

Cape & Vineyard Electric Cooperative, Inc.
Board of Directors/Executive Committee
Open Session Meeting Minutes
Thursday, January 15, 2015

The Board of Directors and Executive Committee of the Cape & Vineyard Electric Cooperative, Inc. met in Open Session on Thursday, January 15, 2015 at 9:30 a.m. in Conference Room 11/12, Superior Court House, 3195 Main Street, Barnstable MA 02630

PRESENT WERE:

1. John C. Checklick, President/Executive Committee Member/Director, Falmouth
2. Charles McLaughlin, V. President/Executive Committee Member/Director, Barnstable (9:46-10:38 am) (12:44-2:23 p.m.)
3. Stephan Wollenburg, Executive Committee Member/Director/Cape Light Compact
4. Peter Cabana, Member at Large/Executive Committee Member/Director, Dukes County
5. Leo Cakounes, Executive Committee Member/Director, Barnstable County until 1:40 p.m.
6. Charles Hanson, Clerk/Director, Brewster
7. John Scott, Director, Chatham
8. Joseph Bayne, Treasurer/Director, Eastham until 11:30 a.m.
9. Richard Toole, Director, Oak Bluffs
10. Ronald Collins, Director, Orleans
11. Austin Brandt Director, Provincetown
12. Jennifer Rand, Director, W. Tisbury
13. Steven Gavin, Director, Yarmouth

ABSENT WERE:

14. Jon Nelson, Director, Bourne
15. Timothy Carroll, Director, Chilmark
16. Richard White, Director, Dennis
17. Barbara Conroy, Director Edgartown
18. Lawrence Cole, Director, Harwich
19. Michael Richardson, Director, Mashpee
20. James Killion, Director, Sandwich
21. William Straw, Director, Tisbury

LEGAL COUNSEL

Audrey Eidelman, Esq., BCK Law, P.C. - remotely by telephone @ 11:36 a.m.

STAFF PRESENT:

Liz Argo, Special Projects Coordinator
Mark Zielinski, Barnstable County Treasurer
Karen Loura, Assistant Clerk

OTHERS PRESENT

Richard Elrick, Bourne/Barnstable Energy Coordinator

1. CALL TO ORDER

Pres. Checklick called the meeting to order at 9:37 a.m. stating that the Meeting Notice/Agenda had been duly posted pursuant to the Open Meeting Law on January 12, 2015 @ 4:08 p.m. on the CVEC Website and exterior meeting notice board at the Superior Court House.

2. PUBLIC COMMENT

There were no members of the public present.

3. INTRODUCTION OF LEO CAKOUNES, BARNSTABLE COUNTY DIRECTOR

Pres. Checklick introduced Leo Cakounes, newly elected County Commissioner appointed to fill the Barnstable County Director's seat.

4. CONSIDERATION OF MEETING MINUTES

The Board then considered the **November 20, 2014** Open Session Meeting Minutes. *P. Cabana moved the Board vote to accept the minutes, seconded by C. Hanson. Several corrections were made. The Board then voted unanimously in favor with L. Cakounes and R. Collins abstaining.*

At 9:46 a.m. C. McLaughlin arrived to the meeting.

The Executive Committee then considered the **December 18, 2014** Open Session Meeting Minutes. *S. Wollenburg moved to accept the minutes as presented, seconded by P. Cabana. The Committee then voted unanimously in favor with L. Cakounes abstaining.*

5. TREASURER'S REPORT

a) Treasurer Bayne then updated the Board on the transition of accounting to Quick Books (QB) and populating the program with FY15 transactions. He reviewed the Preliminary Draft Samples of the Balance Sheet as of June 30, 2014, and November, 2014 and the Preliminary Draft Example of Profit & Loss Statement as of November, 2014. He said the November statements are a work in progress and therefore may not be accurate until they can be finalized. L. Cakounes suggested a footnote be added reading "Subject to Revision. Report may not accurately reflect reality". *C. Hanson moved to add the suggested footnote, seconded by J. Rand. S. Wollenburg noted the agenda does not include a vote for this item and therefore no vote was taken. However, the Treasurer will add a footnote to sample documents.*

There was discussion about the differences between the Assembly of Delegates voting procedures and those of Cape & Vineyard Electric Cooperative. L. Cakounes said the Assembly of Delegates is different because it is a Legislative Body.

