

Delaware Sustainable Energy Utility
Minutes of the Meeting of the Oversight Board
122 William Penn Street, Haslet Armory, Dover, DE 19901
September 20, 2012 at 8:15 A.M.

1. Welcome

Chairman Harris B. McDowell, III called the meeting to order at 8:30 A.M. Present were Kristopher Knight, Michael Sheehy, Randall Day (teleconference), Charles Wagner (teleconference), Secretary Collin O'Mara (teleconference), Sean Finnigan (teleconference). Also present were Ken Holt - BDO, Frank Murphy - Legal Counsel, Tony DePrima – SEU Executive Director, and Lisa Gardner – SEU Office Manager.

2. Approval of Minutes

- a. Mr. Sheehy moved to approve the minutes of June 20, 2012, seconded by Mr. Knight and unanimously carried.**
- b. Mr. Sheehy moved to approve the Retreat minutes of July 19, 2012, seconded by Mr. Knight and unanimously carried.**

3. SEU Business

It was the consensus of the Board to approve the below statements with one motion.

- a.i. Murphy and Landon Legal Services – June and July 2012 -** Mr. DePrima presented Murphy and Landon's invoice for the month of June 2012, in the amount of \$3433.35 and July 2012, in the amount of \$5,295.
- a.ii. Drinker Biddle & Reath – Period ending May 31, 2012 –** Mr. DePrima presented Drinker Biddle & Reath, LLP's invoice for the period ending May 31, 2012, in the amount of \$10,123.

Mr. Sheehy moved to approve the above statements, seconded by Mr. Knight and unanimously carried.

- b. BDO December 7, 2011 Engagement Letter Amendment – Changing the “Review for 2010” to “Compilation for 2010”**
- c. BDO Engagement Letter – Preparation of 2011 IRS 990 Amended 2010 and 2009 IRS 990 Returns**

Mr. Kent Holt provided a report for the BDO accounting firm. BDO was involved in working with the SEU on its financial statements to a greater degree than originally anticipated and therefore cannot perform an accounting review, as it would involve a review of its own work. Accordingly, there is a need to change the December 7, 2011 BDO engagement letter from a “Review for 2012” to a “Compilation for 2012”. BDO can engage in a compilation, which simply means it will compile the SEU's financial statements. In addition, the Board reviewed and considered a BDO engagement letter to prepare the SEU's 2011 IRS 990 and amended 990s for 2009 and 2010.

Both engagement letters were circulated with the Board package in advance of the Board meeting.

Mr. Knight moved to amend the original Engagement Letter from “Review for 2010” to “Compilation for 2010”. Additionally, to accept BDO Engagement Letter for Preparation of 2011 and to amend 2010 and 2009 IRS 990 returns if necessary, seconded by Dr. Wagner and unanimously carried.

d. Recommendation of Financial Advisor

Mr. DePrima informed members that the RFP for Financial Advisors was advertised in accordance to the SEU's Procurement Policy. Three (3) RPS's were received: Lamont Financial Services Corporation, NW Financial Group, LLC, and Public Advisory Consultants. The Finance and Audit Committee met on September 6, 2012 to review the three (3) RFP's and interview the three firms. The Finance and Audit Committee recommended that the SEU retain NW Financial as the financial advisor for the SEU. The recommendation was based upon a competitive bidding process in which each bidder provided written submissions and was interviewed and vetted. NW Financial was the low bidder and had the most relevant prior experience having worked on the SEU's previous Energy Efficiency Bond Issue. Senator McDowell stressed the need to have the financial advisor commence work on the next SEU bond issue.

Dr. Wagner moved to authorize Executive Director Tony DePrima to enter into contract negotiations with NW Financial, LLC and then present the contract to the SEU Executive Committee for approval, seconded by Mr. Sheehy, and unanimously carried.

e. Approval – 2012 Revised Budget

After discussion of the revised budget for the last four months of 2012, a motion was made to provide conditional approval with changes proposed by Senator McDowell to reflect possible bond issue. The motion passed unanimously.

f. Proposed 2013 Budget (for presentation only)

Executive Director Tony DePrima reviewed the proposed 2013 budget with the Board and went over the materials circulated with the Board package. Mr. DePrima asked that this matter be placed on the agenda for discussion and approval at the November meeting.

g. Proposed FOIA Policy

It was the Board's recommendation to have a more simplified FOIA Policy to the Board for their consideration. The matter was tabled.

4. Reports

a. Energy Programs Committee – 2013 Programs

There was discussion of the timeline and budget for SEU programs for 2013. Executive Director Tony DePrima reviewed the materials circulated in advance of the Board meeting. Several Board members expressed concerns about whether the SEU can engage in a Home Performance program efficiently. Such programs can be difficult to run economically, unless the program is very large. Mr. DePrima indicated he would like to continue evaluating the Home Performance program. The Board agreed but concluded SEU's focus should be on the following programs: The Energy Efficiency Bond and moving forward with the SEU's new financial advisor to work on a bond issue; an Energy Efficiency Loan Program in which the loan funds can revolve as loans are paid back; Green for Green with close financial oversight; and continue to stabilize the SREC market.

It was the general consensus that the SEU focus primarily on the Green for Green and Home Improvement with Energy Star programs.

Mr. Sheehy motioned to approve these areas as the focus for the remainder of 2012 and the beginning of 2013, seconded by Secretary O'Mara and unanimously carried.

b. Executive Director's Report

i. Activity Report – June, July, and August 2012

Executive Director Tony DePrima provided his report to the Board.

5. New Business/Old Business

No new or old business was raised.

6. Public Comment

The Board invited comment from the members of the public present.

7. Adjourn

Mr. Sheehy moved to adjourn, seconded by Mr. Knight and unanimously carried.

Meeting Adjourned at 10:05 a.m.