

DELAWARE MUNICIPAL ELECTRIC CORPORATION  
**REGULAR MEETING**  
DEMEC ADMINISTRATIVE BUILDING  
SMYRNA, DELAWARE  
**June 21, 2022**

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held Tuesday, the 21<sup>st</sup> day of June 2022 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:07 a.m. with Morris Deputy, Board Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Board Chair  
    Representing Middletown  
Tyler Reynolds, Alternate  
    Representing Middletown  
Tom Coleman, Vice Chair  
    Representing Newark  
Dave Del Grande, Alternate  
    Representing Newark  
Mark Whitfield, Director  
    Representing Milford  
Scott Blomquist, Director  
    Representing the MSC of New Castle  
Charles Anderson, Treasurer  
    Representing Seaford  
June Merritt, Alternate  
    Representing Seaford  
Rob Cote, Alternate  
    Representing Clayton  
Austin Calaman, Director  
    Representing Lewes BPW  
Kim Bellere, Alternate  
    Representing Lewes BPW  
Kimberly Schlichting, President  
    Representing DEMEC

Absent:

Andrew Haines, Director  
    Representing Smyrna  
Lou Vitola, Alternate  
    Representing Milford  
Dr. Roy Sippel, Alternate  
    Representing the MSC of New Castle  
Mary Ellen DeBenedictis, Secretary  
    Representing Clayton

DEMEC Staff Attending: Heather Contant, Director of Government & Community Relations; Jennifer Coulbourne, IT System Administrator; Stephanie Dove, Chief Financial Officer & Interim COO; Kendra Friel, Training & Events Coordinator; Scott Lynch, VP of Asset Development; Stephan Siok, Director of Beasley Plant Operations & Compliance

Guests and Attendees: Aaron Shapiro, Attorney, Connolly Gallagher

Mr. Deputy started the meeting with the addition of Resolution 2022-2 to the agenda.

Mr. Deputy welcomed Rob Cote, Town of Clayton alternate director, to the meeting.

### **APPROVAL OF MINUTES**

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

1. Minutes of April 19, 2022

Upon motion made by Seaford, to approve the minutes of the meeting of April 19, 2022, seconded by Newark, the motion passed unanimously.

The minutes of May 3<sup>rd</sup>, 2022 & May 10<sup>th</sup>, 2022, were moved to the next agenda.

### **TREASURER'S REPORT**

#### Monthly Financial Report – April 2022 –

Ms. Stephanie Dove, Chief Financial Officer and Interim COO reviewed the April 2022 Financial Report. She noted the month of April was steady and saw normal load growth.

Ms. Dove explained FTR auctions and their impact on collateral call deposits. Unrestricted cash on hand includes collateral call deposits. These deposits will need to be returned at some point and are not available operating funds. Cash decreased but is still over target. It is down slightly over March and April 2021.

Mr. Tom Coleman, Director representing Newark, asked why DEMEC is holding collateral funds. Ms. Dove explained that due to long term contracts in place DEMEC receives funds from the counterparty when market prices are higher. This collateral ensures that power is delivered at the contracted rate. If the party is unable to deliver at the agreed upon rate, DEMEC then keeps the funds.

The Rate Stabilization Reserve (RSR) charge is high because the market is high. April is always the highest month due to scheduled outages. May will be a charge, as well, but to a lesser extent. The fund is down \$1 million from last April.

Ms. Dove reviewed income for the month. She noted that PJM market and generation revenues are up. She explained the factors contributing to the increases. Power supply is 47% higher. This is almost entirely PJM RTO charges. A net loss of \$1.1 million was due mostly to a quarterly depreciation journal entry and unrealized investment losses.

Under the Spring and Summer Demand forecast section Ms. Dove noted that May 2022 demand was projected to be 6.5% higher than that of May of 2021. Summer is projected to be wetter and stormier with average temperatures expected to be two to three degrees higher than normal.

Bond council disclosure is due June 30<sup>th</sup> for the 2019 and 2021 Series Bonds. Ms. Dove did not receive all member data so a second filing will need to take place for the 2021 Series bonds.

The AMI proposal for the Middletown and New Castle projects is in. Ms. Dove will be scheduling meetings to discuss financing options. She reminded members to keep her apprised of upcoming projects.

Mr. David Del Grande, Alternate representing Newark, asked for more information on interest rates. A brief discussion ensued. Mr. Deputy informed Ms. Dove that Middletown does not know when their project will begin. Ms. Dove stated that DEMEC staff will continue to work closely with Middletown and help where they can. Mr. Tyler Reynolds, Alternate representing Middletown, and Ms. Dove briefly discussed budgeting costs.

Upon motion made by New Castle, to approve the Monthly Financial Report for April 2022, seconded by Lewes, the motion passed unanimously.

#### **APPOINTMENTS/ELECTIONS**

None.

#### **PRESENTATIONS**

None.

