



OPPPO BOARD OF DIRECTORS

ALL COMMITTEE MEETING MINUTES

March 10, 2020

The regular committee meetings of the Board of Directors of the Omaha Public Power District ("OPPPO" or "District") was held in the 9W Seminar Room of Energy Plaza on Tuesday, March 10, 2020 at 8:00 a.m.

Present were Directors A. E. Bogner, M. J. Cavanaugh, T. W. Gay, A. L. McGuire, J. M. Mollhoff, C. C. Moody, E. H. Williams and R. M. Yoder. Also present were T. J. Burke, President and Chief Executive Officer, and Mr. S. M. Bruckner, General Counsel for the District. Chair C. C. Moody presided and M. F. Hinners, Senior Corporate Governance Specialist, recorded the minutes. S. M. Focht, Senior Director – Corporate Strategy and Governance, also was present.

Committee Agenda Item 1: Board Chair Opening Statement

Chair Moody gave a brief opening statement, including an announcement regarding public notice of meeting and reminder that the Board would go into closed session at the beginning of the meeting. He noted there were two items to discuss in closed session: (i) a Board Governance Assessment, and (ii) an update on Power with Purpose. Because of the anticipated length of both discussions, the Board would conduct a closed session in the morning on the Governance Assessment and an afternoon closed session on Power with Purpose.

Director Gay then disclosed that he represents NextEra Energy and Invenegy in legislative matters before the Nebraska Unicameral. He stated he has no knowledge whether either company is a bidder on the pending Power with Purpose Request for Proposal (RFP) for solar generation, and that he is not currently involved with either company in connection with solar energy projects. Director Gay also stated that in order to avoid any appearance of a conflict of interest, he will recuse himself from any non-public discussions on or receive non-public information about the solar RFP, including closed session briefings of the Board. Director Gay further stated that he may be present during public Board discussions of the solar RFP, but does not intend to participate in such discussions and finally, he stated that he will not vote on any future Board resolutions related to the solar RFP, if there are any. The Board acknowledged Director Gay's disclosure of his potential conflict of interest.

Committee Agenda Item 2: Closed Session – Board Governance Assessment

At 8:03 a.m., it was moved by Director McGuire that the Board go into Closed Session. Director McGuire stated as follows:

"I move that the Board go into closed session at this time (8:03 a.m.) to discuss a Board Governance Assessment. A closed session is necessary because the discussion may involve the performance of Board members and District

executive employees, and a closed session will prevent needless injury to the reputation of such persons.”

The motion was seconded by Director Williams.

Thereafter, the vote was recorded as follows: Bogner – Yes; Cavanaugh – Yes; Gay – Yes; McGuire – Yes; Mollhoff – Yes; Moody – Yes; Williams – Yes; Yoder – Yes. The motion carried (8-0).

Chair Moody read the following:

“The motion to go into closed session has passed. This closed session will be limited to discussion regarding a Board Governance Assessment. No votes or other action will be taken.”

Ms. Hinners departed the meeting. The Board then conducted its closed session discussion. Ms. Hinners returned to the meeting at 10:01 a.m.

A motion was made and seconded to reconvene the meeting in open session at 10:01 a.m.

Thereafter, the vote was recorded as follows: Bogner – Yes; Cavanaugh – Yes; Gay – Yes; McGuire – Yes; Mollhoff – Yes; Moody – Yes; Williams – Yes; Yoder – Yes. The motion carried (8-0).

Chair Moody stated:

“The motion to come out of closed session at (10:01 a.m.) is carried. This closed session was limited to discussion regarding a Board Governance Assessment. No votes or other board action were taken during the closed session.”

Chair Moody also stated that the Board did not conclude its discussion on the Board Governance Assessment and would continue the discussion after conclusion of the public portion of the meeting.

The Board took a break and reconvened at 10:10 a.m. A number of customer-owners and other OPPD employees then joined the meeting.

Committee Agenda Item 3: Public Session – Safety Briefing – Board Policy Reminder

Mr. Burke gave the safety briefing, including emergency evacuation procedures.

Chair Moody reviewed Board Policy BL-5: Unity of Control.

Committee Agenda Item 4: Finance Committee

Finance Chair Report

Director Bogner reported the Finance Committee met on February 20, 2020 at Energy Plaza. She gave a brief report on the items discussed, including: (i) retirement fund investment manager selection; (ii) 2019 capital portfolio execution; (iii) new financial reporting plan schedule and sample reports; (iv) rates work plan; and (v) proposed changes for block energy rate

structure. A copy of the agenda for that meeting was made available in the Committee Meeting materials for the Board to review.

