

PHILADELPHIA ENERGY AUTHORITY

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

October 8, 2015

The quarterly meeting (the “Meeting”) of the Board of Directors (the “Board”) of The Philadelphia Energy Authority (the “Authority”) was held on October 8, 2015, beginning at 4:30 PM, in the Municipal Services Building, 1401 JFK Blvd., 16th Floor, Room 5, 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

Present at the meeting were Jill Kowalski, Executive Director, Philadelphia Energy Authority, Richard Freeh, Mayor’s Office on Sustainability, Adam Agalloco, Mayor’s Office of Sustainability, and Lorna Gallman for the Philadelphia Municipal Authority.

Nancy Mifflin, of the American Association of Blacks in Energy Mid-Atlantic, was the sole member of the public in attendance at the Meeting.

Call to Order

Mr. Lewis called the Meeting to order. Mr. Lewis determined that a quorum was present and that the Meeting was properly advertised.

Approval of Minutes

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 July 23, 2015 (the “Prior Meeting”), which the minutes were provided to the members in advance of the Meeting. Upon motion duly made and seconded, the minutes were approved by the Board.

Mr. Lewis continued with the agenda.

Public Comment

As the next order of business, Mr. Lewis asked for comments from the public. Ms. Mifflin commented that she is the Advisor to various Chapters in the region on energy. Also, she was present at the meeting to continue to be informed.

Mr. Lewis continued with the agenda.

Chair's Report

i. Meeting Reports

Mr. Lewis updated the Board that on his last trip to Harrisburg he had the opportunity to informally discuss the *Municipal Energy Profile* with several people including: Secretary Hanger, Katie McGinty (renewables and energy efficiency) and David Sweet (Economic development/SE job growth) There was strong interest in the report and he made a point to keep them more informed of our work. Mr. Lewis also met with Craig White, PGW six (6) months ago and 2 main points of discussion were 1) promotion of CHP city-wide and 2) expanding liquefaction facilities of NE due to the strong market.

Additionally, Mr. Lewis stated he met with Lance Haver, City Council Consumer Advocate. Mr. Haver suggested that PEA should be pushing the envelope on energy issues and used water turbines in Schuylkill River as an example.

Also, Mr. Lewis informed the Board that PEA sent the Municipal Authority a letter informing them that PEA is transitioning from using PMA for administrative services due to monetary concerns. Mr. Lewis thanked Ms. Gallman personally for her due diligence in assisting the Energy Authority over the years. The Energy Authority will contract with Your Part-time Controller to oversee PEA's financial management.

Mr. Lewis announced to the Board that their first intern, Joey Mondesire's father passed Jerry Mondesire last week. He informed the Board that he had the family address if anyone would like to offer their condolences.

Energy Office Update (Adam Agalloco)

Mr. Agalloco updated the Board on the City's R.F.P. for a new electricity supplier. The contract will be for one (1) year with three (1) year renewal options. Direct Energy was awarded the 45-50 million dollar contract. Currently, the contract is being reviewed and signed by both parties. Ms. Adams inquired if the City considered a longer term contract to lock in the lower prices. Mr. Agalloco commented that the City's contract is not a fixed price contract, but instead an avenue for the City to execute its purchasing strategy. The City's purchasing plan allows for full transparency of costs while still providing for low prices through a series of regular purchases that stagger market risk. Following the electricity supplier transition, Mr. Agalloco would like to again review the City's purchasing plan as it hasn't received a full update since its origination in 2010. Mr. Ogawa stated that PENN executes a more aggressive and risky purchasing strategy which has resulted in lower prices. Mr. Agalloco added that the City's goals are not just for lowest price, but also budget certainty which protects the City from large market swings, like the polar vortex in 2013.

Mr. Agalloco continued, the City's natural gas contract has a similar purchasing strategy, but that it is a bid contract vs. a RFP. The first renewal for the City's gas contract is up in November 2015. The vehicle fuel contract is similarly a bid contract, but with different contract dates.

The Energy Efficiency Fund program is being relaunched.

Amanda from the Energy Office is plotting building monitoring program - feedback loop for major buildings. The building monitoring program is focused on the Quadplex with particular interest on weekend and evening setbacks on building control systems.

Energy Office is about to publish the first case study on Quadplex. Construction of the project officially closed on July 31, 2015.

Mr. Agalloco commented that the Quadplex assignment contract to PEA from PMA, a draft document would need to be prepared. Ms. Kowalski stated that General Counsel can review the document on behalf of both parties. Progress on the transfer was suspended due to Jocelyn G. Hill's resignation from the City's Law Department. With Quadplex construction officially closed out on July 31, 2015 now have clear a path for project transfer. Currently, he is working on the capital budget and would like to brainstorm with PEA municipal project prioritization.

Mr. Lewis commented on the importance of our understanding of the formal process for engaging in early project development with the Energy Office-- such as a new prison facility.

