

Philadelphia Energy Authority
Minutes of the Quarterly Meeting of the Board of Directors
August 26, 2020

The quarterly meeting (“the Meeting”) of the Board of Directors (the “Board”) of the Philadelphia Energy Authority (“the Authority”) was held on August 26, 2020 beginning at 4:30pm via Zoom teleconference consistent with the PA Sunshine Act and per the guidance of the Pennsylvania Office of Open Records.

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: Alon Abramson (PEA), Michael Bayesa (Energy Systems Group), Baird Brown (Eco(n) Law), Maxine Dixon (PEA), Sarah Eckstein (citizen), Morgan King (PEA), Christine Knapp (OOS), Nancy Mifflin (PEA), Maryrose Myrtetus (PEA), Lisa Shulock (PEA), Joe Wilson (PEA)

Call to Order

Mr. Lewis (Chair) was not able to attend the Meeting. In his absence Mr. Swann (Vice Chair) called the Meeting to order. Mr. Swann determined that a quorum was present and confirmed that the Meeting was properly advertised.

Approval of the Minutes

Mr. Swann asked that the Authority approve the minutes from the prior quarterly meeting held on May 6, 2020 (“Prior Meeting”). Minutes were provided to the members in advance of the Meeting. Upon motion duly made by Ms. Adams and seconded by Ms. Schapira, the Board unanimously approved the minutes.

Public Comment

Mr. Swann asked for comments from the public. No comments from the public were given.

Vice Chair’s Report

The Board held an Executive Session prior to the Meeting to provide an annual performance review for the Executive Director. As the first order of business the Board is asked to approve two resolutions. The

first an update to the Executive Director compensation plan to reflect the base salary that was approved for Fiscal Year 2020.

RESOLUTION 08262020-01: UPDATING EXECUTIVE DIRECTOR COMPENSATION PLAN

RESOLVED, that the Board of Directors (“the Board”) of the Philadelphia Energy Authority approves the updated compensation plan as outlined below for PEA’s Executive Director.

PEA Executive Director Compensation Policy—Revised (2020)

Purpose: The purpose of this policy is to support the goals of the Philadelphia Energy Authority (the “PEA”) by providing a compensation policy that will attract, retain and motivate a high caliber Executive Director to lead the PEA.

Components: The components of the Executive Director’s compensation are: (1) a Base Salary; (2) a discretionary cost of living adjustment (“COLA”); and (3) a discretionary merit bonus for exceptional performance.

Base Salary: As of July 1, 2019, the Base Salary for the Executive Director was \$153,675 per year.

COLA: Effective July 1, 2020 and for each fiscal year thereafter, the Executive Director is eligible for a COLA in an amount no greater than three percent (3%) of the Executive Director’s Base Salary. The COLA will be calculated by averaging two benchmarks: (i) the CPI-U for Philadelphia Camden-Wilmington; and (ii) the Employment Cost Index for private industry workers, total compensation costs. The COLA may be awarded at the sole discretion of the PEA Board of Directors, after consideration of the PEA’s budget, the compensation of other City of Philadelphia employees and officials with commensurate or greater responsibility, and any other factors that the Board of Directors of the PEA shall deem relevant. Upon award of the COLA, the Executive Director’s Base Salary shall be increased by the amount of the COLA.

Merit Bonus: Effective July 1, 2020 and for each fiscal year thereafter, the Executive Director is eligible for a merit bonus for exceptional performance in an amount no greater than five percent (5%) of the Executive Director’s Base Salary, to be determined and awarded at the sole discretion of the PEA Board of Directors. In considering whether to grant a Merit Bonus and the amount of any such Merit Bonus, the PEA Board of Directors will evaluate the Executive Director’s performance in the prior fiscal year against the PEA Executive Director Goals and Performance Metrics that are attached to this policy.

Upon motion duly made by Ms. Adams and seconded by Ms. Moore, the Board unanimously approved the resolution.

