

Draft

MINUTES OF MEETING
BOARD OF DIRECTORS
PENNSYLVANIA ENERGY DEVELOPMENT AUTHORITY
October 22, 2014

Board Members Present

Hon. Dana K. Aunkst, Acting DEP Secretary
Laureen Boles
Raymond Bologna
Virginia Brown
Hon. John F. Coleman, Jr.
Elizabeth Rosentel (for Rep. Peter J. Daley)
Romulo Diaz
Sarah Hetznecker
Hon. R. Lee James
Bernie Lynch
Tanya McCloskey
Hon. Glenn E. Moyer
Steve Drizos (for Hon. C. Alan Walker)
Michael Welsh
Hon. John N. Wozniak
Jared Grissinger (for Hon. George Greig)

Board Members Present (via telephone)

Gibson Armstrong
Hon. Peter J. Daley
Hon. Edwin B. Erickson

DEP Staff

Hayley L. Book, PEDA Executive Director, Director Policy Office
Karen K. Deklinski, Director OPPEA
David Althoff, Jr., PEDA Staff, OPPEA
Kerry Campbell, OPPEA Staff
Katherine Hetherington Cunfer, Director of External Affairs
Garrett Lewis, Executive Assistant to the Secretary
Leah Majdic, Policy Office Intern
Betty Hawkins, PEDA Staff, OPPEA
Tiffany Tran, PEDA Staff, OPPEA

CALL TO ORDER AND APPROVAL OF MINUTES

The meeting was called to order at 9:01 a.m. in Room 105, Rachel Carson State Office Building, 400 Market Street, Harrisburg, PA. The Board considered its first item of business – the April 7, 2014, PEDA Board meeting minutes.

Virginia Brown asked for the minutes from April 7, 2014 to be edited to reflect the fact that she had attended the PEDA Board Meeting on that date via teleconference.

Mike Welsh moved to adopt the April 7, 2014, PEDA Board meeting minutes. Romulo Diaz seconded the motion, which was unanimously approved by the Board.

OVERVIEW OF PEDA GRANT APPLICATION PROCESS

Hayley Book gave an overview of the PEDA grant program and solicitation process. Ms. Book noted that there were 184 applications submitted totaling approximately \$81 million in requested funding for approximately \$12.5 million of total available funding. Ms. Book identified and thanked the members of the Technical Review subcommittee (Gibson C. Armstrong, Representative R. Lee James, Bernie Lynch, Tanya McCloskey, and Steve Drizos representing Secretary C. Alan Walker), and enumerated the subcommittee's duties with regard to the process of reviewing the applications. Ms. Book emphasized the subcommittee's intention to fund a range of different types of projects across a broad geographic area. Ms. Book offered that the projects would be presented and voted on as packages, as long as that was acceptable to the Board, and encouraged discussion of individual projects as they were introduced.

COMMUNITY ENVIRONMENTAL INITIATIVE PROJECT

David Althoff gave an overview of the Community Environmental Initiative project. Mr. Althoff discussed the history of the CEI funding provided to Northumberland County, both the Intelliwatt project and the County Courthouse project. Northumberland County submitted a new project application for a boiler system upgrade at the CareerLink Building in Northumberland County during the 2014 PEDA solicitation. This project was reviewed and deemed to be eligible.

Representative R. Lee James made a motion to adopt the CEI Project. Mike Welsh seconded the motion, which was unanimously approved by the Board.

ADVANCED ENERGY PROJECTS

Ms. Book provided an overview of the 19 Advanced Energy Projects. Senator Wozniak requested more information about the Aqua Battery Project. Mr. Althoff responded with information about previous deployments of the East Penn Manufacturing Battery Systems. Julien Gaudion, a representative from Aqua Pennsylvania, also provided further information about the functionality and benefits of the Aqua Battery.

Secretary Moyer asked whether projects that were not fully funded were still viable at the recommended award amount. Secretary Moyer also noted the matching fund amounts provided by the projects, and asked if other state loans or grant sources were taken into consideration when reviewing the applications. Ms. Book explained the Subcommittee took into consideration the viability of the projects at the recommended award level and the desire to conserve PEDA funds for other project allocations. Ms. Book also explained that the subcommittee spent a lot of time looking at whether the applicants had received funding from other state sources to avoid "stacking" of grant awards for any given project.

Romulo Diaz and Sarah Hetznecker recused themselves from discussions and voting on the Advanced Energy projects. Lauren Boles recused herself from voting on the projects that were based in Philadelphia County.

Steve Drizos made a motion to adopt the Advanced Energy Projects. Bernie Lynch seconded the motion, which was unanimously approved by the Board.

CLEAN ALTERNATIVE ENERGY PROJECTS

Ms. Book gave an overview of the Clean Alternative Energy Projects.

Douglas Ramsey, a representative from Alcoa, Inc., provided further explanation of the Aluminum Battery project upon Ms. Book's request.

Ms. Hetznecker requested more information about the Solar Secured Solutions solar-diesel hybrid light towers project. Mr. Althoff explained that the solar panels on the light towers would store energy and replace a substantial portion of the diesel power which is currently required to power conventional light towers without solar panels. With the solar panels added, the diesel component would only be activated when the stored energy from the solar panels is exhausted. Mark Conroy, a representative from Solar Secured Solutions, agreed that this was an accurate description of the project.

Mr. Diaz suggested that there be more visibility about the specific criteria used to rate PEDAs applications and how they are weighted, respectively, with regard to the rating of individual applications. Mr. Diaz said such actions would allow the Board to determine whether any criteria needed to be changed or adjusted. Ms. Book responded that there have been similar discussions with the Subcommittee, and there was agreement some changes should be made to the criteria and how they are weighted for the next solicitation.

