



July 21, 2020

MEMO TO: DCEC DIRECTORS

MEMO FROM: MARK SCHNEIDER

SUBJECT: JULY 28, 2020 BOARD MEETING

Important information about the July 28, 2020 board meeting:

- The Finance Committee will meet at 3:30 pm at 5 North Depot Street. We'll meet in the high bay area where we can spread out to a safe social distance. If you intend to see any of the construction site that night, please remember the following:
 - Long pants.
 - Closed toed shoes with a substantial sole, and laces that tie tightly around the foot.
 - Hard hat, safety glasses, high visibility vest. The hard hat, safety glasses, and high visibility vests will be provided for anyone who does not have their own.
- Unless Governor Cuomo makes unanticipated re-opening acceleration announcements between now and July 28th, certain social distancing and/or masking requirements will still be effect. Therefore, any time we cannot maintain at least 6 feet between us, we will be wearing masks. One will be provided for you if you do not bring your own.
- For those directors who still require or prefer participation via teleconference, a teleconference number will be made available:
 - Dial-in Number: (866) 316-1519
 - Passcode: 963796#

NOTICE OF BOARD MEETING

A regular meeting of the Board of Directors of the Delaware County Electric Cooperative, Inc. will be held **Tuesday, July 28, 2020 at 5:00 pm.** At the Co-op's operations headquarters, 5 North Depot Street, Delhi, New York to act on the following agenda. In light of the declared state of emergency in New York State due to the COVID-19 virus, directors and other meeting participants are permitted to participate via telephone, notwithstanding any bylaw requiring in-person participation:

Dial-in Number: (866) 316-1519 Passcode: 963796#

The board of directors will act on the following:

AGENDA

I. Opening Business:

- A. Call to Order
- B. Roll Call - Determination of Quorum
- C. Adoption of Agenda [packet page 2]

II. Consent Agenda:

- A. Minutes of June 23, 2020 Board Meeting [packet pages 3-7]
- B. New Memberships [packet page 8]
- C. Bad Debt Resolution and Collection Report [packet pages 9-10]
- D. Director Compensation [packet pages 11-12]

III. Finance Committee Report & Recommendations [Committee Chair Menke]

IV. Monthly Financial Reports

- A. May 2020 Financial Reports [packet pages 13-15]
- B. June 2020 Financial Reports [packet pages 16-18]

V. General Manager's Report [packet pages 19-21]

VI. COVID-19 Cooperative Response Update

- A. Operational and Member Services Response [oral report by CEO Schneider]
- B. Planning for 2020 Annual Meeting during COVID-19 Pandemic & Emphasis on Absentee Voting [packet pages 22-23]
- C. Planning for Youth Delegate Activities during COVID-19 Pandemic [oral report by CEO Schneider]
- D. Payroll Protection Program Loan Forgiveness Application [oral report by CEO Schneider and President Oles]
- E. Decision on Continuation of Suspension of Disconnects for Non-Payment and Penalties [discussion]

VII. Headquarters Project [packet page 24-25]

VIII. Policies

- A. Minimum Bills and Capital Credit Payments [packet page 26]
- B. Absentee Ballots [packet page 27-29]

IX. Power Cost Risk Report [handout to be provided at meeting]

X. Report on Charitable Contributions [discussion led by Mrs. VanZandt]

XI. Vegetation Management Report [oral report by Mr. Sullivan]

XII. RUS Borrowing Proposal [packet pages 30-31]

XIII. Meeting Report NYSRECA Annual Business Meeting Teleconference, Thursday, 7/23/2020 [oral report by attendees and seeking motion to update Alternate Delegate due to Vice President Winkler's impending retirement from the board]

XIV. New Business:

XV. Future Business:

- A. Regular Board Meeting, Tuesday, 8/25/2020 @ 5:00 pm (Schedule Organization & Staffing Committee meeting?)
- B. CoBank-facilitated Strategic Planning Discussion, date TBD, Delhi, NY
- C. NRECA Region I/IV Meeting, 9/9/2020 – 9/11/2020, remote via Webex, short meeting per diem applies
- D. Annual Meeting of Members, 9/18/2020, Delhi, NY American Legion
- E. NYAPP Business Mtg, 10/20/2020 – 10/21/2020, Albany, NY [changed venue and change from conference to shorter business mtg]
- F. Youth Leadership Conference, 11/7/2020 – 11/11/2020, Washington, DC [cancelled]

XVI. Executive Session

XVII. Adjournment

Cooperative Stakeholders

- Members
- Employees
- Community
- Business Partners
 - Suppliers
 - RUS
 - CFC
 - Federated
 - Other cooperatives
 - NYSERDA
- Government
- Regulators

Cooperative Values

- Safety
- Service
- Open Communications
- Integrity/Honesty
- Professionalism
- Respect

**Delaware County Electric Cooperative
Board Meeting Minutes
June 23, 2020**

I. Opening Business: The regular monthly meeting of the Board of Directors of the Delaware County Electric Cooperative, Inc. was held June 23, 2020 at 5 North Depot Street in Delhi, NY 13753.

A. Call to Order: The meeting was called to order at 5:40 p.m. by President Oles.

B. Roll Call - Determination of Quorum:

Stephen Oles	P
Edward Pick Jr.	P
Paul Menke	P
Laurie Wehmeyer	P
Frank Winkler	P
Steve Burnett	P
Jeffrey Russell	P

DCEC's CEO/General Manager, Mark Schneider; DCEC's Operations Manager Ryan Sullivan; DCEC's Line Forman, Mike Pietrantonio; and DCEC's Legal Counsel, Jeff Clark were all present. DCEC's Administrative Assistant, Alicia VanZandt participated via telephone.

C. Adoption of Agenda: There being no suggested changes to the agenda, President Oles declared that the agenda stands as originally published in the board packets.

II. Consent Agenda: Secretary Pick made a motion to approve the consent agenda as presented. The motion was seconded by Treasurer Menke. The motion passed.

III. General Managers Report: Reviewed.

IV. Monthly Financial Reports:

A. April 2020 Reports: Reviewed.

B. May 2020 Reports: CEO/General Manager Mark Schneider explained that he emailed the entire board the Monthly Financial Reports for May because they were not completed when the June board packet was created. CEO/General Manager Schneider also mentioned that he can provide a handed out to anyone who is interested in a hard copy. CEO/General Manager Schneider stated that the Income Statement is unusual because of extraordinary items, margin gained above the asset book value upon the sale of 39 Elm Street. The contribution to margin will be handled as permanent equity in accordance with RUS guidance. On the balance sheet, CEO Schneider pointed out that line 9 has a lot less money in commercial paper, which has been shifted to line 15 – Cash. Line 34 includes the net proceeds from sale of 39 Elm St. The long term debt portion of the balance sheet on lines 37 through 43 includes the impact of liquidation

of the cushion of credit.

V. COVID-19 Cooperative Response Update:

A. Operational and Member Services Response: CEO/General Manager Mark Schneider stated that DCEC is continuing to not perform disconnects for non-payment and no penalties have been applied for late payments. CEO/General Manager Schneider also mentioned that several payment arrangements are in place.

B. Planning for 2020 Annual Meeting during COVID-19 Pandemic & Emphasis on Absentee Voting: The following items were discussed;

- Consideration of providing a curb-side dinner pickup
- Contact the regular attendees and see if they have plans to attend this year's event
- Virtual meeting, providing a live stream, but not as a replacement of having the meeting in person.

C. Planning for Youth Delegate Activities during COVID-19 Pandemic: CEO/General Manager Mark Schneider updated the Hungerfords.

D. Payroll Protection Program Loan Forgiveness Application: The Board stated that they would like to prepay any PPP loan balance that remains after loan forgiveness. The lump sum prepayment can be made along with DCEC's 1st regular payment. The board does not want to carry the PPP loan into 2021.

