

SUSTAINABLE ENERGY FUND

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May 22, 2014

Ms. Rosemary Chiavetta
Secretary
PA Public Utility Commission
400 North Street, Keystone Building
Harrisburg, PA 17105-3265

RECEIVED
2014 MAY 29 AM 10:45
P.A.P.U.C.
SECRETARY'S BUREAU

Re: Board of Directors Replacement – Docket # M-00031715 F0003

Dear Ms. Chiavetta:

The Board of Directors of Sustainable Energy Fund (SEF) has approved Ms. Linda Evers as a Director to fill the seat vacated by Mr. Andrew Stein and Mr. William DeFalco as a Director to fill the seat vacated by Mr. Alan Roman. Ms. Evers' and Mr. DeFalco's resumes are attached.

The Board Director search is an extension of the initial search which occurred in the latter half of 2013. After the initial round of interviews and the appointment of Ms. Jean Black, there remained Board vacancies and so the Board Replacement search continued. The recruitment process continued to be according to the Pa Sustainable Energy Board Best Practice for Nomination, Election and Approval of Directors. The pool presented to the Nominating Committee included five candidates. The candidates' credentials were reviewed by the SEF Board and narrowed down to four that were brought in for Board interviews. Ms. Evers and Mr. DeFalco were approved by the Board.

In addition to the resumes, I attached a copy of the Board minutes approving Ms. Evers and Mr. DeFalco to the SEF Board.

Thank you for your continued support and consideration.

Sincerely,

Jennifer A. Hopkins
President

cc: Andrew Stein, Board Chairman,
Scott Gebhardt, PUC



Linda R. Evers

RECEIVED



Energy, Communications and Public Utility, Chair 2014 MAY 29 AM 10:46
Shareholder

Phone: 610.478.2265

Fax: 610.988.0855

email: lre@stevenslee.com

blog: www.smartgridlegalnews.com

P.A.P.U.C.
SECRETARY'S BUREAU

Ms. Evers serves as Relationship Manager for a number of the firm's Client Teams where she is responsible for communication with clients regarding the quality, service and value Stevens & Lee provides. With over 18 years of experience as in-house counsel, Ms. Evers provides significant and practical experience to help clients achieve favorable results that are cost-effective and make a positive impact on their financial conditions.

Prior to joining Stevens & Lee, Ms. Evers served as in-house counsel for FirstEnergy, one of the largest investor-owned utility in the nation. As FirstEnergy's Pennsylvania regulatory lawyer, Ms. Evers served as lead attorney on regulatory matters concerning Metropolitan Edison (Met-Ed), Pennsylvania Electric Company (Penelec) and Pennsylvania Power Company.

She represents public utilities and other companies in matters before governmental and regulatory agencies, including the Pennsylvania Public Utility Commission.

An experienced regulatory lawyer, she handles the following on behalf of utilities and major corporations:

- Rate cases
- Default service issues
- Smart grid cost recovery issues
- Smart meter communications plans and privacy policies
- Alternative energy portfolio standards issues
- Reliability concerns
- Inspection and maintenance matters
- Customer complaint cases
- Compliance issues
- Energy RFPs and auctions
- Tariff filings

"Linda is a zealous advocate who can be counted upon to take on tough issues and deliver results. She works to understand complex issues and the impact on the business and always looks for the practical and best solution."

- Leila L. Vespoli, Executive Vice President & General Counsel, FirstEnergy Corp.

"Linda takes a holistic view of the client's needs and is diligent in understanding her client's business. The solutions she provides are timely and tailored, and there is consistent follow up to ensure the client is satisfied."

- Gina Merritt-Epps, Corporate Counsel & Secretary, South Jersey Industries

Ms. Evers has leveraged her utility experience to assist large corporations with energy procurement and utility expense management resulting in significant financial savings.

