

Cape & Vineyard Electric Cooperative, Inc.
Board of Directors/Executive Committee
Open Session Meeting Minutes
Thursday, April 16, 2015

The Board of Directors and Executive Committee of the Cape & Vineyard Electric Cooperative, Inc. met in Open Session on Thursday, April 16, 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 @ 10:04 a.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 12:40 p.m.
6. Charles Hanson, Clerk/Director, Brewster
7. Greg Rounseville, Director, Dennis
8. Joseph Bayne, Treasurer/Director, Eastham
9. Barbara Conroy, Director Edgartown
10. Richard Toole, Director, Oak Bluffs
11. Ronald Collins, Director, Orleans
12. Austin Brandt Director, Provincetown
13. William Straw, Director, Tisbury
14. Jennifer Rand, Director, W. Tisbury
15. Steven Gavin, Director, Yarmouth

ABSENT WERE:

16. Jon Nelson, Director, Bourne
17. John Scott, Director, Chatham
18. Timothy Carroll, Director, Chilmark
19. Richard White, Director, Dennis
20. Lawrence Cole, Director, Harwich
21. Michael Richardson, Director, Mashpee
22. James Killion, Director, Sandwich

LEGAL COUNSEL

Audrey Eidelman, Esq., BCK Law, P.C.

STAFF PRESENT:

Liz Argo, Special Projects Coordinator
Karen Loura, Assistant Clerk

OTHERS PRESENT

Chris Rogers, Clifton, Larson, Allen
Steve Krintzman, Yarmouth Energy Committee 10:08- a.m. 12:50 p.m.

1. CALL TO ORDER

Pres. Checklick called the meeting to order at 9:34 a.m. stating that the Meeting Notice/Agenda had been duly posted pursuant to the Open Meeting Law on April 13, 2015 @ 4:02 p.m. on the CVEC Website and exterior meeting notice board at the Superior Court House.

2. PUBLIC COMMENT

No members of the Public were present.

3. INTRODUCTION OF NEW MEMBERS

Pres. Checklick introduced Greg Rounseville, the newly appointed Director representing the Town of Dennis.

4. CONSIDERATION OF MEETING MINUTES

The Board of Directors considered the January 15, 2015 Open Session Meeting Minutes. *P. Cabana moved the Board vote to approve the minutes as presented, seconded by J. Bayne.* J. Rand offered a font correction on pages 5 & 6, by agreement. *The Board then voted unanimously in favor to accept the minutes as amended with B. Conroy abstaining.*

L. Cakounes suggested sheep can be safely grazed on capped landfills upon which solar panels are installed as a way to manage grass growth height.

J. Checklick provided a report on his review of Executive Session Meeting Minutes to consider if any could be released at this time. He received a request for release of Executive Session Minutes from Eric Bibler, Weston CT. He said he found there were 21 sets of minutes suitable for release and/or reduced redaction and an additional 14 sets of minutes were reposted. He said there are 18 sets of minutes with no change and another review is due by June, 2015.

He also said he will add a review of the Dennis/Yarmouth Litigation status to the Executive Session portion of this meeting to determine if the matter is closed or if it should remain open. He said if the matter is closed, the Board will need to decide whether or not to release the associated minutes. Atty. Eidelman said she did not see much which would be problematic to release.

Pres. Checklick said the responsibility for reviewing Executive Session Minutes for release will be performed by C. Hanson, Clerk going forward.

5. TREASURER'S REPORT

J. Bayne said promised financial reports are not available at this time. He said CVEC is \$70,000 under budget mostly from the Legal Expenses line and there should be approximately \$400,000 cash in the bank by the end of the year. He said due to difficulty in properly booking cash-out transactions because there are more cash-out towns than anticipated; he is concerned about cash liability. The County has been asked to provide additional accounting staff. Patricia Rogers has been providing bookkeeping services but services of an accountant are needed. In addition, P. Rogers's available time is constrained. The accounting and finances are in good shape but still not where they need to be. AMS Consultants have been retained to assist. They have noted that this is one of the most complicated accounting systems they have ever seen. Pres. Checklick said technical support is needed to become comfortable assigning revenue/expenses into the correct category.

