COUNCIL COMMITTEE OF THE WHOLE

The Council Committee of the Whole met on August 13, 2019 at 6:00 p.m., with Council President Hare presiding. Members of Council present were Mr. Anderson (departed at 7:22 p.m. and returned at 7:24 p.m.), Mr. Sudler (arrived at 6:07 p.m.), Mr. Neil, Mr. Polce (departed at 7:15 p.m. and returned at 7:17 p.m.), Mr. Taylor (arrived at 6:01 p.m.), and Mr. Lindell. Mr. Slavin and Mr. Cole were absent. Mayor Christiansen was also present. Civilian members present for their Committee meetings were Mr. Caldwell and Col. Dix, Retired, *(Parks, Recreation, and Community Enhancement)*, and Mrs. Doyle *(Utility)*. Mrs. Haass *(Utility)* was absent.

PARKS, RECREATION, AND COMMUNITY ENHANCEMENT COMMITTEE

The Parks, Recreation, and Community Enhancement Committee met with Chairman Anderson presiding.

ADOPTION OF AGENDA

Mr. Neil moved for approval of the agenda, seconded by Mr. Lindell and unanimously carried.

Review of Active Recreation Area Plan (and Request for Partial Cash-in-lieu) for White Oak Property: Apartments and Townhouses (Planning Reference: S-19-15)

Mrs. Dawn Melson-Williams, Principal Planner, reviewed the active recreation area plan for proposed apartments and townhouses on three (3) parcels of land located on White Oak Road.

Staff recommended approval of the active recreation area plan with the comments and conditions provided, and acceptance of the $3,490.87 cash-in-lieu of recreation area construction donation, as the amount complies with the requirements of the Zoning Ordinance.

Responding to Col. Dix, Mrs. Melson-Williams estimated that Dover Park was located within a half-mile of the subject property. Mr. Neil stated that he was going to suggest a sidewalk, however, he indicated that he thought a half-mile of sidewalk was too much to ask for. He suggested that the City ensure that the park is indicated so residents know it is available for them. In response to Mr. Neil, Mrs. Melson-Williams noted that there are some existing sidewalk networks in the area and, with this project, the property owner will be required to construct a sidewalk along their property frontage as well.

Responding to Mr. Caldwell, Mrs. Melson-Williams explained that the Code requires active recreation areas to be properly managed and maintained and that a caretaker be identified. She stated that since this is a proposed apartment complex, there will probably be an overall property manager that takes care of the other grass areas as well as the active recreation area.

Mayor Christiansen asked if it would be possible for the City to escrow the $3,490.87 toward possible playground equipment, explaining that townhouses and apartments connotate young families who may have little children and the developments of Bicentennial Village and Village of Westover had recently requested the installation of playground equipment. He stated that he hoped children would not be crossing White Oak Road to go to Dover Park and suggested setting the funds aside for consideration of the installation of a tot lot like those in Bicentennial Village, Village of Westover, and other neighborhoods. In response, Mr. Anderson noted that it is private property and the owner is requesting consideration for partial cash-in-lieu of recreation area donation and asked whether the committee could deny the request or how they would proceed with Mayor Christiansen's suggestion. Responding, Mrs. Melson-Williams advised

that the Code specifically states that the cash-in-lieu of recreation area donation shall be deposited in a separate account to be used for parks, playgrounds or recreational purposes. She stated her belief that the land where equipment was installed in Bicentennial Village and Village of Westover was ultimately City-owned park land. Mrs. Melson-Williams noted that she did not think there was any example where the City had constructed equipment on private property. She advised that if the committee has strong feelings about the need for an age appropriate amenity, they could make a recommendation as part of their review of the active recreation area plan. Mrs. Melson-Williams stated that the open field was put forward by the applicant as the best option for any age group of potential residents.

Responding to Mr. Anderson, Mrs. Melson-Williams stated that the proposed development is 32 units consisting of 24 apartments and eight (8) townhouse units.

Col. Dix asked how wide the property between the proposed active recreation area and the development was. He stated that he thought that area would be large enough for a toddler park and suggested that it might be declared a City park. In response, Mrs. Melson-Williams advised that part of the difficulty with this site is that it is significantly impacted by the flood plain and wetland areas. She stated that the gap between the end of the cul-de-sac on the east and the proposed active recreation area is impacted by wetlands, and development is prohibited in those areas.

Responding to Mr. Lindell, Mr. Anderson confirmed that the cash-in-lieu of recreation area construction donation would go into the Parkland Reserve.

Mr. Lindell noted that this scenario is different from the Village of Westover, where the Homeowners' Association (HOA) had land and set aside funding for the park. He suggested that once the proposed neighborhood is completed and the community is established, they may eventually decide they want a playground and Council could consider using the funds from the Parkland Reserve at that time. Responding, Mr. Anderson noted that they could not bind a future Council, it would be up to them.

Col. Dix noted that the playground at Bicentennial Village is in a flood plain, not a park, and asked why the City could not do the same thing in this instance. In response, Mr. Anderson explained that the subject property is privately owned and they did not request a playground.

Mr. Hare stated that staff had provided a recommendation for acceptance of a cash-in-lieu of recreation area donation for consideration, and he thought members were a little off target, explaining that if they wanted to pursue alternatives, they should reschedule the matter. He reminded members that this was a request from the property owner and they might rent all 32 units to senior citizens. Mr. Hare concurred with Mr. Lindell regarding accepting the cash-in-lieu of recreation area donation and keeping the money in the Parkland Reserve.

Mr. Sudler stated that he concurred with Mr. Hare and Mr. Lindell.

Mr. Neil moved to recommend approval of the active recreation area plan with the comments and conditions provided, and acceptance of the $3,490.87 cash-in-lieu of recreation area construction donation, as the amount complies with the requirements of the Zoning Ordinance, as recommended by staff. The motion was seconded by Mr. Sudler and unanimously carried.

Community Development Block Grant (CDBG) Program Semi-Annual Update (March 2019 - August 2019)

Mrs. Tracey Harvey, Planner/Community Development Block Grant (CDBG) Administrator, reviewed the CDBG Semi-Annual Report, March 2019 - August 2019.

Dover Park Master Plan

Mr. Matt Harline, Assistant City Manager, reviewed staff's recommendations for Dover Park.

Staff recommended that the City proceed with the "Final Concept" with a Splash Pad and small (1,440 square foot) building and, if funds and space can be found, a Can-Do Playground.

Mr. Sudler thanked staff for the excellent job they had done in correcting the defective conditions in Dover Park and bringing it up to a higher standard than it had been maintained in the past. He requested, on behalf of the Fourth District, consideration of the following three items for Dover Park: 1) the possibility of the 3,600 square foot new recreational facility, which is his highest priority, 2) a skateboard park, and 3) a dog park. Mr. Sudler noted that he was planning to attend a skateboard event in Salisbury on Sunday, August 18, 2019 at 1:00 p.m. that was advertised on WBOC to see how their skate park is constructed and the things that they are doing.

Responding to Mr. Taylor, Mr. Harline advised that staff was working to develop a routine maintenance program for each of the parks. Mr. Taylor noted that, based on his experience, the most successful parks are clean, very well maintained, and event oriented. He asked if the City or any other organizations had any activities scheduled for Dover Park. In response, Mr. Harline explained that Mr. Kirby Hudson, Director of Parks and Recreation, would be better able to answer programming questions and was unable to attend the meeting. He noted that staff was planning to increase programming at Dover Park, and those plans would depend on the amenities selected by Council. In response to Mr. Taylor, Mr. Harline stated that ten (10) park benches were part of the Master Plan. Mr. Taylor stated that he fully supported the three (3) items Mr. Sudler requested for consideration for Dover Park.

Mr. Neil congratulated staff on the work that had already been accomplished with the tennis courts, basketball court, etc. He asked when the City planned to make the public aware of the amenities currently available and begin to program events. Mr. Neil stated that he thought it was members' responsibility to make the public aware of events. Responding, Mr. Harline advised that Mr. Hudson had proposed scheduling a ribbon cutting for a grand reopening of Dover Park.

