



REINVESTMENT FUND
SUSTAINABLE
DEVELOPMENT FUND

The 2021 Annual Report of the Sustainable Development Fund

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I. INTRODUCTION

This 2021 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 during the calendar year.

II. HIGHLIGHTS AND ACCOMPLISHMENTS

Since its inception, SDF has deployed a total of \$53,878,929 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	50	\$28,845,981
Equity Investments	6	\$3,788,770
Grants	<u>377</u>	<u>\$21,244,178</u>
TOTALS:	433	\$53,878,929

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 2021

A. SDF's Energy Loans and Investments

In calendar 2021, Reinvestment Fund allocated additional SDF capital through one project, as detailed below. Reinvestment Fund participated in this loan along with Sustainable Energy Fund and other funds.

SDF Energy Loans Closed in 2021			
Borrower	Amount of SDF Financing	Loan Closing Date	Comments
Community Energy Solar, LLC	2,400,000	Note date – 10/5/2020 – Reallocation date 4/15/2021	Finance for the manufacture and delivery of two transformers in support of a solar project to sell electricity to Google. This loan closed in 2020 using other capital sources available to Reinvestment Fund ¹ , but was reallocated to SDF as capacity became available.
TOTALS:	2,400,000		

B. SDF's Energy Grants

SDF made no new energy grants in 2021. This was due to staff transitions within RF/SDF, as well as a reprioritization of activities to respond to the COVID pandemic, which included allocating more staff time to asset management and risk mitigation to prevent losses within the SDF portfolio due to the pandemic. New grantmaking was discussed at the most recent SDF Board meeting in December 2021 and is expected to resume in 2022.

IV. 2021 FINANCIAL DISBURSEMENTS

A. SDF's Energy Loans and Investments

See Section III above. All of the above loans were allocated to/disbursed from SDF in full when reallocated, so that list also reflects 100% of SDF's 2021 disbursements for lending.

B. SDF's Energy Grants

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 regularly closes substantial volumes of clean energy transactions using these other sources when they are better suited to the use than SDF.

In 2021, SDF made no disbursements on its energy grants.

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 financial statements for the twelve-month period ending December 31, 2021, show total financial income of \$368,265 and net financial income of \$378,888. For the twelve-month period ending December 31, 2021, SDF received two payments totaling \$754,526, from the West Penn Power Sustainable Energy Fund. These payments represent the SDF’s share of alternative compliance payments made by electric generation suppliers (EGS) and money recovered by the Public Utility Commission from EGS that went bankrupt.

Operating expenses for 2021 totaled \$57,464, consisting mostly of Reinvestment Fund’s management fee for managing the SDF \$51,362² and bank fees of \$4,049.

On December 31, 2021, SDF held \$3,438,582 of funds in SDF’s cash account available for lending.

Outstanding receivables (loans net of allowance for losses) as of December 31, 2021, totaled \$7,969,953, of which \$3,266,653 were current assets and \$4,703,300 are non-current assets. Total assets on December 31, 2021, were \$11,349,988. SDF’s liabilities at December 31, 2021, totaled \$30,939. As of December 31, 2021, SDF’s total net assets were \$11,319,049, an increase of \$1,077,513 over 2020’s figure.

The audited financial statements will be available upon request by contacting Steve Chung, Fund Manager, Sustainable Development Fund, Reinvestment Fund, 1700 Market Street, 19th Floor,

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.

Philadelphia, PA 19103. He can be reached by email at steve.chung@reinvestment.com or by telephone at 215.574.5814.

VII. SDF BOARD ORGANIZATIONAL ISSUES

SDF board of directors in 2021 consisted of the following members:

- 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 met virtually in January 2021 and again in December 2021.

At the December meeting, the board approved the nomination of two new board members, and the renomination of eight existing members for 2022. These decisions will be submitted to the Commission for its approval.

The 2021 Annual Report of the Sustainable Development Fund Addendum

1. Administrator's Expenses for SDF in 2021

SDF's Administrative Expenses for 2021	
Fund Management Fee (0.5%)	\$51,362
Bank fees	\$4,049
TOTAL:	\$55,411

2. Loans, Equity Investments and Grants Approved by SDF in 2021

SDF Approvals in 2021		
Type	Number	Dollar Value
Loans	1	\$ 2,400,000
Equity investments	0	\$ 0
Grants	0	\$ 0
TOTALS:	1	\$ 2,400,000

3. Loans, Equity Investments and Grants Closed/Executed by SDF in 2021

SDF Loan Closings and Grants Executed in 2021		
Type	Number	Dollar Value
Loans	1	\$ 2,400,000
Equity investments	0	\$ 0
Grants	0	\$ 0
TOTALS:	1	\$ 2,400,000

4. Loans, Equity Investments and Grants Disbursed by SDF in 2021

SDF Dollars Disbursed in 2021		
Type	Number	Dollar Value
Loans	1	\$ 2,400,000
Equity investments	-	\$ 0
Grants	-	\$ 0
TOTALS:	1	\$ 2,400,000

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

\$ 11,319,049
