REGULAR COUNCIL MEETING

The Regular Council Meeting was held on April 8, 2013 at 7:30 p.m. with Council President Leary presiding. Council members present were Mr. Anderson, Mr. Dixon, Mr. Lynn (departed at 8:06 p.m. and returned at 8:14 p.m.), Mr. Perza, Mr. Bonar, Mrs. Williams, Mr. Hare, and Mr. Hutchison. Mrs. Williams was absent.

Council staff members present were Police Chief Hosfelt, Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, City Solicitor Rodriguez, and Mrs. McDowell. Mayor Carey was also present.

OPEN FORUM

The Open Forum was held at 7:15 p.m., prior to commencement of the Official Council Meeting. Council President Leary declared the Open Forum in session and reminded those present that Council was not in official session and could not take formal action.

A resident of the City of Dover, who requested to remain anonymous, advised members that the individual who was recently arrested for robbing and beating the four (4) pizza boys has returned home and has been "celebrating" during the entire weekend. She requested that members adopt Ordinance #2013-04 to provide the Police Department with a tool to use for addressing these types of situations.

Ms. Sharon Bauer, 135 Old Forge Drive, indicated that earlier in the afternoon, she was looking out her front door to see if her neighbor was at home when a green car, without tags, pulled up in front of the house where there are constant issues (mentioned by previous speaker). She explained that a male got out of that car, turned, looked directly at her and waved. She felt that these individuals are letting the neighbors, including herself, know that they are "watching" them and that she felt the incident to be frightening. She also requested that members adopted Ordinance #2013-04.

Ms. Maureen Bauer, 22 Kent Circle, stated that she is frightened by the children that reside in the neighborhood that are causing problems (mentioned by previous speaker). These children are out in the streets at all hours of the night and they block vehicular traffic. She indicated that as she was coming to the meeting, these boys were out in the street cursing at her (for no reason), and one (1) of the boys actually charged at her car. She stressed the severity of the situation and noted that it is not only in their neighborhood. She urged members to adopt Ordinance #2013-04.

Mr. Sam Friedman, 448 Country Drive, noted that according to a recent newspaper article, the City of Dover has an $800,000 budget shortfall. He stated that there have apparently been discussions regarding the possibility of raising taxes for property owners and indicated his opposition. Mr. Friedman explained that the unemployment rate for the City of Dover is higher than the entire State of Delaware. It was his feeling that Dover would not be a place he would choose to remain and raise a family, and that increasing fees for property owners will only increase costs for renters, which will make it even harder for him to choose to remain as a resident. Mr. Friedman suggested that members work on ways to improve the economic situation rather than a short term fix to the problem. Noting that there are several vacant properties along Route 13 and downtown Dover, he suggested that members should encourage businesses by promoting safety and relaying the sentiment that Dover is a place where you want to stay and live.

Ms. Deborah Holloway, 1 Hathaway Court in New Castle, indicated that the purpose of her visit was to advise members that the largest contingency of Delaware National Guard in the history of Delaware is being deployed. She is a retired critical care nurse who started a troop support outreach ministry that has been active since 2002. Ms. Holloway stated that Steel Magnolias Ministries supports soldiers, wounded warriors, and veterans across the United States and indicated her pride in supporting the 198th Signal Battalion, noting that they are already supporting the 153rd Military Police Company. She stated that she hoped to coordinate with Police Departments, Fire Departments, local restaurants, etc. to gather donations between May 15th through May 31st to send specifically to Delaware soldiers. Ms. Holloway stated that they supported the Transportation Company from Sussex County last year throughout their entire deployment.

Responding, Mr. Bonar urged Ms. Holloway to contact Mr. Lauren Jones, Executive Manager of the Delaware Volunteer Fire Fighters Association, who can be reached at 302-734-9390.

Mr. Scott Koenig, City Manager, read the following statement into the record:

> *"Last week, the City of Dover suffered a tragic loss through the sudden death of one of our employees, Bob See, a Public Works Inspector, who worked for the City for nearly ten years. All who knew Bob were well aware of what a valuable asset he was to the City as a whole, and to his Department in particular. He was energetic, hard-working, and down to earth. He could be relied upon to put his all into his job, performing his duties without question, and always looking out for the best interests of the City, our customers, and his co-workers.*
>
> *Everyone who encountered Bob received an enthusiastic greeting and a friendly smile. He could often be heard singing throughout the halls of our building. He was much loved and respected as an employee, colleague, and friend. He had overcome many obstacles throughout his life, becoming a strong role model for others. He was a single parent of two, eight-year-old boys, who were the joy and focus of his life, and was a wonderful and devoted father.*
>
> *Bob See's presence will be deeply missed by the employees of the City of Dover and the world in general"*

Mr. Koenig relayed appreciation to Ms. Sharon Duca, Mrs. Becky Rollison, Mrs. Kay Sass, and Mrs. Jody Stein for their assistance in the preparation of the statement.

Mr. Koenig asked everyone to join him in a moment of silence in remembrance of Robert W. See, Jr. born January 8, 1962 and passed April 6, 2013.

After a moment of silence, the invocation was given by Chaplain Dixon, followed by the Pledge of Allegiance.

AGENDA ADDITIONS/DELETIONS

Council President Leary noted that staff has requested the deletion of items #10-A - Dedication of Rights-of-Way and Public Infrastructure for The Village of Cannon Mill, Phase I, and #11-A - Evaluation of Bids for Cannon Mill Paving Improvements Program.

Mr. Hutchison moved for approval of the agenda as amended, seconded by Mr. Bonar and unanimously carried.

Mr. Bonar moved for approval of the consent agenda as presented, seconded by Mr. Dixon and carried by a unanimous roll call vote (Williams absent).

ADOPTION OF MINUTES - REGULAR COUNCIL MEETING OF MARCH 25, 2013

The Minutes of the Regular Council Meeting of March 25, 2013 were unanimously approved by motion of Mr. Bonar, seconded by Mr. Dixon and bore the written approval of Mayor Carey.

OATHS OF OFFICE - CITY COUNCIL

The Honorable Henry duPont Ridgely, Justice of the Delaware Supreme Court, administered the Oath of Office to members of City Council, as follows:

Council - Second District	-	William F. Hare
Council - Fourth District	-	David L. Anderson

(City Clerk's Office Note: These members were sworn into office prior to the Annual Council Meeting due to their unavailability on May 13, 2013.)

PROCLAMATION - ARBOR DAY

The City Clerk read the following Proclamation into the record:

WHEREAS, trees are of vital importance in beautifying our communities, moderating temperatures, producing life-giving oxygen, providing a habitat for wildlife, reducing erosion, and serving as a source of building materials and countless wood products; and

WHEREAS, in 1872, J. Sterling Morton, a Nebraska pioneer, proposed that a special day be set aside for the planting of trees by individuals and civic organizations, resulting in the first celebration of Arbor Day on April 10, 1872, with an estimated one million trees being planted in Nebraska that day; and

WHEREAS, Arbor Day has since become a national event promoted by the National Arbor Day Foundation, whose mission is to inspire people to plant, nurture, and celebrate trees; and

WHEREAS, the City of Dover was named a Tree City USA in 2012 for the twenty-third consecutive year by the National Arbor Day Foundation in recognition of the City's outstanding urban forestry program; and

WHEREAS, the City of Dover Planning and Inspections Department's Tree Planting and Preservation Ordinance has caused the planting of thousands of trees in all subdivisions and commercial sites since 1992, and the City has continued to aggressively plant street trees between curbs and sidewalks in almost every available site in the City; and

WHEREAS, the Delaware State champion American Elm on The Green may be the only living witness to Delaware's ratification of the United States Constitution that took place at the Golden Fleece Tavern in 1787, underscoring that planting and caring for trees is a special gift that one generation passes down to the next.

NOW, THEREFORE, I, CARLETON E. CAREY, SR., MAYOR OF THE CITY OF DOVER, DELAWARE, do hereby proclaim April 26th, 2013 as ARBOR DAY in the City of Dover, and urge all citizens to support efforts to care for trees along our streets, in our parks, and in our yards. As the City of Dover plants trees on public property, I urge all citizens to plant trees on their properties to enhance the environment and promote the well-being of present and future generations.

Mayor Carey presented the Proclamation to Mr. William Cooper, Superintendent of Grounds Department, and relayed appreciation for the work he and his staff do in making the City such a beautiful place.

Mr. Cooper announced that Arbor Day will be observed on April 26, 2013 at Silver Lake Park by the planting of trees between 10:00 a.m. and 12:00 noon and invited all to participate.

(City Clerk's Office Note: 2012 was the twenty-fourth consecutive year that the City of Dover was named a Tree City USA by the National Arbor Day Foundation.)

PRESENTATION - POLICE DEPARTMENT ANNUAL REPORT

The Dover Police Department submitted their Annual Report to City Council. Police Chief Hosfelt reviewed a Presentation of the highlights of the report. He noted that the bar graph on page 2 does not accurately reflect the 33,692 complaints in 2010.

Referring to the Officer of the Year, Corporal Michael A. Wisniewski, Chief Hosfelt reminded members that he was involved in a shootout when responding to a burglary. He stated that the trial for the defendant just concluded and he reported that the individual was given about a 75 year sentence. Chief Hosfelt stated that the Civilian of the Year, Mr. John W. Boyer, Sr., works with Parking Enforcement and does a tremendous job. He relayed his pride in each of these employees for the work provided to the City of Dover.

Chief Hosfelt advised members that the Police Department is currently at authorized full strength for the first time in several years. As a result, he stated that they have been able to re-implement the Quality of Life Task Force. He noted that they have been concentrating on the City's problem areas, including The Hamlet, where members of Council have been made aware of the neighbor's concerns.

