

Delaware Sustainable Energy Utility
Loan Committee
DESEU Office - 500 W. Loockerman Street, Suite 400, Dover, DE 19904
September 17, 2019, 3:30 PM

Members present were: Kristopher Knight (teleconference), Trey Paradee, Andrew Slater (teleconference), Doug Bacher, NW Financial Group (teleconference), Anthony DePrima. Also present were Brent Shaffer (teleconference) and Lisa Gardner.

1. Approval of Loan Committee Minutes

- a. March 25, 2019
- b. July 29, 2019

Mr. Knight moved to approve the above minutes. The motion was seconded by Mr. Paradee and unanimously carried.

2. Loan Application – RM Farms, LLC - In January 2019 REM Farms, LLC (“the Farm”) made application to the DESEU for a \$585,965 loan for purposes of purchasing and constructing a 455.4kW ground mount solar array (the “Project”). In March 2019, the Loan Committee reviewed the report and approved the request contingent upon verification of the large cash contribution (\$197,935) being made by the owners of the Farm. It was discovered the it was not being made from cash on hand but instead from cash to be received from another bank loan. Thus, the loan did not meet the contingency requirement and the owner was requested to resubmit the application.

As a result of the DESEU rejection, the owners of the Farm worked to include other energy efficiency measures to the Project scope ultimately capturing additional savings and eliminating the need for a bank loan for purposes of a cash contribution to offset Project costs. The Farm has recently submitted a revised DESEU loan application that reflect these changes.

The first change is the inclusion of additional energy efficiency measures totaling \$123,094.95 to the Project. As noted, the result is additional Project energy savings projected by EnSave to be \$11,858 annually. The second change is the receipt of a REAP Grant award of \$23,000. Although anticipated at the time of the original loan application, the REAP Grant proceeds have physically been received and will be used to downsize the loan amount. The third change is the receipt of an Energize Delaware Farm Program Incentive Grant of \$49,238 approval letter. Again, although anticipated at the time of the original application, the approval letter has been received. Proceeds from this grant will be received upon completion of the energy efficiency measures and again be applied to reduce the amount of the DESEU loan. The result of these changes is that the owners of the Farm have reduced the cash contribution from \$197,935 to \$32,383. And finally, since the original application submission the owners have secured a SREC contract for SREC revenues over the next 10 years.

A \$785,774 DSEU loan amortized over 20 years at 3% has a 1.1 to 1 savings to debt ratio. As noted, the owners of the Farm are willing to pledge the Reap Grant and Energize DE Farm Program Grant upon receipt to reduce the overall borrowing to the requested loan amount. The owners of the Farm are also willing to provide personal guaranties (Lloyd and Rick Moore) and are willing to have a lien on the equipment installed

Senator McDowell moved to approve the loan request (including all noted terms and conditions) in the amount of \$785,774 with a 20-year term at 3% interest. The motion was seconded by Mr. Paradee and unanimously carried.

3. Discussion - Potential YMCA Loan - Mr. DePrima briefed members that he was approached by Seiberlich Trane regarding a project on the YMCA's of Delaware which includes a \$5.2M project/loan. It would involve approximate eight (8) YMCA building throughout Delaware. Mr. DePrima reviewed a detailed outline Power Point presentation. There are various options the board could take; they are as followings:

1. Amend the Loan Policy to Increase the Maximum
2. Waive the Policy for this Particular Application
3. Find a Partner that would cover the remaining the \$3M (State of Delaware, NCALL, PACE)

Senator Paradee, as well as other members, suggested moving forward by vetting the YMCA financials as a borrower and go from there.

Meeting Adjourned at 3:55 PM