



OPPD BOARD OF DIRECTORS

ALL COMMITTEE MEETING MINUTES

August 11, 2020

The regular committee meetings of the Board of Directors of the Omaha Public Power District (“OPPD” or “District”) was held via Webex audio and video conference on Tuesday, August 11, 2020 at 8:00 a.m.

Present via Webex conferencing were Directors A. E. Bogner, M. J. Cavanaugh, A. L. McGuire, J. M. Mollhoff, C. C. Moody, E. H. Williams and R. M. Yoder. Also present via Webex 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. Other members of management present via Webex were: K. W. Brown, J. A. Comstock, L. J. Fernandez, M. J. Fisher, S. M. Focht, K. S. McCormick, L. A. Olson, M. L. Sedky, and T. R. Via. Additionally, a number of other OPPD employees were present via Webex conferencing.

Committee Agenda Item 1: Board Chair Opening Statement

Chair Moody gave a brief opening statement, including an announcement regarding public notice of meeting and reminders for using the Webex audio and video conferencing platform. He noted the Board would conduct a closed session on the Power with Purpose generation resource project.

Committee Agenda Item 2: Closed Session

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 an update on the Power with Purpose project.”

With respect to the update on the Power with Purpose generation resource project, a closed session 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 update also will involve discussion of legal matters that are protected by the attorney-client privilege and attorney work product doctrine.”

The motion was seconded by Director Moody.

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 Power with Purpose. No votes or other action will be taken.”

Chair Moody noted Director Gay’s potential conflict of interest and stated Director Gay would not be present in the closed session. After confirming the appropriate Board, senior management team and Power with Purpose staff and general counsel were present, the Webex Event was locked to prevent additional attendees from joining the closed session. Thereafter, the Board conducted its closed session discussion.

The Board took a break at 9:35 a.m. No further business was discussed. The Webex Event was unlocked to allow members of the public and OPPD staff to join the meeting.

Director Gay joined the Webex meeting at 9:50 a.m.

At 10:02 a.m., a motion was made and seconded to reconvene the meeting in open session.

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 (10:02 a.m.) is carried. This closed session was limited to discussion regarding Power with Purpose. No votes or other board action were taken during the closed session.”

Committee Agenda Item 3: Public Session – Board Chair Opening Statement

Chair Moody welcomed members of the public and gave an overview of the meeting agenda and reminders for using the Webex audio and video conferencing platform. He noted the Board conducted a closed session to discuss Power with Purpose, and given the current status of the project, no additional information could be shared at this time. Therefore, there would not be a public update at this meeting.

Committee Agenda Item 4: Safety Briefing

President Burke gave the safety briefing, including a reminder from the Nebraska Department of Health and Human Services entitled “10 Actions for Every Nebraskan to be Taking Now to Slow Spread of COVID-19.” He urged everyone to wear a mask and reminded the public of OPPD’s policy requiring all employees, contractors and visitors to wear a mask.

Chair Moody expressed appreciation for OPPD employees’ response to the derecho wind storm event on August 10, 2020 that caused over 57,000 outages in the District.

Committee Agenda Item 5: Finance Committee

Finance Chair Report

Director Bogner reported the Finance Committee met on August 4, 2020 via Webex videoconference. She provided a brief report on the topics discussed, including: (i) second quarter 2020 financial report and dashboard; (ii) rate blueprint; and (iii) block rate elimination project update. A copy of the agenda for that meeting was made available in the All Committee meeting materials for the Board to review.

Supporting Data

Agenda

Annual Report of the Interest Rate on the Customer Security Deposits

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following facts to review the formula for calculating the interest and report the current year's rate on customer security deposits.

- a. The District sets the interest rate to be paid on Customer Security Deposits on an annual basis. The current interest rate of 2.00% has been in effect since September 1, 2019.
- b. The interest rate is based on paying customers 90% of the one-year average earnings on these deposits rounded to the nearest quarter percent.
- c. Applying the most current actual earnings rate to the approved formula provides an interest rate of 1.75%.
- d. An annual interest rate of 1.75% will be applied to Customer Security Deposits beginning September 1, 2020.