Referring to the Drug, Vice, and Organized Crime Unit (DVOC), Chief Hosfelt stated that heroin is growing into a big menace in the City. He stated that as a result of the "crack down" on prescription medicines, they have become more expensive so people have turned back to heroin, which is now more affordable and readily available.

Chief Hosfelt stated that he, along with Master Cpl. Burns and Mayor Carey, attended the Accreditation Conference in March 2012, and announced that the City of Dover Police Department was one (1) of only 37 agencies in the United States selected by the Commission on Accreditation for Law Enforcement (CALEA) to receive the Accreditation with Excellence Award, which is the Gold Standard for Public Safety. He also noted that the Dover Police Department is the first law enforcement agency in the State of Delaware to achieve this award.

Mr. Hutchison stated that the City is fortunate to have the caliber of the men and women of the Dover Police Department and felt that he speaks on behalf of the citizens in relaying appreciation for their work and dedication.

Also relaying appreciation, Mr. Anderson stated his hope that City Council would continue to give support to the Dover Police Department in the upcoming budget cycle, particularly since they are beginning to implement the Quality of Life Unit. Chief Hosfelt assured members that the Dover Police Department will continue their efforts to improve safety in the downtown area, including the continuation of foot patrol.

Mayor Carey stated that the men and women of the Dover Police Department do a tremendous job everyday to protect and serve and commended Chief Hosfelt for these accomplishments.

In response to Mr. Lynn regarding the DVOC Unit, Chief Hosfelt stated that the rates would be higher if there were more officers, explaining that those numbers are only limited by the number of officers in the Unit. He explained that it is an unfortunate part of society and not just an indication of Dover, Delaware, but is indicated everywhere along the East Coast. He stated that the Unit is fully staffed and that, unfortunately, he could not provide the specific number of additional officers that would be required to "put a dent" in the problem because it would be unlimited.

Mr. Hutchison moved for acceptance of the Police Department Annual Report, seconded by Mr. Bonar and unanimously carried.

PRESENTATION - LIBRARY SIX (6) MONTH OPERATIONS REPORT

Members were provided a Six (6) Month Operations Report for the New Dover Public Library (September 20, 2012 - April 8, 2013). Ms. Marjorie Cyr, Library Director, advised members that in Delaware's Master Plan for Public Libraries, an anchor library for each county is assigned and that the Dover Public Library is the anchor library for Kent County. There are 59,254 people located in the official service area for the Dover Public Library. The responsibilities of the anchor library are: 1) to maintain the largest and strongest collections of library materials of depth in all types of formats; 2) to provide the greatest number of staff due to extended hours and the role as a reference resource to the other county libraries, as well as the constituents of the Library's official service area; 3) to have the greatest number of professional staff (librarians with a masters of library science

degree from an accredited ALA program; 4) to offer computer training facilities and classes for the public and staff; 5) to offer meeting and conference room space for the public and the staff; 6) to provide full-service facilities sized from 40,000-60,000 sq. ft.; and 7) to be open seven days a week.

Ms. Cyr reminded members that in 2004, City Council contracted with Robert H. Rohlf Associates to conduct a feasibility and needs assessment study for library services. In 2005, the Site Selection Committee made their site recommendations to City Council and it was agreed that the Library would return to one of its original sites. Referring to page 2 of the presentation, she advised members that the photo depicts Loockerman Street facing the west, noting that the white farm house on the right is where the New Library sits today and that the building located to the west was the City Hall building which housed the library on the third floor.

Ms. Cyr stated that City Council authorized a contract for architectural services and the planning of a new public library facility in the Spring of 2008. She noted that the period between 2008 and 2010 was a time of intense planning and preparation. The building was designed based on feedback received from members of the community during public meetings that were held every month. On April 4, 2011, a ground breaking ceremony was held to mark the beginning of construction of the new Dover Public Library.

Ms. Cyr stated that in August 2012, the Library at 45 S. State Street closed its doors to the public for the last time, which ended 52 years of service to the citizens of central Delaware. On September 4, 2012, the Library's physical move to its new site at 35 Loockerman Plaza began and on September 18, 2012, the final preparations were made for the Ribbon Cutting that took place on September 20, 2013. She noted that no one had expected the size of the crowd that attended the Ribbon Cutting Ceremony.

Prior to reviewing the results of the first six (6) months, Ms. Cyr stated that several City Departments assisted in the Library's success and relayed a special appreciation to the Facilities, Grounds, Information Technology, Finance, Human Resources, and Police Departments as well as the City Manager's Office. Since the Library's opening, she stated that they have dedicated the Sophia R. Russell Teen Loft and the Mary Clark Flood Reading Garden and received the donation of the beautiful sculpture which rests in the Reading Garden. She assured members that the public is using the Library as anticipated and reviewed the statistics, reflecting that program attendance has increased 17%; computer usage has increased 13%; circulation has increased 22%; and issuance of new library cards has averaged 700 per month, equating to a 131% increase. Ms. Cyr stated that the next steps will be to obtain LEED (Leadership in Energy and Environmental Design) certification and the sculpture dedication, which was commissioned by Rosemary Twilley and donated to the Library. With reference to the LEED certification, she noted that the Library is between a silver and gold level, which should be obtained within the next month, and that the Dover Public Library will be the first LEED certified public library in the State of Delaware. She noted that brochures have been made available regarding LEED for members of Council as well as the public.

Mr. Bonar moved for acceptance of the Library Six (6) Month Operations Report, seconded by Mr. Dixon and unanimously carried.

PUBLIC HEARING - VIOLATION OF THE DANGEROUS BUILDING ORDINANCE - PROPERTY LOCATED AT 231 NORTH QUEEN STREET, OWNED BY JEANETTE WATSON C/O SANDRA DEAN

A public hearing was duly advertised for this time and place to consider a violation of the Dangerous Building Ordinance at 231 North Queen Street, owned by Jeannette Watson and others, with Sandra Dean as the estate administrator. Mrs. Ann Marie Townshend, Director of Planning, Community Development, and Recreation, stated that the property consists of a two (2) story, wood framed, single family home. She advised members that the dwelling was condemned as unfit for human habitation on May 18, 2010 due to the amount of structural damage to the rear of the home caused from an unrepaired water leak in the bathroom and noted that all utilities were terminated on that date. The last contact with the occupants occurred on June 21, 2010. The home was registered as a vacant building and monitored by staff. On March 5, 2012, she stated that the Dover Police Department requested an interior inspection of the home due to insanitary conditions. The interior was found to be extremely dirty with fecal matter through-out the home. The first floor sun room had a water leak and when entry was made into the home, there was approximately 1 (one) inch of water in the room. Mrs. Townshend stated that currently, the structure remains vacant with no active utility services and in a serious state of disrepair. She also advised members that no efforts have been made by the owner to repair the property.

Mrs. Townshend noted the receipt of an email from Ms. Sandra Dean (attorney for the estate) indicating that the estate has no funds to repair the property, they have been unable to sell the property despite it being listed for several months, and agreeing that it is a dangerous building. She provided a chronological history and presentation on the conditions of the house located at 231 North Queen Street ***(Exhibit #1)***. Mrs. Townshend advised members that in July 2012, the State obtained a structural engineer report that identified several deficiencies and that it was estimated that the costs for repairs would be in excess of $25,000. In addition, she indicated the receipt of a letter from Ms. Dean in September 2012 requesting the City to delay the presentation of the violation of the dangerous building ordinance until February 2013 to provide time for a possible sale of the property.

Staff recommended that City Council: 1) Declare this building and all accessory structures on this property dangerous; 2) Order the property repaired or demolished by May 8, 2013 by the owner or equity owner at their own risk; 3) Order the Building Inspector to cause the repair or demolition of the structures if not completed by the owner within 10 days of the date established by City Council; and 4) Order the City Manager with the assistance of the City Solicitor to cause the cost of repairs or demolition to be charged against the land on which the building exists as a municipal lien or cause such cost to be added to the tax duplicate as an assessment, or to be levied as a special tax, or to be recovered in a suit at law against the owner.

Council President Leary declared the public hearing open. There being no one present wishing to speak during the public hearing, Council President Leary declared the public hearing closed.

Mr. Bonar moved that the structure located at 231 North Queen Street be declared a dangerous building and subject to demolition, as recommended by staff. The motion was seconded by Mr. Lynn and carried by a unanimous roll call vote (Mrs. Williams absent).

LUTHER VILLAGE III PLANNED NEIGHBORHOOD DESIGN (PND) SENIOR CITIZEN HOUSING OPTION - SKETCH PLAN REVIEW

Members were advised that the subject site for Luther Village is located east of John Hunn Brown Road and west of the continuation of Babb Drive. This area is located northeast of and adjoining the Dover Crossing Shopping Center (Target and Safeway). The subject site was originally part of a $122.3^{+/-}$ acre property previously proposed as the Amberfield Subdivision. A Minor Lot Line Adjustment plan recorded on May 30, 2002 created a 34 acre parcel for the Luther Village PND: Senior Citizen Housing Option project. The remaining area was approved for a separate residential development with the application for Clearview Meadow: Planned Neighborhood Design (C-04-01 and SB-04-04). Access to the Luther Village site is provided via Babb Drive from John Hunn Brown Road or from the street network adjacent to the Clearview Meadow subdivision, which also leads to Babb Drive.

Mrs. Ann Marie Townshend, Director of Planning, Community Development, and Recreation, advised members that the Luther Village Planned Neighborhood Design-Senior Citizen Housing Option Plan encompasses a total of nine (9) development phases with eight (8) apartment buildings and a town center building for the senior citizen community. The project consists of a proposal for 524 apartment units (473 apartment units shown) and the constructed and associated road system, parking, open space, and stormwater management areas. Each phase typically consists of an apartment building, associated parking lots, stormwater management elements, active recreation areas such as walking trails, and open space landscaping. She noted that both Luther Village Phase 1, which involved the southwest portion of the Luther Village site for a 68 unit apartment building, and Luther Village Phase 2, which consists of a 32 unit apartment building, have been completed.

