

MINUTES
FINANCE COMMITTEE MEETING
FEBRUARY 10, 2021 (VIRTUAL)

Attendants: Messrs. Cherico, DiSantis, Hurst, Kern, Knapp, Lucas, Monaghan, Nagle, Pisani, Pileggi, Willert, Mesdames Amadio, Caulk, Cummings Nichols, and Sage.

There were no members of the public present.

1. ROLL CALL: Eight members of the DELCORA Board of Directors were present constituting a quorum.

2. PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was recited by all parties present.

3. MONTHLY FINANCIAL REVIEW: Mr. Pileggi, Chief Financial Officer, provided the Board with a written summary report of the January Interim Statements. He stated that there were no variances to report on since it has only been one month in the new year. He reported that they will have a report on variances in April when they have numbers from three months. He did report that the variances in collections is not a fair comparison since they did not bill Trainer Borough or Edgmont Township due to ongoing negotiations with Aqua about the 2021 and future rates. Mr. Kern asked if the numbers on the Bills List was just for the Operating Funds. Mr. Pileggi stated yes. Mr. Kern asked if there was a way to get a list of the Capital Bills List. Mrs. Amadio stated that she can have this list provided to all Board Members prior to the Board meetings. Mr. Pileggi had no additional comments to the written report. The Committee had no other questions on the written report.

4. PFM ASSET MANAGEMENT LLC (“PFMAM”) WILL SERVE AS INVESTMENT ADVISOR TO THE DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY (DELCORA), DELAWARE COUNTY, PENNSYLVANIA (THE “ISSUER”) IN CONNECTION WITH **STRUCTURING THE ESCROW** (THE “ESCROW”) RELATED TO THE CASH DEFEASANCE OF THE ISSUER’S SEWER REVENUE REFUNDING BONDS, 2007 SERIES; SEWER REVENUE BONDS, 2015 SERIES; SEWER REVENUE BONDS, 2016 SERIES; AND SEWER REVENUE BONDS, SERIES OF 2017 (COLLECTIVELY, THE “BONDS”).

APPROVAL OF PFM OCCURRED IN THE JANUARY 2021 MEETING ALONG WITH OTHER DELCORA ADVISORS.

FEEES FOR THE USE OF INVESTMENTS ASSOCIATED WITH THE ESCROW RANGE FROM \$5,000 TO AN AMOUNT NOT EXCEEDING \$60,000. DETERMINATION OF WHICH INVESTMENT TO USE IS DEPENDENT ON THE MARKET CONDITIONS AT THE TIME OF SETTING UP THE ESCROW.

ADDITIONALLY, BONDRESOURCE PARTNERS, LP (“BRP”), A WHOLLY-OWNED SUBSIDIARY OF PFMAM, WILL ASSIST THE ISSUER IN VERIFYING THE MATHEMATICAL CORRECTNESS OF CERTAIN COMPUTATIONS RELATING TO THE PROPOSED DEFEASANCE OF THE BONDS. THE FEE FOR THE

VERIFICATION AGENT IS \$5,000.00.: Mr. Pileggi stated that they are intending to have a closing between DELCORA and Aqua on May 1, 2021. If that happens DELCORA must defease outstanding bonds which totals \$150 to 160 Million in outstanding Bonds. This proposal gives PFM the ability to set up escrow accounts to store the funds in order to defease the Bonds. Mr. Pileggi stated that at the January Finance meeting it was approved to have PFM as a Financial Consultant. This addresses the fees needed to invest the Escrow Funds, and introduces a partner with Bondresource Partners, LP. which serves as a verification agent.

Mr. Nagel asked if there were any penalties to pay off the bonds early. Mr. Pileggi stated that there is no fee to paying off the Bonds early. There were no further questions regarding this agenda item. It was the consensus of the Committee to recommend approval of this item. This item will be placed on the agenda for the February 16th Board Meeting.

5. COZEN O'CONNOR – PROPOSAL DATED FEBRUARY 8, 2021 – FOR LEGAL SERVICES TO REPRESENT DELCORA WITH RESPECT TO THE DEFEASANCE OF ITS OUTSTANDING REVENUE BONDS IN CONNECTION WITH THE SALE OF DELCORA'S WASTEWATER COLLECTION AND TREATMENT SYSTEM – THE ENGAGEMENT WILL BE HANDLED BY SUZANNE MAYES AND SCOTT MEHOK AT HOURLY RATES OF \$680.00 AND \$470.00, RESPECTIVELY (OPERATING FUNDS): Mr. Pileggi stated that Cozen O'Connor will sit as the Bond Council for the defeasance of the Bonds. Mr. Willert stated that Mr. O'Connor has been the Bond Council for past Bonds for DELCORA.

Following discussion, it was the consensus of the Committee to recommend approval of Cozen O'Connor as Bond Council. This item will be placed on the agenda for the February 16th Board meeting.

Mr. Pileggi reported on an item that was not on the Agenda. He stated that GRB Law has been in discussion with DELCORA regarding the selling of DELCORA's receivables if the Asset Purchase Agreement does go through on May 1st. GRB Law will be responsible for sending out letters to DELCORA's customers announcing that DELCORA will be selling off their receivables at time of closing. Customers currently have not received a letter from DELCORA since March 2020 due to the pandemic. The first letter being sent to customers will ask customers to please pay their outstanding balance followed by a second letter stating that their account has been sold to a third-party collection agency. Mr. Willert asked if GRB will send a draft letter first. Mr. Pileggi stated that a draft will be written and approved by DELCORA before it is sent out. Mrs. Nichols asked if this was a 2-step process or 1-step process. Mr. Pileggi stated that since DELCORA customers have not received any shut-off notices since March, it is a better idea to do a 2-step process to give the customers a chance to pay their balance.

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ADJOURNMENT: It was moved by Mr. Lucas, seconded by Mr. Nagel, and unanimously carried to adjourn the regular meeting at 4:00 p.m.