



Executive Director's Report

November-December 2017

- **Loan Evaluation Status** – We have received a draft copy of our Revolving Loan Program Evaluation. As a whole, the evaluation found that our Loan Program is “financially strong with a substantial cushion of high performing assets that generate a significant and growing gross contribution margin.” It does suggest that the program is understaffed, our fees and interest rates are low, and we should consider creating a loan loss reserve, a collateral evaluation method, a policy for handling trouble loans, better cost accounting, and updating the loan policy. They also recommend changing the makeup of the loan committee; they suggested bringing in outside experts, and removing me and the financial advisor from the committee to reduce concerns regarding conflicts of interest. This evaluation is still in draft form. At the March meeting, I will brief the Board on the final evaluation report and provide recommendations for any changes.
- **Farm Loans** - We have seen an unusual amount of loan applications from the farm community to finance ground mounted solar systems and energy improvements. Over the last few months, we have taken applications from one dairy farm and five poultry farms. Most of the loans are for PV solar systems. We have approved well over \$1 million in loans to farms.
- **Meeting with State Treasurer Ken Simpler** - I met with the State Treasurer and his staff to explain the role and finances of the SEU. We had a good conversation; it was strictly an informational meeting. I learned that when Ken Simpler was at UD, he took one of Dr. Byrne's classes. As a result, he understood the SEU concept very well.
- **ESPC Job Tracking** – We are piloting a tracking system for contractor hours worked on the Colonial School District ESPC contract. Over the past three quarters, contractors working on the project have logged 21,744 hours; this has the employment effect of hiring 14 full time employees for one year. The project is still not completed; \$5.4 million of the \$7.7 million contract has been expended.
- **Renewable Energy Task Force** - Once again, DESEU is being recommended to manage the Annual SREC auction and trading platform. This will be our sixth year. One new aspect that could be positive for us is that the RETF is recommending that the DESEU be allowed to sell its “banked” SREC's to DPL if there is an undersubscription in the auction.
- **HPwES Transition**– Franklin Energy is now running the program; the transition went very smoothly. We received great cooperation from ICF who will continue to help with transition issues through the end of January. To date, there have been no major issues. There have been several meetings and training sessions with contractors. The program was well received.
- **AB&C Contract** – The Marketing and Brand Awareness Campaign has started; a kick-off meeting was held. They are currently evaluating our website and preparing to begin interviewing stakeholders.
- **PACE Legislation** -The November 15th PACE Town Hall hosted by the DVGBC, (Now Green Building United) went very well. We had 40 people in attendance, including Senator Bonini and Senator Lavelle's aid. There was great dialogue. I also met with all three county councils and briefed them on the legislation. The bill remains on the Senate Ready List.

STATUS OF STATE 2017 BOND ISSUE

The bond issue projects continue to move forward, but are falling behind with respect to deadlines. All ESCO's have submitted revised completion dates for IGA, and thus far none have been met. We are currently waiting for several OMB decisions to be made. We are still planning for an early 2018 Bond Issue. Below is a table of our latest estimates on the size of the issue.

Updated 1/9/18

Agency\SD	ESCO	Independent Owners Rep.	High Contract Estimate (millions)	Low Contract Estimate (millions)	Actual IGA Project Cost	IGA Estimated Completion Date
OMB	NORESCO	Celtic	\$ 4.2	\$ 4.0		Pending Mtg's.
DHSS*	Trane	DEDC	\$ 4.3	\$ 5.0	\$4,335,857	Submitted 11/14
DOC	NORESCO	Celtic	\$ 4.6	\$ 3.4		Pending Mtg's.
Colonial	Trane	Studio JAED	\$ 7.7	\$ 7.7	\$7,675,937	Completed
Caesar Rodney	Ameresco	Studio JAED	\$ 4.1	\$ 4.1		1/30/2018
Indian River	Trane	Studio JAED	\$ 7.6	\$ 7.6		1/30/2018
Total			\$ 32.5	\$ 31.8	\$12,011,794	

*DHSS has submitted an alternate IGA that would increase the IGA to \$5 million