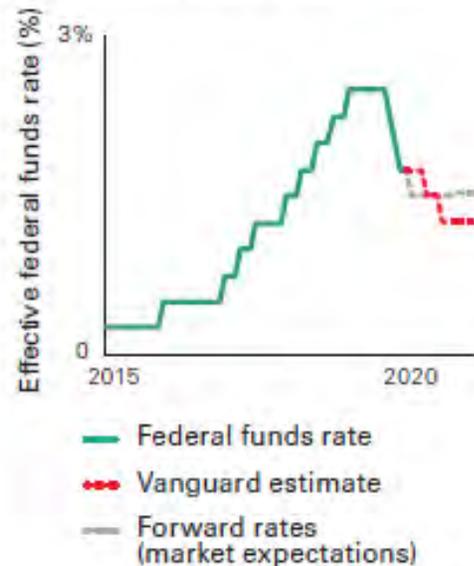
The euro-area economy has continued to slow because of the importance of industrial trade to its economy and some drag from Brexit-related uncertainty. Growth in the euro area is likely to stay weak at around 1%.

Emerging markets: Global trade slowdown

Economic growth for emerging markets in the aggregate is expected to be 4.6% in 2020. However, we expect there to be vast heterogeneity both within and among regions. Some of the recent slowdown across emerging markets reflects the spillover effects of a slowing China, policy tightening by the U.S. Federal Reserve in 2018, and a decline in global trade.

Vanguard 2020 market and economic outlook at a glance

Fed models imply more cuts



Monetary policy: The pivot to looser policy continues

Despite increased doubts about the effectiveness of monetary policy, we expect central banks to continue to adopt unconventional measures, while significant fiscal stimulus remains unlikely unless there is a more severe downturn. Our outlook is for subdued inflation trends across major economies, consistent with the inflation expectations held by consumers and financial markets.

United States. Vanguard expects that the U.S. economy, and in turn the U.S. Federal Reserve, will shift into a lower gear in 2020 as policy-makers, businesses, and consumers navigate a more uncertain road ahead. That translates into the Fed reducing the federal funds rate by 25 to 50 basis points before the end of 2020. We expect inflation to barely reach 2% in the U.S., with the Federal Reserve's core inflation gauge staying below its 2% policy target.

Euro area. In 2020 we expect the European Central Bank to leave policy broadly unchanged, with risks skewed toward further easing.

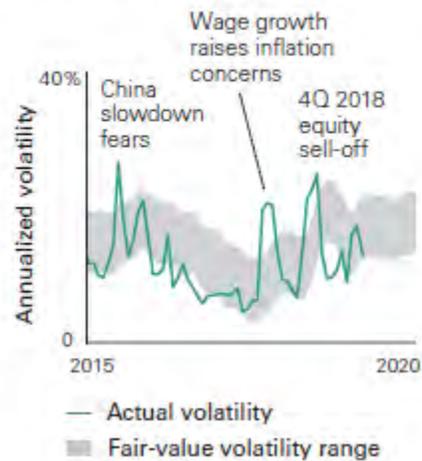
China. Policy efforts to stabilize growth will continue, but concerns about medium-term financial stability risks will keep these measures in moderation relative to prior easing cycles, reducing the tailwinds for global growth prospects.

Notes: Vanguard's base case expectations for 2020 (0.5%–1.5% GDP growth, 1.8% core PCE, and 100,000 new non-farm payroll jobs per month for the duration of 2020). Vanguard estimate includes model-based expectations and those of Vanguard's Investment Strategy Group.

Sources: Vanguard calculations, based on data from the U.S. Bureau of Economic Analysis, the Federal Open Market Committee, Bloomberg, and Moody's Analytics Data Buffet.

Vanguard 2020 market and economic outlook at a glance

High uncertainty often coincides with higher volatility



Investment outlook: Subdued returns ahead

In the face of elevated uncertainty and a synchronized global slowdown, equity markets have remained surprisingly robust. However, investors should caution themselves against extrapolating present gains into the future.

As global growth slows further in 2020 and policy uncertainties continue, investors should expect periodic bouts of volatility and a fragile backdrop for markets in 2020 and beyond.

Near-term. Our near-term outlook for global equity markets remains guarded, and the chance of a large drawdown for equities and other high-beta assets remains elevated and significantly higher than it would be in a normal market environment. High-quality fixed income assets, whose expected returns are positive only in nominal terms, remain a key diversifier in a portfolio.

Long-term. Returns over the next decade are anticipated to be modest at best. Our expectation for fixed income returns has fallen because of declining policy rates, lower yields across maturities, and compressed corporate spreads.

10-year annualized nominal return projections

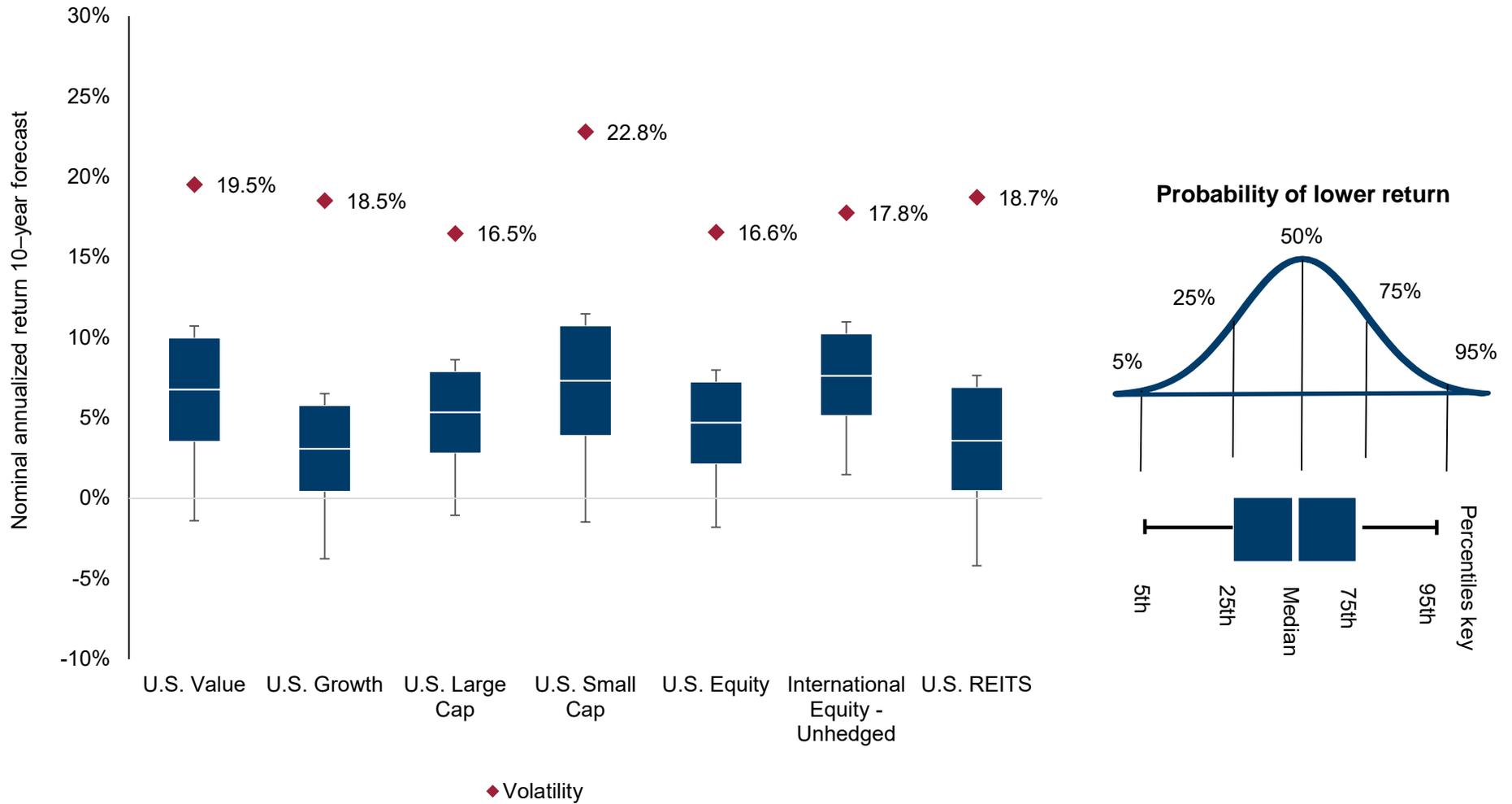
2.0%–3.0%	1.5%–2.5%	3.5%–5.5%	6.5%–8.5%
U.S. bonds	Global bonds ex-U.S. (hedged)	U.S. equities	Global equities ex-U.S. (unhedged)

Based on simulated ranges of portfolio returns and volatility, the diversification benefits of global fixed income and global equity remain compelling.

Notes: Fair-value volatility range is calculated with an OLS regression using Vanguard's leading economic indicator index (VLEI), financial conditions index (VFCI), and policy uncertainty index as independent variables. Volatility is measured as the standard deviation of daily returns of the S&P 500 index on a 30-day rolling time period, annualized. The forecasted range of volatility for 2020 is based on Vanguard's economic projections. Sources: Vanguard calculations, based on data from Thomson Reuters Datastream and policyuncertainty.com.

