



OPPDP BOARD OF DIRECTORS

ALL COMMITTEE MEETING MINUTES

May 12, 2020

The regular committee meetings of the Board of Directors of the Omaha Public Power District ("OPPDP" or "District") was held via Webex audio and video conference on Tuesday, May 12, 2020 at 10:00 a.m.

Present via Webex conferencing were Directors A. E. Bogner, T. W. Gay, 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 OPPDP employees and customer-owners 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 in the afternoon on two topics, Power with Purpose update and the CEO performance review.

Committee Agenda Item 2: Safety Briefing

Mr. 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."

Committee Agenda Item 3: Finance Committee

Finance Chair Report

Director Bogner reported the Finance Committee met on May 1, 2020 via Webex videoconference. A copy of the agenda for that meeting was made available in the Committee Meeting materials for the Board to review. Topics discussed during the pre-committee meeting included: (i) first quarter 2020 financial report and dashboard; (ii) 2020 financial scenarios under pandemic load changes; (iii) review of the SD-3: Access to Credit Markets monitoring report; (iv) review of the investment management committee's recommendation to appoint a new investment manager for international small cap funds in OPPDP's pension fund; and (v) outstanding rates topics, such as higher resolution demand and energy visibility (Project REIN), potential block rate changes, rider schedule 464 – standby service, service regulations and schedules, and biennial rate design.

Director Bogner asked the Board and senior management team to engage in a discussion concerning potential revisions to block rates within residential rate schedules 110 and 115. The Board and senior management team discussed a variety of issues, including: incentivizing energy efficiency and conservation; impact on customer groups, such as low income-high usage customers and rural customers; stakeholder outreach; timing of the potential rate change; alignment of beneficial electrification with decarbonization strategy; and Project REIN (pilot test to capture customer meter data).

Supporting Data

Agenda

First Quarter Financial Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the first quarter 2020 financial results.

- a. Retail Revenue for the first quarter 2020 was \$210.1 million, which was \$5.1 million under budget. Off-system Revenue was \$32.3 million, which was \$14.4 million under budget. Other Income was \$27.5 million, which was \$10.8 million over budget.
- b. Operations and Maintenance Expense (less Fuel and Purchased Power) for the first quarter 2020 was \$84.8 million, which was \$5.8 million under budget. Fuel and Purchased Power Expense was \$79.8 million, which was \$15.5 million under budget. Other Expense was \$95.3 million, which was \$1.5 million over budget.
- c. Operating Income for the first quarter 2020 was \$10.9 million, which was \$1.9 million over budget.
- d. Net Income for the first quarter 2020 was \$10.0 million, which was \$11.1 million over budget.

Mr. Fernandez noted that these results are unaudited and do not reflect the impacts of the COVID-19 pandemic, which was declared in March. The Board and management team discussed the first quarter results.

Supporting Data

Datasheet

Quarterly Financial Report (Graphs)

Rate & Service Regulation Manual Modernization

L. J. Fernandez, Vice President and Chief Financial Officer, introduced B. R. Underwood, Director of Financial Planning and Analysis, to present information about the District's comprehensive review of the Service Regulations, Rate Schedules, and Rider Schedules to update the language and layout of the rate manual to increase ease of navigation and understanding. The update does not include proposed material modifications to the offerings of the District.

- a. The current Electric Rate Schedules and Service Regulations of the Omaha Public Power District is a 115-page document.
- b. There are 41 different Rate and Rider Schedules included in the Electric Rate Schedules.
- c. The Service Regulations and Schedules have been updated to reflect changes in industry standards, technology, definitions and customer expectations and to enhance consistency and alignment between the Service Regulations, Rates and Riders.
- d. The updated Service Regulations and Schedules will be submitted for Board review and approval at the June 11, 2020 Board meeting.

Mr. Underwood presented the following:

- Purpose of the Rates and Service Regulations
- Why Review Now?
- Overall Status
- Power Panel Research Summary
- Feedback Disposition
- Example of Current and Proposed Definitions Format
- Example of Current and Proposed Rate Schedule Format
- Example of a Quick Start Guide
- Next Steps

The Board and management team discussed the revisions and confirmed that the revised rate manual would be approved by the Board in June.

Supporting Data

Datasheet
Updated Service Regulations and Schedules
Presentation

Retirement Fund Investment Manager Selection

L. J. Fernandez, Vice President and Chief Financial Officer, introduced J. W. Thurber, Director of Treasury and Financial Operations, who presented the following information to support Board approval of the appointment of an investment manager for the OPPD Retirement Plan.

