



# Board Action

## BOARD OF DIRECTORS

May 16, 2023

### ITEM

SD-3: Access to Credit Markets Monitoring Report

### PURPOSE

To ensure full Board review, discussion and acceptance of SD-3: Access to Credit Markets Monitoring 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 was approved by the Board on July 16, 2015. A second set of Board policies was 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 on an annual basis.
- e. The Finance Committee has reviewed the SD-3: Access to Credit Markets Monitoring 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 2022 SD-3: Access to Credit Markets Monitoring Report.

#### RECOMMENDED:

DocuSigned by:  
  
65F902772CFE45A...

Jeffrey M. Bishop  
Vice President and Chief Financial Officer

#### APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:  
  
AC399FDCE56247E...

L. Javier Fernandez  
President and Chief Executive Officer

JMB: jap

Attachments: Exhibit A – Monitoring Report  
Resolution

# SD-3: Access to Credit Markets Monitoring Report

Jeff Bishop  
Vice President and Chief Financial Officer  
May 16, 2023

# 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 capitalization ratio, 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.

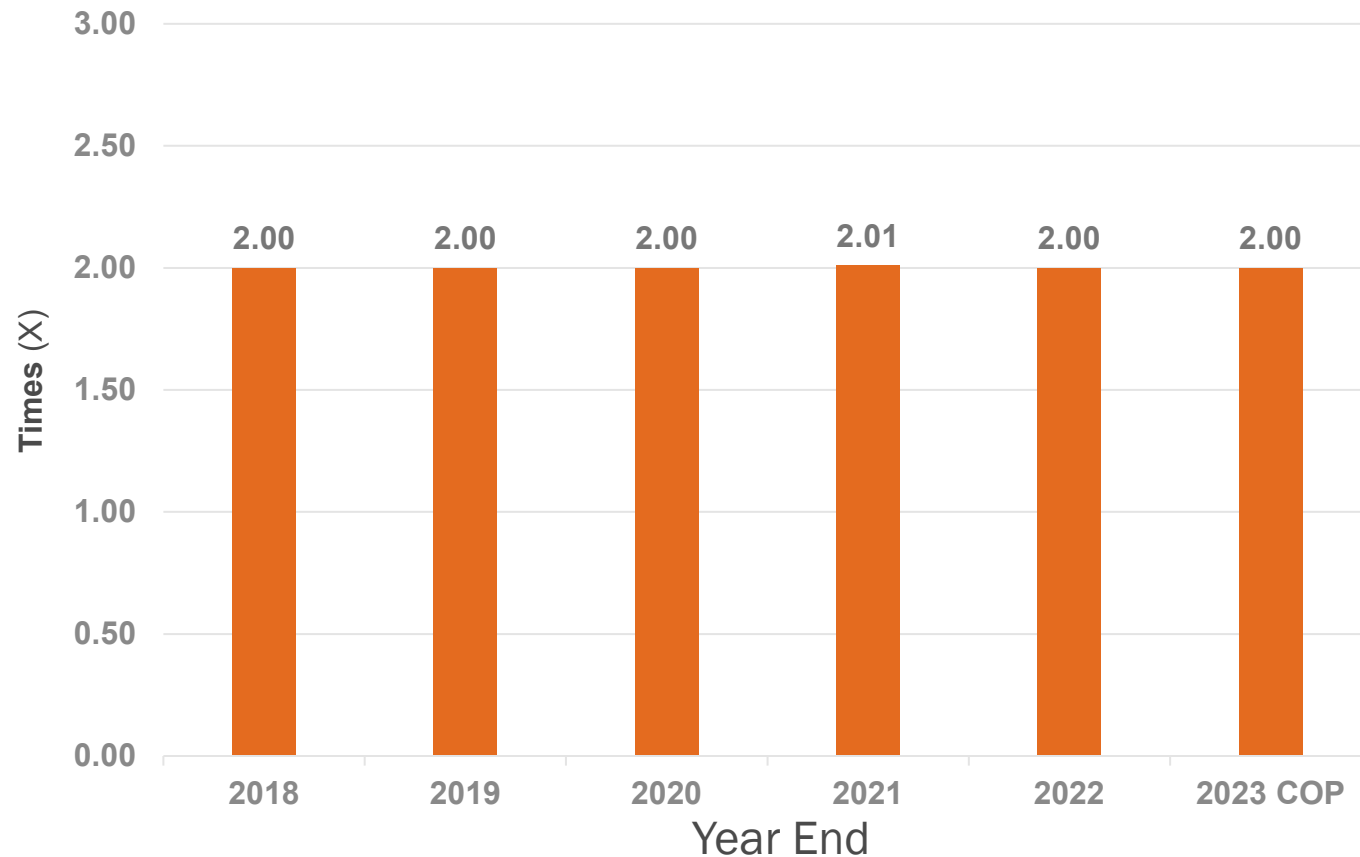
## \*TERMS AND DEFINITIONS

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

*Liquidity:* Total cash (operating and supplemental cash accounts) and unrestricted lines of credit available to meet ongoing daily cash requirements.

# Total Debt Service Coverage

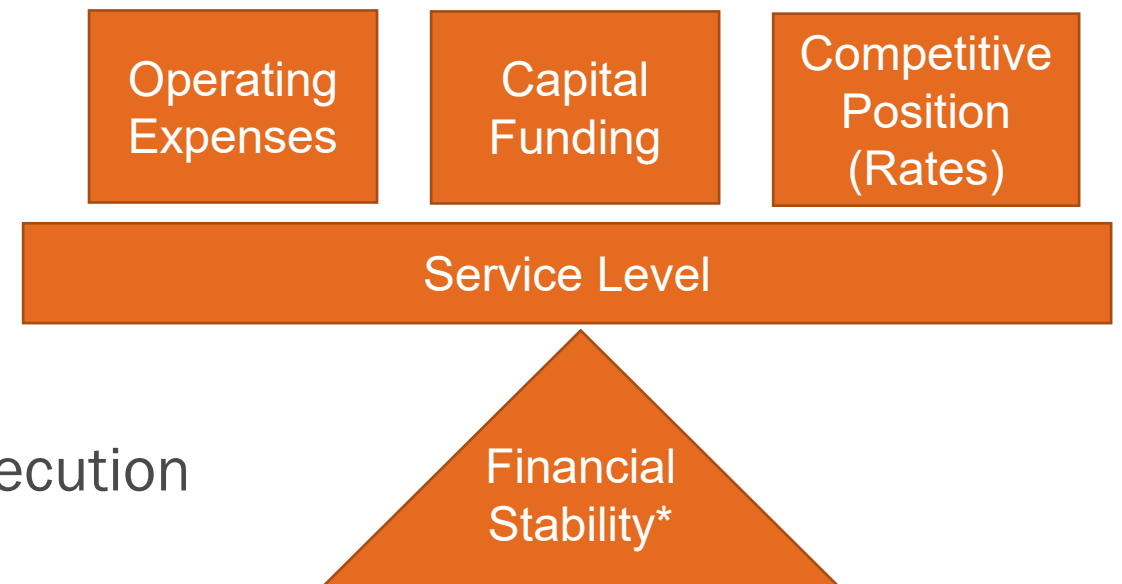
For OPPD's annual budgets, the Board established a minimum total debt service coverage ratio of 2.0 times.



