

**Cape & Vineyard Electric Cooperative, Inc.
Board of Directors – Annual Meeting
Open Session Meeting Minutes - Thursday, September 21, 2017**

The Cape & Vineyard Electric Cooperative, Inc. Board of Directors met in open session for the Annual Meeting on Thursday, September 21, 2017 at 9:30 a.m. in the Cape Light Compact Meeting Room, 261 Whites Path, Unit 4, South Yarmouth MA 02664.

PRESENT WERE:

1. Leo Cakounes, President, Executive Committee Member/Director, Barnstable County
2. Charles McLaughlin, Esq., Executive Committee Member/Director, Barnstable
3. Austin Brandt, Executive Committee Member/Director, Cape Light Compact
4. Charles Hanson, Executive Committee Member/Clerk/Director, Brewster
5. Robert Hannemann, Director, Chilmark – by phone
6. Greg Rounseville, Director, Dennis
7. Joseph Bayne, Treasurer/Director, Eastham
8. Lawrence Cole, Director, Harwich
9. Richard Toole, Director, Oak Bluffs – by phone
10. Ronald Collins, Director, Orleans
11. Lydia Hamnquist, Director, Provincetown
12. Steve Gavin, Director, Yarmouth

ABSENT WERE:

13. Jennifer Rand, V. President/Executive Committee Member/Director, W. Tisbury
14. Bourne - Vacant
15. John Scott, Director, Chatham
16. John Alley, Director, Dukes County
17. Edgartown – Vacant
18. Lee-Gray Boze, Director, Falmouth
19. Sandwich – Vacant
20. Kirk Metell, Director, Tisbury

STAFF PRESENT

Liz Argo, Manager Programs & Administration

PUBLIC PRESENT

None

1. CALL TO ORDER

Pres. Cakounes called the meeting to order at 9:39 a.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law on September 12, 2017 at 10:40 a.m.

2. PUBLIC COMMENT

There were no public present.

3. ELECTION OF 2017/2018 OFFICERS

The Nominating Committee reported on activities associated with screening potential candidates for office including review of the Bylaws, emailing members to refresh understanding of duties of officers and contacting prospective candidates. The Nominating Committee recommended the position of Assistant Treasurer be added to aid in transition and groom a replacement for the Treasurer should a vacancy become available. The Nominating Committee presented a slate of candidates to each office as follows:

- **President:** Leo Cakounes
- **Vice President:** Jennifer Rand
- **Treasurer:** Joseph Bayne
- **Assistant Treasurer:** Austin Brandt
- **Clerk:** Charles Hanson
- **Two At-Large Executive Committee Members:** Jennifer Rand & Charles Hanson
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The Nominating Committee also recommended Ronald Collins be designated the CPO.

There was discussion on slate as presented. Pres. Cakounes invited alternative nominations from the floor. A. Brandt indicated finances are not his area of expertise and encouraged others to volunteer. Pres. Cakounes said the position could be revisited should anyone join the Board with more expertise. J. Bayne requested as Treasurer he not be included on the Executive Committee due to quorum needs. There was discussion about the possibility of individuals from outside membership to serve as Treasurer (i.e., Glivinski & Associates for example), keeping in mind the need to provide oversight to the contracted accountant. Hearing no additional nominations from the floor, Pres. Cakounes took *a motion from S. Gavin for the Board to vote to elect the slate of officers as presented by the Nominating Committee, seconded by C. Hanson and voted by roll call vote as follows:*

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|-----------------------------------------|------------|-------------------------------------------|------------|
| 1. <i>Larry Cole, Harwich</i> | <i>Yes</i> | 7. <i>J. Bayne, Eastham</i> | <i>Yes</i> |
| 2. <i>S. Gavin, Yarmouth</i> | <i>Yes</i> | 8. <i>R. Collins, Orleans</i> | <i>Yes</i> |
| 3. <i>A. Brandt, Cape Light Compact</i> | <i>Yes</i> | 9. <i>G. Rounseville, Dennis</i> | <i>Yes</i> |
| 4. <i>C. McLaughlin, Barnstable</i> | <i>Yes</i> | 10. <i>L. Cakounes, Barnstable County</i> | <i>Yes</i> |
| 5. <i>L. Hamnquist, Provincetown</i> | <i>Yes</i> | 11. <i>R. Toole, Oak Bluffs</i> | <i>Yes</i> |
| 6. <i>C. Hanson, Brewster</i> | <i>Yes</i> | 12. <i>R. Hannemann, Chilmark</i> | <i>Yes</i> |

Motion carried in the affirmative (12-0-0).

