

MINUTES
FINANCE COMMITTEE MEETING
FEBRUARY 09, 2022 (VIRTUAL)

Attendants: Messrs. Cherico, DiSantis, Garner, Hurst, Kern, Knapp, Monaghan, Moss, Mullen, Nagle, Willert, Mesdames Billings, 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 REPORT: Mr. Mike Cherico, Accounting Manager, provided the Board with a written summary report of the January Interim Statements. Under Revenue and Expenses, he stated that since we are only one month into the new year that there was not much of a variance on the report. He reported that about \$19.5 million was budgeted for replacing capital assets and reserve for future Long Term Control Plan expenses. There is a projected favorable variance of approximately \$50,000.00. Mr. Cherico reported that \$50,000 was collected in tapping fees from Edgmont Township. Mr. Cherico stated that they do not budget for tapping fees due to the tapping fees not being predictable. He expects that we will be on budget. Mr. Kern asked what the Board should look at in the report. Mr. Cherico stated that the P&L is the most important piece of the financial report, he stated that DELCORA budgets conservatively. Mr. Willert stated that within the next few months we will see a trend if we are above or below budget. Mr. Cherico stated that another page which shows the cash balance and the change from year to year is a good page to look over. Ms. Nichols asked if there is a cash flow projection, Mr. Cherico stated that he projects out for the whole year. Ms. Nichols asked if there is a way to do quarterly or monthly checks on the capital projects against the cash flow. Mr. Cherico stated that the capital plan for 2022 is approximately \$42 million dollars, he stated that we will generate about \$20 million from operations, and the rest of the \$22 million will be taken out of cash on hand. Mr. Cherico reported that he budgets to have these funds available. Ms. Nichols asked if we expect there to be shortages for this year's projects. Mr. Cherico stated that not for this year we are on budget. Mr. Nagle asked if there are any bonds that can be refinanced. Mr. Cherico stated that due to the ongoing purchase with Aqua we cannot currently refinance bonds. Mr. Cherico had no additional comments to the written report. The Committee had no additional questions on the written report.

Regarding the Residential Accounts Receivables, Mr. Garner reported that in the month of January, there was a favorable difference of about \$211,616.00. He stated that this is due to the 12.5% rate increase and due to several major owners, who paid early. Mr. Garner stated that in the first quarter of 2021 DELCORA billed less, due to the file that was given to DELCORA from CWA, in January 2021 DELCORA only billed for two months instead of three months. Mr. Garner reported that collections should be looked at quarterly since DELCORA bills its customers quarterly. He stated that at the

end of March there will be a better outlook on billing at the end of the quarter. Mr. Garner had no additional comments to the written report. The Committee had no questions on the written report.

Mr. Willert had stated that at a recent meeting with HR it was brought to the attention that they would like to fill the vacant CFO position since Mr. Pileggi retired. Mr. Willert recommended promoting Mr. Cherico to CFO and wanted to get the Boards insight. Ms. Nichols stated that since this is a hiring process it could be added to the agenda under the HR report for this month's Board Meeting.

ADJOURNMENT: It was moved by Ms. Sage, seconded by Mr. Monaghan, and unanimously carried to adjourn the regular meeting at 3:42 p.m.