

PHILADELPHIA ENERGY AUTHORITY

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

July 23, 2015

The quarterly meeting (the "Meeting") of the Board of Directors (the "Board") of The Philadelphia Energy Authority (the "Authority") was held on July 23, 2015, beginning at 4:30 PM, in the Municipal Services Building, 1401 JFK Blvd., 16th Floor, Room X, Philadelphia, Pennsylvania.

The following members of the Authority were present at the meeting:

Kenneth Ogawa
Emily Schapira
E. Mitchell Swann

Present at the meeting were Jill Kowalski, Executive Director, Philadelphia Energy Authority, Richard Freeh, Mayor's Office on Sustainability, Mardi Ditze, Energy Office, and Lorna Gallman for the Philadelphia Municipal Authority.

Also, present at the meeting, by invitation of Ms. Kowalski, was Shari Shapiro, of Calliope Communications.

There were several persons from the public in attendance at the meeting; Meenal Raval, a bike shop owner from Chestnut Hill; Elizabeth Arnold from a company called E.D.G.E.; and, Neil Paradile.

Call to Order

Ms. Schapira informed the Board that the Chairman, Mr. Lewis was out of town and she being Vice Chair would lead the meeting. Ms. Schapira called the Meeting to order. Ms. Schapira determined that a quorum was present and that the Meeting was properly advertised.

Approval of Minutes

As the first order of business, Ms. Schapira made a motion that the Authority approve the minutes of the meetings of the Authority held on April 9, 2015 and June 23, 2015 (the “Prior Meetings”), which minutes were provided to the members in advance of the Meeting. Upon motion duly made and seconded, the minutes were approved by the Board.

Ms. Schapira continued with the agenda.

Public Comment

As the next order of business, Ms. Schapira asked for comments from the public. Ms. Raval commented that she owns a bike shop in Chestnut Hill. She learned about the Authority’s meeting from the PEA website and is interested in learning more about what the City is doing regarding energy conservation. Ms. Arnold informed the Board that the company she works for E.D.G.E. is encouraging development of a green economy and was in attendance to learn more about PEA.

Ms. Schapira continued with the agenda.

Presentation: State Energy Policy Update & Engagement Opportunities – Shari Shapiro, Calliope Communications

Ms. Schapira informed the Board members the next item on the agenda is a presentation from Shari Shapiro.

Ms. Shapiro stated to the Board that the PA building code adoption process is broken and requires stakeholder engagement. The International Code Council (ICC) updates the model codes every three years. In 2008, the Review and Advisory Council (RAC) was established. The RAC has about 12 months to review the model codes from the date of publication. The RAC must review the code changes and vote in each change to the existing Uniform Construction Cods (UCC) by a 2/3 majority vote passed by the State Senate. The RAC may only look at the code changes from the prior cycle to the cycle under review, even if PA skipped the cycle. With each triennial revision it becomes more difficult and complicated.

Ms. Shapiro reviewed the recent history of the Pennsylvania Building Codes as follows:

- 1999 – PA adopts the ICC suite of model building codes as UCC
- 2006 – PA adopts the 2006 ICC codes automatically
- 2008 – Review and Advisory (RAC) established; RAC adopts codes in their entirety
- 2009 – PA Builders’ Association sues the Department of Labor and Industry
- 2011 – Act I outlaws fire sprinklers; changes adoption process to “opt-in”

2012 – RAC cannot do Act I review; rejects 2012 codes in their entirety
Feb. 2012 – RAC writes to the General Assembly, “We cannot review the codes under the current statutory structure.”
May 2012 – RAC rejects all but 16 of the 1900 changes in the 2015 model codes.
June 2015 – Clean Air Council sues L&I and RAC over Act I, 2015 RAC decision.

Mr. Ogawa inquired if Pennsylvania is the only state behind on building code regulations. Ms. Shapiro acknowledged that Pennsylvania is not the only state to be operating under an outdated code. Mr. Freeh informed the Board that the City is looking at the RAC legislation path for the City.

Ms. Shapiro concluded by informing the Board that there are several things the Energy Authority can do; they are as follows:

- Make UCC reform a priority for Philadelphia
- Advocate for legislative change with the Wolf Administration and the Philadelphia State Delegation
- Support appointment of RAC members that advocate for UCC reform and can be strong leaders for RAC
- Support appointment of a Philadelphia representative to RAC that can advocate for UCC reform and be a strong leader for RAC
- Petition the Department of Labor and Industry to allow Philadelphia to update its energy code to the 2015 IECC
- Tie Philadelphia incentives to compliance with 2015 IECC [use the full name before the acronym]

Ms. Kowalski thanked Ms. Shapiro for a very informative presentation.

Chair's Report

Ms. Schapira explained to the Board that, since the Chairman is not present there would not be a formal Chair's report. However, Ms. Schapira provided a brief update as follows:

i. Meeting Reports

No comment at this time.

ii. ED Contract Renewal

Ms. Schapira commented to the Board that the Executive Director's contract was renewed for an additional year.

iii. Worker's Comp Update

Ms. Gallman informed the Board that the Worker's Compensation payment was sent to Bradley & Bradley and the Worker's Comp package is in place.

Energy Office Update

Ms. Ditze updated the Board that the City has sent out an RFP for a new supplier of electricity for the City of Philadelphia. As a result, there will be a rate change. The contract would be for one (1) year with a three (3) year extension.

Ms. Arnold inquired if the City utilizes other resources besides electricity. Mr. Freeh stated that the City uses local wind and solar REC's but there is a cost. Mr. Ogawa recommended Ms. Arnold to go to the Mayor's Green Energy website for additional information.