Supporting Data

Datasheet

Retirement Plan – Second Quarter 2020

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following report on the Retirement Plan Fund's Second Quarter 2020 Performance Results.

- a. The Retirement Plan Fund market value at the end of the second quarter was \$1.01 billion. This compares to the market value at the beginning of the quarter of \$903.70 million. During the quarter, employee contributions were \$3.75 million and OPPD contributions totaled \$14.66 million. Benefit payments totaled \$25.99 million and the investment market value (net of expenses) increased by \$117.22 million.
- b. As of June 30, 2020, the Retirement Fund asset allocation was 53.5% Equity, 39.2% Fixed Income and 7.3% Alternative Assets which is within the Investment Policy Guidelines approved by the Board.
- c. The Retirement Plan Fund sector performance (net of fees) was:

Sector	Market Value	Quarterly Return	Index
Domestic Equity	\$278,259,225	23.3%	22.9%
International Equity	\$263,676,489	19.9%	17.1%
Domestic Fixed Income	\$266,535,638	4.7%	3.7%
Global Fixed Income	\$131,093,940	10.3%	6.4%
Private Real Estate	\$73,770,629	0.1%	-1.3%
Total	\$1,013,335,921	13.1%	12.1%

- d. World equity markets rebounded significantly during the second quarter with the Government's multi-trillion dollar stimulus boosting U.S. markets. The Domestic Equity Index returned 22.9%. Growth outperformed value while small cap companies led mid and large cap. The International Equity Index experienced one of its strongest quarterly returns over the past 20 years at 17.1% primarily due to containment of the virus and the reopening of countries in the Eurozone.

The Domestic Fixed Income Composite Index gained 3.7% for the quarter with high yield and investment grade delivering the strongest performance. The weaker U.S. dollar provided a tailwind for a quarterly Global Fixed Income return of 6.4%.

The Private Real Estate Index decreased 1.3% for the quarter primarily based on write-downs as retail and hotel sectors experienced tenant defaults and historically low occupancy rates.

Supporting Data

Datasheet

Summary of OPPD Retirement Plan Assets

OPPD Retirement Plan Total Assets – Annual Market Valuation

OPPD Retirement Plan Total Assets – Quarterly Market Valuation

Second Quarter 2020 Financial Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following quarterly financial results to the Board of Directors.

- a. The second quarter 2020 financial results are attached for review.
- b. Retail Revenue for the second quarter 2020 was \$227.9 million, which was \$5.6 million under budget. Off-system Revenue for the second quarter was \$35.9 million, which was \$3.3 million under budget. Other Income for the second quarter was \$31.0 million, which was \$13.8 million over budget.
- c. Operations and Maintenance Expense (less Fuel and Purchased Power) for the second quarter 2020 was \$85.0 million, which was \$6.4 million under budget. Fuel and Purchased Power Expense for the second quarter was \$79.0 million, which was \$10.9 million under budget. Other Expense for the second quarter was \$94.2 million, which was \$0.6 million over budget.
- d. Operating Income for the second quarter 2020 was \$30.8 million, which was \$5.6 million over budget.

- e. Net Income for the second quarter 2020 was \$36.5 million, which was \$21.5 million over budget.

The Board and management team discussed a variety of questions, including items included in the Other Income category and the impact of the COVID-19 pandemic on the District's financial resources. President Burke noted that OPPD employees continue to perform in the field and working from home. CFO Fernandez also informed the Board that OPPD would make its final payment on minibonds in October 2021.

Supporting Data

Datasheet

Quarterly Financial Report (Graphs)

Committee Agenda Item 6: System Management & Nuclear Oversight Committee

System Management & Nuclear Oversight Committee Chair Report

Director Mollhoff reported the System Committee met on July 30, 2020 via Webex videoconference. A copy of the agenda for that meeting was made available in the All Committee meeting materials for the Board to review. The Committee reviewed and discussed the SD-9: Resource Planning Monitoring Report.