J. Bayne said once he is caught up and the data is manually entered into QB, it will be setup to automatically upload to QB.

b) CVEC FY13 Audit Draft Report

L. Argo reported Chris Rogers of Clifton Larson Allen (formerly Sullivan Rogers & Company) is conducting the FY 13 Audit this year and she distributed a draft report. Pres. Checklick requested the members review the report and provide comments and/or corrections to L. Argo by 1/30/14. Discussion followed about authorizing the Executive Committee to review and approve on behalf of the Board. There was discussion about a presentation by the Auditor at the April meeting and deferring approval until then. There was discussion about the 2014 Audit which work has started and providing input on 2013 audit now.

C. McLaughlin left the meeting @ 10:38 a.m.

It was agreed Chris Rogers would be invited to present the FY 2013 Audit Report at the April, 2015 Meeting.

6. CVEC FY14 ANNUAL REPORT - TOWN OF HARWICH SELECTMEN

L. Argo reported Peter Hughes of the Harwich Selectmen took issue with terminology used in the CVEC Annual Report. His comments were published in the Cape Codder and the Chronicle Newspapers. At issue is the use of the words “energy” and “power”. Atty. Eidelman said the Power Sales Agreements contain usage of both and technically are referring to “Net-metered energy”. There was discussion as to a reply to Selectman Hughes. *J. Rand moved the Board vote to direct the President to respond to the letter, seconded by P. Cabana and voted unanimously in favor.*

7. UPDATE AND REPORT ON STATUS OF ROUND 1 & ROUND 2 PHOTOVOLTAIC (PV) PROJECT BILLING & PAYMENT TRANSACTIONS AND DISCUSSION ON INCLUSION OF OTHER NET METERING CREDIT PROJECTS’ MANAGEMENT

Pres. Checklick postponed this item until P. Gromer of Peregrine arrives at 12:00 noon.

8. UPDATE ON DOER COMMUNITY CLEAN ENERGY RESILIENCY INITIATIVE GRANT

L. Argo provided the background of the 1.4 million dollar grant to develop a battery back system at the DY Regional High School. The DOER contracts are still being drafted and there was a meeting to review the time line and scope of the project. There is a 10% (\$160,000) matching obligation on CVEC. There was discussion about the scope and CVEC’s contracting authority over the project. There was discussion about meeting with vendors to discuss battery backup and Power Purchase Agreements and equipment/system leases. CVEC will work with E. Davis, Barnstable County Procurement to craft an RFP. There was discussion about battery storage and removal, ownership of batteries and their longevity. L. Cakounes asked if the system is sited in a drinking water recharge area. Pres. Checklick said he believes the system would be in a separate building and technical assistance and a feasibility study report are needed to ensure compliance with implementation. He said there is a budget accompanying the grant including funds for decommissioning and maintenance. There was discussion about the possibility of using the system for generation as well as deploying the system during peak hours. S. Wollenburg said the goal is to make sure to get as much value from the system as possible. There was discussion about other potential sources for matching funds assistance. There was discussion about the viability of such a system without grant funding. There may be a need for an Executive Committee Meeting to accept the grant and execute documents. Atty. Eidelman said the Bylaws provide that the Executive Committee can act on the matter with subsequent ratification by the Board of Directors.