E. Continuation of Suspension of Disconnects for Non-Payment and Penalties: A motion was made to extend the suspension of disconnects for non-payment, penalties for late payment, and turning of bad debt to a 3rd party collection agency until further notice by Director Wehmeyer and seconded by Secretary Pick. The motion passed.

VI. Headquarters Project: A tour of the construction site at 5 North Depot Street in Delhi was completed just prior to the June board meeting. All members of the board were present along with DCEC's CEO/General Manager, Mark Schneider, DCEC's Operations Manager Ryan Sullivan, DCEC's Line Forman Mike Pietrantonio and DCEC's Legal Counsel, Jeff Clark for the tour.

CEO/General Manager advised that he completed due diligence regarding any potential conflict of interest related to the decision by Tom Howard Construction to hire Dianich Excavating as a subcontractor. CEO Schneider decided an examination of potential conflict of interest was necessary because the owner of Dianich Excavating is a cousin to a current employee of the Cooperative. The following facts are important to ruling out the possibility of a conflict of interest:

- 1) The Cooperative employee who is related to the owner of Dianich Excavating was not involved in any way with the specification or selection of the excavation sub-contractor for Tom Howard Construction.

- 2) No employee, manager, or director of the Cooperative was involved with the selection of Dianich Excavating as Tom Howard Construction's subcontractor.

CEO Schneider explained that he consulted with RUS and received documentation via e-mail from RUS confirming that RUS does not see any conflict of interest.

CEO/General Manager Schneider stated that he will continue to provide a summary of contingency fund spending at each board meeting.

VII. Policies:

A. Smoking: A motion was made to approve this policy as written by Vice President Winkler. The motion was seconded by Treasurer Menke. The motion passed.

B. Vehicle Use: A motion was made to approve this policy as written by Secretary Pick. The motion was seconded by Director Burnett. The motion passed.

VIII. 18-Month Editorial Calendar:

A. Updated Member Communications Editorial Calendar: Reviewed.

B. New Internal Communications Editorial Calendar: Reviewed.

IX. Options for Charitable Contributions to Benefit Children Impacted by COVID-19: A motion was made by Vice President Winkler to support back to school programs in the amount of \$10k from the Cooperative and \$10k CoBank, for a total contribution of \$20,000 to be split between Delaware and Schoharie counties proportionate to the percentage of members we serve per county. The motion was seconded by Secretary Pick. The motion passed with 5 votes in favor and 2 against.

X. Update on Truck Grounding/Barricading in Accordance with OSHA: DCEC's Line Forman Mike Pietrantonio gave an update and stated that after researching the guidelines of OSHA, and after consultation with Federated Insurance, the DCEC Safety Committee determined that the DCEC Safety Manual will be updated as follows:

A. Clarify that if any portion of an equipment boom, bucket, an employee in the bucket, or any material handled by the boom could enter the minimum approach distance, all energized lines and equipment exposed to contact shall be covered with insulating protective material that will withstand the type of contact that could be made during the operation. For the purposes of this paragraph, the neutral shall be considered an energized conductor.

B. Clarify that in cases where employees perceive a heightened risk of the public coming in contact with the Cooperative's truck/equipment set up to work in or near the energized space, then the employees shall establish a physical barrier around the truck/equipment using cones and caution tape or the equivalent.

C. Clarify that other than the truck/equipment operator, no employee shall touch the truck/equipment while any portion of the boom or material handled by the boom are in or near the minimum approach distance. Employees shall only be allowed to approach the truck/equipment after the operator removes the boom and material handled by the boom from the

energized space, brings the boom to a stationary position, and gives the all-clear indication to the employee on the ground. The employee on the ground is responsible to give the all-clear to the truck/equipment operator after the employee on the ground is clear of the vehicle and the truck/equipment operator is safe to resume work in or near the energized space. An exception would be that employees wearing rubber gloves are permitted to touch a pole being set in the energized space.

D. Clarify that when performing tree trimming from an aerial lift, no portion of the boom or bucket shall encroach upon the Minimum Approach Distance.

Line Forman Pietrantonio mentioned that it would be seldom that trucks will need to be barricaded under these safety rules. Line Forman Pietrantonio also mentioned that what DCEC currently practices is in line with the OSHA requirements. Lastly, Line Forman Pietrantonio stated that all Safety Manuals will be updated to reflect all current practices.

XI. CFC Compass 10-Year Financial Forecast Model Report: Reviewed.

XII. Northeast Association of Electric Cooperatives Meeting Report: President Oles reported that there was no objection from the Northeast to add Block Island as a member of the association. Vice President Winkler inquired what Block Island's governing body is. CEO/General Manager Mark Schneider answered that they are governed by appointed trustees and that they are an "authority" similar to Green Island, NY.

XIII. Periodic Document Review:

A. Corporate Calendar: President Oles made the suggestion to move the "Conduct Annual Red Flag Refresher Training & Present Red Flag Report to the Board" to December instead of January.

B. Strategic Plan: Board members encouraged CEO/General Manager Mark Schneider to provide updates to the strengths, weaknesses and opportunities portion of the Strategic Plan.

XIV. New Business:

B. Future Business:

A. Regular Board Meeting, Tuesday, 7/28/2020 @ 5:00 pm [Finance Committee meeting, Power Cost Risk, Vegetation Mngmt. Report]

B. NYSRECA Annual Meeting, 7/23/2020, remote via Webex [There being no objection, President Oles stated that this meeting will be treated as a "short meeting" in accordance with the Cooperative's Director Compensation policy.]

C. CoBank-facilitated Strategic Planning Discussion, date TBD, Delhi, NY

D. NRECA Region I/IV Meeting, 9/9/2020 – 9/11/2020, remote via Webex [There being no objection, President Oles stated that this meeting will be treated as a "short meeting" in accordance with the Cooperative's Director Compensation policy.]

E. Annual Meeting of Members, 9/18/2020, Delhi, NY

F. NYAPP Annual Conference rescheduled, 10/20/2020 – 10/22/2020, Saratoga, NY

G. Youth Leadership Conference, 11/7/2020 – 11/11/2020, Washington, DC

XI. Executive Session: A motion was made by Secretary Pick to go into executive session at 8:19 pm. The motion was seconded by Director Wehmeyer. The motion passed. A motion was made to come out of executive session at 9:03 pm by Vice President Winkler. The motion was seconded by Secretary Pick. The motion passed.

XII. Adjournment: There being no further business on the agenda, President Oles adjourned the meeting at 9:04 pm.

Respectfully submitted,

Edward “Rusty” Pick, Jr.,
Secretary

Delaware County Electric Cooperative, Inc.

