

DELAWARE MUNICIPAL ELECTRIC CORPORATION
REGULAR MEETING
DEMEC ADMINISTRATIVE BUILDING
SMYRNA, DELAWARE
July 13, 2023

A meeting of the Board of Directors of the Delaware Municipal Electric Corporation was held on Thursday, the 13th day of July 2023 at DEMEC's Administrative Building, Smyrna, Delaware.

The meeting was called to order at 10:08 a.m. with Mr. Morris Deputy, Chair, presiding.

The following roll call was presented:

Present:

Morris Deputy, Chair
 Representing Middletown
Tyler Reynolds, Alternate
 Representing Middletown
Tom Coleman, Vice Chair
 Representing Newark
Dave Del Grande, Alternate
 Representing Newark
Charles Anderson, Treasurer
 Representing Seaford
June Merritt, Alternate
 Representing Seaford
Mary DeBenedictis, Secretary
 Representing Clayton
Robert Cote, Alternate
 Representing Clayton
Ken Natale, Alternate
 Representing the MSC of New Castle
Austin Calaman, Director
 Representing Lewes BPW
Kim Bellere, Alternate
 Representing Lewes BPW
Mark Whitfield, Director
 Representing Milford
Travis Stewart, Alternate
 Representing Smyrna
Kimberly Schlichting, President
 Representing DEMEC

Absent:

Scott Blomquist, Director
 Representing the MSC of New Castle
Sheldon Hudson, Director
 Representing Smyrna

Lou Vitola, Alternate
Representing Milford

DEMEC Staff Attending: Mark Pryor, Plant Operator; Tara LaGrassa, Accounting Analyst; Bruce Kitchens, Special Projects Manager; Scott Lynch, VP of Asset Development; Stephan Siok, Director of Beasley Plant Operations & Compliance; Chris Manganelli, IT Network Technician; Willie Marshall, Director of Finance; Christine Siok, Executive Assistant; Stephanie Dove, Vice President & Chief Financial Officer; Kendra Friel, Training & Events Coordinator; Jennifer Coulbourne, IT System Administrator.

Guests and Attendees: Max Walton, Attorney, Connolly Gallagher; Lincoln Willis, Principal, The Willis Group.

APPROVAL OF MINUTES

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

1. Minutes of June 8, 2023

Upon motion made by Seaford, to approve the minutes of the meetings of June 8, 2023, seconded by Milford, the motion passed unanimously.

TREASURER'S REPORT

Monthly Financial Report – April 2023 –

Ms. Stephanie Dove, Vice President & CFO, presented the April 2023 Financial Reports.

In the finance update, Ms. Dove stated that bond continuing disclosures were filed timely in June and debt service payments were all paid timely in June for payments due on July 1st.

For Cash Reserve Study, DEMEC staff is working with PFM and will present to the Finance Committee in August and bring the cash reserve study analysis to the Board in September. Once presented to the Board, DEMEC will have the information for the monetary metrics needed and staff will begin working on the cash policy updates.

Ms. Dove stated that for asset management, PFMAM will be meeting with the Finance Committee in August.

PJM Credit is evaluating unsecured credit. As part of PJM Credit's ongoing risk analysis, PJM intended to downgrade DEMEC's unsecured collateral. DEMEC reached out to PJM Credit and reiterated DEMEC's good credit rating, excellent payment history, liquid credit facilities, and sent the 2022 financial statements. PJM responded by increasing the unsecured credit by \$1M with the reasoning of DEMEC's growing net position, high revenues with positive profitability, external credit facilities, favorable payment history, and credit ratings. Ms. Dove noted that it is important for DEMEC to keep its good financials, but DEMEC's credit is determined by its projects and the project participants' credit, our members' credit.

Ms. Dove ended with the review of the monthly billing meter data.

Upon motion made by Newark, to approve the Monthly Financial Report for April 2023, seconded by Milford, the motion passed unanimously.

APPOINTMENTS/ELECTIONS

None.

PRESENTATIONS

None.

RESOLUTIONS

None.

COMMITTEE REPORTS

Executive Committee – Mr. Morris Deputy, Director representing Middletown and Board Chair, stated the Executive Committee met this morning. The annual Board elections will take place in September and an email will be forthcoming for interest in renewing or becoming a Board Officer. Mr. Deputy reminded the members of the upcoming Board Retreat and to provide any additional agenda considerations to Ms. Kimberly Schlichting, President & CEO.

Finance Committee – Mr. Charles Anderson, Director representing Seaford and Treasurer, noted the Finance Committee met on May 23rd. The portfolio has been moved to a new asset manager and PNC will still be the custodian.

PRESIDENT’S REPORTS TO BOARD

Legislative/Regulatory Update

Mr. Lincoln Willis, Principal, The Willis Group, stated this was an active legislation year. He provided a high overview of SB 170 (Offshore Wind Procurement Study), HB 99 (Climate Change Solutions Act), and HB 91 (Aggravated Criminal Mischief Enhanced Penalties).

Further details will be discussed during executive session.

EXECUTIVE SESSION

The Board went into executive session at 10:31 a.m. upon motion by Lewes, seconded by Newark, to discuss the following:

1. Legislative/Regulatory Update

RETURN TO REGULAR SESSION

The Board ended executive session and returned to regular session at 10:47 a.m. upon motion by Newark, seconded by Milford, the motion passed unanimously. No action was taken.