- a. On November 27, 2019, the District's investment consultant, Segal Marco Advisors, downgraded to "Not Recommended" the Retirement Fund's international small capitalization core equity manager Lord Abbett. Due to this downgrade, the Trust Selection Committee (TSC), assisted by Segal Marco Advisors, initiated a search for a new international small capitalization core equity manager to replace Lord Abbett using criteria established by the Board.
- b. The TSC reviewed the three leading candidates and held interviews with Barings LLC located in Charlotte, North Carolina and Global Alpha Capital Management (Global Alpha) located in Montreal, Quebec.

- c. After the interviews, Global Alpha was selected for recommendation to the Board of Directors (Board). Global Alpha exceeds all of the Policy consideration criteria for an investment manager, and their performance ranks competitively in the international small capitalization core equity universe.
- d. The TSC recommends that the Board appoint Global Alpha as an international small capitalization core equity manager for OPPD's Retirement Plan.
- e. A letter from Segal Marco Advisors outlining the manager search process and concurring with the TSC's recommendation in the selection of Global Alpha as an OPPD Retirement Plan investment manager was included in the materials for the Board to review.

The Board and management team discussed the interviews of the candidates. Management recommended the Board's consideration of a resolution appointing Global Alpha as an investment manager for OPPD's Retirement Plan.

Supporting Data

Datasheet
 Segal Marco Advisors Letter
 Resolution

First Quarter Retirement Fund Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following report of the Retirement Plan Fund's First Quarter 2020 performance results.

- a. The Retirement Plan Fund market value at the end of the first quarter was \$903.70 million. This compares to the market value at the beginning of the quarter of \$1.06 billion. During the quarter, employee contributions were \$3.16 million and OPPD contributions totaled \$15.32 million. Benefit payments totaled \$25.32 million and the investment market value (net of expenses) decreased by \$145.36 million.
- b. As of March 31, 2020, the Retirement Fund asset allocation was 46.8% Equity, 45.0% Fixed Income and 8.3% 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	\$232,204,262	-23.7%	-23.9%
International Equity	\$190,662,322	-25.1%	-23.9%
Domestic Fixed Income	\$287,810,377	1.4%	1.2%
Global Fixed Income	\$118,839,251	-9.8%	-4.9%
Private Real Estate	\$74,186,198	2.3%	0.9%
Total	\$903,702,410	-13.8%	-13.1%

- d. The economic slowdown resulting from the COVID-19 pandemic led to a huge sell-off. The Fed and Congress launched stimulus measures to stabilize the economy and

markets. The Domestic Equity Composite Index returned -23.9%. Growth outperformed value, as tech and healthcare stocks held up better than other sectors, and large cap outperformed small cap. The International Equity Composite Index was also severely affected by COVID-19 and returned -23.9%.

The Domestic Fixed Income Composite Index gained 1.2% driven by the strong performance of treasuries with corporate credit being a detractor. Government yields fell across developed markets while central banks implemented stimulus measures and U.S. unemployment claims rose dramatically. The Global Fixed Income Composite Index fell 4.9%.

The Real Estate Composite Index returned 0.9% with retail and lodging the most negatively affected.

The Board and management team discussed potential increases in the annual required contribution if market conditions do not improve.

Supporting Data

Datasheet

Summary of OPPD Retirement Plan Assets

OPPD Retirement Plan Total Plan Assets – Annual Market Valuation

SD-3: Access to Credit Markets Monitoring Report

L. J. Fernandez, Vice President and Chief Financial Officer, presented the following information to ensure full Board review, discussion and acceptance of the SD-3: Access to Credit Markets 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-3: Access to Credit Markets Monitoring Report on an annual basis.
- e. The Finance Committee reviewed the SD-3: Access to Credit Markets Monitoring Report and recommended that OPPD be found to be sufficiently in compliance with the policy as stated.

Mr. Fernandez presented the following from the monitoring report:

- SD-3: Access to Credit Markets Policy
- Total Debt Service Coverage
- Resource Decisions are made through the Corporate Operating Plan (COP)
- Debt Ratio
- Days Liquidity

- Competitive Position – Retail Rates
- Credit Rating
- Pandemic Considerations
- Recommendation

The Board and management team discussed aspects of the monitoring report. The Finance Committee recommended Board approval of the 2020 SD-3: Access to Credit Markets Monitoring Report. The Board was scheduled to vote on this matter at the May 14, 2020 meeting.

Supporting Data

Datasheet
Exhibit A - Monitoring Report
Resolution

The Board took a break at 11:48 a.m. and reconvened at 12:00 p.m.

