

**DELAWARE MUNICIPAL ELECTRIC CORPORATION**  
**Regular Finance Committee Meeting**  
February 21, 2023  
Smyrna, Delaware

A meeting of the Finance Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on Tuesday, February 21, 2023, via Zoom.

The meeting was called to order at 9:01 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 DelGrande  
City of Newark, Finance Director

DEMEC Staff Present:

Stephanie Dove, Vice-President & CFO  
Willie Marshall, Director of Finance  
Tara LaGrassa, Accounting Analyst

Absent: None

Special Guests: Chris Lover, PFM Managing Director  
Joseph Visalli, PFM Senior Analyst

APPROVAL OF MINUTES – November 8, 2022

Upon motion by Tyler Reynolds and second by David DelGrande, November 8, 2022, Regular Finance Committee Meeting minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

DEMEC Rate Study

Ms. Dove stated that both she and Ms. Schlichting have been working with Chris Lund of UFS. They have met with him twice and have provided him with more documentation and he will also be attending and presenting at a future Board Meeting.

Investment Services RFP

Ms. Dove stated she has been working with PFM Financial Advisors Chris Lover and Joe Visalli and is waiting on PFM Asset Management to respond with what is needed to move forward. PNC will be notified once we hear from PFM Asset Management.

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.

### Cash Reserves Study

PFM Financial Advisors Chris Lover and Joe Visalli were present in the meeting to discuss the Cash Reserve Study which is set to begin around April.

### AUDIT

Ms. Dove stated she is exactly where she planned not to be as far as the overhaul of the accounting records for the GASB 91 standard. Ms. Dove reached out to Baker Tilly for guidance back in June of 2022 however, she didn't receive guidance to start adjusting 2021 not 2022 until January of 2023. DEMEC is continuing to work through it. Ms. Dove noted that this change is unwinding all the On Behalf of Financing Accounts including those that were last changed in 2018 per Board Resolution, which adopted Regulatory Accounting.

Article IX of the Articles of Incorporation mandate that the audit be performed within 90 days of year end close and we are looking to move that date from March 31<sup>st</sup> to May 31<sup>st</sup> (90 to 150 days). The articles were written in 1979 when all the accounting was on ledger paper and with the complexity of the business now, the 90 day close is aggressive. Moving the date to May 31<sup>st</sup> still allows for all adherence to bond and debt covenants. A resolution needs to be drafted and presented to the Board in March stating its Committee and Staff's recommendation to change the Articles of Incorporation. The Committee also noted that if other changes are needed, that those could be changed at that time.

### TREASURER'S REPORT

Mr. Anderson had no formal report.

### ACCOUNTING POLICIES & PROCEDURES

#### Capital Asset Maintenance O&M Reserve Policy

Ms. Dove noted that this policy is on hold until after the cash reserves study in 2023.

#### Beasley Operating Reserve Policy

Ms. Dove noted that this policy is on hold until after the cash reserves study in 2023.

#### Rate Stabilization Policy

Ms. Dove noted that this policy is on hold until after the cash reserves study in 2023.

#### MRPS Reserve Policy

Ms. Dove noted that this policy is on hold until after the cash reserves study in 2023.

#### Cash Flow Policy

Ms. Dove noted that this policy is on hold until after the cash reserves study in 2023.

### Accounting Policies & Procedures

Ms. Dove noted that this policy is on hold until after the cash reserves study in 2023.

### Purchasing Policy

Ms. Dove noted that this policy is on hold until after the cash reserves study in 2023.

### REVIEW OF FINANCIAL/INVESTMENT REPORTS

Beasley produced 3x more MW's in December than any other December and for Winter Storm Elliot both units ran 63 of 70 hours and over performed. Final PJM bonus payments have not been determined. Ms. Dove walked through the 4Q financial statements and explained what had changed versus what was already seen, specifically explaining the GASB 91 changes.

At the end of the last quarter of 2022, we did make some of the money back that we had lost in the investment portfolio. Mr. Anderson stated as we change our cash reserve balance at some point in the future, we may look to possibly put more of that money into cash management.

### BUSINESS FROM THE FLOOR

None.

### EXECUTIVE SESSION

None.

### NEXT MEETING DATES

(Third Tuesday of the second month following the quarter end; subject to change)

- a. Tuesday, May 11, 2023 at 9:00 am
- b. Tuesday, August 15, 2023 at 9:00 am
- c. Tuesday, November 21, 2023 at 9:00 am

### ADJOURNMENT

The Finance Committee adjourned at 10:04 a.m.