

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
Remotely Via Zoom
February 16, 2021

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 16th day of February 2021 remotely via Zoom.

The meeting was called to order at 10:02 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
Tom Coleman, Director
Representing Newark
David DelGrande, Alternate
Representing Newark
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate
Representing Seaford
Mary Ellen DeBenedictis, Director
Representing Clayton
Andrew Haines, Director
Representing Smyrna
Louis Vitola, Alternate
Representing Milford
Darrin Gordon, Director
Representing Lewes BPW
Pam Patone, Director
Representing MSC of the City of New Castle
Dr. Roy Sippel, Alternate
Representing MSC of the City of New Castle
Patrick McCullar, President
Representing DEMEC

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

Guests and Attendees: Susan Tamagini, Sr. Relationship Manager, PNC Capital Advisors; Lincoln Willis, Principal, The Willis Group.

APPROVAL OF MINUTES

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

1. Minutes of December 15, 2020
2. Minutes of January 19, 2021
3. Minutes of the Special Board Meeting; February 3, 2021

Upon motion made by Lewes to approve the minutes of the meeting of December 15, 2020, seconded by New Castle, the motion passed unanimously.

Upon motion made by Newark to approve the minutes of the meeting of January 19, 2021, seconded by New Castle, the motion passed unanimously.

Upon motion made by Clayton to approve the minutes of the meeting of the Special Board Meeting held February 3, 2021, seconded by New Castle, the motion passed unanimously.

TREASURER'S REPORT

Monthly Financial Report – December 2020

Mr. Patrick McCullar, President & CEO, presented the December 2020 Financial Report.

Upon motion made by Lewes to accept and approve the December 2020 Financial Report, seconded by Newark, the motion passed unanimously.

Investment Report Q4 2020 –

Upon motion made by Milford to accept and approve the Fourth Quarter Investment Report, seconded by Newark, the motion passed unanimously.

APPOINTMENTS/ELECTIONS

None.

PRESENTATIONS

PNC Capital Advisors –

Ms. Susan Tamagini, Sr. Relationship Manager with PNC Capital Advisors reviewed the DEMEC investment portfolio for 2020 and discussed changes to be expected going forward. Ms. Tamagini stated that the high-quality portfolio DEMEC has keeps volatility low. She stated that the financial markets remain optimistic.

RESOLUTIONS

Mr. McCullar presented RESOLUTION 2021-1: A RESOLUTION AMENDING DEMEC RESOLUTION 2019-6, WHICH AUTHORIZED THE REFUNDING OF DEMEC'S ELECTRIC REVENUE BONDS, SERIES 2011, AND REAFFIRMING RESOLUTION 2019-6, AS SO

AMENDED. Mr. McCullar explained the purpose of the resolution was to update the previous resolution passed by the board for refunding revenue bonds.

Upon motion made by Lewes to accept and approve RESOLUTION 2021-1: A RESOLUTION AMENDING DEMEC RESOLUTION 2019-6, WHICH AUTHORIZED THE REFUNDING OF DEMEC'S ELECTRIC REVENUE BONDS, SERIES 2011, AND REAFFIRMING RESOLUTION 2019-6, AS SO AMENDED, seconded by New Castle, the motion passed unanimously.

Mr. Louis Vitola, Alternate representing Milford, presented ideas for refinancing bonds, specifically recommending using cash from the Rate Stabilization Reserve to retire outstanding bonds and reduce interest costs. In response, Mr. McCullar stated that staff is focused on refinancing long-term bonds to bringing significant interest cost reductions for the benefit of the Beasley Participants. The question of using cash reserves is a policy question to be addressed by the Board. Staff will provide the rate analysis that indicates +/- \$12 million in savings by refinancing the Beasley Series 2011 Revenue Bonds at the next board meeting.

COMMITTEE REPORTS

Executive Committee –

None.

Finance Committee –

Ms. Pam Patone, Director representing the MSC of the City of New Castle, shared that the committee met that morning. During the meeting, the draft investment policy was recommended for approval by the Board. She noted that a rate study was discussed and will be covered under the President's Reports to the Board. The possibility of switching from quarterly to monthly Finance Committee meetings was discussed during the committee and raised before the board. Hearing no comments from the board, Ms. Patone stated that the committee will continue to meet on a quarterly basis.

PRESIDENT'S REPORTS TO THE BOARD

Generation Projects Status –

Mr. McCullar reported on the status of DEMEC's generation assets and that they are all performing on or above average.

Mr. Darrin Gordon, Director representing Lewes BPW, brought up the impact of winter weather on wind turbines in Texas. He asked Mr. McCullar if he anticipates this affecting DEMEC. Mr. McCullar stated that DEMEC generation resources are fully winterized, while many Texas resources were not. DEMEC staff is keeping a close eye on the Texas situation and explained the differences between the electric industry in Texas and Delaware. He, and Ms. Kimberly Schlichting, COO/SVP Power Supply, explained why the current situation in Texas will not directly impact DEMEC members.

Legislative –

Ms. Schlichting shared that SB33 passed and that DEMEC will be adjusting MRPS targets accordingly to participate with a comparable program. She also shared that upon invitation from Senator Stephanie Hansen, Mr. McCullar recently served as an expert panelist at the Climate and Energy Forum on community solar hosted by the senator. Also discussed was the potential for a national moratorium on utility shutoffs. DEMEC continues to work with AMP and APPA to track the status and timing of connecting with our federal delegation when necessary.

EXECUTIVE SESSION

The Board went into executive session at 11:00 a.m. upon motion by New Castle, seconded by Lewes to discuss the following:

- a. To discuss strategic business operations and planning.