39 Elm Street, P. O. Box 471, Delhi, New York 13753-0471
607-746-2341

NEW MEMBERSHIPS – July 28, 2020

ACCT #	LOCATION	FIRST NAME	LAST NAME	ADDRESS	CITY, STATE, ZIP	FORMER/RENTING/NEW SERVICE
18349-001	WA 3-37-7	Patrick	O'Brien	1034 Abe Boice Rd.	Sidney Center, NY 13839	Rose Benedetto
18345-001	BO 5-2-16	Sedat	Ulkatan	1000 10 th Ave. 11G77	New York, NY 10019	Antonio A. Prieto
18347-001	MA 3-26-1	Alana	Newhouse	12177 County Highway 27	Sidney Center, NY 13839	David Calvin
18322-001	KO 2-61-20	Chris	Hemmeter	698 Hart St., Apt. 1	Brooklyn, NY 11221	New Service
18340-001	CO 4-77-9	Petar & Gordana	Dunat	1134 Stewart Ave.,	Bethpage, NY 11714	Peter Hillebrand
18344-001	AN 4-48-11	Mark	Pasquali	6044 Fall Clove Rd.	Delancey, NY 13752	Brittany Tucker
18333-001	DE 4-28-18A	Kristen	Jones	2352 Maggie Hoag Rd.	DeLancey, NY 13752	John Marino
18330-001	KO 2-62-15	Robert	Barker	2116 Kiff Brook Rd.	Kortright, NY 13739	Lorraine Farrell
18237-001	DA 1-27-20D	Edward	Pantore	16350 SE 105 th Ave.	Summerfield, FL 34491	Samuel Lehv
18321-001	AN 7-9-12A	Stevem	Salzinger	50 Greendale Rd.	Scarsdale, NY 10583	New Service
18332-001	TO 3-67-12	Maria	Pape	2940 Dryden Rd.	Walton, NY 13856	Sebastian D'Agati & Judith Gregg
18329-001	DE 4-16-4A	Cassandra	Stearns	605 Peakes Brook Rd.	Delhi, NY 13753	Todd Hillkewicz
18323-001	CO 4-77-14D	Nick	Krawczuk	102 Colfax Rd.	Wayne, NJ 07470	New Service
18324-001	JE 2-6-2A	Rachel	Blackburn	955 Coffee Tree Rd.	Frankfort, KY 40601	Peter Darnpfle
18318-001	DA 1-19-23	Jason	Lasaponara	110 Cartwheel Ct.	Washingtonville, NY 10992	Joseph Fremgen
18305-001	HF 2-14-8A	Corey	Luchetta	1192 Champlin Rd.	Jefferson, NY 12093	William P. Lawrence
18341-001	KO 2-43-13	Matt	Penman	125 Ocean Ave. Apt. 3J	Brooklyn, NY 11225	Irene Ulan
18335-001	AN 7-7-9	Paramaribostraat, LLC		2052 Beech Hill Rd.	Andes, NY 13731	CH R Swaak
18352-001	ME 1-68-7A	Virginia	Gore	4721 Elk Creek Rd.	Delhi, NY 13753	Pauline Janiszewski
18348-001	JE 2-5-19B	Samantha	Hill	727 Clapper Hollow Rd.	Jefferson, NY 12093	Jose Gonzalez
18355-001	AN 7-17-5	Mark Tanya	Izeman Khotin	163 Beech Hill Ridge Rd. East	Andes, NY 13731	Mark Izeman
18331-001	KO 2-42-23	Suanne	Belarge	7366 County Hwy 33	Bloomville, NY 13739	Antonion Triarsi
18339-001	FR 1-84-2F	Richard & Tera	Talbot	6732 County Hwy 16	Delhi, NY 13753	Gail Currie
18350-001	HA 4-24-38	Joseph	Rinaldi, Jr.	4 Division Rd.	Lake Ronkonkoma, NY 11779	Nicholas Campanello
18342-001	MA 3-24-34A	Chad	Roof	117 Spring St.	Afton, NY 13730	New Service
18343-001	MA 3-23-10C	Robert & Cheryl	Nealson	2501 Dry Brook Rd.	Arkville, NY 12406	New Service
18326-001	DA 1-47-1B	Brooke	Miskell	P.O. Box 98	West Davenport, NY 13860	New Service



RESOLUTION

July 28, 2020

BE IT RESOLVED, THAT WE, The Board of Directors of the Delaware County Electric Cooperative, Inc., 39 Elm Street, Delhi, NY 13753, do hereby authorize the transfer of \$131.83 representing uncollectible accounts for utility customers per the following listing, to accumulated provision for uncollectible accounts.

<u>ACCOUNT</u>	<u>SER. ADD.</u>	<u>CUSTOMER</u>	<u>SEASONAL</u>	<u>RESIDENTIAL</u>
18088001	GI 2-28-3A	Chris Vaneck	\$ 131.83	
			<hr/> \$ 131.83	<hr/>

July 28, 2020

EDWARD G. PICK, JR., SECRETARY



July 28, 2020

BAD DEBT COLLECTION

*** PLEASE NOTE:** The amounts below were recovered through capital credit retirements, Southern Tier Credit Center & DCEC through June 2020.

Original Amount Turned Over For Collections	Name	**Amount Collected CC to UA	Amount Collected from So. Tier	Amount Collected from DCEC	Commission Paid this Month *	Balance Due
\$ 201.65	Everett E. Burrows	\$ 201.65	\$	\$	\$	\$ - 0 -
917.80	Brenda Wilsey	917.80				- 0 -
668.79	Jessica Sherman	7.97				660.82
204.86	Lorraine F. Olsen	204.86				- 0 -
226.17	Danielle Simon		30.00		9.00	44.89

* Commission is 30% of the total amount collected last month.
50% if legal services are required.

If payment is made directly to us, the commission will be the following month.

** Under \$30.00 does not get reported to Southern Tier Credit Center.

*** Billing department did a small balance write off for the balance due amount.

**** Capital credits are applied on a discounted basis towards outstanding debt per the Capital Credits Applied to Bad Debt Policy.

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General Ledger

Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR MAY 2020

Item	Year - To - Date		Period - To - Date	
	Last Year	This Year	Current	Budget
1. Operating Revenue and Patronage Capital	4,075,621	4,062,184	783,628	697,976
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	894,837	826,060	139,876	196,563
4. Transmission Expense	0	0	0	0
5. Regional Market Expense	0	0	0	0
6. Distribution Expense - Operation	577,555	670,727	140,964	116,495
7. Distribution Expense - Maintenance	674,985	560,876	146,824	146,142
8. Customer Accounts Expense	114,756	120,201	24,920	26,054
9. Customer Service and Informational Expense	4,514	7,608	412	1,726
10. Sales Expense	0	0	0	217
11. Administrative and General Expense	569,128	638,284	94,607	108,095
12. Total Operation & Maintenance Expense (2 thru 11)	2,835,775	2,823,756	547,603	595,292
13. Depreciation & Amortization Expense	410,543	420,762	84,457	82,405
14. Tax Expense - Property & Gross Receipts	1,000	1,000	0	0
15. Tax Expense - Other	0	0	0	0
16. Interest on Long-Term Debt	249,344	240,885	48,194	47,754
17. Interest Charged to Construction - Credit	0	0	0	0
18. Interest Expense - Other	125	141	29	25
19. Other Deductions	0	0	0	0
20. Total Cost of Electric Service (12 thru 19)	3,496,787	3,486,543	680,283	725,476
21. Patronage Capital & Operating Margins (1 minus 20)	578,834	575,641	103,345	-27,500
22. Non Operating Margins - Interest	51,118	47,654	8,896	9,650
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	20,558	28,905	694	-633
26. Generation and Transmission Capital Credits	0	0	0	0
27. Other Capital Credits and Patronage Dividends	10,558	12,033	0	0
28. Extraordinary Items (gain on the sale of property at 39 Elm Street)	0	126,682	126,682	0
29. Patronage Capital or Margins (21 thru 28)	661,067	790,915	239,617	-18,482
Operating - Margin	578,834	575,741	103,345	-27,500
Non Operating - Margin	82,233	215,174	136,272	9,017
Times Interest Earned Ratio - Operating	3.32	3.39		
Times Interest Earned Ratio - Net	3.65	4.28		
Times Interest Earned Ratio - Modified	3.61	4.23		

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BALANCE SHEET FOR MAY 2020

ASSETS AND OTHER DEBITS

1. Total Utility Plant in Service
2. Construction Work in Progress
3. Total Utility Plant (1 + 2)
4. Accum. Provision for Depreciation and Amort.
5. Net Utility Plant (3 - 4)
6. Non-Utility Property (Net)
7. Invest. in Subsidiary Companies
8. Invest. in Assoc. Org. - Patronage Capital
9. Invest. in Assoc. Org. - Other - General Funds
10. Invest. in Assoc. Org. - Other - Nongeneral Funds
11. Invest. in Economic Development Projects
12. Other Investments
13. Special Funds
14. Total Other Property & Investments (6 thru 13)
15. Cash - General Funds
16. Cash - Construction Funds - Trustee
17. Special Deposits
18. Temporary Investments
19. Notes Receivable (Net)
20. Accounts Receivable - Sales of Energy (Net)
21. Accounts Receivable - Other (Net)
22. Renewable Energy Credits
23. Material and Supplies - Electric & Other
24. Prepayments
25. Other Current and Accrued Assets
26. Total Current and Accrued Assets (15 thru 25)
27. Regulatory Assets
28. Other Deferred Debits
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)

