

Cape & Vineyard Electric Cooperative Annual Meeting of the Board of Directors  
Meeting Minutes  
September 24, 2009

Members Attending: E. Mark Zielinski, John Cunningham, Peter Cabana, Martin McDonald, Michael Richardson, Kitt Johnson, Maggie Downey, Charlie McLaughlin, Barry Worth

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

Public Present: Tom Mayo (GIS Specialist for Town of Mashpee), John Jannell (Planner-Town of Orleans)

The twenty-fourth meeting of the Board of Directors of the Cape & Vineyard Electric Cooperative convened at 9:40 am.

I. Election of Officers

The Election of Officers was moved to the end of the meeting so that Charlie McLaughlin and Barry Worth could participate in the elections.

II. Annual Financial Report by Treasurer

M. Zielinski presented to the Board the annual financial report, dated 9/24/09. He also presented a draft budget to the Board for Calendar Years 2009-2011. M. Zielinski stated that all expenses for the turbines that are covered by financing are not included in the budget. He suggested that they set up a reserve account. M. Downey suggests that the PV Adder/Revenues be set aside in its own reserve fund for maintenance and operation of the PV systems. M. Zielinski stated that once he gets a clear sense of the wind turbine expenses, he will add them into the budget. K. Johnson asked M. Zielinski to add footnotes with assumptions, and also made suggestions for future budgets.

*On a motion by Peter Cabana and seconded by John Cunningham, the Board voted to set up a PV Reserve account with income from the PV projects. Unanimously approved 7-0-0.*

*On a motion by Kitt Johnson and seconded by Peter Cabana, the Board voted to setup a general reserve account within the budget. Unanimously approved 7-0-0.*

M. Zielinski stated that he put in a salary budget due to PV and Wind projects coming up, where they will need staff. He said that if you fund staff through financing, then you end up paying interest on it. He has not included some of the legal expenses that J. Bernstein will address later in the meeting.

III. Meeting Minutes- 8/13/09

*On a motion by Mark Zielinski and seconded by Peter Cabana, the Board voted to approve the meeting minutes of August 13, 2009. Approved 5-0-2 with Michael Richardson and Maggie Downey abstaining as they were not present for the meeting.*

IV. New CVEC Members

*On a motion by Mark Zielinski and seconded by Peter Cabana, the Board approved the membership application for the Town of Orleans, with John Jannell as the Director for Orleans. Approved 7-0-0*

J. Jannell thanked M. Zielinski and M. Downey for all of the time that they spent working with the Town, and making presentations.

#### V. Brewster Wind Project

M. Downey stated that there is a public hearing on October 5<sup>th</sup> at the Brewster Town Hall, on the project, and then the Town Meeting is on October 19<sup>th</sup>. J. Cunningham stated that he wants to issue the job announcement now, because it will take some time to hire someone. M. Zielinski agreed with J. Cunningham.

*On a motion by Mark Zielinski and seconded by John Cunningham, the Board voted to direct the Clerk to prepare and send in the job announcement for a Full Time Project Manager. Unanimously approved 7-0-0*

C. McLaughlin arrived at 10:15 am.

M. Zielinski reviewed the pro-forma process that is presented to the towns. The pro-forma includes different models, such as RUS, CREBS, and tax equity credit. He explained that CFC is the sponsor for the CREBS applications. K. Johnson asked what the timing was for getting the funds, once approved. M. Downey stated that the financing approval through RUS with the old process was 18 months, but that the process has been modified. J. Bernstein stated that CFC does short term debt to get the construction moving. M. Zielinski stated that a lot of what is being done now for CREBS will go towards the RUS application. J. Bernstein added that the RUS application process is also moving forward at this time. M. Zielinski reviewed the pro-forma for Brewster which was also used for the CREBS application. M. Downey stated that the pro-forma is the worst case financing scenario. C. McLaughlin voiced his concern about overpromising to towns, and is also concerned about reserve after 3 years. M. Downey stated that if they did not use the reserve to decrease the power costs, then the price for power under the PPA would be cost prohibitive. J. Bernstein suggested calling the member reserve a different name. M. Downey suggested calling it a PPA (Power Purchase Agreement) Stabilization Fund. P. Cabana asked about the warranty period for turbines and the risk if they get a lemon of a turbine. J. Bernstein stated that the lender will make sure that the warranty period is sufficient to cover their liability. M. Zielinski stated that savings will be seen through net metering. M. Downey said that for the extra power that is produced by a project will require each of the other non-host member towns to sign a PPA for the extra power. M. Downey stated that she would be sending out a list of the Town accounts to the respective Board of Director, and asked the Directors to check with the towns for accuracy of the accounts.

