

Philadelphia Energy Authority
Minutes of the Quarterly Meeting of the Board of Directors
October 18, 2017

The quarterly meeting (“the Meeting”) of the Board of Directors (“Board”) of the Philadelphia Energy Authority (“the Authority”) was held on October 18, 2017 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)
Christopher A. Lewis (Chair)
Adam Agalloco (Member)
Emily Schapira (Member & Executive Director)
E. Mitchell Swann (Vice Chair & Treasurer)

Also present at the meeting: Mark King (Independent), Jon Zeller (Ameresco), Amy Failing (Community Energy), Shawn Welch (Siemens-Gamesa), Meenal Raval (Philly Electric), Maxine Dixon (Program Coordinator to PEA), Nancy Mifflin (Consultant to PEA), Alon Abramson (Program Manager to PEA), Laura Rigell (Solar Manager to PEA), Ben Vila (Projects Coordinator to PEA), Tabeen Hossain (Intern 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 July 26, 2017 (“Prior Meeting”). Minutes were provided to the members in advance of the meeting. Upon motion duly made and seconded, the Board approved the minutes subject to fixing grammatical errors.

Public Comments

Mr. Lewis asked for comments from the public. No public comments were offered.

Chair’s Report

Mr. Lewis clarified that the next step to appointing the two new board members is to wait for City Council and Mayor Kenney to select their appointees and put them before City Council for approval. Mr. Lewis and Ms. Schapira have been working to encourage interest among potential board members with expertise in energy finance. Recommendations on potential candidates from the board and public are welcomed.

Executive Director's Report

Administrative Update: Ms. Schapira provided an update on what changes are being amended in the employee handbook and will seek board's approval at the end of the meeting.

D&O Insurance - Due to expansion of the Energy Campaign, PEA is revisiting the need for D&O insurance. The board agreed that Ms. Schapira should get a quote and revisit at our next meeting. Mr. Agalloco asked whether liability would be covered by the city. Ms. Schapira explained that her understanding is that when the city is the payer, the City would indemnify PEA including directors and officers, and would cover any associated legal costs. Ms. Schapira agreed to follow up with Barry Davis or Scott Schwarz at the City Law Department to confirm.

Annual Audit - The annual audit is being conducted for PEA. Submission will be late due to auditor delays.

2018 Energy Conference - Ms. Schapira shared PEA is planning an energy conference that will be held in late 2018. There is a need to fundraise and prep for event, including establishing of a planning committee. Recommendations for committee members are welcomed.

Energy Campaign Report - The yearly update for the energy campaign will include the first job report. Ms. Schapira shared preliminary assessment of jobs created through small city projects, PEA's small business pilot, SEPTA projects, and PHA projects in FY17. The preliminary results (unverified) showed:

- ~\$20 million in total investments
- ~ \$34k in Utility Rebates
- 161 implementation jobs in year 1
- 383 additional ongoing savings jobs that will occur over next 10 years

Ms. Schapira explained that this is in line with our projections for the first year of the Energy Campaign, but will be finalized for the next quarterly board meeting.

General Updates

- The new Solarize Philly consumer-focused website has launched at www.solarizephilly.org
- PEA would like to create a Finance Advisory Committee. There has been conversation around finding a more unified financing vehicle for all or many of PEA's programs. Other states and cities have started Green Banks, this is an option for us to explore. Recommendations for potential committee members are welcomed.

Programs Update

Upcoming City Projects (Energy Master Plan)

Mr. Agalloco stated that the City released its Municipal Energy Master Plan in September 2017. The plan is centered around 4 new goals with the main goal being a reduction in greenhouse gas emissions from City-owned properties by 50% by 2030 through energy efficiency and clean energy projects.

Art Museum

The City is working with Johnson Controls Inc. (JCI) on an energy performance contract at the Philadelphia Museum of Art (PMA). Ms. Schapira indicated that she anticipated approval from the City's

Finance Department for PEA to issue the bond for this project. The role of Project Management role is still being defined, but it will not be the role of the Energy Authority (either PMA or Mr. Agalloco).

Renewable Offtake RFP

Pre-proposal meeting will be held next week. Currently seeing a lot of interest and proposals are due back in late November 2017.