The Board then moved forward to approve Executive Director’s compensation for Fiscal Year 2021.

RESOLUTION 08262020-02: EXECUTIVE DIRECTOR FY2021 COMPENSATION

RESOLVED, that the Board of Directors (the "Board") of the Philadelphia Energy Authority (the "Authority") approves annual compensation for the Authority's Executive Director for Fiscal Year 2021, beginning July 1, 2020, applied retroactively, with a base salary of \$155,788 (FY2020 base salary of \$153,675 plus a cost of living increase of 1.35%) and a one-time merit-based bonus of \$7,684, 5% of FY2020 base salary of \$153,675.

Upon motion duly made by Ms. Adams and seconded by Ms. Moore, the Board approved the resolution with one abstention from Ms. Schapira.

Executive Director's Report

Organizational Updates

As an independent municipal authority the Authority is required to have a Right to Know Law Policy ("RTKL Policy") and have it publicly posted on their website. To date, the Authority has generally followed the policy of the City of Philadelphia until such time as an Authority-specific policy could be adopted. The proposed policy was provided to the Board in advance of the Meeting via email. The policy follows the guidelines of the Pennsylvania Office of Open Records and has been reviewed by the Authority's counsel.

RESOLUTION 08262020-03: ADOPTING RIGHT TO KNOW LAW POLICY AND APPOINTING OPEN RECORDS OFFICER

RESOLVED, the Board of Directors ("the Board") of the Philadelphia Energy Authority ("the Authority") adopts the Right to Know Law Policy substantially in the form attached hereto, and appoints Emily Schapira, Executive Director, as the Authority's Open Records Officer, and Maxine Dixon, Program Coordinator, as the Authority's Alternate Open Records Officer.

Upon motion duly made by Ms. Adams and seconded by Mr. Kopistansky, the Board unanimously approved the resolution.

The Authority previously did not have a nepotism policy, and generally followed the policy of the City of Philadelphia. As part of the Authority's work with the Philadelphia Youth Network, PEA must now have its own policy. The policy was provided to the Board prior to the meeting via email and mirrors the guidelines set forth in the City of Philadelphia's policy.

RESOLUTION 08262020-04: ADOPTING NEPOTISM POLICY

RESOLVED, the Board of Directors (“the Board”) of the Philadelphia Energy Authority (“the Authority”) hereby adopts the Nepotism Policy as attached hereto.

Upon motion duly made by Ms. Schapira and seconded by Mr. Agalloco, the Board unanimously approved the resolution.

The City of Philadelphia and the Commonwealth of Pennsylvania have both recognized Juneteenth as an official holiday, and Ms. Schapira has recommended to the Board that the Authority do the same. She asked the board to consider the following resolution to add Juneteenth to the list of observed holidays by the Authority.

RESOLUTION 08262020-05: ADDING JUNETEENTH AS AN OFFICIAL OBSERVED HOLIDAY

WHEREAS, Juneteenth commemorates June 19, 1865, the date when Union troops arrived in Galveston Bay, Texas to ensure that slaves were freed. The troops arrived two and a half years after the Emancipation Proclamation was signed by President Lincoln, and

WHEREAS, Juneteenth is currently recognized as a state holiday or day of observance in 47 states and the District of Columbia, established in Pennsylvania as Juneteenth National Freedom Day on June 19, 2019, and established in the City of Philadelphia as of June 16, 2020 through Executive Order 4-20, and

WHEREAS, the Philadelphia Energy Authority is committed now and always to acknowledging and combating institutional and structural racism, and

WHEREAS, the recognition of Juneteenth is simply one step among many towards the aforementioned aim, and

WHEREAS, Black Lives Matter;

THEREFORE, BE IT RESOLVED, that the Board of Directors (“the Board”) of the Philadelphia Energy Authority (“the Authority”) amends the existing schedule of observed (paid) holidays appearing in the Employee Handbook to include June 19th, known as Juneteenth. Juneteenth is designated a paid holiday for all *exempt* Authority employees and all offices shall be closed.