A consultant on smart grid issues, Ms. Evers has educated utilities nationally and internationally on smart meter privacy and health concerns, as well as overall smart grid cost recovery methods. As the editor of the blog Smart Grid Legal News (www.smartgridlegalnews.com), Ms. Evers provides insight on regulatory smart grid cases on the state and federal levels. She was a participating member of the NIST Smart Grid Interoperability Panel (SGIP) and an active member of the Department of Energy (DOE) Smart Grid Customer Engagement Working Group.

Ms. Evers is an active member of the Energy Bar Association and currently serves as the Vice Chair of the Demand-side Resources and Smart Grid Committee. She is a member of the American Association of Blacks in Energy, the Energy Bar Association and The Forum of Executive Women, in addition to a number of other professional and community organizations. Linda is a recipient of the 2010 Berks County Presidential Award of Merit for promoting diversity in the legal profession by teaching business law to grade school children.

Ms. Evers holds a J.D. from the University of Illinois College of Law and a B.S. from Northwestern University.

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LAWYERS & CONSULTANTS

A STEVENS & LEE/GRIFFIN COMPANY 

SUSTAINABLE ENERGY FUND

Board of Directors Meeting

SEF Office
Allentown, PA

Meeting Minutes
April 30, 2014
10:00 a.m.

Present:

Andrew Stein, Chairman
Alan Roman (via WebEx)
Daniel Griffiths
Ken Mickens
Bernard Zavatone
Robert Thomson
Jean Black

Also Present:

John Costlow, Director of Technical Services
Scott Gebhardt, Utility Energy & Conservation Analyst - Public Utility Commission (via WebEx)

Mr. Stein called the Board of Directors meeting to order.

Minutes Approval

January 29, 2014 Quarterly Board Meeting

Mr. Mickens noted three grammatical corrections; change the word proposal to "proposed", change the word applicants to "applications", and eliminate the word "an".

A motion (Zavatone, Roman)

RESOLVED to approve the January 29, 2014 Board of Directors Meeting minutes with the three grammatical changes as presented.

Passed by voice vote (6-0-1) Mr. Stein abstained

March 24, 2014 (Teleconference)

A Motion (Mickens, Thomson)

RESOLVED to approve the March 24, 2014 Board of Directors Meeting minutes as presented.

Passed by voice vote (5-0-2) Mr. Zavatone and Mr. Stein abstained

April 3, 2014 (Ridge Flats Equity Investment)

A Motion (Mickens, Griffiths)

RESOLVED to approve the April 3, 2014 Board of Directors Meeting minutes as presented.

Passed by voice vote (4-0-3) Mr. Zavatone, Mr. Roman, and Mr. Stein abstained

New Business

Ridge Flats Equity Investment

Mr. Costlow presented information on the potential Ridge Flats investment. The presentation summarized financial information provided by Grasso Holdings and provided additional analysis based on various financial stressors.

Key Points:

- 146 unit mixed use development built to Passive House standards
- Onion Flats and Grasso Holdings – GP and Carlisle - LP
- \$433,068 equity investment
- 8% preferred return for SEF
- 10% cash out at the end of the project
- Equity split - 10.25% for General Partners (Grasso Holdings, Onion Flats, SEF), 89.75% for Carlisle; SEF would be a limited partner of the General Partner

Notable Items in presentation:

- Due to the preferred return, no single factor affected the long-term viability from SEF's perspective.
- Lack of retail clients had much less of an impact than lower than anticipated rental rates.
- Rental rates had the greatest impact on the project value.
- Capital injection event, refinancing, planned for October 2015.

There was a lengthy discussion with some questions that followed.

A motion (Thomson, Black)

RESOLVED to submit a term sheet at \$500,000, at 8% return with 15% cash out to include publicity rights, reporting requirements, copy of Carlisle correspondence, simultaneous closing, insurance clause, all pending legal review, and notify Grasso Holdings we are assembling a term sheet.

Passed by voice vote (6-0-0) Mr. Stein recused himself

It was noted that the SEF should be copied on all the main project meetings. The Board will have a conference call to vote on and approve the final term sheet.

The Board took a short break then resumed the meeting.