Last Year	This Year	Variance
33,134,700	34,523,019	1,388,318
542,439	350,800	-191,639
33,677,140	34,873,819	1,196,679
11,857,041	12,395,859	538,818
21,820,099	22,477,960	657,862
621,906	0	-621,906
0	0	0
322,241	332,476	10,235
954,493	9,134	-945,359
246,522	245,695	-827
0	0	0
6,660	7,365	704
0	34,000	34,000
2,151,823	628,670	-1,523,153
359,195	2,030,496	1,671,301
100	530,205	530,105
0	0	0
0	0	0
0	0	0
522,460	740,278	217,818
435,097	347,921	-87,177
0	0	0
672,455	899,891	227,436
288,333	261,835	-26,498
304,371	304,284	-87
2,582,011	5,114,909	2,532,899
1,174,886	1,062,752	-112,134
715,921	616,340	-99,581
28,444,739	29,900,631	1,455,893

- General funds shifted from commercial paper on line 9 to cash on line 15.

- Escrow - Village of Delhi for water main to be moved.

- Includes net proceeds from sale of 39 Elm Street.

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BALANCE SHEET FOR MAY 2020

LIABILITIES AND OTHER CREDITS

	Last Year	This Year	Variance
30. Memberships	58,170	59,430	1,260
31. Patronage Capital	8,398,777	8,694,073	295,297
32. Operating Margins - Prior Years	540,464	425,105	-115,359
33. Operating Margins - Current Year	578,834	575,741	-3,093
34. Non-Operating Margins	82,233	215,174	132,941 - Affected by gain on sale of 39 Elm Street.
35. Other Margins and Equities	1,083,768	1,161,162	77,394
36. Total Margins & Equities (30 thru 35)	10,742,246	11,130,686	388,440
37. Long-Term Debt - RUS (Net)	0	0	0
38. Long-Term Debt - FFB - RUS Guaranteed	11,794,566	10,681,054	-1,113,511 - FFB debt looks lower despite new borrowing due to liquidation of Cushion of Credit (see line 42).
39. Long-Term Debt - Other - RUS Guaranteed	0	0	0
40. Long-Term Debt - Other (Net)	3,555,742	3,036,320	-519,422 of Credit (see line 42).
41. Long-Term Debt - RUS Econ. Devel. (Net)	0	0	0
42. Payments - Unapplied	-1,968,858	0	1,968,858 - Cushion of Credit liquidated/gone.
43. Total Long-Term Debt (37 thru 41 - 42)	13,381,449	13,717,374	335,925
44. Obligations Under Capital Leases - Noncurrent	0	0	0
45. Accumulated Operating Provisions	0	0	0
46. Total Other Noncurrent Liabilities (44 + 45)	0	0	0
47. Notes Payable	0	464,218	464,218 - Small Business Administration Payroll
48. Accounts Payable	263,709	145,375	-118,334 Protection Program Loan.
49. Consumers Deposits	45,855	54,399	8,544
50. Current Maturities Long-Term Debt	0	0	0
51. Current Maturities Long-Term Debt - Econ. Devel.	0	0	0
52. Current Maturities Capital Leases	0	0	0
53. Other Current and Accrued Liabilities	357,924	466,245	108,321
54. Total Current & Accrued Liabilities (47 thru 53)	667,488	1,130,237	462,749
55. Regulatory Liabilities	0	0	0
56. Other Deferred Credits	3,653,556	3,922,334	268,778
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	28,444,739	29,900,631	1,455,893
Current Assets To Current Liabilities	3.87	to 1	4.53
Margins and Equities To Total Assets	37.77	%	37.23
Long-Term Debt To Total Utility Plant	39.73	%	39.33

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General Ledger

Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR JUN 2020

Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	4,718,155	4,723,566	4,935,330	661,382	685,966
2. Power Production Expense	0	0	0	0	0
3. Cost of Purchased Power	1,032,297	987,139	1,418,008	161,079	196,912
4. Transmission Expense	0	0	0	0	0
5. Regional Market Expense	0	0	0	0	0
6. Distribution Expense - Operation	673,989	758,028	714,170	87,301	119,651
7. Distribution Expense - Maintenance	819,741	677,698	754,691	116,823	151,965
8. Customer Accounts Expense	131,005	138,493	159,563	18,292	27,083
9. Customer Service and Informational Expense	7,584	8,626	10,406	1,018	1,737
10. Sales Expense	0	0	1,319	0	221
11. Administrative and General Expense	697,460	748,207	625,134	109,923	104,924
12. Total Operation & Maintenance Expense (2 thru 11)	3,362,077	3,318,192	3,683,290	494,436	602,493
13. Depreciation & Amortization Expense	491,789	505,263	492,501	84,501	82,575
14. Tax Expense - Property & Gross Receipts	2,000	2,000	2,000	1,000	1,000
15. Tax Expense - Other	0	0	0	0	0
16. Interest on Long-Term Debt	302,243	262,425	279,536	21,540	38,274
17. Interest Charged to Construction - Credit	0	0	0	0	0
18. Interest Expense - Other	150	169	150	29	25
19. Other Deductions	0	0	0	0	0
20. Total Cost of Electric Service (12 thru 19)	4,158,260	4,088,049	4,457,477	601,506	724,367
21. Patronage Capital & Operating Margins (1 minus 20)	559,895	635,517	477,853	59,876	-38,401
22. Non Operating Margins - Interest	62,338	49,109	47,678	1,455	900
23. Allowance for Funds Used During Construction	0	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0	0
25. Non Operating Margins - Other	23,205	29,939	16,200	1,034	-633
26. Generation and Transmission Capital Credits	0	0	0	0	0
27. Other Capital Credits and Patronage Dividends	10,558	12,033	16,400	0	0
28. Extraordinary Items	0	126,682	Margin on sale of	0	0
29. Patronage Capital or Margins (21 thru 28)	655,996	853,280	39 Elm St. 558,131	62,365	-38,134
Operating - Margin	559,895	635,617	477,853	59,876	-38,401
Non Operating - Margin	96,101	217,663	80,278	2,489	267
Times Interest Earned Ratio - Operating	2.85	3.42			
Times Interest Earned Ratio - Net	3.17	4.25			
Times Interest Earned Ratio - Modified	3.14	4.21			