Supporting Data

Agenda

SD-9: Resource Planning – Monitoring Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following information to ensure full Board review, discussion and acceptance of SD-9: Resource Planning – 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 was approved by the Board on July 16, 2015. A second set of Board policies was approved by the Board on October 15, 2015. A third set of Board policies was approved by the Board on November 16, 2017.
- c. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.
- d. The System Management and Nuclear Oversight Committee is responsible for evaluating Board Policy SD-9: Resource Planning – Monitoring Report on an annual basis.
- e. The System Management and Nuclear Oversight Committee reviewed the SD-9: Resource Planning – Monitoring Report and recommended that OPPD be found to be sufficiently in compliance with the policy as stated.

Mr. Fernandez presented the following:

- SD-9 Resource Planning Policy
- Resource Planning Process
- Short Term and Long Term Integrated Resource Planning Process
- Power with Purpose Highlights
- Analysis Objective/Technologies Evaluated
- Modeling Approach
- Alignment with OPPD's Strategic Directives

The Board and management team discussed a variety of issues, including: (i) differences between short term and long term resource planning; (ii) Power with Purpose as a short term planning activity; (iii) expectations for the decarbonization study and upcoming integrated resource planning process in 2021; (iv) Western Area Power Administration (WAPA) requirements; (v) modeling of environmental sensitivity; (vi) demand side resource options; and (vii) including cost of carbon in models.

The System Management and Nuclear Oversight Committee recommended Board approval of SD-9: Resource Planning – Monitoring Report. The Board was scheduled to vote on this matter at the August 13, 2020 meeting.

Supporting Data

Datasheet
Exhibit A – Monitoring Report
Resolution

T. R. Via, Vice President – Energy Delivery, provided an update on outages caused by the wind storm that affected Nebraska, Iowa, Wisconsin and Illinois. OPPD received assistance from other Nebraska utilities and contractors. At its peak, there were 57,000 outages in the District. Mr. Via highlighted that the District's increase in tree trimming and other infrastructure hardening activities reduced the number of outages that were caused by the wind.

Award 345-161-13.8kV 300/400/500 (560) MVA OLTC Autotransformer Contract

T. R. Via, Vice President – Energy Delivery, presented the following information to support Board of Directors authorization to reject the proposals received for RFP No. 5735, and for the District to enter into a negotiated contract for the purchase of one (1) 345-161-13.8kV 300/400/500 (560) MVA OLTC Autotransformer and to enter into a contract for an initial term of one (1) year with the option to renew for up to four (4) additional one (1) year terms.

- a. Four (4) proposals were received; four (4) are legally responsive, two (2) are technically non-responsive, and two (2) were not evaluated technically due to proposals being above fair market value.
- b. Initial purchase of one (1) transformer will be ordered upon successful contract award to support an active autotransformer replacement.
- c. Renewable contract provision includes an escalation/de-escalation formula based on identified indices.

- d. 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 reject all proposals received for RFP No. 5735 “345-161-13.8kV 300/400/500 (560) MVA OLTC Autotransformer” and allow District Management to enter into a negotiated contract.

S. M. Bruckner, the District’s General Counsel, stated Section 70-637 of the Nebraska Revised Statutes authorizes the Board to reject proposals if they are not responsive to the RFP or exceed fair market value for the proposed scope of work.

The Board and management team discussed the future report out on the negotiation and award of this contract and the availability of spare transformers.

The Board was scheduled to vote on this matter at the August 13, 2020 meeting.

Supporting Data

Datasheet
Analysis of Proposals
Tabulation of Bids
Legal Opinion
Resolution

Award Fall 2020 Transmission Construction

T. R. Via, Vice President – Energy Delivery, presented the following information to support Board of Directors authorization to award a contract for construction services for multiple Transmission Projects: Install ten (10) miles of fiber optic ground wire on four (4) existing transmission lines to support the Fiber Network Expansion (FNE) project; a 1.4 mile relocation of a 69kV line for a NDOT road project; and seventeen (17) 345kV condition-based structure replacements identified through field inspections.