The Board ended executive session and returned to regular session at 11:11 a.m.

RETURN TO REGULAR SESSION

No action taken.

PRESIDENT’S REPORTS TO BOARD - Continued

Construction Projects Status –

No Report.

Economic Development Projects –

No Report.

AMI –

Mr. Scott Lynch, VP of Asset Development, reported on the various stages of AMI implementation throughout the DEMEC membership.

Social Media Policy –

Ms. Schlichting shared the draft policy with changes reviewed by counsel.

Upon motion made by Lewes to accept and approve the Social Media Policy, seconded by Newark, the motion passed unanimously.

Joint Training Yard –

Ms. Schlichting stated that property is still being evaluated and an update will be provided in executive session.

Rate Study –

Mr. McCullar shared that research is taking place on the potential benefits of a wholesale rate study. DEMEC has reached out to consultants for discussions and proposals. Once all proposals are received, he will present staff's research and recommendation to the Finance Committee.

Mr. Gordon raised the topic of time-of-use rates and the impact on electric vehicle (EV) customers. The board discussed and shared their experiences with EV programs and customers. Ms. Schlichting noted EV's could possibly be a topic for the upcoming Joint Council Briefing.

Communications –

Ms. Heather Contant, Director of Media Relations and Communications, noted that several members are working with DEMEC and AMP to take advantage of increased exposure on their economic development website. She updated the members on the contents of the site, and invited others to participate. She shared that locations for the Public Power Week billboards and Legislative Awareness Billboards have been reserved, and she will soon be reaching out to discuss themes for this year. She asked members to think about what can be done virtually by their community and DEMEC for Public Power Week should event restrictions due to COVID still be in place.

TRAINING & EDUCATION ACTIVITIES

Ms. Kendra Friel, Training and Events Coordinator, reported on upcoming and recent trainings. She encouraged the board to sign up for the Training and Events Portal and shared that she will be actively working over the next few days to complete access to the portal for each director.

Mr. McCullar asked Ms. Friel to work on bringing a training on the topic of EV implementation to the members.

GREEN ENERGY & DEMAND RESPONSE PROGRAMS STATUS REORT

Mr. Lynch reminded members that application approvals for DEMEC to serve as the Demand Response provider for each community have been sent. He also shared that Peak Load Confirmations have been sent, noting that these are necessary for registration in the Demand Response Program. He offered to help members with any questions on paperwork and recommended they connect him with any interested customers for demand response.

ENERGY EFFICIENCY PROGRAM STATUS REPORT

Energy Efficiency Advisory Council Update –
Has not met.

Energy Efficiency Program Update–

Ms. Emily Greene, Energy Services Manager, shared that the program is continuing to move along, and she has met with all the communities whose contracts are set to expire at the end of February. She reminded members that Ms. Carolyn Dehorty of Efficiency Smart, our Delaware coordinator, is available for anyone who needs her to meet with customers looking to reduce electric usage or begin efficiency projects.

Renewable Energy Task Force Meeting Update –

The task force is due to meet on March 4th, 2021 to discuss the SREC auction and potential community solar draft bill.

Electric Vehicle & Charging Stations at DEMEC –

Ms. Greene shared that both chargers are now at DEMEC and the electrician is ready to install. At the request of the board, Ms. Greene researched 400-amp circuits versus 200-amp. She asked for input from the electrician and Mr. Bill Evans, Public Works Director for the Town of Smyrna, and both agreed that two 400-amp circuits would not be of any additional benefit and is far more than what is needed. Upon discussion, it was decided that two 200-amp circuits would be installed.

Ms. Greene also presented her research on an electric vehicle for DEMEC. She reached out to the University of Delaware, State of Delaware, and DNREC for information. Upon discussion and ranking analysis of available EVs, it was decided that Ms. Green will arrange test drives on the top-rated EVs.

INFORMATION & TECHNOLOGY

Ms. Jen Coulbourne, IT System Administrator, updated the board on the status of various projects. She shared that the quarterly IT & Cybersecurity Roundtable was recently held. Several guests spoke, including SA Steve Spillman, with the FBI, who shared how the FBI can assist members should they face a cybersecurity incident. He urged attendees to join InfraGard which connects businesses with the FBI and provides education, as well as valuable information on emerging technologies and threats. DEMEC has been a member of InfraGuard since 2019. A representative from AMP also spoke on cybersecurity and disaster recovery plan templates were provided.

Mr. David DelGrande, Alternate representing Newark, stated that the roundtables have been a great asset for the Newark IT team. He shared that Newark is currently renewing their cybersecurity insurance policy and the process, which has been simple in years past, is now much more involved to ensure they are doing all they can to protect themselves.

Ms. Schlichting noted that IT back up will be discussed in executive session.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 12:00 p.m. upon motion by New Castle, seconded by Lewes to discuss the following:

- a. Personnel actions, strategic business and commercial generation operations, dispatch, negotiations, and planning.

The Board ended executive session and returned to regular session at 12:35 p.m.

RETURN TO REGULAR SESSION

Upon return to regular session, a motion was made by New Castle to authorize staff to enter a purchase agreement for the discussed property, up to an approved price, seconded by Newark, the motion passed unanimously.

SET NEXT MEETING DATES

The following meeting dates were set: (*subject to change*)

1. Tuesday, March 16, 2021– 10:00 a.m.
2. Tuesday, April 20, 2021 – 10:00 a.m.
3. Tuesday, May 18, 2021 – 10:00 a.m.

ADJOURNMENT

Upon motion by Lewes, seconded by Clayton, the Board Meeting adjourned at 12:37 p.m.