Supporting Data
Agenda

2019 Annual Financial Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following information on the District's 2019 annual financial results. He noted the results are unaudited.

- a. In 2019, the OPPD Financial Services Business Unit worked to modify the format and timing of the financial information that is reported to the Board of Directors. Financial reports previously were provided monthly at the Tuesday Board Committee meetings.
- b. Beginning in 2020, OPPD will provide financial update reports at the Tuesday Board Committee meetings on an annual and quarterly basis.
- c. The goal of this change is to ensure the information is timely, relevant, and provides a meaningful update.
- d. The proposed format and timing changes were reviewed with the Finance Committee in 2019.
- e. The 2019 annual financial results dashboard was provided in the meeting materials for review.

Mr. Fernandez highlighted the following information:

- Retail revenues were over budget by 2.4%, or \$23.1 million, primarily due to an increase in revenues for the Fuel and Purchased Power Adjustment for 2019, which will be reflected in the 2020 base rate. Off-system sales were 39.7%, or \$41.9 million, over budget due to increased volumes and higher market prices.
- Fuel and purchased power expenses were 20.8%, or \$63.5 million, over budget, primarily due to higher purchased power with the extended plant outages in 2019. The non-fuel O&M expenses were slightly less than budget primarily due to lower transmission fees.
- Capital expenditures were 3.2%, or \$6.3 million over budget as spending increased later in the year to compensate for the lower spending in the spring.
- Due to positive financial results, an additional \$17.0 million was added to the Decommissioning and Benefits Reserve, bringing the balance to \$94.0 million.

Mr. Fernandez also noted the impact on certain strategic directives:

- SD-2 Rates – The District is maintaining a strong financial position reaffirming its commitment to no general rate increase in 2019. OPPD's average retail rate is 16.4% below the regional average, based on preliminary data from the Energy Information Administration.

- SD-3 Access to Credit Markets – The 12-month rolling debt service coverage ratio is 2.0 times for 2019, compared to the forecasted 2.0. The District's days of cash on hand is 208 days as of December 31, 2019.

Supporting Data

Datasheet

Annual Financial Report Dashboard (Graphs)

Retirement Plan Annual Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following report on Retirement Plan Fund and Individual Manager Performance for 2019.

- a. The market value of the Retirement Plan Fund was \$1.06 billion on December 31, 2019. This compares to the market value of \$920.5 million on December 31, 2018. During the year, benefit payments and expenses exceeded total contributions by \$35.9 million, and the investment gains net of fees were \$171.3 million.
- b. The asset allocation at year-end was 53.4% equity, 39.7% fixed income securities and 6.9% alternative assets (private real estate), which is within the Investment Policy Guidelines approved by the Board.
- c. A summary of the 2019 Retirement Plan Investment Manager's performance then was presented by the District's consultant, Mr. Jeff Boucek, Vice President & Director of Public Fund Consulting, of Segal Marco Advisors.

Mr. Boucek presented the following information:

- Market Environment
- Total Fund Results
- Individual Manager Results
- Total Fund Summary

Supporting Data

Datasheet

Summary of Investment Manager Performance

Presentation by Segal Marco Advisors

401(k) and 457 Retirement Savings Plan Annual Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following report on the fund options for OPPD's 401(k) and 457 Retirement Savings Plans for 2019.

- a. The District offers two retirement savings plans, 401(k) and 457, that provide the ability for employees to save current earnings for retirement. The investment options for the 401(k) and 457 Plans are monitored by a committee of employees that includes members of the Treasury & Financial Operations division and Human Capital division. The investment options are identical in the 401(k) and 457 Plans.

- b. The market value for OPPD's 401(k) and 457 Retirement Savings Plans was \$534.6 million as of December 31, 2019. During the year, employee contributions totaled \$13.8 million and OPPD's contributions totaled \$5.8 million in both plans.
- c. During 2019, four passive investment options offered through Vanguard Funds were replaced with similar passive investment options offered through Fidelity Investments. The replacement funds offered OPPD Participants a similar investment for a reduced cost.
- d. A summary listing investment options, balances, and annual fund performance for the period ending December 31, 2019 was provided in the meeting materials for the Board to review.

