

**Delaware Sustainable Energy Utility**  
Meeting of the Oversight Board  
391 Lukens Drive, DNREC, New Castle, DE 19702  
November 15, 2018 – 9:00 AM

**Welcome**

Senator Harris B. McDowell, III called the meeting to order at 9:00 AM. Members present were Richard Jones (teleconference), Sean Finnigan (teleconference), Andrea Kreiner (proxy for Secretary Garvin, Department of Natural Resources and Environmental Control), Joseph Schorah (teleconference), Andrea Maucher (proxy for Andrew Slater, Public Advocate). Also present were Frank Murphy, General Counsel, Robert Underwood, Anthony DePrima, Suzanne Sebastian, Kate Bayard, and Lisa Gardner.

Members Absent: Kristopher Knight, Michael Chajes, Trey Paradee

**1. Approval of Minutes – Mr. Schorah moved for approval of the minutes of September 26, 2018, seconded by Mr. Jones and unanimously carried.**

**2. SEU Business**

**a. 2017 - 2018 Financial Statement and Audit -** Mr. Joseph Giordano and Mr. Jacob Hughes, of Whisman, Giordano & Associates were present and reviewed, in detail, the 2017–2018 Financial Statement and Audit (copies of the audit were distributed to all members).

Responding to Ms. Kreiner, Mr. DePrima stated that the \$4M increase in Professional Services - Program Service Expenses was due mostly to two (2) programs, the Solar Thermal Grant Program and the Home Performance with Energy Star Program. After some discussion, in order to clearly reflect spending amounts, it was recommended that Program Service Expenses line item be separated from Professional Services. Mr. Giordano concurred and indicated that the amendment could be easily made.

He indicated the audit was successfully completed with no concerns encountered. Mr. DePrima reiterated that the positive report was the direct result of the teamwork between the DESEU staff, Kristina Mujica (Faw Casson), and Whisman, Giordano & Associates.

**Ms. Kreiner moved, provisionally, to accept the 2017-2018 Financial Statement and Audit, with the clarification that line item Program Service Expenses be separated from Professional Services, the motion was seconded by Mr. Schorah and unanimously carried.**

**b. Loan Policy – Amend Interest Rate Section -** Mr. DePrima stated that currently the Direct Lending Policy allows the Loan Committee to set rates between 50% and 120% of 20-year municipal bond yields. As recommended by our loan evaluation consultants, Mr. DePrima suggested that the Board amend the rates to be set between 50% and 200%, which would align the SEU more in range with other non-profit lenders.

Mr. DePrima suggested that within the Direct Lending Activities Policy, the current 3.2 Minimum Standards be replaced with the following:

3.2 Minimum Standards

(3) Loan Pricing

- a. Interest rates shall be determined by the Loan Committee and shall range between 50% - 200% of Municipal Bond Yields for 20-year bonds with AA rating as reported in the Municipal Market Data (MMD) Curve.
- b. In setting the rates, the Loan Committee shall consider:
  - i. needs and merits of the loan applicant and project,
  - ii. strength of the borrower,
  - iii. risk of the project,
  - iv. strength of the collateral,
  - v. certainty of repayment,
  - vi. cost, terms, and requirements of SEU's capital,
  - vii. disbursement status of SEU's capital,
  - viii. the prevailing market rates,
  - ix. SEU's prior experience with the borrower,
  - x. term of the loan, and
  - xi. other relevant factors.
- c. The Board shall have the authority to set interest rates outside this range when it is consistent with SEU's mission and goals.

**Mr. Schorah moved to approve the above amendment to the Direct Lending Policy, seconded by Ms. Kreiner and unanimously carried.**

**c. 2019 DESEU Meeting Schedule** – As in previous years, Mr. DePrima presented the 2019 DESEU Meeting Schedule/Calendar. He indicated that in the past, the July meeting served as the Board's Retreat; however, for numerous reasons, he recommended that the Retreat be held during September's meeting and the summer meeting (July) be canceled. Historically, due to vacations, July's meeting typically had low attendance. The proposed 2019 DESEU Meeting Schedule was presented as follows:

Friday, January 18th – New Castle  
Friday, March 15th – Dover  
Friday, May 17th – New Castle  
No Meeting in July  
Thursday, Sept. 19th – Retreat – Location TBD  
Thursday, Nov. 21st – Dover

**Ms. Kreiner moved to accept the 2019 Meeting Schedule as presented, seconded by Mr. Schorah and unanimously carried.**

**d. Consideration of Statements - Mr. Jones motioned to approve the following statements, seconded by Ms. Kreiner and unanimously carried.**

- i. Murphy & Landon – September 2018 (\$1,800)
- ii. NW Financial Group, LLC – August – September 2018 (\$8,520)
- iii. Young Conaway Stargatt & Taylor, LLP – October 2018 (700)

**e. Faw Casson – General Accounting Services** – Mr. DePrima informed members that in 2013, the SEU conducted a Request for Proposals (RFP) for accounting services. Through that process Faw Casson was awarded a three-year contract that included two one-year extensions. He indicated that the contract is coming to an end and recommended that the SEU keep their services by continuing to exercise year to year engagement letters under the same terms allowing for reasonable fee increases. He stated that the SEU's Procurement Policy allows for awards without competition by the Board of Directors if there is only one source for the required professional service. Specifically, under our policy the "one source" definition is met when the proposed contractor has specialized experience with the

SEU that cannot be duplicated without a significant investment of time or resources. Staff believes that Faw Casson & Co. LLC meets this requirement.

Responding to Senator McDowell, Mr. DePrima suggested that this item be tabled until January's meeting; that would allow staff time to present the fee schedule.

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

- a. Executive Director
- b. Program Manager
- c. Communications & Marketing Manager
- d. Budget Report – Ending October 31, 2018

**Meeting Adjourned at 10:45 A.M.**