

**Sustainable Energy Utility Oversight Board Meeting
November 1, 2007**

Meeting Location: Buena Vista, 11:30 a.m.

In attendance

Senator Harris B. McDowell, III, Chair

Dr. John Byrne, Co-Chair

Senator Charles Copeland

Representative Terry Schooley

Representative Pamela Thornberg

Charlie T. Smisson, Jr., Delaware Energy Office

Keith Lake, People's Settlement Association

Representing Arthur Padmore, the Public Advocate:

John Citrolo, Deputy Principal Assistant (Division of the Public Advocate)

Attorney to the Board:

Frank Murphy, Esq.

Technical Consultant:

Ralph Nigro, Applied Energy Group

Task Force Staff:

Sean Finnigan, Legislative Assistant, Delaware State Senate

Eric Partyka, Delaware Senate Energy and Transit Committee Intern (CEEP, University of Delaware)

Minutes

The October 4, 2007 SEU Oversight Board minutes were unanimously approved by the Oversight Board.

Bylaws

The Oversight Board reviewed an addition to the bylaws provided by its attorney. The addition concerned indemnity of the Board and its members. After considering language from the Oregon Energy Trust's bylaws, the indemnity language recommended by the Board's attorney was unanimously approved (inserted as Article 10).

Inquiries have been made with regard to the cost of indemnity insurance, through Lyons Insurance Company. Assuming that it is affordable, the Board agreed to authorize the Executive Committee to acquire indemnity insurance for the Oversight Board.

Review of ICF Kickoff Meeting

On Thursday, October 25, 2007 the SEU Executive Committee and Consultants from ICF held the contract kickoff meeting in Dover. The session was used to allow members to raise questions and discuss how the process would move forward. Those in attendance concluded that the meeting was very productive. The next step is that a report on the kickoff meeting from ICF will be provided to the Executive Committee. Copies will be made available to all members. In the next four to six weeks, ICF will conduct research and interviews with officials in states who have implemented programs comparable to those envisioned by the SEU. ICF's results will be provided to the Board. In addition, ICF will be coordinating a 1.5 day workshop where potential Contract Administrators and implementation contractors will be gathered to generate interest and further establish recommendations on RFPs for both layers. Due to the delay in releasing the purchase order, the workshop may need to be in January.

Discussion of Permanent Board Membership

The Oversight Board was provided with five documents related to the membership and functions of a permanent board. The first document provided a breakdown of the Oregon Energy Trust and the Vermont Energy Investment Corporation's (VEIC) Board of Directors. Both organizations have a similar mission to the SEU. Accompanying documents provided biosketches of each Board member. It was noted that both organizations have substantial representation from the business community and many members have significant management experience. Further, the VEIC organization has also configured an Advisory Board to provide additional expertise on energy issues. A fourth document provided the "Baldrige Perspective" on Boards of Directors and a Management concerning the major duties of boards. The Baldrige Perspective is a product of the National Institute of Standards and Technology and it provides a general overview and starting point on the ideal performance strategy for a highly functional Board. The final document was prepared by Management Help and offered specific guidelines for Board operations and delegation of responsibilities.

In discussions about the possible size and composition of the permanent SEU Board, it was suggested that the board have eleven positions but only nine should be filled initially. The Contract Administrator should have the opportunity to propose two members. It was agreed that potential board members must bring expertise to the SEU, in order to be more effective. The Oversight Board is scheduled to make recommendations to the General Assembly in January as to who should comprise the permanent Oversight Board. Members are asked to be prepared to discuss how the Board should be structured at the next meeting.

The Board agreed to create an email list so that members could communicate more effectively between meetings.

Bonding

The Board was briefed on two options for obtaining a bond underwriter: competitive bidding and selection based on underwriter replies to a request for qualifications (RFQ). Because the bond float is not large by market standards, it is possible that an RFQ process will result in the same number of underwriter submissions as a competitive bidding process but it would be a less complex procedure. A draft letter was provided to the Oversight Board detailing questions to be asked of potential bond underwriters in an RFQ process.

The Board discussed having authorization of the bonds provided by different state agencies with authority to do so. No decision was reached. The Executive Committee was asked to explore options. The Board discussed the possibility that this bond may attract “green” and non-profit investors.

The Board was briefed on the need to select a finance team, in addition to bond underwriters, as well as bond and tax counsel (the latter is needed to assure tax exempt status). The team may work on a contingency fee based on successful sale of the bonds. It is expected that the Board will need to submit REC and achieve shared savings documentation. It will take months to prepare for and complete the sale of the bonds.

The Board voted unanimously to authorize the Executive Committee to recommend an accountant (preferably, a CPA) to handle this issue.

The Oversight Board voted unanimously to authorize the Executive Committee to explore an RFQ process and State authorization of the bond float.

Publicity Initiative

The Oversight Board agreed that publicity and education efforts on behalf of the SEU need to be launched soon. The Board also discussed the possibility of adopting an “early actions” project to raise awareness.

Ideas suggested to raise awareness about the SEU include the creation of a flyer to promote to SEU, radio spots on WBOC, scheduling a press event, creating a YouTube video, public service announcements, and participating in one hour slots with the People’s Settlement Association on community television. The DEO can also help with marketing using 30 second spots with Comcast. There are marketing dollars allocated in the law that established the SEU.

The Oversight Board unanimously agreed to establish a Publicity Initiative headed up by the State Energy Coordinator. It also voted unanimously to have the Executive Committee explore an “early action” project.

Old Business

The Chair will speak with members of the Executive Committee about size and composition of the Committee.

Other Business

The Board recognized with applause the achievement of Dr. Byrne and the IPCC for receiving the 2007 Nobel Peace Prize.

Members of the Board have been contacted by Philadelphia, Washington, DC, Maryland, Pennsylvania, Wisconsin, Washington State, Illinois, the Italy League of Cities, Thailand, Sweden, and Seoul, South Korea about use of the SEU model in their jurisdictions. The District of Columbia is slated to introduce legislation creating an SEU on November 6, 2007. The City of Seoul has contracted with CEEP, University of Delaware, to design an SEU for its use and to identify a pilot district of the City to launch an SEU.