- a. FNE is a four-year project to upgrade communications circuits now leased from local telecommunications providers who plan to discontinue support of these aging facilities. The facilities are used to ensure reliability and the ability to monitor and control energy delivery equipment.
- b. A 1.4 mile section of a 69kV line needs to be relocated to support an NDOT road project.
- c. Replacement of seventeen (17) 345kV Structures.
- d. Construction labor including the following:
 - 1. Removal of existing ground wire and existing hardware.
 - 2. Installation of fiber optic ground wire and hardware.
 - 3. Structure removal and replacement (including foundation work).
 - 4. Wire stringing.
- e. Six (6) proposals were received. All six (6) proposals are legally and technically responsive.

- f. Construction will begin September 2020 and conclude February 2021.
- g. The bid from Higher Power Electrical, LLC was evaluated to be the lowest and best bid.

Management recommended authorization by the Board to award a labor contract to Higher Power Electrical, LLC for the evaluated amount of Two Million, Two Hundred Four Thousand, Three Hundred Fifty-Seven Dollars (\$2,204,357.00) based on the evaluation of RFP No. 5759 – “Fall 2020 Transmission Construction” for the procurement of construction services to add fiber optic ground wire to existing transmission lines, relocate a section of a transmission line, and structure replacements.

The Board and management team discussed a variety of issues, including utilizing OPPD staff for this work and OPPD supervision of contractors.

The Board was scheduled to vote on this matter at the August 13, 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 safe and secure dry cask storage of fuel, the required Preventative Maintenance tasks and Surveillance Tests, the following major decommissioning activities were completed in July:

- The station’s diesel generators, previously used for backup power, were sold and removed from site. In order to remove these units intact, several alterations to the plant were required, including removal of walls surrounding the units. This complex effort required collaboration with several different OPPD departments and various specialty companies. The units are now available for use by the generation industry.
- The critical path for the deconstruction project following fuel moves is the segmentation of the reactor vessel internal components. A specialty contractor, with oversight from the station, will conduct the engineering, design, planning and execution of this task. The on-site effort, led by the station, is currently focused on ensuring the site modifications are completed before beginning the physical segmentation work. An example of the on-site effort is the removal of equipment necessary to make the space needed to conduct the segmentation activities.
- In parallel with the reactor vessel related activities, the site is actively working to make the final transition to ready systems and structures for deconstruction. This involves removing all electricity or other potential energy sources and hazards from the structure. The goal is to begin demolition of selected structures in early 2021.

The Board and management team discussed the reuse of the diesel generators within the nuclear generation industry and timeline for deconstruction.

Supporting Data
Datasheet

The Board took a break for lunch at 12:24 and reconvened at 1:00 p.m.

Committee Agenda Item 7: Public Information Committee

Public Information Committee Chair Report

Director Yoder reported the Public Information Committee met on August 4, 2020 via Webex videoconference. Topics discussed included: (i) continued Committee and management discussion about a draft legislative resolution related to BL-9: Delegation to President & CEO – Local, State and Federal Legislation; (ii) state and federal legislative and regulatory update; (iii) customer trends update; and (iv) customer engagement efforts. A copy of the agenda for that meeting was made available in the All Committee meeting materials for the Board to review.

Supporting Data
Agenda

Legislative Resolution Discussion

Director Yoder began the discussion by noting the collaborative process between OPPD staff and the Public Information Committee in drafting this resolution, a copy of which was made available in the All Committee meeting materials for the Board to review. Director Yoder stated the intent of the resolution is to provide clarification about the Board's position on legislative issues. The Board and management team discussed a variety of issues, including, among many things: (i) the purpose of the resolution and intended audience; (ii) whether the resolution helps or hinders OPPD's staff; (iii) adding language from the APPA concerning climate change; (iv) requirement for an annual update or reporting process; (v) legislative resolutions at other public utilities; (vi) process for public comment and Board approval; and (vii) desire for more proactive discussions on legislative positions.

