

Lewes Board of Public Works
Finance Committee Minutes
BPW Conference Room
March 17, 2025
10:00am

Call to Order: Mr. Nichols called the meeting to order at 10:04 AM.

Members

Richard Nichols, BPW Treasurer, Co-Chair
Bob Heffernan, BPW Asst. Treasurer, Co-Chair
Robin Davis, General Manager
Kimberly Bellere, BPW Finance Manager
Amy Marasco, City Ex-Officio (Absent)
Mike Hogan, volunteer member
Calvin Jaber, volunteer member
Carolyn Jones, volunteer member

Others

Sharon Sexton, BPW Special Projects Coordinator

Approval of Previous Minutes:

Ms. Jones motioned to recommend and send the February 18, 2025, Finance Committee minutes to the Board for approval. Mr. Hogan seconds the motion, which passed unanimously. Ms. Marasco was absent.

Review and discussion of BPW 21-005 Resolution and its amendment regarding the Finance Committee.

BPW 21-005 Resolution was passed in 2021 and was amended by voice vote in 2022 to include updated membership language, by adding: *a member of the mayor and city council of the city of Lewes as an ex-officio member such that the committee shall be authorized as to include the board treasurer, board assistant treasurer, board financial manager, board general manager, and a member of the mayor and city council ex-officio in addition of two to four members of the general public.*

Voting & Membership

- Discussed whether all committee members, including BPW staff (General Manager and Finance Manager) should have a formal vote or just supply information, with some

members advocating one vote each and others suggesting an advisory role because of potential conflict of interest.

- Several members cited past practice of one vote per member and noted the importance of their financial expertise, while concerns about potential conflicts were raised.
- Resolution does not mention voting.
- Discussed the role of the Finance Committee, advisory or decision making. The resolution states that the Finance Committee is strictly advisory.
- Mr. Jaber would like to see definitions of critical roles of the committee, for clarity.
- Suggestion was made to consult Mike Hoffman, legal counsel, for clarification on the voting structure.
- Discussed the qualifications of the volunteers, with Mr. Hogan advising that restricting participants based on residency would reduce the pool of potential applicants.
- Discussion about the appropriate ex officio member from the city, considering roles like the treasurer or a council member with a financial background. It was noted that the city council is responsible for selecting the ex-officio member.

Selecting members for the finance committee, verifying whether current members will continue in their roles, and providing a recommendation to the Board.

- Finance committee members are nominated and approved by the Board for one-year terms.
- Discussed if current members wish to continue their role in the Finance Committee. All present members would like to stay on the committee. Mr. Nichols will make a recommendation to approve the current members to the new term.

Investment policy review and discussion

- Members noted that the entire investment policy needs to be reviewed and updated.
- Members discussed whether operating and capital reserves should be invested in money market instruments for high liquidity and lower advisory fees.
- The option of a cash matching strategy for capital reserves was debated, weighing maturity matching against potential risk of miscalculation.
- Concerns about current advisory fees (approximately \$56K/year on \$8M assets) were raised, questioning if the investment approach should be restructured.

- Lewes BPW currently invests with UBS. The Finance Committee discussed the possibility that UBS may judge Lewes BPW's assets too small to receive a higher level of portfolio management.
- Discussion on financial modeling for future capital projects, including funding strategies like setting aside funds for pipe replacement. Discussed the concept of identifying funds for specific financial purposes, e.g. emergency funds, reserve funds, and debt alternatives.
- The usefulness of the current Excel-based financial model was discussed, with suggestions to check consistency against historical audit data. Discussed potentially linking the accounting system to the model to reduce manual input errors.
- Members reviewed the existing utility pricing models, noting that the multiplicity of factors (e.g., pipe size, in city and outside city rates, property classification) contribute to pricing variable challenges.
- A need was identified to revise and harmonize the finance committee's policy documents with existing investment guidelines and resolutions. Members are to review the investment policy and provide comments to staff.

Discussion of potential future agenda topics.

- Suggested to discuss employee pensions. Ms. Bellere stated that Nationwide was the only company that would provide funding because of the small pensions size.
- The committee would like the auditors to present to the Finance Committee for review and comment before the audit is presented to the Board.
- The committee will review the financial framework once it is complete.

Adjournment

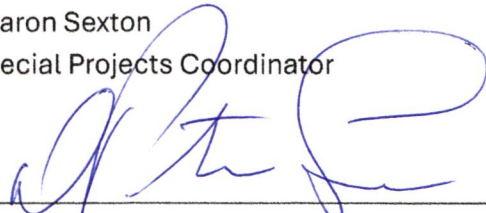
Mr. Heffernan motioned to adjourn the meeting. Ms. Jones seconded the motion, which passed unanimously. Ms. Marasco was absent.

Mr. Nichols adjourned the meeting at 12:01pm.

Respectfully submitted

Sharon Sexton

Special Projects Coordinator


D. Preston Lee, P.E., Secretary

5/30/25
Date