There was discussion about next year's budget. Cape Light Compact has historically provided grant funding and their commitment has ended. The credit line provided by Cape Light Compact remains available if needed. Once CVEC is financially comfortable, it will begin to build income. S. Wollenburg noted there may be increased costs for annual audits which will likely be more involved with the complexity of the accounting.

R. Collins took time to acknowledge the significance of CVEC operating financially independently. Pres. Checklick agreed adding everyone should feel good about that.

J. Bayne said CVEC is seeking accounting assistance and are in contact with AMS. AMS understands the need and CVEC is awaiting a proposal from them. He said assuming a part-time staff person could be in place, the accounting entries should be complete by June. He said he is awaiting the March report from P. Rogers. CVEC has been paying bills quickly but there is some concern that transactions may have been booked improperly which leads to more transactions which require fixing. He said the Net-metered Projects are much easier accounting-wise. Information from Eversource is needed but is not always received, or received on time or received out of order which further complicates accounting.

C. Hanson expressed compliments to L. Argo, J. Bayne and P. Rogers who have all done an outstanding job on the accounting. Pres. Checklick agreed adding CVEC is making timely payments and customers are receiving what they need.

C. McLaughlin arrived to the meeting at 10:04 a.m.

6. FY13 AUDIT REPORT/PRESENTATION

Christopher Rogers, Principal, Clifton/Larson/Allen CPA provided a Power Point Presentation (Attachment A) for FY13 dated April 16, 2015. He said there is a typographical error on page 5 “Net Change” should be \$43,000 not \$139,000. L. Cakounes asked the purpose of including the Cape Light Compact funding to CVEC note and why the source of funds would be included under Significant Highlights. C. Rogers responded that Clifton/Larson/Allen also audits Cape Light Compact and are aware of all that is going on. He said through FY 13 there was not significant financial activity. He expressed concern about the use of Excel initially and is supportive of the conversion to Quick Books for accounting. He said in FY14 & FY15 the biggest issue will be the increased complexities. He said he met with L. Argo several months ago and he expressed concern about information received from Eversource and CVEC’s ability to know if it is correct. His opinion is that will be the biggest challenge going forward and what CVEC can do to validate the data received. FY14 Audit will begin next week. The draft audit should be available for the June Meeting. C. Rogers believes he can offer solutions from an audit standpoint. L. Argo said Peregrine Energy Group is also providing assistance.

There was discussion about separately engaging Clifton/Larson/Allen to provide a review of existing processes and a proactive opinion by the June meeting. C. Rogers agreed to work with L. Argo to review processes. The Governance Letter has been issued as part of the FY13 audit.

7. INSURANCE COVERAGE

L. Argo reported on a meeting Diane Belanger, PURMA who reviewed CVEC contracts and recommended Errors & Omissions Insurance Police estimated to cost \$5,000-\$10,000/year to protect from financial harm or damages. She did not believe terrorism coverages was needed. Discussion followed. *P. Cabana moved the Board vote to obtain an estimate for Risk Insurance and do not recommend to get one for terrorism, seconded by S. Wollenburg.* C. McLaughlin said Errors & Omissions and Risk are distinctively different from embezzlement and theft and he is unsure who is providing insurance advice but the approach seems to be piece meal. L. Argo said CVEC as a member of PURMA D. Belanger is our Agent. J. Rand said CVEC could possibly use Mass. Municipal Association for Insurance. L. Cakounes said he would like to see clarification of coverages. He said as a County Commission he is uncomfortable with the County acting as CVEC fiduciary. He said he is in support of CVEC going outside of the County for accounting services. *The Board then unanimously voted in favor.*

C. McLaughlin moved the Board vote to instruct L. Argo to engage with PURMA for a comprehensive review for insurance coverage and risk exposure, seconded by P. Cabana. L. Argo said the \$1800 annual membership fee will cover the cost for a review.