Committee Reports

Finance Committee

Mr. Costlow reviewed the Finance Committee report. The Finance Committee had a quarterly meeting on April 16, 2014. Included in the finance committee report were the Monthly Loan Tracking Summary, Balance Sheet, Endowment Income, and P&L (YTD). Notable items included:

- Michael Dinich's February payment clearing the bank; new loans for SolarSense, Jewish Home of Greater Harrisburg, Lawrence Auto Group, and Daystar Lighting;
- A/R balance \$357k vs. \$698k in prior year due to a portion of AFEG rebates being written off;
- Endowment income of \$837k YTD vs. Budget \$283k; and,
- Accrual Net Income of \$98k YTD vs. Budget (\$499k).

There was a brief discussion of the 0% Sustainable Energy Financing program and loans portfolio.

Sustainable Energy Systems Update

- SES had an annual meeting on April 1, 2014.
- SES has income from two leased solar thermal projects - \$700 month.
- Efforts to sell SES have not been successful.
- SES Board approved the FY2015 budget. Operating Net Income of (\$12,156) due to Depreciation and Amortization, and Cash of \$57,397.

Green Connexions Update

- GC had an annual meeting on April 1, 2014.
- GC is inactive.
- The GC Board approved the FY2015 budget. Operating Net Income of (\$1,630) for the year and Cash of \$29,741.

General Information for SES and GC

- Minimal amount of SEF time is going toward SES and GC.
- Mr. Craig Onori was reappointed for another three-year Board term - expires January 31, 2017.
- SES and GC Board Members would like to meet with SEF Board members in the new fiscal year.

There was a brief discussion of unwinding SES and GC.

New Business

10 Year Cash Flow

- Mr. Costlow reviewed the 10 Year Cash Flow that was included in the Board packet. He noted that the figures for the 2013/2014 Budget were included as a reference, and the 10-year cash flow assumes operations continue as they did in 2013/2014. Escalators for various factors are noted on the report, and the PRI portfolio balance is projected to increase from \$6M to almost \$11M.
- The 10-year cash flow shows stability for the first six years and a decline in net assets from \$21M to \$19M over the 10-year period.

Mr. Griffiths stated that going forward the 10-year cash flow should be adjusted for nominal dollars.

Standard Operating Procedures

- The Finance Committee reviewed and approved the SOPs.
- Some additional changes will be presented at the next Finance Committee meeting in June due to the elimination of the Director of Technical Services position.

Old Business

Review of Cash Balance for FDIC Limits

A review of the Cash Balance for FDIC Limits was done for October 2013 through March 2014.

A motion (Zavatone, Mickens)

RESOLVED to approve the recommendation of the Finance Committee to remove Ms. Jennifer Hopkins and Ms. Andrea Manoiu and add Mr. John Costlow and Mr. Daniel Griffiths as signature authorities on the Bank of America Corporate accounts.

Passed by voice vote (5-0-2) Mr. Stein and Mr. Griffiths abstained

A motion (Thomson, Griffiths)

RESOLVED to accept the report of the Finance Committee as presented.

Passed by voice vote (6-0-1) Mr. Stein abstained

Human Resources Committee

Mr. Costlow reviewed the HR Committee report. The Human Resources Committee had a quarterly meeting on March 11, 2014.

HR Matrix

A Start Date column was added to the HR Matrix as directed by the HR Committee.

The March 11, 2014 meeting reviewed:

- Staff Compensation
- A compensation analysis was performed by Thomas J. McCann & Associates

Educational Services

2014 YTD Education Hours

- Total Education Hours = 8,398.5.
- SEF was at the Farm Show in Harrisburg January 4th through January 11th, 2014 (120 hours).
- There were a lot of public speaking, exhibit booths and other activities (Earth Day is a busy period).

Regulatory Update

Mr. Costlow gave a current update on the following items:

- Time of Use at docket P-2013-2389672 waiting on ALJ and Commission to approve settlement agreement;
- On Bill is inactive;
- PPL Electric EE&C Phase II at docket M-2012-2334388 Commission approved some items and denied other items, none of the items that SEF had an interest in were approved in SEFs favor; and,
- AEPS Proposed Rulemaking at docket L-2014-2404361 waiting for the Pennsylvania Bulletin to make a comment.