MOS Update

Mr. Freeh updated the Board on the benchmarking. The legislation has been extended to include multi-family housing over 50,000 SF. He stated that the 3rd year deadline has passed and the City is currently reviewing the data. He anticipates the final notification to the building owners sometime in September or October of this year. Mr. Freeh reported that the building operator training classes for participants in the Race To Energy Efficiency had concluded. One hundred building operators were trained. There were 2-tiers of training, beginner and experienced. Currently, the city is analyzing the feedback on the training classes. Mr. Freeh stated that this is the conclusion of Greenworks with Mayor Nutter; and that they are eager to continue the energy discussion with PEA.

Executive Director's Report

Ms. Kowalski provided the Board with a status update on the following:

i. Operations

1. Philadelphia Municipal Authority (PMA) Transition Update

PMA requested proposals for controller services due to Al Child's resignation. Ms. Gallman informed the Board that PMA is currently in contract negotiations with

Your Part Time Controller. The draft contract is being reviewed by the City's Law Department. Ms. Gallman will contact Ms. Kowalski once the negotiations are complete.

2. MOTU Contract Update

Ms. Kowalski updated the Board that on July 16, 2015 a conformed copy of the MOTU contract signed by Barry Davis (Chief Deputy City Solicitor), John Elfrey (Deputy Mayor MOTU), and Christopher Lewis (PEA). David Torres (Office of the Managing Director) confirmed receipt of PEA's invoice on July 23, 2015. Payment is anticipated in mid-August.

3. Energy Project Update

a. Quadplex Assignment Preparation

Ms. Kowalski reported that there has been little progress on the assignment to PEA because the City has been focused on substantial completion of construction and related bond issues with NORESCO. These issues are anticipated to be resolved and Adam Agalloco expects M&V to commence on August 1, 2015. In order for the assignment to move forward PEA will need to have Austin McGreal review the contract. It has been confirmed that Mr. McGreal can review the contract on behalf of PEA and PMA. Austin McGreal is waiting for the contract to review.

b. 4601 Market Central Utility Plant RFP Update

Ms. Kowalski commented that the RFP language is being finalized and that Ken Ogawa provided feedback on behalf of PEA. Mr. Ogawa stated that he feels the time frame outlined in the RFP is not feasible.

c. Prisons

Ms. Kowalski stated that the PEA will be touring the Philadelphia Prison facilities to evaluate short term and long term energy conservation opportunities next week.

4. Strategic Planning Process

Ms. Kowalski informed the Board that she is meeting with Jackie Linton to review the stakeholder feedback on August 27th and that the information will be presented to the board during a strategic planning working session.

5. City Governance Update

Ms. Kowalski updated the Board that she had spoken with Katherine Gajewski and was notified that MOTU's energy administration capacity left with the resignation of Andrew Stober. The Energy Office reports to MOS and Adam Agalloco is the PEA liaison to/for MOS. The relationship governance is still evolving.

ii. Work Plan

1. PEA Role and Approach

Ms. Kowalski shared that the current conversations related to stakeholder interviews and strategic planning may result in a transition of approach. To date PEA has been focusing on municipal operations and working from the inside-out. There is plenty of work to be done. *Greenworks* final report stated that 0 of the 4 energy targets were met and Philadelphia fell from #10 in the ACEEE 2013 City Efficiency Report Card to #14 while all other top ten cities remained in the top ten. According to the report this is mostly attributed to lack of mandating goals, timing and code enforcement. Denver, Baltimore, LA and Houston bumped Philadelphia out of the top ten. Philadelphia's leadership is beginning to dwindle as other cities become more aggressive with energy goals and action. Mr. Freeh commented that he submits the data for the survey and has provided feedback and that it is very time consuming. He cautioned that the scorecard may also be influenced by the resources cities are able to commit to the process.

2. Profile Release and Leveraging

Ms. Kowalski commented that the report has evolved as a tool and resource for conversation and provides context for how to best move forward. There is continued outreach to President Clarke's office for collaboration on a more public report release, including another briefing to Council in September. Ms. Kowalski also met with a PR consultant, Ilene Wilder, to discuss leveraging the report and PEA in a more public way.

3. Stakeholder Meetings

Ms. Kowalski continues to meet with stakeholders including Department of Public Property leadership, Barry Davis, DVGBC, KEEA, MaGrann Associates and Shari Shapiro (PA energy code coalition). MaGrann Associates are building a coalition to explore why the energy code is not being consistently enforced in residential construction and may have funding to conduct a survey/report.

iii. Energy Hub

1. Kleinman Center Collaboration Update

Ms. Kowalski stated there were no updates at this time on the Kleinman Center energy hub efforts but PEA is being interviewed as a stakeholder next week.

2. Energy Salon focused on Community/Resident Impact

Ms. Schapira will be spearheading a Salon focused on the community/resident impact of Philadelphia becoming an energy hub.

Treasurer's Report

Mr. Ogawa gave a brief overview that PEA is on track with its budget but that continued operations are dependent on the timely deposit of FY 2016 funds.

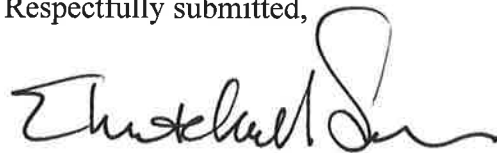
New Business

There is no new business.

Adjournment

There being no further business to come before the Board, on motion duly made and seconded the Meeting was adjourned. The next meeting of the Board is scheduled for October 1, 2015.

Respectfully submitted,



Secretary to the Board of Directors