



REINVESTMENT FUND
SUSTAINABLE
DEVELOPMENT FUND

The 2019 Annual Report of the Sustainable Development Fund

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I. INTRODUCTION

This 2019 Annual Report was prepared by Reinvestment Fund, the manager of the Sustainable Development Fund (“SDF”), to summarize for the Pennsylvania Public Utility Commission the initiatives and accomplishments of SDF in calendar year 2019.

II. HIGHLIGHTS AND ACCOMPLISHMENTS

Since its inception, SDF has deployed a total of \$49,141,787 towards its mission of supporting renewable energy, energy efficiency and other advanced clean energy technologies as shown on the following table:

Type of Support	# of Closed Transactions	Total \$
Debt Financing	41	\$24,108,839
Equity Investments	6	\$3,788,770
Grants	<u>377</u>	<u>\$21,244,178</u>
TOTALS:	423	\$49,141,787

The total funding SDF received from PECO was \$31,815,216, so the PECO dollars have been fully deployed and are revolving again, as was the original intent.

III. SDF's FINANCIAL APPROVALS IN 2019

A. SDF's Energy Loans and Investments

In calendar 2019, Reinvestment Fund approved and closed no energy loans using SDF capital.¹ This closed loan is listed in the table below:

SDF Energy Loans Closed in 2019			
Borrower	Amount of SDF Financing	Loan Closing Date	Comments
TOTALS:			

At the end of 2019, Reinvestment Fund was working on several loan requests for clean energy project in the SDF service area, including a CHP project for a nonprofit medical supplier, an HVAC replacement at an existing office building and a solar PV system for a supermarket. Whether these loans will be closed with SDF capital depends on several factors., including the location of the project, the project's energy savings, the availability of energy capital in our other programs, etc.

SDF is no longer making equity investments in projects or companies, so no new equity transactions were closed or approved in 2019.

B. SDF's Energy Grants

In 2019, SDF only new energy grant was a \$100 grant for an ad in the PA Association of Sustainable Agriculture conference program. However, throughout the year staff was actively working on two previously-awarded grants: the large grant made in 2018 to Green Building United in the amount of \$200,000 for training and related work on the 2018 International Energy Conservation Code for commercial buildings and the 2016 grant to SolarSense for the current flow study looking at the impact of the community solar project on the local distribution system at the Navy Yard.

SDF Energy Grants Executed in 2019			
Grantee	Amount of SDF Grant	Grant Award Date	Comments
PASA	\$100	02/07/19	Ad for Sustainable Agriculture conference program.
TOTALS:	\$100		

¹ As noted in earlier annual reports, Reinvestment Fund has received other capital for energy lending from the Commonwealth of Pennsylvania (the Pennsylvania Green Energy Loan Fund or GELF), the City of Philadelphia (EnergyWorks), the Bank of America (the Bank of America Energy Efficiency Finance Program), the Kresge Foundation, the City of Baltimore (the Baltimore Energy Initiative Loan Program), the CDFI Fund Bond Guaranty Program, Met Life Insurance Company (Clean Energy Fund 1) and its own core dollars. Reinvestment Fund closed 13 energy loans in 2019 totaling \$33,473,771 using these other energy capital sources. Since the beginning of its clean energy financing in 1993, Reinvestment Fund has deployed \$165 million in total for energy efficiency, renewable energy and other clean energy projects.

IV. 2019 FINANCIAL DISBURSEMENTS

A. SDF's Energy Loans and Investments

In 2019, SDF made the following disbursements on its energy lending:

SDF Energy Loans Disbursed in 2019			
Borrower	Amount Disbursed	Loan Closing Date	Comments
Tech Friere Charter School	\$1,185,293	11/05/15	This is an earlier loan that was incorrectly funded with other capital when it should have been an SDF loan. The disbursement was a transfer from SDF to the other capital source.
TOTAL:	\$1,185,293		

In 2019, SDF made no disbursements on any equity investments.

B. SDF's Energy Grants

In 2019, SDF made the following disbursements on its energy grants:

SDF Energy Grants Disbursed in 2019			
Grantee	Amount Disbursed	Grant Award Date	Comments
SolarSense	\$35,015	08/31/16	Support for the current flow study done as part of the community solar project at the Navy Yard.
PA Association for Sustainable Agriculture	\$100	02/06/19	Ad in the program for the PASA Sustainable Agriculture conference in Lancaster, PA in February 2019.
Green Building United	\$107,137	12/10/18	Support for a wide range of educational programming for code officials, architects, engineers and designers to implement the 2019 International Energy Conservation Code for commercial buildings and the 2015 IECC for residential buildings.
TOTAL:	\$142,252		

V. THE PECO-UNICOM MERGER PROGRAMS

As of December 31, 2015, SDF had disbursed all of the funding received from the PECO-Unicom merger for wind (\$12,000,000), solar (\$4,000,000) and public education (\$2,500,000). These three “Temporarily Restricted” accounts are now closed and all SDF funds now appear as “Unrestricted but Contractually Limited as to Use.” Please see the SDF annual reports from 2015 and earlier years for information about this \$18.5 million of funding and support for renewable energy.