Supporting Data

Datasheet

Summary of Fund Options and Performance

Other Post Employment Benefits (OPEB) Trusts Annual Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following report on OPEB Trust Performance for 2019.

- a. The District has established two Other Post Employment Benefits (OPEB) Trusts to fund the liability of medical and life insurance benefits for retired employees and their spouses. The first trust is designated for employees hired prior to 2008 (Pre-2008 OPEB Trust Fund). The second trust is designated for employees hired after December 31, 2007 (Post-2007 OPEB Trust Fund). The investments for the two OPEB Trust Funds are monitored by an investment committee (Committee) comprised of the Vice Presidents of Financial Services and Human Capital and the Directors of Treasury and Financial Operations, Corporate Accounting and Total Rewards.
- b. In 2019, the investment policy for both funds was updated as a result of an asset/liability study. In the Pre-2008 fund, investment allocations were re-apportioned and a private real estate fund was added. In the Post-2007 fund, the policy investment allocation between equities and fixed income remained the same however, the fixed income fund was moved to a core plus fixed income fund which allows a small percentage of the fund to be invested in high yield and international bonds.
- c. The market value of the Pre-2008 OPEB Trust Fund equaled \$164.1 million as of December 31, 2019, compared to \$140.1 million as of December 31, 2018. The District's contributions totaled \$20.6 million, retiree contributions were \$3.8 million and benefit payments along with associated fees were \$25.6 million for 2019. The Pre-2008 OPEB Trust Fund was primarily invested in a global equity fund, a real return fund, a private real estate fund and a core fixed income fund. The asset allocation at year-end was 50.0% equity, 21.2% fixed income, 19.6% real return and 9.2% private real estate, which is within the Investment Policy guidelines. The Fund earned a 18.1% return for 2019.
- d. The market value of the Post-2007 OPEB Trust Fund equaled \$5.0 million as of December 31, 2019, compared to \$3.9 million as of December 31, 2018. The District's contributions totaled \$624,776 in 2019. Benefit payments along with associated fees

totaled \$73,334. There were no retiree contributions during 2019. The Post-2007 OPEB Trust Fund was primarily invested in a core bond fixed income fund and a global equity index fund. The asset allocation at year-end was 69.5% fixed income and 30.5% equity which is within the Investment Policy guidelines. The Fund earned a 14.6% return for 2019.

- e. A summary listing investment balances and annual fund performance for the period ending December 31, 2019, was provided in the meeting materials for the Board's review.

Supporting Data

Datasheet

Investment Balance Summary

SD-14: Retirement Plan Funding Annual Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following facts to ensure full Board review, discussion and acceptance of SD-14: Retirement Plan Funding Monitoring Report.

- a. The Board confirmed the Corporate Governance Initiative Charter in December 2014, in order to assess and refine OPPD's corporate governance infrastructure.
- b. The first set of Board policies were approved by the Board on July 16, 2015. A second set of Board policies were approved by the Board on October 15, 2015.
- c. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.
- d. The Finance Committee is responsible for evaluating Board Policy SD-14: Retirement Plan Funding Monitoring Report on an annual basis.
- e. The Finance Committee reviewed the SD-14: Retirement Plan Funding Monitoring Report and recommended that OPPD be found to be sufficiently in compliance with the policy as stated.

Mr. Fernandez presented the following:

- SD-14: Retirement Plan Funding Policy
- Actuarial analysis to determine annual required contribution (ARC) to the plan
- Discount rate determined with the assistance of an investment consultant
- Long-term full funding and ARC
- Retirement Plan funded ratio
- Recommendation

The Finance Committee recommended Board approval of the 2020 SD-14: Retirement Plan Funding Monitoring Report. The Board is scheduled to vote on this matter at the March 12, 2020 meeting.

Supporting Data

Datasheet

Exhibit A – Monitoring Report

Resolution

Rate Action – Rate & Service Regulation Manual Modernization

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following information about the District's Rates and Service Regulations Manual Modernization.

- Backlog of integrated rate action has occurred
- Rates Roadmap – Phases of Work
- Detailed Phase Breakdown
- Purpose of the Rates and Service Regulations
- Why Review Now?
- High Level Scope
- Overall Status
- Power Panel Research Summary
- Feedback Disposition
- Next Steps

The Board took a break for lunch at 12:10 p.m. Director Gay departed the meeting.

The Board reconvened at 12:32 p.m.