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General Ledger

Financial And Operating Report Electric Distribution

BALANCE SHEET FOR JUN 2020

ASSETS AND OTHER DEBITS

	Last Year	This Year	Variance
1. Total Utility Plant in Service	33,155,432	34,526,792	1,371,360
2. Construction Work in Progress	591,927	799,618	207,691 Includes ~\$400k in HQ work in progress.
3. Total Utility Plant (1 + 2)	33,747,358	35,326,410	1,579,052
4. Accum. Provision for Depreciation and Amort.	11,937,646	12,485,885	548,238
5. Net Utility Plant (3 - 4)	21,809,712	22,840,526	1,030,813
6. Non-Utility Property (Net)	620,240	0	-620,240 Kiff building moved to utility plant.
7. Invest. in Subsidiary Companies	0	0	0
8. Invest. in Assoc. Org. - Patronage Capital	322,241	329,679	7,438
9. Invest. in Assoc. Org. - Other - General Funds	704,493	17,134	-687,359 Moved cash equivalents from other
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	246,522	245,695	-827 investments to DNB for HQ project.
11. Invest. in Economic Development Projects	0	0	0
12. Other Investments	6,395	6,894	499
13. Special Funds	0	34,000	34,000 Escrow account held by Village of Delhi until water line moved.
14. Total Other Property & Investments (6 thru 13)	1,899,891	633,402	-1,266,489
15. Cash - General Funds	471,441	2,326,509	1,855,068
16. Cash - Construction Funds - Trustee	100	203,205	203,105 Net proceeds from sale of 39 Elm St.
17. Special Deposits	0	0	0
18. Temporary Investments	0	0	0
19. Notes Receivable (Net)	0	0	0
20. Accounts Receivable - Sales of Energy (Net)	527,538	569,031	41,493
21. Accounts Receivable - Other (Net)	412,800	326,528	-86,272
22. Renewable Energy Credits	0	0	0
23. Material and Supplies - Electric & Other	684,925	896,897	211,972
24. Prepayments	265,179	219,529	-45,650
25. Other Current and Accrued Assets	306,701	305,183	-1,518
26. Total Current and Accrued Assets (15 thru 25)	2,668,684	4,846,883	2,178,198
27. Regulatory Assets	1,165,541	1,053,407	-112,134
28. Other Deferred Debits	711,860	608,611	-103,250
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	28,255,689	29,982,828	1,727,139

General Ledger
Financial And Operating Report Electric Distribution

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BALANCE SHEET FOR JUN 2020

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
30. Memberships	58,295	59,580	1,285
31. Patronage Capital	8,389,314	8,691,784	302,470
32. Operating Margins - Prior Years	540,464	425,105	-115,359
33. Operating Margins - Current Year	559,895	635,617	75,722
34. Non-Operating Margins	96,101	217,663	121,562
35. Other Margins and Equities	1,151,363	1,161,823	10,460
36. Total Margins & Equities (30 thru 35)	10,795,432	11,191,572	396,140
37. Long-Term Debt - RUS (Net)	0	0	0
38. Long-Term Debt - FFB - RUS Guaranteed	11,696,060	10,681,054	-1,015,006
39. Long-Term Debt - Other - RUS Guaranteed	0	0	Decrease "overstated" by liquidation
40. Long-Term Debt - Other (Net)	3,554,711	3,035,254	0 of Cushion of Credit.
41. Long-Term Debt - RUS Econ. Devel. (Net)	0	0	0
42. Payments - Unapplied	-1,977,126	0	1,977,126
43. Total Long-Term Debt (37 thru 41 - 42)	13,273,645	13,716,308	442,664
44. Obligations Under Capital Leases - Noncurrent	0	0	0
45. Accumulated Operating Provisions	0	0	0
46. Total Other Noncurrent Liabilities (44 + 45)	0	0	0
47. Notes Payable	0	464,218	464,218
48. Accounts Payable	230,043	119,634	-110,409
49. Consumers Deposits	48,393	53,307	Growing credit balance with NYPA
50. Current Maturities Long-Term Debt	0	0	4,914 budget billing plan.
51. Current Maturities Long-Term Debt - Econ. Devel.	0	0	0
52. Current Maturities Capital Leases	0	0	0
53. Other Current and Accrued Liabilities	233,690	494,598	260,908
54. Total Current & Accrued Liabilities (47 thru 53)	512,126	1,131,757	619,631
55. Regulatory Liabilities	0	0	0
56. Other Deferred Credits	3,674,487	3,943,191	268,704
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	28,255,689	29,982,828	1,727,139
Current Assets To Current Liabilities	5.21	to 1	4.28 to 1
Margins and Equities To Total Assets	38.21	%	37.33 %
Long-Term Debt To Total Utility Plant	39.33	%	38.83 %

DCEC BOARD MEETING
GENERAL MANAGER'S REPORT
June 17, 2020 – July 20, 2020

ENGINEERING & OPERATIONS

Notable Outages & Occurrences:

- The largest outage this month affected all 920 members on the Jefferson substation 4 hours and 45 minutes on July 21, 2020 at 8:00 am. The planned outage added approximately 49 minutes to the SAIDI total for 2020. The outage was needed to replace regulator bypass switches in the substation and perform some upgrades on the low voltage bus, also within the substation. While some members of our line crew performed that work, other DCEC line crew members, assisted by OEC line crew members changed out difficult poles in the de-energized state. The tree crew was also on hand to perform a difficult tree removal just outside the sub with the line de-energized.

Disconnections:

- No services were disconnected for non-payment this month. This moratorium on disconnects for non-payment will continue until the board of directors instructs management to resume normal collections and disconnection procedures.

Pole Inspections / Line Inspections / Stray Voltage Testing

- Bob Coager continued pole inspections this month and delivered inspection results weekly.

FINANCE & ACCOUNTING & HUMAN RESOURCES:

Rural Utilities Service (RUS) Federal Financing Bank (FFB) Borrowing

- See a separate agenda item in your packet for details on the status and proposed plans for RUS borrowing in 2020.

CEO Quarantined

- I travelled to North Carolina to attend a family funeral. Later that same day the governor announced a 2-week quarantine requirement for people returning from North Carolina. Technically I was exempt from the ban as an essential employee who had been in North Carolina for less than 24 hours. However, I felt it was important for fellow Cooperative employees to have confidence that the rules such as quarantine requirements applied equally to the CEO. Therefore, I took 2 weeks of vacation to enable me to quarantine at my house.

Employee & Director Photos

- Photographer Joe Damone has taken head shots and/or action shots of all directors and employees of the Cooperative.
- Mrs. VanZandt is arranging for framed images of all directors and employees to be displayed in the main corridor of the new headquarters at North Depot Street.

Temporary Employee Completing Service

- Temporary employee Eric Teodoro has been central to the Cooperative's digitization project whereby all paper easements and member records are being stored in NISC's Vault application. Eric will be completing his service to the Cooperative on 09/04/2020.

POWER SUPPLY / PROJECT INITIATIVES:**Headquarters Project**

- The construction team led by Tom Howard Construction along with their subcontractors continues to make great progress and work well together. The architects have been on-site twice this month to review the work and they are very pleased. Third party inspections have also been performed, in accordance with code, related to soil compaction and concrete. The local building codes inspector has been on-site many times this month and no issues have been found. The DEP and CWC were on-site last week for a pre-funding meeting. They were satisfied with everything they saw and they confirmed our understanding of the CWC funding process and amounts. Project financial details are provided as a separate item in your packets.

NYPA / SUNY Delhi Solar Project

- The solar developer, EDF, received approval from NYSEG this month to pass under NYSEG's 46 kV sub-transmission line.
- Paul DeAndrea and I drafted the interconnection agreement, which includes the financial commitments of the developer to DCEC as well as the agreed upon technical parameters and limitations.

Transmission Congestion Contract (TCC) Renewal

- The Cooperative renewed our TCCs for the 1-year period beginning on 11/01/2020, which coincides with the NYISO "winter" capability period.
- The cost of TCCs changed from \$8,851.90 per MW to \$11,041.78 per MW owing to higher average congestion costs this year versus last year.

Member Owned Distributed Generation

- A member in Bovina has requested that he be allowed to remote meter a solar installation located behind a separate meter from his home's electric service. The Cooperative cannot provide that type of service, loosely termed "remote net metering" under Cooperative policy. Paul DeAndrea and I are working with the member to explore practical and economical solutions.

NYPA Cost of Service Meeting

- NYPA hosted an electronic meeting to cover the "look-back" and "look-forward" views of their hydro cost of service. I attended the meeting along with all other members of the NYAPP executive committee and Tom Rudebusch.
- The look forward is discouraging as rising staffing levels and capital improvement costs are predicted to raise hydro rates considerably. Fortunately, rate increases will be delayed by the Rate Stabilization Reserve methodology, which requires the revenue imbalance from hydro customers to reach \$25 million cumulatively before rates are adjusted.