School Energy Efficiency Pilot

The ESCO pilot for 3 schools has been released. The School District has selected three high schools: Northeast, Saul, and Strawberry Mansion for energy retrofits. The School District is having substantive conversation internally on how they can scale this pilot in the future.

Water and Sewer Line Insurance Program

The RFP for the program is designed and PEA is having conversations with the Philadelphia Water Department to ensure compliance with standards and procedures.

City Council Housing Preservation Initiative

Ms. Schapira provided background on City Council's initiative. Through an incremental increase to the real estate transfer tax, Council was able to issue a \$60 million bond to clear the City's low-income home repair waitlists (which included 8,000 households, some of whom had been waiting for more than 4 years for assistance), and a \$40 million bond to create a loan program designed to support low- and moderate-income homeowners at all credit levels to make needed home repairs, and hopefully reduce demands on City repair programs in the future.

PEA is part of the program for two reasons: 1) to support PHDC to add energy standards to their repair programs, and 2) to ensure a health and energy assessment is built into the loan program so that homeowners receive and prioritize repairs/measures that save energy, protect health, and reduce overall costs. PHDC has completed over 300 households off their 8,000 household waiting lists. PHDC is working towards serving 250 household per month, at which pace it will take them 3 years to get through the waitlist.

Small Business Pilot Phase I & II

As part of the first phase pilot, 55 business were audited. 20% of those businesses receives proposal and had an average saving of 30% on their bills. Phase II is expected to begin in January and will include auto mechanics and laundromats.

Multi-Family Efficiency Pilot

Alon Abramson, PEA Program Manager, shared an update on this program. The pilot has been running for almost a year, and Mr. Abramson announced the auditing and engineering proposal had been completed and shared with the property owners, who will need to sign a contract to move forward. Mr. Abramson shared a unique feature of this program due to the complex degree of cooperation between PECO and PGW. Generally, both would support direct install and energy efficiency measures in these buildings but would do so separately.

Mr. Abramson highlighted one of our partners in the pilot, BlocPower. As the engineering and data analysis partner, their process includes two phases of work: controls and simple measures in Phase 1, followed by deeper building system measures after analysis to determine the best payback projects in Phase 2.

Flat Rock Dam - FERC Permits

PEA is working with a consultant to conduct a pre-feasibility study of installing a small hydropower generator at Flat Rock Dam in Manayunk. PWD is planning construction to the dam in FY2020 or later creating an opportunity to add hydro. FERC permits were prepared by PWD's engineer, Black and Veatch, and were submitted for both the dam and the locks. FERC denied both applications due to a few simple clerical errors. The letters of denial were not received by PEA and we missed the deadline to fix the issues on the original applications. PEA is working with Black & Veatch to submit new applications.

Solarize Philly and Solar Training Program

Laura Rigell, PEA's Solar Manager, walked through the process for a Philadelphian homeowner to obtain solar through the program. She provided an overview of the geographical distribution of interest in solar in Philadelphia, and shared plans for continued outreach in future phases.

18 students from 9 high schools graduated from the first solar installation training program in Summer 2017. There was positive feedback from students and the School District. Plans for an off-site program at ECA and onsite program at Benjamin Franklin High School are now in the works.

Other Updates

RESOLUTION IV-01: APPROVAL OF AMENDED AND RESTATED EMPLOYEE HANDBOOK

RESOLVED, that the Board of the Philadelphia Energy Authority (the "PEA") does hereby adopt the Amended and Restated PEA Employees Handbook in the form attached, which reflects the following substantive changes from the pre-existing version.

Mr. Agalloco motioned to approve, Mr. Swann seconded and resolution was passed unanimously.

Treasurers' Update

PEA has received a \$10,000 grant in technical assistance money from the Department of Energy, and a \$15,000 seed grant to support Solarize Philly.

Mr. Swann questioned about how the Board-Designated Reserve Fund is represented on PEA's financial statements. The board recommended the accountant should break down line items more clearly to identify this fund.

Adjournment

Mr. Lewis moved to adjourn the meeting, which was duly seconded and approved.