8. DOER COMMUNITY CLEAN ENERGY RESILIENCY INITIATIVE GRANT

L. Argo reported there is no update on the Grant likely due to a change in Administration. The procurement met with Eaton Company who is doing research on resiliency back-up generation. L. Cakounes reported the County has set up a resolution to accept the grant funding. S. Wollenburg explained two milestones. 1) Requested \$35,000 for feasibility study and 2) remaining funds to purchase the equipment. CVEC is obliged to contribute in kind funding of 10% which will include staff time and 5% cash for share of the initial \$35,000 feasibility study. L. Argo believes the Barnstable Emergency Management may contribute to CVEC’s share of expense.

9. CVEC PV – ROUND 1

a. Round I Status Report

Pres. Checklick sent a letter dated March 20, 2015 to Clean Focus requesting Operation & Maintenance deliverables now due under the Energy Management Services Agreement (EMSA). G. Laudenbach of Clean Focus has responded that he will oversee O&M and supplied system manuals and provided individual Round 1 system summary sheet entitled "CVEC Portfolio – Talking Points" dated April 15, 2015. L. Argo reported there is also a corresponding chart showing highly detailed technical review including detail on each system's production since startup available to interested host communities. As of 4/1/15 American Capital Energy is no longer performing O&M. Clean Focus has engaged two staff to perform extensive review of the systems and have reported the O&M will be performed by Redwood Solar.

The Board reviewed Revenue & Costs through February 2015 Report and Revenues and Costs by Month Report generated by Peregrine for the Round 1 Projects.

There was discussion about the reliability of the Data Acquisition Systems and L. Argo reported Draker is working vigorously to make sure the DAS is working efficiently.

J. Rand questioned the lack of a system for snow removal at the PV Sites. An analysis was performed and the decision was made to let the snow melt naturally. J. Rand questioned the risk of underproduction. L. Argo explained underproduction back-stops require minimums be met in other ways. Atty. Eidelman explained the EMSA obliges developer to provide a "guaranteed output". There are no requirements to provide a "guarantee of the estimated output" and there is a means in place to calculate annual true-up consistent with industry standards and DOER requirements. Calculations are performed on "operation year" not fiscal year.

C. McLaughlin said DAS was very confusing and at the Barnstable Landfill there was initially production which was unmonitored. Then there was no production and he asked how closely can CVEC monitor the systems. He suggested a control factor similar to the water pollution control system be used. Pres. Checklick explained winter is the worst production time of year. He said many systems are out-performing the Estimated Annual Output (EAO) numbers. He urged tolerance for the 1st year. There was discussion about available cross checks between Eversource, DAS and Peregrine reports.

b. Net-metering Credit Payment Frequency

The Board discussed switching to quarterly payments to smaller hosts and off-takers due to the excessive time it takes to issue. P. Cabana moved CVEC not cut checks more than quarterly for any check under... seconded by W. Straw. Brewster and Monomoy are not agreeable and prefer to receive payments monthly. J. Rand agrees to support quarterly payments except for those participating who do not agree. Discussion followed. P. Cabana moved to modify his motion that the Board adopt a policy that off-taker checks/transactions, including allocation issue quarterly with the last transaction to come before June 30th, seconded by L. Cakounes. Discussion followed. Atty. Eidelman said a side letter can be issued to all off-takers. The Board then voted unanimously in favor.

