

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Special Meeting of the Finance Committee
March 12, 2021
Smyrna, Delaware

A meeting of the Finance Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on March 12, 2021 via Zoom.

The meeting was called to order at 1:02 p.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 Board Members:

Morris Deputy, Chair
Representing Middletown
Charles Anderson, Director
Representing Seaford
June Merritt, Alternate
Representing Seaford
Mary Ellen DeBenedictis, Director
Representing Clayton
Jonathan Burnett, Alternate
Representing Clayton
Cassandra Young, Alternate
Representing Smyrna
Tom Coleman, Director
Representing Newark
Mark Whitfield, Director
Representing Milford
Louis Vitola, Alternate
Representing Milford

DEMEC Staff Present:

Patrick McCullar, President & CEO
Kimberly Schlichting, COO-SVP Power Supply
Stephanie Dove, Director of Accounting and Settlements

Special Guests:

Lester Guthorn, Public Advisory Consultants, Inc.
Susan Osatazeski, Davenport & Company, LLC

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.

APPROVAL OF MINUTES

None.

FOLLOW UP ON ACTION ITEMS

Discussion on bond financing analysis

Ms. Osatazeski and Mr. Guthorn reviewed the bond financing scenarios and the summary of savings for the 2011 Beasley bond refunding, as requested by the Committee.

Discussion among the meeting participants included if reserve funds should be used to pay down the debt, how the reserve fund has accrued, how rating agencies view the use of the reserve funds, what future costs are coming for the Beasley Power Station, what is the useful life of the Beasley Power Station and any risks associated with using reserve funds to pay down the debt.

Ms. Schlichting reminded the participants of Beasley's current maintenance and estimated costs. She added that these maintenance costs should be considered when determining the use of generation reserves for the bond refinancing.

Mr. McCullar noted the types of events that the reserve funds are to be used for. Mr. McCullar recommended that it is prudent business practice to do a traditional debt financing and to not use reserve funds as reserve funds are accrued to avoid negative risks to the participants.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

None.

ADJOURMENT

The Special Meeting of the Finance Committee adjourned at 2:10 p.m.