LEGAL, GOVERNANCE & LEGISLATIVE/INDUSTRY AFFAIRS:**Nominating Committee**

- The Cooperative's nominating committee completed their work this month. They nominated a total of 6 candidates for 3 contested seats. Two incumbents (Menke and Pick) are seeking re-election. One incumbent (Winkler) is retiring and not seeking re-election. Additional candidates include James Hegge and James Warren in the Central Region. The Southern Region candidates are Tanya Khotin and Kimberly Tosi.

NYAPP Activity in NY Energy Policy

- NYAPP consultants, working with the NYAPP executive committee, are actively engaged in influencing NYS energy policy.

- NYAPP is filing comments to NYSERDA related to their white paper on attracting and placing large scale renewables in NYS in order to meet the 70% renewable goal by the year 2030. NYAPP would like to see NYPA's hydro assets recognized as contributing Tier 2 RECs. We'd also like to see a focus on installing renewables where the energy is needed and can be accommodated by the transmission network.

MEMBER SERVICES & PUBLIC RELATIONS:

Intern Anna Post

- Anna has created an Instagram account for the Cooperative and has been assisting with posting public/member focused communications to this social media platform, which is in addition to Facebook.

SAFETY REPORT:

Injury Report:

- No injuries to report. ☺

Safety Committee Activity

- The Safety Committee completed the 2020 update to the DCEC Safety Manual, which will be re-printed and distributed this month.



2020 Annual Meeting

- Agenda -

Welcome/Call to Order.....	President Oles
Appointment of Tellers.....	DCEC Attorney Jeff Clark
Introductory Comments.....	President Oles
Secretary's Report.....	Secretary Pick
- Quorum Determination	
- Notice of Meeting	
- 2019 Meeting Minutes	
Treasurer's Report.....	Treasurer Menke
CEO/General Manager's Report.....	CEO/General Manager Mark Schneider
Director Nominations.....	Nominating Committee Chairwoman Amber Phraner
- Opportunity for Director Nominees to Speak	
- Director Elections.....	DCEC's Attorney Jeff Clark
- Charitable Donation Vote.....	DCEC's Attorney Jeff Clark
Unfinished Business/New Business.....	CEO/General Manager Mark Schneider
Member Questions/Comments.....	CEO/General Manager Mark Schneider
Election Results.....	Jeff Clark (DCEC Attorney)
Wrap-up & Adjournment.....	Stephen Oles (President)
Door Prizes.....	Administrative Assistant Alicia VanZandt
Drive Thru Take Out.....	Curbside Pickup

Location:	American Legion 41 Page Ave., Delhi, NY 13753
Date:	Friday, September 18, 2020
Time:	3:30 p.m. Registration 4:30 p.m. Business Meeting

Last Year's Agenda (2019)

DCEC's Annual Meeting of Members

Agenda Items

Welcome/Call to Order.....	President Oles
Appointment of Tellers.....	DCEC Attorney Jeff Clark
Invocation.....	Deborah Fleming
National Anthem.....	Grace's Touch
Pledge of Allegiance.....	President Oles
Introductory Comments.....	President Oles
Secretary's Report.....	Secretary Pick
- Quorum Determination	
- Notice of Meeting	
- 2018 Meeting Minutes	
Treasurer's Report.....	Treasurer Menke
CEO/General Manager's Report.....	CEO/General Manager Mark Schneider
Director Nominations.....	Nominating Committee Chairwoman Christine Hauser
- Opportunity for Director Nominees to Speak	
- Director Elections.....	DCEC's Attorney Jeff Clark
- Charitable Donation Vote.....	DCEC's Attorney Jeff Clark
2019 Delaware County Dairy Princess.....	Theresa Cerosaletti
2019 Legislative Youth Delegate.....	Faith Dianich
Special Guest Speaker.....	Jennifer Kabat
Unfinished Business/New Business.....	CEO/General Manager Mark Schneider
Member Questions/Comments.....	CEO/General Manager Mark Schneider
Service Awards.....	President Oles
- Millie Faulkner.....	30 years
- Douglas Rosa.....	30 years
- Michael Sackett.....	30 years
- Scott Tuttle.....	30 years
- Randy Tweedie.....	20 years
Election Results.....	Jeff Clark (DCEC Attorney)
Wrap-up & Adjournment.....	Stephen Oles (President)
Door Prizes.....	Billing Assistant Tara Rifenbark

Location: Delaware Academy Central School District
2 Sheldon Dr., Delhi, NY 13753

Date: September 20, 2019

Time: 4:30 p.m. Registration & Dinner
6:30 p.m. Business Meeting



HQ Project Cost Estimate Summary - Updated 07/20/2020

Budgeted Project Cost	Actual Cost to Date	Project Budget Variance*
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Project Cost Categories

Tom Howard Base Proposal	\$ 2,061,691	\$ 329,788	\$ (1,731,903)
Tom Howard Storm Water	\$ 269,231	\$ 11,684	\$ (257,547)
Tom Howard Base Sub-Total	\$ 2,330,922	\$ 341,472	\$ (1,989,450)

External/Soft Cost Categories (Not Tom Howard)

CWC Funding Construction	\$ (134,616)	\$ -	\$ 134,616
CWC Design/Inspections Funding	\$ (7,500)	\$ -	\$ 7,500
NYSEG Energy Efficiency Grant*	\$ (5,000)	\$ -	\$ 5,000
DCEC Energy Efficiency Funds for EV Charging Station Make-Ready	\$ (8,000)	\$ -	\$ 8,000
3rd Party Testing Fees	\$ 10,000	\$ 460	\$ (9,540)
Train Depot Salvage/Removal & Wickham Shed Demolition/Removal	\$ 21,090	\$ 29,251	\$ 8,161
Village of Delhi Building Permits	\$ 6,250	\$ 6,650	\$ 400
3" Crusher Run, Clean, Compacted - Shop Side of Perimeter Fence (34,000 sq ft) by Paul Beisler, received \$20,000 quote for \$46,000 sq ft verbally by phone to Director Pick on 2/19/2020 (DCEC direct expense to Beisler)	\$ 20,000		\$ (20,000)
Warehouse racking/reel storage (DCEC direct expense to racking seller)	\$ 11,000	\$ 5,794	\$ (5,206)
Security - Video/Audio Monitoring - Wiring Only	\$ 5,800	\$ -	\$ (5,800)
Security - Access Control	\$ 32,458	\$ 10,819	\$ (21,639)
Security - Intrusion Detection / Alarming	\$ 8,446	\$ 2,816	\$ (5,630)
Radio system 3xbase station installs, 2 new antennas, 3xantenna & coax installs	\$ 4,582	\$ 10,722	\$ 6,140
corridor c3)	\$ 2,400	\$ 2,862	\$ 462
Otsego Telephone PBX Cut-Over	\$ 1,500	\$ 1,200	\$ (300)
Over	\$ 3,000		\$ (3,000)
Rig/Move Existing Safe from 39 Elm Street	\$ 600		\$ (600)
NYSEG Service Upgrade Fees	\$ 1,500		\$ (1,500)
Village of Delhi Water/Sewer Connection Fees	\$ 2,000		\$ (2,000)
Furnishings & Equipment Including Install	\$ 55,000	\$ 55,357	\$ 357
Contingency / Change Orders	\$ 84,138	\$ 2,632	\$ (81,506)
Base Project Total with External and Soft Costs	\$ 2,445,571	\$ 470,034	\$ (1,975,536)

Alternates & Options Through Tom Howard and Subs

Paving - Shop Side of Perimeter Fence (46,000 sq ft)	\$ 52,330		\$ (52,330)
Total Project Cost w/Selected Options	\$ 2,497,901		\$ (2,027,866)

*In Budget Variance column, positive numbers indicate over-spending and (negative) numbers indicate not all funds expended. Gray cells are complete and white cells are still active line items, subject to more spending.