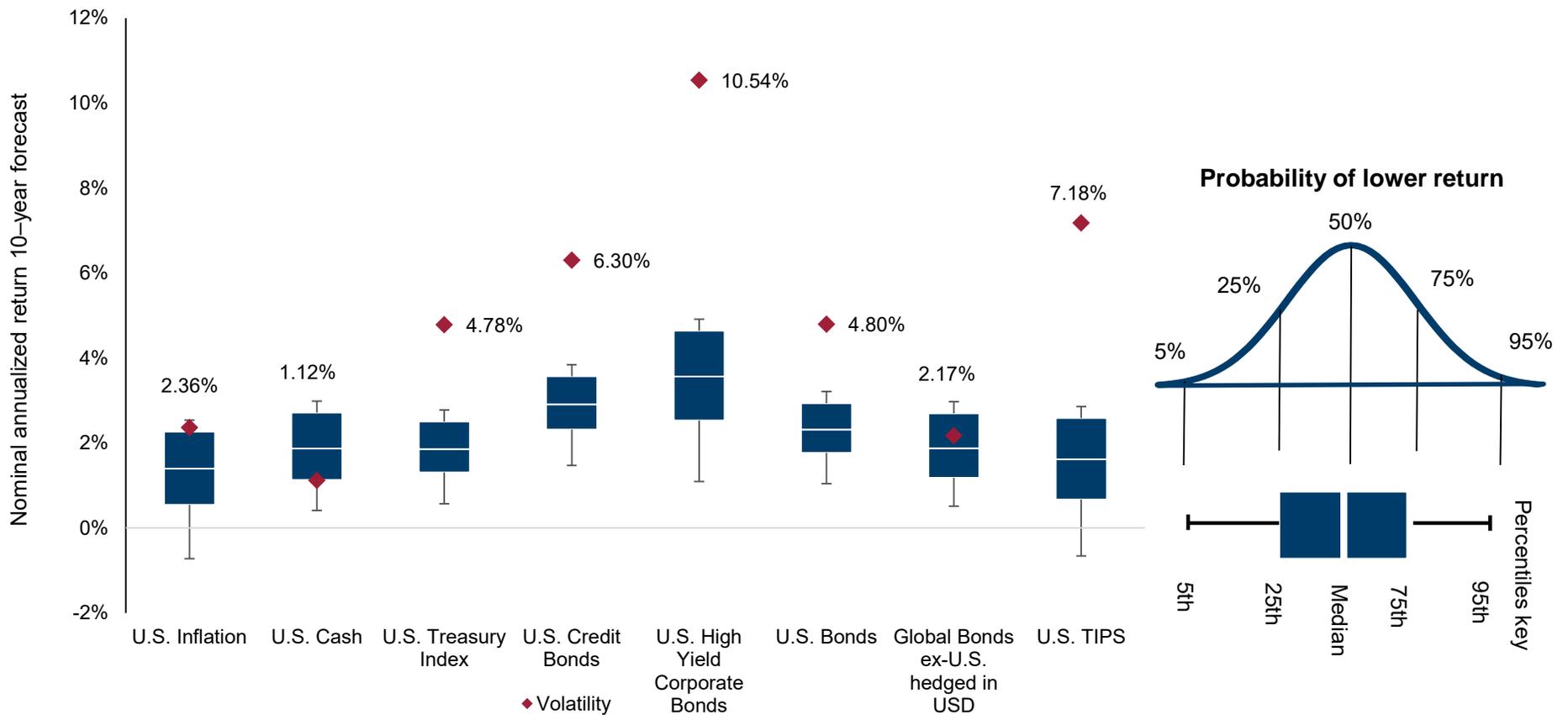
Appendix

Equity outlook: Set reasonable expectations



Source: Vanguard Capital Markets Model (VCMM) as of September 30, 2019.

Fixed income outlook: Lower interest rates have reduced expected returns



Source: Vanguard Capital Markets Model (VCMM) as of September 30, 2019.

Themes and outlook

	Global	United States	Europe	Asia
Growth	With continued geopolitical uncertainty and unpredictable policymaking becoming the new normal, we expect that these influences will weigh negatively on growth in 2020. A continuing contraction of world trade relative to GDP and a persistent state of high uncertainty both tend to undermine potential output. This happens by restricting investment and hampering the propagation of technologies and ideas that stimulate growth in productivity. As such, we expect growth to remain subdued for much of the next year.	Much as in our global outlook, we believe elevated uncertainty will persist through 2020 and continue to weigh on business sentiment, leading to a growth rate centered on 1% (between 0.5% and 1.5%). We believe that the U.S. economy, and in turn the Fed, will shift into a lower gear in 2020 as policymakers, businesses, and consumers navigate a more uncertain road ahead.	Based on our economic leading indicators and supplementary analysis, we expect the euro area economy to grow by 1% in 2020, slightly below our assessment of potential. In our base case, we anticipate that the region will avoid slipping into recession, supported by easier global financial conditions and a modest fiscal impulse. We forecast the U.K. to achieve trend growth of 1.2% in 2020.	In China, Real GDP growth prospects for 2020, 5.8%, with risks tilting toward the downside. We expect Japan to grow just below potential, 0.6% in 2020, as domestic demand offsets global export slowdown.
Inflation	Recent years have been characterized by a continuing failure of major central banks to achieve their inflation targets. This can partly be explained by a combination of persistent structural factors—including technology advancement and globalization—and by a failure of labor markets to respond to falling unemployment. We expect these structural forces to persist and contain inflation pressures.	Despite the likelihood of persistently low unemployment rates, not much has changed in our inflation outlook. Inflation below the Fed's target, in our view, remains the most likely outcome.	Underlying inflationary pressures in the euro area remain subdued, and we expect the European Central Bank to continue to fall well short of its 2% inflation target in 2020. What will worry the ECB most is that, despite its cutting rates further below zero and restarting quantitative easing in September 2019, market-based measures of inflation expectations remain at multiyear lows.	In China, Non-food inflation around 1%, given the weak domestic demand and lower energy prices. Overall CPI likely to rise above 4% by year-end due to pork inflation surging. In Japan, 1% core-core inflation is likely achievable in 2020, barring flight-to-quality driving Yen higher.
Policy and interest rates	Our outlook for global monetary policy has become more dovish. Despite the doubts relating to the effectiveness of further monetary policy stimulus, we do not expect that fiscal policy measures will be forthcoming at sufficient scale to materially boost activity.	We believe the Fed will cut interest rates one or two more times in 2020.	We expect that the ECB will adopt a wait-and-see approach to analyze the full impact of its September stimulus package and will keep policy largely unchanged for the first six months of 2020. In the United Kingdom, we expect the Bank of England to keep rates on hold until there is more clarity around Brexit.	Policymakers have to balance multiple goals, such as near-term growth stability and medium-term financial stability. BOJ faces a dilemma between inflation and financial stability.

	Balanced	Equities	Bonds
Global asset returns	As global growth slows further in 2020, investors should expect periodic bouts of volatility in the financial markets, given heightened policy uncertainties, late-cycle risks, and stretched valuations. Our near-term outlook for global equity markets remains guarded, and the chance of a large drawdown for equities and other high-beta assets remains elevated and significantly higher than it would be in a normal market environment.	The outlook for U.S. equity returns over the next ten years is in the 3.5%–5.5% range, while returns in global ex-U.S. equity markets are likely to be 6.5%–8.5% for USD investors, due to more reasonable valuations. U.S. growth and large-cap equities are expected to underperform relative to U.S. value and small-cap.	Annualized returns for U.S. fixed income are likely to be between 2% and 3% over the next decade, compared with a forecast of 2.5%–4.5% last year. The outlook for global ex-U.S. fixed income returns is centered in the range of 1.5%–2.5%, annualized.

Source: Vanguard.

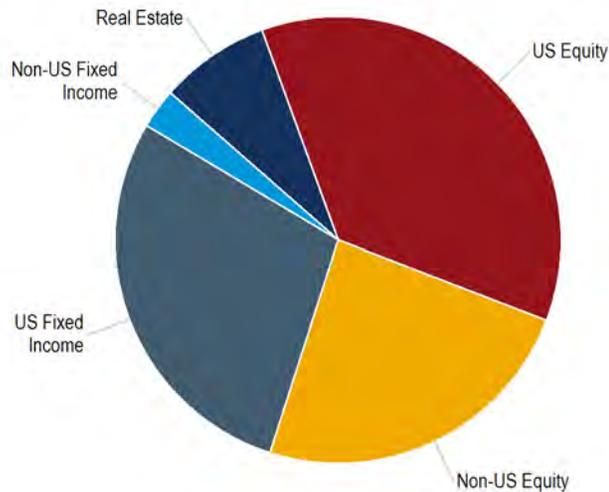
Total Portfolio Performance & Asset Allocation

Performance Summary ending December 31, 2019

	Market Value (\$)	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
METROPOLITAN UTILITIES DISTRICT OF OMAHA	449,788,471	2.11	5.42	20.84	9.63	7.20	8.72	9.26	Feb-09
METROPOLITAN UTILITIES DISTRICT OF OMAHA (Net)		2.11	5.41	20.81	9.59	7.17	8.70	9.25	
Composite Benchmark		2.10	5.42	21.37	9.80	7.29	8.64	10.60	Feb-09

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

Current Allocation as of December 31, 2019



	Current \$	Current %	Policy	Difference*
US Equity	\$163,704,526	36.4%	36.0%	0.4%
Non-US Equity	\$108,545,692	24.1%	24.0%	0.1%
US Fixed Income	\$128,423,561	28.6%	29.0%	-0.4%
Non-US Fixed Income	\$13,181,008	2.9%	3.0%	-0.1%
Real Estate	\$35,933,685	8.0%	8.0%	0.0%
Total	\$449,788,471	100.0%	100.0%	

*Difference between Policy and Current Allocation

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any purchase or redemption fees.

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

Performance Summary (Gross of Advisory Fees) ending December 31, 2019

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
METROPOLITAN UTILITIES DISTRICT OF OMAHA	449,788,471	100.00	2.11	5.42	20.84	9.63	7.20	8.72	9.26	Feb-09
Composite Benchmark			2.10	5.42	21.37	9.80	7.29	8.64	10.60	Feb-09
Total Equity	272,250,219	60.53	3.42	9.03	27.06	12.77	9.29	--	9.29	Dec-14
Equity Domestic	163,704,526	36.40	2.86	9.00	30.82	14.57	11.22	--	11.22	Dec-14
Spliced Total Stock Market Index			2.87	9.00	30.84	14.56	11.21	13.44	11.21	Dec-14
Vanguard® Total Stock Market Index Fund Instl Shares Plus	163,704,526	36.40	2.86	9.00	30.82	14.57	11.21	13.36	11.54	Apr-15
Spliced Total Stock Market Index			2.87	9.00	30.84	14.56	11.21	13.44	11.53	Apr-15
Multi-Cap Core Funds Average			2.55	8.00	27.71	11.88	8.56	10.93	8.68	Apr-15
Equity International	108,545,692	24.13	4.27	9.05	21.55	9.90	5.88	--	5.88	Dec-14
Spliced Total International Stock Index			4.43	9.26	21.80	9.84	5.84	5.13	5.84	Dec-14
Vanguard® Total International Stock Index Institutional Plus Shares	108,545,692	24.13	4.27	9.05	21.56	9.91	5.90	--	7.30	Apr-19
Spliced Total International Stock Index			4.43	9.26	21.80	9.84	5.84	5.13	7.75	Apr-19
International Funds Average			3.75	9.03	23.01	9.58	5.48	5.26	7.73	Apr-19
Total Fixed Income	141,604,568	31.48	-0.03	0.09	8.29	3.84	3.09	--	3.09	Dec-14
Fixed Income Domestic	128,423,561	28.55	0.01	0.23	8.33	3.78	2.99	--	2.99	Dec-14
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.09	0.14	8.87	4.08	3.07	3.78	3.07	Dec-14
Vanguard® Total Bond Market Index Fund Institutional Shares	66,386,332	14.76	-0.14	0.03	8.73	4.03	3.01	3.70	3.01	Dec-14
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.09	0.14	8.87	4.08	3.07	3.78	3.07	Dec-14
Spliced Intermediate-Term Investment-Grade Debt Funds Average			-0.05	0.21	8.69	3.78	2.84	3.80	2.84	Dec-14
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	48,743,345	10.84	0.15	0.64	10.49	4.66	3.90	5.11	3.90	Dec-14
BBgBarc US Credit 5-10 Yr TR			0.43	1.18	13.90	5.79	4.64	5.79	4.64	Dec-14
Spliced Core Bond Funds Average			-0.05	0.21	8.69	3.78	2.84	3.80	2.84	Dec-14
Vanguard® Short-Term Investment-Grade Fund Institutional Shares	13,293,883	2.96	0.25	0.64	5.87	2.99	2.59	2.80	2.59	Dec-14
BBgBarc US Credit 1-5 Yr TR			0.36	0.84	6.58	3.31	2.71	3.07	2.71	Dec-14

