

**MINUTES  
FINANCE COMMITTEE MEETING  
OCTOBER 13, 2021 (VIRTUAL)  
➤ AMENDED**

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

1. ROLL CALL: Nine 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. John Pileggi, Chief Financial Officer, provided the Board with a written summary report of the September Interim Statements. He highlighted items contained in his written report. Regarding Revenue and Expenses, Mr. Pileggi reported that there is a favorable projected variance of \$575,000. Regarding Customer Revenue, Mr. Pileggi stated that receivables are doing very well this year as compared to last year. Mr. Pileggi had no additional comments to his written report. Mr. Nagle asked if it was mentioned why the collections were lower this month than last month. Mr. Pileggi stated that this is usually due to timing of when the billing was sent out. The Committee had no other questions on the written report.
4. 2022 BUDGET REVENUES AND EXPENSES: Mr. Pileggi stated that there is a projected capital budget of \$42.8 million. Mr. Pileggi reported that DELCORA would typically pay for these expenses through bonds or loans. He stated that this is not available to DELCORA, since DELCORA has entered into the Asset Purchase Agreement. He reported that since 2019 DELCORA has been financing through cash reserves and rate increases. Last year, there was a 10% rate increase. Mr. Pileggi presented a slide show explaining how different rate increases would affect the different municipalities and residents that DELCORA services. Mr. Pileggi stated that these figures are just examples so that the Board can decide what they see feasible for the 2022 rate increase.

Mr. Knapp asked if any of the Board Members had any questions regarding the rate increases. Mr. Nagle asked if the \$42 million will be completely spent by the end of 2022. Mr. Hurst stated that these are predictions but as the year is approaching, he would say yes, with the projects that need to be completed, it is estimated to spend the \$42 million by the end of 2022. Mr. Nagle also asked if we are precluded from any borrowing such as loans or just bonds. Mr. Pileggi reported that from his understanding DELCORA is not permitted to occur any more debt. Mr. Kern asked what is keeping DELCORA from borrowing money. Mr. Pileggi stated that there are two reasons: The Asset Purchase Agreement, and the litigation that is ongoing with Delaware County.

➤ Ms. Nichols asked if it's necessary to accept the full \$42 million capital projects budget in 2022 with the uncertainty of the sale of DELCORA. She expressed concern of passing on these future rate increases to the rate payers with the uncertainty of the future of DELCORA. Mr. DiSantis stated that in April the PADEP approved DELCORA's NPDES permit, which included part of the Long-Term Control Plan being completed. He stated that the projects that are listed are projects that are included in the Consent Decree which DELCORA entered in 2015 and must complete by 2035.

Mr. Nagle asked if any of these projects could be held off by one year. Mr. Hurst replied that there is no project that could be pushed back without hurting DELCORA in the long run. Mr. Nagle also asked, since DELCORA is not able to take out any bonds, is it possible to take a loan out through Aqua with a contingency that if the Asset Purchase Agreement doesn't go through that DELCORA could take out bonds and pay the loan back. Mr. Willert said he was unsure of the legal grounds of that request, but he will ask and report back to the Board.

Discussions continued regarding the rates and it was preliminarily agreed upon a 12.5% rate increase was feasible. It was the consensus of the committee to approve a rate increase of 12.5% at the Board Meeting on October 19<sup>th</sup>.

ADJOURNMENT: It was moved by Mr. Nagle, seconded by Mr. Lucas, and unanimously carried to adjourn the regular meeting at 4:25 p.m.