HQ Project Contingency Budget Monitoring

Updated 7/20/2020

Use of Contingency Funds on New Line Items

Description	Authorization	Amount
Starting Balance	N/A	\$ 80,000.00
Add steel forklift access door for Storage 200 mezzanine	e-mail from mhs to thc, 7/12/2002, ~3 pm	\$ (1,000.00)
Change to epoxy coated rebar	e-mail from mhs to thc, 7/10/2020, ~7:30 hrs	\$ (1,272.00)
Removal of non-native materials, adjacent to former Train Depot excavation	thc notified Ryan during week of 7/6/2020	
Electrical circuit moves in Maintenance Shop by Mike Simonds		\$ (360.00)

Total New Line Items \$ (2,632.00)

Use of Contingency Funds on Budget Over Runs on Existing Line Items

Description	Authorization	Amount
Removal of non-native materials, under Train Depot building - Scott Lenci and DCAS	verbal by mhs to Scott and Dave - on site	\$ (8,161.08)
Demolition permits additional	authorized by mhs - signed check to Village	\$ (400.00)
Radio system over-runs, no quote at time of project budgeting	mhs authorized quote 1st week of July	\$ (8,561.08)
Furnishings over-run, quotes had expired after 60 days	mhs authorized quotes 1st week of July	\$ (357.03)

Total Budget Over Runs on Existing Line Items \$ (17,122.16)

Contingency Budget Remaining \$ 60,245.84



POLICY

SUBJECT: Minimum Final Bills and Capital Credit Payments

POLICY: It shall be the policy of the Cooperative that the amount of minimum final bills, final bill refunds and payments for capital credits for members shall be established by the Board of Directors. The cooperative shall not transmit final bills, final bill refunds or capital credit payments for balance amounts less than \$5.00. The Board shall reconsider the minimum amount periodically.

Final bills and final bill refunds less than \$5.00 shall be adjusted to \$0.00 on the member's account receivable and shall be permanently transferred to the Cooperative's donated capital account.

Retired capital credits that remain unpaid to a particular member pursuant to this policy shall be paid in the first following year when the total amount of retired capital credits for that member exceeds \$5, including the amount carried over from previous year(s). Notwithstanding the \$5 minimum described herein, a check shall be issued to a former member if such retirement fully retires the capital credits balance of the former member. ~~shall be accumulated in the name of the affected member and if the accumulated amount of retired and unpaid capital credits exceeds \$5.00, then a payment shall be transmitted to that member.~~

Regular monthly bills shall be transmitted to each member regardless of the amount of the balance.

PROCEDURE: As outlined in the Policy.

RESPONSIBILITY: Board of Directors and General Manager

DELAWARE COUNTY ELECTRIC COOPERATIVE, INC.

Approved by Board of Directors	Mar 14, 1961
Revised by Board of Directors	Jun 16, 1971
Reaffirmed by Board of Directors	Jan 24, 1989
Reaffirmed by Board of Directors	Mar 28, 1995
Revised by Board of Directors	Mar 27, 2012
Revised by Board of Directors	Apr 28, 2015
Revised by Board of Directors	Mar 7, 2017
<u>Revised by Board of Directors</u>	<u>Jul 28, 2020</u>



POLICY

SUBJECT: Absentee Ballots

POLICY:

Background:

Article III, Section 6 of the Bylaws of the Delaware County Electric Cooperative (the Cooperative) describes a member's rights and responsibilities related to absentee balloting. This policy provides rules and procedures, which shall be followed by staff of the Cooperative when administering the absentee ballot process.

The Bylaws specify the following timeline for mail-in absentee ballots:

- (a) The Cooperative must receive from the member a completed absentee ballot request form at least twenty (20) days prior to the Membership Meeting.
- (b) Upon receipt, the Cooperative will provide an official absentee ballot to the member.
- (c) The Cooperative will accept a properly completed absentee ballot only if it is received within the office of the Cooperative by no later than the close of the 4th business day preceding the day of the Membership Meeting.

The Bylaws specify the following timeline for in-person absentee ballots:

- a) The member may appear, in person, at the office of the Cooperative, verify his or her identity by presenting a government issued photo identification, request the absentee ballot, complete the absentee ballot, and return it to the office of the Cooperative by no later than the close of the 4th business day preceding the day of the Membership Meeting.
- b) Absentee ballots shall be made available to members at the office of the Cooperative starting at least 20 days prior to the Membership Meeting.

The Bylaws specify the following requirements and limitations on the process:

- (a) Upon the Cooperative's receipt of an absentee ballot, a member may not revoke an absentee ballot and vote at the meeting regarding the matter described in the ballot.
- (b) The absentee ballot must: (1) set forth and describe a proposed action, identify a candidate(s) and include the language of a motion, resolution, Bylaw Amendment, or other written statement, upon which a Member is asked to vote or act; (2) state the date of a Membership Meeting at which the members are scheduled to vote or act on the matter; (3) provide an opportunity to vote for or against, or to abstain from voting on, the matter; (4) instruct the member how to complete and return the absentee ballot; and (5) state the time and date by which the Cooperative must receive the complete absentee ballot.

Article I, Section 3(C) states that an absentee ballot executed by either or both joint members shall constitute one joint absentee ballot.

Procedure:

To facilitate voting by mail-in absentee ballots:

The Cooperative shall send absentee ballot request forms to all members of the Cooperative in the July/August edition of the Catskill Hi-Line newsletter and by paper or electronic means such as but not limited to regular e-mail, electronic billing notices, the Cooperative's website, social media platforms, and paper bill inserts. The request form shall require the member's name,



address, and account number. The form shall also provide the due date for the request form, which shall be the last business day at least 20 days prior to the Members Meeting.

Upon receipt of each request form, the Cooperative shall confirm that the request form was submitted by a member in good standing and that all required information was provided. In cases where the request form is missing required information or when the form was submitted by someone other than a member in good standing, the Cooperative shall make a good faith effort to contact the person who submitted the request form with the goal of providing members an opportunity to exercise their right to submit absentee ballots.

Upon confirmation that a member has submitted a properly completed request form, the Cooperative shall add the member's name and account number to the Absentee Voters List and the absentee ballot shall be given an Absentee Ballot Number. The Absentee Ballot Number will be used to track which members return absentee ballots, because members may not vote by absentee ballot AND in person at the Members Meeting.

Within 3 days following the due date for the absentee ballot request form, the Cooperative shall send absentee ballot packets to all members who submitted properly completed request forms. The absentee ballot packet shall include the following:

- (a) Instructions, which shall include the due date, which shall be the close of the 4th business day preceding the day of the Membership Meeting.
- (b) An absentee ballot
- (c) A Secret Ballot Envelope in which the member will place his/her completed absentee ballot. The Secret Ballot Envelope should be marked with language such as "PLACE YOUR SECRET BALLOT INSIDE THIS EVELOPE AND SEAL BEFORE MAILING" and shall also be marked with the Absentee Ballot Number associated with the member. The Absentee Ballot Number will be used to track which members return absentee ballots without violating the Cooperative's Bylaws.
- (d) A mailing Envelope pre-addressed to "Delaware County Electric Cooperative, Inc., PO Box 471, Delhi, NY 13753, attention Member Services." The instructions should instruct the member to place his/her sealed Secret Ballot Envelope inside their Mailing Envelope before mailing the sealed Mailing Envelope to the Cooperative.

The Cooperative shall open Mailing Envelopes, but not Secret Ballot Envelopes, as absentee ballots are received in the mail. The Absentee Voter List shall be updated to record which Absentee Voters have returned Secret Ballot Envelopes. The unopened Secret Ballot Envelopes shall be placed daily in the Cooperative's safe, where they shall remain until the day of the Members Meeting.

