

Delaware Sustainable Energy Utility
Meeting of the Oversight Board
McConnell Johnson Real Estate Office
1201 N. Market Street, Suite 400, Wilmington, DE 19801
September 21, 2017 - 9:00 A.M.

Welcome

Senator McDowell, III called the meeting to order at 9:00 AM. Members present were Richard Jones, Trey Paradee (teleconference), Kristopher Knight (teleconference), Robert Underwood (proxy for Secretary Department of Natural Resources and Environmental Control), Andrew Slater, and Sean Finnigan. Also present were Anthony DePrima, Suzanne Sebastian, Kate Bayard, and Lisa Gardner.

Members Absent: Michael Chajes, Joseph Schorah, Pam Bakerian, and Frank Murphy.

1. Approval of Minutes

a. Loan Committee – May 31, 2017 - Mr. Paradee moved for approval of the minutes, seconded by Mr. Knight and unanimously carried.

b. Loan Executive Session – July 6, 2017 – Mr. Paradee moved for approval of the minutes, seconded by Mr. Knight and unanimously carried.

c. Oversight Board – July 20, 2017 – Mr. Finnigan moved for approval of the minutes, seconded by Mr. Underwood and unanimously carried.

2. SEU Business

a. Contracts

i. Marketing and Brand Awareness – AB&C – For those who were unable to attend the Retreat in July, Mr. DePrima indicated that in accordance with the Board’s direction last fiscal year, the DESEU issued an RFP for marketing firms to develop and execute a Marketing and Brand Awareness Campaign. The top two (2) firms were invited to present their strategy during the Retreat; as a result of this process, Aloysius, Butler, and Clark (AB&C) was selected. Mr. DePrima presented and reviewed details of the one (1) year contract, including the budget, which is based on a time and material and is not to exceed \$350,000.

Senator McDowell acknowledged Kate for her efforts in successfully pulling together the RFP process and is looking forward to her guidance in during this endeavor.

Mr. Jones moved to authorize the Executive Director to enter into a contract (which will be reviewed by General Counsel) with AB&C, not to exceed \$350,000 in accordance with the Scope of Work presented. The motion was seconded by Mr. Finnigan and unanimously carried.

a.ii. HPwES – Franklin Energy – Mr. DePrima briefed board members of the history behind the HPwES Program and ICF. Upon time to re-bid the contract, an RFP was issued to select a program implementer for the next three-year cycle of the Home Performance with ENERGY STAR Program (HPwES) with a potential Home Energy Check Up Component. The HPwES Program was evaluated by an independent third party as part of the process and the results of the evaluation were used in crafting the RFP and evaluating the proposals. Three firms submitted proposals, and the top two

firms were interviewed by the staff. Franklin Energy was selected. Selection of Franklin Energy was based on a number of items presented to DESEU in their proposal and their in-person interview and presentation to our team. The Statement of Work (SOW) identifies deliverable services Franklin Energy Services, LLC will implement for the Delaware Sustainable Energy Utility (DESEU) Home Performance with ENERGY STAR (HPwES), with Complimentary Home Energy Check Up (HEC) Program, (Program) during the 2018, 2019, and 2020 program years.

Selection of Franklin Energy was based on a number of items presented to DESEU in their proposal, as well as their in-person interview and presentation to our team. These included the following:

- Price – substantially lower than other proposals submitted
- Energy Orbit Software utilized for the program
- Incorporation of a contractor scoring and assignment of project work based on scoring criteria
- Franklin’s company-wide focus is energy efficiency
- Franklin will establish an office in Delaware
- Marketing and Administrative Costs were less costly and the marketing approach focused on local contractors
- Franklin showed more experience with low-income programs than other proposers
- Franklin plans to add more small business support in the Downtown Development Districts
- Franklin offers a more holistic approach from leads to job completion
- Franklin’s auditing software offers a transparent functionality for better program evaluations
- Franklin is proposing the addition of a smart thermostat program

Mr. Mark Bowen, Vice President and Mr. Clarke Doody, Program Manager both from Franklin Energy were present to give the Board a brief overview of Franklin Energy.