Net-metering Credits (NMC) Management

The Town of Dennis has sought assistance from CVEC with accounting of NM Credits generated from their PV System. There would be an initial set-up charge and a monthly service fee. M. Zielinski said that since Dennis is a CVEC member there is no procurement issue. Pres. Checklick asked L. Argo to inquire with Barnstable County IT about developing a scope of services and check the Administrative Services Agreement. There was discussion about the pricing structure. There was discussion about arrangements with members and non-members. Sandwich and Mashpee also are members with substantial systems. It was agreed a fee proposal would be provided to Dennis for their consideration.

J. Bayne left the meeting at 11:30 a.m.

12. UPDATE ON FUTURE GENERATION WIND (FGW) PROJECT

L. Argo reported FGW closed with ConEdison Solutions at the end of December. The ECP has been signed and the turbines have been ordered and NSTAR has been paid. The turbines will arrive in Summer, 2015.

L. Argo has sought reimbursement for legal fees reimbursement and they are working on payment.

15. CVEC ROUND 3 PV

Pres. Checklick reported that letters were sent to all Towns to determine the level of interest in PV Round 3 by the end of February. He provided a review of response received. There was discussion of the Towns ability to see savings with a behind the meter installation. There was discussion about the amount of available capacity within Cape & Martha's Vineyard Usage for smaller Round 3 projects. There was discussion about improvements needed at the Barnstable County Complex and the economic viability of parking canopies. Atty. Eidelman reminded the Board about solar carve out restrictions and the NM Cap. Pres. Checklick said the Board will need to decide in April whether or not to go forward with Round 3. If so a Request for Proposals (RFP) can be issued. Atty. Eidelman urged Towns do their due diligence on proposed sites, roof warranty, etc. before issuing the RFP. L. Argo said towns are not capable to assess the site – contractors have site assessment ability. L. Cakounes suggested prior to the RFP, the towns provide a preliminary Pro-forma. There was discussion about developing a questionnaire for use by towns to complete a site assessment.

11. CVEC PV ROUND 1 UPDATE

All systems and as-built drawings are complete. Interconnection costs have been determined and now the PPA prices can be set. All projects Estimate Annual Output (EAO) numbers increased except Barnstable's which decreased because the developer was not able to develop the amount of panels on the slope as they had originally planned. L. Argo will compare actual PPA price with original estimates sent to towns. As previously discussed each system has a Data Acquisition System (DAS) which will provide each host town on-line access to a general broad view of information. If host towns are interested in additional information, it could be provided for a fee.

The Board then met with Paul Gromer, Consultant, Peregrine Energy. He said the entire database was built on information taken from Schedule Z. This was done with help from Mass. Energy Insight. The accounting has not yet interfaced with Quick Books. He said it is quite a complex system and distributed 1) Credit & Billing Report: Cash-out Systems 2) Revenues, Costs and kWh Production through November 2014 and 3) Billing Detail through November 2014. There was discussion about the slight variance between NSTAR kWh vs. Developer kWh. P. Gromer said so far they are lining up well and the variance is likely due to differences in meter read dates. There was a review of the process to create these reports which will all be done using Quick Books. NSTAR is allowing a one-time revision to Schedule Z Accounts but revisions will be limited to twice/year going forward. There was discussion about obtaining information electronically. The information needs to be manually input monthly and the same goes with the statement from Clean Focus.

C. McLaughlin returned to the meeting at 12:44 p.m.

There was discussion about modifying the frequency of payments to towns. L. Cakounes suggested a policy effective June 30th to issue an annual report and a check annually and make monthly reports/payments available for a fee. Atty. Eidelman said the process is different for most of Round II systems and any change should be across the portfolio.

The Board then reviewed the Peregrine contract billing for completion of the data base in the amount of \$15,000.00. *J. Bayne moved to approve the payment, seconded by C. Hanson and voted unanimously in favor.*

1:00 – 1:20 p.m. Recess

10. DISCUSSION AND VOTE TO APPROVE INTERCONNECTION COST SHARING POWER PURCHASE PRICES AND FINAL PV SYSTEM ESTIMATED AND GUARANTEED ANNUAL OUTPUTS FOR ROUND 1 PV SYSTEMS.

