

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Finance Committee Meeting
August 18, 2020
Smyrna, Delaware

A meeting of the Finance Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on August 18, 2020 via Zoom.

The meeting was called to order at 8:30 a.m.

The following roll call was presented:

Committee Present:

Pamela Patone, Chair
MSC of New Castle, General Manager/Secretary
Tyler Reynolds
Town of Middletown, Finance Manager
David Del Grande
City of Newark, Finance Director

DEMEC Staff Present:

Stephanie Dove, Director of Accounting and Settlements
Jennifer Coulbourne, IT System Administrator

Special Guests: None.

APPROVAL OF MINUTES – June 16, 2020

Upon motion by Mr. DelGrande and second by Mr. Reynolds, the June 16, 2020 Regular Audit Committee meeting minutes and the Executive Session of the Audit Committee minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

Finance Committee Calendar

The Finance Committee Calendar was presented to the Committee. The Committee requested an addition of a meeting of all staff involved in the budget to be added to the calendar. Also, the Committee requested to receive the budget doc as parts are completed. Ms. Dove explained how the budget goes through multiple reviews prior to being released and DEMEC staff will send parts of the budget along after all internal reviews are complete. The Committee and Staff agreed that with this being the first year of budget review, the calendar and processes for review are anticipated to change.

Investment Services RFP

Ms. Dove indicated that the Investment Policy should be written prior to any RFP and will work on such a policy to bring to the Committee. The item will stay on the agenda for future discussion.

The Finance Committee is an advisory-only committee of the DEMEC Board of Directors and has no power to finally approve or order any action. The power to act rests exclusively with the DEMEC Board of Directors.

AUDIT

Preliminary Fieldwork should begin in October or November and the auditors will send a calendar to the committee when a calendar is set.

FINANCE COMMITTEE LEADERSHIP

Rotation of Chair/DEMEC Treasurer Position

The Committee agrees with DEMEC staff that a Finance Committee member should be the Corporate Treasurer. Mr. Reynolds noted that he feels the Finance Committee Chair should be on the Executive Committee also.

Mr. Reynolds asked what additional duties the Treasurer and the Committee Chair has, and Ms. Dove explained that monthly reports are sent to the Treasurer for review. Ms. Patone explained the duties she has as Chair of the Committee.

The Committee requests the Treasurer to report to the Finance Committee on their review. A section will be added to the Finance Committee agenda for Treasurer Report to the Committee.

The Committee recommends Ms. Patone as the Finance Committee Chair and Corporate Treasurer for the upcoming year.

ACCOUNTING POLICIES & PROCEDURES

Inventory Policy

Ms. Dove answered questions around the policy including annual counts and how DEMEC will control the sale of parts from the inventory. The Committee and Staff agree that as the process evolves, this policy will be reviewed for updates needed. Upon motion from Mr. Reynolds and seconded by Mr. DelGrande, the Committee recommends taking the policy to the full board for approval.

Purchasing Policy

No update.

Investment Policy

No update.

REVIEW OF FINANCIAL REPORTS

2Q 2020

Financial Reports were reviewed and staff answered questions as presented by the committee regarding fixed assets and bond accounts.

Ms. Patone would like to see financial projections through the year and language added to financial statements to include comments on Gross Profit and Variable and Fixed Costs.

Mr. DelGrande asked if there are any freezes on any budget line items that are in effect due to the COVID-19 pandemic. Ms. Dove noted that the largest pieces of the budget, Power Supply and Generation Costs, cannot be frozen as we are providing the services and these costs and revenues are based on usage and production. Ms. Dove explained that there are natural reductions in certain costs such as travel and training as DEMEC staff is not traveling and training sessions are now virtual.

BUSINESS FROM THE FLOOR

Ms. Patone asked how members and DEMEC are recording the COVID Relief Assistance payments. Ms. Dove explained how DEMEC recorded the transaction. Discussion was had on how the members are recording the payments. Ms. Patone will reach out to Baker Tilly for guidance.

EXECUTIVE SESSION

Motion was made by Mr. Reynolds and seconded by Mr. Del Grande to go into Executive Session at 10:10 am to discuss strategic business planning. The Finance Committee ended the executive session at 10:22 am.

No recommendations for board approval were proposed in executive session.

NEXT MEETING DATES

DEMEC staff will distribute calendar invites to the committee members for the upcoming meetings set for:

- a. Tuesday, November 17, 2020 at 9:00am
- b. Tuesday, February 16, 2021 at 9:00am
- c. Tuesday, May 18, 2021 at 9:00am

ADJOURNMENT

The Finance Committee adjourned at 10:22 am.