

PHILADELPHIA ENERGY AUTHORITY

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

July 12, 2012

A meeting (the "Meeting") of the Board of Directors (the "Board") of the Philadelphia Energy Authority (the "Authority") was held on July 12, 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
Emily Schapira
E. Mitchell Swann

Also present at the Meeting were Al Childs, Executive Director of the Philadelphia Municipal Authority, Scott Schwarz, Attorney at the City of Philadelphia Law Department, Barry Davis, Chief Deputy City Solicitor at the City of Philadelphia Law Department, Sharon Hutchins, Assistant City Solicitor at the City of Philadelphia Law Department, Andrew Stober, Chief of Staff of the Mayor's Office of Transportation and Utilities at the City of Philadelphia, Calvin M. Davenger, Jr., Deputy Director of Aviation at the Philadelphia International Airport, Paul Carter, Senior Account Executive of NORESCO, Maryanne Mahoney with the Philadelphia International Airport, Chellie Cameron, Deputy Director of Aviation, Finance & Administration at the Philadelphia International Airport, Adam Agalloco at the Mayor's Office of Sustainability and Molly Crane of Blank Rome LLP.

Call to Order

Mr. Lewis called the Meeting to order. Mr. Swann called the roll. 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 April 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 unanimously 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 discussed the City's budget approval process. Mr. Stober discussed the events surrounding the failure of the City to provide the Authority with a budget for fiscal year 2012. Mr. Stober presented the Authority with several temporary funding options. Mr. Stober stated that the Authority could receive funding through an intergovernmental transfer between the Authority and the Philadelphia International Airport (the "Airport"). Ms. Cameron stated that the Airport was committed to working with the Authority in providing the Authority funding for its work involving the Airport. Ms. Cameron noted though that the Airport was restricted by the Federal Aviation Administration ("FAA") regarding the use of airport funds. Mr. Davis stated that the Authority could also receive funding through a city contract for specific projects. Mr. Lewis advised that the Authority prepare a budget for Ms. Cameron to review for the Authority to receive funds from the Airport.

Presentation on the Philadelphia International Airport ESCO Project

As the next order of business, Mr. Lewis invited Mr. Davenger to provide an update on the guaranteed energy savings project (the "Project") at the Airport. Mr. Davenger's presentation consisted of an update on the discussions between the Airport and certain utilities regarding future escalation of rates; the Airport's investigation into the types of bonds available to the Airport; and the Airport's recent applications for grants.

In addition, Mr. Davenger described the Airport's planned activities, as follows: coordinate with the City's law department regarding entering into a Guaranteed Energy Savings Agreement; consult with the airlines at the Airport regarding bond support; collaborate with the Authority to understand how the Authority and the Airport can work together.

A discussion ensued regarding the manner in which Federal Qualified Energy Conservation Bonds are issued.

Mr. Stober explained the process for the Airport reaching a consensus on the projects it submits for the ESCO to bid on. Ms. Cameron and Mr. Davenger noted that the airlines had expressed an interest in being a part of the process in identifying the projects. Members of the Authority asked questions regarding the weight that the airlines have in the process of identifying projects, particularly U.S. Airways.

Mr. Lewis expressed to Mr. Davenger that the Authority was committed to working with the Airport and asked if the Airport held progress meetings. Mr. Davenger responded that meetings are held every Wednesday or Thursday. Mr. Ogawa asked that Mr. Davenger provide the Authority with a schedule of meetings. Mr. Stober suggested that the Authority remain informed about Airport activities by attending a technical briefing held by the Airport. Mr. Lewis noted the Authority would like to have a briefing with Mr. Austin McGreal, the City's *PMA's* legal counsel.

Review of the Heat and Power Project at the Philadelphia Art Museum

Mr. Ogawa informed the members about the status of the combined heat and power project at the Philadelphia Museum of Art. Mr. Ogawa noted that a feasibility study had been completed but that aspects of the study needed to be revised. He noted that the project schedule had yet to be completed.

City Purchase of Electricity

Mr. Lewis noted that the Authority had recently become involved in the City's purchase of electricity. Mr. Ogawa stated that the City had passed an ordinance mandating the Authority's involvement in purchasing electricity. Mr. Stober described the City's process for purchasing electricity and explained that Mr. Ogawa had been added to the list of individuals that the City must notify 40 hours before it purchases electricity.

Approval of May 25, 2012 Hearing

Mr. Lewis called for the Authority to approve the report from the May 25, 2012 Public Input Hearing ("the Report"). The members of the Authority provided comments and suggested changes to the Report. Upon motion duly made and seconded, the Report, as modified by the Authority's comments and suggestions, was approved by the Board. The Authority further agreed that it wanted to formally thank Joseph Mondesire for his work as an intern with the Authority this past summer.

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, tentatively scheduled for October 4, 2012.

Respectfully submitted,

Secretary to the Board of Directors