Upon discussion, the Board amended the resolution to add the word *exempt* to reflect that this policy applies to full-time, salaried employees.

Upon motion duly made by Ms. Adams and seconded by Ms. Moore, the Board unanimously approved the resolution as amended.

Program Updates

The Authority's budget from the City was cut by about 30 percent in FY2021, which has prompted the Authority to seek federal funds and develop other strategic partnerships to identify and diversify ongoing revenue to support workforce development and housing efforts. Those fundraising efforts have begun and are led by Ms. Schapira with support from Ms. Mifflin.

I. City Projects

Construction on the Adams Solar project has not yet begun. The PEA and City Energy Office team is still moving forward with planning and working to modify the project timeline.

The RFQ process for LED streetlighting is complete. 11 firms responded, 3 of those responses were deemed non-compliant, and the selection committee decided to interview 7 of the remaining 8. Of the firms that were interviewed, 4 will move forward to the RFP stage. All 8 compliant respondents to the RFQ were offered a debrief call to receive feedback and all 8 accepted. Feedback calls were conducted by Emily Schapira, Alon Abramson and Dominic McGraw of the City's Energy Office.

Mr. Swann asked why four companies were not chosen to interview. Ms. Schapira stated the non-compliant firms did not adequately respond to the RFQ, and the remaining compliant respondent did not have experience with streetlighting and would not have been a fit for this project.

II. School District

After a successful pilot of retrofits at 3 schools completed by Noresco, the School District last year moved on to the first phase of their larger rollout of guaranteed energy savings ("GESA") projects. After a public procurement, last year they contracted with Johnson Controls (JCI) for up to 20 additional schools. The current phase ("GESA-1") covers 3 schools -- Conwell, Gompers and Lincoln -- and construction has begun. The School District is evaluating 13 of the 20 schools originally contemplated for a phased rollout over the next 4 years. We hope to hear news of the next phase in September.

III. Solarize Philly, Solar Savings Grant Program, Bright Solar Futures

Solarize Philly reopened for 2020 and is accepting new sign-ups for Phase 4. In this phase, the Authority is working with Solar States as the pre-approved installer. On August 17th, PEA kicked off its second annual Philadelphia Solar Week to support interest in the program. It was a week full of virtual events and activities. Recordings of all webinars and events can be found on the PEA website.

The first contract was signed for the Solar Savings Grant Program. Funding is available for up to 45 low- and moderate-income households. The participants will be offered discounted pricing for the installation, PEA will buy their SRECs for the first 15 years up front, and the National Energy Improvement Fund (NEIF) will provide a low-cost loan to finance the remaining cost, utilizing low-cost capital provided by the Centennial Parkside Community Development Corporation. The SRECs will be registered and the Authority will receive any funds earned to support future rounds of the program.

The Authority administered the City Solar Rebate program on behalf of the Office of Sustainability, and approved applications between March and June and was able to spend the full funding allocation. The Authority issued \$249,335 of rebates to over 200 applicants with 10% of funds being issued to low- and moderate-income applicants. The program is now closed, and funding was not allocated in the FY21 City budget. The Authority still encourages individuals to apply for the program, and they will be added to the waitlist. If funding becomes available the Authority will issue rebates based on the application date.

The Bright Solar Futures program held a virtual graduation ceremony during Solar Week for the 2020 participants. There were two groups of graduates: One of PowerCorpsPHL Fellows, 10 of whom are currently wrapping up internships (with 5 already hired into full-time jobs), and the other of high school students through the Philadelphia Youth Network's WorkReady Program. Our high schoolers went through an online prep course for the NABCEP exam. The Bright Solar Futures CTE program starts remote class the week of August 31st. The District received state approval to access funds and hire a teacher to teach the cohort of 10th graders. Solar Lab build-out is in process.