4. CONSIDERATION OF MEETING MINUTES

The Board considered the August 24, 2017 Board of Directors Meeting Minutes. L. Cole moved to accept the minutes, seconded by S. Gavin. R. Hannemann requested the wording to his motion at item 7, page 4 be reworded to read: “...*the Board vote not to move forward with the idea of purchasing wind power until it has been assessed in a measured purposeful way*”. Pres. Cakounes said going forward as the new President, he will require motions be submitted in writing. The Board then voted to accept the minutes as amended by roll call vote as follows:

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|-----------------------------------------|------------|-------------------------------------------|------------|
| 1. <i>Larry Cole, Harwich</i> | <i>Yes</i> | 7. <i>J. Bayne, Eastham</i> | <i>Yes</i> |
| 2. <i>S. Gavin, Yarmouth</i> | <i>Yes</i> | 8. <i>R. Collins, Orleans</i> | <i>Yes</i> |
| 3. <i>A. Brandt, Cape Light Compact</i> | <i>Yes</i> | 9. <i>G. Rounseville, Dennis</i> | <i>Yes</i> |
| 4. <i>C. McLaughlin, Barnstable</i> | <i>Yes</i> | 10. <i>L. Cakounes, Barnstable County</i> | <i>Yes</i> |
| 5. <i>L. Hamnquist, Provincetown</i> | <i>Yes</i> | 11. <i>R. Toole, Oak Bluffs</i> | <i>Yes</i> |
| 6. <i>C. Hanson, Brewster</i> | <i>Yes</i> | 12. <i>R. Hannemann, Chilmark</i> | <i>Yes</i> |

Motion carried in the affirmative (12-0-0).

5. TREASURER'S REPORT

J. Bayne provided the FY 17 Year-to-date budget report. He said income is behind due to delay in receipt of Eversource Ledger Bills and invoicing from vendors. Transactions from July are not booked until September. Revenue is under budget but it is particular to CVEC and it will all catch up. The Board also reviewed FY 18 YTD Financial Position Dashboard, Balance Sheet Prior Year Comparison, Income & Expenditure Budget vs, Actual – Administrative, and the AR & AP Aging Summaries as of 8/31/17. J. Bayne reported at the end of FY17 the loss will improve only slightly because there was no Round I Adder Revenue. C. McLaughlin suggested notations be made on the budget and financial statements to capture the typical lag time in receipts. J. Bayne explained restricted and unrestricted cash amounts which allows CVEC to move money to pay expenses.

L. Cakounes requested to re-order the agenda and move to item 15 for Discussion on Letter of Intent with DONG Energy in preparation for their upcoming presentation. By agreement.

15. DISCUSSION AND POSSIBLE VOTE ON LETTER OF INTENT WITH DONG ENERGY

L. Argo provided an expanded Power Point Presentation originally prepared by BCK Law outlining the purpose and authority of CVEC. There was review of CVEC's role compared to Cape Light Compact's role in the purchase and sale of renewable & non-renewable energy. A. Brandt explained that CLC sells to aggregated customers and also contracts with electric suppliers to lock-in long term rates for municipalities. CLC has the capability but has not wanted to be a retail provider of electricity. There was discussion about CVEC's ability to own part of various offshore renewable energy projects and it may consider contacting Rural Utility Service (RUS) to seek funding to finance the purchase. Pres. Cakounes seeks to hear from all off-shore lease holders and others seeking to develop renewable energy projects. R. Hannemann urged that CVEC return to its mission statement and work to develop green power for Cape Cod & Martha's Vineyard. There was discussion about engaging experts (technical & financial) for assistance. L. Argo noted she was instructed to seek consultants and costs at the recent Executive Committee meeting and will be following up.

6. ROUND I ADDER FOR FY19 & POLICY REVIEW FOR NON-PARTICIPANTS

The Board discussed the policy of requesting the adder to projects served in the Round I PV Initiative. There was discussion about repercussions should participants not agree to pay the adder for FY19. There was consensus that the request for an adder would be made member by member and the Board will consider how it will manage non-participants. The topic will be added to future meeting agendas.

14. PRESENTATION FROM DONG ENERGY

At 11:05 a.m. Fred Zalzman, Head of Government Affairs and Sonny Gupta, Market Development Manager from DONG Energy arrive to the meeting and distributed a Power-Point Presentation dated September 21, 2017 (attached).

F. Zalzman said transmission lines have not yet been determined as to AC or DC. C. McLaughlin said DC is greatly preferred. There was discussion about CVEC issuing a Nonbinding Letter of Intent, DONG Energy's desire to sell electricity to Eversource (investor-owned utility), and a desire to work with community choice entities/corporations bilaterally to also purchase power. DONG may seek to sell electricity to CVEC should Dong be awarded a development contract, but currently seeks the promotion from association with CVEC.

F. Zalcman said he did not believe a partnership with CVEC would influence the Dept. of Public Utilities (DPU) decision to award the contract and noted that a contract with the utility would be required. He confirmed that should DONG not be awarded the project contract, the letter of intent would dissolve.

There was discussion about DONG Energy's partnership with Eversource and C. McLaughlin expressed his concern about a conflict of interest and potential litigation. He also said the relationship between DONG and CVEC appears to be one-sided with no benefit to CVEC. He said CVEC is supportive of offshore wind power and would support the strongest player with "most favored nation" status. F. Zalcman explained that DONG is an arm of Eversource's generation side and there is a degree of separation. He indicated he did not structure the LOI and is interested in having that discussion in the future. C. McLaughlin said he might support a LOI if it included an option for CVEC to purchase x amount of kWh at x wholesale pricing. C. Hanson expressed concern about a risk of becoming involved at this time in consideration of possible higher prices and concern if prices should drop later. F. Zalcman said the price will be higher and CVEC would be an early market participant. He said DONG understands that CVEC may and should wish to consider other opportunities and suggested changing the exclusivity provision.

