

**Delaware Sustainable Energy Utility**  
Meeting of the Oversight Board  
Teleconference Meeting via Zoom  
January 15, 2021 – 9:00 AM

**Welcome**

Senator Harris B. McDowell, III called the meeting to order at 9:00 AM. Members present were Kristopher Knight, Richard Jones, Robert Underwood (proxy for Secretary Garvin, Department of Natural Resources and Environmental Control, Ric Moore, Senator Paradee, and Andrew Slater, Public Advocate. Also present were Anthony DePrima, Frank Murphy, General Counsel, Suzanne Sebastian, Athena Bi, James Purcell, Lisa Gardner, and Mr. Frank DeFroda (Whisman, Giordano & Associates).

Members Absent: Michael Chajes and Sean Finnigan.

**1. Approval of Minutes**

**a. Oversight Board Meeting - November 19, 2020 – Mr. Moore moved to amend the minutes to include that the Strategic Plan will be the focus of the next Retreat. The motion to approve the minutes as amended was seconded by Mr. Knight, with Mr. Jones abstaining (he was not in attendance) and carried.**

**2. 2019-2020 Financial Statement and Audit - Mr. Frank DeFroda of Whisman, Giordano & Associates were present to review, in detail, the 2019–2020 Financial Statement and Audit (copies of the audit were distributed to all members of the Board).**

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

Mr. Moore suggested that board seek out other sources of funding to assist in carrying out our mission.

**Mr. Knight moved to accept the 2018-2019 Financial Statement and Audit as presented, seconded by Mr. Moore and unanimously carried.**

**3. SEU Business**

**a. Loan Policy Revision - Mr. DePrima stated that he and Ms. Bi had been working on a comprehensive update of our *Direct Lending Activities Policies and Procedures Manual*. As you may recall, in 2017 we engaged consultants to evaluate our loan program. Many of the changes in this revision come from their work and recommendations, as well as improvements based on past experiences. Mr. DePrima explained that it was not until we hired Athena that we had the capacity to perform a complete review and revision of the policy.**

Members were provided a copy of the revised policy and a summary of the major changes in each section. In general, this new policy standardized existing procedures and processes in detail. This was important to maintain consistency in the program, and it provides a guideline for potential borrowers to understand our process and for Loan Staff to process loan applications. Examples of new procedures include the following:

- Sets diversification standards for the loan portfolio
- Introduces a Loan Loss Reserve Account
- Increases the small loan threshold from \$75,000 to \$150,000
- Establishing loan risk monitoring, portfolio performance monitoring and reporting procedures

Additional supplement documents, such as establishing 1) a loan loss reserve, 2) a separate revolving loan fund account, and 3) an underwriting rating system will be discussed at the March meeting.

**After discussion, Mr. Moore moved to approve the revised Commercial Lending Policy Revisions, seconded by Mr. Jones and unanimously carried.**

**b. ZeMod Model Home Construction** - Ms. Sebastian reminded members that the Board approved funding for the purchase of two ZeMod model homes in the amount of \$420,000 in the FY 21 Budget. The approved budget also included the projection of the sale of the two original model homes purchased for this program.

The DESEU funded construction of two ZeMod model homes: the Sundial (Cottage style) and the Solstice (Single wide style)—these models were the models at the State Fair and at Beracah in Greenwood. The Solstice Model home was sold to Ms. Alviset, and she has moved into her home. We will receive \$136,000 from the sale of this ZeMod home. A contract is pending for the Sundial model home located in the Knoll Acres subdivision in Lincoln. The proceeds from the sale of the Sundial will be \$150,000. We anticipate closing on this home and the return of these funds to the DESEU during this fiscal year.

Once the second ZeMod model home is sold, the SEU will no longer have model homes for potential buyers to tour. Therefore, we would like to enter a contract to build two model ZeMod homes. One 2-bedroom cottage model and one 3-bedroom cottage model. Over the past few months, we have worked with Beracah Homes, Milford Housing Development Corporation (MHDC) and Vermont Energy Investment Corporation (VEIC) on the design of the next phase of this program. Lessons were learned over the past few years, causing us to make several changes to the program design.

Mr. Slater stated that although he fully supports the ZeMod program, he hesitates on the DESEU becoming a home builder; Mr. Jones expressed similar concerns. Responding Ms. Sebastian stated that this program is being closely monitored for effectiveness and will be discussed during the upcoming Retreat.

**Mr. Moore moved to authorize the Executive Director to enter into a contract in an amount not to exceed our budgeted amount to build two model/spec ZeMod homes - a two-bedroom and a three-bedroom that will be used as models until sold to an eligible homeowner, the motion was seconded by Mr. Underwood and unanimously carried.**

**c. Creation of Energy Equity Fund** - Mr. Purcell reviewed a presentation that laid out the next steps going forward in the Empowerment Fund. Several Large Scale and Community-Scale grants were awarded in 2020.

The next level is to create a mission for the Energy Equity Fund to establish a funding mechanism in order to raise funds to promote energy equity and links between energy providers and consumers, advocating for underserved communities, and supporting energy efficiency, access to clean and renewable energy and supporting clean energy jobs.

Since this was for informational purposes only, no motion was made.

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

- i. Murphy & Landon - March 2020
- ii. NW Financial Group, LLC – January - March 2020
- iii. Young Conaway Stargatt & Taylor, LLP - March - April 2020

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

- a. Executive Director
- b. Program Manager
- c. Budget Report - Ending December 2020

Meeting Adjourned at 11:05 A.M.