Performance Summary (Gross of Advisory Fees) ending December 31, 2019

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
1-5 Year Investment-Grade Debt Funds Average			0.24	0.57	4.68	2.42	1.93	2.15	1.93	Dec-14
Fixed Income International	13,181,008	2.93	-0.45	-1.27	7.89	4.42	--	--	4.22	Jul-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.44	-1.25	8.06	4.57	3.98	--	4.38	Jul-15
Vanguard® Total International Bond Index Fund Institutional Shares	13,181,008	2.93	-0.45	-1.27	7.89	4.42	3.81	--	4.22	Jul-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.44	-1.25	8.06	4.57	3.98	--	4.38	Jul-15
International Income Funds Average			1.29	1.00	6.36	4.15	1.98	2.38	3.07	Jul-15
Total Real Estate	35,933,685	7.99	0.83	0.63	29.02	8.39	7.20	--	7.20	Dec-14
Real Estate Domestic	35,933,685	7.99	0.83	0.63	29.02	8.39	7.20	--	7.20	Dec-14
Real Estate Spliced Index			0.82	0.65	29.03	8.46	7.27	12.06	7.27	Dec-14
Vanguard® Real Estate Index Fund Institutional Shares	35,933,685	7.99	0.83	0.63	29.02	8.39	7.20	12.01	7.20	Dec-14
Real Estate Spliced Index			0.82	0.65	29.03	8.46	7.27	12.06	7.27	Dec-14
Real Estate Funds Average			-0.22	0.43	26.64	7.90	6.52	11.12	6.52	Dec-14

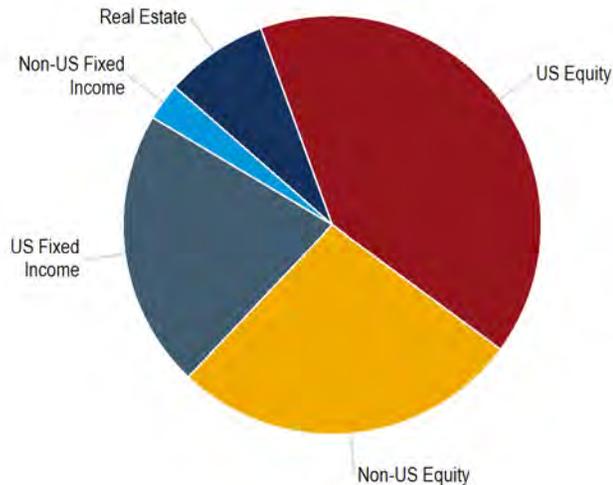
Total Portfolio Performance & Asset Allocation

Performance Summary ending December 31, 2019

	Market Value (\$)	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
METROPOLITAN UTILITIES DISTRICT OF OMAHA - OPEB	41,349,377	2.35	6.05	22.28	10.21	--	--	9.92	Mar-16
METROPOLITAN UTILITIES DISTRICT OF OMAHA - OPEB (Net)		2.35	6.05	22.24	10.17	--	--	9.89	
Composite Benchmark		2.35	6.04	22.65	10.39	--	--	10.03	Mar-16

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

Current Allocation as of December 31, 2019



	Current \$	Current %	Policy	Difference*
US Equity	\$16,814,992	40.7%	40.0%	0.7%
Non-US Equity	\$11,159,239	27.0%	27.0%	0.0%
US Fixed Income	\$8,882,896	21.5%	22.0%	-0.5%
Non-US Fixed Income	\$1,201,493	2.9%	3.0%	-0.1%
Real Estate	\$3,290,757	8.0%	8.0%	0.0%
Total	\$41,349,377	100.0%	100.0%	

*Difference between Policy and Current Allocation

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any purchase or redemption fees.

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

Performance Summary (Gross of Advisory Fees) ending December 31, 2019

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
METROPOLITAN UTILITIES DISTRICT OF OMAHA - OPEB	41,349,377	100.00	2.35	6.05	22.28	10.21	--	--	9.92	Mar-16
Composite Benchmark			2.35	6.04	22.65	10.39	--	--	10.03	Mar-16
Total Equity	27,974,231	67.65	3.42	9.03	27.03	12.75	--	--	12.69	Mar-16
Equity Domestic	16,814,992	40.67	2.86	9.00	30.82	14.57	--	--	14.82	Mar-16
Spliced Total Stock Market Index			2.87	9.00	30.84	14.56	11.21	13.44	14.81	Mar-16
Vanguard® Total Stock Market Index Fund Instl Shares Plus	16,814,992	40.67	2.86	9.00	30.82	14.57	11.21	13.36	14.81	Mar-16
Spliced Total Stock Market Index			2.87	9.00	30.84	14.56	11.21	13.44	14.81	Mar-16
Multi-Cap Core Funds Average			2.55	8.00	27.71	11.88	8.56	10.93	12.14	Mar-16
Equity International	11,159,239	26.99	4.27	9.05	21.55	9.90	--	--	9.21	Mar-16
Spliced Total International Stock Index			4.43	9.26	21.80	9.84	5.84	5.13	9.21	Mar-16
Vanguard® Total International Stock Index Institutional Plus Shares	11,159,239	26.99	4.27	9.05	21.56	9.91	5.90	--	7.30	Apr-19
Spliced Total International Stock Index			4.43	9.26	21.80	9.84	5.84	5.13	7.75	Apr-19
International Funds Average			3.75	9.03	23.01	9.58	5.48	5.26	7.73	Apr-19
Total Fixed Income	10,084,389	24.39	-0.04	0.06	8.13	3.78	--	--	3.10	Mar-16
Fixed Income Domestic	8,882,896	21.48	0.02	0.24	8.16	3.69	--	--	2.99	Mar-16
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.09	0.14	8.87	4.08	3.07	3.78	3.15	Mar-16
Vanguard® Total Bond Market Index Fund Institutional Shares	4,437,177	10.73	-0.14	0.03	8.73	4.03	3.01	3.70	3.08	Mar-16
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.09	0.14	8.87	4.08	3.07	3.78	3.15	Mar-16
Spliced Intermediate-Term Investment-Grade Debt Funds Average			-0.05	0.21	8.69	3.78	2.84	3.80	3.11	Mar-16
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	3,639,137	8.80	0.15	0.64	10.49	4.66	3.90	5.11	3.81	Mar-16
BBgBarc US Credit 5-10 Yr TR			0.43	1.18	13.90	5.79	4.64	5.79	4.91	Mar-16
Spliced Core Bond Funds Average			-0.05	0.21	8.69	3.78	2.84	3.80	3.11	Mar-16
Vanguard® Short-Term Investment-Grade Fund Institutional Shares	806,581	1.95	0.25	0.64	5.87	2.99	2.59	2.80	2.67	Mar-16
BBgBarc US Credit 1-5 Yr TR			0.36	0.84	6.58	3.31	2.71	3.07	2.87	Mar-16

Performance Summary (Gross of Advisory Fees) ending December 31, 2019

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
1-5 Year Investment-Grade Debt Funds Average			0.24	0.57	4.68	2.42	1.93	2.15	2.22	Mar-16
Fixed Income International	1,201,493	2.91	-0.45	-1.27	7.89	4.42	--	--	3.85	Mar-16
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.44	-1.25	8.06	4.57	3.98	--	4.03	Mar-16
Vanguard® Total International Bond Index Fund Institutional Shares	1,201,493	2.91	-0.45	-1.27	7.89	4.42	3.81	--	3.85	Mar-16
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			-0.44	-1.25	8.06	4.57	3.98	--	4.03	Mar-16
International Income Funds Average			1.29	1.00	6.36	4.15	1.98	2.38	2.75	Mar-16
Total Real Estate	3,290,757	7.96	0.83	0.63	29.02	8.39	--	--	7.26	Mar-16
Real Estate Domestic	3,290,757	7.96	0.83	0.63	29.02	8.39	--	--	7.26	Mar-16
Real Estate Spliced Index			0.82	0.65	29.03	8.46	7.27	12.06	7.32	Mar-16
Vanguard® Real Estate Index Fund Institutional Shares	3,290,757	7.96	0.83	0.63	29.02	8.39	7.20	12.01	7.26	Mar-16
Real Estate Spliced Index			0.82	0.65	29.03	8.46	7.27	12.06	7.32	Mar-16
Real Estate Funds Average			-0.22	0.43	26.64	7.90	6.52	11.12	6.92	Mar-16

Important information

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

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

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

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METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

January 26, 2020

Subject: FIRST LEGISLATIVE REPORT – 2020 SESSION

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

From: Rick Kubat, Government Relations Attorney

The 60-day short session of the Nebraska Legislature began on January 8, 2020 and is tentatively set to adjourn on April 23, 2020. Legislation proposals which were introduced in the previous session could remain under consideration by the legislature.

Provided below are updates on legislative positions taken by the Board of Directors from the 2019 session along with management's recommendations regarding newly introduced bills from 2020. Please know that in addition to the bills provided below, there are numerous additional bills that will be monitored on behalf of the District.

