

Philadelphia Energy Authority
Minutes of the Quarterly Meeting of the Board of Directors
January 25, 2018

The quarterly meeting (“the Meeting”) of the Board of Directors (“Board”) of the Philadelphia Energy Authority (“the Authority”) was held on January 25, 2018 beginning at 4:00pm at Philadelphia City Hall, Room 576, 1400 John F. Kennedy Blvd., Philadelphia, PA 19107.

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

Barbara Adams (Secretary)
Adam Agalloco (Member)
Christopher A. Lewis (Chair)
Emily Schapira (Member & Executive Director)
E. Mitchell Swann (Vice Chair & Treasurer)

Also present at the meeting: David Dix (Luminous), Amy McIlvaine (At&T Smart Cities), John Zellar (Ameresco), Mutkhid Muahuma (Glo-chon International), Mike Bayesa (ESG), Mike Heaney (The Climate Mobilization), Jeff Greene (One Step Away), Mark Lazoff (Cozen O’Connor), Kevin Birriel (Philadelphia Law Department), Maxine Dixon (Program Coordinator to PEA), Alon Abramson (Program Manager to PEA), Ben Vila (Projects Coordinator to PEA), Mahvish Ilyas (Intern to PEA)

Call to Order

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

Approval of the Minutes

As the first order of business, Mr. Lewis moved that the Authority approve the minutes from the prior meeting held on October 18, 2017 (“Prior Meeting”). Minutes were provided to the members in advance of the meeting. Upon motion duly made by Ms. Schapira and seconded by Ms. Adams, the Board unanimously approved the minutes with minor, non-substantive changes.

Public Comments

Mr. Lewis asked for comments from the public.

Mr. Heaney expressed concerns that the income profile of the LMI participants in the Solarize Philly program did not qualify as low-income, and recommended that the program be redesigned to focus a higher subsidy on fewer, lower-income households. He felt that the income ceiling of 80% of Area Median Income is too high to be “moderate-income”, despite that being the definition used by the City.

Mr. Greene shared concerns that, while there is a lot of excitement about the Solarize Philly program, many people will not be able to qualify for loans or may not meet the financial requirements for the program.

Ms. Schapira thanked both commenters for their feedback. She briefly explained that the current program is not meant to install solar on the rooftops of households who qualify for PECO's CAP rate (<150% of Federal Poverty Level), since solar will not save those households any money.

Chair's Report

Mr. Lewis states that there are a few areas where PEA can improve its operations. To address these areas Mr. Lewis would like to create subcommittees in the following three areas:

1. **Contracting** - Mr. Lewis appoints himself and Mr. Agalloco to this subcommittee
2. **Reviewing PEA's Bylaws** - Mr. Lewis appoints Ms. Adams to chair this subcommittee
3. **Board Development** (conference/fundraising) - Mr. Lewis appoints himself, Mrs. Schapira, & Mr. Swann to this subcommittee

As new board members are appointed they will be added to the subcommittees.

Executive Director's Report

Ms. Schapira shared PEA's 12-Month Look Ahead (attached).

Organizational Updates

- PEA would like to form a Finance Advisory Committee. The plan is for the committee to meet quarterly, feedback on who committee members should be is welcomed.
- In order to be ready for the next debt issuance PEA will need to amend its founding ordinance and Articles of Incorporation. PEA was unable to float the bond for the Art Museum due to missing specific language from the founding charter related to financing. PAID will be handling the Art Museum bond. Ms. Schapira will review required language and work with Council to introduce the required changes.
- Ms. Schapira sought Board approval to submit formal comment to the PA Public Utility Commission on their Act 40 interpretation. PUC still has to interpret the law, but the preliminary interpretation would limit the increase in the value of SRECs arising from the recent legislation to close the borders for SRECs in PA. Ms. Schapira would like PEA to put together a comment that reflects PEA's priorities if the board deems appropriate to do so. No clear consensus was made at board meeting. Ms. Schapira recommended a legal review prior to providing any comment.

Program Updates:

Over the first year and a half of the Energy Campaign, PEA has developed a pipeline of about \$48 million in projects and programs across the 4 target sectors. Over the remaining term of the Energy Campaign, which runs through 2026, PEA has a pipeline of about \$790 million of projects. The beginning of this year is dedicated to program evaluation, administrative activities, and prepping for 3 new pilots.