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

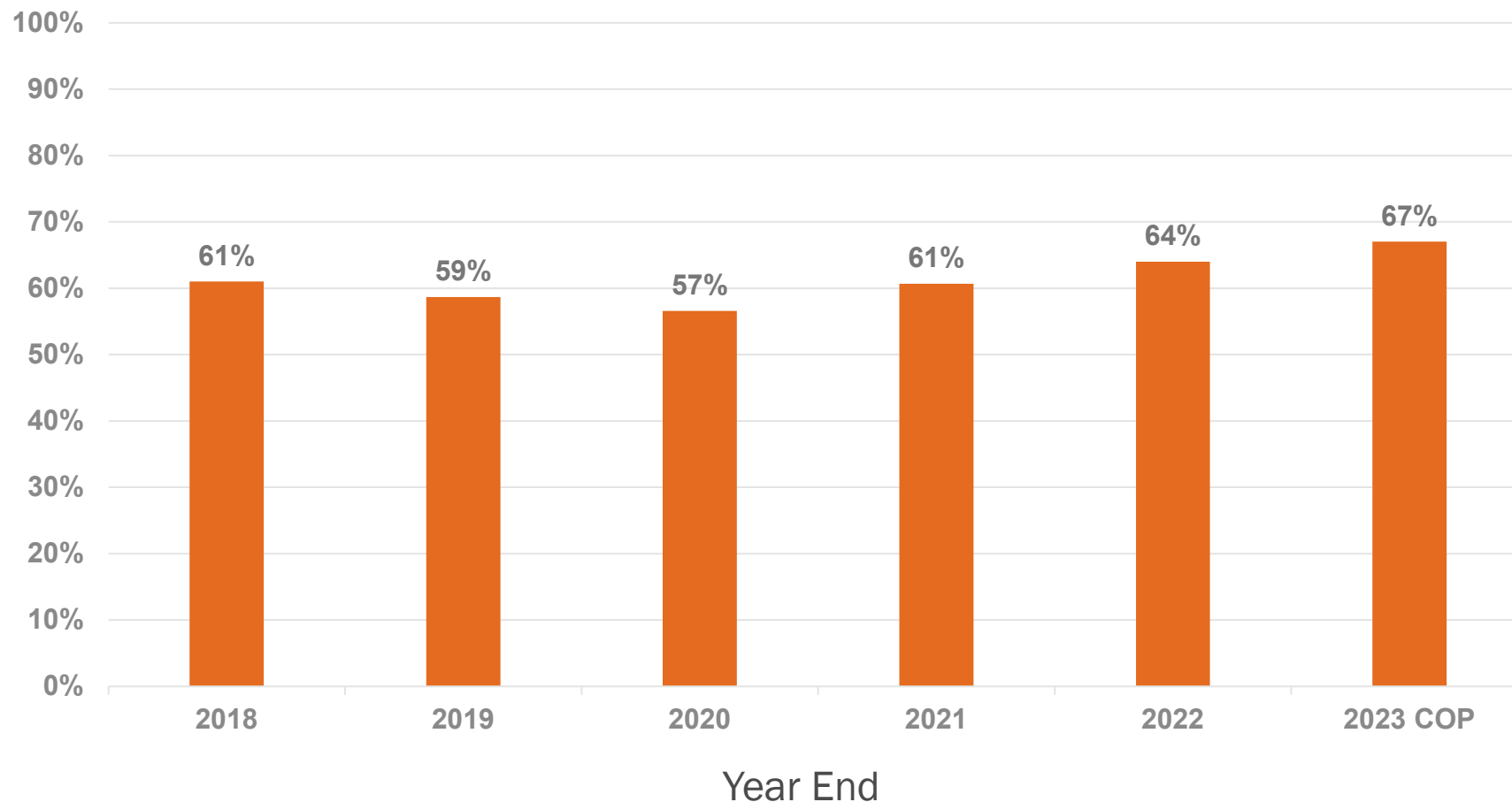
When making resource decisions, OPPD shall take into consideration long-term revenue requirements, debt to capitalization ratio, minimum risk adjusted liquidity levels, competitive position, financial risk and financial flexibility.