Due to the economy, Mrs. Townshend stated that progress on the property had ceased for several years. As a result, the Plan approval for the overall Master Plan for the Luther Village Planned Neighborhood Design-Senior Citizen Housing Option has lapsed. Therefore, she stated that staff is resubmitting the Plan in order to restart the process for approval of the project for Luther Village Phase 3, which proposes a 48 unit apartment building with a one story resident activity room building. She noted that the Sketch Plan (dated March 21, 2013) also depicts the layout for continuation of the internal loop drive, apartment buildings, town center building, parking, stormwater management, etc.

In accordance with Article 3, Section 24.1 (b) of the Zoning Ordinance, there is a two (2) or three (3) step review and approval process. Mrs. Townshend explained that in the first step, the developer shall meet with the City Council and present a general sketch plan. The City Council shall determine whether or not the proposed project is of such a design and type that warrants further review by the Planning Commission. If City Council determines that further review is warranted, the project shall proceed to the second step, which is a more detailed Conditional Use Site Plan review and public hearing process before the Planning Commission. A third review step with the Planning Commission may be required, depending on the type, physical size, and complexity of the project application. She indicated that this submission to City Council represents the first step in the review process for Luther Village III: Planned Neighborhood Design - Senior Citizen Housing Option.

Staff recommended determining that the proposed project is of such a design and type that warrants further review and that the project be referred to the Planning Commission.

Responding to Mr. Bonar, Mrs. Townshend stated that the total project consists of 524 apartments, with Phase III proposing 48 of those units. She stated that there are eight (8) buildings in totality.

Mr. Keith Kooker of Landmark Science and Engineering, 880 South State Street, confirmed that a total of 524 units are proposed for the entire development. Mrs. Townshend reminded members that when Clearview Meadow PND was presented, DelDOT was involved; therefore, the infrastructure was planned for the area to service.

Mr. Hutchison noted that Luther Towers has been an outstanding partner in the community and urged the support of members regarding the proposal.

Mr. Hutchison moved that the Luther Village III: Planned Neighborhood Design - Senior Citizen Housing Option is of such a design and type that warrants further review and referred it to the Planning Commission, as recommended by staff. The motion was seconded by Mr. Lynn and carried by a unanimous roll call vote (Mrs. Williams absent).

UTILITY COMMITTEE REPORT - MARCH 25, 2013

The Utility Committee met on March 25, 2013 with Chairman Bonar presiding.

Presentation by Calpine and KVAERNER on Employment and Construction Plans

Mr. Scott Koenig, City Manager, advised members that the Calpine Corporation had initiated construction of the Garrison Energy Center and was currently working with a third-party company to extend the existing temporary road. He stated that a few weeks ago, Calpine announced that they had entered into an Engineering, Procurement, and Construction (EPC) contract with KVAERNER to finalize the internal design and construction documents specifying delivery of the energy center to Calpine by June 2015 so that all targets for delivering power to the grid would be met.

Mr. Eugene "Junior" Wiley, Jr., Site Manager for KVAERNER at the Garrison Tract facility, briefed members on the KVAERNER company, which is a wholly union contractor. He reviewed the Garrison Schedule and stated the intent to mobilize by April 1, 2013. He reminded members that the previously mentioned roadway would be installed by Calpine and was not part of the scope of work for KVAERNER. Mr. Wiley stated that this project was a joint venture with Parsons Brinckerhoff (located in San Francisco, California), the engineer of record. He indicated that the first task would be to attend to environmental and stormwater protection issues. In reviewing the schedule, Mr. Wiley indicated that this was a large project, particularly for this area; however, there would not be a large influx of workers on the site immediately. He projected that approximately 100 employees would be working at the site by the end of the year. He estimated that there would be approximately 200-250 employees on site from April 2014 through July or August of 2014, and by the end of 2014, this number would drop back to approximately 100. He anticipated that the engineering staff would assist Calpine with the start-up in October or November 2014 and they would continue working with Calpine through the Spring of 2015.

Mr. Wiley assured members that efforts were being made to pursue local talent and services for employment. He provided a list of various local unions that would be contacted to obtain craftsmen to work on the project.

Responding to Mr. Hutchison, Mr. Wiley indicated that all permits necessary to begin this project had been obtained and he relayed appreciation to the City inspectors for their assistance in this endeavor.

In response to Mr. Snaman regarding the gas pipeline, Mr. Wiley stated his understanding that gas was to be provided to the site by October 2013; however, he was unsure if approval had been obtained from the Federal Energy Regulatory Commission (FERC). Mr. Bonar stated that he would attempt to obtain this information.

Mr. Lynn noted that the project was located within his Council District and requested that all deference and courtesy be granted to the residents of Wild Meadows as the construction gets underway, explaining that the project was located in close proximity to the subdivision. He requested assurance that the project would be constructed with as little disruption to residents' daily lives as possible. Concurring, Mr. Wiley stated that he was acting as if he lived in the area and planned to request an opportunity to meet with residents in an effort to develop a relationship and provide a line of communication. Responding, Mr. Lynn offered to introduce Mr. Wiley to the residents at a homeowner's association meeting and requested that he provide a presentation, including a question and answer period. He felt this would be helpful to residents of Wild Meadows as well as Persimmon Park Place.

Referring to an email forwarded to him by Mr. Lynn, Mr. Koenig stated that tracks from the parking lot to the back of the Wild Meadows properties were the result of either the City's construction crew or the boring contractor working on the water line to the rear of the property. He explained that the City was currently extending water from just outside the Wild Meadow Subdivision down to the fence point where water would be delivered to KVAERNER for construction. He assured members that the area would be repaired once the weather became more favorable, noting that the area was very muddy.

Mr. Koenig advised members that the Eastern Shore Natural Gas Company had contacted the City to set up a meeting to discuss how gas service would be provided to the Garrison Tract. He stated that staff preferred that the gas service be extended all the way down the Route 1 right-of-way, entering the western side of the subdivision in order to take advantage of plans for distributing it to the subdivision in the future.

Responding to Mr. Koenig, Mr. Bonar requested that the representatives of Wild Meadows be made aware of such issues.

No further action was taken by the Committee.

Proposed Amendments to the Governing Policy for Energy Commodity Risk Management

Members were provided proposed amendments to the Governing Policy for Energy Commodity Risk Management. Mr. Scott Koenig, City Manager, reminded members that the City had retained The Energy Authority (TEA) and delegated responsibility to this organization to provide Risk Management Services. As a result, the City had issued the Governing Policy for Energy Commodity Risk Management to outline the philosophy, framework, and the delegation of responsibilities related to Dover's energy commodity risk management.

Mr. Koenig briefly reviewed the proposed amendments relative to Commodity Futures Trading Commission (CFTC) reporting (Page 15); another financial product, Covered Swap (Page 16); and the addition of Appendix D - Swap Transaction Representatives (Page 24). He noted that the quadruple X's (XXXX) in Appendix D would require the insertion of either "the City of Dover" or "TEA", and assured members that this would be completed prior to submission of the proposed amendments to City Council.

Mr. Koenig stated that staff recommended approval of the proposed amendments so that the policy would be in compliance with current law.

Responding to Mr. Perza, Mr. Koenig explained that Mr. Kirk Betts serves as the City's Power Supply Attorney and had reviewed the proposed amendments from his knowledge of the Dodd-Frank legislation and the energy market, through which the City conducts trades.

The Committee recommended approval of the proposed amendments to the Governing Policy for Energy Commodity Risk Management to comply with federal regulations on power supply transactions.

By consent agenda, Mr. Bonar moved for approval of the revised Governing Policy for Energy Commodity Risk Management *(Exhibit #2)*, as recommended by the Committee. The motion was seconded by Mr. Dixon and carried by a unanimous roll call vote (Mrs. Williams absent).

By consent agenda, Mr. Bonar moved for acceptance of the Utility Committee Report, seconded by Mr. Dixon and carried by a unanimous roll call vote (Mrs. Williams absent).

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE REPORT - MARCH 25, 2013

The Legislative, Finance, and Administration Committee met on March 25, 2013 with Chairman Lynn presiding.

Evaluation of Bids - Infield Groomer Replacement

Mr. Scott Koenig, City Manager, advised members that the Grounds Division utilizes a 1998 Chi Tech ball field tractor to drag the six (6) softball fields. The 15-year-old piece of equipment was purchased in 2002. Staff had not originally planned to replace the tractor, since the City's small engine mechanic had been able to keep it operational; however, it was recently discovered that the manufacturer filed for bankruptcy several years ago. This will prevent staff from obtaining necessary parts and, as a result, the Grounds Division will not be able to provide adequate

maintenance of the City's softball fields. Mr. Koenig noted that the Department of Planning, Inspections, and Recreation currently receives approximately 20% of the Recreation Division's revenues from softball leagues each year.

Staff solicited quotes for the purchase of the Infield Groomer. The sole quote was received from Turf Equipment and Supply Company from Jessup, MD in the amount of $17,372.12. Mr. Koenig explained that funding for this purchase would be available from General Fund savings realized from the purchase of the Grounds Division's FY 2013 budgeted #552 Dump Truck and #562 Wing Mower, equating to a total of $17,396.45 total savings.

Staff requested authorization to purchase an Infield Groomer at a cost of $17,372.12 from Turf Equipment and Supply Company and approval of a budget revision to allow for the use of savings realized, as identified by staff, to pay for the unbudgeted but necessary purchase.

The Committee recommended approval of staff's request.