Education Update

Energypath 2014

- Being held at Albright College June 16th through 20th, 2014
- Board Meeting will be held at the Conference on June 19, 2014
- Mr. Costlow reviewed the speakers for that day
- Nora Mead Brownell will be receiving the Epstein Award
- Registration is up over 250 – another 68 plus with speakers and exhibitors
- Received some Science Fair applications
- There are currently 17 Exhibitors
- Shelby Linton-Kiddie from Pam Witmer's office will be handing out the Science Fair Awards on Friday, June 20, 2014

Energy Path 2015

- Will be held at the University of Scranton on July 20 through July 24, 2015

New Business

The HR Committee reviewed and approved educational and regulatory SOPs.

Energypath 2014 Budget

- SEF will have two Energypath Conferences in the 2014 fiscal year, but the budget was for one conference.
- The 2014 Energypath Budget Addendum to the 7/1/13 – 6/30/14 Budget was presented and approved by the HR Committee.

Ms. Black asked if anything needed to be done regarding the President's Compensation and Performance Evaluation as outlined in the HR Matrix. Mr. Stein stated it can be discussed in the Executive Session.

A motion (Zavatone, Mickens)

RESOLVED to accept the report of the HR Committee as presented.

Passed by voice vote (6-0-1) Mr. Stein abstained

Program Related Investment Committee

Mr. Costlow reviewed the PRI Committee report. The PRI Committee had a quarterly meeting on March 18, 2014.

Status Reports

Pipeline Report

- \$1M AFC loan extension was underwritten – reviewed at the Board level and paperwork received.
- PRI Committee approved 10 loans in various stages of the process.

Monthly Loan Tracking Summary

- HACAG – SEF filed a replevin action to establish who has the right to the solar property.
- All Facility Energy Group (AFEG) – have not come to agreement on payment terms.
 - Hourigan, Kluger and Quinn, attorneys, are proceeding with a filing against AFEG

- Plextronics was sold to Solvay – value of SEF equity investment is unknown at this time.
 - Written off for about \$170k
 - Actual cash loss was about \$130k

Key Performance Indicators

- Increase in Projected Lifetime Revenue because of CEI and Safe Harbor loans.
- YTD \$1.8M has been disbursed.

PRI Review

- The PRI Committee reviewed The Jewish Home of Greater Harrisburg, Susqu-View Home, Inc., Harrisburg International Airport (SARAA), Daystar Lighting Solutions, Inc., Lawn Fire Company, Hollidaysburg Area YMCA, and SolarSense MD I GC, LLC.

There was a brief discussion of the pipeline report.

New Business

Review of Standard Operating Procedures

- The SOPs and changes were reviewed and approved by the PRI Committee.

Sustaina-Lease – Round #2

- The program was approved by the PRI Committee.
- Maximum Funding Amount - \$772,400.
- Maximum Amount of Forgone Interest - \$70,897.
- PRI Committee approved a portfolio size of \$425,000 at 0% interest.

Mr. Costlow indicated the interest rate would be at 2.5% interest if there is a Sustaina-Lease – Round #3. Information received recently found that there is not much of a difference in participation between 0% and 2.5% interest on a loan.

Mr. Stein stated that from a process point of view the elimination of the DTS position is being addressed now in the Standard Operating Procedures. However, the Operational Plan and Budget has not yet been approved eliminating this position. Mr. Costlow is doing a parallel path regarding this matter.

Mr. Griffiths raised a question regarding the explanation of the credit scores in the PRI SOPs.

Old Business

Review of Sustaina-Lease – Round #1

- \$549,335 of the projects were approved of which \$447,977 was funded at 0%.
- 3 applications for \$267,000 were not funded due to lack of funding.
- These 3 applications have been resubmitted for Round #2.
- A map of the geographic distribution of the projects was included in the review.

A motion (Thomson, Griffiths)

RESOLVED to accept the report of the PRI Committee as presented.