Col. Dix stated that he spent over an hour at the Dover Park on August 11, 2019, around 3:30 p.m. and counted approximately 105 people in the park. He noted that 70 people were at the basketball courts and the other people were out walking in the park. Col. Dix expressed concern with the potential for foot injury if a splash pad is placed near a playground or porta-potties. In response to Col. Dix, Mr. Harline stated that there would be some type of bathroom facility, noting that there are water and sewer available on the property. He advised that the National Parks and Recreation Association has volumes of suggestions regarding how to install different amenities near each other. Responding to Col. Dix, Mr. Harline stated that a Can-Do Playground is for children with physical disabilities.

Mayor Christiansen commended members for fulfilling the promise to replace the building at Dover Park. He noted that he appreciated the input from the Interdenominational Ministerial Alliance (IMA) and other

organizations that had joined with the City to ensure the City has a well-designed building, and will be able to project the cost of that building, how it will be funded, and the extra tax dollars that will be needed for maintenance. Mayor Christiansen noted that he had suggested that the City should have a skate park in 1987. He indicated that he agreed that the City should also have a dog park.

Mrs. Donna Mitchell, City Manager, reminded members that the Master Plan was done with a lot of public input and, although it does not include a 3,600 square foot building, it does include a 1,440 square foot building. She stated that she believed that Dover Park needs a building, explaining that the Master Plan Study revealed that the City needs to reactivate the park and have activities in it for the public to feel safe and like its part of the community. Mrs. Mitchell advised that her concern is that the amenities provided in the Master Plan have specific square footage requirements and if you add a skate park, a dog park, and a 3,600 square foot building, the Master Plan will need to be re-engineered to exclude other amenities because there is not enough space in the park for everything. She explained that staff had discussed a skate park and a dog park and, due to the space limitations at Dover Park, they recommended placing those amenities at Schutte Park. Mrs. Mitchell stated that she would like to have a conversation to find out if members would prefer those amenities to be in Dover Park or Schutte Park. She noted that the Committee could defer a decision on this matter to allow staff to come back with another recommendation after getting members' input.

Mr. Sudler agreed that there are space limitations at Dover Park. He stated that he thought that Council members and the constituents needed to go out to Dover Park to participate in a grassroots initiative to revitalize it. Mr. Sudler expressed his opinion that having new amenities at Dover Park would help attract more people and that the City needed to spread out new amenities among all the parks.

Reverend Rita Mishoe Paige, 355 Rita Wilma Road, stated that members of the IMA had a fruitful meeting with City staff and everyone agreed that the Master Plan that had been designed was a good plan, incorporating part of what the IMA had proposed as well. She advised that, after their meeting, she had given it more thought and discussed it with the IMA President and they proposed that they have two (2) locations on the east side of Dover, an outside park facility, as well as an indoor park facility. Reverend Paige reminded members that Col. Dix had previously suggested that the IMA begin a conversation with the Capital School District and she was waiting to hear back from the Superintendent. She explained that she thought the City could move forward with the outdoor facility now and install the splash pads, noting that they would be placed where the IMA was proposing the building to be constructed because of the plumbing facilities. Reverend Paige stated that she thought it would be good to have the outdoor park be a sports park and then consider Towne Point Elementary School for what the IMA is proposing for programming based on the surveys they received.

Responding to Mr. Anderson, Reverend Paige confirmed that she would not have any objection to the 1,440 square foot building with restrooms at Dover Park, and would like to focus on the larger facility at Towne Point.

Mr. Lindell stated that he was not opposed to any of the three options; however, he expressed concern with the limited amount of available space. He noted that they would have to give up some amenities in the Master Plan in order to add amenities. Mr. Lindell indicated that he thought that park security and maintenance also needed to be addressed. In response, Mrs. Mitchell advised that while there was no formal maintenance plan, staff was frequently at Dover Park because they had been doing a lot of work there. She

stated that Mr. Hudson was working on a maintenance plan for all City parks now that there are two (2) crews between the Grounds Division and Parks and Recreation Department.

Mr. Lindell stated that he was in favor of including a Can-Do Park, noting that he and his family frequented the one in Milford.

Responding to Mr. Taylor, Mrs. Mitchell stated that Williams Park was not part of the Dover Park Master Plan. Mr. Taylor noted that Capital School District had a Can-Do Park at Kent County Community School (KCCS) which he thought would be a great model. He asked if anyone had been there to see it. In response, Mrs. Mitchell explained that members had received a presentation regarding a Can-Do Park from the rotary prior to Mr. Taylor being elected to Council. She stated that the rotary had helped fund Can-Do Parks in Bear as well as Milford, and Mr. Hudson would be able to provide him with additional information.

Mr. Hare stated that he had talked to different people and they were in favor of a skate park and a Can-Do Park. He noted that, with the limited space available at Dover Park, he thought Schutte Park would be the ideal location for these amenities. Mr. Hare stated that this would allow for the splash pad to be placed at Dover Park.

Mr. Anderson noted that a Can-Do Park could be used all year, while a splash pad is only valuable four (4) months of the year.

Responding to Mayor Christiansen, Mrs. Mitchell confirmed that the Master Plan for Schutte Park did include a skate park. Mayor Christiansen stated that he agreed with Mr. Hare that having the Can-Do Park and the skate park at Schutte Park would free up additional land at Dover Park.

Mr. Sudler expressed his concern that if the IMA is not successful in obtaining the Towne Point Elementary facility, it could affect the future of the facility needed on the east side of Dover. He suggested that the IMA continue their due diligence and meet with the Capital School District Superintendent, however, he cautioned that the City had been very progressive in the initiative at Dover Park over the last couple of years and he did not want the idea of an adequate facility to get lost.

Mr. Neil stated that Can-Do Parks are designed for all children and so that children with disabilities can participate. He noted that he thought a dog park is neighborhood based and people may not travel long distances to take their dog to a dog park. Mr. Neil suggested moving forward and approving the concept as designed with the idea that they are going to take a look at where the amenities would best fit, including where a skate park could be placed without having to move any of the other amenities planned for Dover Park. He indicated that they needed to look at the difference between the neighborhoods as well as who will travel where and to use which amenities.

Mr. Neil moved to recommended that the City proceed with the "Final Concept" with a Splash Pad and small (1,440 square foot) building and, if funds and space can be found, a Can-Do Playground, as recommended by staff, and to have staff come back with recommendations on the other amenities. The motion was seconded by Mr. Lindell.

Col. Dix suggested that the park on Dover Street would be a great location for a dog park. He noted that trees could be cut down if the City needs space at Dover Park.

Mr. Hare noted that the park on Dover Street was utilized, noting that the softball field there was used regularly from April through October, and the park and basketball court are used every day. He stated that he thought that putting a dog park there would really upset people who use the land for soccer six (6) months of the year.

Mr. Sudler asked for clarification on the motion. He stated that his understanding was that they would be voting whether to accept staff's recommendation with the instructions for staff to take members' considerations in mind and then schedule something for members and the constituents to go to the park and try to sort out the best plan of action. Mr. Sudler stated that he wanted to have absolute clarity because this is so important for the center. Responding, Mr. Anderson stated that the idea is to accept the staff recommendation with the alternative that Mrs. Mitchell recommended to add the 1,440 square foot building and a splash pad, and to also consider other recommendations by staff in the future. Mr. Neil stated that he thought members wanted to move forward on the entire process. He indicated that the discussion was about where the amenities, such as a dog park, skate park, and Can-Do Park should be located and staff should come back with recommendations regarding those specific areas.