Small Business Pilot Phase I & II

The first phase of this program with Penn State finished last year. After a detailed evaluation of the initial pilot, this year the program will expand to include auto mechanics, laundromats, corner stores and small neighborhood restaurants. Outreach will kickoff in March targeting West Philadelphia neighborhoods only.

Solarize Philly

Phase II is now open for enrollment in the market rate program. The LMI portion of the program is live for sign-up but the financing vehicle will not be ready until March.

Multi-Family Pilot

The Multi-Family Pilot has won an award from Smart Cities Connect, for integrating smart technology into our multi-family affordable housing energy efficiency work. Phase I included 200 units across 4 buildings in Philadelphia, owned by non-profit affordable housing developers. In all 4 buildings more than 70% of tenants had incomes of 150% of Federal Poverty Level or below. The first phase targeted simple measures and controls and resulted in an average savings of 20%. The second phase will have deeper retrofits to aim for an additional energy reduction of 20%.

City Council Housing Preservation Initiative + Volume Purchase Program

The RFP for PEA's volume purchasing program will be released at the beginning of the year. Bulk purchase is necessary for the City's home repair programs and the new housing preservation loan program to drive down the cost of energy efficient equipment and materials so that energy standards can be more easily incorporated into the programs. PEA has both an agreement on the energy standards and a model on how to drive future volume purchasing.

Water and Sewer Line Insurance Program

The Water & Sewer Line Insurance Program RFP is planned to go out in February. The insurance program will provide up to \$10,000 of coverage for a small monthly fee, and will be available citywide. The program will provide program administration fees and also a small fund that could be used to repair or replace lines for low-income customers with emergency situations who cannot afford the Water Department's HELP loan. Ms. Schapira indicated that until responses are reviewed, we will not have more specific numbers on the size or scale of that program.

Schools Pilot

The Schools District will have selected their ESCOs by February and hope to start construction this Summer on a 3-school energy performance contracting pilot.

Flat Rock Dam

There is currently a feasibility study being conducted to evaluate the possibility of adding a small hydroelectric generator to the City-owned portion of Flat Rock Dam. Our goal is to determine a path forward by June 2018 in partnership with the Philadelphia Water Department.

Job Tracking

Ms. Schapira indicated PEA is planning to release its first jobs report this Spring. We had originally projected about 300 implementation jobs in the first year of the program, which underestimated the amount of time it took to get things off the ground. We were able to track 46 direct implementation jobs from FY17 and the first half of FY18, though our savings numbers were higher than projected. A full report will be forthcoming which will include indirect and induced jobs.

Solar Training Program

Our second solar training class begins in February during the spring semester with 25 new students from Ben Franklin, Randolph and Mastbaum High Schools. The focus of the class has shifted to include solar, energy efficiency and construction training. There is no Program of Study offered by the state for

renewable energy, which means that there is no state funding for training high school vocational students in this growing field. In order to create a state program, we are told 10 districts need to be teaching the curriculum. PEA is working towards that application.

Art Museum EPC

The Art Museum project is moving forward, the investment-grade audit is completed. Contract signatures and financing have not yet been completed but are in progress.

City Projects

Review of proposals from the renewable energy offtake agreement RFP are currently being reviewed.

SEPTA

SEPTA released an Expression of Interest (EOI) in a renewable offtake agreement very similar to the one released with the Energy Office recently.

Mr. Lewis and Ms. Adams requested a board briefing on the Art Museum contracts from the City Law Department. Mr. Lewis recommended tabling Resolution III-01 until that briefing can take place on February 15, 2018.

Treasurers' Update

Ms. Schapira & Mr. Swann gave a brief overview of PEA's budget spent to date. Ms. Schapira noted PEA has also receive a \$10,000 technical assistance grant from the Department of Energy's Solar in Your Community program. The grant can only be used through DOE's technical assistance portal and does not appear on our balance sheet.

Adjournment

Mr. Lewis asked that the board to go into an executive session for the purpose of discussing a personnel matter. Mr. Lewis moved to adjourn the meeting, which was duly seconded and approved.