

Cape & Vineyard Electric Cooperative Board of Directors Meeting
Meeting Minutes
August 13, 2009

Members Attending: E. Mark Zielinski, Barry Worth, John Cunningham, Peter Cabana, Charles McLaughlin

Lindsay Stranger, Joe Soares, and Jeff Bernstein were present.

Public Present: David Anthony, Al Kolchinsky, Tim Twombly, Kitt Johnson

The twenty-third meeting of the Board of Directors of the Cape & Vineyard Electric Cooperative convened at 10:30 am.

I. Meeting Minutes- 6/25/09 and 7/16/09

On a motion by Mark Zielinski and seconded by Barry Worth, the Board voted to approve the meeting minutes of June 25, 2009. Approved 5-0-0

On a motion by Mark Zielinski and seconded by Peter Cabana, the Board voted to approve the meeting minutes of July 16, 2009. Approved 5-0-0

II. New CVEC Members

On a motion by Peter Cabana and seconded by John Cunningham, the Board approved the membership of the Town of Mashpee, with Michael Richardson as the Director for Mashpee. Approved 5-0-0

On a motion by Mark Zielinski and seconded by Peter Cabana, the Board approved the membership of Dukes County, with Peter Hefler as the Director for Dukes County. Approved 5-0-0

On a motion by Mark Zielinski and seconded by Peter Cabana, the Board approved the membership of the Town of Edgartown, with Kitt Johnson as the Director for Edgartown. Approved 5-0-0

III. Treasurer's Report

M. Zielinski provided the Board with an income statement through 6/30/09. He presented the income statement, balance sheets, and a cash flow statement, that were all submitted with the CREBS applications.

C. McLaughlin stated that a vote on the Treasurer's Report would be taken at the next meeting.

IV. Harwich Wind Project

B. Worth stated that the project was moving along and that the CREBS application had been submitted. He stated that they have identified two sites; one site has a conflict with well sites, and that most of the second site is cleared. B. Worth stated that both sites have an Article 97 complication that they are working on, and that legal needs to determine the fall zone for site 1. C. McLaughlin asked if two wind turbines could be put on each site, and B. Worth stated yes. P. Cabana asked what Article 97 was. J. Bernstein stated that Article 97 needs 2/3 town vote and 2/3 House vote to allow turbines on sites. There are

issues with open space, conservation, environmental, etc. B. Worth stated that the town was turned down by MTC for a \$1.2 million grant. M. Zielinski asked if there was an "exit interview" that was conducted about what they could do differently for the future. C. McLaughlin asked for M. Zielinski and M. Downey to contact MTC and ask to have a meeting to find out why the application was turned down and what need to do for future applications.

B. Worth stated that there needs to be work done now before it gets to Town Meeting. The Town has not held any public hearings yet on the turbines, and so far there is no opposition that he knows of.

On a motion by Peter Cabana and seconded by Mark Zielinski, the Board voted to approve the Weston and Sampson proposal for the Town of Harwich.

D. Anthony asked if CVEC was subject to the same rules as municipalities, in regards to Ch. 30 B and 39. J. Bernstein stated that they must follow the same rules, and that this is step is important before they can design the turbine. He stated that it is a single contract between CVEC and Weston and Sampson.

Approved 6-0-0

J. Bernstein stated that they submitted the CREBS applications, but that they won't know if they are approved until January 2010. He stated that they are pursuing other areas, such as RUS, and CFC (for short term loan, so that they have working capital). J. Bernstein stated that this will be brought up at the September meeting. He mentioned that DOE has a program where they will provide loan guarantees. C. McLaughlin spoke with M. Downey, and he would like a budget done for each project, by the next meeting. M. Zielinski stated that for the CREBS application, they had to do a summary budget, but it sounds like C. McLaughlin wants a more detailed budget, showing funding sources, etc.

V. Brewster Wind Project

J. Cunningham stated that he has a meeting early Monday with Charlie Sumner. J. Bernstein believes that the legal counsel for Brewster aggress with BCK regarding Article 97. The Board had a discussion on whether a town meeting vote is necessary. J. Cunningham stated that the town may have to have another study done by Black and Veatch on the Commerce Park site, to see if two turbines would fit.

Martin McDonald arrived at 11:15.

J. Cunningham requested an allocation of \$10,000 in order for the study for Commerce Park, to see if two turbines would work, subject to the need being identified by CVEC staff. J. Bernstein stated that this study needs to be done before the Fall Special Town meeting. M. Zielinski was concerned that \$10,000 may not be enough money. J. Cunningham stated that he doesn't believe they will be short. P. Cabana stated what he wanted to up the request from \$10,000 to \$20,000.

On a motion by Mark Zielinski and seconded by Peter Cabana, the Board voted to authorize the Clerk to enter into the proposal from Black and Veatch, for the analysis of a second turbine at the Commerce Park site in Brewster, and for any and all services necessary to move this project forward, amount not to exceed \$10,000, and this is subject to the Treasurer's approval,, and Counsel review.

Approved 6-0-1, with Martin McDonald abstaining as he was not present for most of discussion.

