

PHILADELPHIA ENERGY AUTHORITY

Minutes of the Annual Meeting of the Board of Directors of The Philadelphia Energy Authority

April 3, 2014

The Annual meeting (the "Meeting") of the Board of Directors (the "Board") of The Philadelphia Energy Authority (the "Authority") was held on April 3, 2014, beginning at 4:30 PM, in the Municipal Services Building, 1401 JFK Blvd., Room 1450, Philadelphia, Pennsylvania.

The following members of the Authority were present at the meeting:

Barbara Adams
Christopher A. Lewis
Kenneth Ogawa
Emily Schapira

Also, present at the Meeting were Jill Kowalski, Executive Director, Philadelphia Energy Authority, Richard Freeh, the Mayor's Office of Sustainability, Adam Agalloco, Mayor's Office of Sustainability, Kristin Sullivan, Mayor's Office of Transportation and Utilities, Albert A. Childs, Chief Administrative Officer, Philadelphia Energy Authority/Philadelphia Municipal Authority, Barbara McNutt, Philadelphia Energy Authority Intern, Christian Pezanowski, Philadelphia Energy Authority Intern, Lu Xu, Philadelphia Energy Authority Intern, and Lorna Gallman of the Philadelphia Municipal Authority.

There was one person from the public in attendance at the meeting; his name is Iraklis Argyriou, student from University of Delaware.

Call to Order

Mr. Lewis called the Meeting to order. Mr. Lewis determined that a quorum was present and that the Meeting was properly advertised.

Approval of Minutes

As the first order of business, Mr. Lewis made a motion that the Authority approve the minutes of the meeting of the Authority held on January 9, 2014 (the "Prior Meeting"), which minutes were provided to the members in advance of the Meeting. Upon motion duly made and seconded, the minutes from the Prior Meeting were approved by the Board.

Mr. Lewis continued with the agenda.

Public Comment

As the next order of business, Mr. Lewis asked for comments from the public. Mr. Argyrion informed the Board that he was a student and research associate at the University of Delaware, Center for Energy & Environmental Policy researching sustainable energy development in Philadelphia and was in attendance to learn more about PEA.

Mr. Lewis requested everyone in the room to introduce themselves.

Chair's Report

- i. Grant Agreement with City of Philadelphia

Mr. Lewis informed the Board that the Authority has received its funding for Fiscal Year 2014.

- ii. Board requirement State Financial Disclosure Form

Mr. Lewis stated that the Board members would have to submit their disclosure form by May 1, 2014. The form should be submitted on an annual basis. The Board continued to discuss the procedures for filing the disclosure forms with the State and the City.

Executive Director's Report

Ms. Kowalski provided the board with a status update on the following:

- i. Office Operations
 1. Space Update – City Hall Room 780
Andrew Stober was able to assist the Authority with finding office space in City Hall through Public Property. There are two (2) workstations and one

office. One of the workstations is currently being occupied by NORESKO. NORESKO should be finished construction in the fall and the office space would then be fully occupied by the Authority. The office space does not have windows and the Wi-Fi reception is poor in City Hall. Also, we are having difficulties with the Verizon routers. Verizon will be sending out a contractor to evaluate the location.

2. The Authority has enrolled with Intuit, a payroll service, to streamline our payroll. The payroll process is running smoothly.

ii. City Energy Project Update (Alex Dews)

Ms. Kowalski requested that Mr. Freeh provide an update to the Board on the City Energy Project. Mr. Freeh informed the Board that, Mr. Dews was not able to attend the meeting due to a prior commitment, but he would provide the presentation as follows:

1. Energy Benchmarking Update

During the first year, the energy project involved 1,500 buildings with an 85% compliant rate. During the second year or by June 30, 2014, the City would like to have public disclosure.

2. City Energy Project (CEP)

Philadelphia was selected to join the City Energy Project (“CEP”), a national, 10-city effort to significantly boost energy efficiency in large commercial buildings. The Mayor’s Office of Sustainability recently signed the MOU. It is a 3-year program (April 2014-March 2017). The next step is to submit a more detailed proposal to CEP. Initiatives being considered are:

- Expand existing building benchmarking: Current benchmarking requires all buildings more than 50,000 SF (non-residential) to report their energy use. This may be expanded to multi-family.
- Sector specific building challenges (voluntary participation)
- Building operator certification program (voluntary program that would possibly evolve to mandatory by 2017)
- Support adoption of green leases

Ken Ogawa inquired if the project would be staffed and suggested that a project champion be identified for CEP.

iii. Website Update (www.philaenergy.org)

Ms. Kowalski informed the board that the website has moved from a dot-com to a dot-org. The dot-com will expire in September 2014. The website is being updated on a daily basis with photos, bios on the members, public meeting minutes and detail information on the Energy Authority.

iv. Energy Report

Ms. Kowalski reported that there was a kick off meeting on March 18, 2014 with Andrew Stober, Katherine Gajewski, Kristin Sullivan, Mardi Ditze, & Adam Agalloco.

