

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
February 18, 2020

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 18th day of February 2020 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:00 a.m. with Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Board Chairman
Representing Middletown
Tyler Reynolds, Alternate
Representing Middletown
Mark Whitfield, Director
Representing Milford
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate
Representing Seaford
Tom Coleman, Director
Representing Newark
David Del Grande, Alternate
Representing Newark
Mary Ellen DeBenedictis, Director
Representing Clayton
Sue Muncey, Alternate
Representing Clayton
Gary Stulir, Director
Representing, Smyrna
Darrin Gordon, Director
Representing, Lewes BPW
Dr. Roy Sippel, Alternate
Representing MSC of New Castle

DEMEC Staff Attending: Kimberly Schlichting, COO/SVP Power Supply; Emily Greene, Energy Services Manager; Heather Contant, Director of Media Relations & Communications; Stephanie Dove, Director of Accounting & Settlements; Scott Lynch, VP of Asset Development; Kendra Friel, Training & Events Coordinator; Jennifer Coulbourne, IT System Administrator; Stephan Siok, Director of Beasley Plant Operations & Compliance.

Guests and Attendees: Max Walton, General Counsel, Connolly Gallagher; Jeff Neer, Client Portfolio Manager, PNC Capital Advisors; Robert Edmiston, VP Institutional Asset Management, PNC; Bill McVail, Senior Relationship Manager, PNC Capital Advisors.

MINUTES

The minutes of the following meeting(s) were presented for approval:

1. Minutes of January 21, 2020

Upon motion made by Clayton to approve the minutes of the meeting of January 21, 2020, seconded by Lewes, the motion passed unanimously.

TREASURER'S REPORT

Ms. Kimberly Schlichting, COO/SVP of Power Supply reported that on February 14th, Moody's upgraded DEMEC's rating from A2 to A1 on the Beasley Project Outstanding Electric Revenue Bonds, series 2011 with a stable outlook. The upgrade was due to the Beasley Power Station's demonstrated strong financial performance.

She also noted that the auditors were working at the DEMEC offices this week. They continue work for the timely completion of the financial statements due the end of March.

She reviewed the December 2019 Financial Reports, calling attention to newly added notes and asked for feedback on the summary. Mr. Tom Coleman, Director representing Newark, stated that the summary is a useful addition. Mr. Darrin Gordon, Director representing Lewes, agreed.

Upon motion made by Lewes to accept and approve the December 2019 Financial Report and Summary, seconded by Newark, the motion passed unanimously.

APPOINTMENTS / ELECTIONS

None.

PRESENTATIONS

Ms. Schlichting stated that PNC had offered to make periodic presentations to the board and answer any questions pertaining to our investments. Their presentation provides a review of investments for the period ending January 31, 2020.

Mr. Bob Edmiston, VP of Institutional Asset Management with PNC introduced Mr. Bill McVail, Senior Relationship Manager and Mr. Jeff Neer, Client Portfolio Manager, both with PNC Capital Advisors.

Mr. McVail explained how PNC Capital Advisors fits within PNC and gave an overview of offered services and client groups served. In closing, he shared bullet points on how PNC Capital Advisors brings value to their customers and then turned the floor over to Mr. Neer.

Mr. Neer gave an overview DEMEC's portfolio. He explained the objectives of the portfolio management and performance statistics. He then opened the floor to questions. Mr. Coleman asked about rating fluctuations and how that pertains to investment risk. Mr. Neer replied that due to potential risks, investments in companies with consistently high ratings is sought. He explained how decisions made by the Federal Reserve affect the portfolio and factors that influence these decisions.

Mr. Gordon recommended that DEMEC review its investment policy.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee –

Mr. Gordon reported that the committee is planning to schedule a full-board workshop on March 4, 2020 to discuss performance review guidelines, bylaws, and other topics.

Audit Committee –

Mr. David Del Grande, Alternate representing Newark, provided a brief overview of the last committee meeting stating that the RFPs received for auditing services, the December financials, and the upcoming turnover of the chair position were all reviewed.

PRESIDENT'S REPORTS TO BOARD

Generation Project Report:

Ms. Schlichting reported that all generation is running as expected and the outage at Fremont is being addressed.

Fremont-

Outage to be discussed in detail in executive session.

Beasley –

None.

Construction Project Status Report:

Middletown Transmission & Substation –

DEMEC is currently working on options to move the project forward. More information is to come.

Economic Development Projects:

Middletown Technology Center –

None.

Newark STAR Campus –

None.