LEGISLATION INTRODUCED IN THE 2019 SESSION

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

Board Position: Neutral
Status: Placed on Select File with a committee amendment

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

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

LB 242 (Lindstrom) – Provides for a turn-back of a portion of the 5.5% of state sales tax dollars collected for sewer and potable water services. The turn-back of revenue is specifically designated and earmarked for potable water and wastewater infrastructure assistance. As amended, LB 242 would turn-back 36% of the 5.5% of state sales tax dollars collected for water and sewer services from July 1, 2019 through June 30, 2021, a turn-back of 56% of the 5.5% of state sales tax dollars collected from July 1, 2021 through June 30, 2023, and a turn-back of 76% of the 5.5% of state sales tax dollars collected after July 1, 2023. LB 242 received support in the form of testimony from the District, Donna Garden on behalf of the City of Lincoln, City Council Woman Amy Melton and Jim Theiler on behalf of the City of Omaha, Rodney Storm for the City of Blair, and James Timmerman on behalf of Nebraska Beef and the Coalition of Agricultural Manufacturers. No opposition testimony or opposition letters were submitted to the Revenue Committee. Support letters were provided by the Nebraska League of Municipalities, Omaha-Council Bluffs Metropolitan Area Planning Agency, Omaha and Lincoln Chambers of Commerce, and the Cities of Beatrice, Hastings, Plattsmouth, Grand Island, South Sioux City and Waverly.

Board Position: Support
Status: Remains in Revenue Committee

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

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

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

Board Position: Neutral
Status: Remains in Natural Resources Committee

LB 412 (Geist) – Requires a vote of the registered voters of political subdivisions before a joint public agency could be created. The political subdivisions would be prohibited

from entering into an agreement until the voters of each political subdivision have approved the creation of the joint agency.

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

LEGISLATION INTRODUCED IN THE 2020 SESSION

MANAGEMENT'S RECOMMENDATIONS

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

Mgmt. Rec: Support
Status: Referred to Judiciary Committee

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

Mgmt. Rec: Neutral
Status: Natural Resources Committee held January 22, 2020

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

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

LB 890 (Hilgers) – Specifically allows political subdivisions to use "design-build," a one-step bidding process for water, waste water, utility or sewer construction projects. LB 890 provides permissive authority to political subdivisions in terms of another way to bid predominantly large projects.

Mgmt. Rec: Support
Status: Government, Military and Veterans Affairs Committee hearing January 23, 2020

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

Mgmt. Rec: Neutral
Status: Natural Resources Committee hearing January 23, 2020

LB 933 (Crawford) – Changes provisions regarding the discontinuance of gas, water or electric utility services. Provides that utilities may not charge a fee more than “reasonable costs” for the disconnection or reconnection of services. Current law provides that a “duly licensed physician” may certify that a customer has an existing illness or handicap which would cause the customer to suffer an immediate and serious health hazard due to disconnection of utility service. LB 933 adds physician assistant and advanced practice registered nurse as medical providers to those who may make such certification. LB 933 further extends the prevention of such disconnection from the current law of 30 days to at least 60 days. The District will be further required to provide service termination information on our web site and available by mail upon request.

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

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

Mgmt. Rec: Support
Status: Referred to Revenue Committee

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

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

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

through 2021. Before the end of 2026, renewable power generation capacity equal to 50% of the supplier's median annual generation for calendar years 2023 through 2025. Before the end of 2030, renewable power generation capacity equal to 75% of the supplier's median annual generation for calendar years 2027 through 2029.

Mgmt. Rec: Oppose
Status: Referred to Natural Resources Committee



Richard A. Kubat
Government Relations Attorney

Approved:



Mark Mendenhall
Senior Vice President/General Counsel



Mark Doyle
President

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

January 28, 2020

Subject: MUD – DOUGLAS COUNTY INTERLOCAL AGREEMENT

To: Judiciary and Legislative Committee; Tanya Cook, Tim Cavanaugh and Gwen Howard
cc: All Board Members; Messrs. Doyle, DeBoer, Schaffart, Ausdemore, and all Vice Presidents

From: Mark Mendenhall, Senior Vice President, General Counsel

The District and Douglas County, also a political subdivision of the State of Nebraska, have negotiated an agreement ("Agreement") pursuant to the Nebraska Interlocal Cooperation Act, Neb. Rev. Stat. § 13-801 et seq ("Interlocal Act"). The Agreement, discussed in greater detail below, provides for the District's use of Douglas County's Public Safety Radio Service radio system.

The Interlocal Act, specifically Neb. Rev. Stat. 13-804 further requires that:

Any two or more public agencies may enter into agreements with one another for joint or cooperative action pursuant to the Interlocal Cooperation Act. Appropriate action by ordinance, resolution, or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.

The District requires reliable communications systems in support of its 24/7 activities, including emergency response activities. Douglas County owns and operates a 700/800 MHz land mobile radio system which includes facilities and equipment. The Agreement allows for the District to utilize Douglas County's land mobile radio system via mobile, portable handset controls referred in the Agreement as subscriber units. Each parties' rights and responsibilities are set forth within the Agreement including, but not limited to maintenance, administration and upgrade costs. The Agreement has a term of five (5) years with an automatic renewal provision.

The Agreement was entered into after review by the District's Safety and Security Department as well as mutual negotiation with the Douglas County Attorney's Office. I am requesting the Board authorize Steve Ausdemore, SVP Field Operations, Safety and Security, execute the Agreement.



Mark Mendenhall
Senior Vice President/General Counsel

Approved:



Mark E. Doyle
President

**INTERLOCAL COOPERATION AGREEMENT
BETWEEN THE METROPOLITAN UTILITIES DISTRICT of Omaha AND
DOUGLAS COUNTY, NEBRASKA RELATING TO A LAND MOBILE SYSTEM
SHARING AGREEMENT**

THIS INTERLOCAL COOPERATION AGREEMENT ("Agreement") is entered into this _____, 2020, by and between THE **METROPOLITAN UTILITIES DISTRICT**, a body corporate and political subdivision of the State of Nebraska ("MUD"), and **DOUGLAS COUNTY, NEBRASKA**, a political subdivision of the State of Nebraska ("Douglas County"), (individually a "Party" and, together, the "Parties"). Said Agreement shall be effective upon the execution by the last Party ("Effective Date").

RECITALS

WHEREAS, MUD, body corporate established under Neb. Rev. Stat. § 14-2101, et seq., which provides potable water and natural gas to the City of Omaha and surrounding communities; and

WHEREAS, Douglas County is a political subdivision of the State of Nebraska that, among other functions, carries out emergency response activities through the Douglas County 911 Center; and

WHEREAS, MUD requires reliable communications systems to support its 24/7 activities; and

WHEREAS, Douglas County operates in support of its emergency response operations a 700/800 MHz land mobile radio system licensed in the Public Safety Radio Service within the borders of Douglas County; and

WHEREAS, pursuant to the Interlocal Cooperation Act, Neb. Rev. Stat. §§ 13-801, et seq. the Parties wish to enter into a contract to allow MUD to access certain Douglas County equipment in order to carry out their respective operations in a more efficient and effective fashion; and

WHEREAS, each Party's governing board has authorized the execution of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, MUD and Douglas County agree as follows:

1. Definitions. For purposes of this Agreement, the following terms are defined:

(a) "Douglas County Licensed Frequencies" shall mean the communication frequencies in effect and duly licensed to Douglas County by the Federal Communications Commission ("FCC").

(b) "Douglas County Sites" shall mean the communication sites and equipment owned and operated by Douglas County.

(c) "Douglas County System" shall mean the entire 700/800 MHz land mobile radio system owned and operated by Douglas County in support of its emergency response operations, including but not limited to the Master Site Equipment and Douglas County Sites.

(d) "Force Majeure" shall have the meaning set forth in section 15 hereof.

(e) "Master Site Equipment" shall mean the Douglas County equipment identified on the ORION Agreement Exhibit 1(f) (ORION Agreement is the agreement among Omaha Public Power District (OPPD), Douglas County Nebraska, Washington County Nebraska and Pottawattamie County Iowa). Master Site Equipment means equipment on ORION Exhibit 1(f) and physically located at the Master Site, but excludes any equipment that may be co-located at or with the Master Site Equipment but benefits less than all the Parties, for example, including but not limited to siren equipment.

(f) "Master Site" shall mean the physical location of the Master Site Equipment which is currently located at 3603 North 156th Street Omaha Nebraska 68116.

(g) "Subscriber Units" shall mean each mobile, portable, handset control station and radio consoles that have a specific radio identification number. A single radio console will be treated as one Subscriber Unit for purposes of determining costs. All subscriber units utilizing the Douglas County infrastructure under this Agreement will be counted as Douglas County subscribers of the Douglas County System for purposes of determining costs.

(h) "Channel(s)" shall mean any available frequency which is determined by the FCC now or that could be licensed in the future – for example, 700 MHz, 800 MHz, 900 MHz, etc.

(i) Intentionally omitted.

(j) "System Upgrade Agreement or SUA" shall mean an agreement entered into by a Party with Motorola or other vendor, if another vendor is contracted with to provide these services in the future, for any required software upgrades.

(l) "Security Update Services Agreement" shall mean an agreement entered into by a Party with Motorola or other vendor, if another vendor is contracted with to provide these services in the future for the security services.

(m) "Radio User License" shall mean the licenses required by Motorola for each 1000 users.

2. Frequencies and Compliance.

2.1 The Douglas County Licensed Frequencies are in good standing with the FCC.

2.2 Each Party shall remain the licensee of its respective FCC frequencies and the owner of its respective communications system, sites, facilities, equipment and Subscriber Units during the term of this Agreement. Notwithstanding any other provision in this Agreement, each Party shall retain and exercise full control and ownership over its respective FCC frequencies, system, sites, facilities, equipment and Subscriber Units.

2.3 The Parties shall comply with all applicable statutes, ordinances, regulations, administrative or judicial orders, and other legal requirements, including but not limited to regulations and orders of the FCC, and shall cooperate reasonably with each other to maintain such compliance under this Agreement.

3. Master Site Equipment and Infrastructure.

3.1 Douglas County will continue to operate and maintain the Douglas County System, including but not limited to the Master Site Equipment. The operation will be as specified by Douglas County and in the ORION Agreement.

3.2 Each Party shall be responsible for the purchase, replacement and repair of the Subscriber Units required for its own communications operations.

4. Shared Use of Douglas County System.

4.1 The Parties shall share the use of the Douglas County System in accordance with and subject to the terms and conditions of this Agreement.

4.2 MUD each may install and operate its respective Subscriber Units and other communications equipment so that such equipment has access to and use of the Douglas County System.

4.3 The Parties shall share responsibility for all their costs related to the operation of the Douglas County System as specified in paragraph 6 of this Agreement. MUD shall comply with Motorola's and Douglas County's security policies.