During the Council meeting, Mr. Lynn advised members that, since the Committee meeting, staff discovered a defect in the bid process; therefore, a revised recommendation would be presented for consideration.

Mr. Scott Koenig, City Manager, explained that some bids that were submitted electronically were inadvertently sent to staff's junk mail; therefore, they were not presented for consideration. He noted that there were a total of three (3) bids submitted and the bid from Finch Services, Inc. was rejected as it was determined that it did not meet the minimum specifications for the equipment required. The Lawn & Golf Supply Co., Inc. and Turf Equipment and Supply Company bid packages were found to be free of math errors and/or discrepancies and represented fair market value.

Mr. Koenig assured members that staff has updated administrative procedures to prevent this situation from occurring in the future.

Responding to Mr. Lynn, Mr. Koenig stated that staff felt confident that this was the only time this situation had occurred in the bid process. He explained that the City rarely receives electronic bids and that these particular bids were submitted to a purchaser in the Electric Department rather than the City's Purchasing Department.

Staff recommended authorization to purchase the Infield Groomer, in the amount of $17,348.00, from Lawn & Golf Supply Co., Inc., based upon Bid #2013-013 and to allow for the usage of budgetary savings realized, as identified under the funding source, to pay for the unbudgeted but necessary purchase of the Infield Groomer.

Mr. Lynn moved for approval of staff's recommendation, seconded by Mr. Bonar and carried by a unanimous roll call vote (Mrs. Williams absent).

FY12 Audit - Required Auditor Communications

In accordance with Section 46 of the City Charter, the City's financial books are audited by independent auditors each year. Mrs. Donna Mitchell, Controller/Treasurer, indicated that the auditor's results are typically presented when the Comprehensive Annual Financial Report (CAFR) is submitted to City Council for adoption; however, since additional research was required to complete the federal grant audit and, since there was nothing material to the CAFR in this respect, the auditor's communications were delayed until completion of the audit and presentation of the federal grant audit. She reminded members that SB & Company, LLC, served as the City's auditor.

Mrs. Mitchell introduced Mr. William Seymour, Engagement Partner with SB & Company, LLC, who reviewed a presentation entitled "Communications with Those Charged With Governance for the Year Ended June 30, 2012," which included the results of their audit of the June 30, 2012 financial statements of the City of Dover. Mr. Seymour noted that, in accordance with generally accepted auditing standards, an unqualified opinion had been issued on the financial statements for the governmental, enterprise, and fiduciary funds (including pension funds).

Mr. Seymour relayed appreciation to City management for their assistance in conducting the audit and introduced Mr. Travis Milnes, Audit Senior with SB & Company, noting that Mr. Milnes had performed most of the work on the City's audit.

Referring to Page 18 of the "Single Audit Together with Reports of Independent Public Accountants for the Year Ended June 30, 2012," Mr. Lynn relayed concern with the findings regarding the Community Development Block Grants (CDBG) and questioned which sub-recipients were not provided the necessary information to comply with federal requirements. Responding, Mrs. Mitchell stated that these findings related to last year's audit and explained that the auditors were required to include this information in the audit report for two (2) years.

Elaborating, Mr. Seymour indicated that this concern was identified last year and the auditors were required to "close out" the issue. He indicated that if these three (3) findings remain in next year's single audit, they will be included as an update. If management alleviates the issue, the problem will disappear; if not, the auditors will re-report it.

Responding, Mrs. Mitchell advised members that corrective action was taken last year and a procedure was developed to address this issue. She confirmed that staff was now following the procedure and assured members that the issue had been resolved.

The Committee recommended acceptance of the FY12 Audit - Required Auditor Communications Report, as presented.

By consent agenda, Mr. Bonar moved for approval of the Committee's recommendation, seconded by Mr. Dixon and carried by a unanimous roll call vote (Mrs. Williams absent).

Proposed Ordinance #2013-06 Amending Chapter 2 - Administration, Article II - City Council, Division 2 - Meetings of the Dover Code - Excused Absences

Mr. Lynn stated that, at his request, staff had prepared Proposed Ordinance #2013-06 amending Chapter 2 - Administration, Article II - City Council, Division 2 - Meetings of the Dover Code, which would establish a procedure for excusing City Council member absences and provide a list of excusable absences.

Mr. Hare questioned if there was a need for such an ordinance and suggested that the current process of reviewing each issue on a case-by-case basis be continued.

Responding, Mr. Lynn stated that the absence of members of Council was addressed in the Charter in a broad and ambiguous manner that did not provide Council information for handling excused absences. He reminded members that the current Charter simply indicates that no Council Member shall have three (3) consecutive absences unless they are excused absences but does not define what would constitute an "excused absence." He stated that this matter became an issue when members of Council were advised that Mr. Anderson would be deployed with the National Guard and would miss several meetings (possibly years). He felt that since there was no definition for "excused" absences, there was a danger that such absences could be used for political gain.

In response to Mr. Hare's suggestion regarding the suspension of salary after six (6) weeks of such absence, Mr. Lynn stated his opposition and questioned if individuals who are fighting in Afghanistan should be penalized by removing their pay for something completely out of their control.

Mr. Hare reiterated his concerns regarding fairness to the citizens if members of Council receive compensation during extended absences and suggested that salaries be suspended during such leaves of absence.

Responding to Mr. Shevock, Mr. Lynn advised members that when his father, Mr. Pat Lynn, was absent for a significant amount of time while battling cancer during his term as a Commissioner for Kent County Levy Court, no action was taken by members of Levy Court, which allowed his father to continue to serve his term until his death.

As for the history of such occurrences within the City of Dover, Council President Leary cited recent instances of members of Council who were ill and continued to serve until their deaths, such as Mrs. Russell and Mr. Pitts. He recalled previous situations when members of Council, such as Mr. Fenimore and Mr. VanSant, became ill during their terms of office, noting that at that time members of Council were compensated per meeting attended.

In response to Mr. Shevock, Mr. Lynn felt that if several members of Council were to be excused, and if this resulted in difficulty obtaining a quorum to conduct business, members of Council could revisit the issue of excused absences.

Mr. Anderson relayed his support for the proposed amendment. With regard to excused absences, he felt that the Council President should be authorized to excuse absences and that an appeal process should be established that would allow Council to reverse the action taken by the Council President.

In reviewing the proposed amendment, Council President Leary felt that members may be trying to "fix something that is not broken." It was his feeling that sometimes Council tries to codify issues to the point where they become confining and unworkable. He noted that there had never been an issue involving the absence of members of Council, regardless of the reason (vacation, sickness, etc.) and he did not feel that there was value in codifying this to the degree presented in the proposed amendment.

Mr. Bonar advised members that, to his knowledge, absences in the State Legislature are handled under House and Senate rules that require a member who is going to be absent to notify the Speaker of the House, or the President Pro Tempore or President of the Senate. He reminded members that the late Representative Hazel Plant (Wilmington) was unable to attend any meetings of the legislative session for almost two (2) years and that several individuals assisted in representing her district. He felt confident that members of Council would do this during Mr. Anderson's absence.

Based on previous discussions by Council regarding this issue, Mr. Perza expressed his sense that members of Council collectively serve as judges of each other's actions, explaining that if a member's absence was unacceptable or was interfering with City business, Council had the responsibility to the City to address the issue and take appropriate action. He felt that this was a political question reserved to members of Council and was hesitant to define it by ordinance. He suggested that, should an emergency arise that would make it necessary to fill seats within a short period of time, members of Council should not be prohibited from doing so by a member's creative use of "excused absence" as a loophole to avoid a responsibility. Mr. Perza suggested that no action be taken and to allow for such judgement to remain in the hands of Council.

In response to the analogy provided by Council President Leary, Mr. Lynn advised members that if a member of Council wished to take an extended vacation (three (3) to four (4) months), the ordinance would require the City Clerk to inform Council of the reason for the absence and, upon passage of a motion by the majority of the members present, the absent member would be considered excused. As an attorney, he explained that in his experience "ambiguity is rife for mischief" and would be exploited. Although this had not happened yet on City Council, he stated that this would not preclude it from happening in the future.

Mr. Hare reiterated his concern regarding the absent member continuing to receive compensation, should the Committee recommend adoption of the proposed ordinance amendment. It was his feeling that members of Council were not above City employees and noted that a City employee who had to take extended leave would not continue to receive compensation. He also felt that it would not be fair to citizens if an elected representative continued to receive compensation while unable to serve as a member of Council. He suggested that a member should not continue to receive compensation for any leave of absence that extends beyond three (3) meetings.

Mr. Dixon indicated his concurrence with Council President Leary and suggested that members of Council should not attempt to fix something that was not broken.

The Committee recommended adoption of Proposed Ordinance #2013-06, stipulating that there be an amendment that, after three (3) meetings, if excused, a member's pay would be suspended until the member returns.

By consent agenda, Mr. Bonar moved for approval of the Committee's recommendation, seconded by Mr. Dixon and carried by a unanimous roll call vote (Mrs. Williams absent). *(The First Reading of the ordinance will take place during the latter part of the meeting).*

City Hall Replacement - Potential RFP for Architectural Services for Conceptual Design

Members were reminded that during the Council Financial Workshop of January 7, 2013, the City Manager prepared a brief outline of a proposal to evaluate possible replacement of the existing City Hall building with a new West Wing and Connector. Mr. Scott Koenig, City Manager, advised members that currently, the City of Dover owns both the old Dover Public Library and the building at 5 East Reed Street. He explained that the Old City Hall, the Old Library, and 5 East Reed Street would all need building improvements over the coming years. It was staff's belief that it would be in the City's best interest to conduct a formal evaluation of the merits of replacing a majority of the City Hall building. This concept would allow all staff (from 5 East Reed Street and City Hall) to be in one (1) building, which would result in improved efficiency.