Passed by voice vote (5-0-1) Mr. Stein abstained and Ms. Black recused herself

The meeting was adjourned.

The Board went into Executive Session.

The Board meeting was reopened.

A motion (Zavatone, Griffiths)

RESOLVED to accept the HR Committee's recommendation to intervene in the PPL Electric Default Service proceeding – Docket P-2014-2417907.

Passed by voice vote (4-0-0) Mr. Mickens recused himself, Ms. Black was not in the room, and Mr. Roman dropped off the call

The meeting was adjourned.

Mr. Stein reopened the Board meeting.

The purpose of the continued meeting was to discuss the nomination of Linda Evers as a new SEF Board of Directors member. She was interviewed and vetted by the Board members earlier in the day.

A motion (Thomson, Griffith)

RESOLVED to approve the nomination of Linda Evers as a new SEF Board of Directors member.

Passed by voice vote (6-0-1) Mr. Stein abstained

The meeting was adjourned.

WILLIAM M. DEFALCO

308 Hampton Drive
Birdsboro, PA 19508
(610) 914-4353 (cell)
(610) 404-8709 (home)

SUMMARY OF QUALIFICATIONS:

For the past twenty-five years I have worked in and managed performance driven teams in both lending and credit roles, utilizing superior relationship building and creative problem solving skills to propel growth of quality, commercial loan assets in fast paced banking environments. During this time I have also gained a unique combination of experience in manufacturing and expertise in the financing of green building projects, a topic on which I am a regionally and nationally recognized speaker (see list).

AREAS OF EXPERTISE:

Utilizing formal credit training and experience in manufacturing to build quality portfolios of C & I and light CRE loans in the business banking market. Creating directed loan programs to reach specific target audiences. Leveraging thought leader status in green building finance and sustainable business practices to drive new business opportunities and position bank as market leader. Adept at building consensus through excellent communication.

EXPERIENCE:

- 11/10-Present **Meridian Bank, Senior Vice President**
Manages a group of three commercial lenders with portfolio commitments of approximately \$85,000,000. Responsible for all C & I approvals under \$750,000. Implemented small business approval platform to improve process efficiency in order to increase profitability. Formed Meridian Energy Group, a resource and networking group for professionals in the myriad disciplines surrounding the alternative/renewable energy, distributed generation and energy efficiency fields. Utilizing this expertise the bank has funded solar projects as well as the business banking needs of numerous companies in the field including a diversified, turnkey, distributed energy developer, a green building construction management firm, geothermal contractor, etc.
- 4/08-2/10 **e3bank (in organization), Malvern, PA, Executive Vice President & Chief Lending Officer**
Part of three-person management team launching a de novo bank with primary responsibility over the lending and credit functions including creation of loan, third-party/vendor and environmental policies. Created differentiated, strategic partner based, value-added commercial and residential loan program that will allow bank to compete on basis other than price. Instituted unique credit policy features designed to accelerate growth of loans with superior collateral and cash flow characteristics. Directed selection of commercial and consumer LOS software, web-based desktop environmental provider, loan documentation and other related software. Parameterized loan functions with core processor, mapped and wrote content for product section of website.
- 3/06-4/08 **Fox Chase Bank, West Chester, PA First Vice President**
Hired as team leader for C&I lending group to launch a Loan Production Office in a new geographic market. Together with other key commercial lending hires constituted a redirection of the bank resulting in lifting of a C & D in 6/06. Recruited lending, administrative, credit analysis and cash management support staff for the LPO. Designed medical lending program to target this strategic vertical market. Rotating member of Officer's Loan Committee.
- 2/03-3/06 **First Financial Bank, Downingtown, PA Vice President/First Vice President**
Growing an individual portfolio from \$10MM to \$40MM and generating over \$2.5MM in new deposits resulted in promotion to team leader managing a staff of three lenders with administrative support and a portfolio of \$100MM.
- 8/01-2/03 **Republic First Bank, Philadelphia, PA, Vice President/Relationship Manager**
Inherited a portfolio of \$25MM and generated over \$10MM in new commercial loan commitments, \$800M in new deposits and over \$40M in loan fees.
- 6/00-8/01 **Mellon Bank, Philadelphia, PA, Vice President/Business Center Credit Manager**
Managed commercial credit function of Plymouth Meeting Business Center, consisting of five relationship managers and the sales manager. Granted \$1.2MM in loan authority in matrix arrangement. Reviewed underwritings for submission to higher loan authorities and managed watch list function for the business center. Collaborated with the sales manager to meet established business center goals and bolstered RM performance through joint calling.
- 1/99 – 6/00 **Window Pros, Inc./Regency Plus, Inc., Mount Carmel, PA Vice President Operations**

