

Delaware Sustainable Energy Utility Oversight Board
DNREC Lukens Drive Office, 391 Lukens Drive, New Castle, DE 19720
January 12, 2012 at 10:00 AM

Present: Sen. H. McDowell, C. O'Mara, J. Byrne, Dr. C. Wagner, C. Snyder, R. Jones, S. Finnigan, A. DePrima; Members of the public.

I. Welcome

Sen. McDowell called the meeting to order at 10:05 AM and gave some introductory remarks about the SEU.

Executive Director A. DePrima introduced the new office manager for the SEU, Lisa Gardner, who will be assisting him.

II. Action Items

A motion was made to enter into executive session to discuss the competing bids that have been submitted to the SEU for a procurement agent to administer the Solar Renewable Energy Credit program. F. Murphy explained the reasons for the executive session and why an executive session was warranted under the Freedom of Information Act, as the merits and qualifications of the bidders were to be discussed. The motion to enter into executive session was approved.

A discussion followed about the three bids submitted to the SEU. J. Byrne summarized the bids and the Executive Committee's review of the bids and its recommendation. SRECTrade's bid is significantly lower than other bids and SRECTrade has the capabilities and experience to serve in the role of procurement agent.

A motion was made and approved to leave executive session.

In public session, the Board explained that there three bids were submitted in response to an RFP to serve as the procurement agent for the Solar Renewable Energy Program and SRECTrade was, by far, the lowest bid. Furthermore, SRECTrade was fully qualified to serve as the procurement agent for the Solar Renewable Energy Credit program.

A motion was made to accept the SRECTrade bid and to complete the necessary contracts and was the motion was approved unanimously.

A motion was made and approved to pay Murphy & Landon's legal fees for the month of Nov. 2011

III. Reports

a. Executive Committee Report

i. Contract with BDO for accounting services

A comprehensive report was delivered on a contract with the BDO accounting firm, which is to perform an independent review and reconciliation of the SEU's RGGI and ARRA funds. The Executive Committee considered this an urgent matter. BDO's work had to begin as soon as possible. Energy programs are temporarily closed while the SEU assesses its resources for purposes of the design of and planning for future programs and initiatives. BDO previously performed a limited engagement for the SEU as part of the Solar Renewable Energy Credit Auction Review Team. The capped fee for the engagement is \$24,500.

ii. Contract with Becker Capital and Finance for financial services

The Executive Committee provided a comprehensive report on a contract with Becker Capital and Finance. Given the temporary suspension of energy efficiency programs and the need to move forward to prepare the SEU to roll out new programs, the Executive Committee had tentatively approved a contract with Becker Capital and Finance so that work could begin. However, the Executive Committee is presenting the contract to the Board for further review and consideration in the event that the Board wishes to take different action on the matter. There was a detailed discussion about the scope of the work and the price of the contract, and the capped fee arrangement proposed by Becker Capital.

The Executive Committee noted additional reasons for proceeding with the contract on an urgent basis. A financial advisor is needed to lead and coordinate the BDO financial review and reconciliation that must begin as soon as possible. Becker Capital indicated its willingness to lead the effort. An experienced financial advisor is needed to assist the new SEU Executive Director in reviewing and setting financial controls. The SREC auction program is getting underway and the advice of a financial advisor will be needed to address questions that are likely to arise, and Becker Capital was part of the Auction Review Team, and did its work promptly and at a capped/discounted fee.

By way of further background, Becker Capital served as the SEU's co-financial advisor in 2011 (with NW Financial) and took the lead role in the highly successful 2011 SEU bond issue. Becker Capital's work for the SEU in 2011 was very highly regarded. The 2011 bond issue was an extremely complex and difficult project. Becker Capital operated under a capped fee arrangement in 2011. Becker Capital devoted far more hours than it was compensated for under its capped fee arrangement for the bond issue. Becker Capital performed at a very high level, from the inception of its contract through the date of the bond closing, despite the fact that its compensation was far below what it provided in terms of hours and services to the SEU. Three Executive Committee members (Byrne, O'Mara, and McDowell) had substantial exposure to Becker Capital's work, as did the SEU's general counsel, F. Murphy. All were very impressed with Becker Capital's performance. Becker Capital was, by far, the low bidder among the five firms that submitted bids to serve as the SEU's financial advisor in 2011. Becker Capital's current proposal is on par with the fee proposal it submitted in 2011 for bond related work, and its hourly rates for services are in the lower range for financial services of the kind that it is qualified to provide, including bond-related services. In short, Becker Capital provided superior

services, but it charged the SEU significantly less than the other financial services firms that submitted bids to the SEU, but which were not accepted.

There were questions from Board members that were answered by the Executive Committee members and the SEU's general counsel. The Board expressed its approval of the Executive Committee's decision and recommendation that the SEU contract with Becker Capital. No objections to proceeding with the contract were raised.

iii. Employment of Office Manager

A. DePrima reported that Lisa Gardner was hired.

b. Executive Director's Report

i. Budget Report - Nov\Dec 2011 and ii. Activity Report – Nov\Dec 2011

A. DePrima delivered his oral report on activities, and reviewed his financial reports. He answered questions from the Board and addressed all Board comments.

IV. New Business/Old Business

There was discussion about the timeframe for work being performed by BDO. Roger Jones noted that there needs to be transparency and accountability in connection with the handling of SEU funds.

V. Public Comment

Board members and counsel responded to public questions and comments.

VI. Adjourn

Meeting Adjourned at 11:22