Legislative Status Report –

Ms. Schlichting advised on upcoming meetings with local and federal legislators as well as other legislative undertakings.

AMI Updates

New Castle –

Currently looking into AMI.

Middletown-

Currently looking into AMI.

Milford –

Milford is still working on final projects necessary for completion.

Other AMI Projects –

Ms. Schlichting urged any interested communities to reach out for more information.

Engineering Consulting Services:

Ms. Schlichting reported that DEMC has been working over the last year or so to identify an engineering firm that we could use as needed, internally or as a resource for our members. After talking with and interviewing several firms, DEMEC entered into a General Engineering Services Agreement with 2 engineering firms for services as needed; Tangibl and Sargent and Lundy. Services will be for individual tasks or on a project basis and in accordance with written requests for services detailing the nature of the requested services. She noted that some member communities have also contracted with these contractors directly for their own engineering needs.

By-Laws:

Ms. Schlichting, and Mr. Max Walton of Connolly Gallagher, reviewed the draft revised by-laws and Certificate of Incorporation. Ms. Schlichting pointed out the addition of language allowing for the indemnification of board members and language added to allow for associate members.

Mr. Walton stated the indemnification language provides DEMEC directors protections from lawsuits. In every set of bylaws that Mr. Walton has reviewed, there is indemnification clauses for board of directors, except DEMEC's. Approving the language as presented provides protections as afforded to other boards.

Ms. Schlichting added that the draft doesn't create specific committees but instead provides the flexibility for the board to create charters that would outline the roles and responsibilities and duties of any committees that the board so chooses to establish.

Mr. Morris Deputy, Director representing Middletown and DEMEC Chair, asked to have this item added to the agenda for the workshop to be scheduled on March 4, 2020.

Strategic Plan:

Ms. Schlichting reviewed the scheduled dates for the three full-day strategic planning sessions and the topics to be covered at each. She noted that phone interviews still need to be scheduled for a few directors.

TRAINING AND EDUCATION:

Ms. Schlichting provided an overview of upcoming trainings and events, most specifically the strategic planning webinar being offered after the meeting, DEMEC Day, and the DEMEC Legislative Luncheon. She shared that the annual Joint Council Briefing will be the day following the Legislative Luncheon and that a new format is being presented. She also shared that the brochure for the annual APPA National Conference is now available and asked all who were interested in attending to please contact her.

Communications Update:

Ms. Heather Contant, Director of Media Relations and Communications, reviewed the communications report and called attention to the fact that AMP has expanded their economic development services. As members, DEMEC communities can take advantage of these services at no cost. She asked that all look over the information and let her know if they would like to participate.

GREEN ENERGY PROGRAM STATUS REPORT

Demand Response Update –

Mr. Scott Lynch, VP of Asset Management, reviewed the status of the program and stated that it will start anew in the beginning of June 2020.

ENERGY EFFICIENCY PROGRAM STATUS REPORT

Energy Efficiency Advisory Council (EEAC) –

Ms. Emily Greene, Energy Services Manager, stated that she is currently pulling together data for the EEAC annual report. The report will be presented to the board when its finalized.

Energy Efficiency Program Update –

Ms. Greene presented the December 2019 report. Topics included: completed projects, the Online Home Energy Assessment which is now available on the Efficiency Smart website and updates on recent customer meetings. She also reported that an appliance rebate program is in the works.

Ms. Greene noted that there is a custom dashboard for each community, separate from the DEMEC all-members report, and offered assistance to those wanting more details relating to their communities.

INFORMATION TECHNOLOGY

IT Update –

Ms. Jennifer Coulbourne, IT System Administrator, reported on recent IT upgrades, her involvement with NERC documentation, communications with the Municipal IT Working Group, and the DEMEC phone system upgrades. She also reported that she’s working with AMP on a pilot cybersecurity program. More information will follow as it is made available.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 10:50 A.M. upon motion by Lewes, seconded by Newark to discuss the following:

- a. To discuss personnel actions, strategic business and commercial generation operations, dispatch, negotiations and planning.

The Board ended the executive session and returned to regular session at 11:44 A.M.

RETURN TO REGULAR SESSION

No action taken.

NEXT MEETING DATES

The following meeting dates were set:

- Tuesday, March 17, 2020 – 10:00 a.m.
- Tuesday, April 21, 2020 – 10:00 a.m.
- Tuesday, May 19, 2020 – 10:00 a.m.

ADJOURNMENT

Upon motion by Newark, seconded by Lewes, the Board Meeting adjourned at 11:44 A.M.