

Minutes

Delaware Sustainable Energy Utility
Oversight Board Meeting – Zoom
November 17, 2022 - 9:00 A.M.

Welcome

Senator Harris B. McDowell, III called the meeting to order at 9:00am. Members present were Senator McDowell, Senator Hansen, Richie Jones, Ric Moore, Andrew Slater, Public Advocate, Sean Finnegan, Michael Chajes, Robert Underwood (proxy for Secretary Garvin, Department of Natural Resources and Environment Control). Also present were Anthony DePrima, Frank Murphy, General Counsel, Suzanne Sebastian, Athena Bi, Jim Purcell, Cassandra Rodriguez, Robin Coventry, Traci Evans, Keith Modzelewski, and Fritz Rodriguez.

1. Approval of Minutes – September 15, 2022

Andrew Slater made the motion to approve the minutes for the Oversight Board Meeting held on September 15, 2022 after noting that Richie Jones' name to be edited and spelled correctly. Richie Jones seconded the motion. The motion carried unanimously.

2. Presentation – Special Initiative on Offshore Wind – Willet Kempton, POWER Group

Willet Kempton, Professor at University of Delaware, provided a PowerPoint presentation regarding the Special Initiative on Offshore Wind.

2. SEU Business

- a. **Search Committee Update** - - Frank Murphy provided an update stating that the search committee is very active in filling the role of Executive Director. Mr. Murphy informed that the search committee has accumulated between 7-9 candidates and hopes that December 6th, 7th and 8th are dates when interviews and meetings with candidates will take place. Mr. Murphy stated that by the end of December, or early January those candidates should be narrowed down, and a presentation of the final candidates should be expected to be presented to The Board.
- b. **Employee Compensation and Career Paths Policies (tabled from September)**- Tony DePrima summarized the Oversight Board Meeting discussion that took place on September 15th, 2022, when the employee compensation and career paths policies were tabled pending a review by an attorney familiar with employment law; and to consider adding experience (5 years) as a substitute for a Bachelor's Degree if noted as a requirement for a position as well as broadening the classes of employees. Mr. DePrima advised that the Compensation and Career Paths Policy was reviewed by an attorney sought out by Frank Murphy. The attorney's findings and adjustments were mainly focused on grammatical terms and broadening the classes of employees was the main component of the changes made. In addition, experience was added as a substitute for education where the amount of experience was at least one year greater than the time to complete the degree.

Ric Moore made the motion to adopt the new Employee and Career Paths Policies. Michael Chajes seconded the motion, and the motion passed unanimously.

- c. **Empowerment Grant – 3-year Funding Commitment Proposal** – Mr. DePrima stated that The Empowerment Grant Program has been very successful and has allocated all original Exelon funds; along with funds that Jim Purcell and Cassandra Rodriguez have raised through fundraising. Because the program’s funds are awarded on a year-to-year basis, it impedes the possibility of awarding long term funding and grant making. Mr. DePrima suggested that the Empowerment Program to have their funds allocated on a three-year basis, and transfer six million dollars into the Delaware Community Foundation Account, thus allocating two million dollars a year into the Delaware Community Foundation Account. The purpose of the proposal is for the Empowerment Program to allow better planning for their funding. As part of the Energy Equity Fund, Drew Slater agreed to Mr. DePrima’s suggestion, and stated the SEU funds have to be used to support the SEU’s mission – the funds are not to be used to support any other mission. Richie Jones inquired how allocating the funds in this way will affect fees that are paid to the Delaware Community Foundation associated with the funds be impacted. Mr. DePrima answered that though there is a fee, it is comparable to other investment firms in the percentage charged, and believes the charge ranges between 1-1.5%. The money then gets invested by the Delaware Community Foundation, Mr. DePrima said the investment growth, and dividends paid out will exceed the fee the firm may charge. Mr. Jones asked Jim Purcell how confident is he that the funds will be fully deployed, and what percentage of the funds may be standing in the account. Mr. Purcell stated he is very confident that the funds will be disbursed as the public is gaining more knowledge of the Empowerment Grant Program, and its many different sectors. Mr. Jones inquired whether there is an opportunity to match the SEU’s funds. Mr. Purcell replied there are investors he is in contact with through Delaware’s large foundations, and believes the transfer of the 6 million dollars into this account will be appealing to future donors. Mr. Jones also questioned if a report will be provided to display how those funds have been used. Mr. Purcell stated there will be a report developed to demonstrate how the Empowerment Grant Program disburses the funds. Mr. DePrima confirmed there is currently a report that provides this information already; however, as of January, a report will be established with the specifics of the program’s use of funds. Ric Moore inquired how the transfer of the funds will impact the overall budget. Mr. DePrima answered the funds will come from the cash balance, it will still be reflected as SEU’s funds; and moves from a category of unrestricted to restricted assets.