Miss Hetznecker asked why the number of jobs created was a factor in the Clean Alternative Energy Projects, but was not included in the information presented for the other project categories. Ms. Book explained that most of the Clean Alternative Energy projects contained manufacturing and research components, which would generate permanent jobs. Ms. Book stated other projects, which were focused more on expanding, modifying, and upgrading existing systems, lacked or did not have as significant job creating potential.

Mike Welsh made a motion to adopt the Clean Alternative Energy Projects. Romulo Diaz seconded the motion, which passed unanimously.

ADVANCED ENERGY DUQUESNE LIGHT PROJECTS

Mr. Althoff explained the source of funding for these projects and the specific criteria these projects needed to have in order to be eligible for funding from the Duquesne Light Settlement. Mr. Althoff noted the total funding amount required by these three projects exceeded the amount of Duquesne Light Settlement funds available. Mr. Althoff explained this funding shortfall would be resolved by split-coding the funding of these projects with a small portion of the funds from the PEDAs Advanced Energy project funding pool.

Ms. Hetznecker asked for more information about the size of the solar and wind arrays for the Borough of Monaca project. Mr. Althoff provided this information.

Mr. Diaz noted that currently the PEDAs Board does not require or consider a workforce training and development component. Mr. Diaz felt this should be taken into consideration for future

projects and emphasized the importance of training and preparing people for future opportunities in the alternative energy industry.

Sarah Hetznecker made a motion to adopt the Advanced Energy Duquesne Light Projects. Ray Bologna seconded the motion, which passed unanimously.

PEDA PROJECT WRAP-UP

Karen Deklinski thanked the subcommittee members for their hard work, research, discussions, and willingness to ask tough questions. Ms. Book drew the Board's attention to the PEDA Project Map. Ms. Book noted that since all the projects presented to the Board had been voted on and approved, the map was an accurate representation of the PEDA funded projects for the 2014 solicitation. Bernie Lynch inquired as to why the Borough of Monaca project in Beaver County was not depicted on the map, Ms. Deklinski clarified that none of the Duquesne Light projects were included on the map, and that there was a footnote on the map indicating such. Ms. Book and Chairman Aunkst thanked the subcommittee for the hard work of its members. Tanya McCloskey thanked the DEP staff for all of their hard work and knowledge in helping the subcommittee reach its determinations.

Senator Wozniak acknowledged there was a limited pool of funds to award, and that it takes money to invest in research and development for emerging technologies, but he would like to see more evidence of the outcomes of PEDA funding. Sen. Wozniak stated he would welcome the opportunity to be invited by a company to tour facilities in person.

APPROVAL OF THE ANNUAL REPORT

Mr. Althoff drew the Board's attention to the July 1, 2013 – June 30, 2014 PEDA Annual Report and its contents. Mr. Althoff described the sources of the Energy Assistance funds and gave an overview of ongoing projects that had received funding from prior PEDA grant solicitations

Vice Chair Coleman asked Mr. Althoff to clarify what is contained in the agreements between PEDA the companies that run PEDA-funded projects. Mr. Althoff explained that in such scenarios, PEDA would try to recover funds from the sale of real property and equipment, because the agreement that companies sign with PEDA states that companies cannot profit from the sale of items that PEDA funds have paid for. PEDA funds that have been used to pay for research and development, manpower, and other investments in things other than tangible property are usually not recoverable. Mr. Althoff also explained that PEDA's security interest continues beyond the 24 months of the project performance period to the 5 year term of the grant, and could continue even beyond. Mr. Althoff said that in the event a company holding a PEDA grant or loan would declare bankruptcy and be required to liquidate its assets to satisfy its debts to creditors, PEDA would have to claim its share of the sale proceeds as a creditor.

Mr. Diaz noted he would be requesting a correction of his title as it appears in the Annual Report.

Jared Grissinger made a motion to adopt the Annual Report. Vice Chair Coleman seconded the motion, which carried unanimously.

PUBLIC COMMENT

Vincent M. Constantino, executive director of Aria Health, thanked the PEDAs Board and emphasized how the Board's approval of the project would result in a great benefit to the community. Kathleen A. Hravbovsky from Allegheny County thanked the PEDAs Board for approving their project. Tom Tuffy from Community Energy stated that he was glad to see solar projects being approved by the PEDAs Board, and noted that Pennsylvania is the leader in wind power in the East.

ADDITIONAL BUSINESS

Ms. Book drew the Board's attention to the PEDAs Plan. The Plan was open to public comment for a period of 60 days in the summer of 2014 and received no comments.

Ms. Book congratulated the successful grantees and stated that PEDAs would be issuing a press release shortly, sending congratulations letters, and the Grant Center would be in contact about paperwork to be completed for the grants.

Ms. Book then asked the Board to consider what the next steps would be for the PEDAs Board, and indicated that the next Board Meeting will be held in April, 2015. Ms. Book requested ideas on what the direction of the Board should be in 2015, in addition the suggestions that PEDAs take a closer look at the rating system, and try to see some of the results from the successful projects.

Representative James suggested a discussion about a possible loan program, and what the procedures would be for collecting the funds.

Ms. Lynch suggested a reauthorization of PEDAs should be pursued.

Secretary Moyer suggested that in the future PEDAs could choose between whether the Advanced Energy program could be a grant or a competitively-priced loan, provided the borrowing entity had that capability or if there were some reasonable guaranteed payback period.

Ms. Book acknowledged these ideas were a good start to an agenda for the next Board meeting. Ms. Book said she would be in contact with the Board about projects and picking a date for the next Board Meeting.

MEETING ADJOURNED

Senator Wozniak made a motion to adjourn the meeting. Ms. Hetznecker seconded the motion, which carried unanimously. The meeting was adjourned at 10:50 a.m.