MOS Update (Richard Freeh)

Ms. Schapira expressed her concern that there was more data in 2013 versus less 2014 data as it relates to the benchmarking. Mr. Agalloco explained that in 2011, he and an intern worked on the data; thereafter, the City adopted the mandatory benchmarking law. Today, the City continues to report benchmarking data as part of the citywide initiative. Mr. Freeh informed the Board that currently, the City's Benchmarking website is offline as the City updates its data visualization tool. Ms. Schapira stated she was unable to access the site, recently. Mr. Ogawa suggested that the City should indicate the system is offline due to updating. Mr. Freeh commented that in the beginning the City received several hundreds of visitors to the tool, but it has gradually decreased over time.

Mr. Freeh continued with his update. He informed the Board that building owners have completed the third year of energy benchmarking. The City plans to publish a report on findings from this by the end of the year or the beginning of 2016. Building owners can use benchmarking to help achieve their energy reduction goals. For context, in San Francisco, they have started to draw conclusions on energy savings after 5 years of data collection. Mr. Freeh indicated that sustainability matters for the Fall/Winter 2015 is in the sunset of the Nutter Administration and that the new administration will be meeting and planning with stakeholders.

Mr. Freeh informed the Board that Drexel University is working a report due sometime in November 2015 that will show potential pathways for the City to reach an 80 by 50 goal, reducing greenhouse gas emissions 80 percent by 2050. The report will provide a framework for achieving this goal, though actual policies will still need to be developed. There will be a public launch at Drexel with the City. Through new initiatives at the local level and the implementation of the federal Clean Power Plan the City hopes to make progress on achieving this goal. The initial phase of work with Drexel has been helpful to understand what is possible.

Executive Director's Report

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

i. Operations

1. PMA Transition Update

Ms. Kowalski stated that the transition was briefly touched on by Mr. Lewis. The Energy Authority is working on a contract with Your Part-time Controller. They are the same firm that the Municipal Authority just brought on board to oversee their accounting. Once negotiations are finalized, we will sit down with Lorna to go over everything PMA handled on behalf of PEA.

Ms. Kowalski informed the Board that intern Paul Molta is seeking a Master's Degree at Yale.

Michael Truax, City Council Fellow, has been made available to PEA for special projects, as needed.

2. MOTU Contract Renewal Update

Ms. Kowalski reported that the \$116,000 grant was deposited on 9/1/2015.

3. Municipal Energy Project Update

a. Quadplex Assignment Preparation

Ms. Kowalski stated that Mr. Agalloco spoke on the assignment earlier in this meeting.

b. 4601 Market Street Update

Ms. Kowalski updated the Board on the alternatively structured on-site central utility plant to provide electricity and energy to the Public Safety Services Campus. The project would be financed, built, designed, owned and maintained by a third party utility supplier. Proposals are being reviewed. Outreach to finance, legal and City Council will occur in October. It is anticipated that the ordinance will be introduced to Council in November 2015.

4. Strategic Planning Process Update

Ms. Kowalski informed the Board that she would be meeting with Jackie Linton on October 20, 2015 to continue discussions related to the strategic plan including the upcoming budget request. Also, Ms. Kowalski commented that she met with Folasade (Sade) Olanipekun-Lewis, City Council CFO, to discuss which departments should include PEA's budget. More discussion is required. The next administration will more likely restructure the offices. We will wait and see.

ii. Work Plan

1. Leveraging the *Energy Profile*

Ms. Kowalski updated the Board that she was networking to address the Energy Profile report. She met with the following people to discuss the report: Councilman Henon, Brian Kauffman (KEEA), Beth McConnell (PACDC), Chris Goy & Matt Stitt (City Council), Denise Goren (Director MOTU), Deputy Mayor Richard Negrin (Governance, OIT), Baird Brown, Davis Masur, (ED, (PennEnvironment).

Ms. Kowalski thanked Mitchell Swann and Emily Schapiro for attending meetings with her.

2. Philadelphia Prison Tour report

Ms. Kowalski updated the Board on the prison tour. She stated that Emily Schapira, Chris Lewis and Mitchell Swann joined her on the tour, which took a half a day. Ms. Kowalski informed the Board that PEA committed to creating a whitepaper documenting their recommendations. Mr. Lewis suggested meeting with Jim Dombrowski, the President of US Facilities to discuss their strategy at the prisons to date. USF has a P3 initiative focused on energy projects led by Brandon Kelly and John Carollan.

- iii. Energy Hub

1. Kleinman Center Collaboration Update

Ms. Kowalski shared that the Energy Authority is identified as an Advisor and will be engaged as appropriate.

2. Energy Salon focused on Community/Resident Impact

Ms. Kowalski commented that PEA is interested in facilitating dialogue around the local neighborhood impact of an energy hub in Philadelphia. Jill, Chris Lewis and Emily Schapira had preliminary discussions with Heather Blakeslee at Grid Magazine.

Treasurer's Report

Mr. Ogawa stated that the Energy Authority received its fiscal year 2016 Grant funding on September 1, 2015.

New Business

Mr. Agalloco commented that there is a City Council ordinance to provide for the utility procurement in 2018-19. Mr. Lewis inquired if the Energy Authority will need the present testimony during the hearing. Mr. Agalloco said he would provide information on the process as it became available.

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 January 7, 2016.

Respectfully submitted,

Secretary to the Board of Directors