Mr. Sudler stated that by moving forward with that recommendation, they would be committing to utilize the only space they can construct a building on for a splash pad. He reminded members that they only have 3,600 square feet to construct a building and cannot construct a building anywhere else on this property because it is restricted. Mr. Sudler explained that this would guarantee the construction of the splash pad and that the recreational facility is only going to be 1,440 square feet. He stated that he did not like that, so he would be voting against it. Mr. Sudler stated that he thought that they needed to figure out whether they wanted a splash pad or an adequate facility before they move forward with construction, explaining that there is no guarantee that Towne Point Elementary School is going to be obtained and available for usage unless the City is in negotiation to buy it. He indicated that in considering the finances for this project, they need to consider the long term, noting that it would be a waste of money to have to tear out the splash pad later if they figure out it does not work.

Mr. Hare stated that he agreed with Mr. Sudler that they needed to know what's happening with Towne Point Elementary before they can make any definite decisions. He noted that he thought they could move forward with some things, like the skate park at Schutte Park, but that they should wait in regard to the building.

Mr. Neil moved to call the question. The motion failed for lack of a second.

Col. Dix noted that he had visited all three (3) county dog parks and they are not that large.

Mr. Lindell stated that he understood Mr. Sudler's hesitation, however, he thought that this Council, unlike previous Councils, would ensure some type of structure is built to help the youth on the east side of the City. He stated that he thought that they needed to make sure they have all of the pieces in the best places and that this was the first step in doing that.

Mr. Anderson asked if the makers of the motion would be open to a friendly amendment to resolve this issue by saying a structure and figuring out the scope of it later.

Mr. Neil noted that a 1,440 square foot building, including classrooms, was recommended. He stated that Reverend Paige said that if that was possible, then it would work because there are already classrooms available at Towne Point. Mr. Neil explained that he is not as concerned about the future for that since there are places in that area where programs for kids and other things can be expanding, whether it is at Towne Point or somewhere else. He stated that he thought they should move forward with this. Mr. Neil noted that the last discussion regarding the larger building was that it was going to be financed by someone other than the City.

Mr. Sudler indicated that he was concerned whether the IMA would be able to obtain a building. He stated that he would be in favor of recommending a building without including the square footage, noting that they need to know where all of the amenities will be placed. Mr. Sudler stated that he thought a splash pad may be better at Schutte Park.

Mr. Sudler moved to amend the motion to recommended that the City proceed with the "Final Concept" with a Splash Pad and small (1,440 square foot) building and, if funds and space can be found, a Can-Do Playground, as recommended by staff, and to have staff come back with recommendations on the other amenities by striking the square footage of the structure. The motion was seconded by Mr. Taylor and carried by a roll call vote of eight (8) yes (Anderson, Sudler, Polce, Taylor, Lindell, Hare, Caldwell, and Dix), one (1) no (Neil), and two (2) absent (Slavin and Cole).

The motion, as restated by Mr. Anderson, to recommend acceptance of Mrs. Mitchell's alternative staff recommendation as amended not to include a square footage designation, and that staff is to research the other options which were brought by the Committee was unanimously carried.

Presentation - Skate Park Advocates (Deferred from July 9, 2019)

Mr. James West III, 401 East Market Street, Lewes, informed members that he was the current President of Skate Epworth located in Rehoboth Beach. He advised that Skate Epworth is a nonprofit organization under the Epworth United Methodist Church that started in 2008. Mr. West explained that through different events, from 2008 until 2014, they raised money for the construction of a concrete skate park built by 5th Pocket Skateparks on land donated by Epworth United Methodist Church. He noted that the skate park was accomplished without state funding, and he had witnessed diversity and the community coming together.

Mr. Anderson noted that 14 individuals raised their hands when he asked who came with the skate park.

Mr. West stated that a skate park would benefit everyone, noting that he had seen children as young as two (2) to men as old as 70, and they provide skateboarding lessons and community events, such as skate days. Mr. West advised that Skate Epworth has its own board but that Epworth United Methodist Church has oversight. He noted that this was the fifth anniversary of the skate park and they would be holding the Fourth Annual Rehoboth Am Skate Jam skate contest on Saturday, August 17, 2019. Mr. West stated that he thought Schutte Park would be the best option for the location of a skate park in Dover because there is potential for expansion there. Mr. Anderson asked Mr. West to provide his contact information to staff so they can have a more in depth conversation to ensure the skate park is properly utilized.

Mr. Sudler thanked Mr. West and those present in support of the skate park for their diligence and persistence in presenting their ideas to Council.

Mayor Christiansen suggested that Mr. West and the other skate park advocates' input on the master plan that includes the skate park would be appreciated.

In response to Col. Dix, Mr. West stated that the bowl is a term used for swimming pools. He explained that when they were considering what to construct at Epworth, they knew that most people like to skate vert, so they discussed building a half pipe, which is a U-shaped ramp, or a bowl, which anyone can skate. Mr. West advised that they constructed a bowl, which anyone can skate, and created a street course around it for those that like to skate street obstacles. He stated that the depth of their bowl ranges from approximately three-and-a-half feet to eight (8) feet. Col. Dix noted that this may create a problem with the water table at Schutte Park. Mr. Anderson advised that those are details that should be worked out by staff.

Mr. Eugene Stone, 108 Old Mill Road, Dover, thanked members for their consideration of a skate park. He informed members that he was part of the skate park committee a few years ago, however, they were unsuccessful. Mr. Stone stated that he used to own a bicycle/skateboard shop off of Governors Avenue, so he knew there was a need for a skate park. He noted that he had been skateboarding since the late 1980s and lived on an Air Force Base in Japan that had one of the first skateboard parks in the Far East, so he knew it was a good thing for a community and bringing generations of people together.

Mr. Sudler moved for adjournment of the Parks, Recreation, and Community Enhancement Committee meeting. The motion was seconded by Mr. Neil and unanimously carried.

Meeting adjourned at 7:22 p.m.

UTILITY COMMITTEE

The Utility Committee met with Council President Hare presiding in the absence of Chairman Cole.

ADOPTION OF AGENDA

Mr. Sudler moved for approval of the agenda, seconded by Mr. Neil and unanimously carried.

Annual Review and Approval of Governing Policy For Energy Commodity Risk Management

Mrs. Donna Mitchell, City Manager, reviewed the proposed amendments to the Governing Policy For Energy Commodity Risk Management. She noted that the amendments include the addition of alternate members to the Executive Risk Management Committee, and that the policy will be reviewed annually by the Executive Risk Management Committee but only come before the Utility Committee if there are any recommended changes.

Staff recommended approval of the proposed amendments.

Mr. Neil moved to recommend approval of the proposed amendments to the Governing Policy For Energy Commodity Risk Management (Attachment #1), as recommended by staff. The motion was seconded by Mr. Lindell and unanimously carried.

Mr. Sudler moved for adjournment of the Utility Committee meeting, seconded by Mr. Neil and unanimously carried.

Meeting adjourned at 7:25 p.m.

By unanimous consent, the Council Committee of the Whole meeting adjourned at 7:25 p.m.

William F. Hare
Council President

WFH/TM/dd/jt
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Attachments
Attachment #1 - Proposed amendments to the Governing Policy For Energy Commodity Risk Management

City of Dover, Delaware

Governing Policy

For

Energy Commodity
Risk Management

Effective: ~~August 27, 2019~~TBD

Approved by: City of Dover Council

(Last Revision August 28, 2017)

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PURPOSE OF THE RISK MANAGEMENT POLICY

A. Introduction

The City of Dover ("**City**") and its customers are routinely exposed to energy price risk, volume variability risk, basis risk and credit risk – herein referred to collectively as energy commodity risk - in the normal conduct of serving its electric load requirements. Volatility of energy commodity prices and volumetric uncertainty (either supply/generation or load obligations) impose a substantial and direct risk to the City's financial and operating performance.

By authority of its charter, the City has responsibility for overseeing the City's electricity operations, including the management of its cost of serving Dover's customers. By agreement dated ~~May 6, 2011~~ July 2, 2019 and approved by the City (the "Energy Management Agreement ~~**EMA**~~"), the City has engaged The Energy Authority, Inc. ("**TEA**") to assist the City with Asset Management and Strategic Planning Services, Risk Management Services, and Energy Management Services.