The Board determined the draft resolution would go back to the Public Information Committee for further revisions and discussion.

Supporting Data
Draft Legislative Resolution

Legislative and Regulatory Update

L. A. Olson, Vice President – Public Affairs, provided an update on 2020 state and federal legislative matters and regulatory matters.

- a. Nebraska's 106th Legislature, second session, reconvened on July 20, 2020 and is expected to end on August 13, 2020.
- b. The 116th Congress began on January 3, 2019 and is expected to end January 3, 2021.

- c. Regulations and various policies are under consideration for change.

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

- State Legislative Update
 - 2020 Nebraska Legislative Calendar
 - Remainder of Session
 - Legislation – Priority Status
- Federal Legislative Update
 - Congressional Outlook
 - Congress's Response to the Coronavirus Crisis and Potential Next Steps
 - CARES (Coronavirus Aid, Relief and Economic Security) Act

Supporting Data

Datasheet

Legislative and Regulatory Update

Customer Trends Update

Ms. J. A. Comstock, Vice President – Customer Service, provided an update on customer trends during the COVID-19 pandemic.

1. In response to COVID-19 Directed Health Measures declared in March 2020, the Omaha Public Power District developed a Customer First Solutions Package, a variety of programs to assist customers during the COVID-19 pandemic.
2. The Board requested management provide regular reports on the progress of customer programs and trends.
3. Management provided an update on aged debt and related trends as of July 31, 2020.

Ms. Comstock provided an update on the distribution of CARES Act funds for utility assistance and customer education. The Board and management team discussed a variety of issues related to trends, collections and outreach efforts.

Supporting Data

Datasheet

Summary of Aged Debt

The Board took a break at 2:36 p.m. and reconvened at 2:45 p.m.

Committee Agenda Item 8: Governance Committee

Governance Committee Chair Report

Director McGuire reported the Governance Committee met on August 6, 2020 via Webex videoconference. The Committee discussed the following topics: (i) board meeting logistics for future in person Board meetings; (ii) board governance workshop, which will be conducted on August 25 and 26; (iii) debrief on the Powering the Future to 2050 cognitive strategic thinking training sessions; (iv) diversity and inclusion progress report; and (v) management research. A

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

Supporting Data
Agenda

Best Place to Work for YOU Survey Results

M. L. Sedky, Vice President – Human Capital, provided an overview of the 2020 Best Places to Work for You survey results prepared by Quantum Workplace.

- a. The employee response rate was 87.4%.
- b. The overall engagement score for OPPD was 81.8 for 2020.
- c. The survey data is being shared across all team levels. Action plans for improving employee engagement are due by September 30, 2020.
- d. Board Policy SD-8 establishes a goal to achieve top-quartile performance for employee engagement for similar sized companies.

Ms. Sedky introduced N. B. Swanson, Director – Organizational Development, who presented the following information:

- Engagement Defined
- Executive Summary
- How Favorability Scores are Calculated
- Survey Overview
- Response Rate and Overall % Favorable 2016 – 2020
- More than half of all respondents are measuring as Highly Engaged in 2020
- Favorability Continues to Increase
- Engagement Outcomes
- Drivers of Engagement
- Most & Least Favorable Items
- Top Item Trends: Biggest Improvements 2020 vs. 2019

The Board and management team discussed various aspects of the engagement survey results.

Committee Agenda Item 9: Other Business

The Board members reviewed and confirmed the agenda for the Board meeting on Thursday, August 13 and other logistic details for the in person meeting that will be conducted at the Omaha Douglas Civic Center.

There being no further business, the meeting adjourned at 3:40 p.m.

/s/ T. R. Via
T. R. Via
Assistant Secretary

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