M. Downey stated that the next steps for Brewster are the Public Hearing on October 5<sup>th</sup>, Town Meeting Vote on October 19<sup>th</sup>, Interconnection Agreement and the EPC contract.

The Board took a brief recess from 11:50-12:05 p.m. John Jannell left at this time.

#### VI. Harwich Wind Project

M. Downey stated that a similar pro-forma had been prepared for Harwich and that the economics were better due to higher production values. She told the Board that a Special Town Meeting was scheduled for 11/12, and that no public hearings had been scheduled, as the sites have not been confirmed through the study.

M. Downey stated that the next steps for Harwich are the public hearings, Town Meeting Vote on November 12, Interconnection Agreement and the EPC contract.

## VII. Wind Projects in General

M. Downey stated that the Invitation for Bids for EPC have not been issued and that she was working with counsel on the process. J. Bernstein stated that Erin O'Toole is working on what the process is, and that they want to have one contractor for design and construction. He stated that there is a hearing on October 14<sup>th</sup> on the net metering tariff. He said that there are issues with the queue and what rate they will issue the tariff at. The Board held a discussion on the system benefit charge and demand charges. M. Downey stated that the charge depends on whether or not the load is behind the meter.

### I. Election of Officials

M. Downey stated that the Board would be voting on 2 At-Large members, and the officers for the Board. She said that the Cape Light Compact, Town of Barnstable, and Barnstable County have 3 permanent seats on the Executive Committee, and that the officers do not have to be an Executive Committee member. C. McLaughlin asked for a brief background/resume on each of the Directors to learn more about them.

*On a motion by Peter Cabana and seconded by Charlie McLaughlin, the Board voted to postpone the annual meeting election of officers and Executive Committee until the October meeting.*

C. McLaughlin said that he wanted to give everyone a chance.

M. Zielinski wanted to hold the elections at this meeting.

K. Johnson agreed with M. Zielinski, and believes that the at-large members should be people who have projects in the works.

M. Richardson stated he would like a bio of everyone, regardless of the outcome today.  
*Vote defeated 1-8-0, with Peter Cabana in support.*

*On a motion by Charlie McLaughlin and seconded by Kitt Johnson, the Board voted to appoint Barry Worth and John Cunningham to the Executive Committee for the 2 At-Large positions, with a one-year term period of September 24, 2009 until the September Annual Meeting.*

P. Cabana said that the Board needed to have a better balance on the committee for the way the group is headed.

M. Zielinski reminded the Board that they have not been operating and meeting as an Executive Committee, they have always met as Board of Directors. He agreed to have John Cunningham and Barry Worth be the at-large members.

M. McDonald said that there is a perception by the towns regarding the executive committee.

C. McLaughlin stated that everyone's input is valuable and that they will continue to meet as Board of Directors to the extent that is humanly possible.

*Vote approved 8-0-1, with Peter Cabana abstaining.*

*On a motion by Kitt Johnson and seconded by Mark Zielinski, the Board voted to nominate Charlie McLaughlin as President of the Cape & Vineyard Electric Cooperative.*

C. McLaughlin stated that he would accept the nomination for the next year, but he is concerned that there needs to be someone with more time available after that.

The Board closed the nominations for President.