Mr. Koenig indicated that various entities had expressed an interest in the purchase/lease of the Old Library Site and other office space at 5 East Reed Street; therefore, the City of Dover would have options for filling or selling the office space being vacated.

Staff recommended authorization to issue a Request for Proposals (RFP) for architectural services to conduct space evaluation and conceptual planning for the replacement of the City's existing office space. An internal review committee would be put together to review the proposals submitted by interested architects. This conceptual planning expenditure would be budgeted in the FY 2014 Operational Budget.

Mr. Koenig assured members that once RFPs were received, they would be presented to Council for approval or disapproval of the proposal, explaining that he was unsure of the costs that would be involved in such a project.

In response to Mr. Hare, Mr. Koenig stated that there would be no costs to the City to request RFPs, with the exception of advertising the RFP and staff time in its preparation. The costs would be incurred if/when City Council endorsed an architectural contract. As expressed during the Council Retreat held on March 22, 2013, Mr. Hare relayed his support of the concept; however, he stated that since there was a budget shortage, he would not support moving forward with such a project unless it could be accomplished without an increase in taxes, rates, or fees.

Mr. Lynn reminded members that the time for borrowing was now, due to the low interest rates and labor costs and relayed his support for this endeavor.

Mr. Perza stated that if the costs for replacing the facilities were effectively the costs for upgrading the buildings, he would support further investigation by staff.

Council President Leary reminded members that they had a responsibility to the taxpayers to take care of the City's physical plant and cited grave concerns regarding the City's current facilities, including problems with duct work, asbestos, etc. He stated that there were a multitude of reasons to begin pursuing this matter at this time.

The Committee recommend that the City Manager be authorized to issue a Request for Proposals (RFP) for architectural services to prepare concepts to replace existing office space related to City Hall and 5 East Reed Street, as recommended by staff.

By consent agenda, Mr. Bonar moved for approval of the Committee's recommendation, seconded by Mr. Dixon and carried by a unanimous roll call vote (Mrs. Williams absent).

Evening and Weekend Code Enforcement Coverage

Mrs. Ann Marie Townshend, Director of Planning, Community Development, and Recreation, advised members that there had been an increase in complaints regarding code violations that take place during evening and weekend hours. The Code Enforcement staff works during normal business hours, 8:00 a.m. through 5:00 p.m., Monday through Friday. In order to expand hours to include enforcement during the evenings and on weekends, she stated that it would be necessary to include funding for overtime expenses. She noted that a letter from Senator Bushweller had been received requesting that the City consider expanding its Code Enforcement coverage to include evenings and weekends due to complaints received by his office.

Mrs. Townshend stated that evening coverage could be achieved by flexing staff schedules to include later start and end times (for example, a schedule that would include one (1) 11:00 a.m. to 8:00 p.m. day each week), the expansion of enforcement to include weekends would have to be paid through overtime pay. She advised members that currently, $923 allocated to overtime remained in the Code Enforcement budget for FY 13. Overtime was budgeted in this Division to assist the Fire Marshal's Office with off-hour fire investigations. The remaining balance could be allocated to weekend code enforcement.

Should members support the expansion of Code Enforcement coverage to include evenings and weekends, Mrs. Townshend explained recommendations of staff, as follows:

- Adjust staff schedules to provide three (3) to five (5) days each week during the spring, summer and fall months when one (1) staff member would be on duty until 8:00 p.m. This would likely be reduced to one (1) evening per week in winter months when outdoor activity is less prominent.

- Provide four (4) hours of weekend coverage scheduled on Saturday or Sunday, and budget for overtime to pay for these added hours. Utilizing compensatory time for this would diminish Code Enforcement services, as each hour of compensatory time worked equates to 1.5 hours off during the normal workday.

- Budgeting for this amount of overtime for FY 14 would require approximately $5,500 in salaries, plus the associated benefit load.

Staff recommended that they be instructed to develop a schedule and budget overtime in FY 14 to support evening and weekend Code Enforcement coverage.

In response to Mr. Hare, Mrs. Townshend stated that the after hours coverage would be adjusted to compensate for hours of daylight/darkness during the winter and summer. However, she did not feel that it would be possible to avoid overtime by changing employees' weekly work hours, explaining her feeling that these employees were hired to work an 8:00 a.m. to 5:00 p.m. weekday schedule and should not be mandated to work weekends and evenings without additional compensation. She suggested the possibility of employees volunteering before they were scheduled for the evening/weekend hours. With regard to work being performed during hours when it is dark, Mrs. Townshend advised members that there have been complaints of businesses with non-functional parking lot lights. In addition, she stated that employees attend association meetings that are held in the evening when it is sometimes dark outside.

Rather than providing compensatory time or overtime, Mr. Hare suggested the possibility of hiring a part-time employee for evening and weekend coverage. Responding, Mrs. Townshend stated that although it was her feeling that the costs to hire a part-time employee would be greater than paying current employees overtime, staff could consider this suggestion.

In response to Mr. Shevock, Mrs. Townshend stated that, as an example, complaints were relayed at recent White Oak/Towne Point and Persimmon Park Place Homeowners' Association meetings regarding parking on the grass. She explained that when there is no grass growing in a yard and the area is rutted, it has a negative affect on the neighborhood. She stated that homeowners cannot be cited for ruts in their yard; however, they can be cited for parking on the grass. She anticipated that the weekend inspections would occur on either Saturday or Sunday.

Mr. Anderson questioned the level of complaints requiring code enforcement that could not be addressed during regular working hours. Responding, Mrs. Townshend stated that parking on the grass is a major complaint that could not be addressed during regular working hours since cars are not parked on the grass during those hours. In addition, she stated that several complaints had been received regarding trash being put out for pickup on the weekend when collection would not occur until later in the week.

Although he understood the concerns regarding trash, Mr. Hare cautioned staff to determine if there may be a legitimate reason for early placement at the curb, relaying an incident when an elderly couple had their sons work on the weekend to put bulk trash out that would not be picked up until later in the week. Responding, Mrs. Townshend stated that individuals are requested to contact the City to advise of such extenuating circumstances. However, she advised members that the complaints received regarding trash being put out during the weekend were not the result of extenuating circumstances, occurred on a regular basis, and were a nuisance to the neighbors.

Responding to Mr. Bonar, Mrs. Townshend stated that although she was not aware of other municipalities that had instituted evening and weekend code enforcement coverage, it was her feeling that the City of Wilmington and perhaps the City of Newark may have additional hours; however, she noted that most other municipalities are small and have only one (1) Code Enforcement officer. She stated that the counties tend to have a passive code enforcement policy.

Council President Leary advised members of problems with individuals running illegal boarding houses and the difficulty of these violations being observed during regular work day hours. (Mrs. Townshend noted similar issues with auto repairs.) He stated that when there are violations, such as a tractor trailer truck being parked in a neighborhood during weekend hours, the Police Department is called to respond. He questioned if there would be a cost savings for the Police Department if these types of issues could be handled by a code enforcement officer. Responding, Police Chief Hosfelt stated that having a Code Enforcement Officer available during the evening and weekend hours would benefit the Police Department's Community Policing Unit. He explained that certain violations are discovered during the evening and weekend hours and days often lapse before the incident is reported to the Inspections Department, since there are typically communications back and forth between the two (2) departments before they are able to "get together." It was Chief Hosfelt's opinion that the evening and weekend code enforcement coverage would prove to be beneficial to the City.

In response to Mr. Dixon, Mrs. Townshend stated that the extended hours of enforcement would be provided citywide and not specific to any one (1) council district. She stated that the idea would be to review specific complaints that have been received to determine locations, as well as those known areas of violations. She assured members that these efforts would be coordinated with the Police Department for safety reasons.

If the proposal were implemented, Mr. Hare suggested that members of Council ride along with a Code Enforcement Officer to show them problem areas in their districts.

The Committee recommended approval of staff's recommendation that they be instructed to develop a schedule and budget for overtime for FY 14 to support evening and weekend Code Enforcement Coverage, with the stipulation that staff try to develop the schedule without utilizing overtime if possible.

Mr. Lynn recognized the Code Enforcement officers for a job well done.

Mr. Hare clarified that his intention for amending the motion was not to prohibit overtime but for staff to try to work out a schedule that would prevent as much overtime as possible.

By consent agenda, Mr. Bonar moved for approval of the Committee's recommendation instructing staff to develop a schedule and budget for overtime for FY 14 to support evening and weekend Code Enforcement coverage, with the stipulation that staff try to develop the schedule without utilizing overtime if possible. The motion was seconded by Mr. Dixon and carried by a unanimous roll call vote (Mrs. Williams absent).

Mr. Hare moved for acceptance of the Legislative, Finance, and Administration Committee Report, seconded by Mr. Anderson and unanimously carried.

MONTHLY REPORTS - FEBRUARY 2013

By motion of Mr. Bonar, seconded by Mr. Dixon, the following monthly reports were accepted by consent agenda:

Budget
Chief of Police
City Assessor
City Manager
Dover Fire Department
Economic Development Office

EVALUATION OF BIDS - ENGINEERING SERVICES AGREEMENT - GENERAL SCOTT SUBSTATION SWITCHGEAR REPLACEMENT

Mr. Scott Koenig, City Manager, reminded members that in December 2012, City Council awarded three (3) year contracts for electrical engineering services to Pike Energy Solutions, LLC and Power Consulting Engineers (PCE). Based on a review of the project needs for the General Scott Switchgear, the Electric Department staff requested a project specific proposal from PCE to perform the following services for the General Scott Substation Project: 1) Provide new Specifications; 2) Provide Bid Documents; 3) Review the vendor proposals and make recommendation; and 4) Feeder relay settings. He noted that the cost of these services will be based on time and materials not to exceed $55,000. Mr. Koenig explained that this involves a multi-year project that has an overall cost of $1,150,000.