Atty. Eidelman reviewed history of setting the Power Purchase Prices with Towns once all interconnection costs were finalized. Towns were provided with an estimate established on the high side incorporating 25% interconnection costs. L. Argo is confirming that the final costs are within the 25%. There was discussion about justifying final costs. Dave Columbo, Electrical Engineer, Power Engineers, LLC, offered an opinion on behalf of American Capital Energy that the costs were consistent with other projects he has seen. Atty. Eidelman advised CVEC to accept the final estimate across the board as CVEC is not involved with NSTAR. This is G&S's cost sharing formula, CVEC is bearing some of the cost but not the full cost and it does not include the time/value of money. She said she does not see a benefit to CVEC to pursue the matter. *S. Wollenburg agreed and moved to accept the prices as presented by L. Argo who will review to ensure no one pays more than agreed to, seconded by P. Cabana and voted unanimously in favor.*

L. Cakounes left the meeting at 1:40 p.m.

11. UPDATE AND POSSIBLE VOTE ON CVEC PV ROUND 2 PV SYSTEMS INTERCONNECTION COST SHARING POWER PURCHASE PRICES, REVIEW ESTIMATED AND GUARANTEED ANNUAL OUTPUTS, INTERCONNECTION TIMELINES, CHATHAM AND TISBURY PV SYSTEM CERTIFICATES OF OCCUPANCY AND UPCOMING RIBBON-CUTTINGS

Ribbon Cuttings

Liz Argo stated there will be a ribbon cutting in Provincetown on Monday, January 26, 2015 at 3:00 pm. J. Rand will work with CVEC on a sign for the West Tisbury Array. J. Rand will review addition reduction in generation at West Tisbury Round II Project with L. Argo.

Estimated & Guaranteed Annual Output Numbers

It was pointed out that G&S inherited the engineering from Broadway and used smaller modules. There was discussion about the cost sharing and pricing being based on AC and that these changes in system size do not impact pricing. Atty. Eidelman said the PPA numbers are based upon an AC calculation. She noted it was determined that their formula was incorrect. The 5 systems sold to Marina Energy contain a slightly incorrect PPA. CVEC will do a side letter with Marina to correct this. *S. Wollenburg moved to approve the PPA price with CVEC adder as described in Round 2 EAOs & PPAs dated 1/14/15, seconded by R. Toole and voted unanimously in favor.* S. Gavin requested a footnote reflecting the difference between member and non-member towns. By agreement – L. Argo will add footnote.

J. Rand moved to direct staff and BCK Law to go back to Marina Energy LLC to adjust the PPA price to the current value just approved, seconded by S. Wollenburg and voted unanimously in favor.

Interconnection Timelines

The Board then discussed interconnection timelines. C. McLaughlin has reached out to NSTAR's head government relations staff and was referred back to the local contact. NSTAR will not commit in writing to a timeline for interconnecting the systems. They did commit to connect by the end of February which according to NSTAR is mandated within the tariff. The matter could be argued but G&S had urged CVEC not to pursue as they were working with NSTAR to resolve the matter.

DY & Orleans systems remain incomplete; progress is being made. Systems were to be completed by the end of February. DY was originally to be completed by the end of November, 2014. C. McLaughlin said he heard

it would be finished by April 30th and added that is completely unacceptable. C. McLaughlin requested a consensus of support from the members to demand a meeting with DYRSD, G&S, NSTAR & CVEC and authorize the Executive Committee to take the next steps to get the systems completed and interconnected. He suggested starting with a press conference because of the void in the budget and grounds for action in Superior Court. The DPU Ombudsman has not yet been involved. It was suggested the DPU Ombudsman be invited to the meeting as well. C. McLaughlin said he spoke with Jerry McDermott.