Ric Moore made the motion to authorize the Executive Director to transfer 6 million dollars to be placed in the Energy Equity Fund at the Delaware Community Foundation. Richie Jones seconded the motion. Drew Slater clarified that the motion is authorized with the intent to meet the SEU’s mission, and the motion passed unanimously.

- d. **Adoption of a Loan Risk and Loan Loss Method** – Mr. DePrima developed a method to calculate loan risks and loan losses, after researching what methods other non- profit organizations follow. The method focuses on calculating loan risks and then determining the percent of funds that have to be set aside into a Loan loss Reserve account. Mr. DePrima is suggesting that 8% of the outstanding loan debt be placed into a loan loss reserve fund. Loans will be reassessed and graded on their risks. There are 5 different rating systems, ranging from “good risks to sub-standard”. For example, if a loan falls under the “good risk”, 5 % of the loan balance will be set aside into the Loan Loss Reserve account, if a loan is deemed as “standard” then 10% of the loan balance is set aside. If the Board adopts this method, the changes in the SEU accounts will be reflected in next year’s audit.

Ric Moore made the motion to adopt the Loan Risk and Loan Loss Method. Robert Underwood seconded the motion, and the motion passed unanimously.

- e. **Employee Benefits Analysis and Recommendations-** In May, a Compensation and Benefits study was performed by Blackwell HR. Based on their findings, it was recommended that DESEU provide benefit options, such as medical, life, vision, and dental coverage. Currently, most staff receive medical coverage from their spouse, thus making the number of interested staff very small. If DESEU were to adopt a medical coverage plan, the staff receiving coverage from their spouse will have to accept the coverage offered by SEU; the coverage that would be offered by SEU would most likely not be superior to what those with coverage from their spouse is. The other complication to offering medical coverage is that the QSERA benefit will no longer be an option if medical coverage is adopted. For this reason, Mr. DePrima suggests that the QSERA benefit be increased to its maximum refund allowed under the federal guidelines in the amount of \$5,800 for individuals, and \$11,800 for families versus the \$5,000.00 at which it currently stands. However, it is recommended that dental, life and vision coverage be offered. The estimate for dental insurance for all staff members is \$10,000.00 annually. For vision, the annual cost would be an estimated \$1,500.00. Similarly, life, accidental death, and disability insurance, the annual costs would be an estimated \$4,500.00. Mr. DePrima recommends the authorization to offer these benefits, all of which should not exceed \$23,000.00 annually.

Ric Moore made the motion to authorize the Executive Director to 1) increase the QSHRA benefit to the maximum 2023 limits and 2) to contract for Dental, Vision, Life and Accidental Death and Dismemberment and Short-and Long-term Disability Insurances in an amount not to exceed \$23,000. Drew Slater seconded the motion, and the motion passed unanimously.

- f. **Bank of America – Revised Master Lease Agreement-** In 2020, DESEU entered a Master Lease Agreement with Bank of America. The purpose of the agreement was to finance energy savings procurement contracts for state agencies and school districts. The initial agreement had a \$30 million cap; that agreement was later amended with 2 extensions of \$10 million each. Bank of America proposed for the cap to be raised to \$100 million. In addition, the index would now be based on the Bloomberg Short Term Bank Yield. Ric Moore inquired what would be the risks involved should DESEU adopt this proposal. Mr. DePrima answered there would be no risks involved, as DESEU would not finance any funds; DESEU would receive ½ a point fee for executing the agreement.

Ric Moore made the motion to authorize the Executive Director to execute the Amendment # 3 which was presented to the Board for the Revised Master Lease Agreement with Bank of America. Michael Chajes seconded the motion, and the motion passed unanimously.

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

- i. Murphy & Landon
- ii. NW Financial
- iii. Young Conaway Stargatt & Taylor, LLP

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

- a. Executive Director
- b. Program Activity Report
- c. Communications and Marketing Activity Report
- d. Budget Report

Tony DePrima introduced new employees: Keith Modzelewski, Commercial Program Manager, and Fritz Rodriguez, Office Manager.

5. **New/Old Business** – Mr. Chajes complimented staff stating that the new Solar Delaware website is very

nice. www.solardelaware.org

Public Comment – There were no public comments given.

Adjourn – Mr. Moore motioned to adjourn the meeting, seconded by Mr. Chajes and the meeting adjourned at 11:31 am.