Staff recommended awarding the work to Power Consulting Engineers (PCE) in an amount not to exceed $55,000 based on Time & Materials.

Mr. Hare moved for approval of staff's recommendation, seconded by Mr. Bonar and carried by a unanimous roll call vote (Mrs. Williams absent).

FEE PROPOSAL - ATTORNEY SERVICES FOR LABOR NEGOTIATIONS

Members were provided fee proposals for Attorney services for labor negotiations submitted by Baird Mandalas, LLC, as follows:

American Federation of State, County, and Municipal Employees (AFSCME)

Mr. Scott Koenig, City Manager, reviewed a letter received from Baird Mandalas, LLC, outlining their terms to represent the City of Dover in connection with labor negotiations with the American Federation of State, County, and Municipal Employees (AFSCME). He noted that the higher costs for their service is due to this being a new group for negotiations, whereas their service for the other groups are for additional contract negotiations where there is an existing contract in place. He stated that the total costs will be based on the length of time it takes to complete these negotiations, explaining that if lengthy negotiations are not necessary, there will be a cost savings for the City.

Staff recommended retaining the firm of Baird Mandalas, LLC for AFSCME Labor Negotiations at a fee up to $50,000.

Mr. Bonar moved for approval of staff's recommendation, seconded by Mr. Hare and carried by a unanimous roll call vote (Mrs. Williams absent).

International Brotherhood of Electrical Workers (IBEW) Local 1238

Mr. Scott Koenig, City Manager, reviewed a letter received from Baird Mandalas, LLC, outlining their terms to represent the City of Dover in connection with labor negotiations with the International Brotherhood of Electrical Workers (IBEW) Local 1238. He noted that there is an existing contract that expires June 30, 2013.

Staff recommended retaining the firm of Baird Mandalas, LLC for IBEW Local 1238 Labor Negotiations at a fee of $15,000.

Mr. Hare moved for approval of staff's recommendation, seconded by Mr. Hutchison and carried by a unanimous roll call vote (Mrs. Williams absent).

FIRST READING - PROPOSED ORDINANCE #2013-06 With LF&A #1

Council President Leary reminded the public that copies of the proposed ordinance are available at the entrance of the Council Chambers or can be obtained from the City Clerk's Office. Final action by Council on the proposed ordinances will take place during the Council Meeting of April 22, 2013.

Mr. Lynn reminded members that the proposed ordinance would establish a procedure for excusing City Council member absences and provides a list of excusable absences. It would also suspend compensation after three consecutive excused absences.

In accordance with Section 1-9 of the Dover Code, Council acknowledged the First Reading of the Ordinance Amendment as read by the City Clerk, by title only, as follows:

> PROPOSED ORDINANCE #2013-06 WITH LF&A #1 AMENDING CHAPTER 2 - ADMINISTRATION, ARTICLE II - CITY COUNCIL, DIVISION 2 - MEETINGS OF THE DOVER CODE -EXCUSED ABSENCES
>
> *(Legislative, Finance, and Administration Committee)*

FINAL READING - PROPOSED ORDINANCE - STAFF SUBSTITUTE #2, WITH LF&A #1 AND COUNCIL #1 FOR ORDINANCE #2013-04

The First Reading of the following proposed ordinance was accomplished during the Council Meeting of March 25, 2013.

Chapter 22 - Buildings and Building Regulations, Article X - Rental Dwellings

Mr. Hare moved that the Final Reading of the proposed ordinance be acknowledged by title only, seconded by Mr. Dixon and unanimously carried.

Mrs. Ann Marie Townshend, Director of Planning, Community Development, and Recreation, stated that Ordinance #2013-04 is known as the City's "Safe Community" ordinance. She advised that the proposed ordinance prohibits tenants of rental properties from participating in criminal activities and requires that tenants and landlords submit a fully executed Safe Community Lease Addendum when applying for utility services in a tenant's name. It adds that, in some instances landlords be required to participate in a safe communities program, including participation in a safe communities seminar offered by the Dover Police Department. All landlords will be provided the

opportunity to attend the seminar. Mrs. Townshend stated that the ordinance establishes a process by which the City can suspend a rental permit if a landlord is not complying with this Section of the Dover Code. In addition, the proposed ordinance allows for prorating of rental permit fees for permits purchased after the beginning of the permit year. Mrs. Townshend reviewed additional typographical corrections that have been made to the Final Ordinance.

Mr. Anderson, along with Mr. Dixon and Council President Leary, relayed appreciation for staff's dedicated work with this project.

By motion of Mr. Bonar, seconded by Mr. Lynn, and carried by a unanimous roll call vote (Mrs. Williams absent), Ordinance #2013-04 was adopted, as follows:

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

That Chapter 22 – Buildings and Building Regulations, Article X – Rental Dwellings be amended to read as follows:

DIVISION 1. – GENERALLY

Sec. 22-331. - Purpose; applicability; definitions; compliance.

(a) *Purpose.* The purpose and intent of this article is to ensure public health, safety and welfare insofar as they are affected by the continued occupancy and maintenance of dwellings operated for lease to the public. The health, safety and welfare of the occupants of the dwellings are of the utmost importance to the city, as is the general community character in which these dwelling units are located.

(b) *Applicability.* The provisions of this article shall apply to all matters affecting or relating to rental dwellings. Where, in this article, different sections of this Code may specify different requirements, the most restrictive shall govern.

(c) *Definitions.* The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

(1) *Criminal activity* is defined as any crime classified by applicable law as a (a) felony, (b) Class A misdemeanor, or (c) any of the following offenses: any drug offense defined by Title 16 of the Delaware Code, and the following misdemeanors in addition to any Class A misdemeanor, as defined by Title 11 of the Delaware Code: §601-offensive touching, §602-menacing, §628-vehicular assault 3, §763-sexual harassment, §764-indecent exposure, §811-criminal mischief, §812-graffiti, §820-trespassing, §821/2/3-criminal trespassing, §1105- crime against a vulnerable adult, §1106-unlawfully dealing with a child, §1301- disorderly conduct, §1313-malicious interference with emergency communications,

§1315-public intoxication, §1321-loitering, §1322-criminal nuisance, §1323-obstructing of public passage, §1341-lewdness, §1342- prostitution, §1343-patronizing a prostitute, §1445-unlawfully dealing with a dangerous weapon, §1446-unlawfully dealing with a switchblade knife.

(2) *Dwelling unit* means a single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

(3) *Multiple-family dwellings* means dwelling units operated as a group, and located in the same building. This shall include apartments, roominghouses, condominium dwelling units, and accessory apartments located within structures principally used for owner occupancy.

(4) *Rental dwelling* means a dwelling unit that is leased for occupancy to a person or persons in exchange for monetary payment or provision of goods or services to the owner of the dwelling unit.

(5) *Single-family dwellings* means dwelling units operated singly, and separated from other units. In general, this definition shall apply to single-family detached dwellings, including mobile homes, and attached units, including duplexes, and townhouses.

(d) *Compliance required.* No person shall operate, occupy or let to another for occupancy any dwelling which is not in compliance with the International Property Maintenance Code adopted in section 22-221 and all other applicable codes.

Sec. 22-332. - Inspection required.

(a) The code enforcement office, in accordance with the procedures set forth in the International Property Maintenance Code adopted in section 22-221, shall inspect rental dwellings for compliance with the property maintenance code and all other applicable codes to ensure compliance.

(b) Following an inspection, the code enforcement office shall issue a letter and/or report of any code violations and provide a timeline for compliance. There shall be no fee for the first followup inspection. Each subsequent reinspection shall be subject to a fee as provided for in Appendix F—Fees and Fines.

Sec. 22-333. - Agent required.

(a) *Property manager.* Any owner of a rental dwelling, residing outside of the county, shall be required to have a licensed property manager residing or having an office located in the county, or a family member or other designated individual who does not manage any other rental real estate for a fee and who resides in the county acting as a property manager. The property manager, including family members and

designated individuals, shall have charge, care and control of the rental dwelling, and shall provide access to the rental dwelling for inspection, upon request by the building inspector or city planner, within a reasonable time.

(b) *Corporate or partnership owners.* Any corporation or partnership owning a rental dwelling shall have a designated member, partner, or employee having charge, care, and control of the rental dwelling. The designated member, partner or employee shall reside in or have an office located in the county, or shall be required to have a licensed property manager residing or having an office located in the county, or a family member or other designated individual who does not manage any other rental real estate for a fee, and who resides in the county, acting as a property manager. The property manager, family members or other designated individuals shall have charge, care and control of the rental dwelling, and shall provide access to the rental dwelling for inspection, upon request by the building inspector or city planner, within a reasonable time.

Secs. 22-334—22-350. - Reserved.

DIVISION 2. - PERMIT

Sec. 22-351. - Generally.

(a) *Single-family dwellings.* It shall be unlawful for any person to operate any single-family rental dwelling without obtaining a permit from the licensing division of the department of planning and inspections in order to determine compliance with the appropriate provisions of this article. The permit shall expire annually on January 31. The fee for the annual permit shall be as provided for in Appendix F—Fees and Fines. The permit fee for rental dwelling permits issued after January 31st will be prorated from the date the permit is issued until the next January 31st.

(b) *Multiple-family dwellings.* It shall be unlawful for any person to operate any multiple dwelling without first obtaining an annual permit therefor from the licensing division of the department of planning and inspections in order to determine compliance with the appropriate provisions of this article. The permit shall expire annually on January 31, and the fee for the annual permit shall be as provided for in Appendix F—Fees and Fines. The permit fee for rental dwelling permits issued after January 31st will be prorated from the date the permit is issued until the next January 31st.

