

Lewes Board of Public Works
Finance Committee Meeting
April 13, 2026, at 10:00 am
BPW Conference Room
107 Franklin Avenue
Lewes, DE 19958

Meeting minutes

1. Welcome, call the meeting to order

Committee Co-Chair Richard Nichols called the meeting to order, confirming a quorum was present.

2. Roll Call

Present:

Richard Nichols, BPW Treasurer, Co-Chair
Robin Davis, BPW General Manager
Kimberly Bellere, BPW Finance Manager
Mike Hogan
Calvin Jaber
Carolyn Jones
Trina Brown-Hicks, Ex-Officio City Council

Absent: Bob Heffernan

Others Present:

Sharon Sexton, Asst General Manager
Kristina Keller, Office Manager
Jennifer Daisey, Asst Finance (online)
Kim Stank, Zelenkofske Axelrod LLC
Kayla Demar, Zelenkofske Axelrod LLC
Liz Staley, Zelenkofske Axelrod LLC

3. FY 2026 Audit Kick-off Presentation

The audit team from Zelenkofske Axelrod LLC (ZA) introduced team members, including partner Kim Stank, principal Kayla Demar, and senior Liz Staley. They discussed the implementation of new GASB Statement 102 regarding risk disclosures, which requires the evaluation of concentrations and constraints that could have a substantial impact within 12 months of financial statements.

The auditors outlined their information request, including trial balance, general ledger, bank statements, payroll information, capital assets detail, billing summaries, new lease and debt agreements, and single audit grant information. Kim Bellere mentioned a new revenue agreement with Sussex County, the new wastewater treatment plant agreement for Wolf Neck, and new debt for the federal single audit that may require disclosure.

Timeline established with document submission beginning April 23rd, followed by testing phases, with the first draft anticipated in the June/July timeframe. No significant risks or concerns were identified at this time.

4. Discussion on selecting members for the finance committee, verifying whether current members will continue in their role, and providing a recommendation to the Board on Finance Committee members

The committee discussed the continuation of current membership for another year. No members expressed unwillingness to continue serving. Nichols will remain as co-chair. The committee agreed to keep the current composition unchanged, with final confirmation needed by Wednesday for board packet preparation.

5. Discussion on Fulton Operations Account balance and possible internal policy

Kim Bellere presented an analysis showing the maximum monthly cash difference of over \$1.5 million and the largest daily cash fluctuation of \$1.1 million. Based on this analysis, she recommended maintaining \$1.5 million as the operating account balance, with excess funds transferred to money market investments.

Discussion included Fulton Bank's offer of a money market account at 3.65% interest with automatic sweep capability, compared to current UBS options. Mike Hogan emphasized the importance of protecting against bank failure risk through proper investment vehicles, specifically government money market mutual funds rather than bank-managed money markets.

The committee agreed to proceed with a \$1.5 million operating account maximum and develop formal internal procedures for excess fund management. Kim Bellere will gather additional documentation from Fulton regarding our current account and their money market terms and conditions for comparison with UBS options.

6. Presentation of new summary sheet that includes Liquidity Money Market Account with cash and equivalents, per approval in March 13, 2026 Finance Committee meeting

Kim Bellere presented an updated financial summary showing money market accounts included in cash and cash equivalents rather than investments, bringing the total to approximately \$12 million before year-end adjustments. This change better reflects the liquidity of these assets.

7. Review of Cost-of-Service study bids received and possible recommendation to the Board

The committee reviewed two bids: UFS at \$83,000 (current provider) and Raftelis at \$93,600 (new provider). Kim Bellere expressed concerns about UFS's responsiveness, citing a week-long delay in responding to questions about power cost adjustment reviews. She noted UFS advised against moving to a markup model while Raftelis supported exploring this approach.

Kim Bellere had not yet received responses from three references for Raftelis, having contacted them only on Friday. The committee decided to delay the decision until the May meeting to allow time for proper reference checks and thorough evaluation.

Carolyn Jones emphasized the importance of not operating under time pressure and ensuring all due diligence is completed before making a recommendation.

8. Discussion and possible recommendation to the Board on Cash Reserve Policy categories and calculations

Kim Bellere presented a comprehensive analysis proposing a risk-based reserve policy with three categories: risk-based reserve (operational resilience), capital projects (planned expenditures), and opportunity fund (unplanned beneficial projects).

The analysis examined current policy requirements totaling approximately \$10 million in reserves and proposed a new framework based on specific utility risks, including revenue volatility (120 days of operating expenses), infrastructure risk (such as a single electrical connection from Delmarva Power), and extreme weather events (10% of distribution system costs).

The committee agreed that this represents a significant improvement over current policy percentages that lack a clear rationale. Kim Bellere will continue developing specific dollar amounts and timelines, working with staff on infrastructure costs and insurance options.

Future meetings will focus on developing concrete numbers and implementation strategies for the new risk-based approach.


9. Discussion of potential future agenda topics

No specific future topics were identified beyond the continuation of current policy development work that are Policy recommendations for excess operation funds, Q4/YTD framework, and complete Fulton information.

10. Adjournment

Motion: Carolyn Jones moved to adjourn the meeting at 11:49 am. Richard Nichols seconded. Motion Passed.

Respectfully submitted
Kristina Keller
Office Manager



D. Preston Lee, P.E., Secretary

5/27/26

Date