c. Additional CVEC costs

Pres. Checklick explained the expense associated with transaction expense for the Round I systems. CVEC cannot afford to continue to manage without assistance. Discussion followed. *R. Toole moved the Board vote to authorize the Executive Committee to negotiate with Round 1 host towns to provide .01/kWh to cover the increased costs to provide services to host towns in Round 1, seconded by J. Bayne.* Pres. Checklick said if not, CVEC may need to offer a reduced level of service. There was a suggestion to amend the motion to include off-taker towns. C. McLaughlin said he is willing to support the matter go before the Executive Committee for further discussion but does not believe it will be well received in Barnstable. He asked if there are any alternatives. L. Argo said this is as a result of the cash-out complexity which was not anticipated and in addition, only 1/2 of the Round II projects were completed. C. McLaughlin asked if shortfall could be covered by reserves. J. Bayne added the newer systems are financially front end loaded. *L. Cakounes moved the question and to amend the motion to include Round 1 off-takers, seconded by J. Bayne. The Board then voted a majority in favor with P. Cabana opposed to authorize the Executive Committee to negotiate with Round 1 host*

towns and off-takers to provide .01/kWh to cover the increased cost to provide services to host towns and off-takers in Round . The Executive Committee will formulate a policy and bring the matter back to the full board.

10. CVEC PV Round II Update

Only Orleans PV Systems remains without interconnection. Eversource has stated it will be connected by June 1st.

11. Round II LLC Ownership Interests and Summary of Decommissioning and Buyout Provisions of Round 1& II

G&S has sold interest in some of the projects to Marina Energy. There was discussion about knowing more about the LLC's which received assignment and ensuring they meet the conditions of the agreements. C. McLaughlin said he would appreciate a recorded summary which would be helpful to future staff that provides a quick overview. There was discussion about CVEC's need to know more about participants involved and financing. C. McLaughlin suggested a letter be sent requesting the LLC layers and individual background information be provided to CVEC -by agreement.

L. Cakounes left the meeting at 12:40 p.m.

J. Rand said it is a nice idea but due to financial constraints and it not being requested by the Towns, if the Towns do want such a document, they can pay their Counsel to provide. She said W. Tisbury hired two consultants who provided a summary. S. Wollenburg agreed. Atty. Eidelman agreed to provide an Executive summary Estimate including all projects.

12. Future Generation Wind (FGW)

L. Argo reported the project is on schedule. Turbines are arriving this summer. ConEdison Solutions is financier.

13. Round III Procurement Advisory Committee Report

The Round III Procurement Advisory Committee consisting of C. Hanson, A. Brandt and R. Collins and L. Argo met to review responses and letters of intent received from towns. There are 100 MW remaining in the cap.

At 12:50 p.m. S. Krintzman left the meeting.

So far the proposed systems are behind the meter consisting of roof top systems which are viable. The next step is to package the Request for Proposals (RFP). R. Collins will review the list of proposed projects to vet for viability. There was discussion about funding for Round III. S. Wollenburg said he has difficulty supporting spending money on Round II until CVEC has agreements for the Round I adder. J. Bayne agreed adding he would prefer to wait until the bookkeeping and controls are in place before taking on new business. There was discussion about the legal expense of a round III and options to have participants or developer contribute to legal expense. L. Argo said the power purchase raga is higher than Round 1 or II. *R. Toole moved to finalize the Letter of Understanding and to continue to pursue Round III Projects without spending any resources, seconded by A. Brandt, and voted by majority in favor with J. Bayne & P. Cabana abstaining. Motion passed.*

14. SPECIAL PROJECT COORDINATOR POSITION DESCRIPTION/TITLE

Pres. Checklick met with C. McLaughlin and C. Hanson to review and update the job description and title of the Special Project Coordinator Position held by Liz Argo. The Board reviewed the draft description and title change to Manager, Renewable Energy Programs dated 4/7/15. Pres. Checklick indicated a pay increase of \$1000 is also changed. *S. Gavin moved to accept the position description, seconded by B. Conroy.* L. Argo expressed her disappointment that the title relates to "Renewable Energy Programs" vs just CVEC Manager. Pres. Checklick said "Manager" implies "General Manager" which he said the Screening Committee were in agreement CVEC is not yet ready. *S. Gavin withdrew his motion and B. Conroy withdrew her second.* C. McLaughlin moved to vote to authorize the Executive Committee to receive further input from Liz and finalize the position description and approve, seconded by J. Rand and voted unanimously in favor.