Chatham Landfill System - Certificate of Occupancy

L. Argo read a draft letter addressed to Stanley Chin, Clean Focus dated December 29, 2014 relative to mitigating the solar glare issue as documented in a study conducted by Weston & Sampson. The problem is to be resolved before May 2015. A copy of the letter was also sent to the Chatham Town Manager. The matter was brought before the Chatham Planning Board and the recommendation to erect a fence was met with opposition by the neighbors. A landscaping plan is due by January 20 and will go before the Planning Board at their next meeting for review.

Tisbury Landfill System - Certificate of Occupancy

The grass growth issue which delayed the issuance of the Certificate of Occupancy has been resolved. Clean Focus has documented its plan with the Town of Tisbury to manage grass growth.

13. PROPERTY TAX ASSESSMENT ON DYRSD & BARNSTABLE FIRE DISTRICT GROUND MOUNTED SYSTEMS

C. McLaughlin said DOR treats the installation as billable. Barnstable will mechanically send an invoice. Barnstable will find a way to manage the assessment and billing. He speculated DYRSD may need to speak with DOR. The Town of Dennis is working with DOR on behalf of DY. The Host Town will bill the system owner. The system owner will pay the tax to the Town and send an invoice to CVEC will reimburse the system owner and send an invoice to the Town. Town will reimburse CVEC.

14. BARNSTABLE FIRE DISTRICT SPECIAL TERMS & CONDITIONS RE: INSURANCE REQUIREMENTS

There was discussion relative to Barnstable Fire District's inquiry into CVEC's \$3,000,000 Insurance Requirement. There was discussion about municipalities' \$100,000 maximum exposure for negligence and the requirement which exceeds coverage amounts the municipalities have. Atty. Eidelman said the Board could vote to change coverage for the Fire District from \$3 million to \$1 million under Special Terms & Conditions subject to a review by their insurance company.

J. Rand left the meeting at 2:15 p.m.

C. Hanson moved the Board vote to approve a special amendment to the Barnstable Fire District's Insurance coverage amount from \$3,000,000 to \$1,000,000, seconded by J. Bayne and voted unanimously in favor.

17. DIRECTOR ATTENDANCE

Pres. Checklick provided annual meeting attendance update. The amended Bylaws have been sent to each member town. Pres. Checklick reported 3 members have failed to meet minimum Bylaw Attendance Requirements and are subject to suspension. There was discussion as to the time frame allowed within the Bylaws of 90-180 days from the day of the vote. *S. Gavin moved in accordance with the Bylaws, Section 4.5 to notify the 3 members that their Director is in violation of the attendance policy and placed in suspension status with a removal date of April 30th, seconded by J. Bayne and voted unanimously in favor*

Upon completing this agenda item President Checklick stated that given the hour and length of the meeting we will forgo the balance of the agenda and end the meeting. *Therefore at 2:23 p.m. S. Wollenburg moved to adjourn, seconded by C. Hanson and voted unanimously in favor.*

Respectfully submitted,

Karen E. Loura
Assistant Clerk

List of Documents & Exhibits:

- Meeting Notice/Agenda
- Draft November 20, 2014 Board of Directors Open Session Meeting Minutes
- Draft December 18, 2014 Executive Committee Open Session Meeting Minutes
- Draft Sample Quick Books Reports
- Round 1 EAO;s & PPAs Table
- Round 2 EAOs & PPAs 1/14/15 Table
- Copy of CVEC Press Release re: Grant for Battery Backup to Solar System @ DY High School Emergency Shelter.
- Copy of 1/7/15 letter from Harwich Selectmen re: CVEC FY14 Annual Report
- Copy of letter dated 12/20/14 sent to Member Towns relative to Round 3 PV Initiative.
- Table listing potential Round 3 Projects dated 1/14/15
- Revenues, Costs and kWh Production through November 2014 by Peregrine
- Billing Detail through November 2014 by Peregrine
- Credit and Billing Report: Cashout Systems by Peregrine