PRESIDENT'S REPORTS TO BOARD

Joint Training Yard & Lineworker Program –

Ms. Schlichting stated another week of apprentice TVPPA training will take place next week at the DEMEC Administrative Office and there will be an assessment of new apprentices.

The Joint Training Yard has broken ground. The ribbon cutting is scheduled on Tuesday, October 3rd.

Indian River –

Ms. Schlichting shared that a settlement conference was held on July 6th. The parties did not agree on a settlement and the next settlement conference is scheduled for September 14th. Further details will be discussed during executive session.

Mutual Aid Workshop – September 6 and 7, 2023 –

Ms. Schlichting stated that the Save the Date for September 6th and 7th has been distributed. DEMEC will be the third public power utility taking advantage of this DOE federal grant opportunity through APPA. Ms. Schlichting encouraged the members to have staff, that would be involved in mutual aid at the community level, to attend the workshop. A brief discussion ensued.

Distribution System Review Committee –

Ms. Schlichting noted the first meeting is scheduled for August 17th. The distribution managers are encouraged to attend as the committee will focus on joint issues and opportunities that include joint transformer purchases, grid modernization, joint lineworker training and Under Frequency Load Shedding.

Budget Amendment Approval –

Discussions will be held under executive session.

Risk Management & Trading Authority Policy –

Ms. Schlichting reviewed the requested revisions to the policy. Further details will be discussed during executive session.

DEMEC Board Retreat – August 2, 2023 –

Ms. Schlichting noted the agenda has been drafted for the DEMEC Board Retreat. A brief discussion ensued.

Governor's Energy Advisory Council Update –

Ms. Schlichting stated that the first meeting was held last month. Further details will be discussed during executive session.

Ms. Schlichting announced that DEMEC's 44th Anniversary was on July 12th.

COMMUNICATIONS & OUTREACH

Ms. Schlichting stated Ms. Heather Contant, Director of Government & Community Relations, will stand on report.

TRAINING & EDUCATION ACTIVITIES

Ms. Kendra Friel, Training and Events Coordinator, stated that DEMEC began the first of a series of member visits with the City of Lewes. The next two (2) visits will be scheduled with the Town of Clayton and the Town of Smyrna.

DEMEC hosted its annual Legislative Luncheon at Legislative Hall in Dover with a record attendance. The Joint Council Briefing was held last month including a tour of the Beasley Power Station, Smyrna Solar Facility, and the future home of DEMEC's Joint Lineworker Training Yard.

Ms. Friel reviewed the upcoming training and events that are scheduled through the end of the year. A brief discussion ensued.

For the Learning Management System (LMS), beta testing will be forthcoming and once complete, on-demand content will be uploaded and shared with the members.

Ms. Friel noted that DEMEC has switched its online meeting platforms to WebEx. If training is required on the new platform, please contact Ms. Friel directly.

SUSTAINABILITY & DEVELOPMENT

Mr. Scott Lynch, VP of Asset Development, stated that two (2) teachers from DEMEC communities were selected as part of the Energy Efficiency Teacher Appreciation program and awarded an energy efficiency walkthrough of their homes.

For the Demand Response Program, there have been two (2) events in July. Mr. Lynch recommended that members should not only watch daily temperatures but also monitor storms.

Mr. Lynch stated that Mr. Bruce Kitchens, Special Projects Manager, is the lead on the RP3 Program. The timeline to complete applications is from May 1 through September 30, 2023.

For the Regional Greenhouse Gas Initiative (RGGI), Mr. Lynch noted the auction was held on June 7th and additional auctions are forthcoming.

Mr. Lynch provided an update on the AMI programs and the Middletown substation.

A brief discussion ensued.

IT UPDATE

Ms. Jennifer Coulbourne, IT Administrator, will stand on the IT update. None were provided.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Board went into executive session at 11:27 a.m. upon motion by Clayton, seconded by Newark, to discuss the following:

1. To discuss personnel actions, strategic business and commercial generation operations, dispatch, negotiations, and planning.
2. Enabling Agreements
3. Payment Update
4. Winter Storm Elliott – Settlement Conference

RETURN TO REGULAR SESSION

The Board ended executive session and returned to regular session at 12:13 p.m. upon motion by Newark, seconded by Seaford, the motion passed unanimously.

ACTION AFTER EXECUTIVE SESSION

Upon motion made by Newark, to approve the proposed Risk Management Policy as drafted, seconded by Clayton, the motion passed unanimously.

Upon motion made by Newark, to authorize the President & CEO to move forward with the strategy as discussed in executive session, seconded by Clayton, the motion passed unanimously.

Ms. Schlichting made a recommendation to cancel the August 10th Board Meeting but leave on the calendar for any actionable items. If no actionable items a week prior, the August 10th Board meeting will be canceled. The Board Retreat is scheduled for August 2nd.

SET NEXT MEETING DATES

The following meeting dates were set:

1. Thursday, August 10, 2023 - 10:00 a.m.
2. Thursday, September 14, 2023 - 10:00 a.m.
3. Thursday, October 12, 2023 - 10:00 a.m.

ADJOURNMENT

The Board Meeting adjourned at 12:14 p.m.