

Cape & Vineyard Electric Cooperative Meeting of the Board of Directors
Meeting Minutes
April 29, 2010

Members Attending: E. Mark Zielinski, Martin McDonald, Maggie Downey, John Cunningham, Michael Richardson, Peter Hefler, Peter Cabana, Charles McLaughlin, Kitt Johnson, Paul O'Keefe, Barry Worth, John Jannell, Steve Gavin, Heather Harper

Lindsay Stranger, Ron Collins and Jeff Bernstein were present.

Public Present: none

The thirty-first meeting of the Board of Directors of the Cape & Vineyard Electric Cooperative convened at 9:32 am.

M. Downey opened the meeting, in the absence of the President.

M. Downey stated that Paul O'Keefe is now the Director from the Town of Bourne.

I. Meeting Minutes- 3/25/10

On a motion by Mark Zielinski and seconded by Peter Hefler, the Board voted to approve the meeting minutes of March 25, 2010. Approved 10-0-1, with Barry Worth abstaining.

II. Executive Session Minutes – 3/25/10

On a motion by Mark Zielinski and seconded by Peter Cabana, the Board voted to approve the Executive Session minutes for 3/25/10. Approved 10-0-1, with Barry Worth abstaining.

C. McLaughlin and M. Richardson arrived at 9:36 am.

III. Treasurer's Report

M. Zielinski stated that he procured a new insurance policy through PURMA. He handed out the Treasurer's Report dated 4/28/10, to the Board.

IV. Discussion on Allocation Formula under the PPA

M. Downey stated that the Board had started this discussion at the last meeting regarding how the net metering credits and production should be allocated. J. Bernstein reviewed 3 different options for the allocation of net metering credits. Option A works for cash or allocation of net metering credits, Option B is a cash only option, and Option C works only if net metering credits are cashed out. He stated that they will need to know which model will be used, for the financial institutions. H. Harper asked how the towns are supposed to budget under these models. M. Downey stated that they have told towns that it is a revenue stream, and to budget for the worst case scenario. M. Zielinski stated that if Cape Light Compact (CLC) pays the REC's for the first 5 years, then those years are the most crucial. P. O'Keefe stated that the turbine at the Mass Maritime Academy has been operational for almost 4 years, and they did not have meteorological data to predict the capacity factor. The capacity factor has never varied more than 10% on an annual basis.

K. Johnson arrived at 10:05 am.

B. Worth stated that he is not comfortable with picking an option right now. M. Zielinski prefers option A, M. Downey prefers option A and that that model is what they have been presenting to the towns. J. Bernstein stated that option A is easy to administer. M. McDonald likes option A, as a non-host community. B. Worth stated that he is leaning towards option A. J. Cunningham stated that he doesn't see an upside for the Town in option A. J. Jannell agrees with M. Downey in regards to CVEC talking to the towns about the model in option A, but would like to see some part of option B used. M. Downey said that they need to make sure that the towns are comfortable with option A. P. Cabana wants benefits for the towns over the life of the project. P. O'Keefe asked if CVEC has talked to Hull regarding their wind data, and S. Gavin suggested that they get data from the airports.

V. MA Clean Energy Center Grants

M. Downey stated that the Clean Energy Center (CEC) has said that CVEC could use 40% of the funds at completion of design plan, 10% upon placement of the order of the turbines, 40% upon construction and 10% upon project completion. She wants to ask CEC that if the Harwich project is delayed, can they use the \$400,000 for the Brewster project. The Board agreed that they should ask CEC.

VI. RUS Construction Work Plan

M. Downey stated that Rebecca Zachas has done most of the work on this. The format on the construction work plan is required by RUS for financing. R. Collins asked why the costs are so varied between the projects.

VII. CREBS Financing Status Report

J. Bernstein gave an update on CREBS financing.

VIII. Harwich Wind Project

- A. B. Worth stated that presented at the Harwich Special Town Meeting last November was for the Town to authorize the Board of Selectmen to sign a lease agreement and a Power Purchase Agreement with CVEC, which was approved. Within 2 weeks after the Special Town Meeting, people from the neighborhood where the turbines are proposed to go started voicing concerns about the turbines and where they are. These people have met with almost every Board in the Town. The Town has organized a trip to the Mass. Military Reservation and a forum to present facts. The people had a lot of objection that it wasn't going to be a back and forth discussion. CVEC had 4 presentations on April 17, and approximately 225 people attended. The Town invited people who lived within 3000 feet of the outer perimeter of the turbine property, and the meeting lasted about 4 hours. M. Downey stated they have learned a lesson about how they should be going door to door and keep people informed of what is going on. The biggest complaint at the forum was that property values will go down.
- B. B. Worth went over the schedule for the Harwich Town Meeting.

J. Jannell left at 11:10 am.

IX. Brewster Wind Project

- A. J. Cunningham stated that Weston and Sampson is working on the performance analysis for the alternative sites.
- B. J. Cunningham stated that he is not sure that legal counsel is needed for Town Meeting on Monday.
- C. R. Collins stated that wind performance and noise performance data is expected tomorrow.

XI. PV Project

R. Collins stated that the 2 Eastham sites are completely and online. Eddy School, Stonybrook School and Bourne school are complete but not online. They will be starting Harwich and Barnstable this week. They are having issues with the roof at the Dennis DPW. The workmanship with Alteris has been good. There is a noise issue with the inverter at the Eastham DPW building.

Board recessed from 12-12:15 pm.

X. BCK Memo on 3rd Party Financing

J. Bernstein stated that they were asked to look into the legal issues for CVEC to build large scale PV projects and bring in an investor. In order to claim tax equity credit, the investor must own it. So CVEC would have to sell the project to the investor, and could then lease it back. CVEC could use the prepay service structure. He outlined the different scenarios in memo, and doesn't believe that an IRS ruling is necessary. M. Downey stated that PV projects don't work without an investor because it takes a long time to pay back. P. Cabana wants to proceed with investigating this. J. Bernstein stated that Trans Canada filed a lawsuit regarding S-Rec's and Interstate Commerce, and that it is a serious lawsuit. The Board held a discussion regarding the Ocean Management Plan and sites that have been identified. This discussion was tabled until the May 20 meeting.

XII. Executive Session

On a motion by Peter Hefler and seconded by Peter Cabana, the Board voted to go into Executive Session at 1:15 pm for the purpose of discussing power supply contract negotiations and sale or value of real property and to return to open session, and allow Jeff Bernstein, Lindsay Stranger, and Ron Collins to be present.

On a motion by Mark Zielinski and seconded by Barry Worth, the Board voted by roll call to return to open session at 1:30 pm.

XIII. Electric Account Verification

M. Downey stated that she is working on updating electric accounts.

XIV. Other Business

- M. Downey stated that Kevin Farr from Upper Cape Tech has scheduled a meeting with the school committee on May 6 at 6pm, regarding CVEC and Upper Cape Tech. P. O'Keefe stated that Bourne Town Meeting has an article to eliminate height restrictions and classify residential, commercial & industrial, etc.

- M. Downey stated that Senators Murray and O'Leary are aware of the issue regarding CVEC formation and will be setting up a meeting with the Secretary of State.

XIII. Next Meeting Date

May 20, 2010

On a motion by Mark Zielinski and seconded by Barry Worth, the Board voted to adjourn the meeting at 1:32 pm.