Lewes Board of Public Works
Finance Committee Meeting
June 22, 2026, at 10:00 am
BPW Conference Room
107 Franklin Avenue
Lewes, DE 19958
Minutes

1. Welcome, Call the Meeting to Order

BPW Treasurer and Co-Chair Richard Nichols called the Lewes Board of Public Works Finance Committee Meeting to order on Monday, June 22, 2026, at 10:04 AM

2. Roll Call

Present:

Richard Nichols (BPW Treasurer, Co-Chair)
Robin Davis (BPW General Manager)
Kimberly Bellere (BPW Finance Manager)
Khalil Saliba (Ex-Officio City Council)
Mike Hogan
Calvin Jaber
Carolyn Jones

Absent:

Bob Heffernan (Asst. BPW Treasurer, Co-Chair).

A quorum was present.

3. Review of Minutes from 5/18/26 Meeting

Finance Manager Kimberly Bellere noted two corrections to the May 18, 2026 minutes: the spelling of Committee Member Carolyn Jones surname (corrected from "Jone" to "Jones"), and the removal of a duplicate "main and" notation under the motion record for Committee Member Mike Hogan.

Carolyn Jones made a motion to approve the May 18, 2026 minutes, as corrected; Mike Hogan seconded. The motion carried unanimously.

4. Discussion and Possible Recommendation About Transferring Money to Fulton

Finance Manager Kimberly Bellere provided a recap of the proposal to transfer approximately $8,000,000 from the UBS money market account to Fulton Bank, where the funds would be held under the IntraFi FDIC pass-through deposit insurance program. Key points of the discussion included:

The UBS money market account currently yields approximately 3.54%. Fulton Bank offered an interest-bearing government account at 3.65% (Fed Funds rate minus 10 basis points) through IntraFi, as an incentive to retain funds. The IntraFi program distributes deposited funds across multiple sub-accounts, each capped at $247,000, to remain under the $250,000 FDIC insurance limit per account.

Committee Member Mike Hogan raised substantive concerns regarding the IntraFi pass-through insurance structure, noting that FDIC regulations require an agent-principal relationship — not a debtor-creditor relationship — for pass-through coverage to be valid. He highlighted that the FDIC does not review compliance with these requirements until a bank enters receivership. He expressed greater comfort with the floating-rate structure (Fed minus 10 basis points) than with a fixed-rate arrangement, as a fixed rate could be construed as creating a debtor-creditor relationship that would disqualify the deposit from pass-through coverage.

The committee discussed two viable options for parking highly liquid funds: (1) the IntraFi FDIC-insured deposit at Fulton Bank, and (2) a government money market mutual fund, the vehicle currently used at UBS. It was generally agreed that the Finance Manager should have discretion to allocate between these two options based on prevailing rates, within parameters to be established in the revised Investment Policy, rather than requiring committee approval for each transfer.

The committee noted that the existing Fulton funds in the operating account will receive the 3.65% interest rate too, not just the new money transferred to Fulton. The UBS long-term reserve account would not be affected by this transfer. The committee confirmed there is no anticipated penalty for moving funds out of the UBS money market account

Action Item: Kimberly Bellere was directed to obtain from IntraFi/Fulton Bank (1) a legal opinion confirming that the IntraFi deposit structure satisfies all three FDIC pass-through insurance requirements, specifically addressing the agent-principal versus debtor-creditor distinction, and (2) a copy of the relevant customer deposit contract. The committee indicated it would be prepared to vote on the transfer upon satisfactory receipt of these materials.

5. Review and Discussion About Current Investment Policy and Possible Changes or Creation of New Investment Policy

Finance Manager Kimberly Bellere presented a current-state fund map (Exhibit 5B) illustrating the three existing fund pools: the operating account (~$3,000,000 at Fulton Bank), the liquidity account (~$8,000,000 at UBS money market), and the long-term reserve account (~$10,000,000 at UBS, invested in a diversified portfolio of Treasury bonds, equities, and CDs). Restricted funds within these accounts include PFAS class action settlement proceeds and electric customer deposits.

Committee Member Mike Hogan led a discussion of a proposed investment framework (Exhibit 5C) that categorizes funds by purpose and time horizon. Key conclusions from the discussion were as follows:

For transaction funds and operating reserves, the committee consensus was that only the most liquid, low-risk investment vehicles are appropriate — specifically, FDIC-insured deposits (IntraFi) and government money market mutual funds. The committee agreed that short-term government bond funds should be removed as an option for these categories.

For the long-term component of capital reserves, Committee Member Mike Hogan raised substantive concern with the current asset allocation strategy (equities and bonds) employed by UBS, arguing it exposes the organization to market risk that is inappropriate for a utility provider. He proposed a cash matching strategy using instruments such as Treasury Inflation-Protected Securities (TIPS) as a more suitable alternative, as it would align invested assets with known future capital project liabilities on a project-by-project basis.

The committee agreed that one or more financial advisors should be invited to present on cash matching strategies at a future meeting, and that the recently completed 10-year capital project financial model provides the liability data necessary to implement such a strategy.

The committee also discussed the overall structure and rewriting of the Investment Policy. The current policy was characterized as semi-inconsistent and difficult to read. Finance Manager Kimberly Bellere presented a working draft and noted open questions regarding definitions, reporting thresholds for large transactions requiring dual approval, and whether related policies (investment, cash reserve, operating minimum) should be consolidated into a single Fund Policy document. The committee supported consolidation with clearly delineated sections.

Action Item: Kimberly Bellere and staff were directed to continue drafting the revised Investment Policy, utilizing available AI-assisted drafting tools and referencing best-practice frameworks from the Government Finance Officers Association and comparable municipal utilities. The draft will be brought back to the committee at a future meeting.

6. Discussion of Potential Future Agenda Topics

The following items were identified for future meeting agendas:

- First-quarter FY2026 financial results (targeted for the August meeting).
- IntraFi legal opinion and deposit contract review, with a subsequent vote on the fund transfer to Fulton Bank.
- Continued drafting and review of the revised Investment Policy.
- Debt policy review, including criteria for determining when to fund capital projects through debt versus reserves.
- Validation of the Waterworks financial model by a third-party reviewer. Finance Manager Kimberly Bellere confirmed that Waterworks has been engaged for the cost-of-service study for water utilities and Raftelis for electric, with work expected to commence in early July.
- Ex-Officio Member Khalil Saliba noted that BPW may have an opportunity to participate in a pilot program for NVIDIA's Digital Twin technology, which uses advanced 3D imaging to model underground infrastructure, flood vulnerability, and wildfire risk

pathways. He indicated he would provide notice of the next meeting of the University of Delaware/State of Delaware AI task force and invited BPW staff to attend.

7. Adjournment

Motion to adjourn at 11:23 a.m. was made by Carolyn Jones and seconded by Mike Hogan. The motion carried unanimously.

The meeting was adjourned.

Respectfully Submitted
Kristina Keller
Office Manager

D. Preston Lee, P.E., Secretary

8/26/26
Date