

Delaware Sustainable Energy Utility
Meeting of the Oversight Board
500 W. Loockerman Street, Suite 400, Dover, DE 19904
September 26, 2018 - 3:30 P.M.

Welcome

Senator Harris B. McDowell, III called the meeting to order at 3:30 PM. Members present were Richard Jones, Trey Paradee, Robert Underwood (proxy for Secretary Garvin, Department of Natural Resources and Environmental Control), Michael Chajes, Joseph Schorah, Andrew Slater, and Kristopher Knight (teleconference). Also present were Frank Murphy, General Counsel, Anthony DePrima, Suzanne Sebastian, Kate Bayard, and Lisa Gardner.

Members Absent: Sean Finnegan

1. Approval of Minutes

- a. May 18, 2018 - Oversight Board
- b. July 19, 2018 - Oversight Board

Mr. Chajes moved for approval of the above Oversight Board minutes of May 18, 2018 and July 19, 2018, seconded by Mr. Underwood and unanimously carried.

2. SEU Business

a. D-Pace Consultant Services – Mr. DePrima announced that on August 29, 2018, Governor Carney signed the Property Assessed Clean Energy (PACE) Bill into law enabling the DESEU to start up the D-PACE program and serve as the program administrator and thanked everyone for their support. In order to successfully design and run the program a Request for Proposals (RFP) was issued. From the four (4) proposals that were received, two (2) firms were interviewed. Based on experience, our team unanimously recommended Sustainable Real Estate Solutions (SRS). SRS has launched C-PACE programs in Colorado, Rhode Island, Utah, and Arlington County, Virginia. A detailed scope of work was previously provided to the Board for their review. SRS will be tasked with the following four (4) items:

1. Design the program and develop detailed program guidelines in consultation with stakeholders cited in the legislation;
2. Work with the counties to become “participating counties” as required in the law;
3. Cultivate robust participation in the D-PACE program through successful marketing of the program to commercial property owners, contractors, public officials, and financiers; and
4. Have all necessary administrative systems and functions in place.

Mr. Jones moved to authorize the Executive Director to enter in a time and materials contract, not to exceed \$40,000. The motion was seconded by Mr. Knight and unanimously carried.

b. ESPC Financing Bond vs. Lease – Colonial and Indian River School Districts, Department of Health & Social Services (DHSS) – Mr. DePrima introduced Ms. Heather Litzebauer, NW Financial, and Mr. Baird Brown, Bond Counsel, both will be assisting with the issuance of the bond. There are now three projects ready for long term financing. Two of the projects (DHSS and Colonial School District) have already started and were funded with DESEU bridge loans. The Indian River School District is finishing their final approvals and is anticipating a bridge loan through the DESEU; the three projects put forth will bring the amount closer to issuing \$19 million in financing.

The \$19 million financing put into question whether financing through a tax-exempt master lease would be more cost effective than a traditional bond issue. To evaluate a bond vs. lease decision, our financial advisor, NW Financial, issued a Request for Proposals that was open to either bonds or leasing. Five proposals were received from traditional bond underwriters and one proposal from Bank of America for a 21-year financed lease. Raymond James had the lowest proposed underwriter's discount, the lowest cost for underwriter's counsel and expertise including experience in pricing and selling pooled bond issuances with multiple issuers. The Raymond James proposal was then compared to the Bank of America proposal. Details on the proposals were previously provided to the Board for review.

NW's evaluation proved that a bond issue would be more cost effective with lower interest rates and interest payments when all cost factors are included. The analysis was shared with the Finance Committee at its September 19, 2018 meeting and endorsed moving forward with the Bond Issue, which would save approximately \$400,000.

A bond issue can take 8 to 10 weeks to complete; therefore, we are recommending moving forward with a bridge loan for Indian River School District. Furthermore, we are recommending that the DESEU Executive Committee be authorized to adopt the required Bond Resolutions (which was done in 2011) in order to give more flexibility to act quickly when we are ready to proceed.

Mr. Chajes made a motion to 1) Authorize the Executive Committee to approve the Bond Resolution; 2) Engage Raymond James as the Bond Underwriting firm; 3) Authorize NW Financial to issue an RFP for trustee bank services and authorize the Executive Director to select the trustee bank based on best cost; and 4) Authorize the Executive Director to execute bond related and Indian River bridge loan related documents. The motion was seconded by Mr. Paradee and unanimously carried.

With direction from Mr. Murphy, a second motion was made by Mr. Jones to authorize the Executive Director to move forward with the Resolution that was distributed on September 25, 2018, seconded by Mr. Schorah and unanimously carried.

c. Home Energy Checkup & Counseling Program (HEC²) Update – Mr. DePrima informed the Board that due to staff changes, underperformance, and fixed locations, the SEU decided to end the Community Energy Center Pilot Program.

Franklin Energy's team is familiar with the CEC program and the services provided. They currently offer energy education workshops for our Home Performance Program and work with clients that are eligible for the Assisted Home Performance Program. In response to our concerns about the CEC program, Franklin Energy submitted the attached Home Energy Counseling and Checkup (HEC²) Program proposal to enhance the HEC offering that was originally planned to be launched this fall as part of our existing Home Performance with ENERGY STAR program. Mr. DePrima reviewed Franklin's proposal and budget with the Board, all of which was provided to the Board in advance for their review.

Mr. Jones moved to approve the Home Energy Checkup and Counseling Program proposal as presented, seconded by Mr. Underwood. Mr. Slater abstained from voting; the motion passed with one abstention.

d. HELP Initiative Proposal – Lights On Seaford Strong - As you may recall, the DESEU provided funding for the Lights On Dover Strong Campaign through a collaborative campaign with HELP

Initiative, Inc. and NCALL (two local non-profit organizations) in collaboration with the Restoring Central Dover Partnership. This Partnership works to reduce crime, as well as attract investment by new businesses and residents in an attempt to revitalize the community.

As a result of the success in Dover, the campaign is being expanded to other communities and cities throughout the State. Lights On Seaford Strong is a small pilot program, and we would pay for it with our Research and Development budget where we have sufficient funds to cover this pilot. The Seaford Campaign plans to reach 200 homes with an overall budget of \$21,492. The City of Seaford will cover the cost to install the LED lights and the solar powered motion sensor flood lights.

Mr. Harold Stafford, HELP Initiative, was present to share background information of HELP Initiative, as well as their mission and goals.

We recommend the DESEU Board approve a motion to authorize the Executive Director to execute a contract with HELP Initiative, Inc. to deliver the Lights-On Seaford Strong Campaign as outlined in an amount not to exceed \$21,492.

Mr. Underwood moved to approve the HELP Initiative Proposal for the Lights on Seaford Strong as presented, seconded by Mr. Schorah, and unanimously carried.

e. Consideration of Statements - Mr. Schorah motioned to approve the following statements, seconded by Mr. Jones and unanimously carried.

- i. Murphy & Landon – June 2018 (\$240)
- ii. NW Financial Group, LLC – July 2018 (\$2,576)

3. Reports – The following reports were presented to the Board.

- a. Executive Director
- b. Program Manager
- c. Communications & Marketing Manager
- d. Budget Report

Mr. Jones motioned to adjourn to Executive Session, seconded by Mr. Paradee and unanimously carried.

Meeting Adjourned at 4:30 p.m.