

PHILADELPHIA ENERGY AUTHORITY

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

April 5, 2012

A meeting (the "Meeting") of the Board of Directors (the "Board") of The Philadelphia Energy Authority (the "Authority") was held on April 5, 2012, 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
E. Mitchell Swann

Also present at the Meeting were Rina Cutler, Deputy Mayor for Transportation and Utilities, and members of her staff, members of the City Solicitor's Office, Al Childs, Executive Director of the Philadelphia Municipal Authority, Calvin M. Davenger, Jr., Deputy Director of Aviation at the Philadelphia International Airport, and Geoffrey Schwartz of Blank Rome LLP.

Several members of the public were in attendance at the meeting, including Lou Nazirides and Bruce Stultz of Pro-Tech Energy Solutions, Justin Murray of Practical Energy Solutions, and Benjamin Parvey of Blue Sky Power.

Call to Order

Mr. Lewis called the Meeting to order and asked Mr. Schwartz to serve as the secretary of the Meeting for the purpose of taking the minutes of the Meeting. Mr. Lewis determined that a quorum was present and that the Meeting was ready to transact business.

Approval of Minutes of Prior Meeting

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 5, 2012 (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.

Public Comment

As the next order of business, Mr. Lewis asked for comments from the public. There were none.

Unfinished Business

The members of the Authority then briefly discussed the City's budget approval process; the status of a Memorandum of Understanding with the Philadelphia Municipal Authority for the provision of services to the Authority; and plans for a public input hearing.

In addition, there was a brief discussion of whether the members of the Authority are entitled to director's and officer's ("D&O") insurance coverage under the City's D&O policy. The City Solicitor's office agreed to look into this and report back to the Authority at the next meeting.

Presentation on the Philadelphia International Airport ESCO Project

As the next order of business, Mr. Lewis invited Mr. Davenger to provide an overview of the guaranteed energy savings project (the "Project") at the Philadelphia International Airport (the "Airport"). Mr. Davenger's presentation consisted of a general overview of the characteristics of the Airport; recent facility enhancements; the Project activity area within the Airport; and the Airport's utility usage for the most recent fiscal year. In addition, Mr. Davenger described the objectives of the Project, as follows:

- Supplement capital program initiatives without impacting capital dollars
- Abate increasing utility rates
- Implement creative financing options supported by written savings guarantee
- Take advantage of federal, state and local grant funding programs
- Replace aging inefficient equipment
- Utilize minimal in house staff resources

Mr. Ogawa commented that, with respect to financing options and grant programs, the Airport may want to consider applying for a 479 federal tax credit. Mr. Parvey suggested that the Airport look into a VALE grant, which could provide up to 95% of project costs.

Mr. Davenger stated that, in terms of the life cycle of the Project, the ESCO has now been selected, an energy audit contract has been negotiated and executed, and the next step will be for the ESCO to conduct an audit.

The Authority requested that it be included in any briefings to be given to the Airport by the ESCO in order to have an opportunity to learn more about the Project and also offer suggestions.

Mr. Swann commented that, given the experience of the Authority's members, the Authority's participation in such briefings could be beneficial in developing the model to be used by the ESCO for the audit.

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 June, 2012.

Respectfully submitted,

Secretary to the Board of Directors