Committee Agenda Item 5: System Management & Nuclear Oversight Committee

System Management & Nuclear Oversight Committee Chair Report

Director Mollhoff reported the System Committee did not hold a pre-committee meeting this month. She asked T. R. Via, Vice President – Energy Delivery, to present the autotransformer action item.

161-69-13.8kV 108/144/180 (201.6) MVA OLTC Autotransformer

T. R. Via, Vice President – Energy Delivery, presented the following facts to support Board of Directors authorization to award RFP No. 5674 for the purchase of one (1) 161-69-13.8kV 108/144/180 (201.6) MVA OLTC Autotransformer and to enter into a contract with Hyundai Power Transformers USA Inc. for an initial term of one (1) year with the option to renew for up to four (4) additional one (1) year terms.

- a. Six (6) proposals were received. Five (5) are legally and three (3) technically responsive.
- b. Hyundai Power Transformers USA Inc. proposal was evaluated as the lowest and best bid.
- c. Hyundai Power Transformers USA Inc. proposal included acceptable provisions for the option to renew for up to four (4) additional one (1) year terms, with an acceptable escalation/de-escalation formula based on identified indices.
- d. The purchase of one (1) transformer at a cost of \$1,994,064 will be ordered upon award to supply a spare unit in support of existing transformers in the current fleet with expected delivery in December 2020.

- e. Transformers purchased through renewals of the contract would be based on need and be used to support future spares, future load growth, or replacement projects.

Management recommended authorization by the Board to accept the proposal of Hyundai Power Transformers USA Inc. for the purchase of a 161-69-13.8kV 108/144/180 (201.6) MVA OLTC Autotransformer, as set forth in RFP No. 5674 “161-69-13.8kV 108/144/180 (201.6) MVA OLTC Autotransformer”, and to enter into a contract with Hyundai Power Transformers USA Inc. for an initial term of one (1) year, with the option to renew for up to four (4) additional one (1) year terms, based on the evaluation of such RFP No. 5674 for the procurement of substation power transformers.

The Board and management team discussed aspects of the RFP and proposal. The Board is scheduled to vote on this matter at the March 12, 2020 meeting.

Supporting Data

Datasheet
Analysis of Proposals
Tabulation of Bids
Legal Opinion
Resolution

Nuclear Oversight Committee Report

M. J. Fisher, Vice President – Energy Production and Nuclear Decommissioning, reported the Nuclear Oversight Committee provides a regular oversight of items related to the Fort Calhoun Station (FCS) nuclear plant. In addition to maintaining spent fuel pool cooling and the required Preventative Maintenance tasks and Surveillance Tests, the following major decommissioning activities were completed in February:

- A total of 18 canisters, containing 576 spent fuel bundles, have been safely placed in dry fuel storage as of the end of February. The project team has recovered the two weeks previously lost due to flooding and equipment maintenance delays. There are three empty canisters available for loading, with the completion of the project on-track for mid-year.
- The Independent Spent Fuel Storage Installation (ISFSI) Operations Facility (IOF) construction continues to progress as scheduled. Development of training is underway for the individuals assigned to the ISFSI organization to ensure each person has the skills and knowledge necessary to be successful in their new roles. This project is on-track for a mid-year completion.
- Business Technology & Building Services is providing extensive support as part of the decommissioning project. A sampling of the areas supported includes the IOF construction and operational readiness; janitorial services; software application readiness; security system support; and the preparation of the Career Transition Center.

Ms. Fisher reported the next decommissioning exit meeting is scheduled for March 26, 2020.

Supporting Data

Datasheet

Committee Agenda Item 6: Public Information Committee

Public Information Committee Chair Report

Director Yoder reported the Public Information Committee did not hold a pre-committee meeting this month. He asked L. A. Olson to present the legislative update.

Legislative Update

L. A. Olson, Vice President – Public Affairs, provided an update on 2020 state and federal legislative matters. She stated Nebraska’s 106th Legislature, second session, began on January 8, 2020, and is expected to end April 23, 2020. The 116th Congress began on January 3, 2019 and is expected to end January 3, 2021.