This Policy for Energy Commodity Risk Management ("**Policy**") is established the explicit understanding that the City has retained and delegated responsibilities to TEA to provide Risk Management Services.

Additionally, the City has issued this Policy for dealing with the philosophy, framework and delegation of responsibilities necessary to govern activities related to Dover's energy commodity risk management. As set forth herein, the City has established an organizational structure, delegated responsibility and established internal controls and procedures to ensure that all transactional and oversight activities are conducted in compliance with this Policy and in accordance with the City's normal reporting, legal, financing and regulatory requirements relating to energy assets and transactions.

B. Scope of Policy

This Policy covers all transactions entered into the by the City of Dover designed to meet the City's electric load requirement and the management of risk related to these transactions.

In the event of conflict between this Policy and the EMA, the Policy shall control. This Policy is separate and distinct from enterprise risk management policies and procedures addressing the City's safe operation of its generating stations and energy infrastructure, insurance requirements, permit compliance, employee matters regulatory compliance with laws and regulations of the State of Delaware and Federal

Agencies such as EPA, FERC, NERC and CFTC or other potential risks to the City beyond the purchase and sale of fuel and electric power and its ancillary products.

C. Objectives and Risk Philosophy

The objectives of the Policy are to identify energy commodity price and credit risk exposures and give the City a framework for the quantification and management of these exposures. The Policy will identify the reports needed to convey how the identified risk exposures can potentially impact the City's overall cost of providing electricity service to its customers and report on the risk management of the transactions associated with City's electric load requirements.

Under the Policy, risk management activities will be conducted consistent with the City's overall objective of appropriate risk mitigation. There are several objectives of the Policy which, when taken and executed together, serve to manage the City's energy commodity price exposures. Specifically, the Policy:

- Establishes framework for developing credit limits for counterparties and quantifies and manages the credit exposures related to potential counterparty abrogation
- Quantifies the impact of the above exposures on City's financial results
- Manages the impact of the above exposures in line with the City's identified level of risk tolerance
- Provides clear delineation of responsibilities and authority, outline a separation of duties, and ensure reporting of risk is timely and accurate.
- Ensures that the impact of any action affecting the City's position is consistently quantified, monitored and authorized.

The City's risk management activities will be conducted consistent with its overall objective of appropriate risk mitigation and never for purposes of speculation.

D. Policy Administration

This Policy has been approved by the Executive Risk Management Committee and The Utility Committee of the Dover City Council. The Utility Committee must approve modifications to the Policy with the exception of the appendix information which can be modified with the approval of the Executive Risk Management Committee.

MANAGEMENT AND CONTROLS

This Policy articulates the management and organization of the City and TEA to serve as a control framework outlining delegation of duties and responsibilities.

A. Utility Committee of The City Council

The Utility Committee of The City Council (The Committee) has a responsibility to provide approval of this Policy. With this approval, The Committee also assumes additional duties. They will understand the risks the City is and could be exposed to due to their energy commodity risk management activities. In this role, the Committee will have a responsibility to also understand the City's policies and procedures, internal controls and systems which are used to help manage the City's energy commodity risks.

The Committee will approve any amendments to the Policy or limits within. The Executive Risk Management Committee will update the Committee periodically regarding the Policy and its functions. It will be the Committee's responsibility to:

- Discuss guidelines and strategic policies that govern the process by which the Energy Risk Management Committee assesses and manages risks
- Review and approve any recommended changes to the the risk policy at least annually
- Approve new members and alternates of the Executive Risk Management Committee
- Acknowledge the risk inherent in transactions covered under this Policy

B. Executive Risk Management Committee

An Executive Risk Management Committee ("**ERMC**") has been formed to provide executive management oversight for the City's energy commodity risk management activities. The ERMC is charged with the creation, amendment and administration of this Policy, including acquiring any approvals required by the Utility Committee, and will ensure that all energy commodity risk management activities of the City are performed consistent with this Policy. The ERMC will meet at least monthly to review compliance and conduct its business as described in this Policy.

The ERMC shall be comprised of the following voting members: The City Manager, The Director of Utility, The City's Controller and TEA's Client Service Manager.

The City's ERMC will make decisions following the process outlined in this Policy. TEA's Client Services Manager may include representatives from other areas within TEA in the monthly ERMC meetings who will attend in person or by conference call as

non-voting advisors. Other City employees and TEA staff may also be asked to attend meetings from time-to-time, as the ERMC deems necessary. The responsibilities of the ERMC shall include:

- Establish scope and frequency for management reporting to the Utility Committee.
- No less than annually, review the City's Energy Commodity Policies and Procedures for correctness and completeness.
- Review and approve any new risk report or change to an existing risk report provided by TEA to monitor risks outlined in this Policy.
- Understand and approve any models, methodologies, and assumptions used for measuring risks such as volume risk, process risk, counterparty risk and commodity risk.
- Monitor the City's risks and ensure they are within the limits and are being managed according to what is indicated within the City's Policy and associated procedures
- Understand the City's risk management objectives and risk tolerances.
- Review and approve the risk management and trading strategy programs and associated risk. Each program should be reviewed to ensure alignment with Policy objectives and compliance with risk limits within this Policy.
- Periodically review any risk management program approved in light of recent market changes, and ensure continued compliance with its established guidelines
- Review and approve new products, markets, trading counterparties and credit limits
- Review all violations and exceptions to this Policy and report such to the Committee.
- Approve the individuals or companies that engage in the City's commodity transactions and are subject to the limits within this Policy.
- Ensure that the individuals or companies authorized to transact on behalf of the City as well as manage its risks, are appropriately trained and qualified.
- Ensure independence and segregation of duties between front, middle and back office at TEA.
- Recommend changes to this Policy to the City's Utility Committee for approval and ensure the Utility Committee understands the City's overall compliance with this Policy and associated procedures.
- The ERMC will meet at least monthly to review risks identified and reported on by the Policy, this meeting shall be chaired by The City Manager. Minutes of each meeting of the ERMC shall be recorded and reflect any decisions and follow-up action items to be performed. These minutes will be reviewed and approved by the members of the ERMC in a timely manner.

Each member of the ERMC has a unique role as defined below:

1. City Manager

The City Manager is independent of all commercial functions and carries the responsibility of establishment and maintenance of risk management for the City. The City Manager will be a voting member of the ERMC and act as a chair of the ERMC. Other responsibilities include:

- Ensure this Policy is maintained.
- Oversee reviews of the City's energy commodity risks, limits, risk measurement methodologies and models, and programs and recommend changes to the ERMC.
- Ensure potential transactions and their impacts on the City's risks and limits defined within this Policy.
- Develop and monitor the implementation of the Policy, and oversee other risk management processes and procedures established by this Policy or otherwise by the ERMC.
- The City Manager shall name an Alternate to be approved by the Committee.

2. Director of the Utility

The Director of the Utility has oversight for all trading, hedging, pricing, structuring, and market and operational risk management activities associated with the City. The Director of the Utility will be a voting member of the ERMC. Other responsibilities include:

- Review the effectiveness of transaction processing systems and procedures relating to risk measurement.
- Recommend operational risk and business risk assessment guidelines.
- The Director of the Utility shall nominate an alternate to be approved by the Committee.

3. Controller

The Controller is independent of all commercial functions and carries the oversight responsibilities associated with the City's accounting practices. The Controller will be a voting member on the ERMC. Other responsibilities include:

- Perform financial accounting including accounting for hedging and derivatives activities.
- Comply with tax rules and make appropriate tax elections.
- Record realized and unrealized gains and losses.

- Reconcile general ledger, cash transactions and margin accounts.
- Implement tax-hedge accounting policies and other regulatory tax requirements.
- Develop and maintain documentation outlining standard procedures for conducting business.
- Invoice counterparties and resolve billing disputes.
- Perform daily/weekly/monthly transaction checkout with counterparties.
- Develop and maintain documentation outlining standard procedures for conducting business.
- The Controller shall nominate an alternate to be approved by the Committee.