IV. Built to Last & New Multi-Family Tools

The Built to Last program will aim to restore low-income, single-family homes to ensure they are safe, healthy and affordable for the long-term. The Authority is working with consultant Capital Access to complete a roadmap. The program is on track to pilot in 2021 with approximately 100 homes. The Authority is seeking \$1.6MM in funding for software and subsidies to support the program.

In partnership with Inclusive Prosperity Capital (IPC), the Authority will be launching two loan products available to multi-family properties and non-profits in September. After successfully completing a multi-family affordable housing pilot in 2018, PEA identified that these tools would support a more robust marketing in multi-family energy efficiency. Both loans are unsecured, allowing properties with HUD or other financing restrictions to participate.

The two loans are:

- Navigator Pre-Development Loan
- Catalyst Term Loan

V. Water/Sewer Service Line Protection Program

The customer enrollments and repair savings for the Water and Sewer Service Line Protection Program continue to grow. There are now 87,000 customers and \$11.2M in repair cost savings to participants.

Customers and Councilmembers have been asking for additional programs through American Water Resources. AWR would like to offer 5 new programs. The Authority has evaluated pricing, terms and conditions and applicability to the Philadelphia market and hopes to provide these offerings as part of an amendment to the contract renewal, which will take effect in November 2020.

The amendment document was provided to the Board prior to the meeting. It has been reviewed by the Authority's counsel.

**RESOLUTION 08262020-06: AUTHORIZING AMENDMENT TO AMERICAN WATER RESOURCES
CONTRACT ADDING NEW PROGRAMS**

RESOLVED, that the Executive Director of the Philadelphia Energy Authority is hereby authorized and directed to enter into an amendment to the existing contract with American Water Resources substantially in the form attached hereto, which allows American Water Resources to provide additional home protection programs, and to take all administrative steps necessary and convenient to execute and administer these programs.

Upon motion duly made by Ms. Adams and seconded by Mr. Agalloco, the Board unanimously approved the resolution as amended.

VI. C-PACE

The Authority closed its first 2 C-PACE projects recently, which are also the first two in Pennsylvania. One was an energy efficiency project and the other a solar project, showing the range of what can be accomplished through C-PACE financing.

VII. Philadelphia Green Bank

Ms. Schapira and Ms. Myrtetus will provide a briefing on the Philadelphia Green Bank to the board soon. It will be a non-profit 509(a)3/501(c)3 entity, with its own board. PEA will appoint at least a majority of the board members.

Treasurer's Report

Ms. Schapira gave a review of the unaudited financial statements for Fiscal Year 2020, which had been previously examined with the Board Treasurer. The Authority ended the fiscal year in a strong financial position. The Authority had roughly \$1.8 million in expenses. Budget categories that were overspent include administrative fees, legal fees, and software due to increased activity and software being a new category for the organization.

The FY21 allocation from the City is a 30% cut from what was received last year. This will require the Authority to use additional funds from the Water and Sewer Program to support core operations, rather than advance new initiatives in the long term.

The FY21 overall budget requested for approval by the Board is similar to FY20 with a few updates to address increased expenses in categories over spent last year.

RESOLUTION 08262020-07: APPROVING FY2021 BUDGET

RESOLVED, that the Board of Directors (the "Board") of the Philadelphia Energy Authority (the "Authority") approves the Fiscal Year 2021 budget as attached hereto.

Upon motion duly made by Ms. Adams and seconded by Mr. Swann, the Board unanimously approved the resolution.

Mr. Kopistansky had to leave the meeting.

New Business

Mr. Swann asked for new business. No new business.

Adjournment

Mr. Swann moved to adjourn the meeting, which was duly seconded and unanimously approved.

The next quarterly board meeting will be held on December 2, 2020.

Respectfully Submitted,



Secretary of the Board of Directors