T. R. O’Brien, Director Economic Development and External Relations, presented the following information:

- State Legislative Update
- 2020 Nebraska Legislative Calendar
- Legislation – Priority Status

Supporting Data

Datasheet
Presentation
Summary of Legislation

Committee Agenda Item 7: Governance Committee

Governance Committee Chair Report

Director McGuire reported the Governance Committee met on February 28, 2020 at Energy Plaza. She gave a brief report on the items discussed, including: (i) results of the Board Annual Governance Assessment; and (ii) a discussion about committee meeting management processes. A copy of the agenda for that meeting was made available in the Committee Meeting materials for the Board to review.

Supporting Data

Agenda

Committee Agenda Item 8: Other Business – Power with Purpose Update

M. J. Fisher, Vice President – Energy Production and Nuclear Decommissioning, provided the following report on the solar and gas Request for Proposal (RFP) process for Power with Purpose. She noted the information is as of February 29, 2020.

Solar Facts

1. Solar proposals are undergoing evaluation by a multi-disciplinary team against predetermined criteria. Applicable technical and economic proposal information is being extracted to update internal transmission and economic analysis models.
2. Developed energy storage Request for Information (RFI) for release in March 2020.

Natural Gas Facts

1. Owners Engineer (OE) contract awarded to HDR, Inc.
2. Natural gas asset Request for Proposal kick off meeting completed with OE and internal subject matter experts on February 27, 2020.
3. Natural gas supply Request for Information (RFI) responses were received on February 27, 2020 as planned and are currently under evaluation.

Ms. Fisher presented the following information:

- Power with Purpose Solution
- February 2020 Progress – Solar
- Solar Next Steps: March – April
- Solar RFP Responses by County
- February 2020 Progress – Natural Gas
- Natural Gas Next Steps: March – April

Ms. Olson, Vice President – Public Affairs, then presented the following information:

- Outreach Approach Phases
- Events – State of the Utility: Powering the Future meetings
- Outreach Approach Channels
- Power with Purpose Update Timeline

The Board and management team discussed the RFP process and aspects of the outreach approach.

Supporting Data

Datasheet

Presentation

Committee Agenda Item 9: Closed Session – Power with Purpose Update and Continuation of Board Governance Assessment.

Chair Moody reminded the Board that a Closed Session discussion would be conducted this afternoon to receive a confidential update from the management team on Power with Purpose, and to continue the Board's discussion on the Board Governance Assessment.

At 1:37 p.m., it was moved by Director McGuire that the Board go into Closed Session. Director McGuire stated as follows:

“I move that the Board go into closed session at this time (1:37 p.m.) to discuss an update on Power with Purpose generation resource project and to continue our Board Governance Assessment. A closed session for Board Governance Assessment is necessary because the discussion may involve the performance of Board members and District executive employees, and a closed session will prevent needless injury to the reputation of such persons.

A closed session for Power with Purpose is necessary because the discussion will involve competitively sensitive utility infrastructure information, including potential pricing and types and locations of resources that would create a competitive disadvantage for the District if known by its business competitors, and also would create a competitive disadvantage for the District if known by

potential contractors and property owners that may be involved in the infrastructure projects.”

The motion was seconded by Director Williams.

Thereafter, the vote was recorded as follows: Bogner – Yes; Cavanaugh – Yes; Gay – Absent; McGuire – Yes; Mollhoff – Yes; Moody – Yes; Williams – Yes; Yoder – Yes. The motion carried (7-0).

Chair Moody read the following:

“The motion to go into closed session has passed. This closed session will be limited to discussion regarding an update on Power with Purpose and a continuation of the Board Governance Assessment. No votes or other action will be taken.”

The Board conducted its closed session discussion on Power with Purpose until 3:00 p.m. OPPD employees and senior management team members departed the meeting.

President Burke, Mr. Focht and Mr. Bruckner continued the Governance Assessment with the Board.

A motion was made and seconded to reconvene the meeting in open session at 3:25 p.m.

Thereafter, the vote was recorded as follows: Bogner – Yes; Cavanaugh – Yes; Gay – Absent; McGuire – Yes; Mollhoff – Yes; Moody – Yes; Williams – Yes; Yoder – Yes. The motion carried (7-0).

Chair Moody stated:

“The motion to come out of closed session at (3:25 p.m.) is carried. This closed session was limited to discussion regarding an update on Power with Purpose and Board Governance Assessment. No votes or other board action were taken during the closed session.”

There being no further business, the meeting adjourned at 3:25 p.m.

/s/ L. J. Fernandez
L. J. Fernandez
Assistant Secretary

/s/ M. F. Hinnars
M. F. Hinnars
Assistant Secretary of the Meeting