Committee Agenda Item 4: System Management & Nuclear Oversight Committee

System Management & Nuclear Oversight Committee Chair Report

Director Mollhoff reported the System Committee met on April 30, 2020 via Webex videoconference. She gave a brief description of the items discussed, including: (i) a status report on confidential rail transportation contract negotiations; and (ii) a review of the general interconnection applications for the Power with Purpose project that have been submitted to the Southwest Power Pool. A copy of the agenda for that meeting was made available in the Committee Meeting materials for the Board to review.

Supporting Data

Agenda

Sarpy County Unit 2 Engine Repair Parts and Services – Permission to Negotiate and Award Contract (Engineer’s Certificate)

M. J. Fisher, Vice President – Energy Production and Nuclear Decommissioning, presented the following information to support Board approval of an Engineer’s Certificate and authorization for management to negotiate and enter into contract(s) to provide parts and services needed for the repair of Sarpy County Station Unit 2.

- a. The Sarpy County Station Unit 2 engine was inspected in the fall of 2019 and found to have degradation of the major components and is in need of repair.
- b. The unit is required to be disassembled and repaired in the fall of 2020 to ensure a reliable and resilient supply of electricity to the District’s customers.
- c. The District’s engineer has certified the complex nature of the work and that use of the sealed bid process is impractical and not in the public’s best interest.

Management recommended Board approval of the Engineer’s Certificate and authorization for management to negotiate and enter into contract(s) to achieve the best total cost of ownership

for the replacement/refurbishing of parts and specialized services for repair of the Sarpy County Station Unit 2 engine. The Board and management team discussed aspects of the inspection and repair process, estimated cost of repairs vs. replacement, and hours of operation.

The Board was scheduled to vote on this matter at the May 14, 2020 meeting.

Supporting Data

Datasheet
Letter of Recommendation
Engineer's Certificate
Legal Opinion
Resolution

Nebraska City Unit 2 Reheater Upper Bank Tube Assembly Materials

M. J. Fisher, Vice President – Energy Production and Nuclear Decommissioning, presented the following information to support Board approval of a contract to supply material for the partial upper bank replacement of the reheater tube assemblies for the Nebraska City Unit 2 boiler.

- a. The upper bank of the reheater tubing of the Nebraska City Unit 2 boiler has been evaluated and selected assemblies should be replaced to maintain unit reliability.
- b. The District requested bids for the design, supply and fabrication of the replacement tubing materials. Seven bids were received, with one supplier providing two options. Four bids were determined to be legally non-responsive.
- c. The reheater tube assemblies are long lead delivery items. A contract for installation of these tube assemblies will be awarded separately; the installation will occur in the spring of 2021 during a scheduled unit outage.

Ms. Fisher presented slides showing photographs and diagrams of the Nebraska City Unit 2 reheater tube assemblies and ladder straps.

Management recommended authorization by the Board of Directors to award a contract to Chanute Manufacturing for the material and fabrication of tubing assemblies, including tube shields and tubing hardware, for a partial replacement of the upper bank of the Nebraska City Station Unit 2 boiler reheater.

The Board and management team discussed the current operational status of the Nebraska City 2 unit and timing of the replacement of the reheater tubes. The Board was scheduled to vote on this matter at the May 14, 2020 meeting.

Supporting Data

Datasheet
Letter of Recommendation
Tabulation of Bids
Legal Opinion
Resolution
Presentation

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 April:

- Movement of spent nuclear fuel continues, with 28 of 30 canisters safely placed in dry fuel storage as of the end of April. The project, pending potential impact from the COVID-19 state of affairs, is on-track for completion in May. One empty canister is available for loading on-site, with shipments expected just in time to support future loads.
- The construction of the ISFSI Operations Facility (IOF) continues, with the bulk of building construction activities expected to be complete by the end of May. However, the COVID-19 situation has had a significant impact on this project. Delays have occurred with several activities, including one specialty contractor who is under travel restrictions. This facility cannot be operational until this vendor is able to report to site and complete their work. The staffing reduction planned for mid-year is dependent on completion of this work.
- The COVID-19 situation has affected multiple decommissioning projects due to OPPD's and contractor's response plans. Several projects were deferred to mitigate risk to on-site personnel. This includes such activities as asbestos removal, pre-deconstruction activities, and equipment removal inside the plant. In addition, some activities such as deconstruction power installation have been slowed due to a reduction in personnel availability.

Ms. Fisher also provided an update on adjustments being made by employees and contractors at FCS and the generating stations during the COVID-19 pandemic, timing of staff reductions at FCS, and documentation of the decommissioning process.

Supporting Data Datasheet

The Board took a break for lunch at 12:40 p.m. and reconvened at 1:10 p.m.