(c) *Late payment penalty.* In the event that the permit fee set forth herein is not paid on the date due, then the permittee shall incur a penalty fee as provided for in Appendix F—Fees and Fines until the same is paid.

(d) *Reinstatement fee.* An owner whose permit has been suspended in accordance with section 22-352 shall pay a reinstatement fee as provided for in Appendix F—Fees and Fines.

(e) *Lien.* In the event that the property owner fails to pay said fees within 30 days from the date a notice thereof is mailed to the owner, then such fees shall be entered in the municipal lien docket as a lien owing the city; and the same may be turned over to the city solicitor for collection.

(f) *Utilities.* The owner or occupant of any rental unit shall not be entitled to receive city utilities until the permit fee required in this section is paid in full and city personnel shall refuse to provide sewage, water and electricity to the property until satisfactory proof is furnished that such permit fee has been paid.

Sec. 22-352. - Suspension.

(a) *Grounds; duration.* The building inspector shall suspend the permit issued or withhold the permit paid for, pursuant to this division, when:

(1) The building inspector determines that any dwelling or the premises surrounding the dwelling fails to meet the requirements of this chapter or any rule or regulation issued pursuant thereto;

(2) The failure of the property owner or property manager to initiate and prosecute in good faith eviction proceedings following notification by the City that the terms of the safe communities lease addendum have been violated; or

(3) The failure of the property owner or property manager to attend a safe communities seminar when required by §22-371(b).

Suspension shall last until the violations have been corrected to the satisfaction of the building inspector, or the suspension shall have been reversed.

(b) *Notice of violations.* Upon suspending any permit under this section or withholding the permit paid for, the building inspector shall notify the owner of the violations of the applicable code and shall prescribe a period in which the violation shall be corrected.

(c) *Appeal.* Any owner or operator of any dwelling, whose permit to operate the structure is suspended by the building inspector pursuant to the procedures of this section, shall have the right to appeal and notice as provided in section 22-225

(d) *Effect of appeal.* Upon suspension of a permit, or withholding of a permit ordered by the building inspector and upon the permittee serving the city clerk with a notice of appeal pursuant to section 22-225, the permit suspension shall be stayed and an existing permit shall remain in force until the appeal is decided.

Secs. 22-353—22-369. - Reserved.

DIVISION 3. – SAFE COMMUNITIES

Sec. 22-370. Criminal activity

Tenants of rental dwellings, any member of the tenant's household, any guest or other person under the tenant's control shall not engage in criminal activity on or within 500 feet of the lot on which the rental dwelling resides.

Sec. 22-371. – Safe communities seminar.

(a) The City of Dover police department shall offer a safe communities seminar a minimum of two times each calendar year. The seminar shall be voluntary, except in the following circumstances:

(1) When a rental dwelling permit has been suspended in accordance with Section 22-352, the property owner or manager shall attend the seminar prior to reinstatement of the suspended rental dwelling permit; or

(2) When a rental dwelling has been the subject of response by the police department on three or more occasions within a six month period, due to occasions where the tenant, any member of the tenant's family, or any guest or other person under the tenant's control have engaged in criminal activity, the property owner or managers shall attend the seminar.

(b) Upon notification by the chief of police that the safe communities seminar is required in accordance with subsection 2 above, the department of planning and inspections shall notify the property owner and/or property manager that he is required to attend the next scheduled safe communities seminar. Such notice shall be sent by U.S. Mail, evidenced by Certificate of Mailing to the property owner and property manager if a property manager is on record with the department of planning and inspections.

Sec. 22-372. – Safe communities lease addendum.

(a) All residential leases shall include a safe communities lease addendum, signed by the property owner and tenant, in the following form:

In addition to all other terms of the lease, landlord and tenant agree as follows:

(1) The tenant, any member of the tenant's household, any guest or any other person under the tenant's control on or within 500 feet of the leased premises:

i. Shall not engage in criminal activity, including drug-related criminal activity, on or within 500 feet of the leased premises. "Drug-related criminal activity" means the illegal manufacture, sale, distribution, use, or possession of any illegal or controlled substance defined by 16 Del.C. Ch. 47.

ii. Shall not engage in any act intended to facilitate criminal activity.

iii. Shall not permit the dwelling unit to be used for or to facilitate any criminal activity.

(2) Any activity prohibited by the safe communities lease addendum shall constitute a substantial violation of the lease, material noncompliance with the lease, and grounds for termination of tenancy and eviction.

(b) The department of planning and inspections shall provide the safe communities lease addendum.

(c) An executed copy of the safe communities lease addendum shall be required for all rental dwellings in the City of Dover prior to establishment of a utility account for the premises.

Sec. 22-373. – Eviction Required.

(a) If the tenant, any member of the tenant's household, any guest or other person under tenant's control engages in criminal activity as defined by §22-331(c)(1) and Chapter 22 – Buildings and Building Regulations of the Dover Code on three or more occasions within a 12-month period, the chief of police shall notify the department of planning and inspections to initiate the safe communities lease termination notice procedure directing the property owner or property manager to terminate the tenancy in accordance with subsection (b).

(b) Upon notification by the chief of police that termination of tenancy is required in accordance with subsection (a), the department of planning and inspections shall notify the property owner and property manager that they have 30 days to initiate the eviction or otherwise terminate the tenancy. Such notice shall be sent by U.S. Mail, evidenced by Certificate of Mailing, to the property owner and property manager if a property manager is on record with the department of planning and inspections.

ADOPTED: APRIL 8, 2013

COUNCIL MEMBERS ANNOUNCEMENTS

Council President Leary announced that the City of Dover and the Delaware Department of Justice have scheduled the first Crime Free Rental Unit Seminar to be held on Saturday, April 13, 2013, beginning at 8:30 a.m. and concluding at 4:30 p.m., at the Public Assembly Room of the Dover Police Department, 400 South Queen Street. He noted that the seminar is free to landlords and property managers and that lunch will be provided for attendees. Mr. Leary stated that pre-registration is required and that those wishing to attend should contact the Office of Planning and Inspections at 302-736-7196.

Referring to the comments made by Ms. Holloway during the Open Forum, Mr. Anderson stated that the current drop off point located in Dover is the Sleep Cheap mattress and furniture store located at 1144 South Bay Road.

For those who will be observing his absence during Council/Committee Meetings, Mr. Anderson announced that he has the honor of being activated to serve this great Country in Afghanistan, serving in the National Guard's 198th Signal Battalion. He requested that everyone's thoughts and prayers be for all soldiers, airmen, marines, sailors, etc. until each and everyone of them returns. He relayed appreciation for the community's support and indicated he would see everyone again in a year.

Council President Leary stated he is proud of the service provided to our country by Mr. Anderson, along with his colleagues in the 198th Signal Battalion.

Mr. Bonar relayed God Speed to Mr. Anderson and could not recall when there was a sitting member of Council activated for any length of time. He also relayed appreciation for his contributions.

Mr. Bonar announced that One Community Unity Wellness Day will be observed on Saturday, April 27, 2013 from 9:00 a.m. to 12:00 noon, at the John W. Pitts Recreation Center, 10 Electric Avenue, and invited all to participate.

Speaking to Mr. Anderson, Mr. Perza stated his thoughts and prayers will be with him while serving our country. He assured Mr. Dixon that any member of Council will provide assistance to the Fourth Council District during Mr. Anderson's absence.

Mayor Carey wished Mr. Anderson and his family all the best, to be safe, and have a speedy return.

Referring to the service Mr. Anderson will be providing, Mr. Hare requested that he not think it's easy or to take anything for granted and that he return safe.

Mr. Hutchison relayed his appreciation for Mr. Anderson's commitment and his pride in the men and women of the National Guard - God Speed.

Mr. Lynn asked that Mr. Anderson be safe and offered any assistance members of Council could provide to his family during his absence.

Mr. Anderson moved for adjournment, seconded by Mr. Hare and unanimously carried.

Meeting Adjourned at 9:03 p.m.

TRACI A. McDOWELL
CITY CLERK

All orders, ordinances, and resolutions adopted by City Council during their Regular Meeting of April 8, 2013, are hereby approved.

CARLETON E. CAREY, SR.
MAYOR

/TM/jg
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Exhibits
Exhibit #1 - Presentation - Violation of Dangerous Building Ordinance - 231 North Queen Street
Exhibit #2 - Governing Policy for Energy Commodity Risk Management, as amended

Violation of Dangerous Building Ordinance 231 N Queen Street

Planning & Inspections Department

Dover, Delaware

April 8, 2013

EXHIBIT #1
Regular Council Meeting of 04/08/2013

231 N Queen Street
Case History

- Twelve code enforcement cases since 2006
  - Exterior violations
  - Tall grass and weeds
  - Interior violations
  - Vacant Building
- Registered as Vacant by The City in June of 2011
- Condemned by City Staff in May 2011
- Source of neighbor complaints
- Outstanding Charges
  - Code Enforcement Fines

Dangerous Building Code – Chapter 22 Article XI, Sec. 22-381

(5) *Unfit for habitation.*

(9) *General welfare.*

(10) *Code violations.*

(12) *Unoccupied buildings.*


231
DIAL 911
POLICE
















fresh & pure
douche


Classique









Recommended Council Action

- Declare this building and all accessory structures on this property dangerous.
- Order the property repaired or demolished by **May 8, 2013** by the owner or equity owner at their own risk.
- Order the Building Inspector to cause the repair or demolition of the structures if not completed by the owner **within 10 days of the date established by City Council**.
- Order the City Manager with the assistance of the City Solicitor to cause the cost of repairs or demolition to be charged against the land on which the building exists as a municipal lien or cause such cost to be added to the tax duplicate as an assessment, or to be levied as a special tax, or to be recovered in a suit at law against the owner.

