

PHILADELPHIA ENERGY AUTHORITY

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

January 22, 2015

The Annual meeting (the "Meeting") of the Board of Directors (the "Board") of The Philadelphia Energy Authority (the "Authority") was held on January 22, 2015, 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
E. Mitchell Swann

Also, present at the Meeting were Jill Kowalski, Executive Director, Philadelphia Energy Authority, Rich Freeh, the Mayor's Office of Sustainability, Adam Agalloco, Energy Office, J. Barry Davis, City of Philadelphia, Law Department, Jocelyn G. Hill, City of Philadelphia, Law Department, Amanda Byrne, Energy Office, Paul Molta, Intern, Philadelphia Energy Authority, Adebayo Adejare, Intern, Philadelphia Energy Authority, Mark Alan Hughes, Kleinman Center for Energy (PENN) and Lorna Gallman for the Philadelphia Municipal Authority.

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 meetings of the Authority held on October 2, 2014 and November 6, 2014 (the "Prior Meetings"), which minutes were provided to the members in advance of the Meeting.

Upon motion duly made and seconded, the minutes from the Prior Meetings 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. No public comments.

Presentation: Christina Simeone, Deputy Director, Kleinman Center for Energy Policy (PENN)

Mr. Lewis informed the Board members the next item on the agenda is a presentation from Christina Simeone. Mr. Lewis stated that Christina has not arrived. Ms. Kowalski informed the Board that Ms. Simeone had an emergency and Mark Alan Hughes would give the presentation. Mr. Ogawa commented that if Mr. Hughes did not arrive he would provide an update to the Board since he attended an earlier meeting regarding the presentation.

Mr. Lewis continued with the agenda.

Chair's Report

i. Grant Update

Mr. Lewis stated that grant funding (\$116,000) had not been received to date. Mr. Lewis stated that inquiries had been sent to Rina Cutler and Andrew Stober advising that the account balance was getting dangerously low. MOTU stated that funding would be received no later than next Thursday (Jan. 29, 2015) Ms. Schapira inquired why it takes 6 months to receive funding. Mr. Lewis informed the Board that he met with the Council President's office regarding the increase and he is waiting for a response.

Executive Director's Report

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

- i. Operations
 - 1. New Intern introductions (Paul Molta & Adebayo Adejare)

Ms. Kowalski welcomed the two new interns who are both engineering students.

Mr. Lewis commented that he was very impressed with the intern credentials and grateful to have them on board.

2. Implications of Al Childs resignation from PMA (Feb. 27, 2015)

Ms. Kowalski informed the Board that Al Childs is retiring from PMA and a transition plan has not been finalized but it may impact the MOU with PMA at the end of this fiscal year. Currently, the Municipal Authority is interviewing for a part-time controllership services. Ms. Kowalski requested confirmation from Ms. Gallman. Ms. Gallman agreed and added the consultants' interviews would take place next week and that PEA would be updated accordingly.

Next, Ms. Kowalski updated the Board on the upcoming Energy Salon: Energy Efficiency Paralysis. She stated that 55 people registered for the Salon, the attendees represent different industries. The Salon will consist of a 5 person panel to will focus on barriers to implementing performance contracts in the MUSH sector. Mr. Lewis suggested that the Salon discussion should be placed on the website. Mr. Swann commented that dialog on lessons learned are challenging, because companies do not like to comment publicly on failures. Ms. Adams indicated that individuals may not want their conversations on the record for judicial review. The Board members continued their discussion on Salon format, specifically facilitating candid conversation in an atmosphere where competitors tend to keep to themselves.

Ms. Kowalski informed the Board that Mark Alan Hughes has arrived. Mark replaces Christina for the presentation on the Kleinman Center.

Mr. Hughes stated to the Board that in July 2014 generous alum gave a gift of \$10 million dollars to create the new Kleinman Center for Energy Policy. It is a 5 year term gift of \$10M for a total of \$60 million. The Center was created because the American political systems are failing at creating a sense of policy certainty. The center will have a heavy internal focus to unlock the commercial value of faculty invention by pushing faculty to understand the critical role policy plays. Policy focus will make research more relevant and valuable. Outward activities will aim to create safe and stable environments for dialogue, "executive session" format.

Internal policy relevance discovery will be focused on Pennsylvania crossroads of energy issues:

- Convening PA stakeholders to discuss EPA compliance
- New future business models for utilities
- Energy storage (material science)

- Energy Hub work (reactivate CBEL)
- Environmental advocacy group support
- Working with utilities on distributed natural gas

The Board and Mr. Hughes continued their discussion on the benefits of the Kleinman Center. Mr. Lewis thanked Mr. Hughes for his presentation. Also, Mr. Lewis acknowledged Mr. Hughes for his insight that lead to the creation of the Philadelphia Energy Authority.

ii. Quadplex Update

Mr. Agalloco informed the Board that construction is wrapping up and project close-out has begun. The goal is to have the performance & verification period begin March 1, 2015. There is a change order, but it does not affect the amount. Mr. Agalloco introduced Amanda Byrne; she is the new analyst with the Energy Office. Also, Mr. Agalloco commented to the Board that upon completion of the construction there will be \$50,000 in deduction cost.

iii. City Programs Update

Mr. Freeh informed the Board that Alex Dews is no longer with the Mayor's Office on Sustainability and the office is going through other staffing changes. Mr. Freeh would be the person updating the Authority on the City Programs.