4. TEA Client Services Manager

The TEA Client Service Manager roles and responsibilities are defined Eexhibit B of the EMA between the City and TEA. The TEA Client Service Manager will be a voting member on the ERMC and act as chair of the ERMC in the absence of the City Manager. Other responsibilities include:

- Monitor risk reports between ERMC meetings.
- Report to the Committee and the ERMC on the City's adherence to all limits and functions within this policy.
- Engage the ERMC in discussions regarding events or developments that could expose the company to potential losses.
- Recommend to the ERMC specific risk limits consistent with the City's risk management objectives, risk tolerance, and risk management policy.
- Coordinate and distribute independent market fundamental analysis.
- Provide advisory support and recommendations as specified in Article 5 of the EMA.
- Update RMC on training of TEA employees.
- TEA shall nominate an alternate to be approved by the Committee.

- Alternates may vote, but only in the absence of the voting member for whom they serve. A person may serve for an alternate for more than one official, but they can only cast one vote. A quorum for a meeting shall be any combination of three voting members and alternates. A simple majority of votes is necessary to approve any action of the ERMC, but at least two voting members must approve the action. Members and alternates may attend by electronic means and count as present for the purpose of quorum and for a majority for a decision.

DISCUSSION OF RISKS

This Policy covers the management of all material energy market risks faced by the City. A comprehensive list of risks that are or could be relevant to City is shown in Appendix C of the

Policy. Among the most critical of these risks are commodity risk, counterparty risk, process risk, volume risk, and budget risk. These risks are measured by the limit structure and controls outlined in the Policy.

Commodity risk represents the potential adverse impacts to the value of the City's portfolio due to changes in the market. Commodity risk encompasses volatility risk, forward price risk, basis risk, correlation risk and liquidity risk.

Counterparty risk represents the potential losses the City could incur due to delivery risk and receivable risk. Delivery risk stems from a supplier or trading counterparty that is unable or unwilling to perform on its commitments including but not limited to delivery or receipt of commodities. Receivable Risk includes the City's risk associated with a counterparty's timeliness of payment for services rendered.

Process risk represents the risks associated with process problems including, but not limited to, inaccurate data capture, untimely trade execution or settlement problems. Controls over process risks are embedded in the organizational structure of TEA through the design processes and operating procedures.

Volume Risk represents the potential for unforeseen changes from projections of excess or shortfall of capacity or energy from the actual needs. When variances are large coupled with large costs to transact and adverse moves in market prices this risk could be realized. In management of this risk, the City must be aware of the fact that unexpected variations in volume are often highly correlated with price movements.

Budget Risk represents the potential to deviate outside of tolerable bounds of the City's budget. Deviations from budget can be caused by forecast error or unforeseeable adverse changes in market prices.

Regulatory Risk arises from participation in regulated markets. With the Independent System Operator (ISO) implementation of Federal Energy Regulatory Commission (FERC) Order 741, the City faces increasing regulatory risk when participating in wholesale energy markets. The TEA Compliance department works in conjunction with the TEA Risk Control department to help the City manage regulatory risk. Regulatory risk is managed by:

- Annual Compliance Training for all employees participating in regulated markets;
- Integration of the appropriate compliance culture within the Trading department through ongoing interaction between Compliance and Trading;
- An independent monitoring and exposure measurement on transactions that could trigger an increase in regulatory risk.

MARKETING AND TRADING PRACTICES

A. Standards of Conduct

Individuals authorized to transact for the City shall not misrepresent, conceal or withhold information regarding energy commodity trading and risk management transactions to any person responsible for the accurate recording and/or reporting of such transactions; participate in any such transaction or similar activity for the benefit of any party other than the City; or hold or be a beneficiary of any financial interest in any entity with which the employee is engaged in trading or other business activity (other than ownership of an interest in a mutual fund managed by another party). Further, no employee authorized to place or execute such transactions may engage in trading power or energy commodities derivative instruments for his or her personal account.

B. Products, Activities and Limitations

Pursuant to achieving the City's core objectives for the purpose of energy commodity risk management, the following limitations shall apply.

- Permissible instruments will be restricted to the products and instruments specified in Appendix A – Approved Products of the Policy;
    - All physical forward transactions shall be governed by the Edison Electrical Institutive (EEI), North American Energy Standards Board (NAESB), or similar agreements with counterparties approved by the City.
    - The City reserves the right to enter into financial hedge transactions to effectuate Policy objectives, but does not authorize TEA to enter into financial hedge transactions on its behalf. Any such financial transactions that the City may enter into shall be governed by ISDA agreements with counterparties as approved by the City.
- The maturity for each permissible instrument will be restricted to the maturity limits specified in the risk limits section of the Policy.
- Transaction volumes for each risk management transaction will be restricted to the amounts specified in the Risk Limits section of the Policy.
- Risk management transactions will be outlined in the ***City of Dover Hedge Program*** which will be approved by the ERMC. Risk management transactions may include the following:
    - Hedging the forward price of purchased power for delivery to the City as needed to meet its electric load requirements.
    - Hedging the forward price of natural gas and fuels as needed to generate power to meet the City's electric load requirements.

- Unwinding of hedges to accommodate changes in expected load requirements, or for economic reasons subject to explicit constraints set by the ERMC.

C. Contract Documentation and Confirmations

No over-the-counter transaction may be executed until an EEI, NAESB, or similar agreement has been authorized by the City, approved by the ERMC and fully executed by the parties.

Written confirmations will be required from counterparties, as defined in the Master Service Agreement between the City and counterparty, within one business day or such longer time as required by the contract in question for all risk management transactions. Contemporaneous with any commitments and prior to receipt of written confirmations, verbal commitments shall be memorialized internally as to instrument structure, quantity, relevant time horizon, price and any other relevant terms; such internal documentation shall be time stamped and correlated to the ultimate written confirmation to or from the counterparty. Both the internal documentation as well as the written confirmation from the counterparty shall be provided to TEA's Risk Control Group immediately upon receipt for verification.

In the event that there is a material failure to provide timely documentation or confirmations, then at the City Manager's sole discretion, the offending individual's authorization may be suspended. Similarly, if the failure to provide timely documentation or confirmations is due to the failure of counterparty, then at the discretion of the City Manager, a moratorium may be imposed on transactions with that counterparty. In such cases, the City Manager shall notify the ERMC of the issues leading to the suspension or moratorium shall.

Nothing herein shall inhibit the City Manager from bringing control issues to the TEA's Client Services Manager prior to a decision on materiality or the imposition of a suspension of trading privileges or counterparty moratorium.

D. Training

The ERMC will ensure that all City employees and/or TEA Staff that will execute transactions on behalf of the City will have appropriate training in the markets in which the transactions occur.

E. New Product Protocol

As required to manage the City's energy commodity risk the ERMC shall approve new products provided the requirements of the ***New Product Approval Procedure*** are met.

RISK LIMITS AND RISK MEASUREMENTS

A. Limits

The limit structure is designed to quantify the types of risk in the City's energy commodity portfolio. The City will manage and report on its energy commodity market risk using Delegation of Authority Limit, a Volume Limit and a Locational Limit.

1. Delegation Authority

The Utility Committee delegates authority to the Dover ERMC to approve the acquisition of electric energy, capacity and/or transmission according to the following ~~approval authority~~ limits ~~to the Dover ERMC~~ for expenditures or terms. The ERMC may not delegate these authorities to individuals authorized to commit Dover to financial obligations.

Position	Maturity Limit	Term Limit	Notional Value Limit
Dover ERMC	5 years	5 years	20,000,000
TEA	1 month	1 month	1,000,000

This limit structure is not intended for use when transacting day-ahead and real time in the PJM market.

2. Volume Limits

For no reason should a transaction be executed that exceeds the City's electric load requirements. If there is an adjustment to the City's electric load requirements and the existing transactions greater than 100% of the adjusted electric load requirements the ERMC will review and approve the offsetting strategy deployed in sufficient proportion to mitigate the encroachment.