*Vote approved 8-0-1, with Peter Cabana abstaining.*

*On a motion by Kitt Johnson and seconded by Charlie McLaughlin, the Board voted to nominate Mark Zielinski as Treasurer of the Cape & Vineyard Electric Cooperative.*  
M. Zielinski stated that this has been an excellent learning experience and that they have come a long way.  
The Board closed the nominations for Treasurer.  
*Vote approved 9-0-0.*

*On a motion by Mark Zielinski and seconded by Barry Worth, the Board voted to nominate Maggie Downey as Clerk of the Cape & Vineyard Electric Cooperative.*  
The Board closed the nominations for Clerk.  
*Vote approved 9-0-0.*

#### VIII. PV Project

M. Downey stated that they have the schematics for 8 sites. The bids came in at 12.995 cents from Alteris, 13.45 cents fixed for 15 years under the PPA with a fee for maintenance reserve. She said that the next step is assigning the PPA. These systems will be installed and running by 12/31/09. The Board reviewed the financial analysis for the PV project for Barnstable High School. M. Zielinski reviewed the financial analysis for the PV project for the Dennis DPW site. M. Zielinski asked J. Bernstein if the PPA took into consideration the net metering credits, and he said no.  
M. Downey stated that MTC changed the Commonwealth Solar rebates with no notice to anyone. The costs in the industry have come down, so MTC reduced the rebate levels; however, no notice in advance of the reductions was given by MTC. C. McLaughlin sent a letter to MTC on behalf of the Board.

#### VIII. Tax Equity Research

J. Bernstein stated that he consulted with Keith Martin, an expert in the industry. There are four different structures that he suggested in order to bring tax equity into the project. They are outlined in the memo from BCK dated 9/22/09. J. Bernstein stated that the Board needs to decide whether or not they want to proceed with researching tax equity further. M. Zielinski stated that there was not enough information available to make a spreadsheet. J. Bernstein stated that the towns may not like the fact that CVEC didn't own it, but that a private investor would own it. M. Zielinski asked J. Bernstein to itemize the proposed budget, if the Board of Directors decide to proceed with this option.

#### XII. Other Business

M. Downey stated that she has been having discussions with the Air Force, who have 400 acres of more than Class 3 wind. It could be a potential project for CVEC. She asked the Board if they want to put out a request for off shore turbines.  
Kitt Johnson left at 1:35 pm.

#### X. PV Project – Mashpee

Tom Mayo stated that there is 6 acres of closed landfill available for ground mounted PV, and that they are looking at 1-2 MW of solar on that site. They would be able to use most, if not all of the site as it is flat. M. Zielinski stated that they must have a private investor, and M. Downey said that they would need to issue an Invitation for Bids. T. Mayo said that Weston and Sampson is working on the wind feasibility study. They originally had 6-8 sites, which have been ruled out due to FAA regulations. T. Mayo then presented to

the Board of Directors having PV at Mashpee High School. M. Downey explained the solar carve out and S-REC's.

#### XI. Ocean Management Plan

M. Downey asked the Board if they want to comment on the plan. She wants to see that there will be benefits that will come back to the ratepayers in electric contracts. M. Zielinski agreed that they need to comment, and to ask where and who do the benefits go to. J. Cunningham agreed that they should comment, but that it shouldn't be there number 1 priority. M. Richardson agreed that they should comment. M. Zielinski stated that the deadline for comments was November 23. M. Downey said that she will have draft comments ready for the next Board meeting.

#### XII. Other Business

- M. Downey reviewed the article regarding the Vineyard Electric Cooperative.
- M. Downey stated that she met with Wellfleet and will propose to scale down their project from 3 turbines to 1 turbine, and then it will serve their own load.
- C. McLaughlin brought up an energy plant that is being built off Cape that will use construction debris for energy. M. Downey stated that there is a biomass facility being built off Cape and that they wanted to sell REC's but that they have no value.

B. Worth left the meeting at 2:20 pm.

- M. Downey said that she had someone approach her who wants to come before CVEC with ideas, and asked the Board for their thoughts. M. Zielinski stated that CVEC is a public entity and that they have an obligation to meet with the public and listen to ideas.
- J. Cunningham reported that the Board had appropriated \$10,000 for Black and Veatch, and they did not use it and may not need it at all.
- M. Zielinski is going to draft a travel policy.

*On a motion by John Cunningham and seconded by Charles McLaughlin, the Board voted to adjourn the meeting at 2:30 pm.*