

SUSTAINABLE ENERGY UTILITY (“SEU”) MINUTES OF EXECUTIVE COMMITTEE
SPECIAL MEETING ON APRIL 6, 2011 AT 9:30 AM, HOUSE MAJORITY CAUCUS
ROOM, LEGISLATIVE HALL, DOVER, DE

Executive Committee members present and participating by teleconference: H. McDowell, J. Byrne, C. O’Mara, and R. Jones

Also present: Doug Bacher, Ken Becker, Heather Litzebauer, Carolyn Snyder, Sean Finnigan, Frank Murphy

Meeting called to order

Ken Becker indicates nature of business for special meeting, including the fact that the Committee will have to consider confidential information in connection with proposed interim financing for Delaware State University (“DSU”) by the SEU.

Frank Murphy states the reason for need for the Executive Committee to enter into executive session under FOIA, as Committee will have to review with K. Becker confidential financial information, including factors related to interim financing terms that might be offered to DSU, as well as confidential information of DSU related to other interim financing terms. An executive session is authorized under 29 Delaware Code, Section 10004(b)(6).

Motion made for the Executive Committee to enter into executive session; passed unanimously 4 to 0.

Ken Becker reports that DSU needs interim financing and the reasons it is needed. Equipment for the DSU project needs to be ordered by Johnson Controls on Friday, April 8, 2011. GESA needs to be signed by Friday, April 8, 2011. SEU bond counsel is working on documents and GESA will be ready to be signed by Friday. Johnson Controls needs to receive assurance that funding is there in order to sign GESA. Johnson Controls provided a draw schedule with about \$265,000 needed in short term and paid fairly quickly. Money should be forwarded to Johnson Controls by the end of next week. Becker expects that SEU can provide those funds in that timeframe. There may be a second interim financing payment needed in May 2011 in the amount of \$600,000. Johnson Controls will bill on May 31, 2011 with payment due June 30. That is after the date that the SEU is expecting permanent bond financing to be in place, namely June 16, 2011. The June 16, 2011 target date assumes that permanent financing will not be delayed by Dept. of Corrections. If there was delay, the \$600,000 second installment would have to be paid. In addition, if there is a further glitch, there will be a third installment of \$500,000 in interim financing that would be needed, but the third installment could be addressed by the SEU at a later time. The current proposal by the SEU financial advisor is to extend financing for the first two installments.

There was discussion about the SEU using RGGI funds or borrowing against RGGI funds as collateral and the financial advisor will explore both options.

Ken Becker recommends that the SEU authorize the initial installment of about \$265,000 and a second installment of \$600,000; the SEU will charge a commitment fee of \$5,000 to \$10,000, and the SEU will pass along direct legal and additional financial advisory fees incurred by the SEU on to DSU; the SEU will charge DSU an interest rate of at least 3.75% to DSU. The costs of the interim financing, namely, the legal and financial advisory fees being incurred by the SEU, will be paid by DSU by rolling those costs into the permanent financing for DSU when the bonds are issued. Ken Becker will get a handle on the legal fees by speaking with Baird Brown, SEU bond counsel. There is also the issue of additional fees to be charged by the SEU financial advisors for their work on the interim financing. The SEU's costs to put together and provide the interim financing will be paid by DSU through the permanent bond financing, and will not be passed on to all bond financing participants generally.

Motion made to leave executive session, which passed unanimously 4 to 0.

Motion made and carried unanimously 4 to 0 to authorize SEU Financial Advisor team to make the interim financing proposal to DSU that was discussed in Executive Session on behalf of the SEU, and to negotiate the terms with DSU.

There was discussion about the date and location of the SEU Education Day.

Motion to adjourn carried unanimously 4 to 0.