To facilitate voting by in-person absentee ballots:

The Cooperative shall make absentee ballot request forms available to any member at the office of the Cooperative starting at least 20 days prior to the Membership Meeting. Upon receiving completed absentee ballot request forms from members in-person at the office of the Cooperative, the Cooperative shall require the member to present a government issued photo identification to verify that the person submitting the request form is the member whose name is listed on the absentee ballot request form. The Cooperative shall confirm that the request form was submitted by a member in good standing and that all required information was provided. In cases where the request form is missing required information or when the form was submitted by



someone other than a member in good standing, the Cooperative shall immediately notify the person who submitted the request form of any deficiency, to give them a chance to re-submit the request form in a timely manner.

Upon confirmation that a member has submitted a properly completed request form, the Cooperative shall add the member's name and account number to the Absentee Voters List and the absentee ballot shall be given an Absentee Ballot Number. The Absentee Ballot Number will be used to track which members return absentee ballots, because members may not vote by absentee ballot AND in person at the Members Meeting.

After assignment of an Absentee Ballot Number, the Cooperative shall hand the Absentee Ballot and the Secret Ballot Envelope directly to the member. The member shall complete the Absentee Ballot at the office of the Cooperative, insert it into the Secret Ballot Envelope and hand it to the Cooperative staff person. The Absentee Voter List shall be updated to record which Absentee Voters have returned Secret Ballot Envelopes. The unopened Secret Ballot Envelopes shall be placed daily in the Cooperative's safe, where they shall remain until the day of the Members Meeting.

On the day of the Members Meeting, the Cooperative shall utilize the Absentee Voter List to prevent members having submitted absentee ballots from also receiving ballots to vote in person.

The Cooperative shall take the unopened Secret Ballot Envelopes to the Members Meeting to be handed over to the tellers. Tellers are members of the Cooperative who are present at the Members Meeting and volunteer to assist with or observe the ballot collection and counting process. Any member present at the Members Meeting is eligible to volunteer to serve as a Teller. There shall be a minimum of 3 Tellers. Tellers shall open the Secret Ballot Envelopes no later than the time during the Members Meeting when ballots are counted. The Cooperative's attorney shall be available to inspect absentee ballots to confirm that ballots are properly completed and signed. Only appointed tellers and the Cooperative's attorney shall be allowed to view absentee ballots so that the secrecy of the ballots is maintained.

Ballots shall be kept in a secure location at the Cooperative for a period of at least sixty (60) days and no more than thirteen (13) months after the annual meeting ~~by the Cooperative's attorney until such time as they can be destroyed in accordance with the Cooperative's record retention policy~~ to allow for challenges to the voting process. Thereafter, they will be destroyed.

RESPONSIBILITY: Secretary Cashier Receptionist

DELAWARE COUNTY ELECTRIC COOPERATIVE, INC

Approved by Board of Directors	April 23, 2013
Revised by Board of Directors	June 23, 2015
Revised by Board of Directors	May 30, 2017
<u>Revised by Board of Directors</u>	<u>July 28, 2020</u>



RUS Borrowing Proposal
July 28, 2020

The Cooperative's board of directors approved a 2020 budget on December 17, 2019, which included \$2.5 million in new debt. The board modified the 2020 budget on February 25, 2020 with a resolution approving the construction of the consolidated headquarters at a cost of \$2,497,901 and increasing the 2020 new debt level of \$3 million. In accordance with the 2020 budget, Cooperative management have drawn down the following loan funds from RUS so far in 2020:

Draw-Down Date	Loan Designation	Amount	Interest Rate	Maturity Date
05/04/2020	DELELCO 0005 0003	\$1,040,000	1.045% + 1/8% = 1.170%	01/02/2052
05/26/2020	DELELCO 0005 0004	\$327,000	1.111% + 1/8% = 1.236%	01/02/2052
Total thus far in 2020		\$1,367,000		

Thus far in 2020, the Cooperative has borrowed a total of \$1,367,000 at a weighted average interest rate of 1.186% inclusive of the RUS 1/8% administrative fee. That leaves \$1,633,000 of borrowing that management is currently authorized to draw down in accordance with the 2020 budget.

The Cooperative has submitted and received approval for headquarters borrowing from RUS up to \$2,150,000 through what RUS calls the "contract method" of borrowing. Under the contract method, the Cooperative submits the contract we've signed with our general contractor, Tom Howard Construction, to RUS. Then RUS allows the Cooperative to borrow against the headquarters project even prior to the completion of construction. Management anticipates submitting a request for draw down of \$1,367,000 within a week of this writing.

That will leave \$783,000 of eligible HQ borrowing in excess of the borrowing budgeted in 2020. In addition to those available funds, additional funds are becoming available each month as the Cooperative closes distribution plant work orders and submits reports to RUS. Under normal circumstances I would recommend leaving those eligible funds at RUS and only borrowing them when the Cooperative needs them. However, these are not normal times in terms of the historically low interest rates available to RUS borrowers. The following is a screen shot of the RUS interest rates page from 07/21/2020, which shows the rates that RUS is lending at today.

APPROXIMATE FFB QUARTERLY RATES*

3-mo	6-mo	1-yr	2-yr	3-yr	5-yr	7-yr	10-yr	20-yr	30-yr
0.11	0.14	0.14	0.14	0.19	0.29	0.46	0.61	0.97	1.06



With the addition of RUS's 1/8% administrative fee, RUS borrowers can borrow for 30 years today at an interest rate of 1.185%.

Possible motion by a board member to authorize the management proposal:

Management proposes borrowing an additional amount between \$783,000 and \$1,000,000 from RUS as soon as practical to avail ourselves of the historically low interest rates now in effect, subject to the following limitations:

- 1) Draw down only if the approximate RUS 30-yr interest rate on loans paid quarterly (<https://www.rd.usda.gov/page/rural-utilities-loan-interest-rates>) is at or below 1.30%.
- 2) Draw down no more than the maximum available according to RUS rules or \$1,000,000, whichever is the lower amount.

Note that the borrowing described above benefits the Cooperative by hedging against rising interest rates. It is very likely that interest rates will rise significantly over the next year or two. Even if interest rates were to rise from 1.185% to 2%, which could be considered a modest increase, the cost of borrowed money would almost double for the Cooperative. For example, the interest paid in year 1 on \$800,000 in debt would change from approximately \$9,480 to \$16,000 if interest rates changed from 1.185% to 2.0%. Borrowing in 2020 mitigates this risk.

Note that borrowing as described above does create costs and risks for our members:

- 1) There is a very small risk that interest rates could be lower in the future when the Cooperative needs the funds. If that happens, then the Cooperative would have paid more than necessary in interest charges over the life of the loan. I think this is very unlikely given the historically low interest rates now in effect as well as the projected impacts of the current economic crisis on interest rates over the next 2 years.
- 2) The Cooperative will pay interest on borrowed funds in 2020 even though those borrowed funds were not necessary in 2020. For example, if the Cooperative borrows an additional \$800,000 dollars on 08/01/2020, the Cooperative will pay approximately \$4,000 in interest charges in 2020 on those funds. One could look at these interest charges as the cost of locking in the favorable rates. Also note that these interest charges would be partially offset by earnings on the funds if invested in commercial paper, select notes, or a money market account.
- 3) The increased borrowing will have an unwelcome impact on the Cooperative's key ratio known as Equity as a Percentage of Total Assets. Since equity management is a key component of the board's financial goals and objectives, a negative impact on equity will harm the Cooperative's pursuit of its financial goals and objectives in the short term. For example, additional borrowing of \$800,000 would reduce equity by almost 1%. Since borrowing in 2020 will reduce the amount of borrowing required over the next 2 years, the impact on equity would be resolved within 2 years.