

Delaware Sustainable Energy Utility
Meeting of the Oversight Board
Dover Public Library – Multi-Purpose Room B
35 E. Loockerman Street - Dover, DE 19901
May 16, 2013 – 8:45 A.M.

1. Welcome

Board Chair Senator Harris B. McDowell, III called the meeting to order at 8:50 AM. Present were Syed Ismat Shah, Pamela Bakerian, Joseph Schorah, Secretary Collin O'Mara, Dr. Charles Wagner (teleconference), Kristopher Knight (teleconference). Also present were Andrea Maucher (on behalf of the Public Advocate's Office), Tony DePrima, Executive Director, Lisa Gardner, Office Manager, and Frank Murphy, SEU General Counsel.

2. Introduction of New Members

Senator McDowell welcomed the new board members; Mr. Shah, Ms. Bakerian, and Mr. Schorah. They introduced themselves and indicated they look forward to serving as a board member.

3. Approval of Minutes

a. March 28, 2013 – Oversight Board – This item was deferred until the end of the meeting to allow members time to review the minutes.

4. SEU Business

a. Direct Lending Activities Policies and Procedures – In an effort to update new members, Mr. DePrima explained that final action on the Loan Policy was deferred in order to allow staff time to research the demand for increasing the maximum loan amount to \$1 million.

Ms. Kathleen Saul, Intern, performed research on 46 revolving loan programs in 31 states. Of the 46 programs, 21 of them allowed loans greater than \$500,000, 15 programs allowed loans greater than \$1 million. Oregon has a fund that allows loans as high as \$20 million, Illinois maximum is \$10 million. Ms. Saul contacted several institutions to gauge demand. She was able to get the actual percent of loans greater than \$500,000 from four states; MI (23%), PA (27%), AL (30%), and TX (63%). While not getting an actual number, the representative from Nevada stated that “nearly all loan requests are above \$500,000. As a result from the research, it appears perfectly reasonable for the SEU to increase its maximum loan amount to \$1 million.

Senator McDowell indicated that he was in favor to increase the loan amount; however, suggested an amendment that would require loans over \$500,000 be reviewed and approved by the Executive Committee.

Mr. DePrima stated that \$3.7 million has been budgeted in the Revised 2013 Budget for a startup Revolving Loan Fund Program. Mr. Knight recommended that the SEU consider parameters and implement an evaluation process prior to administering the loans. He suggested that a series of cash management policies be brought to July's meeting.

Ms. Bakerian suggested that discussion of the Direct Lending Activities Policies and Procedures be deferred until after the discussion of item 4.c. – Revised 2013 Budget. Mr. DePrima requested added that item 4.b. – University of DE – Industrial Assessment Center – Proposed Partnership be deferred as well, for it is also reflected in the Revised 2013 Budget.

c. Revised 2013 Budget – Mr. DePrima stated that due to changes at the regional level, the price for RGGI credits have increased, as a result, he is projecting a \$4 million dollar increase over what was already received. While negotiating with the Red Clay School district, it became apparent that the SEU needs to have an energy manager/energy expert on retainer to be called upon when needed. He proposed a \$60,000 place holder to allow the SEU to hire one or more firms in order to draw on their services as needed, adding that various services performed by the energy expert would be billed to the customer and/or client.

In order to balance the added RGGI income, Mr. DePrima proposed establishing a \$3.7 million to seed a Revolving Loan Program, using this amount as a guideline for the Executive Committee when evaluating loans.

The Industrial Assessment Center (IAC) is a center at the University of Delaware that is federally funded and federally recognized as a center that provides energy evaluations and audits. The centers activity is restricted to manufacturers with at least \$100,000 in annual energy costs. The services that IAC performs echoes the services that the SEU needs to make available as we start to expand our programs and services. Activities of the center have proven direct and measured energy savings over time; hence, could be a gateway for financing opportunities for the SEU.

Mr. DePrima proposed that an initial amount of \$100,000 be added to the budget which would fund between 12-18 assessments, adding that the amount of assessments could be increased if the SEU required the client to reimburse a portion of the cost.

Mr. DePrima sought approval to be authorized to enter into discussions with the center to develop an agreement where the SEU would supplement the funding of the center in exchange for allowing the SEU to direct their services to potential customers (including schools, non-profits, commercial, and institutional buildings). These are the types of assessments that the center cannot do under its federal grant.

Senator McDowell voiced his agreement to the place holder in the 2013 Budget. A motion was made and unanimously approved to authorize the Executive Director to move forward on developing this program as described in the design summary.

After the above discussion, a motion was made and passed unanimously to adopt the Revised 2013 Budget.

A motion was made and passed unanimously to adopt the Direct Lending Activities Policies and Procedures, with the amendment that loans over \$500,000 be reviewed and approved by the Executive Committee.

A third motion was made and passed unanimously to authorize the Executive Director to move forward in negotiations with the University of DE – Industrial Assessment Center.

d. Presentation – Home Performance with Energy Star – Results of RFQ – Next Steps – Mr. DePrima indicated that five companies submitted proposals for the above mentioned RFQ. One company was disqualified for not answering basic questions sufficiently. The remaining four were as follows: ClearResult, ICF, Conservation Services Group, and the Performance Systems Development Company. To assist in summarizing their qualifications, a handout was distributed to members. Mr. DePrima suggested recruiting outside assistance to help review the RFQ's to possibly narrow the final selection down to two or three. Mr. DePrima also recommended increasing the budget for this program to \$2.5 million for the next three years.

A motion was made and unanimously passed to authorize the Executive Director to move forward with the RFP process for the Home Performance with Energy Star.

e. Consideration of Statements

i. Murphy & Landon Legal Services – March 2013 - A motion was made and approved unanimously to approve the March 2013 legal statement, in the amount of \$5,220.

ii. NW Financial Group, LLC – December 2012, January, February, March 2013, Investment – Plan/Cash Management, and Red Clay – A motion was made and approved unanimously to approve the invoices as submitted: December 2012, in the amount \$292.50, January 2013, in the amount \$4,285, February 2013, in the amount of \$895, March 2013, in the amount of \$1,367.50, and March 2013 – Investment Plan/Cash Management Policy, in the amount of \$4,177.50; for a total of \$11,017.50.

iii. BDO – 2011 Financial Statement – A motion was made and approved unanimously to approve the invoice in the amount of \$18,500.

5. Reports

a. Executive Director’s Reports

i. Monthly, Bond, and SREC Budget Reports for January and February 2013

ii. Activity Report for January/February 2013

b. Joint Sunset Committee – Report of Recommendations – The recommendations of the Joint Sunset Committee were previously distributed to members for their review.

March 28, 2013 – Oversight Board – This item was deferred until the end of the meeting to allow members time to review the minutes. A motion to approve the minutes of March 28, 2013 was made and unanimously carried.

6. New Business/Old Business

None

7. Public Comment

8. Adjourn

A motion to adjourn was made and passed unanimously at 10:50 AM.