



Gay/Fernandez

RESOLUTION NO. 6317

WHEREAS, the Board of the Directors has determined it is in the best interest of the District, its employees, and its customer-owners to establish written policies that describe and document OPPD's corporate governance principles and procedures, and

WHEREAS, each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process, and

WHEREAS, the Board's Finance Committee (the "Committee") is responsible for evaluating Board Policy SD-3: Access to Credit Markets on an annual basis. The Committee has reviewed the 2019 SD-3: Access to Credit Markets Monitoring Report and finds OPPD to be sufficiently in compliance with the policy as stated.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors accepts the 2019 SD-3: Access to Credit Markets Monitoring Report, in the form as set forth on Exhibit A attached hereto and made a part hereof, and finds OPPD to be sufficiently in compliance with the policy as stated.

Adopted April 11, 2019

Monitoring Report SD-3: Access to Credit Markets

Finance Committee Report
April 9, 2019
L. Javier Fernandez



SD-3: Access to Credit Markets

In order to achieve a low cost and flexible cost structure, OPPD shall maintain financial ratios and targets to ensure efficient and cost effective access to the credit markets.

Therefore:

For OPPD's annual budgets the Board establishes a minimum total debt service coverage* ratio of 2.0 times.

When making resource decisions, OPPD shall take into consideration long-term revenue requirements, debt to equity ratios, minimum risk adjusted liquidity* levels, competitive position, financial risk and financial flexibility.

OPPD's goal is to maintain an AA credit rating with the credit rating agencies consistent with the above expectations.

*TERMS AND DEFINITIONS

Total Debt Service Coverage: Revenues less expenses divided by total annual senior and subordinate lien debt interest and principal payments.

Liquidity: Total cash and unrestricted funds available to meet ongoing daily cash requirements.



For OPPD's annual budgets, the Board establishes a minimum total debt service coverage ratio of 2.0 times.

Total Debt Service Coverage



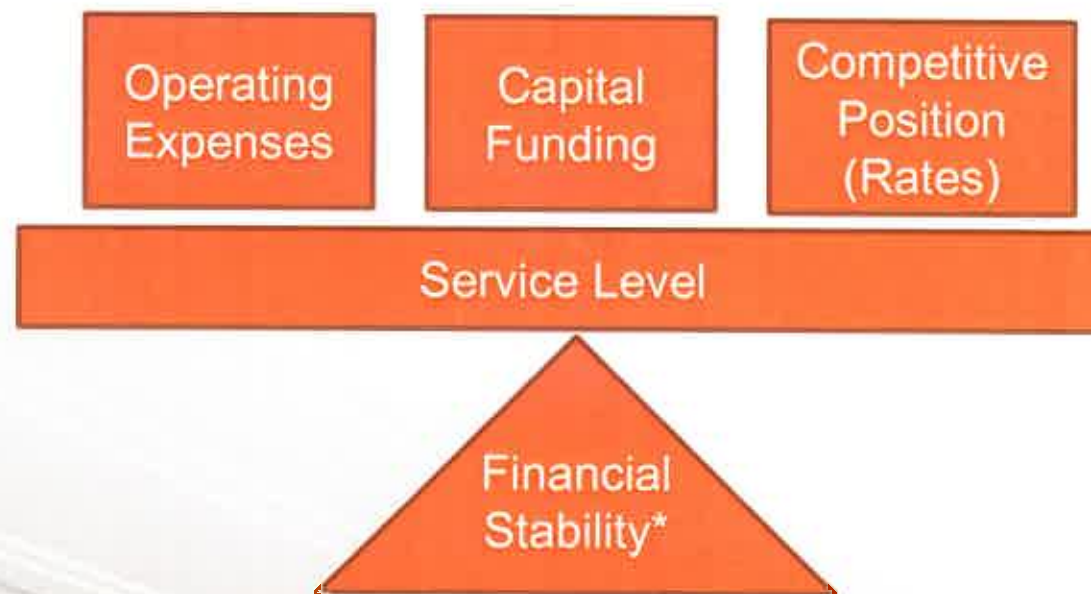
When making resource decisions, OPPD shall take into consideration long-term revenue requirements, debt to equity ratios, minimum risk adjusted liquidity levels, competitive position, financial risk and financial flexibility.

Resource Decisions are made through the Corporate Operating Plan (COP)

- Board of Director's Strategic Directives
 - Competitive position in establishing rates (SD-2)
- Long-term revenue requirements
 - Operational requirements (SD-4)
 - Enterprise and financial risks (SD-15)
- Flexibility of plan to adjust with operational execution

When making resource decisions, OPPD shall take into consideration long-term revenue requirements, debt to equity ratios, minimum risk adjusted liquidity levels, competitive position, financial risk and financial flexibility.

Corporate Operating Plan



* As measured by Debt Service Coverage, Liquidity and Debt to Equity Ratio

Debt to Equity Ratio



* Debt to Equity Ratio impacted by the write-off of Fort Calhoun Station



Days Liquidity *



* Does not include funds available under the bank line of credit



Competitive Position – Retail Rates

	2014	2015	2016	2017	2018	2019
National* (Cents/kWh)	10.44	10.41	10.27	10.48	NA	No general rate increase
Regional* (Cents/kWh)	9.12	9.29	9.59	9.77	NA	
OPPD (Cents/kWh)	8.42	8.66	8.94	8.92	8.90	
Below Nat. Avg. (%)	19.3%	16.8%	13.0%	14.9%	NA	
Below Reg. Avg. (%)	7.7%	6.8%	6.8%	8.7%	NA	

* Source: 2014-2017 EIA Form 861, 2018-2019 to be updated as EIA information is available



OPPD's goal is to maintain an AA credit rating with the credit rating agencies consistent with the above expectations.

Credit Rating

	2014	2015	2016	2017	2018
Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Standard & Poor's	AA	AA	AA	AA	AA

Recommendation

- The Finance Committee has reviewed and accepted this Monitoring Report for SD-3 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-3.



Board Action

BOARD OF DIRECTORS

April 9, 2019

ITEM

SD-3: Access to Credit Markets Report

PURPOSE

To ensure full Board review, discussion and acceptance of SD-3: Access to Credit Markets Report

FACTS

- 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-3: Access to Credit Markets Report on an annual basis.
- e. The Finance Committee has reviewed the SD-3: Access to Credit Markets Report and is recommending that OPPD be found to be sufficiently in compliance with the policy as stated.

ACTION

The Finance Committee recommends Board approval of the 2019 SD-3: Access to Credit Markets Report.

RECOMMENDED



L. Javier Fernandez

APPROVED FOR BOARD CONSIDERATION:



Timothy J. Burke

LJF: jap

Attachments: Exhibit A - Monitoring Report
Resolution