VI. FINANCIAL REPORT

SDF has received a total of \$31,815,216 from PECO Energy. This figure consisted of eight quarterly payments in 1999 and 2000 from distribution charges that total \$3,335,216 and the lump sum accelerated payment of PECO quarterly payments through December 31, 2006 totaling \$9,980,000. SDF had also received, pursuant to the terms of the PECO Energy/Unicom merger agreement, three installments of \$4,000,000 for the Pennsylvania Wind Development Program (total of \$12,000,000); five annual installments of \$500,000 for public education about renewable energy (total of \$2,500,000); and four annual installments of \$1,000,000 for SDF’s solar photovoltaic program (total of \$4,000,000). PECO’s financial support of SDF ended with the last payment received on December 31, 2006.

SDF’s unaudited financial statements for the twelve-month period ending December 31, 2019 show total financial income of \$369,352 and net financial income of \$396,562.

Operating expenses for 2019 totaled \$56,859, consisting mostly of Reinvestment Fund’s management fee for managing the SDF (\$50,091)² and bank fees of \$6,768.

On December 31, 2019, SDF held \$3,837,914 of funds in SDF’s cash and investment accounts available for lending. This rose at the end of the year with the pay-off of an earlier SDF loan.

Outstanding receivables (loans net of allowance for losses) as of December 31, 2019 totaled \$6,388,558, of which \$199,8919 were current assets and \$6,188,739 are non-current assets. Total assets on December 31, 2019 were \$10,267,249. SDF’s liabilities at December 31, 2019 totaled \$51,759. As of December 31, 2019, SDF’s total net assets were \$10,215,490, an increase of \$355,237 over 2018’s figure.

Audited financial statements for the year ending December 31, 2019 will soon be available and will be shared with the Commission. The audited financial statements will be available upon request by contacting Roger Clark, Fund Manager, Sustainable Development Fund, Reinvestment Fund, 1700 Market Street, 19th Floor, Philadelphia, PA 19103. He can be reached by email at roger.clark@reinvestment.com or by telephone at 215.574.5814.

² The SDF board approved Reinvestment Fund annually taking a management fee equal to 0.5% of the SDF funds under management. This fee is in lieu of personnel, space, and other internal expenses. Third-party expenses (such as bank fees and the audit) are likewise recoverable.

VII. SDF BOARD ORGANIZATIONAL ISSUES

SDF board of directors in 2019 consisted of the following people:

- Alex Dews (Green Building United)
- Michael Freeman (Emerald Energy Consulting)
- Matthew Madia (Bridgeway Capital)
- Sonny Popowsky (retired PA Consumer Advocate)
- Richard Schlesinger (PECO)
- Christine Simeone (Kleinman Center for Energy Policy)
- Sidharth Singh (Strategic Finance Group)
- Lori Van der Voort (PWI Engineering)
- Sherif Youssef (Philadelphia Gas Works)

The board held a board meeting on September 13, 2019. In early 2020, the board met on March 13, 2020.

SDF is preparing to hold board elections this late spring/summer.



The 2019 Annual Report of the Sustainable Development Fund Addendum

1. Administrator's Expenses for SDF in 2019

SDF's Administrative Expenses for 2019	
Fund Management Fee (0.5%)	\$50,091
Bank fees	\$6,768
TOTAL:	\$56,859

2. Loans, Equity Investments and Grants Approved by SDF in 2019

SDF Approvals in 2019		
Type	Number	Dollar Value
Loans	0	\$ 0
Equity investments	0	\$ 0
Grants	0	\$ 0
TOTALS:	0	\$ 0

3. Loans, Equity Investments and Grants Closed/Executed by SDF in 2019

SDF Loan Closings and Grants Executed in 2019		
Type	Number	Dollar Value
Loans	0	\$ 0
Equity investments	0	\$ 0
Grants	0	\$ 0
TOTALS:	0	\$ 0

4. Loans, Equity Investments and Grants Disbursed by SDF in 2019

SDF Dollars Disbursed in 2019		
Type	Number	Dollar Value
Loans	1	\$ 1,185,293
Equity investments	-	\$ 0
Grants	1	\$ 142,252
TOTALS:	2	\$ 1,327,545

5. The Year-End Fund Balance (Net Assets)

\$ 10,215,490