15. CVEC MEMBER ATTENDANCE/STATUS

Mashpee has written to withdraw from CVEC. C. McLaughlin moved to remove the Sandwich Director effective April 30, 2015 from CVEC Board of Directors for failure to meet attendance requirement of the CVEC Board, seconded by S. Gavin. Pres. Checklick informed the members that a formal letter was send and to the towns relative to director attendance in advance. Sandwich has indicated a new Director will be appointed in June. The board then voted unanimously in favor.

W. Straw suggested CVEC promote and advertise that dollars are going back to member towns and participants.

17. OPEN MEETING AND CONFLICT OF INTEREST LAWS TRAINING

Cape Light Compact has BCK Law provide group training to Board members and staff upcoming this spring. It was suggested perhaps Cape Light Compact could invite CVEC Members to training.

18. SOLAR SAFETY MEETING

CVEC sponsorship of a solar safety meeting/training. *J. Rand moved the Board vote that CVEC will co-sponsor with Hyannis Fire District and support safety training related to PV Solar Systems and allocate up to \$500 in support of that event, seconded by C. Hanson and voted unanimously in favor.*

19. OPEN SESSION VOTE TO ENTER INTO EXECUTIVE SESSION

At 1:35 p.m. Pres. Checklick requested a motion to enter into executive session for the following purposes:

- a. Approval of Meeting Minutes (Full Board & Exec Committee Exec Session Minutes) pursuant to M.G.L. c. 30A, § 21 (a) (10)
- b. Discussion of litigation strategies and potential voting regarding American Capital Energy, Inc. vs. Redwood Solar Development LLC, et al. filed in Barnstable Superior Court, pursuant to Mass. General Laws Ch. 30A § 21(a)(3)
- c. Discussion of litigation strategies and potential vote regarding Fischbach & Moore Electric Group vs. RNK Capital, LLC, et al. filed in Barnstable Superior Court, pursuant to Mass. General Laws Ch. 30A § 21 (a) (3)
- d. Adjourn without returning to Open Session

J. Rand so moved, seconded by C. Hanson. He said the Executive Committee would not return to Open Session this day at the conclusion of the Executive Session. He declared an open session may have a detrimental effect on CVEC’s bargaining or litigating position. *The Committee then voted by roll call as follows:*

- | | | | |
|---|------------|------------------------------------|------------|
| 1. <i>J. Checklick, Falmouth</i> | <i>Yes</i> | 7. <i>S. Gavin, Yarmouth</i> | <i>Yes</i> |
| 2. <i>A. Brandt, Provincetown</i> | <i>Yes</i> | 8. <i>C. Hanson, Brewster</i> | <i>Yes</i> |
| 3. <i>S. Wollenburg, Cape Light Compact</i> | <i>Yes</i> | 9. <i>R. Toole, Oak Bluffs</i> | <i>Yes</i> |
| 4. <i>G. Rounseville, Dennis</i> | <i>Yes</i> | 10. <i>W. Straw, Tisbury</i> | <i>Yes</i> |
| 5. <i>R. Collins, Orleans</i> | <i>Yes</i> | 11. <i>P. Cabana, Dukes County</i> | <i>Yes</i> |
| 6. <i>J. Rand, W. Tisbury</i> | <i>Yes</i> | | |

(Motion carried in the affirmative (11-0-0)).

Respectfully submitted,

Karen E. Loura
Assistant Clerk

LIST OF DOCUMENTS & EXHIBITS:

- Meeting Notice/Agenda
- Draft January 15, 2015 Open Session Meeting Minutes
- Round I PV - Revenue & Costs through February 2015 & Revenues and Costs by Month
- CVEC Portfolio (Round I) “Talking Points
- 2015 Earth Day Celebration Invitation at Barnstable Municipal Airport PV Array
- Draft Manager, Renewable Energy Programs Position Description dated 4/7/15