Mr. Freeh updated the Board on the City Programs as follows:

- The City has released a new Energy Benchmarking Visualization Tool. It is a user friendly interface for the benchmarking data. It includes info graphics and includes approx. 2,000 buildings. The Benchmarking Data Visualization tool is available on the City's energy benchmarking website (www.phila.gov/benchmarking).
- City Council introduced a bill to require benchmarking for residential buildings 50,000 SF or larger. The bill includes PHA Public and college dormitories.
- Energy Reduction Race was launched by Mayor's Office of Sustainability. There are 41 participants to date. The next initiative is building operator training that will be offered at beginner, intermediate, and advanced levels in energy reduction.

iv. PECO Collaboration

Ms. Kowalski gave an update on the PECO collaboration. She met with the PECO leadership team before Christmas (Ed McBride, Tom Bonner, Kathy Lentini, and Phil Eastman) for a general update. PECO committed and delivered detailed energy efficiency program fee report to the City at PEA's request. In Phase 1, the City received 2.7M in rebates but paid 3.5M in program fees. To date in Phase 2, the City is substantially in the green due to a credit applied from Phase 1, and large projects including biogas cogen, traffic signal relighting and the Quadplex project. Mr. Agalloco stated the need for a data sharing document with PEA to allow for PEA to have easier access to data. PECO has to be mindful of customer privacy.

v. PENNSEF Update (PA Sustainable Energy Finance Program)

Ms. Kowalski updated the Board on the program. There were currently eleven (11) pre-qualified ESCO's and the second submission was due this week. Follow-up meetings were held with North Penn & Philadelphia School Districts. Projects for the first round will most likely come from ESCO "pipeline". The bond issue goal is 40M. 2M is the sweet spot but there are exceptions to engage smaller participants.

vi. Energy Report Update

Ms. Kowalski informed the Board that the first graphic copy was received on Tuesday, and it looks good. After she completes her initial review it will be circulated to the Board for comment. The Energy Office, MOS & MOTU will also be given a chance to review and fact check. Mr. Lewis suggested that Mark Alan Hughes provide a peer review of the report.

vii. Status of the PHL Energy Audit

Mr. Swann provided an update to the board on PEA's meeting with the Airport. The intent was to determine the status recommended energy conservation measures identified as a part of the energy audit performed by NORESO. The comprehensive scope of recommendations outlined in the audit are "on ice" but they are completing portions of the audit recommendations as issues come up including HVAC upgrades, lighting, replacing boilers and chillers. During the meeting it was discovered that the Airport is a little weak in on rebate analysis and administration. Adam Agalloco stated that rebate administration capacity is

limited city-wide and will be a service explored potentially through an energy consulting contract. Mr. Ogawa inquired if there is an Energy Manager at PHL. Mr. Swann informed that at current there is no one on the PHL staff that has that title or primary role. Mr. Lewis commented/questioned that at the end of the day who bears the cost? The consensus was that as the Airlines are the tenants, they would bear the cost of either action or inaction and that at current the airlines feel this is not important. If the budget is set aside for an Energy Manager, there has to be someone at the Airport to handle these responsibilities/role.

The Board continued their discussion on the Airport, it was determined that they are lacking an internal sustainability champion. Developing energy management leadership at the Airport should remain a focus of PEA and the Energy Office.

viii. 4601 Market Street Update

Mr. Ogawa informed the Board that he and Jill Kowalski had met with the City to discuss issuing an RFQ for the central utility plant separately under PEA. Demolition has started on the Public Safety Campus project. The City is pursuing 2 paths simultaneously. The central utility plant is currently in the project scope. The alternative path, to free up bond funds, is to public/private partnership for the central utility plant to be third party owned and operated. The project anticipated completion is 2018.

Treasurer's Report

Mr. Ogawa gave an overview of the budget noting that the budget is the same as last year. It was noted that we still had not received our appropriation for this year. If received in February as promised, we would not have any fiscal problems, but if the payment was delayed, we would have to consider curtailing some expenses.

New Business

i. Election of Officers

Mr. Lewis recommended that the same slate of officers remain in place, because this is a great opportunity for the Authority with a Mayor focusing on his legacy, a new Mayor and a new Governor in the Governor's Office.

Mr. Lewis made a motion that the members of the Board be re-elected to the offices of the Authority. Upon motion duly made and seconded, the following officers were approved and adopted by the Board:

Christopher A. Lewis	Chairperson
Emily Schapira	Vice-Chairperson
E. Mitchell Swann	Secretary
Kenneth Ogawa	Treasurer
Barbara Adams	Assistant Secretary/Treasurer

ii. Approval of 2015-2016 Work Plan

Mr. Lewis made a motion that the Authority approves the 2015-16 Work Plan. Upon motion duly made and seconded, the 2015-16 Work Plan was approved by the Board.

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 April 2, 2015.

Respectfully submitted,



Secretary to the Board of Directors