

**Delaware Sustainable Energy Utility**  
Meeting of the Oversight Board  
500 W. Loockerman Street, 5th Floor  
Dover, DE 19904  
September 19, 2019 – 9:00 AM

**Welcome**

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

Members Absent: Sean Finnigan

**1. Approval of Minutes**

**a. Oversight Board Meeting - May 17, 2019 – Senator Paradee moved for approval of the minutes, seconded by Mr. Schorah and unanimously carried.**

**2. SEU Business**

**a. Exelon Low Income Settlement Fund Agreement -** Mr. DePrima informed members that the DESEU was selected as the grant manager for this project; titled the *Energize Delaware Empowerment Grant Program*. Mr. DePrima reviewed the contract, scope of work, timeline, and budget (all of which was previously provided to members).

**Mr. Schorah move to authorize the Executive Director to execute the contract documents pending approval of the Terms and Conditions by Mr. Murphy. The motion was seconded by Senator Paradee and unanimously carried.**

**b. Banc of America Mater Lease Agreement -** Mr. DePrima reminded members that in January, the Board authorized him to work with NW Financial and Baird Brown (Bond Counsel) to issue a competitive Request for Proposals (RFP), seeking the best terms for a master lease under which state agencies and school districts can fund Energy Saving Performance Contracts.

The Master Lease RFP was published on May 23, 2019 with responses due on June 19, 2019. Responses were received from four (4) banks: Banc of America Public Capital Corp. (“BOA”), PNC Bank, TD Bank, and US Bank. Mr. Bacher and his team at NW financial evaluated the proposals and recommended that the DESEU continue discussions with the BOA regarding the overall terms and conditions of a Master Lease, based on the initial indicative pricing and terms offered (lowest interest rates and longest term) and their experience with Master Leases. The indicative pricing in the proposal is offered based on the rates on June 19, 2019.

Mr. Bacher (NW Financial) reviewed the process and details as well as fielded questions from members.

**Senator Paradee motioned to authorize the Executive Director to sign the Lease Financing Program Framework with Banc of America (BOC). The motion was seconded by Mr. Schorah and unanimously carried.**

**c. C-PACE - SRS Contract** - Mr. DePrima announced that New Castle County signed on as a participating county and indicated that work needs to move from startup to operation. Last September, the Board authorized Mr. DePrima to contract with Sustainable Real Estate Solutions (SRS), the awarded bidder in the RFP, to assist us with the startup. The RFP and the subsequent contract both allowed one-year extensions for post-startup services.

Services included working with the stakeholders to develop program guidelines and other documents, creating a website for the program, supporting meetings with county officials. All but one task in the original contract are now completed. The remaining task is to provide one contractor training session.

SRS's service fee has two components: 1) a monthly service fee in the amount of \$4110 2) 50% of the 2.5% fee that the SEU collects for being the administrator. Sharing our administrative fee with SRS will incent them to find and close more PACE deals. The sharing of the administrative fee may offset their monthly fee depending on the volume of business. If we do \$4 million in deals, then we will more than offset the monthly fees. Currently we have more than \$4 million in interest.

**Senator Paradee motioned to authorize the Executive Director to sign a one-year extension with SRS for on-going PACE services. The motion was seconded by Mr. Underwood and unanimously carried.**

**d. Office Space Lease** - With our office space being very limited, and with the addition of two staff members proposed for Exelon Settlement Program, alternate space for our offices or renting additional space for the Exelon Settlement program needs to be addressed. Meanwhile, Franklin Energy, our subcontractor for the Home Performance and Home Energy Counseling and Check-Up program, expressed interest in relocating their offices to the Dover area. There is space available on the 3<sup>rd</sup> floor of the Duncan Center (Suite 300) and it's large enough to fulfill all the above-mentioned needs. So, we began to explore that option.

Suite 300 is approximately 2800 gross S.F. To put this in context, our current office is 1200 S.F. Assuming we can obtain this space at \$23.00 per square foot, our annual rent would increase \$8000 over our current lease payments of \$22,500. Our one-time costs for moving and reconnecting phones, computers, internet, etc. is expected to be less than \$5,000. The landlord is looking for a 3-year lease, and a certain rate of annual increase (currently 3%).

Franklin is willing to make this move, but they want their contract to equal the lease term, that would require us to exercise the two one-year extensions on their contracts. We are very happy with Franklin's performance and will make the recommendation to extend the contract at the end of the term anyway.

This layout would offer more room for growth, accommodate the new Empowerment Program, share the cost of the space with Franklin, and give us easier access to the staff of Franklin - our largest subcontractor.

Just recently space has also opened up on the 4th floor; this would also be a possible location. The SEU would like to move forward with signing a joint lease with Franklin Energy under the conditions at the price and terms above, expend \$23,385 one-time cost for the move, and sign the necessary extension with Franklin Energy.

**Mr. Underwood motioned to authorize the Executive Director to sign a joint lease with Franklin Energy for available space in the Duncan Center under the conditions at the above price and terms above, as well as sign two one-year contract extensions with Franklin Energy. The motion was seconded by Mr. Schorah and unanimously carried.**

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

- i. Murphy & Landon - February - June 2019 (\$2,561.02)
- ii. NW Financial Group, LLC – April - June 2019 (\$8,375)

**3. Extension of Contract - EnSave - Ms. Sebastian informed members that last May, when several contract renewals were brought before the board, the Farm Program was not included. It is being recommended that this program/contract be extended for an additional year which will bring it in alignment with our current fiscal year and budget.**

**Mr. Schorah moved to authorize the Executive Director be authorized to enter into a new contract for the Farm Program (EnSave) in an amount not to exceed \$577,500 based on the FY 20 Budget approved by the Board. The motion was seconded by Senator Paradee and unanimously carried.**

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

- a. Executive Director
- b. Program Manager
- c. Budget Report - Ending October 2019

**Meeting Adjourned at 11:00 A.M.**