Committee Agenda Item 5: Public Information Committee

Public Information Committee Chair Report

Director Yoder reported the Public Information Committee met on May 5, 2020 via Webex videoconference. He reported the Committee and staff discussed a draft legislative board resolution and will continue to discuss revisions to the resolution during the coming months. A copy of the agenda for that meeting was made available in the Committee Meeting materials for the Board to review.

Director Yoder requested an update from management on two separate notices of proposed rulemakings before the Federal Energy Regulatory Commission regarding: (i) incentives to encourage transmission construction, and (ii) net metering. J. E. Lang, Director Energy

Regulatory Affairs, provided a brief overview of the proposed rulemakings and deadlines for comments.

Supporting Data
Agenda

Committee Agenda Item 6: Governance Committee

Governance Committee Chair Report

Director McGuire reported the Governance Committee met on May 7, 2020 via Webex videoconference. She gave a brief report on the items discussed, including: (i) a status report on confidential rail transportation contract negotiations; (ii) an overview of approach to OPPD's strategic planning efforts (Strategic Vision 2050 and strategic initiatives); (iii) executive compensation; and (iv) CEO performance review. (Due to time, the Governance Committee deferred discussion on the follow-up to the Governance Assessment and agenda planning.) 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 7: 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 April 28, 2020.

Solar Facts

1. Solar proposals continue to be evaluated by a multi-disciplinary team against predetermined criterion. Supplier engagement continues in support of proposal evaluation.
2. SPP Generator Interconnection Agreement (GIA) applications were finalized and submitted by the April 30, 2020 deadline.

Natural Gas Facts

1. Detailed transmission and economic analysis model results are in process of being reviewed to assist with final natural gas generation sites and technology portfolio selection.
2. SPP Generator Interconnection Agreement (GIA) applications were finalized and submitted by the April 30, 2020 deadline.
3. Natural gas supply evaluation teams and procurement strategy were formulated pending results of natural gas generation portfolio.

Supporting Data
Datasheet

Director Gay departed the meeting at 2:04 p.m.

Committee Agenda Item 8: Closed Session – Power with Purpose Update and CEO Performance Review

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 discuss the CEO performance review.

At 2:04 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 (2:04 p.m.) to discuss: (i) an update on Power with Purpose, and (ii) the CEO performance review.

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.

With respect to the performance review of President and CEO Timothy J. Burke, a closed session is necessary to discuss performance and compensation matters and to prevent needless injury to the reputation of Mr. Burke, and Mr. Burke has not requested a public meeting.”

The motion was seconded by Director Bogner.

Thereafter, the vote was recorded as follows: Bogner – Yes; Cavanaugh – Absent; Gay – Absent; McGuire – Yes; Mollhoff – Yes; Moody – Yes; Williams – Yes; Yoder – Yes. The motion carried (6-0).

Chair Moody read the following:

“The motion to go into closed session has passed. This closed session will be limited to discussion regarding (i) Power with Purpose, and (ii) the CEO performance review. No votes or other action will be taken.”

Chair Moody announced that members of the public and OPPD staff who are not on the Power with Purpose team would be removed from the Webex Event. Chair Moody also noted Director Gay’s potential conflict of interest with the Power with Purpose project and stated Director Gay has recused himself from all discussions concerning Power with Purpose. Director Gay would rejoin the closed session to participate in the CEO performance review discussion.

After confirming the appropriate members of the Board, senior management team, OPPD staff and general counsel were present, the Webex conference was locked to prevent additional attendees from joining the closed session meeting.

The Board took a break from 2:07 p.m. to 2:17 p.m.

Thereafter, the Board conducted its closed session discussion on Power with Purpose until 4:08 p.m.

Afterwards, all OPPD staff and senior management team members departed the meeting except for Ms. Sedky, Vice President – Human Capital, Mr. Bruckner, General Counsel, and Ms. Hinnners, Sr. Corporate Governance Specialist.

The Board took a break from 4:08 p.m. to 4:16 p.m. Director Gay rejoined the meeting at 4:16 p.m., and the Board then conducted its closed session discussion on the CEO performance review until 5:04 p.m.

At 5:05 p.m., a motion was made and seconded to reconvene the meeting in open session.

Thereafter, the vote was recorded as follows: Bogner – Yes; Cavanaugh – Absent; Gay – Yes; 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 (5:05 p.m.) is carried. This closed session was limited to discussion regarding (i) Power with Purpose, and (ii) the CEO performance review. No votes or other board action were taken during the closed session.”

There being no further business, the meeting adjourned at 5:05 p.m.

/s/ L. A. Olson

L. A. Olson
Assistant Secretary

/s/ M. F. Hinnners

M. F. Hinnners
Assistant Secretary of the Meeting