

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
Remotely Through Zoom
June 22, 2020

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Monday, the 22nd day of June 2020 remotely via Zoom.

The meeting was called to order at 10:02 a.m. with Morris Deputy, Chair, presiding. Mr. Deputy began the meeting by welcoming new board member, Mr. Andrew Haines, Director representing Smyrna.

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
Andrew Haines, Director
Representing, Smyrna
Darrin Gordon, Director
Representing, Lewes BPW
Pam Patone, Director
Representing MSC of New Castle

Patrick McCullar, President
Representing DEMEC

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: Bethany Ryers, CPA, Baker Tilly; Dan LaHaye, CPA, Baker Tilly; Max Walton, Legal Counsel, Connolly Gallagher; Lincoln Willis, Principal, The Willis Group;

MINUTES

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

1. Minutes of February 18, 2020

Upon motion made by Clayton to approve the minutes of the meeting of February 18, 2020, seconded by Newark, the motion passed unanimously.

It was noted that while on the agenda, the minutes of the meeting of May 18th, 2020 have not been completed at this time and will be presented at the board meeting in July.

TREASURER’S REPORT

Mr. Patrick McCullar, President and CEO of DEMEC called the attention of the board to the financial reports for the months of January, February, March, and April 2020 and offered to answer questions.

Upon motion made by Milford to accept and approve the January, February, March, and April Financial Reports, seconded by Lewes, the motion passed unanimously.

APPOINTMENTS / ELECTIONS

None.

PRESENTATIONS

Ms. Bethany Ryers of Baker Tilly reported on the recently completed DEMEC Audit. She reviewed the process undertaken, required report to governance, and changes that were implemented this year. She stated that the audit was given an “unmodified opinion” which is the highest level of assurance that can be given. The adoption of an investment policy was the only best practice recommendation. Overall, the audit was successful, with no adjustments or concerns raised.

Ms. Ryers also offered an overview of GASB 95 and told the members to expect GASB 96 and GASB 89 soon. She opened the floor to questions, none were posed.

Ms. Pam Patone, Director representing MSC of New Castle and Audit Committee Chair, thanked all parties involved in the audit.

Mr. Patrick McCullar, President and CEO of DEMEC stated the improvements made over the years and recognized Ms. Stephanie Dove, Director of Accounting and Settlements for her integral role in improving this process.

RESOLUTIONS

RESOLUTION 2020-1 was presented for approval. Mr. McCullar explained that the purpose of the resolution was to outline the reimbursement procedure to DEMEC before beginning an AMI project in the Town of Middletown, as dictated by law. He informed the board of DEMEC’s intent to seek a bond issuance in the future to further fund and expand AMI projects. He noted that this resolution is the kickoff to that endeavor.

Upon motion made by New Castle to approve Resolution 2020-1, seconded by Seaford, the motion passed unanimously.

COMMITTEE REPORTS

Executive Committee –

To be discussed in Executive Session.

Audit Committee –

Ms. Patone offered an overview of the proposed new Finance Committee Charter. She noted that the committee voted to enter into a three (3) year contract with Baker Tilly as DEMEC’s auditors. Per Ms. Patone, other business would be discussed in executive session.

Upon motion made by Newark to approve the Finance Committee Charter, thereby changing the “Audit Committee” to the “Finance Committee”, seconded by Milford, the motion passed unanimously.

PRESIDENT’S REPORTS TO BOARD

Mr. McCullar informed the board that staff intends to stand on most reports, unless questions are presented.

Generation Project Report:

Fremont-

None.

Beasley –

None.

Construction Project Status Report:

None.

Middletown Transmission & Substation –

To be discussed in Executive Session.

Economic Development Projects:

Middletown Technology Center –

None.

Newark STAR Campus –

Mr. Tom Coleman, Director representing Newark, shared that additions continue to be made to the campus.

Ms. Mary Ellen DeBenedictis, Director representing Clayton, noted that a new housing development was going in and a commercial property had been sold. She stated that work was expected to begin soon, reviving the biodiesel facility, but nothing was set.

Legislative Status Report:

To be discussed in Executive Session.

AMI Updates:

New Castle –
None.

Middletown –
None.

Milford –
None.

Other AMI Projects –
None.

By-Laws:

Mr. McCullar stated that the current draft of the By-Laws was circulated to the board. Ms. Kimberly Schlichting, COO – SVP Power Supply, is reviewing comments and suggestions from the members. Mr. McCullar recommended that the document be recirculated for additional comments and suggestions and presented for adoption at the July board meeting.

Executive Committee Charter:

Mr. McCullar provided a walkthrough highlighting changes. The document will be recirculated to the board for their review and comments and presented for approval at the July board meeting.

Strategic Plan:

Ms. Schlichting reminded the members that the first of three (3) strategic planning sessions would be held on Thursday, June 25, 2020 at the DEMEC Training Facility.

Mr. McCullar reminded the members that, based on input from the board, participants would be starting with a blank slate, not using the 2015 plan for guidance.

RP3:

Ms. Dove reminded the board that an email was sent on June 8, 2020 regarding the opening of the RP3 Application. She offered to help anyone who needed assistance with the application and reminded Lewes BPW that they are currently up for renewal.

On-Site Equipment Maintenance Contract:

Upon motion made by Newark to approve the contract for the Beasley Power Station, seconded by Clayton, and an abstention from Lewes, the motion passed.

UD Wind REC and Fellowship(s) Agreement:

Per Mr. McCullar, the agreement remains the same as in past years, the only addition being an exit clause relating to the REC agreement. This clause will be actionable dependent upon UD's soon to be renegotiated terms with the developer, which are expected to be favorable. Ms. Schlichting reminded the board of the benefits of this partnership. She asked for approval of this four (4) year extension.

Upon motion made by New Castle to approve the UD Wind REC and Fellowship(s) Agreement, seconded by Lewes, the motion passed unanimously.

Power Supply:

Ms. Schlichting shared that with energy prices being very low, many contracts are being reviewed and DEMEC was able to enter into several beneficial hedging contracts. DEMEC's Risk Management Policy will be presented at the July board meeting with requested changes that will authorize staff to act more swiftly on historically low prices, which benefit the DEMEC portfolio. Mr. McCullar briefly explained the benefits of current pricing and possible challenges.

TRAINING AND EDUCATION

None.

Communications Update:

None.

GREEN ENERGY PROGRAM STATUS REPORT

Demand Response Update –

None.

ENERGY EFFICIENCY PROGRAM STATUS REPORT

Energy Efficiency Advisory Council (EEAC) –

None.

Energy Efficiency Program Update –

None.

INFORMATION TECHNOLOGY

IT Update –

Mr. McCullar commended Ms. Jennifer Coulbourne, IT System Administrator for her expertise and quick adaptation to the current pandemic; allowing staff to move seamlessly from the office to working remotely overnight.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 10:41 A.M. upon motion by New Castle, seconded by Clayton to discuss the following:

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

The Board ended executive session and returned to regular session at 11:58 A.M.

RETURN TO REGULAR SESSION

Upon return to regular session, topics referenced above that were not reviewed prior to executive session were discussed.

NEXT MEETING DATES

The following meeting dates were set:

Tuesday, July 21, 2020 – 10:00 a.m.

Tuesday, August 18, 2020 – 10:00 a.m.

Wednesday, September 9, 2020 – 4:00 p.m. (*Annual Meeting at Dover Downs*)

ADJOURNMENT

Upon motion by Lewes, seconded by Newark, the Board Meeting adjourned at 12:15 P.M.