4.4 The Parties shall share responsibility for all their costs related to the SUA for the Douglas County System in accordance with and subject to the terms and conditions of this Agreement.

4.5 Each Party shall be responsible for its own additional Radio User License costs incurred during the Term of this Agreement.

5. Use of Shared Systems.

5.1 Douglas County may limit, condition, or suspend MUD's use, in whole or in part, of Douglas County System in the event that such use, in the sole judgment of Douglas County:

(a) impairs the system use of any public safety agency on the Douglas County System;

(b) is equal to or greater than 10% (ten percent) of the Douglas County System's full capacity and MUD's usage impairs the system use of any public safety agency on the Douglas County System. Douglas County shall notify MUD immediately upon discovery that MUD's usage is equal to or greater than 10%;

(c) results in a violation of a FCC rule or requirement or other applicable law; or

(d) if the busy threshold per call exceeds 20 seconds or more than one day per month. The Parties will work in good faith to provide resolutions to reduce the busy threshold per call to 20 or fewer seconds.

5.2 The Parties understand and agree that, Douglas County, in its sole discretion, taking into consideration reasons of efficiency, interoperability or otherwise, may allow other parties use of or access to the Douglas County System. MUD shall cooperate to take any appropriate steps to effect the addition of such other parties under a non-disruptive framework.

6. Technical Support and Maintenance.

6.1 MUD agrees that Douglas County will be solely responsible for determining the maintenance provided for the Douglas County System and that MUD will share the costs of that maintenance using the below listed formulas. The following definitions apply:

6.1.a D = Number of Douglas County radio subscribers.

6.1.b M = Number of MUD radio subscribers.

6.1.c T = Total of radios for Douglas County and MUD.

6.1.d S = Total number of radio subscribers on the entire system supported by the Master Site.

6.2 MUD's share of maintenance and System Upgrade Agreement or SUA costs and Security Update Services Agreement for Douglas County only infrastructure shall be based on a percentage derived from M divided by T times the cost of service. $((M/T) \times \text{cost of service})$.

6.3 MUD also agrees to share in Douglas County's costs for the maintenance for the Master Site Equipment, including but not limited to the SUA and Security Update Services Agreement. These maintenance costs for the Master Site Equipment are determined by the total

number of MUD subscribers M divided by S. The cost of the service will then be multiplied by the resulting percentage. $((M/S) \times \text{cost of service})$.

6.4 System Administration Services Fees. MUD's share of System Administration Services Fees shall be determined by the total number of MUD subscribers M divided by S. The cost of the service will then be multiplied by the resulting percentage. $((M/S) \times \text{cost of service})$.

6.5 Annual Maintenance Fees. MUD will be responsible for maintaining the subscriber equipment purchased by MUD and is free to negotiate that service. MUD will also be responsible for maintaining its Subscribers' Units. All other maintenance will be provided as specified in this Agreement.

7. Upgrade Costs.

7.1 In the event that Douglas County determines that the Douglas County System must be upgraded, MUD will be notified at least 12 months in advance. MUD will receive a copy of projected costs for the upgrade. The portion that MUD will be responsible for will be determined by using the formula specified in paragraph 6.3 of this Agreement.

7.2 The Parties shall use reasonable measures to plan for and budget all upgrades on or before May 30 of the year preceding the year in which the upgrades are to be completed.

8. Administration.

8.1 MUD shall designate one technical representative who is familiar with MUD's technical communication operations (the "Technical Representative"). The Technical Representative shall become the point of contact ("POC") for Douglas County Communications who must also designate a representative, to resolve any radio issues. Either Party may change a Technical Representative at any time by written notice, which includes e-mail notices.

8.2 With respect to operation of the Douglas County System and users other than MUD, Douglas County shall be MUD's representative.

8.3 Douglas County will be responsible for addressing any issues to the ORION Group.

8.4. MUD will adhere to Douglas County's and Motorola's policies and procedures with respect to use of the Douglas County System. Douglas County agrees to provide those relevant policies and procedures including but not limited to ORION Operating Guidelines. Douglas County will provide to MUD within a reasonable time the ORION Operating Guidelines if / when these are revised.

8.5 Douglas County shall adjust the cost, on an annual basis, to reflect any change in the subscriber percentage or changes in other variables as defined herein.

8.6 On or before the fifth (5th) day of each January, Douglas County shall submit a dated invoice to MUD for payment setting forth: (a) a charge for fees as established pursuant to Section 6 of this Agreement; (b) any charges for upgrade costs established pursuant to Section 7 of this Agreement; and (c) any other charges owed by MUD to Douglas County pursuant to the terms of this Agreement. MUD shall pay all undisputed portions of such invoices within thirty (30) days of the date thereof, and promptly shall notify Douglas County in writing of any disputed amounts.

8.7 Any decision that will require payment that is not covered in this Agreement shall require written approval from each Party prior to committing any funds. Thereafter, the invoices shall be presented to the respective Parties for payment. Any disputes regarding the invoices that are not resolved shall be subject to the dispute resolution process as set forth herein.

8.8 In the event that a dispute arises under this Agreement, the Party raising such claim shall submit written notice to the other Party, whereupon representatives of each Party promptly shall meet in an effort to resolve the dispute. If, after thirty (30) days from that written notice, no resolution can be reached, then the dispute shall be submitted by the Parties to nonbinding mediation using a neutral mediator selected by the Parties, with the mediator costs to be shared equally by the Parties. The mediation shall be scheduled no later than thirty (30) days after notice (the "Mediation Notice") that the dispute has not been resolved by the Parties. If, within ten (10) days of the Mediation Notice, the Parties cannot agree on the selection of a neutral mediator, or if mediation is not successful within thirty (30) days of the first scheduled date of the mediation, then either Party may initiate an action to adjudicate the dispute in the District Court of Douglas County, Nebraska or for any federal action in Omaha, Nebraska in the United States District Court for the State of Nebraska.

9. Term and Termination.

9.1 Unless sooner terminated in accordance with this Agreement, the Initial Term of this Agreement shall be five (5) years, commencing on the Effective Date and terminating at midnight on the last day of the month in which the 5th anniversary of the Effective Date shall have occurred ("Initial Term"). This Agreement shall automatically continue in full force and effect after the Initial Term, for five (5) years ("Renewal Term"), unless either party provides written notice of termination no less than one hundred eighty (180) days prior to the end of the Initial Term or, as provided herein.

9.2 If the Defaulting Party, after receiving written notice from the other Party of the alleged breach fails to cure as provided in paragraph 21, then the Non-Defaulting Party may terminate this Agreement by giving written notice setting forth the effective date of termination,

which shall not be less than one hundred eighty (180) days and within two hundred seventy (270) days after the date such termination notice is delivered to the alleged defaulting Party.

9.3 Either MUD or Douglas County may terminate this Agreement upon thirty (30) days written notice in the event of a change in law or FCC action (hereinafter a "Change in Law") that eliminates or precludes either Party from performing its obligations under this Agreement.

9.3.1 In the event of termination of the Agreement due to a Change in Law, the Parties agree to cooperate so as to minimize the impact of termination on their operations. Such termination shall take effect and be completed within two hundred seventy (270) days of notice.

9.4 A "Terminating Party" may terminate this Agreement at any time for any reason by providing the "Non-terminating Party" with written notice providing not less than one hundred eighty (180) days notice.

9.5 In the even of a Termination, each Party shall remain liable for its respective share of all costs as provided under this Agreement, until the effective date of the Termination.

10. Insurance.

MUD is a self-insured political subdivision of the State of Nebraska and is self-insured against general liability and workers' compensation. Such self-insurance meets all requirements and is subject to the Political Subdivision Tort Claims Act, Neb. Rev. Stat. § 13-901 et seq., and all statutory requirements pursuant to the Workers Compensation Act, Neb. Rev. Stat. § 48-101 et seq., With the exclusion of Workers' Compensation insurance and employer's liability insurance, any additional insurance obtained and maintained by MUD in relation to this Agreement shall name Douglas County as an additional insured. If requested, MUD shall provide proof of its qualification to self-insure by the State of Nebraska.

Douglas County does not represent in any way that the insurance specified herein, whether in scope of coverage or limits, is adequate or sufficient to protect MUD or its interests. MUD is solely responsible to determine its need for and to procure additional coverage which may be needed in connection with this Agreement. The procuring of insurance as required by this Agreement shall not be construed to limit MUD's liability hereunder or to fulfill the indemnification provisions of this Agreement.

11. Representation and Warranties of MUD.

11.1 MUD warrants to Douglas County that the statements contained in this section 11.1 are true, correct and complete as of the Effective Date of this Agreement:

(a) Organization of MUD. MUD is a public corporation and political subdivision duly organized, validly existing, and in good standing under the laws of the State of Nebraska.

(b) Authorization of Transaction. MUD has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations under this Agreement.

(c) Noncontravention. To the best of MUD's knowledge and belief, neither the execution and the delivery of this Agreement nor the completion of the obligations or actions of MUD under this Agreement will:

(1) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any federal, state, or local governmental body with jurisdiction over MUD or any court to which MUD is subject or any provision of MUD's petition for creation or applicable regulations; or

(2) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any entity or individual the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which MUD is a party or by which it or its property are bound.

(d) Notice of Agreement by MUD. To the best of MUD's knowledge and belief, MUD does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any governmental body in order for the Parties to consummate the transactions contemplated by this Agreement or for the Parties to fulfill their respective obligations hereunder. If any such notice, filing, authorization, or consent is required, MUD will obtain it.

(e) Legal Compliance. To the best of MUD's knowledge and belief, MUD has complied with all applicable laws relating to the operation of the MUD Subscriber's Units and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against MUD alleging any failure to so comply.

12. Representations and Warranties of Douglas County.

12.1 Douglas County warrants to MUD that the statements contained in this section 12.1 are true, correct and complete as of the date of this Agreement:

(a) Organization of Douglas County. Douglas County is a political subdivision of the State of Nebraska, duly organized, validly existing and in good standing under the laws of the State of Nebraska.

(b) Authorization of Transaction. Douglas County has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder.

(c) Noncontravention. To the best of Douglas County's knowledge and belief, the execution and the delivery of this Agreement will not violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any federal, state, or local governmental body having jurisdiction over Douglas County or any court to which Douglas County is subject.

(d) Notice of Agreement by Douglas County. To the best of Douglas County's knowledge and belief, Douglas County does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any governmental body in order for the Parties to consummate the transactions contemplated by this Agreement or for the Parties to fulfill their respective obligations hereunder. If any such notice, filing, authorization, or consent is required, Douglas County will obtain it.

