

Philadelphia Energy Authority
Minutes of the Quarterly Meeting of the Board of Directors
February 5, 2019

The Annual meeting (“the Meeting”) of the Board of Directors (the “Board”) of the Philadelphia Energy Authority (“the Authority”) was held on February 5, 2019 beginning at 4:30pm 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
Adam Agalloco
Michael Kopistansky
Christopher A. Lewis
Barbara Moore
Emily Schapira
E. Mitchell Swann

Also present at the Meeting were: Alon Abramson (PEA), Baird Brown (eco(n)law), Maxine Dixon (PEA), Michael Heaney (POWER/ Phila Ethical Society), John Marshall (POWER/Phila Ethical Society), Amy McIlvaine (Siemens), Nancy Mifflin (PEA), Meenal Raval (Citizen), Laura Rigell (PEA), Ben Vila (PEA), Jon Zeller (McClure)

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

Mr. Lewis asked that the Authority approve the minutes from the prior quarterly meeting held on October 22, 2018 (“Prior Meeting”). Minutes were provided to the members in advance of the meeting. Upon motion duly made by Ms. Adams, seconded by Ms. Schapira, and the Board unanimously approved the minutes.

Mr. Lewis asked that the Authority approve minutes from the prior special session held on November 27, 2018 (“Prior Special Session”). 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.

Public Comments

Prior to public comment Mr. Lewis stated for the record that the Board went into an Executive Session today at 4:05pm to discuss a personnel matter and concluded around 4:40pm. Mr. Lewis then asked for public comment.

Mr. Marshall raised concerns about the length of time it takes for meeting minutes to be publicly posted on PEA’s website, and would like them to be located in a more prominent place on the website.

Mr. Lewis responded that once meeting minutes are formally adopted by the Board, they become final and will be posted on the PEA website.

Mr. Heaney also provided public comment. He requested that PEA release summary income statistics for participants of the Solarize LMI program.

Chair's Report

Mr. Lewis shared his enthusiasm and gratitude for how far PEA has come as an organization.

He noted that, per the PEA bylaws, this meeting is considered the Annual Meeting and requires a resolution to elect officers. He suggested a resolution re-electing the current officers to another year of service. Upon motion made by Mr. Agalloco and seconded by Mr. Kopistansky, the resolution passed unanimously.

RESOLUTION 02052019 - 1: ELECTION OF OFFICERS 2019

RESOLVED, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") elects the following members to serve in the following positions for Calendar Year 2019: Christopher A. Lewis as Chairman, E. Mitchell Swann as Vice Chair and Treasurer, and Barbara Adams as Secretary.

Mr. Lewis explained that the PEA Board has previously discussed the need for certain committees to support proper management of the Authority. Mr. Lewis outlined the proposed committees. Ms. Adams requested an amendment to the resolution that the members and chairperson of the four committees should be appointed by the Chair of the Authority. Upon motion made by Mr. Swann and seconded by Ms. Moore, the resolution passed unanimously.

RESOLUTION 02052019 - 2: ESTABLISHING PEA BOARD COMMITTEES

RESOLVED, that the Board of Directors of the Philadelphia Energy Authority (the "Authority") establishes four committees, which are:

- *Contracting Committee*
- *Governance Committee*
- *Development Committee*
- *Audit & Personnel Committee*

The members and chairperson of each committee shall be appointed by the Chairperson of the Authority.

As the next order of business, Ms. Schapira asked the board to consider a resolution to approve updated bank account signatories for both checking and savings accounts. The motion was made by Ms. Schapira and seconded by Ms. Adams, and the resolution passed unanimously.

RESOLUTION 02052019 - 3: APPROVING BANK ACCOUNT SIGNATORIES

RESOLVED, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") approves an update of the authorized signatories of the government entity's checking and savings accounts at PNC Bank ("PNC"). Authorized signatories will include the Chair of the Board, Vice Chair, Treasurer, Secretary and the Executive Director.

Ms. Schapira asked the board to consider approving a proposal to adopt retirement plan benefits for PEA employees. Ms. Adams and others expressed an interest in receiving a form of Retirement Plan for approval before voting. This issue was tabled until the next PEA meeting.

Executive Director's Report

Organizational Updates

PEA would like to hire for two new positions. Job descriptions were provided to the members in advance of the meeting and will be released to the public once the new positions are approved by the Board.

Mr. Lewis made a motion to authorize the first new hire, which was seconded by Mr. Kopistansky.

Before proceeding with a vote, Mr. Agalloco asked whether the current FY19 budget included funds for the Program Manager and Solar Training Fellow.

Ms. Schapira responded that the Fellow is covered under a Workforce Development award from the US Department of Energy, and it will be a grant-funded position for up to 3 years. The Program Manger is funded through program revenue that PEA receives from other programs not originally part of the FY19 budget.

The Board voted and the resolution passed unanimously.