The goal of the energy report is to:

- Provide a summary of the energy work to date and document the thought process behind it
- Identify opportunities and next steps
- Focus on City government operations
- Focus on City General Fund with emphasis on portfolios of buildings and facilities
- Be written for the benefit of future city leaders and managers

18 possible subject areas were discussed and primary contacts were established for each one.

PEA staff organized the data into a directory and created a Google drive where documents can be shared. All topics have been put in draft "chapters" as follows:

1. Procurement
2. Management
3. Usage
4. Governance
5. Efficiency
6. Security
7. Large Projects

The estimated time frame is 6 months (September 2014)

The Authority would own the Energy Report when the document is completed. We would like to have the document go to the printer in August 2014 and released in early September 2014.

v. Intern Program

Ms. Kowalski had each intern introduce themselves. Ms. Kowalski stated that the interns went to City Council last week and were introduced to some of the Council members. Also, Ms. Kowalski explained to the board that Lu has been focused on the website transition; Christian

has been working on work plan implementation and design graphics; and, Barbara is managing the energy report. Eventually, all the interns will be working on the energy report.

Ms. Schapira inquired about the internship program end date. Ms. Kowalski responded that the program will finish before the summer begins in May. Mr. Ogawa inquired if the advertisement for the next rotation for interns has been posted. Ms. Kowalski informed the board the posting will be placed next week; we are looking for more energy management experience.

The discussion continued with the board regarding the interns work hours as it relates to healthcare. Mr. Ogawa was concerned that, if a person was working more than 1000 hours, the Authority would have to provide healthcare based upon the new healthcare law. It was expressed that each intern would not work near 1000 hours per calendar year.

vi. Energy Salon

Ms. Kowalski requested that the Board save the date, Wednesday, April 23, 2014 for the Authority's inaugural Energy Salon. This is an invitation only event. We have invited all the City Council members. The invitation list was a collaboration between PEA, the Water Department, and the Airport. Some of the invitees include Liberty Property Trust, Lockheed, and energy non-profits. Mr. Swann will facilitate the event.

The Board was concerned that certain organizations were not included. Ms. Kowalski assured the Board that each Salon would have different groups represented and we wanted to keep the size of the groups for each Salon small. At the board's request invitations were extended to PHA, School District, Public Property, and students.

Ms. Kowalski stated that, on behalf of the Authority I would like to thank Mr. Lewis and Blank Rome for allowing the Authority to hold its inaugural Energy Salon in their conference facility.

vii. Quadplex Contract Reassignment to PEA

Ms. Kowalski informed the Board that the Quadplex Contract reassignment is still moving forward. Mr. Agalloco stated that the substantial completion of the project will take place in early fall. The reassignment will have to be approved by the Philadelphia Municipal Authority Board. The project will be moving from construction to performance. Mr. Childs expressed concern about the reassignment of the project as it relates to the debt service of the bonds.

viii. Mayor's Task Force on City Owned Buildings Final Report

There was no further discussion on this item.

Treasurer's Report

i. FY2013-2014 Budget

Mr. Ogawa informed the Board that as of March 31, 2014 the ending cash balance was \$130,247. The amount includes our grant funds for FY2014 in the amount of \$116,000.00.

ii. FY2015 Budget

Mr. Ogawa asked about the equipment purchase item in the Cash Flow Report. Ms. Kowalski explained that it was for the purchase of a laptop computer for the office.

Ms. Adams raised the issue of why there was no expense item for an annual CPA audit. Mr. Childs expressed that the city grant agreement does not require an audit. Mr. Lewis suggested that Mr. Childs ask Austin McGreal, General Counsel, to determine the Authority's audit requirements under the PA Municipal Authorities Act.

Adjournment

There being no further business to come before the Board, on motion duly made and seconded the Meeting adjourned until the next meeting of the Board, scheduled for July 10, 2014. The date was pushed back a week due to the holiday.

Respectfully submitted,



Secretary to the Board of Directors