

**Delaware Sustainable Energy Utility Oversight Board Meeting (Executive Session)
Senate Majority Caucus Room, Legislative Hall, Dover, DE
10:00 a.m., June 23, 2010**

***The following minutes detail the discussion of the Executive Session held during the Oversight Board Meeting on June 23, 2010.*

ATTENDANCE

Oversight Board Members

Senator Harris B. McDowell, III, Co-Chair
Dr. John Bryne, Co-Chair
Sharron Cirillo, Public Accountant
Roger Jones, Nature Conservancy
Judge Arthur Padmore, Delaware Public Advocate
Charlie Smisson, State Energy Coordinator (ex officio)

SEU Contract Administrator

Ralph Nigro

Board Staff

Sean Finnigan, Delaware State Senate
Frank Murphy, SEU Attorney

Scribes

Peter Olmsted, Center for Energy and Environmental Policy

II. Executive Session

Senator McDowell requested that the Oversight Board enter Executive Session to discuss items of proprietary nature. SEU attorney Frank Murphy cited relevant FOIA sections authorizing executive session. Members of the public were asked to excuse themselves.

SEU Contract Administrator, Ralph Nigro, provided the Oversight Board with an update on the SEU's potential revolving loan fund (RLF). At the June 8, 2010 Board meeting, the CA was asked to perform analysis of loan loss reserves and cash flows for a RLF. The CA distributed and presented the analysis to the Board. The analysis included two loan loss reserve scenarios at 7% and 10%.

After detailing assumptions and methodology, the CA discussed the outcomes of the two analyses and highlighted the deal flows and accounting of the RLF projections. Both projections assume that Catalyst Financial Group will initially conduct underwriting and administration in order to get the RLF up and running in an expeditious manner. The vision would be to secure more cost effective underwriting and administrative services after the RLF is operating smoothly.

Board members discussed the RLF deal flows in considerable detail, including discussion of available loan amounts, administrative costs, interest rates, and loan loss reserves. Board members also discussed the potential to develop co-lending programs through the SEU and the challenges presented therein.

The CA updated the Board on the formation of loan committees to oversee SEU lending. For loans up to \$75,000 the CA would form an internal loan committee. For loans over \$75,000 a SEU loan committee would be formed to consider project applications.

Roger Jones motioned to authorize the Contract Administrator to initiate the SEU RLF program with a 10% loan loss reserve and to start lending to projects in the MUSH, commercial and industrial, and non-profit sectors. Lending to projects in the commercial and industrial sector will be capped at a total lending amount of \$1,000,000. The CA was also requested to work with Catalyst Financial Group to develop a SEU co-lending proposal to present at the next Board meeting. Sharron Cirillo seconded the motion. Approved unanimously. Judge Padmore refrained from voting.