(e) Legal Compliance. To the best of Douglas County's knowledge and belief, Douglas County has complied with all applicable laws relating to the operation of the Douglas County System and except as otherwise disclosed by Douglas County to MUD no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against Douglas County alleging any failure to so comply.

(f) Notwithstanding any provision to the contrary, Douglas County does not represent or warrant that MUD's use of the Douglas County System will be uninterrupted or error-free or that MUD's use or the services provided herein will meet it's business or operations needs or requirements.

(g) DISCLAIMER OF OTHER REPRESENTATIONS AND WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, DOUGLAS COUNTY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR ANY WARRANTY ARISING OUT OF CUSTOM OR USAGE OF TRADE, AND ALL SUCH WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. DOUGLAS COUNTY MAKES NO WARRANTY AS TO ANY GOODS FURNISHED OR LICENSED OR SERVICES PERFORMED HEREUNDER.

13. Indemnification.

13.1 MUD hereby agrees to indemnify, defend, protect and hold harmless Douglas County and its employees, officers and commissioners, from and against: (i) any injury, loss or damage to any person, tangible property or facilities of any person (including reasonable attorney fees and costs) to the extent arising out of or resulting from the negligence or willful misconduct

of MUD, its officers, employees, servants, affiliates, agents, or contractors in connection with the performance of MUD's obligations under this Agreement; (ii) any claims, liabilities or damages arising out of any violation by MUD, its officers, employees, servants, affiliates, agents, or contractors of any regulation, rule, statute or court order in connection with this Agreement; and (iii) any claims, liabilities or damages arising from MUD's breach of any representation or warranty hereunder.

13.2 Subject to the provisions of section 14 (Limitation of Liability), Douglas County hereby agrees to indemnify, defend, protect and hold harmless MUD, and its employees, officers, and directors from and against: (i) any injury, loss or damage to any person, tangible property or facilities of any person (including reasonable attorney fees and costs) to the extent arising out of or resulting from the negligence or willful misconduct of Douglas County, its officers, employees, servants, affiliates, agents, or contractors in connection with the performance of Douglas County's obligations under this Agreement; (ii) any claims, liabilities or damages arising out of any violation by Douglas County, its officers, employees, servants, affiliates, agents, or contractors of any regulation, rule, statute or court order in connection with this Agreement; and (iii) any claims, liabilities or damages arising from Douglas County's breach of any representation or warranty hereunder.

13.3 MUD and Douglas County agree to promptly provide each other with written notice of any claim which may result in an indemnification obligation hereunder. The indemnifying party may defend such claim with counsel of its own choosing provided that no settlement or compromise of any such claim shall occur without the consent of the indemnified party, which consent shall not be unreasonably withheld or delayed. The indemnified party will cooperate in any such defense.

13.4 In the event that a Party shall fail for any reason to so indemnify, defend, protect and hold the other harmless, the injured Party hereby expressly recognizes that its only remedies in such event shall be to interplead the other Party into the pending action or to bring legal proceedings against the other party for its damages as a result of the other Party's said failure to indemnify, defend, protect and hold harmless. Parties may agree to enter into alternative dispute resolution with regards to any indemnity claim. These obligations shall survive the expiration or termination of this Agreement.

14. Limitation of Liability.

14.1 Notwithstanding any provision of this Agreement to the contrary and although the Parties acknowledge the possibility of such losses or damages, Douglas County shall not have any liability and shall not be liable to MUD in connection with the failure or loss of use of the Douglas County System and neither Party shall be liable to the other for any special, incidental, indirect, punitive or consequential damages, whether foreseeable or not, including, but not limited to, loss of profits or revenue (whether arising out of transmission interruptions or problems, any interruption or degradation of service or otherwise), or arising out of, or in

connection with (i) such Party's failure to perform its respective obligations hereunder, or (ii) claims of customers or citizens, whether occasioned by any construction, reconstruction, relocation, repair or maintenance performed by another Party.

14.2 A Party's liability is governed by and limited to the extent provided by the Nebraska Political Subdivision Tort Claims Act or other applicable provisions of law.

14.3 Nothing contained herein shall operate as a limitation on the right of either Party hereto to bring an action for damages against any third party, including but not limited to claims for indirect, special or consequential damages, based on any acts or omissions of such third party.

14.4 These limitations of liability shall survive the expiration or termination of this Agreement.

15. Force Majeure.

Except as may be otherwise specifically provided in this Agreement, neither Party shall be in default under this Agreement if and to the extent that any failure or delay in such Party's performance of one or more of its obligations hereunder is caused by any of the following conditions, and such Party's performance of such obligation or obligations shall be excused and extended for and during the period of any such delay: act of God; fire; flood; fiber, cable, conduit or other material failures, shortages or unavailability or other delay in delivery not resulting from the responsible Party's failure to timely place orders therefore; lack of or delay in transportation; changes to any of the following: government codes, ordinances, laws, rules, regulations or restrictions, as to which either Party's compliance is necessary to carry out the terms and conditions of this Agreement; war or civil disorder; or any other cause beyond the reasonable control of such Party. The Party claiming relief under this section 15 shall promptly notify the other in writing of the existence of the event relied on and the cessation or termination of said event.

16. Assignment.

16.1 Neither Party shall assign, encumber or otherwise transfer this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed. Any assignee or transferee shall continue to be subject to all of the provisions of this Agreement, unless otherwise agreed to in writing by the non-assigning Party.

16.2 Any and all additional fees, charges, costs or expenses which result from any permitted assignment or transfer of this Agreement by a Party, shall be paid by such Party.

16.3 This Agreement and each of the Parties' respective rights and obligations under this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective successors and permitted assigns.

17. Confidentiality.

17.1 MUD and Douglas County hereby agree that if either Party provides confidential or proprietary information ("Proprietary Information") to the other Party, such Proprietary Information shall be held in confidence, and the receiving Party shall afford such Proprietary Information the same care and protection as it affords generally to its own confidential and proprietary information (which in any case shall be not less than reasonable care) in order to avoid disclosure to or unauthorized use by any third party.

17.1.1. Intentionally omitted.

17.1.2. The Parties acknowledge and agree that information disclosed by either Party to the other in connection with or pursuant to this Agreement shall be deemed to be Proprietary Information, provided that written information is clearly marked in a conspicuous place as being confidential or proprietary and verbal information is indicated as being confidential or proprietary when given and promptly confirmed in writing as such thereafter.

17.1.3. All Proprietary Information (other than this Agreement), unless otherwise specified in writing, shall remain the property of the disclosing Party, shall be used by the receiving party only for the intended purpose, and such written Proprietary Information, including all copies thereof, shall be returned to the disclosing Party or destroyed after the receiving Party's need for it has expired or upon the request of the disclosing Party. Proprietary Information shall not be reproduced except to the extent necessary to accomplish the purpose and intent of this Agreement, or as otherwise may be permitted in writing by the disclosing Party.

17.2 The foregoing provisions of section 17.1 shall not apply to any Proprietary Information which (i) becomes publicly available other than through the receiving Party; (ii) is required to be disclosed by a governmental or judicial law, order, rule or regulation; (iii) is independently developed by the receiving Party; (iv) is publicly disclosed by the disclosing Party; (v) the disclosing Party authorizes in writing public disclosure; (vi) is already known to the receiving party without restriction when it is disclosed; or (vii) becomes available to the receiving Party without restriction from a third party. The receiving Party may disclose Proprietary Information to establish rights or obligations under this Agreement, provided that the receiving Party gives the disclosing Party reasonable prior written notice sufficient to permit the disclosing Party an opportunity to contest such disclosure. The receiving Party will reasonably cooperate with disclosing Party to prevent the disclosure or obtain continued protection of the Proprietary Information once disclosed to the requesting jurisdiction. The Parties acknowledge and agree that this Agreement is not confidential or proprietary.

17.3 Notwithstanding subparagraphs 17.1 and 17.2 of this section 17, either Party may disclose Proprietary Information to its employees, agents, and legal and financial advisors and providers to the extent necessary or appropriate in connection with the performance of this Agreement, provided that each such Party is notified of the confidential and proprietary nature of such Proprietary Information and is subject to or agrees to be bound by similar restrictions on its use and disclosure.

17.4 Neither Party shall issue any public announcement or press release relating to the execution of this Agreement without the prior approval of the other Party, which approval shall not be unreasonably withheld or conditioned or delayed, provided, however, that any Party may make any announcement or press release upon as much notice to the other Party as is reasonably practicable if the same is required by law or by the rules or regulations of a Governmental Authority.

17.5 The provisions of this section 17 shall survive expiration or termination of this Agreement.

18. Notices.

Except for any notice required under applicable law to be given in another manner, any notice, request, instruction, demand, consent, or other communication required or permitted to be given under this Agreement shall be in writing and shall be either (i) delivered personally, (ii) sent by facsimile transmission with subsequently transmitted confirmation of receipt, (iii) sent by overnight commercial air courier (such as Federal Express), or (iv) mailed, postage prepaid, certified or registered United States mail, return receipt requested, to the Parties at the addresses or facsimile numbers hereinafter set forth:

To Douglas County: Douglas County Emergency Communications Director
15335 West Maple Road, Ste. 101
Omaha, NE 68116

with a copy to: Douglas County Clerk
1819 Farnam Street
H08 Civic Center
Omaha, NE 68183
Facsimile: (402) 444-6456

To MUD: Vice President, Safety and Security Department
3100 South 61st Ave.
Omaha, NE 68106
Facsimile: (402) 504-5129

with a copy to:

General Counsel
7350 World Communications Drive
Omaha, NE 68122

or to such other address or facsimile number as a Party shall have duly notified the other Party. Any such notice, request, instruction, demand, consent or other communication shall be deemed delivered and effective upon the earliest to occur of actual delivery; the same day as confirmed facsimile transmission (or the first business day thereafter if faxed on a Saturday, Sunday or legal holiday); one (1) business day after shipment by commercial air courier as aforesaid; or three (3) business days after certified or registered mailing as aforesaid. In addition to the foregoing, each Party shall within thirty (30) days of the Commencement Date, appoint a contact person and shall maintain a contact person throughout the Initial Term and the Renewal Term of this Agreement, and shall provide the other Party with the name, address and telephone number of such contact person for the purpose of expediting direct communications required or permitted under this Agreement. A Party's contact person may be changed at any time by providing written notice of the updated contact information to the other Party.

19. Entire Agreement; Amendment.

19.1 This Agreement constitutes the entire and final agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect.

19.2 This Agreement may only be modified or supplemented by an instrument in writing executed by a duly authorized representative of each Party. Each such amendment shall state the date upon which it takes effect, except as provided herein.