City of Dover, Delaware

Governing Policy

For

Energy Commodity
Risk Management

Effective: September 10, 2012

Approved by: City of Dover Council

Amended: April 8, 2013

TABLE OF CONTENTS

PURPOSE OF THE RISK MANAGEMENT POLICY 3
A. Introduction 3
B. Scope of Policy 3
C. Objectives and Risk Philosophy 4
D. Policy Administration 4

MANAGEMENT AND CONTROLS 4
A. Utility Committee of The City Council 5
B. Executive Risk Management Committee 5
1. City Manager 6
2. Director of the Utility 7
3. Controller 7
4. TEA Member Services Manager 7

DISCUSSION OF RISKS 8
MARKETING AND TRADING PRACTICES 9
A. Standards of Conduct 9
B. Products, Activities and Limitations 9
C. Contract Documentation and Confirmations 10
D. Training 10
E. New Product Protocol 11

RISK LIMITS AND RISK MEASUREMENTS 11
A. Limits 11
1. Volume/Maturity/Value Limits 11
B. Stress Testing and Back Testing 12
C. Instances of Exceeding Risk Limits 12

CREDIT POLICY 12
A. Measuring Credit Risk 12
B. Analysis and Extension of Credit Limits 13
C. Instances of Exceeding Credit Limits 13

REPORTING 14
A. Risk Reporting 14
B. Credit Reporting 15
C. Hedge Effectiveness Reporting 15

INFORMATION TECHNOLOGY SYSTEMS 15
POLICY DISTRIBUTION AND COUNSEL 16
A. Distribution Outside The City 16
B. Designated Counsel 16

APPENDIX A – Approved Products 17
APPENDIX B – Approved Counterparties and Threshold Tables 18
APPENDIX C – Business Risks 22
APPENDIX D – Swap Transaction Representative 23
APPENDIX E – Glossary 24

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 and approved by the City (the "**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 the risk policy at least annually
- Approve new members 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 Member Service Manager.

The City's ERMC will make decisions following the process outlined in this Policy. TEA's Member 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.

2. Director of the Utility

The Director of the Utility is responsible 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.

3. Controller

The Controller is independent of all commercial functions and carries the responsibility of 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.

4. TEA Member Services Manager

The TEA Member Service Manager roles and responsibilities are defined exhibit B of the EMA between the City and TEA. The TEA Member Service Manager will be a voting member on the ERMC. 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.

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 risks 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.

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 Member 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 City's energy commodity portfolio. The City will manage and report on its energy commodity market risk using Volume/Maturity/Value Limits, a Cost of Service Limit and a Hedge Loss Limit.

1. Volume/Maturity/Value Limits

Transaction limits for the Individuals Authorized to execute transactions and the maturity limits for each permissible instrument are listed below. Transactions for amounts in excess of those listed may be executed only upon approval of the ERMC. This limit, maturity and value structure is not intended for use when transacting day-ahead and real time in the PJM market.

Volume/Maturity/Value Limits		**Maximum Daily Notional Limits**	
		Volume	**Value ($000)**
Power (MW) Hourly Limit	Balance of the Month through 12 Months	50	20,000
	Between 13 Months and 24 Months	50	20,000
	Between 25 Months and 36 Months	25	10,000
	Between 37 Months and 48 Months	25	10,000
	Between 49 Months and 60 Months	25	10,000
Natural Gas (MMBtu) Monthly Limit	Balance of the Month through 12 Months	30,000	400
	Between 13 Months and 24 Months	30,000	400
	Between 25 Months and 36 Months	10,000	200
	Between 37 Months and 48 Months	10,000	200
	Between 49 Months and 60 Months	10,000	200
#2/#6 Fuel Oil (Bbl) Monthly Limit	Balance of the Month through 12 Months	6,000	400
	Between 13 Months and 24 Months	6,000	400
	Between 25 Months and 36 Months	3,000	200
	Between 37 Months and 48 Months	3,000	200
	Between 49 Months and 60 Months	3,000	200

The amounts in the table above refer to the maximum volume of orders that can be placed in any one day the individuals authorized to conduct trades for the specified time period. On any one day the maximum transaction volume placed can be for up to 50 MegaWatts per hour for every hour during a single calendar month (including both on-peak and off-peak hours), OR 25,000 MMBtu per month for all months pertinent to the natural gas transaction, OR 6,000 Bbl per month for all months pertinent to the oil transaction.

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.

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 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.

- **Activity Report**

The Activity Report presents a summary of all energy commodity risk management activities undertaken, including new transactions taken, existing transactions settled/liquidated, and any transactions unwound.

- **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. As an interim measure due to lack of necessary market information and the rapid evolution of the PJM RTO market, the ERMC has specified $2.50 per MWH 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.
- 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 it 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 forward hedge products to be utilized by TEA to manage the City's energy commodity portfolio:

- Forward Physical Power Peak
- Forward Physical Power Off-Peak
- Forward Physical Power All Hours
- Forward Physical Natural Gas Delivered Dover via Eastern Shore Pipeline
- Forward Physical Residual Fuel Oil (#6) Delivered Dover
- Forward Physical Residual Fuel Oil (#2) Delivered Dover
- Capacity
- Forward Financial Power Peak
- Forward Financial Power Off-Peak
- Forward Financial Power All Hours
- Financial Call Option
- Financial Put Option
- Covered Swap

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

Constellation Energy

Threshold	S&P	Moody's
$ 60,000,000	AAA	Aaa
$ 50,000,000	AA- to AA+	Aa3 to Aa1
$ 50,000,000	A- to A+	A3 to A1
$ 40,000,000	BBB+	Baa1
$ 30,000,000	BBB	Baa2
$ 20,000,000	BBB-	Baa3
$ -	Below BBB-	Below Baa3

Integrys

Threshold	S&P	Moody's
$ 20,000,000	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
$ 1,000,000	BBB-	Baa3
$ -	Below BBB-	Below Baa3

Sempra Energy

Threshold	S&P	Moody's
$ 20,000,000	A or above	A2 or above
$ 20,000,000	A- to A+	A3
$ 15,000,000	BBB+	Baa1
$ 10,000,000	BBB	Baa2
$ -	BBB- or lower	Baa3 or lower

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 Cook Power

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

FPL Energy

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

Constellation Energy

Threshold		Fitch	Moody's
$	40,000,000	AA- or Above	Aa3 or above
$	30,000,000	A+	A1
$	20,000,000	A	A2
$	10,000,000	A-	A3
$	-	BBB or below	Baa1 or below

Integrys

Threshold		Fitch	Moody's
$	20,000,000	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
$	1,000,000	BBB-	Baa3
$	-	Below BBB-	Below Baa3

Sempra Energy

Threshold		Fitch	Moody's
$	27,000,000	A- or above	A3 or above
$	5,000,000	BBB+	Baa1
$	1,000,000	BBB	Baa2
$	-	BBB- or lower	Baa3 or lower

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**

Macquarie Cook Power

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

FPL Energy

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

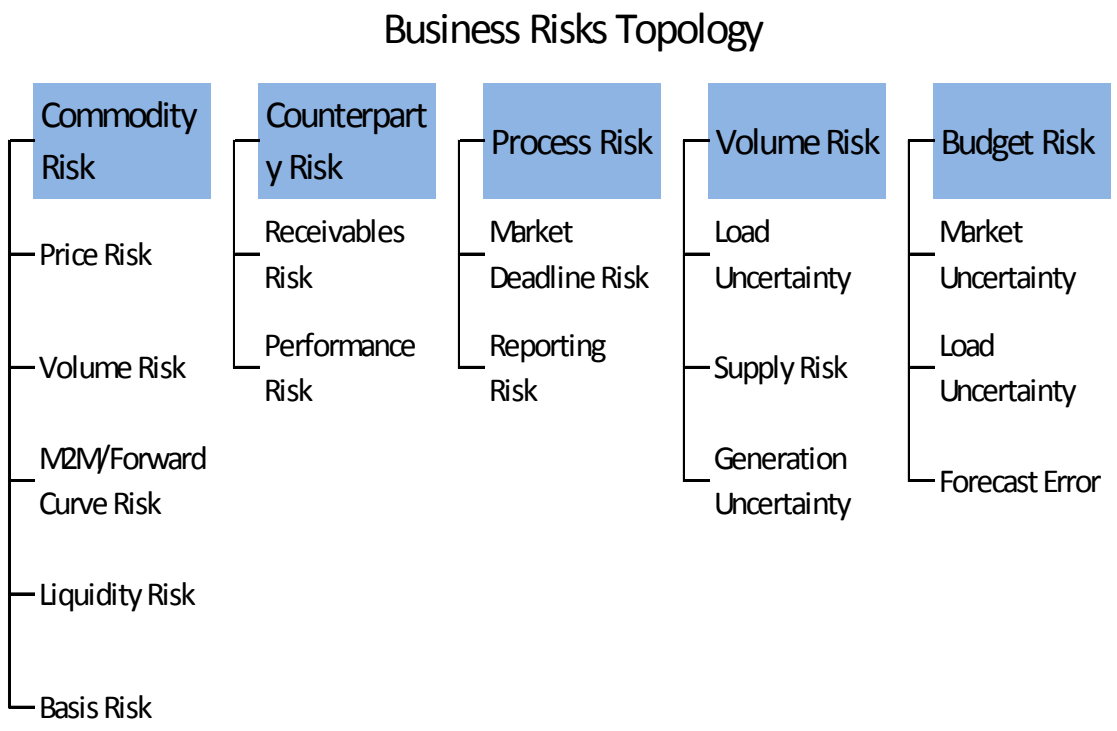
Deutsche Bank

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



APPENDIX D – 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 Energy Authority "TEA" 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 the City of Dover 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.

APPENDIX E – 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.