3. Locational Limits

Non-Commodity Transactions must support the requirement of one of the City's generation units, native load or transaction locations.

B. Stress Testing and Back Testing

The City's positions shall be periodically stress tested and models shall be back tested. The processes around these tests are outlined in the ***Stress Testing and Back Testing Procedure***.

C. Instances of Exceeding Risk Limits

Should the City or TEA enter into a transaction that causes the portfolio to exceed any above mentioned limits the Director of the Utility shall, in addition to notifying the ERMC, also notify the Chair of The Committee as soon as practicable and shall provide periodic reports to the Chair on the status the transactions for as long as the City is exceeding its limits. The ERMC will review and determine whether any liquidation or offsetting of transactions is warranted. The incident will be documented as a Policy Exception by the Director of the Utility.

CREDIT POLICY

Credit Risk is the risk due to the uncertainty in a counterparty's ability to meet its contractual obligations. The primary objective of this credit policy is to mitigate, to the extent commercially reasonable, the credit risks associated with transactions covered in this Policy while still allowing the City to achieve its objectives.

A. Measuring Credit Risk

The status of credit risk will be measured and reported through reports provided by TEA.

The current credit exposure will be reported at the agreement level via a Counterparty Credit Report provided by TEA. This information will be made available in real time to TEA trading personnel so that it can be checked prior to executing transactions for the City. Those responsible for risk oversight at the City and TEA will have access to this information no less frequently than once per day. The ERMC will monitor overall credit utilization and any credit exceptions at least monthly. When measuring the current credit risk, netting will be applied to the exposure if the City's contract with a counterparty includes provisions for netting.

B. Analysis and Extension of Credit Limits

Physical and financial commodity transactions will be executed with counterparties approved by the ERMC with credit available to support the transactions. The creditworthiness of a counterparty will be determined by both qualitative and quantitative factors. Factors shall include, but not limited to:

- A company's debt credit ratings provided by the rating agencies.

- Financial data such as an analysis of the income statement, balance sheet, and cash flow, as well as liquidity and capital structure.
- Subjective factors such as company's fuel diversity, overall size, risk management policy and internal controls, geographic diversity, and market intelligence.

A credit limit is the amount of unsecured credit granted to a counterparty. Unsecured credit exposure includes amounts owed by the counterparty, whether billed or not, and the mark-to-market differences in value of any collateral which the counterparty has provided the City. Any net exposure above the collateral threshold will require the posting of collateral by a counterparty. Further information on the City's procedure for establishing credit is contained in the ***Counterparty & Credit Review Process***.

Collateral thresholds, term limitations and credit exposure limits will be subject to the maximums indicated in Appendix B, based upon the lower of the S&P and Moody's credit ratings.

At no time will the City incur a credit exposure with any counterparty greater than $60,000,000.

C. Instances of Exceeding Credit Limits

The City and TEA are restricted by the credit limits approved by the ERMC. The ERMC can suspend trading with a counterparty, if that counterparty's credit limit has been reached or exceeded. **The City or TEA traders shall not exceed the Counterparty Credit Limit by executing transactions with any counterparty without approval of the ERMC.**

The ERMC will determine when it's appropriate to require additional collateral if a counterparty's credit exposure exceeds its credit limit. Collateral includes standing letter of credit, cash, and prepayments.

All credit exceptions will be documented and reported to the ERMC and the Committee as Policy Exceptions.

REPORTING

A. Risk Reporting

Preparation of timely reports is critical to monitoring risk. TEA will furnish the required reports on a regular frequency for the City in a format acceptable to the ERMC. In addition, the ERMC and its designees will be provided access to the City's risk reports as updated daily via TEA's secure Web Portal.

Reports required on a monthly basis and for periodic meetings of the ERMC include the following:

- **Profit and Loss Report**

The Profit and Loss (P&L) Report shows the daily realization of transactions at either the transaction price or the market price as transaction roll from unrealized to realized. This report should show volumes, transaction prices and market prices of realized physical and financial power and fuel transactions.

- **Mark to Market Report**

The Mark to Market ("MTM") Report conveys the potential transaction exposure, of all existing forward transactions executed, if the energy commodity portfolio was liquidated at the most recent market settlement prices. This report should show volumes, transaction prices and market prices of unrealized physical and financial power and fuel transactions.

- **Daily Activity Report**

The Activity Report presents a summary of the day's trades executed in the bilateral energy market.

- **Cost of Service Report**

The City's exposure to energy price risk shall be monitored and reported on a Cost-of-Service basis. All calculations are at the wholesale level. The Cost-of-Service recognizes all prior (expired) months within the Power Year on the basis of actual (incurred) costs, and recognizes all forward (pending) months within the Power Year on the basis of expected forward power and fuel prices and expected forward load-following risks. As defined below, the Cost-of-Service is an aggregation of Forward Energy Commodity Portfolio Cost, the Load Following Cost Expectation and the City's Budget Target for Purchase Power Expense.

  - The Net Purchased Power Cost shows the net cost of all physical and financial transactions related to the City's anticipated commodity requirements for power and fuel and is based on the price of all hedge transactions plus the forward market price of all unhedged transactions valued at current forward prices for energy commodities, customer-level cost per MWH of all physical and financial transactions related to Dover's actual plus anticipated energy.
  - The expected fixed costs defined as load-serving entity (LSE) capacity costs, transmission costs and TEA management fees.
  - The Expected Load-Following Cost for a specified power year is defined as the expected cost (or revenue) associated with intra-month load variations due to weather or other events affecting demand. TEA has completed a historical analysis to measures the effective monthly average unit cost paid for Dover's PJM Wholesale Load Responsibility (WLR) was calculated for each month since July

2013. From this analysis, TEA recommends using the post-Garrison results as a proxy for future estimates of the WLR and as an estimate of the Load Following Cost to be used for estimating the City's Forward Cost-of-Service Report. The ERMC will update the Expected Load Following estimate while lack of necessary market information persists no less than annually.

- For the historical payment analysis, an effective monthly average unit cost paid for Dover's PJM Wholesale Load Responsibility (WLR) was calculated for each month since July 2013. This effective unit cost was constructed using Dover's monthly PJM load payment (Dover Budget line item: PJM – Energy, Congestion & Losses), adding back the West Hub hedging credits, and dividing by the WLR. The values pre-Garrison-online and post-Garrison-online were compared with both straight and WLR-weighted averages. This effective LMP therefore includes the effects of intra-month load variations, contributions of both the DALMP and RTLMP, and the additional PJM charge types reflected in the monthly Dover Budget line item: PJM – Energy, Congestion & Losses. Pre-Garrison (July 2013 – May 2015) weighted average monthly load costs were $3.02, while the average post-Garrison cost (Jun 2015 – Apr 2018) has been **$2.60**.
-
- The Budget Target for Purchase Power Expense represents the City's view of expected purchase power expense.

B. Credit Reporting

- **Counterparty Credit Report**

The Counterparty Credit Report conveys the exposure to all counterparties with which the City has credit exposure resulting from its energy commodity risk management activities.

- **CFTC Reporting**

The City understands that transacting over the counter (OTC) swaps carries an additional Commodity Futures Trading Commission (CFTC) reporting function. Once required by the CFTC, the City will report on how the City generally meets its financial obligations associated with entering into non-cleared swaps in a manner acceptable to the CFTC.

C. Hedge Effectiveness Reporting

If the City's transactions require a hedge effectiveness test, those testing results will be reported to the ERMC no later than one month after the end of the financial reporting period. The report will include a summary of testing methodology, assumptions of the testing and the outcome of results with a pass or fail by transaction.

INFORMATION TECHNOLOGY SYSTEMS

Since information systems play a vital role in The City's trading abilities, the City shall ensure that the information systems and technology used to store all transaction information is maintained and secure. The City's transactions will be stored in TEA's enterprise trading and risk management system. TEA uses the TriplePoint Commodity XL (CXL) system, integrated with Commodity XL for Credit Risk (Credit Risk). TEA has assigned a Database Administrator (DBA) that is charged with the database security and maintenance for the transaction database, CXL.