20. Relationship of the Parties.

The relationship between MUD and Douglas County shall not be that of partners, agents or joint venturers for one another, and nothing contained in this Agreement shall be deemed to constitute a partnership or agency agreement between them for any purposes. Each Party shall remain an independent contractor and shall not represent or act in any capacity as an agent or otherwise for the other Party. The Parties are not and shall not be considered joint employers for any purpose, and each Party shall be solely responsible for all wages, benefits, workers' compensation coverage (or self-insurance), other insurance coverage (or self-insurance), or other costs of or compensation to its respective employees, agents, or subcontractors. Each Party shall be responsible for the acts and/or omissions of its officers, employees, subcontractors, or any agent in connection with the performance of this Agreement. No Party shall have any authority to bind any other by or with any contract or agreement, nor to impose any liability upon the

other. All acts and contracts of each shall be in its own name and not in the name of any other, unless otherwise provided herein.

21. Default and Remedies for Default.

21.1 MUD Default. The occurrence of one or more of the following is an event of default by MUD:

21.1.1 MUD fails to perform or comply with any material obligation, requirement or representation of this Agreement and the failure continues for thirty (30) days after written notice thereof is received or, if the failure cannot be cured within thirty (30) days even with the exercise of all reasonable and diligent effort, MUD fails to commence all reasonable curative action within ten (10) days after written notice thereof is received by MUD and MUD fails to diligently and continuously prosecute curative action to completion.

21.1.2. MUD fails to make payments as provided herein.

21.2 Remedies. If any event of a MUD default occurs and is not cured as provided herein, Douglas County may, without further notice or limitation, immediately or at any time thereafter, terminate this Agreement as provided herein and/or take the following action(s):

(a) demand MUD's obligation (if any) for outstanding fees or other financial obligations up to the time of termination and retain all payments made by MUD up to the time of default.

(b) suspend MUD's use of the Douglas County System, if MUD fails to make payments as provided herein. Such a suspension will not relieve MUD of its financial obligations under this Agreement.

(c) take any other action authorized by law or equity, or otherwise provided in this Agreement.

(d) No remedy herein conferred upon or reserved to Douglas County is intended to be exclusive and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver thereof, but any right or power may be exercised from time to time and as often as may be deemed expedient. All remedies herein conferred upon or reserved to Douglas County shall survive the termination of this Agreement.

21.3 Douglas County Default. The occurrence of one or more of the following is an event of default by Douglas County: Douglas County fails to perform or comply with any material obligation, requirement or representation of this Agreement and the failure continues for thirty (30) days after written notice thereof is received or, if the failure cannot be cured within thirty (30) days even with the exercise of all reasonable and diligent effort, Douglas County fails to commence all reasonable curative action within ten (10) days after written notice thereof is received by Douglas County and Douglas County fails to diligently and continuously prosecute curative action to completion.

21.4 Remedies. If any event of a Douglas County default occurs and is not cured as provided herein, MUD may, without further notice, immediately or at any time thereafter, terminate this Agreement as provided herein and/or take any other action authorized by law or equity, or otherwise provided in this Agreement.

21.5 No remedy herein conferred upon or reserved to MUD is intended to be exclusive and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver thereof, but any right or power may be exercised from time to time and as often as may be deemed expedient. All remedies herein conferred upon or reserved to MUD shall survive the termination of this Agreement.

22. Waiver of Terms and Conditions.

The failure of either Party to insist on strict performance of any covenants or conditions, or to exercise any option herein conferred on any one or more instances, shall not be construed as a waiver or relinquishment of any such covenant, condition, right, or option, but the same shall remain in full force and effect. For a waiver of a right or power to be effective, it must be in writing signed by the waiving Party. An effective waiver of a right or power shall not be construed as either a future or continuing waiver of that same right or power, or the waiver of any other right or power. In addition, any act by a Party which it is not obligated to do hereunder shall not be deemed to impose any obligation upon that Party to do any similar act in the future or in any way change or alter any of the provisions of this Agreement.

23. Taxes and Fees.

Except as otherwise specifically provided herein, Douglas County and MUD shall each pay any and all taxes, duties or similar assessments and franchise and other fees applicable to its respective interests under this Agreement, including, but not limited to, any sales, use or other excise tax.

24. Compliance With Laws.

Douglas County and MUD shall at all times during the Initial Term and the Renewal Term comply with applicable federal, state and local laws and regulations, and shall secure certification from appropriate governmental authorities as required.

In accordance with the Nebraska Fair Employment Practice Act, Neb.Rev.Stat. §48-1122, both Parties agree that they shall not discriminate against any employee, or applicant for employment to be employed in the performance of this Agreement, with respect to hire, tenure, terms, conditions, or privileges of employment because of the race, color, religion, sex, disability, national origin or similarly protected status of the employee or applicant.

25. No Third Party Beneficiaries, Existing Rights of Others.

This Agreement is not intended to, nor shall it provide third parties (including, without limitation, any customers of MUD or any citizens within Douglas County and excluding any assignment pursuant to section 16 (Assignment)) with any remedy, claim, liability, reimbursement, cause of action or other right or privilege; except that the provisions of section 13 (Indemnification) and section 14 (Limitation of Liability) of this Agreement shall also inure to the benefit of a Party's employees, officers, agents, and any other benefited persons or entities specifically identified in the applicable section. The relationship between MUD and any of its customers is governed solely by the terms and conditions of their agreements and applicable rate schedules, service regulations and tariffs.

26. Severability.

In the event that any provision of this Agreement shall be held unconscionable, unenforceable or void for any reason by any tribunal or court of competent jurisdiction, it is agreed that the Parties shall negotiate in good faith to modify the provision in question, if possible, to eliminate any unconscionable, unenforceable or void terms and as modified shall be binding on the Parties hereto. The remaining provisions of this Agreement shall not be affected by the action of any tribunal or court and shall remain in full force and effect.

27. Joint Work Product.

This Agreement is the joint work product of both MUD and Douglas County; accordingly, in the event of any ambiguity, no presumption shall be imposed against or in favor of either Party by reason of document preparation.

28. Governing Law.

The validity, interpretation and enforcement of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Nebraska without regard to conflicts of

law principles. Any dispute which has not been amicably resolved between the Parties shall be resolved according to the dispute resolution process identified in paragraph 8.8.

29. Employment Verification.

Pursuant to and in order to be in compliance with Neb.Rev.Stat. §4-114, each Party hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

30. Public Benefits.

With regard to Neb.Rev.Stat. §§4-108 - 113, neither Party is an individual or sole proprietorship. Therefore, neither Party is subject to the public benefits attestation and related requirements of Neb.Rev.Stat. §§4-108 – 113.

31. Drug Free Workplace Policy

Each Party assures the other that it has established and maintains a drug free workplace policy.

32. Interlocal Agreements compliance (Neb. Rev. Stat. §§ 13-801 - 827).

This Agreement does not create a separate legal entity under the Interlocal Cooperation Act. For purposes of that Act and in furtherance of this cooperative undertaking, this Agreement shall be administered jointly by the Parties, in the event of a conflict, the Parties will resolve the conflict as provided herein. This Agreement does not contemplate acquiring, holding or disposing of joint property nor does it contemplate the levying or collecting of any tax.

33. Counterparts.

This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective representatives, each thereunto duly authorized, on the Effective Date.

APPROVED AS TO FORM:

THE METROPOLITAN UTILITIES DISTRICT
("MUD")

By: _____

Name: _____

Title: _____

Counsel

APPROVED AS TO FORM:

DOUGLAS COUNTY NEBRASKA
("DOUGLAS COUNTY")

By: _____

Name: _____

Title: Chairperson

Deputy County Attorney

STATE OF NEBRASKA)
)SS.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020, by _____, of The Metropolitan Community College Area, a public corporation and political subdivision of the State of Nebraska.

Witness my hand and official seal.

Notary Public

STATE OF NEBRASKA)
)SS.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020, by _____, of Douglas County, Nebraska, a political subdivision of the State of Nebraska.

Witness my hand and official seal.

Notary Public

W345059.9

METROPOLITAN UTILITIES DISTRICT
Inter-Department Communication

January 28, 2020

Subject: MUD – NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
INTERLOCAL AGREEMENT

To: Judiciary and Legislative Committee; Tanya Cook, Tim Cavanaugh and Gwen
Howard
cc All Board Members; Messrs. Doyle, DeBoer, Schaffart, Ausdemore,
and all Vice Presidents

From: Mark Mendenhall, Senior Vice President, General Counsel

The District operates a testing laboratory to test treated water to ensure compliance with the Nebraska Safe Drinking Water Act, Neb. Rev. Stat. § 71-5301 as well as all current Environmental Protection Agency requirements. The Safe Drinking Water Act requires the Nebraska Department of Health and Human Services (“DHHS”) to either complete such testing itself or DHHS can accept testing results from certified laboratories pursuant to an agreement between it and the laboratory. DHHS and the District have entered into such an agreement for one (1) year periods of time. The previous agreement expired on December 31, 2019. The parties have been acting under a provisional agreement since that time.

The District and DHHS have now agreed to a one (1) year extension (“Agreement”) and have negotiated the terms pursuant to the Nebraska Interlocal Cooperation Act (“Interlocal Act”) Neb. Rev. Stat. § 13-801 et seq. The parties have agreed that utilizing the Interlocal Act better represents each entities’ responsibilities as a public body.

The Interlocal Act, specifically Neb. Rev. Stat. 13-804 further requires that:

Any two or more public agencies may enter into agreements with one another for joint or cooperative action pursuant to the Interlocal Cooperation Act. Appropriate action by ordinance, resolution, or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.

The Agreement is attached and I recommend the Board authorize the Dave DeBoer, SVP / Chief Operations Officer to execute the same.

Mark Mendenhall
Senior Vice President/General Counsel

Approved:

Mark E. Doyle
President

INTERLOCAL AGREEMENT
BETWEEN
THE NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
METROPOLITAN UTILITIES DISTRICT

This interlocal agreement, including any addenda and attachments (collectively, "Agreement") is entered into by and between the Nebraska Department of Health and Human Services (DHHS), and Metropolitan Utilities District ("Local Agency") (collectively, "Parties").

PURPOSE: The purpose of this Agreement is using laboratory analyses performed by the contractor for public water supply systems (PWS) in Nebraska to show compliance under the Nebraska Safe Drinking Water Act (NSDWA), Neb. Rev. Stat §§ 71-5306 et seq.