#### **RESOLUTIONS**

Discussion and possible adoption of a Human Resources Committee –

Mr. Deputy noted this topic has been tabled and that Newark has agreed to assist which will alleviate the need for the committee.

RESOLUTION 2022-2 - A resolution authorizing Delaware Municipal Electric Corporation to amend its existing line of credit from PNC Bank, Delaware to increase the maximum amount of the line of credit to \$25,000,000 and to amend certain terms thereof; authorizing the execution and delivery of an amended and restated note, an amendment to the line of credit and security agreement and other documents; and authorizing other necessary action.

Ms. Dove explained that due to unexpected energy market volatility, and the unpredictability of collateral needed for the FTR auction, an increased credit line is necessary. The increase will allow DEMEC to meet quick turnaround times required by PJM. A discussion ensued.

Upon motion made by Newark, to approve Resolution 2022-2 - A resolution authorizing Delaware Municipal Electric Corporation to amend its existing line of credit from PNC Bank, Delaware to increase the maximum amount of the line of credit to \$25,000,000 and to amend certain terms thereof; authorizing the execution and delivery of an amended and restated note, an amendment to the line of credit and security agreement and other documents; and authorizing other necessary action, seconded by New Castle, the motion passed unanimously.

## **COMMITTEE REPORTS**

### Executive Committee –

Mr. Deputy noted the committee met Friday, June 17<sup>th</sup>. They worked through updating the CEO performance review process. A draft will be presented for review before September 1<sup>st</sup>. A recommendation will be provided to the board in October for the CEO's evaluation. The status of hirings at DEMEC was also discussed. More detail to be provided in executive session.

He noted that, as previously stated, establishing an HR Committee was tabled and the salary range structure from Newark was provided to assist with what the Board requested for DEMEC. The executive committee's next meeting will be in July.

### Finance Committee –

Mr. Charles Anderson, Director representing Seaford and Board Treasurer, reported that the Finance Committee met on May 24<sup>th</sup>. DEMEC staff and the committee are working with PFM on investment service proposals. More information will be brought to the board when this process is complete. Moody's reaffirmed Beasley's A1 stable outlook rating. He thanked Ms. Dove and Ms. Kimberly Schlichting, President & CEO, for their assistance.

## **PRESIDENT'S REPORTS TO BOARD**

### Recognition of Employees -

#### Recognition of New Employee –

Ms. Schlichting noted that Mr. Chris Manganelli was hired by DEMEC to fill the IT Network Technician position. He will be formally introduced to the board at next month's meeting. She also shared that the Special Projects Manager position has been filled. This new hire is due to begin on Monday, June 27<sup>th</sup>.

#### Recognition of Milestone Anniversary -

Ms. Schlichting took a moment to recognize Ms. Dove's 10-year work anniversary at DEMEC.

### Legislative Update –

The net metering bill drafted from DEMEC's requested amendments is expected to pass. Climate change legislation has been put on hold to allow for further stakeholder involvement. The Governor's advisory council bill is expected to pass.

### Joint Training Yard -

Ms. Schlichting is waiting on the last agency to approve this project, Kent Conservation District. We were told it could take six weeks, which is about now. DEMEC is ready to proceed as soon as we receive the Town of Smyrna's approval. Contractor and development costs will likely go up due to project approval delays and historic high inflation.

### Indian River -

A settlement hearing is being scheduled. Ms. Schlichting is working with other intervenors to bring issues to the settlement judge that may reduce overall RMR costs. DEMEC is also looking to partner with other stakeholders in hiring a joint consultant to cost share in those services. While

the RMR charges will not be going away completely, there is the possibility of reducing them. In the best-case scenario, an adjustment will be made in the fall. More information to come.

Distribution of Policy Makers Handbook -

Ms. Schlichting stated that this handbook was provided to members who attended the board governance training held in May. Those who were not in attendance were provided a copy at the meeting.

Ms. Schlichting noted that staff will be standing on remaining reports to allow time for Executive Session discussions:

- Communications & Outreach
- Training and Education Activities
- Sustainability and Development
- IT Update

**BUSINESS FROM THE FLOOR**

None.

**EXECUTIVE SESSION**

The Board went into executive session at 10:33 a.m. upon motion by Newark, seconded by Lewes, to discuss the following:

1. 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 11:27 a.m.

**POTENTIAL ACTION TO BE TAKEN AFTER EXECUTIVE SESSION**

No action taken.

**SET NEXT MEETING DATES**

The following meeting dates were set:

1. Tuesday, July 19, 2022 – 10:00 a.m.
2. Thursday, August 11, 2022 – 10:00 a.m. *(New board meeting date going into effect.)*
3. Wednesday, September 14, 2022 – 3:00 p.m. *(Annual Board Meeting. Meetings will revert to the 2nd Thursday of the month in October.)*

**ADJOURNMENT**

Upon motion by Milford, seconded by Newark, the Board Meeting adjourned at 11:37 a.m.