

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Finance Committee Meeting
August 20, 2024
Smyrna, Delaware

A meeting of the Finance Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on Tuesday, August 20, 2024, via Microsoft Teams.

The meeting was called to order at 8:59 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:

Rob Cote, Senior Vice President of Administration
Stephanie Dove, Chief Financial Officer
Willie Marshall, Director of Finance
Tara LaGrassa, Accounting Analyst

Absent: None

APPROVAL OF MINUTES – May 15, 2024

Upon motion by David DelGrande and second by Tyler Reynolds, May 15, 2024, Regular Finance Committee Meeting minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

Credit Ratings

Policy discussed in Executive Session.

Capital Plan

The capital plan is currently in the works for Beasley and will be a living document and will frequently change based on Spring or Fall outages. The plant staff is working with vendors and DCO to refine estimates so we can move forward. DEMEC plans on having this completed by November. This will be Phase 1 and eventually a capital plan will also be done for the training yard and the new building.

CHARTER

Finance Committee Charter Review

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.

Finance Committee Meeting (continued)

May 15, 2024

The charter is up for review because it has not been reviewed recently. It is a good reminder of what the Finance Committee duties are. No recommendations for changes currently. Per suggestion from Mr. Reynolds, update policies to add a stipulation to review at least every five years. Mr. DelGrande also pointed out that this should be updated after Member Health Assessment is adopted.

FINANCE COMMITTEE LEADERSHIP

Chairperson/DEMEC Treasurer Position

A reminder that Officer and Committee elections will be held in the September board meeting.

PFMAM INVESTMENT SERVICES

Organization Changes

PFMAM Asset Management is consolidating under US Bancorp Asset Management, which is their parent company. This was known when we signed the contract. This does not change anything for us. We will still have the same people working on our portfolio and will continue to have the same services. Mr. Anderson inquired if our engagement with PFMAM is for three years. Ms. Dove stated this engagement is until we discontinue. Presently, there are no issues or recommendations regarding the restructuring.

2025 BUDGET

A reminder that we will begin working on the 2025 budget this month. DEMEC will begin sending out DRAFT budgets to staff/departments. DEMEC will then have workshops with the committee to review and answer questions.

AUDIT

Audit RFP (2025 forward)

DRAFT RFP was sent to the committee for review. Mr. Marshall discussed the timeline and deadlines for each action item. He stated that although we are happy with Baker Tilly, the RFP is being sent out to make sure we get the best service and rate for DEMEC. Mr. Anderson asked if the scoring turns out to be a company other than Baker Tilly, would we find value in potentially interviewing them as the committee. Mr. Marshall said that yes, an interview is necessary because they may score well but they do not know our system and we would have to teach them. Mr. DelGrande inquired if we are OK running this RFP process during our audit. Ms. Dove responded that we have run this process during our audit before. Mr. Reynolds added that he also is happy with Baker Tilly.

ACCOUNTING POLICIES & PROCEDURES

Capitalization Policy Review (adopted 2014)

The policy was discussed and reviewed and will be kept on the agenda for the next finance committee meeting. The redline copy will be sent to the committee. Mr. Reynolds asked how DEMEC is handling any inventory on hand. Ms. Dove stated she will add the inventory policy to the November meeting agenda to be reviewed.

Cash Flow Policy

Ms. Dove noted that this policy is on hold.

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.

Finance Committee Meeting (continued)
May 15, 2024

Purchasing Policy

Ms. Dove noted that this policy is on hold.

Credit Rating Policy

Policy discussed in Executive Session.

REVIEW OF FINANCIAL/INVESTMENT REPORTS

2Q 2024

Financial Statement Presentation Update – Ms. Dove asked the committee if it was OK to scratch the narrative and use the power point instead. The committee was all in favor of using the power point instead.

Ms. Dove highlighted the financial results for the period ending June 30, 2024, in Executive Session.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

Motion was made by Mr. Reynolds and seconded by Mr. Del Grande to go into Executive Session at 9:30 a.m. to discuss the following:

1. Credit Ratings
2. Review Of Financial/Investment Reports

The Finance Committee ended the executive session at 10:09 a.m.

NEXT MEETING DATES

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

- a. Wednesday, November 20, 2024, at 9:00 a.m.
- b. Tuesday, February 18, 2025, at 9:00 a.m.
- c. Tuesday, May 20, 2025, at 9:00 a.m.

ADJOURNMENT

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