- 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



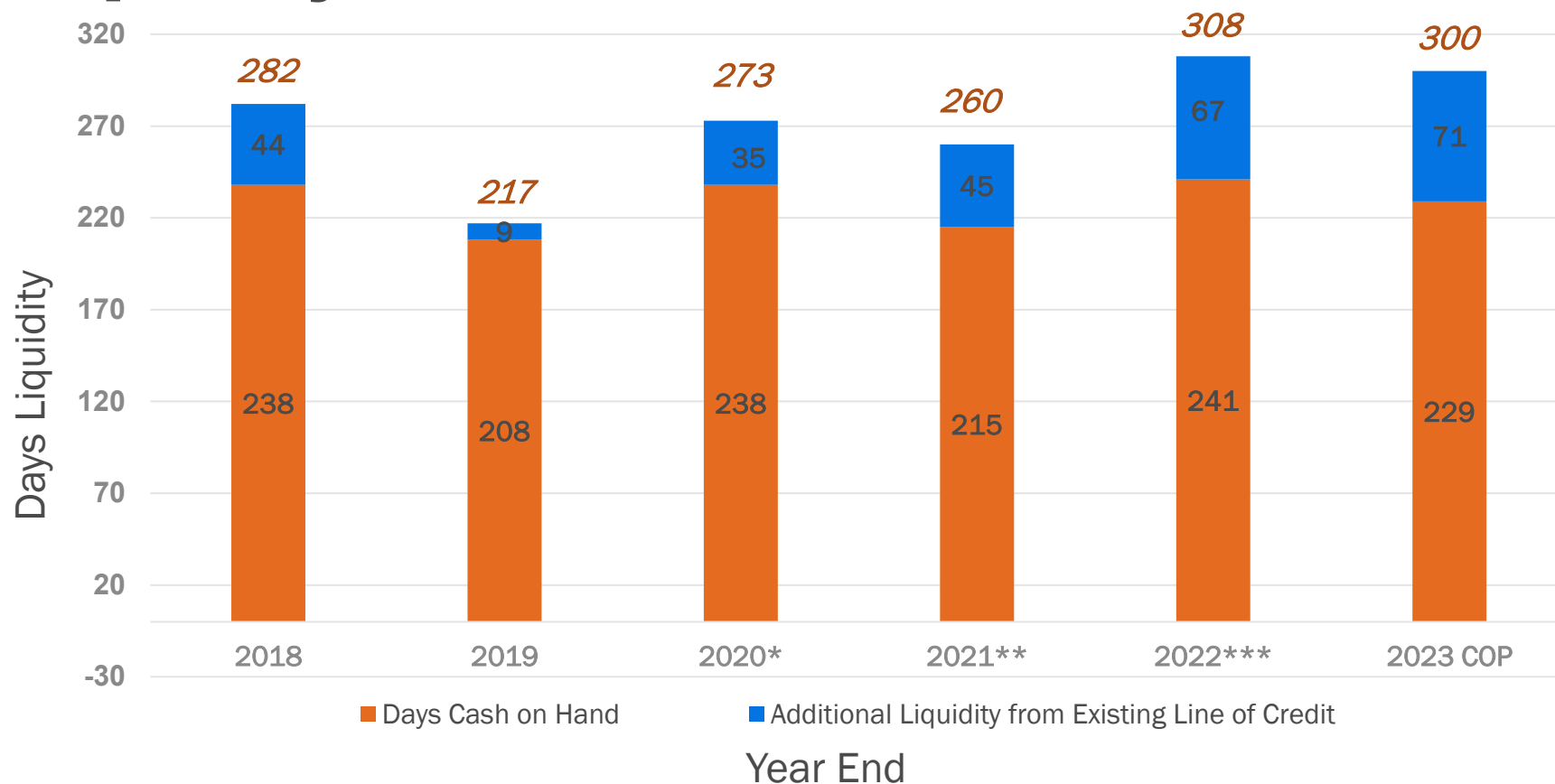
\* As measured by Debt Service Coverage, Liquidity and Debt to Capitalization Ratio

# Debt Ratio\*



\* Share of debt to total capitalization (debt plus net position)

# Days Liquidity



\* Line of credit increased by \$75 million

\*\* Line of credit increased to \$200 million in May 2021, of which \$75 million is tied to Commercial Paper and \$125 million is available for liquidity. Also 2021 Days Cash number is normalized to eliminate Polar Vortex changes

\*\*\* Commercial Paper reduced by \$75 million in October which increased available credit line to \$200 million

# Credit Rating

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

	2018	2019	2020	2021	2022
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.

**Any additional reflections on  
what has been  
accomplished ... or  
challenges or gaps**





Spurgeon/Bishop

**DRAFT**  
**RESOLUTION NO. 65xx**

**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 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 of Omaha Public Power District accepts the 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.