

Philadelphia Energy Authority
Minutes of the Quarterly Meeting of the Board of Directors
July 18, 2018

The quarterly meeting (“the Meeting”) of the Board of Directors (the “Board”) of the Philadelphia Energy Authority (“the Authority”) was held on July 18, 2018 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
Barbara Moore
Emily Schapira
E. Mitchell Swann

Also, present at the Meeting were: Jeffery Greene (One Step Away), John Marshall (Power / PES), Michael Heaney (POWER / PES), Marti Guttenberg (POWER / PES), Baird Brown (eco(n)law), Jim Harven (TEN), Maxine Dixon (PEA), Alon Abramson (PEA), Ben Vila (PEA), Laura Rigell (PEA), Evan Zhou (PEA), Jessica Ullman (PEA), Mahvish Ilyas (PEA), Tabeen Hossain (PEA), Nancy Mifflin (PEA).

Call to Order

Mr. Swann (Vice Chair) called the Meeting to order. The Board Chair Mr. Lewis was unable to attend the meeting, therefore Mr. Swann ran the meeting in his absence. Mr. Swann determined that a quorum was present and that the Meeting was properly advertised.

Approval of the Minutes

As the first order of business, Mr. Swann made a motion that the Authority approve the minutes of the prior quarterly meeting held on April 25, 2018 and special session held on May 24, 2018 (“Prior Meetings”). The minutes for both meetings were provided to the Members in advance of the Meeting. Upon motion duly made by Ms. Adams and seconded by Mr. Agalloco the minutes from the Prior Meetings were approved by the Board.

Mr. Heaney comments that there was an error in the public comments of the January Quarterly Meeting Minutes.

Ms. Schapira stated if you send me your comments we can make an amendment to the minutes.

Public Comments

As the next order of business Mr. Swann asked for comments from the public.

Mr. Marshall asked if it would be possible for PEA to publish quarterly meeting minutes on our website within one week after every quarterly meeting, at least in draft form.

Mr. Agalloco acknowledged the call for increased transparency and accessibility to the meeting minutes. He suggested that posting them within one week would be a challenge, but that we may be able to come up with a reasonable timeline that posts them faster. All meeting minutes are in draft form until approved by the Board in the subsequent meeting.

Ms. Adams mentioned if we post them before they are adopted they will need to be marked clearly that they are in draft form.

Vice Chair's Report

Mr. Swann announced that PEA has two new Board Members. The new members, Mr. Kopistansky and Ms. Moore, introduce themselves to attendees. Ms. Schapira informed new members of the three Board subcommittees they can join 1) Contracts Committee, 2) Bylaws Committee, and 3) Board Development Committees. Mr. Kopistansky joined the Contracts Committee and Ms. Moore joined the Board Development Committee.

Executive Director's Report

Ms. Schapira first provided the Board with organizational updates. Ms. Schapira stated that there are three organizational policy issues that will need to be created or updated in the next six months. Policy issues included an open records policy, a parental leave policy, and updates to PEA's bylaws.

Ms. Schapira provided an update on Commercial Property-Assessed Clean Energy (CPACE) financing. The Commonwealth of Pennsylvania recently passed a law which allows commercial and industrial properties to finance energy efficiency or clean energy projects as a property tax assessment rather than through debt. The law has been enabled at the state level, and now must be enabled at the municipal level in order to move forward. PEA is intending to be the administrator for Philadelphia and is convening a statewide stakeholder group to begin program design for CPACE in Pennsylvania.

Program Updates

City Projects

Mr. Agalloco informed the Board with updates on City Projects. The Philadelphia Museum of Art energy performance project will be going into construction in the next two weeks, starting with LED lighting in the garage spaces. The Economic Opportunity Plan Oversight Committee for the project had their first meeting. PEA is represented by Emily Schapira and Mitchell Swann.

Mr. Agalloco updated the Board that the RFP for renewable energy purchasing power agreement is closer to awarding a long term contract with a bidder. The long-term contract for the project would be held by PEA and approved by City Council and the PEA Board.

Mr. Heaney asked what fraction of the city's total energy would the project support.

Mr. Agalloco could not share the details since the procurement is still open. Mr. Agalloco did share that the RFP stated a goal of 20 - 40% of total electricity demand.

For the PPA, Mr. Agalloco's goal is to get City Council approval this calendar year. There are a lot of other activities coming out of the Energy Office. Retrofit of the Fire Administration Building should go into construction this Fall and some other fire stations and rec centers will also get upgrades.

Mr. Agalloco also stated that there is an opportunity for a citywide Bloomberg Challenge Grant. The Energy Office will be spending time on applying as this will be a good opportunity to expand the City's capacity. The grant focuses on climate mitigation and they will be selecting up to 20 cities for up to \$2 million each.

School District Pilot + Phase I

Ms. Schapira continued with an update on the School District Energy Efficiency Pilot. The pilot moving forward according to schedule, with construction already started at Northeast High School, and further construction scheduled at Strawberry Mansion High School and Saul High School. The three schools are getting dramatic upgrades, ranging from lighting and controls to boilers and new windows. The upgrades should save each school 20% of their energy spend or more. Ms. Schapira stated the project has an 18-month construction period. NORESKO is the selected vendor. Lighting at Northeast High School should be done by the end of the summer. PEA is hoping to host tours of the retrofit.

The School District is hoping to move forward with the next project faster than PEA originally expected them too. PEA is working with the School District to identify another 10 - 20 schools to be candidates for next summer.

Ms. Adams asked whether that will be a whole new procurement. Ms. Schapira confirmed there would be a new procurement and RFP. She thinks they will extend the existing contract with ECG Engineers, the owner's rep they hired for the pilot. PEA will continue to encourage them to add actual energy staff at the district as they are able to, but for now ECG will be there to help drive new projects forward.