RESOLUTION 02052019 - 5: AUTHORIZING NEW HIRE: PROGRAM MANAGER

RESOLVED, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") approves the hiring of an additional Program Manager, subject to the terms and conditions set forth in the PEA Employee Handbook and for a salary commensurate with the candidate's experience and in accordance with available funding.

Ms. Adams moved to adopt the second hiring resolution authorizing the hiring of the Solar Training Fellow. Ms. Moore seconded the motion, and the Board unanimously approved the resolution.

RESOLUTION 02052019 - 6: AUTHORIZING NEW HIRE: SOLAR TRAINING FELLOW

***RESOLVED**, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") approves the hiring of a Solar Training Fellow, who will be funded through funds awarded through the U.S. Department of Energy and supplemented through the PEA general fund. The Fellow's employment will be contingent upon available funding and funding renewal and will be subject to all federal rules and regulations for award recipients, as well as the terms and conditions set forth in the PEA Employee Handbook.*

Program Updates

City Projects (Provided by Mr. Agalloco)

The Philadelphia Museum of Art continues construction and bi-weekly construction meetings continue. The project is slightly behind schedule due to typical construction issues, including, for example, issues finding the right lighting and site access issues in gallery spaces, which was expected. The project is planned to be completed in early Fall.

The City's Solar Power Purchase Agreement has passed in City Council and was signed by the Mayor in December. This allows the City to enter into a contract with PEA, and for PEA to enter into a contract with the project developer. The final contract is still in the works. Mr. Agalloco believes it will be ready to bring to the Board for approval at the next quarterly meeting. The Board will be provided with a legal briefing in advance. The 70 MW solar array will be in Adams County PA with developer Community Energy. The search continues for a long-term owner/operator.

The Energy Office issued a Building Monitoring RFP with the goal of contracting with a vendor to help with monitoring the City buildings' automation systems and keeping buildings as efficient as possible.

The Office of Sustainability has released an update to its Greenworks initiative. The report provides an overview of highlights from 2018. The full report is available on its website, www.phila.gov/green.

School District

Last year PEA provided the District with free technical assistance to launch its first pilot for an energy performance contract. The \$23 million project will result in 20% energy savings for three high schools, and has funded new boilers for Saul and Strawberry Mansion High Schools, new windows at Northeast High School, and lighting throughout all 3 schools, among other measures. As a result of the pilot's success, the District has moved forward with releasing a second RFP for the next round of schools, which will include up to 20 schools to receive energy efficiency retrofits. The proposals received are currently being evaluated. PEA will continue providing technical assistance and support for this project.

Ms. Rigell has worked with PECO to complete a second Solar Schools assessment report. The report finds schools could save money by putting solar on rooftops. PEA submitted a proposal to the District for a pilot project for solar on 3 school rooftops and recommended a set of policies for the District to adopt that would increase solar feasibility in the future. Policies have not been adopted yet and a final report will be on the PEA website soon.

Solaize & LMI Solar Fund

Solarize Philly is the largest solarize initiative in the country and has received national attention. Cities from across the country have reached out to PEA to learn more about the Solarize model and process.

Key statistics of Solarize Philly:

- 363 signed contracts for solar across two phases
- 1.6 MW of solar distributed across residential roof tops
- \$5.8 million invested in Philadelphia solar industry
- 4,237 initial sign-ups
- 52 new hires

Phase 3 of Solarize Philly is in the works, with hopes to launch this Spring. PEA will release a new Request for Proposals to select a new round of installers for Solarize Philly Phase 3.

The special financing pilot is designed as a low-cost, 15-year solar lease agreement. The goal is to save low- and moderate-income households 20% off their current annual PECO bill. PEA is finalizing the program model and structure for the program. There are currently 38 households that meet eligibility criteria, solar installers are completing final site-assessments, and we expect installation to be completed at the end of the second quarter 2019.

Solar Training Program

After the success of the high school solar training program, Find Your Power, PEA was selected in October for a \$1.25 million award from the US Department of Energy. The award will support the creation of the first Clean Energy Program of Study for high school Career and Technical Education (CTE) students in the country, and will include a 1,080-hour curriculum. PEA will be running another condensed program this summer and again in the Fall of 2019. PEA is targeting state approval of the CTE curriculum this year.

Ms. Schapira requested that the Board authorize the Executive Director to enter into appropriate contracts to receive the award. Mr. Agalloco asked whether Ms. Schapira was comfortable with the reporting requirements for this federal grant. Ms. Schapira explained that PEA has contracted with a consultant, Lisa Shulock, who has significant previous experience working with DOE grants, to support that process.

Upon motion made by Ms. Adams and seconded by Ms. Moore, the board passed the motion unanimously.