As a cautionary note, the participation levels have increased since we received the proposals; therefore, we may have to return to the Board for an increase in incentives. Staff is currently evaluating reducing incentive levels which may balance out the increase in program participation.

Mr. Underwood moved to authorize the Executive Director to enter into a three (3) year contract, to be reviewed by General Counsel, with Franklin Energy in an amount not to exceed the annual budgets proposed in accordance with the scope of work presented with the option of two one-year extensions, with the understanding that Franklin Energy will incorporate fully with Aloysius, Butler, and Clark (AB&C). The motion was seconded by Mr. Finnigan and unanimously carried.

a.iii. Home Energy Loan Servicing Program – InClime – Last year, the DESEU was notified that Renew Financial would not be renewing their contract to service our Energize Delaware Home Energy Loans. The program which is financed by the DESEU offers loans up to \$25,000 for energy efficiency improvements recommended by our Home Performance with ENERGY STAR program. The loan term is up to 10 years, and the interest rate is 5.99%. These are unsecured loans. Renew Financial holds the loans and retains 3.99% of the interest while the SEU is paid back its principal and 2% interest. The program has been working well with increased participation in the past year. We currently have 64 loans in the portfolio with over \$600,000 loaned to participants. To date, we have not had any defaults. The contract with Renew ends September 30th. When we learned that Renew Financial was not renewing its contract, we decided to include in our RFP for the Home Performance program a provision asking the proposers to find or suggest a financing company.

Unfortunately, no specific companies were proposed or suggested in any of the RFP responses. We then turned to InClime, our current Solar Loan servicing company to see if they would be interested in expanding their services to include the Home Energy Efficiency Loan. They manage a combined Solar and Energy Efficiency Loan program in St. Louis, MO and believed that the program would be a natural extension of our current solar loan program.

InClime has agreed to service the Home Energy Loan program under the exact same terms as the existing program. They will manage the application website, contractor screening, and all aspects of loan servicing, including collections, if needed. The program can be transitioned smoothly by October 1, 2017.

Mr. Finnigan moved to authorize the Executive Director to amend the current InClime contract for serving the Solar Loan program to including servicing the Home Energy Loan Program under the same terms as the existing program with final contract amendments to be reviewed and approved by the General Counsel. The motion was seconded by Mr. Jones and unanimously carried.

a.iv. RFP – Legal Counsel – Murphy & Landon – Due to the pending expiration of the DESEU’s current contract for General Counsel, a Request for Proposals (RFP) was solicited. Only one (1) proposal was received from Murphy & Landon. Mr. DePrima reviewed the fee schedule with the Board.

Mr. Underwood moved to authorize the Executive Director to enter into a three (3) year contract with Murphy & Landon to perform the duties of General Counsel with the option of two (2) one-year extensions. The motion was seconded by Mr. Knight and unanimously carried.

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

- i. Murphy & Landon – July 2017 (\$300)
- ii. NW Financial Group, LLC – June/July 2017 (\$5,272.50)
- iii. Young, Conaway, Stargatt & Taylor July/August 2017 (\$720)

c. Revised Budget FY 17/18 - Each year after the previous year’s revenue and spending has been reconciled by the accountant; a revised budget is presented to the Board. This allows members to see the actual beginning year balance. Mr. DePrima indicated that this is an opportunity to review what was projected in May and update as necessary. Mr. DePrima presented and reviewed the revised 2017/18 budget indicating there is a \$342,235 reduction in the ending cash balance.

Mr. Finnigan moved to accept and approve the revised budget for FY 17/18 as presented, seconded by Mr. Underwood, and unanimously carried.

3. Overview of Results from Retreat Activity – Due to time constraints during July’s Retreat, Mr. DePrima provided the activity results related to the programs that the DESEU is currently offering through our portfolio programs.

4. Reports – The following reports were presented to the Board:

- a. Executive Director

- b. Program Manager
- c. Communications & Marketing Manager
- d. Budget Report – Ending August 31, 2017

5. New Business/Old Business

a. Election of Vice Chairperson – Due to the absence of Mr. Murphy, General Counsel, Chairman McDowell requested this item be tabled until November’s Board meeting.

Meeting adjourned at 10:50AM.