The School District Pilot is planning to have 41% M/W/DBE participation, which is being verified by The Talson Group.

Solarize & Training Programs

Solarize Philly is currently open until July 31st. This is the second round of the program and just in this phase there have been 1200 additional sign-ups for 3200 sign-ups in total. There have been 33 contracts signed thus far and PEA is hoping for 250 signed contracts in this phase. Ms. Schapira was excited to announce that PEA has participated in 42 events to spread the word about the program so far. There are another 6 events on the calendar, and the Solarize team has also started having employee Lunch and Learns at large employers, including the University of Pennsylvania, PECO, and PHA. Solarize Philly helps fund two other activities:

- 1) High school solar and energy efficiency training program ("Find Your Power")
- 2) Development of a low- and moderate-income solar investment fund to ensure equitable access to solar

The LMI program is almost up and running, Ms. Schapira stated. PEA is currently taking applications for the program. The program will be a low-cost lease to homeowners in which they will see savings of 20% off their current PECO bills. There is enough funding to support 45 households to participate.

Ms. Schapira informed the Board that PEA is still looking for a tax equity partner for the LMI project. PEA has secured the low-interest loan money needed, but still needs \$300,000 for the tax equity portion. There are four groups that PEA is having conversations with for potential partnership.

Ms. Schapira reported that 32 students have been trained in solar & energy efficiency from CTE schools in the districts. The Spring class included students from Mastbaum, Ben Franklin, and Randolph High Schools. PEA will be entering into its second summer class and the graduation for the class will be held on August 17th in tandem with a mini-conference on solar in the morning sponsored by the Solar Training Network.

Small Business Programs

Ms. Schapira stated that the second round of the small business pilot is currently open. During this round, PEA is partnering with Lime Energy and West Philly Financial Services Institution. 35 businesses have signed-up, 10 audits have been completed and proposals are in development. The state grant opens up toward the end of July offering up to \$7,000 of support. PEA is going to leverage the grant application to add additional savings to small business owners.

Housing

The Multi-Family Affordable Housing Energy Efficiency Program Pilot has finished its first phase. There will be a second phase for the same set of buildings. The data collected from the first phase shows each of the 4 buildings having 15-30% in energy savings. There is more work to be done in each building.

PEA will also be starting a new pilot with a different set of buildings that will use a slightly different model. The partner for this pilot will be EcoSave, who is a local energy services company.

Water/Sewer Line Program

Ms. Schapira informed the Board of the upcoming Water & Sewer Service Line Protection Program. The program provides protection for repairs and replacement of leaky service lines via a small monthly payment. PEA selects a vendor and negotiates affordable rates and consumer protections. The model also creates some revenue back to PEA for energy programs. PEA will also set up a low-income program that will pay for repairs for certain qualified households who cannot afford the monthly fee. Ms. Schapira explained why this is a good fit for PEA. The Philadelphia Water Department loses 20% of its pumped and treated water through leaky service lines. PWD is spending energy to treat and pump the water, so accelerating the replacement of those leaky lines reduces the amount of pre-revenue water they pump and treat, reducing their energy costs. An RFP was put out and PEA reached out to five prospective bidders who are engaged in this kind of work nationwide. PEA received two bids in response to the RFP (HomeServe and American Water Resources). Both have existing programs in Philadelphia and are doing this work already in other cities.

Treasurers' Update

Ms. Schapira gave a brief overview of PEA's financials. The June monthly financial statements were presented to the Board to give a sense of how PEA is doing. A finalized year-end report will be ready for next board meeting, showing the wrap up of the fiscal year.

Mr. Swann suggested that the Authority approve a transfer of \$60,000 to the Board-Designated Reserve Fund. A motion was made by Ms. Adams to approve Resolution 072018-01 (full text below) and seconded by Ms. Moore. The resolution was unanimously approved by the Board.

RESOLUTION 072018 - 01: TRANSFER TO THE BOARD-DESIGNATED RESERVE FUND

***RESOLVED**, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") approves a transfer of \$60,000 from the general fund to the Board-Designated Reserve Fund ("BDRF"). As previously approved, funds in the BDRF may be only be used for emergency payroll needs or as expressly approved by the Board.*

Mr. Swann suggested that a motion be made for the Authority to approve the amended Fiscal Year 2019 budget (attached). Upon motion made by Ms. Adams and seconded by Mr. Kopistansky, the resolution was unanimously approved by the Board.

RESOLUTION 072018 - 02: APPROVAL OF THE AMENDED FISCAL YEAR 2019 BUDGET

***RESOLVED**, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") approves the amended Fiscal Year 2019 budget as attached and as approved by City Council.*

Mr. Swann further requested that the Authority approve the Fiscal Year 2019 legal services contract with Baird Brown of Eco(n)law. Upon motion made by Ms. Adams and seconded by Mr. Agalloco, the resolution was unanimously approved by the Board.

RESOLUTION 072018 - 03: APPROVAL OF FY 2019 LEGAL SERVICES CONTRACT

***RESOLVED**, that the Board of Directors of the Philadelphia Energy Authority (the "PEA") approves a contract for Fiscal Year 2019 legal services with Eco(n)law, LLP starting July 1, 2018 through June 30, 2019 in the amount of \$36,000, to be paid monthly at a rate of \$3000 per month.*

New Business

Ms. Moore mentioned her experience at Smart Energy Decisions conferences. There is a potential partnership here with Smart Energy Decision to plan a Philadelphia-based energy conference incorporating their model.

Adjournment

There being no further business to come before the Board, Mr. Swann moved to adjourn the meeting, which was duly seconded and approved.

Respectfully Submitted,

Secretary to the Board of Directors

-