RESOLUTION 02052019 - 7: AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE U.S. DEPARTMENT OF ENERGY AND RELATED CONTRACTORS FOR A WORKFORCE DEVELOPMENT AWARD

RESOLVED, that the Board of Directors (the "Board") of the Philadelphia Energy Authority (the "PEA") authorizes the Executive Director to enter into such contracts and agreements as are necessary to receive and execute a 3-year, \$1.25 million award from the United States Department of Energy ("DOE") for Bright Solar Futures, a workforce development program for young people in Philadelphia. The final grant agreement with DOE must be on terms and conditions that the Board finds satisfactory, therefore

must be approved by the Chair and one other Board member in addition to PEA's legal counsel. Subcontracts shall be authorized subject to review by PEA's legal counsel.

Small Business

Mr. Abramson provided an update. The second phase small business pilot is concluding in February 2019 quarter. Key statistics include:

- Recruited 78 business
- Conducted 57 audits
- Developed 32 proposals
- First few projects are moving forward now

PECO's small business program currently does not reach many businesses in underserved neighborhoods. PECO typically serves roughly 70 businesses per year in Philadelphia.

Stakeholder workshops will be held in February to seek community input on program design.

Affordable Housing Energy Efficiency

Mr. Abramson noted that he has been working with PHDC and its Basic Systems Repair Program to incorporate basic energy efficiency standards, which are currently being piloted.

Water & Sewer Service Line Protection Program

The program launched October 30, 2018.

- Nearly 40,000 customers have enrolled for water & sewer line coverage.
- Has already saved customers over \$300k in repair costs.
- Only 7% of claims have come from PWD Notices of Defect, so the program is identifying leaks that PWD may not have known about.
- 93% of claims have been served by M/W/DBE contractors.

C-PACE

Commercial Property-Assessed Clean Energy financing was signed into law in June, enabling any county or municipality with an economic development authority to enable commercial and industrial buildings to finance energy projects on their property tax bills, rather than as traditional debt. CPACE has already been adopted in 35 states; about 10 states have been very successful. PEA has been working with a statewide coalition to establish Program Guidelines that are as uniform across the Commonwealth as possible. A draft of the PA guidelines were publicly released and open for public comment for 4 weeks. The goal of PEA is to draft Philadelphia guidelines in the next couple months and have City Council approval to move forward during the current Council session. Program participation is estimated statewide to be \$60 million in projects over the first 5 years, with about half projected to come from Philadelphia.

Energy Conference

Ms. Schapira and Ms. Moore have been working to bring a Smart Energy Decisions Conference to Philadelphia. The conference will be regionally-focused, will include both energy efficiency and

renewables, and will bring together buyers and sellers of energy services. In the coming months, an advisory committee will be formed and a date will be set.

PEA gave an annual briefing to the PA Public Utility Commission in December to keep them up to date on programs and regulatory impacts that may be of importance to them. Three commissioners were in attendance and representatives from all of the commissioners' staff were there.

Treasurer's' Report

Ms. Adams moved for the board to consider a resolution to increase the maximum contract amount the Executive Director may undertake without additional approval. The motion was seconded by Mr. Lewis. Ms. Schapira abstained from the vote. With no further discussion, the Board approved the resolution unanimously with one abstention.

RESOLUTION 02052019 - 8: AMENDMENT TO FINANCIAL POLICIES

RESOLVED, that the contract approval policy approved by the PEA on May 25, 2016 is hereby amended to increase the Executive Director's maximum contracting amount from \$25,000 as follows: the Executive Director is authorized to enter into, execute, and perform contracts on behalf of the PEA, so long as the contract is contemplated by the approved budget of the PEA and does not exceed \$50,000. Contracts exceeding \$50,000 must be approved in writing by two (2) officers of the PEA.

Ms. Schapira gave a brief overview of the December 2018 financials. She reported that PEA raised significant grant funds and built enough revenue from other programs that PEA is not solely relying on City funding in order to run PEA programs. PEA has received partial fund payment by the City in October (\$625,000 out of \$843,000 allocated by City Council for FY19). Ms. Schapira expects to receive the balance outstanding soon.

Ms. Schapira asked the board to authorize a transfer of funds to the Board-Designated Reserve Fund to reflect the approved increase in payroll and other emergency operational expenses. Upon motion made by Mr. Lewis and seconded by Mr. Swann, the Board approved the resolution unanimously.

RESOLUTION 02052019 - 9: AUTHORIZING A TRANSFER OF \$135,792 TO THE BOARD-DESIGNATED RESERVE FUND

RESOLVED, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") approves a transfer of \$135,792 from the General Fund to the Board-Designated Reserve Fund ("BDRF"). Funds in the BDRF may be used for emergency payroll needs or as expressly approved by the Board. These funds also provide for emergency operational expenses including benefits, payroll taxes, legal advertising, accounting and legal fees.

Mr. Swann mentioned setting up different bank accounts to clearly identify City money from the DOE grant for clean reporting, which Ms. Schapira agreed was a good idea.

New Business

No new business was raised.

Adjournment

Mr. Lewis asked to adjourn the meeting. A motion was made by Ms. Schapira and seconded by Ms. Moore, and was unanimously approved.

Respectfully Submitted,

Secretary of the Board of Directors