

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Finance Committee Meeting
September 21, 2021
Smyrna, Delaware

A meeting of the Finance Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on September 21, 2021 via Zoom.

The meeting was called to order at 9:04 a.m.

The following roll call was presented:

Committee Present:

Charles Anderson
City of Seaford, City Manager
Tyler Reynolds
Town of Middletown, Finance Director
David Del Grande
City of Newark, Finance Director

DEMEC Staff Present:

Stephanie Dove, Director of Accounting and Settlements
Charles Santo, Accounting Analyst

Special Guests: None.

APPROVAL OF MINUTES – May 18, 2021

Upon motion by Mr. Del Grande and second by Mr. Reynolds, the May 18, 2021, Regular Finance Committee Meeting was approved by the Committee.

FOLLOW UP ON ACTION ITEMS

DEMEC Rate Study

Ms. Dove gave an update that DEMEC is continuing to work with the consultants and that results should be expected soon.

Investment Services RFP

Ms. Dove reported no new activity on this item and Mr. Del Grande suggested that this is not urgent, but we should start soon.

Financial Advisor RFP

Ms. Dove reported no new activity, and this item was tied into the Investment Services RFP discussion as something that could be possibly done together. The Committee discussed possible advisors as well as using an advisor that's also used by one of the members. The Committee sees benefits in using someone with DEMEC experience. Ms. Dove mentioned that the next advisor should have good relationships with the

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.

ratings agencies. The committee and staff agree that an RFP/RFQ process is needed. Mr. Anderson asked if the RFP could be put together in 2nd Quarter 2022 and Ms. Dove said yes. All committee members agreed on this timeline.

TREASURER'S REPORT

Mr. Anderson asked for input on what is needed. Mr. Reynolds suggested that a snapshot of account balances be provided. Ms. Dove reminded the committee that the Treasurer's Report should be a report from the Committee Chair to the Finance Committee, and Mr. Anderson replied that this is something that he will work on.

ACCOUNTING POLICIES & PROCEDURES

Purchasing Policy

Ms. Dove noted that this policy still needs to be updated.

Accounting Policies & Procedures

Ms. Dove noted that this policy still needs to be updated.

Capital Asset Maintenance O&M Reserve Policy

Ms. Dove explained that this is an update to a previously adopted policy and is for planned repairs or upgrades to the Beasley plant that have been approved in the adopted budget.

Beasley Operating Reserve Policy

Ms. Dove explained that this policy is for unplanned repairs or upgrades to the Beasley plant that are not included in the adopted budget. Mr. Anderson suggested that the Committee study whether the current \$2 million floor is low, and that it should be more in line with the current \$6.4 million reserve balance. Mr. Del Grande feels that a 5-year goal of reaching that goal would be realistic, and Mr. Anderson agreed with this. Some of the factors discussed by the Committee include percentage of asset value vs. a fixed amount, useful life of the assets, inflation, time value of money, maintenance of components, and appraised cost of the units. Ms. Dove stated that the appraised cost will be available soon since DEMEC is working with a new insurance company on quotes. Ms. Dove also said that she will research historical data on the Beasley unplanned repairs and that she will reach out to AMP for advice as to what is done at the Fremont plant. Mr. Del Grande also mentioned that the infrastructure bill being considered by the Federal government could possibly have funds that could be of assistance.

The Committee agreed to discuss this policy at future meetings.

REVIEW OF FINANCIAL REPORTS

2Q 2021

Ms. Dove highlighted the financial results for the period ending June 30, 2021. Demand in KWh for June was at the highest ever for the month of June. Cash is down but is expected to increase. The decrease in cash is due to factors such as Beasley plant repairs and costs related to the purchase of the Training Yard and

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capital payments made on bonds. June was also the first month during the calendar year in which a credit was made to the Rate Stabilization Fund.

BUSINESS FROM THE FLOOR

Mr. DelGrande mentioned that the City of Newark has a Renewable Energy Program in which participants are dedicated to using 100% Green Energy. Mr. Anderson also mentioned that the City of Seaford also has a Renewable Energy Program.

EXECUTIVE SESSION

None.

NEXT MEETING DATES

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

- a. Tuesday, November 16, 2021 at 9:00am
- b. Tuesday, February 15, 2022 at 9:00am
- c. Tuesday, May 17, 2022 at 9:00am

ADJOURNMENT

The Finance Committee adjourned at 10:11 am.