The following safeguards for data security and backup will be installed:

- Transaction data stored in the system of record will be replicated daily to ensure data redundancy;
- The CXL database will be backed up at least daily after the close of business.

POLICY DISTRIBUTION AND COUNSEL

A. Distribution Outside The City

The City's Policy is restricted to the use of the City and TEA organizations. It shall not be distributed outside these organizations without the consent the ERMC.

B. Designated Counsel

Questions about the interpretation of any matters of this Policy should be referred to ERMC. The ERMC will provide clarification and explanation on any updates to this Policy.

All legal matters stemming from this Policy will be referred to the City's Legal Counsel.

APPENDIX A – Approved Products

The following shall constitute a list of approved products to be utilized by TEA to manage the City's energy commodity portfolio:

- Physical Power
- Physical Natural Gas
- Physical Residual Fuel Oil (#2)
- Capacity
- Financial Power
- Financial Options
- PJM Demand Bids and Generation Offers
- PJM InSchedules
- PJM Transmission Products
  - Financial Transmission Rights
  - Annual Auction Revenue Rights
- PJM Tier 2 Synchronized Reserves

The above instruments can be executed by TEA on behalf of the City of Dover for the current and next two successive Power Years (July to June).

APPENDIX B – Approved Counterparties and Threshold Tables

This Appendix establishes approved counterparties and their Collateral thresholds. Collateral thresholds, term limitations and credit exposure limits that are subject to the following maximums based upon the lower of the S&P and Moody's credit ratings:

Credit Thresholds from Dover Extended to the Counterparty

Exelon Generation Company, LLC

Threshold	S&P	Moody's
$ 60,000,000	AAA	Aaa
$ 50,000,000	A- to AA+	A3 to Aa1
$ 40,000,000	BBB+	Baa1
$ 30,000,000	BBB	Baa2
$ 20,000,000	BBB-	Baa3
$ -	Below BBB-	Below Baa3

AEP Energy Partners, Inc.

Threshold	S&P	Moody's
$ 10,000,000	BBB- and Above	Baa3 and Above
$ -	Below BBB-	Below Baa3

BP Energy Company

Threshold	S&P	Moody's
$ 60,000,000	AA- to AAA	Aa3 to Aaa
$ 45,000,000	A+	A1
$ 30,000,000	A	A2
$ 15,000,000	BBB to A-	Baa2 to A3
$ -	Below BBB	Below Baa2

Calpine Energy Services, L.P.

Threshold	S&P	Moody's
$ 25,000,000	AAA	Aaa
$ 15,000,000	AA- to AA+	Aa3 to Aa1
$ 10,000,000	A- to A+	A3 to A1
$ 5,000,000	BBB+	Baa1
$ 3,000,000	BBB- to BBB	Baa3 to Baa2
$ -	Below BBB-	Below Baa3

EDF Trading North America, LLC

Threshold	S&P	Moody's
$ 18,000,000	Fixed	Fixed

PSEG Energy Resources & Trade, LLC

Threshold	S&P	Moody's
$ 20,000,000	BBB- and Above	Baa3 and Above
$ -	Below BBB-	Below Baa3

Sequent Energy Management, L.P.

Threshold	S&P	Moody's
$ 5,000,000	Fixed	Fixed

Conectiv

Threshold	S&P	Moody's
Unspecified *	Above BBB+	Above Baa3
$ -	Below BBB-	Below Baa3

*** Conectiv does not have a defined credit threshold, so for planning purposes, a $10,000,000 threshold is imposed as a conservative limit**

Macquarie Energy, LLC

Threshold	S&P	Moody's
$ 25,000,000	AAA	Aaa
$ 20,000,000	AA- to AA+	Aa3 to Aa1
$ 15,000,000	A- to A+	A3 to A1
$ 10,000,000	BBB+	Baa1
$ 5,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

Morgan Stanley Capital Group

Threshold	S&P	Moody's
$ 25,000,000	AAA	Aaa
$ 20,000,000	AA- to AA+	Aa3 to Aa1
$ 15,000,000	A- to A+	A3 to A1
$ 10,000,000	BBB+	Baa1
$ 5,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

NextEra Energy Marketing, LLC

Threshold	S&P	Moody's
$ 30,000,000	AAA	Aaa
$ 25,000,000	AA- to AA+	Aa3 to Aa1
$ 20,000,000	A- to A+	A3 to A1
$ 15,000,000	BBB+	Baa1
$ 10,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

Deutsche Bank

Threshold	S&P	Moody's
$ 25,000,000	AAA	Aaa
$ 20,000,000	AA- to AA+	Aa3 to Aa1
$ 15,000,000	A- to A+	A3 to A1
$ 10,000,000	BBB+	Baa1
$ 5,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

Barclays Bank

Threshold	S&P	Moody's
$ 25,000,000	AAA	Aaa
$ 20,000,000	AA- to AA+	Aa3 to Aa1
$ 15,000,000	A- to A+	A3 to A1
$ 10,000,000	BBB+	Baa1
$ 5,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

Credit Thresholds from the Counterparty Extended to Dover

AEP Energy Partners, Inc.

Threshold	S&P	Moody's
$ 10,000,000	BBB- and Above	Baa3 and Above
$ -	Below BBB-	Below Baa3

BP Energy Company

Threshold	S&P	Moody's
$ 30,000,000	AA to AAA	Aa2 to Aaa
$ 25,000,000	AA-	Aa3
$ 20,000,000	A+	A1
$ 15,000,000	A	A2
$ 5,000,000	BBB to A-	Baa2 to A3
$ -	Below BBB-	Below Baa3

Calpine Energy Services, L.P.

Threshold		S&P	Moody's
$	10,000,000	AA- to AAA	Aa3 to Aaa
$	7,500,000	A- to A+	A3 to A1
$	5,000,000	BBB+	Baa1
$	3,000,000	BBB- to BBB	Baa3 to Baa2
$	-	Below BBB-	Below Baa3

Exelon Generation Company, LLC

Threshold		Fitch	Moody's
$	60,000,000	AAA	Aaa
$	50,000,000	A- to AA+	A3 to Aa1
$	40,000,000	BBB+	Baa1
$	30,000,000	BBB	Baa2
$	20,000,000	BBB-	Baa3
$	-	Below BBB-	Below Baa3

Conectiv

Threshold		Fitch	Moody's
Unspecified *		Above BBB+	Above Baa3
$	-	Below BBB-	Below Baa3

***Conectiv does not have a defined credit threshold, so for planning purposes, a $10,000,000 threshold is imposed as a conservative limit**

PSEG Energy Resources & Trade, LLC

Threshold		S&P	Moody's
$	12,000,000 *	Fixed	Fixed

***Threshold is $12,000,000 as long as Dover maintains a Debt Service Coverage greater than 1.25% and Total Net Assets of at least $50,000,000 and Total Net Assets do not decline by more than 25% on a fiscal year end basis.**

Morgan Stanley Capital Group

Threshold		S&P	Moody's
$	25,000,000	AAA	Aaa
$	20,000,000	AA- to AA+	Aa3 to Aa1
$	15,000,000	A- to A+	A3 to A1
$	10,000,000	BBB+	Baa1
$	5,000,000	BBB	Baa2
$	-	BBB- or below	Baa3 or below

Macquarie Energy, LLC

Threshold	Fitch	Moody's
$ 25,000,000	AAA	Aaa
$ 20,000,000	AA- to AA+	AA3 to Aa1
$ 15,000,000	A- to A+	A3 to A1
$ 10,000,000	BBB+	Baa1
$ 5,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

NextEra Energy Marketing, LLC

Threshold	Fitch	Moody's
$ 23,000,000	AAA	Aaa
$ 18,000,000	AA- to AA+	AA3 to Aa1
$ 13,000,000	A- to A+	A3 to A1
$ 8,000,000	BBB+	Baa1
$ 3,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

