

Delaware Sustainable Energy Utility
Finance and Audit Committee & Loan Committee

DE Sustainable Energy Utility Office
109 S. State Street, Dover, DE 19901

April 23, 2015 – 9:30 a.m.

Members present were: Kristopher Knight, Trey Paradee, Dave Bonar. Others present were Anthony J. DePrima, Executive Director, Matt McKenzie (PNC Bank), Doug Bacher and Heather Litzbauer (NW Financial Group, LLC).

Finance and Audit Committee

1. – Annual Review of Investments – Mr. Matt McKenzie of PNC Bank, gave the annual account summary for all investments by reviewing the portfolio, sector allocations, and holdings. The committee agreed there was no need to change the investment strategy but it should be reviewed annually. In addition, next year the committee will want to consider the long range outlook for stable RGGI funding, because the investment strategy was developed on the premise that RGGI may only be around a few years.

Loan Committee

1. Review Loan Application – Silver Lake Office Plaza- Mr. DePrima mentioned that Silver Lake Plaza has applied for a \$467,976 direct loan to change 2376 light fixtures in six office buildings from florescence to LED energy savings lighting. Mr. Doug Bacher of NW Financial Group, LLC, reviewed the loan application and mentioned in their memo (attached) the proposed payback will come from several sources including an EEIF grant in the amount of \$144,543 and the energy saving, which has been estimated by LumiiX Group to be \$178,797 annually. Warren Engineering believes the savings will be \$141,000 which Mr. Doug Bacher said is sufficient. The EEIF grant will be received by Silver Lake 60 days after the completion of the project. The balance of the loan \$323,433 plus interest at 3% will be paid over 3 years. The loan is backed by personal guarantees which were determined to be secure.

Mr. Doug Bacher of NW Financial Group, LLC recommends (in the memo) the loan with conditions:

- Maturity is limited to 3 years following 90 day Capitalized interest period and application of the EEIF Grant.
- Mr. Menashe Frankel and Mr. Yeheskel Frankel provide a personal guaranty for the repayment of the loan.
- Loan 3%
- Funds received from EEIF grant will be applied to outstanding loan upon receipt.
- Capitalized interest through the proposed 90 day construction period. Capitalized interest to be applied to the final maturity schedule that assumes the EEIF after application of the EEIF Grant payment against the principal
- No prepayment penalty on the loan.

Motion to adopt recommendation made by Mr. Doug Bacher of NW Financial Group, LLC in the April 2, 2015 memo was made by Mr. Dave Bonar and seconded by Mr. Trey Paradee. Mr. Kristopher Knight not voting because his office is a tenant of Silver Lake Office Plaza. Motion was approved.

2. Status of Loans & Loan Applications –

Mr. DePrima mentioned that we will be closing on a \$48,000 loan for a solar project at Par 3 golf course in Dover.

Mr. DePrima mentioned that he worked with Mr. Brent Shaffer the commercial attorney, to reduce legal costs for small loans by having him prepare standard small loan documents that DESEU fills out and Mr. Shaffer approves.

Mr. DePrima stated that we are getting interest from farmers about loans after they learn about our loan program through our Enslave Partnership.

Mr. DePrima mentioned last year the committee approved a near \$1million loan for 1201 Market Street which still has not closed because construction changes were required by the City of Wilmington causing a delay. Mr. DePrima said the loan is expected to close within 60 days

Mr. DePrima said there is a potential large project in Wilmington that he is working with DCIC. This project may use up the \$1 million reserved for the DCIC partnership.

Mr. DePrima stated that we are getting interest from churches about loans after they learn about our loan program through the Faith Efficiencies Program.

4. Adjourn - A motion to adjourn was passed unanimously at 10:15 AM.