

**MINUTES**  
**FINANCE COMMITTEE MEETING**  
**JUNE 15, 2022 (VIRTUAL)**

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Attendants: Messrs. Cherico, DiSantis, Garner, Hurst, Kern, Knapp, Moss, Nagle, Willert, Mesdames Amadio, Billings, Caulk, Cummings, and Sage.

The following were present: Mike Ewall and Sarah Chang. There were no other members of the Public present.

1. ROLL CALL: Six 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. Mike Cherico, Chief Financial Officer, provided the Board with a written summary report of the May Interim Statements and highlighted items contained in the written report. Regarding Revenue and Expenses, Mr. Cherico stated that we are still expecting to generate about \$19.5 million to be used for the current capital plan and the Long Term Control Plan expenses. There were a few variances from budget. There are some positive variances in tapping fees, interest income, and employee benefits. These are offset by some negative variances in utilities and chemicals. He also stated that about \$22 million in cash is projected to be generated year-over-year. Mr. Cherico had no additional comments to the written report. The Committee had no questions on the written report.

Regarding Residential Accounts Receivables, Mr. Shep Garner, Accounting & Customer Service Manager, reported that about \$1.5 million was collected in May 2022 compared to about \$1.2 million collected in May 2021 indicating a favorable difference of approximately \$296,000; however, year-to-date collections are still above 2021 by about \$623,000. Mr. Knapp asked Mr. Garner for an update on the Customer Assistance Programs being offered. He stated that there seems to be an increase of customers utilizing these programs especially the Commonwealth's LIHWAP program (Low Income Housing Water Assistance Program) which is a low-income funding program created by the state. Mr. Garner had no additional comments to the written report. The Committee had no additional questions on the written report.

4. MEETING WITH PFM TO DISCUSS CAPITAL FINANCING: Mr. Kern reported that there is about \$60 million dollars needed for the capital financing for 2023. He reported that the first option is to go with PENNVEST which has enough money to finance the project. The interest rates are low, 1.87% for the first 5 years and 2.1% for the years 6-20. PENNVEST would provide rates to keep Median Household Income rates low. Regarding the meeting with Aqua which had occurred earlier in the day, he stated that Aqua is familiar with PENNVEST. They have used it in the past. He did report that Aqua did request some additional information from DELCORA. Mr. Kern reported that he has a meeting with PENNVEST general counsel to see if we meet the criteria as it is stated

that the money that is being lent must remain in existence for the life of the loan which is 20 years. Mr. Kern reported that the second option is to move towards commercial paper for borrowing for 2023 financial needs. He stated that the PFM team is meeting with underwriters to see what DELCORA would qualify for. Mr. Kern did state that this all needs to be completed by the fall for financing for the Fiscal Year of 2023. Ms. Billings asked if the attorneys think that DELCORA would come into the same problem with commercial paper as we would with PENNVEST since there is the unknown of who will be in charge in 20 years. Mr. Kern reported that the commercial paper will only be for 2 years and a shorter-term financing, however, the PENNVEST option which is long term financing is the preferred option.

ADJOURNMENT: It was moved by Ms. Billings, seconded by Mr. Kern, and unanimously carried to adjourn the regular meeting at 3:41 p.m.