EDF Trading North America, LLC

Threshold	S&P	Moody's
$ 18,000,000	Fixed	Fixed

Deutsche Bank

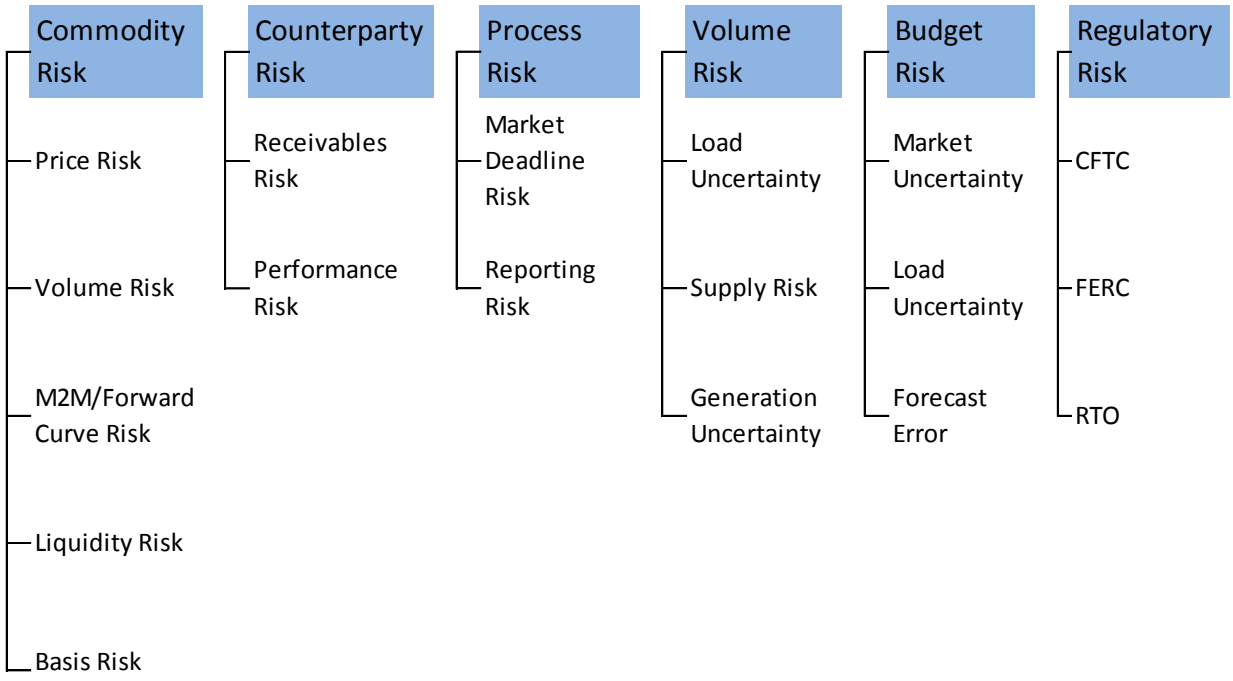
Threshold	Fitch	Moody's
$ 25,000,000	AAA	Aaa
$ 20,000,000	AA- to AA+	AA3 to Aa1
$ 15,000,000	A- to A+	A3 to A1
$ 10,000,000	BBB+	Baa1
$ 5,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

Barclays Bank

Threshold	Fitch	Moody's
$ 25,000,000	AAA	Aaa
$ 20,000,000	AA- to AA+	AA3 to Aa1
$ 15,000,000	A- to A+	A3 to A1
$ 10,000,000	BBB+	Baa1
$ 5,000,000	BBB	Baa2
$ -	BBB- or below	Baa3 or below

APPENDIX C – Business Risks

Business Risks Topology



APPENDIX D – Glossary

Back Office – That part of a trading organization which handles transaction accounting, confirmations, management reporting, and working capital management.

Bilateral Transaction - Any physical or financial transaction between two counterparties, neither of whom is an Exchange or market entity (e.g. MISO).

Capacity – The real power output rating of a generator or system, typically in megawatts, measured on an instantaneous basis.

Commodity - A basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.

Financial Bilateral Transaction – A Bilateral Transaction that is non-physical and is defined by a Source Point, Sink Point, and Delivery Point that may be any CP Nodes as specified by the Midwest ISO.

Financial Forward – An agreement regarding a position in a specified commodity, a specified price, and a specified future settlement date, that does not result in physical delivery of the commodity. Rather one party in the agreement makes a payment to the other party on the basis of the commodity price at the future date.

Front Office – That part of a trading organization which solicits customer business, services existing customers, executes trades and ensures the physical delivery of commodities.

Hedging Transaction - A transaction designed to reduce the exposure of a specific outstanding position or portfolio; "fully hedged" equates to complete elimination of the targeted risk and "partially hedged" implies a risk reduction of less than 100%.

Mark-to-Market Value – A measure of the current value of unrealized positions; includes both Open Positions and Closed Positions.

Middle Office – That part of a trading organization that measures and reports on market risks, develops risk management policies and monitors compliance with those policies, manages contract administration and credit, and keeps management and the Board informed on risk management issues.

Policy – Dover's Governing Policy for Energy Commodity Risk, as amended and approved by The Utility Committee.

Portfolio – A collection of transactions.

Realized Gains/(Losses) – The amount earned (or lost) from a transaction, considered to be **realized** once the time for performance has lapsed (e.g. delivery of power in the case of physical transactions or expiration of an option in the case of financial transactions).

Term – The total duration of a contract, defined as the number of days between the beginning flow date and ending flow date, inclusive.

Unrealized Gains/ (Losses) – The amount expected to earn (lose) on a specific transaction(s); however, the time for performance has not lapsed. The total value of Unrealized Gains/ (Losses) is the Mark-to-Market value.

APPENDIX E – Swap Transaction Representative

Purpose:
To ensure that the City of Dover, a Special Entity under the Dodd-Frank Financial Reform Act, selects a qualified representative ("Representative") to provide advice and guidance when entering into swap transactions with Swap Dealers or Major Swap Participants.

Definitions:
Special Entity: As defined in 7 U.S.C. 6s(h)(2)(C) and further interpreted in 17 C.F.R. 23.401(c). The City of Dover is a Special Entity as defined by 17 C.F.R. 23.401(c)(2).

Swap Dealer: As defined in 7 U.S.C. 1a(49) and further interpreted in 17 C.F.R. 1.3(ggg)

Major Swap Participant: As defined in 7 U.S.C. 1a(33) and further interpreted in 17 C.F.R. 1.3(hhh)

Representative: As defined in this policy and 17 C.F.R. 23.450

Policy:
Selection: The City of Dover shall endeavor to seek and employ an individual or entity that will voluntarily act as a Representative for all energy commodity swap transactions between XXXX and any Swap Dealer or Major Swap Participant. The Representative must meet the following qualifications identified in 17 C.F.R. 23.450(b):

(i) Has sufficient knowledge to evaluate the transaction and risks;
(ii) Is not subject to a statutory disqualification;
(iii) Is independent of the swap dealer or major swap participant;
(iv) Undertakes a duty to act in the best interests of the Special Entity it represents;
(v) Makes appropriate and timely disclosures to the Special Entity;
(vi) Evaluates, consistent with any guidelines provided by the Special Entity, fair pricing and the appropriateness of the swap; and
(vii) In the case of a Special Entity as defined in § 23.401(c)(2) or (4), is subject to restrictions on certain political contributions imposed by the Commission, the Securities and Exchange Commission, or a self-regulatory organization subject to the jurisdiction of the Commission or the Securities and Exchange Commission; provided however, that this paragraph (b)(1)(vii) of this section shall not apply if the representative is an employee of the Special Entity.

The Representative and the City of Dover shall enter into a legal agreement that binds the Representative to comply with items (i) through (vii) in this policy.

At no longer than any 12-month interval, the City of Dover shall review the performance of the Representative to ensure compliance with items (i) through (vii) in this policy.