1. DURATION

- 1.1. **TERM.** This Agreement is in effect from January 1, 2020 through December 31, 2020.
- 1.2. **TERMINATION.** This Agreement may be terminated, in whole or in part, at any time upon mutual written consent, or by either party for any reason upon submission of written notice to the other party at least thirty (30) days prior to the effective date of termination. Either party may also terminate the Agreement to the extent otherwise provided herein. Upon either termination or expiration of this Agreement, the Parties shall confer as to the disposal of any real or personal property involved in the Agreement, and agree, in writing as to the manner of method of disposal.

2. RESPONSIBILITIES

- 2.1. **DHHS** shall do the following:
 - 2.1.1. DHHS agrees to accept testing results for certified methods and analytes that the Local Agency performs for public water supply systems in Nebraska for use under the Nebraska Safe Drinking Water Act (NSDWA) that meet the provisions of this Agreement.
- 2.2. **Local Agency** shall do the following:
 - 2.2.1. For all compliance samples, the Local Agency must comply with all current Environmental Protection Agency Requirements, Nebraska Title 179 Chapter 20 (Nebraska Laboratory Certification Requirements for Testing Drinking Water) and recommendations to perform these laboratory analyses for use under the NSDWA.
 - 2.2.2. Use only a methodology set out in {40 CFR 141.852 (a)(c)} and the Manual for the Certification of Laboratories Analyzing Drinking Water, 5th Edition, January 2005.
 - 2.2.3. Use Colilert Quantitray for testing all total coliform/*E.coli* initial repeats and all total coliform/*E.coli* specials.
 - 2.2.4. Maintain records of all data and report data as set out in Chapter V of the Manual for the Certification of Laboratories Analyzing Drinking Water, 5th Edition, January 2005. The Local Agency agrees to keep all of its records a minimum of five years. All data must be available for review by DHHS at all times. The Local Agency agrees that it must comply with and adequately document the following:
 - A) Requirements and recommendations set out in 40 CFR 141.852 (a)(c) and this agreement; and
 - B) Chain-of-custody procedures
 - 2.2.5. Annually analyze a Proficiency Test sample set with acceptable results for each test method and analyte for which certification is requested. Proficiency Test samples must be purchased from a Proficiency Test provider approved by National Environmental Laboratory Accreditation Program (NELAP). The approved Proficiency Test provider must send results of the Proficiency Test samples directly to DHHS.
 - 2.2.6. Notify DHHS in writing of any major changes in laboratory personnel, equipment, or location that may affect Local Agency's Drinking Water Certification within thirty (30) days. A major

- change includes, but is not limited to, the loss or replacement of the Laboratory Director, Quality Assurance Officer, primary analyst or a situation in which a trained and experienced analyst is no longer available to analyze water samples in any situation that effects the Local Agency's ability to meet the provisions of this Agreement. Refer to Nebraska Title 179 Chapter 20, Section 20-003.05 (Nebraska Laboratory Certification Requirements for Testing Drinking Water) for additional information. DHHS reserves the right to disapprove any replacement personnel or major laboratory change proposed by the Local Agency.
- 2.2.7. Provide DHHS all final sample analytical Results in compliance with the Safe Drinking Water Information System State's upload requirements. These requirements are set out in the document titled Reporting of Sample Analytical Results from outside Laboratories to Nebraska's Safe Drinking Water Information System. Additional copies can be requested from the Drinking Water Program.
 - 2.2.8. For total coliform/*E.coli* testing, furnish proper follow-up sample bottles and the required analysis to contracted Public Water Supply Systems (PWS) in a timely manner that will allow the PWS(s) to meet current requirements of the Nebraska's Public Water Supply Systems regulations, Title 179. This requires the laboratory to be ready and able to process coliform samples any day of the year.
 - 2.2.9. Report all Sample Analytical Results electronically to DHHS's Drinking Water Monitoring and Compliance Program by the first day of the week. This data includes previous weeks results, including those already reported to DHHS via telephone, fax, or e-mail.
 - 2.2.10. Report via e-mail to DHHS's Drinking Water Monitoring and Compliance Program any of the following:
 - 2.2.10.1. Positive total coliform sample result and any confirmed *E.coli* positive sample result by the end of the same business day Monday through Friday to elizabeth.esseks@nebraska.gov, mary.poe@nebraska.gov and justin.nelsen@nebraska.gov. An emergency phone number, (402) 499-6922, is to be used after 5:00 PM and on weekends.
 - 2.2.10.2. Nitrate results over 10.0 mg/L and any confirmation results by the end of the same business day Monday through Friday to taylor.benzel@nebraska.gov and justin.nelsen@nebraska.gov and an emergency phone number, (402) 499-6922, is to be use after 5:00 PM and on weekends.
 - 2.2.10.3. Any chronic contaminant results for Inorganic Compounds (IOC), Volatile Organic Compounds (VOC), Synthetic Inorganic Compounds (SOC) or radionuclide, etc., samples and any confirmation results that are double the Maximum Contaminant Level by the end of the same business day Monday through Friday to justin.nelsen@nebraska.gov, taylor.benzel@nebraska.gov and elizabeth.esseks@nebraska.gov. An emergency phone number, (402) 499-6922, is to be used after 5:00 PM and on weekends.
 - 2.2.11. Provide individuals, as determined necessary by DHHS, to testify as witnesses in administrative hearings about tests performed by the Local Agency under this Agreement. Such provision includes reasonable time prior to such hearings to prepare for the hearings with DHHS staff and to review the Local Agency's records in preparation of such hearings.
 - 2.2.12. Laboratories Certified by Reciprocity:
 - 2.2.12.1 Must notify DHHS certification program when they are scheduled for an onsite inspection/audit by their accrediting body.
 - 2.2.12.2 Must allow the DHHS certification program to be present during said onsite inspection/audit
 - 2.2.12.3 Must provide to the DHHS certification program a copy of the report on the onsite inspection/audit. This includes the assessment of the Quality Assurance Program to the DHHS certification program.
 - 2.2.12.4 Must provide to the DHHS certification program any corrective action reports that are associated with pertinent findings from the onsite inspection/audit
- 2.3. *Best Efforts.* The parties shall use their best efforts to accomplish their respective responsibilities in a timely and efficient manner. The failure of one party to perform its responsibilities shall not relieve the other party of its responsibilities.

3. INDEPENDENT AGENCIES

- 3.1. DHHS and the Local Agency are independent agencies within the State of Nebraska. This Agreement shall not create an employer-employee relationship between the Parties or between any of the employees of one party with the other party. The Agreement does not create a business partnership or joint venture under Nebraska law, or any joint entity as set forth in the Interlocal Cooperation Act, Neb. Rev. Stat. §§ 13-801 et seq.

4. WRITTEN AGREEMENT

- 4.1. *Amendment.* This Agreement may be modified only by written amendment, executed by both parties. No alteration or variation of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties.
- 4.2. *Integration.* This written Agreement constitutes the entire agreement between the Parties, and any prior or contemporaneous representations, promises, or statements by the Parties, which are not incorporated herein, shall not serve to vary or contradict the terms set forth in this Agreement.
- 4.3. *Severability.* Should any part, term or provision of this Agreement be determined to be invalid, the remainder of this Agreement shall not be affected, and the same shall continue in full force and effect.
- 4.4. *Survival.* All provisions hereof that by their nature are to be performed or complied with following the expiration or termination of this Agreement, shall survive the expiration or termination of this Agreement.

5. COMPLIANCE WITH LAW

- 5.1. If required by the Interlocal Cooperation Act, the Local Agency shall ensure that this Agreement is properly filed with the Nebraska Auditor of Public Accounts by the applicable deadline, in accordance with Neb. Rev. Stat. § 13-513.
- 5.2. *Civil Rights and Equal Opportunity Employment.* The Parties shall comply with all applicable local, state and federal law regarding civil rights, including but not limited to, Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d et seq.; the Rehabilitation Act of 1973, 29 U.S.C. §§ 794 et seq.; the Americans with Disabilities Act of 1990 ("ADA"), 42 U.S.C. §§ 12101 et seq.; the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq.; the Age Discrimination Act of 1975, 42 U.S.C. §§ 6101 et seq.; and the Nebraska Fair Employment Practice Act, Neb. Rev. Stat. §§ 48-1101 to 48-1125.
- 5.3. The Parties shall comply with all other applicable federal, state, county and municipal laws, ordinances, and rules and regulations in the performance of this Agreement. This may include, but is not limited to, confidentiality requirements for the particular information being accessed or the data being shared, as may be more fully set forth herein.

6. LIABILITY

- 6.1. Nothing in this Agreement shall be construed as an indemnification by one party or the other for liabilities of a party or third parties for property loss or damage or death or personal injury arising out of and during the performance of this Agreement. Any liabilities or claims for property loss or damages or for death or personal injury by a party or its agents, employees, contractors or assigns or by third persons shall be determined according to applicable law.
- 6.2. Nothing in this Agreement shall relieve either party of any obligation or responsibility imposed upon it by law.

7. RECORDS

- 7.1. The Parties agree to provide reasonable access to each other's records and personnel, as necessary, to ensure compliance with any funding requirements, or to provide records for any federal or state oversight authority.
- 7.2. The Parties shall maintain all records related to this Agreement as consistent with any applicable record retention schedules, or any other retention requirement mandated by law.

8. NO THIRD PARTY BENEFICIARY RIGHTS

8.1. No entity not a party to this Agreement is an intended beneficiary of this Agreement, and no entity not a party to this Agreement shall have any right to enforce any term of this Agreement.

9. NOTICES

9.1. Notices shall be in writing and shall be effective upon mailing. All written notices shall be sent to the following addresses:

FOR DHHS:
Darrell Klein
Nebraska Department of Health and
Human Services
301 Centennial Mall South
Lincoln, NE 68509-5026
40-1471-9435
darrell.klein@nebraska.gov

FOR LOCAL AGENCY:
Christopher Fox
Metropolitan Utilities District
2710 Grebe St
Omaha, NE 68111

chris.fox@mudnebr.com

9.2. Either party may change the individual to be notified under this section via letter sent by U.S. Mail, postage prepaid, or via email.

IN WITNESS THEREOF, the Parties have duly executed this Agreement hereto, and that the individual signing below has authority to legally bind the party to this Agreement, and, if applicable, that this Agreement has been authorized by the Party's governing body.

FOR DHHS:

FOR LOCAL AGENCY:

Christopher Fox

Department of Health and Human Services

Metropolitan Utilities District

DATE: _____

DATE: _____