

Delaware Sustainable Energy Utility
Loan Committee
DESEU Office - 500 W. Loockerman Street, Suite 400, Dover, DE 19904
June 22, 2018, 2:00 PM

Members present were: Kristopher Knight (teleconference), Trey Paradee, Doug Bacher, NW Financial Group (teleconference), Andrew Slater (teleconference), and Anthony DePrima. Also present was Lisa Gardner.

1. a. 1313 N. Market Street – Hercules Building

Introduction

The 1313 Owners LLC., (“Owners”) have applied to the Delaware Sustainable Energy Utility (DESEU) for a \$1,924,000 loan for the purchase and installation of multiple Energy Conservation Measures (ECMs) at their commercial building located at 1313 N. Market Street, Wilmington, DE., also known as the Hercules Building.

Project

The ECMs being contemplated by the Owners at the Hercules Building include replacing the existing electric boilers (2) with natural gas boilers, HVAC upgrades and building automation system, area LED lighting and roof mounted solar panels. The Hercules Building was constructed in 1983. The Owners purchased the Hercules Building in 2017. Other improvements have been made to the building to make the commercial real estate building more marketable.

The total cost of the construction and installation of the ECMs is \$2,440,000. The Owners will be receiving a DNREC Custom Grant of \$500,000 and a DNREC Lighting Grant of \$15,944. There is no Owners equity contribution leaving the ECM construction cost balance and subsequent loan request to the DESEU of \$1,924,000. The proposed ECMs are needed to replace aging infrastructure and to provide energy efficiencies to the property.

Due to the dollar amount of the loan, at Mr. DePrima’s request, Mr. Scott Johnson, Managing Partner called into the meeting and provided members of the Loan Committee background information regarding the building and the proposed project. After some discussion, Mr. Johnson thanked the members for their time and disconnected from the conference line.

After reviewing the Loan Report provided to the committee by Mr. Bacher, members discussed the interest rate and the term of the loan.

Mr. Knight moved to approve the loan request in the amount of \$1,924,000 at an interest rate up to the maximum allowed by the current loan policy with a 9 year term, in addition to the collateral and terms included in the Loan Report. The motion was seconded by Mr. Paradee and unanimously carried.

Note: The rate calculated for this this loan was 4.7%.

1. b. Havens Farm – Central Church Road, Dover

Introduction

Haven Farms, LLC (“the Farm”) has made application to the DESEU for a \$489,725 loan for purposes of purchasing and installing a ground mount solar array (Project) to provide electricity to the Farm’s poultry houses and farmhouse. The requested term of the loan is 20 years. Because this loan was applied for under the DESEU’s Farm Program, the loan is, at least in part, eligible for an interest rate of 2%.

Project

The total Project cost is \$515,500. The Farm is providing \$25,775 cash contribution leaving a balance and loan request of \$489,725. The Project includes the purchase and construction of a 281.4kW ground mount solar array that will provide the electricity to the Farm’s six (6) poultry houses and farmhouse. Sunrise Solar estimated that the Project will generate a total of \$1,497,234 in savings to the Farm over the next 25 years, with \$1,043,735 being generated through energy savings.

Members reviewed and discussed the Loan Report provided to them by Mr. Bacher.

Mr. Paradee moved to approve the loan request in the amount of \$489,725 at 2.5%, with an 18 year term, in addition to the collateral and terms included in the Loan Report. The motion was seconded by Mr. Slater and unanimously carried.

Meeting Adjourned at 3:08 PM