VI. Next Step on Wind Project

J. Bernstein stated that once the sites are selected, CVEC needs to do the design work and engineering. He stated that they could put both projects under one bid, so that there is one construction company. BCK has done a draft of the Engineering, Procurement and Construction, to allow for a turn key contractor. J. Bernstein suggested that they form a committee to get this process moving. He stated that the goal is to get this document out this fall, and that it could take 90 days to go through the motions. P. Cabana suggested going out with an EPCM contract, not just an EPC contract, because CVEC does not have staff. J. Bernstein believes that they could do a separate contract for management, if needed.

A. Kolchinsky stated that Orleans sent people to the Mass Maritime Academy to view the facility. They asked about Operating and Maintenance, and they were surprised that there was not much maintenance involved and not much money.

P. Cabana stated that there was no objection to EPC.

C. McLaughlin appointed J. Cunningham and B. Worth to serve on the EPC Committee with M. Downey.

VII. PV Project

J. Soares stated that ConEdison Solutions has done several site visits. He stated that CES has received bids, and have selected Alteris as a vendor for PV. Ron Collins has been involved in the selection of the sites. The final bid pricing is not finalized yet, as the sites are not completely chosen.

C. McLaughlin stated that West Stockbridge is quoted saying that they will be paying \$0.07 per kWh for the Power Purchase Agreement (PPA). He stated that M. Downey will go back to CES and try to renegotiate the Power Purchase Agreement price. C. McLaughlin stated that if there is not a significant reduction in price, then the Barnstable School Department will not enter into a PPA.

VIII. Tax Equity Research Overview

J. Bernstein sent out a memo on June 22, regarding the American Recovery and Investment Act of 2009 (ARRA). He stated that CVEC could get a one-time 30% tax credit. J. Bernstein provided the Board with an estimated cost of pursuing the ruling to get benefits of ARRA. He stated that it is a difficult task and not sure if it would even work. This would potentially apply to projects like Brewster and Harwich. M. Zielinski stated that when they did the financial analysis for towns, they used multiple funding sources and the tax equity model was the second most favorable financial means behind CREBS. B. Worth stated that it is a lot of money to invest when J. Bernstein is not very optimistic about it. C. McLaughlin believes that a private investor with a public entity would help greatly. B. Worth stated that they have spent a lot of time and energy doing presentations to the Boards of Selectmen stating that CVEC will own the turbines, and he is not sure how the Selectmen would take it having a private investor owning the turbine, instead of CVEC. J. Cunningham stated that he dealt with a similar situation when he was working with waste energy, in regards to who owned, and selling the tax credits. J. Bernstein stated that he does not have to burn through the legal budget to tell the Board that it won't work. C. McLaughlin asked M. Zielinski if this would fit into the budget. M. Zielinski said that they could do it. C. McLaughlin stated that it is time to ask the legislation for money. M. Zielinski stated that they will go to Mark Forest in the fall for a grant for renewable energy projects.

On a motion by Mark. Zielinski and seconded by Peter Cabana, the Board voted to authorize counsel, to pursue ARRA tax equity analysis, in order to pursue renewable energy projects, not to exceed \$33,000.

K. Johnson proposed an amendment for the initial phase of work, not to exceed \$10,000 to obtain an opinion from an outside industry expert as to whether CVEC can take advantage of the benefits of ARRA tax equity, including a report. This initial phase of work is included within the \$33,000.

*Mark Zielinski and Peter Cabana accepted the amendment. Amendment approved 7-0-0
Motion approved 7-0-0*

X. Other Business

M. Zielinski stated that they have done the analysis for Brewster, Harwich and Wellfleet, and what the savings would be if they were a regular member. C. McLaughlin stated that they met with Alan Giles after the last meeting and he needs a conditional PPA before he can pursue anything with CVEC. Alan Giles needs an indication by October, whether CVEC is interested. C. McLaughlin suggested a subcommittee, and is weary of spending legal fees on something that is not definite. M. McDonald stated that it sounds like a risky venture for CVEC to enter into. C. McLaughlin appointed a subcommittee of Mark Zielinski and Peter Cabana to sit with Alan Giles and get more information. J. Cunningham stated that the biggest thing that CVEC should focus on is the high priority projects that are before them. C. McLaughlin asked Peter Cabana to meet with Alan Giles and give a brief review at the next Board of Directors meeting. Mark Zielinski left at 12:30.

IX. Discussion on Peter Cabana's proposed Mission Statement

P. Cabana proposed a modification to the CVEC mission statement to include information from the Ocean Management Plan. He believes that CVEC should work with the DOEEA. C. McLaughlin stated that CVEC should wait until the final version of the plan comes out before changing the mission statement. He is concerned about what they do/should pursue, especially in regards to budget. He and Town of Barnstable want to see the final plan. M. McDonald stated that it was hard for Eastham to join CVEC, but one thing that sold them was the fact that they don't have to participate. The Board needs to be careful on what they are adding to the scope of what CVEC is doing. It doesn't mean that they can't pursue, but not have it in the mission statement. B. Worth, J. Cunningham and K. Johnson agreed with M. McDonald.

C. McLaughlin asked the Board if the next meeting could be held on 9/24 at 9:30. All agreed.

On a motion by Kitt Johnson and seconded by Charles McLaughlin, the Board voted to adjourn the meeting at 12:52 pm.