Directed all functions of day-to-day operation of a 25,000 unit per year custom window manufacturer and eight-member dealership network, reporting directly to the President. Supervised purchasing function including implementation of purchasing policies and creation of excel-based inventory control system for vinyl stock. Key contributor in team-oriented shop floor redesign, improving production 40%.

2/94 – 12/98 **Heritage National Bank, Pottsville, PA Commercial Loan Officer/Asst. Vice-President/Vice-President**

11/91 – 2/94 **MELLON BANK, WAYNE, PA**

4/88 – 11/91 **UJB FINANCIAL, HACKENSACK, NJ/BERWYN, PA**

2/86 – 4/88 **HERITAGE NATIONAL BANK, POTTSVILLE, PA**

2/85 – 2/86 **BENEFICIAL FINANCE CORPORATION, POTTSVILLE, PA**

EDUCATION:

BS Business Management, University of Scranton, 1984

COMMUNITY & PROFESSIONAL SERVICE:

- Environmental Bankers Association Member 2008-2010 (global issues/climate risk subcommittee)
- Delaware Valley Green Building Council Development Committee 2008-2010
- Green Economy Task Force Funding Committee 2008-2010
- Habitat for Humanity Chester County Board of Directors. Member 6/12-6/13, President 7/13-present
- Past Treasurer Immaculate Conception Home & School Organization

References available upon request

Speaking Engagements: Bill DeFalco

- August 20, 2008: SEDA-COG/Green Building Association of Central Pennsylvania, Mifflinburg, PA - "The Financial Case for Building Green"
- January 23, 2009: Construction Managers Association of America panel discussion, Washington, D.C. - "Financing Green Building Projects"
- March 13, 2009: Go Green Expo, Philadelphia, PA - "Building Green does not have to cost more"
- September 24, 2009: University of Scranton, Scranton, PA - Guest lecturer to undergraduate and graduate Sustainable Marketing classes
- October 21, 2009: Building Industry Association of Philadelphia, Philadelphia, PA - "Appraising & Financing Green Properties"
- November 12, 2009: United States Green Building Council Green Build 2009, Phoenix, AZ - "Marketing Green In The Real World"
- December 15, 2009: U.S. Environmental Protection Agency Green Work Group, national conference call - "Update On Trends In Financing And Appraisal of Green Buildings"



**SUSTAINABLE
ENERGY FUND**
of Central Eastern Pennsylvania

**Board of Directors Meeting
Teleconference**

Board Replacement

**Friday, May 16, 2014
2:00 p.m.**

Present:

Andrew Stein, Board Chairman (via phone)
Alan Roman (via phone)
Daniel Griffiths (via phone)
Bernie Zavatone (via phone)
Robert Thomson (via phone)
Jean Black (via phone)

Mr. Stein called the meeting to order.

The purpose of the meeting was to discuss the interviewed candidates for Board replacement.

A motion (Thomson, Black)

RESOLVED to appoint Mr. William DeFalco to the Sustainable Energy Fund Board of Directors.

Passed by voice vote (6-0-0)

The meeting was adjourned.



SUSTAINABLE ENERGY FUND
 1005 Brookside Road, Suite 210
 Allentown, PA 18106

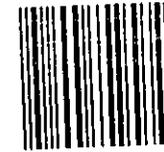
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