

**DELAWARE MUNICIPAL ELECTRIC CORPORATION**  
**Regular Finance Committee Meeting**  
February 24, 2022  
Smyrna, Delaware

A meeting of the Finance Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on February 24, 2022 via Zoom.

The meeting was called to order at 2:00 p.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:

Kimberly Schlichting, President & CEO  
Stephanie Dove, Interim COO  
Charles Santo, Accounting Analyst

Special Guests: None.

APPROVAL OF MINUTES – November 11, 2021

Upon motion by Mr. Del Grande and second by Mr. Reynolds, the November 11, 2021, Regular Finance Committee Meeting minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

DEMEC Rate Study

Ms. Dove gave an update that DEMEC will be meeting with the Rate Consultant soon to review the completed portion of the study before presenting results at the next Board Meeting.

Investment Services RFP & Financial Services RFP

Ms. Dove reported of DEMEC staff's and the Board's general dissatisfaction with PNC Capital Advisors. Staff discussed the presentation given by PFM at their meeting in January and requested feedback from the Committee on the fee proposal. Ms. Schlichting noted that DEMEC staff believes that PFM would bring value as they understand the DEMEC and Joint Action Agency business model and Public Power. All agreed that the \$60,000 retainer for services is high and does not include Debt Transaction Services. Options discussed by the Committee included adjusting the scope of services to have a reduced rate and using

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.

different advisors for some of the services, such as portfolio review. Mr. DelGrande offered to speak to his contact at PFM and DEMEC staff will reach back to PFM to negotiate a reduced rate.

### AUDIT

Ms. Dove reported that Baker Tilly has everything needed for final fieldwork and that staff met with Baker Tilly last week to discuss. No adjustments were identified by the auditors, but after final documents were sent to Baker Tilly, staff identified adjustments to be made to the financials and notified the auditors and sent the adjustments. Adjustments included the DPL settlement for Middletown as well as the amortization of the gain on the 2021 bond issues. The Finance Committee and DEMEC staff will meet with the auditors on March 24, 2022, to review the financial statements.

### TREASURER'S REPORT

Mr. Anderson had no formal report but mentioned that he continues to work with Ms. Dove to answer any questions he has regarding reports provided by staff on a monthly basis.

### ACCOUNTING POLICIES & PROCEDURES

For the following, Mr. Del Grande requested that Ms. Dove provide an order of priority for updating along with an expected time frame, which Ms. Dove agreed to provide.

#### 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 noted that this policy still needs to be updated.

#### Beasley Operating Reserve Policy

Ms. Dove noted that this policy still needs to be updated, and also that the largest amount ever used from the reserve was in 2021. The Committee discussed that the policy should include values that can be authorized for use by the President, then advising the Board without needing Board approval.

#### Cash Flow Policy

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

#### Rate Stabilization Policy

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

### MRPS Reserve Policy

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

### REVIEW OF FINANCIAL REPORTS

#### 4Q 2021

Ms. Dove highlighted the financial results for the period ending December 31, 2021, including that demand in KWh through December increased over the prior year and LMP's have increased. She also highlighted changes since the last Board meeting, such as the decrease in Generation Inventory due to inventory being placed into service; reclassification of bond liability between long-term and short-term; member project fee year-end adjustment; depreciation expense and accumulated depreciation; and loss on disposal of assets. Ms. Dove commended Mr. Santo for his work on the last two items.

### BUSINESS FROM THE FLOOR

Mr. Del Grande mentioned linemen leaving to work for other member municipalities, and the possibility of receiving compensation from the other members who hire these linemen. Mr. Reynolds and Ms. Schlichting provided their input as well on this issue.

### EXECUTIVE SESSION

None.

### NEXT MEETING DATES

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

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

### ADJOURMENT

The Finance Committee adjourned at 3:19 p.m.