R. Hannemann asked what benefit there is to CVEC to participate in the LOI. F. Zalcman said it was his understanding that CVEC was interested in a purchase of power. L. Argo indicated CVEC's interest is the opportunity to purchase power in the future and DONG's benefit is association with CVEC.

G. Rounseville suggested CVEC issue a general statement indicating it will support the winner of the RFP. Pres. Cakounes summarized his understanding that DONG would take CVEC support to help them win the award in exchange for a favored nation price. If DONG fails to receive the award, CVEC would approach the winner and have the same discussion. He sought clarity to better understand the Board's reluctance. J. Bayne said CVEC might partner with DONG with a nonbinding LOI if indeed they are offering "most favored nation" pricing.

Pres. Cakounes said CVEC will invite the other two offshore wind developers participating in the Eversource/DOER RFP to a meeting.

F. Zalcman said the CVEC brand is valuable and a partnership enables exploration of contractual opportunities. S. Gupta said DONG needs to demonstrate that they are participating in this effort as a local player and said they are very open to changes in the Letter of Intent and can change the exclusivity provisions.

C. McLaughlin reviewed history of Cape Wind project and said there is great value in discussing pricing for CVEC and possibly creating a formula to obtain the favored price.

L. Argo asked if there is potential hourly compensation for CVEC appearances on behalf of DONG. F. Zalcman indicated something could possibly be arranged but urged the Board to keep in mind the appearance of doing so.

7. EVERSOURCE RATE CASE – DPU 17-05

L. Argo reported the brief is being prepared.

Lunch Recess: 12:45 – 12:57 p.m.

8. PV INITIATIVE – ROUND III

The Board agreed to appoint volunteers R. Collins, L. Hamnquist, R. Toole and J. Bayne to serve on a subcommittee to review responses received to the Request for Proposals for PV Round III.

The Board agreed to appoint G. Rounseville to serve as Chief Procurement Officer with R. Collins.

9. NEXAMP NET METERING CREDIT (NMC) SALES AGREEMENT AND INTERGOVERNMENTAL SERVICES AGREEMENT BETWEEN CVEC AND WELLFLEET, NAUSET REGIONAL SCHOOLS, HARWICH & SANDWICH WATER DEPARTMENTS

C. McLaughlin noted that SMART provisions are upcoming and hopes developers will pursue carports. C. Hanson reported Brewster has approved moving forward on leases for carport development.

10. STAFF TITLE CHANGE

The Board discussed refining the Title to the position held by Liz Argo and reviewed the history. Currently the title is Manager, Programs & Administration. *J. Bayne moved the Board vote to change the title to Manager, seconded by C. Hanson and voted by roll call vote as follows:*

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|----------------------------------|-----|------------------------------------|-----|
| 1. Larry Cole, Harwich | Yes | 7. J. Bayne, Eastham | Yes |
| 2. S. Gavin, Yarmouth | Yes | 8. R. Collins, Orleans | Yes |
| 3. A. Brandt, Cape Light Compact | Yes | 9. G. Rounseville, Dennis | Yes |
| 4. C. McLaughlin, Barnstable | Yes | 10. L. Cakounes, Barnstable County | Yes |
| 5. L. Hamnquist, Provincetown | Yes | 11. R. Toole, Oak Bluffs | Yes |
| 6. C. Hanson, Brewster | Yes | 12. R. Hannemann, Chilmark | Yes |

Motion carried in the affirmative (12-0-0).

11. COMMUNITY CLEAN ENERGY RESILIENCE INITIATIVE (CCERI) UPDATE

The Request for Proposals is currently under review with the Department of Energy Resources.

12. EDGARTOWN NUNNEPOG PV SYSTEM – INVERTER NOISE ISSUE

The Board discussed the noise issue with a loud inverter located at the Nunnepog PV site in Edgartown owned by Clean Focus. Research into who permitted the inverter to be installed is underway. There was discussion about replacing the inverter or shutting it down. Relocating the inverter is not an option. C. Hanson noted Edgartown has earned \$450,000 since the beginning of operation. Pres. Cakounes said he will review the extent of CVEC's liability, if any, and determine if a formal notice to Clean Focus is warranted.

13. FY17 ANNUAL REPORT

The Board reviewed the CVEC draft FY17 Annual Report and agreed to suggested changes. *J. Bayne moved the Board vote to accept the FY17 Annual Report as amended, seconded by A. Brandt and voted by roll call as follows:*

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|-----------------------------------------|------------|-------------------------------------------|------------|
| 1. <i>Larry Cole, Harwich</i> | <i>Yes</i> | 7. <i>J. Bayne, Eastham</i> | <i>Yes</i> |
| 2. <i>S. Gavin, Yarmouth</i> | <i>Yes</i> | 8. <i>R. Collins, Orleans</i> | <i>Yes</i> |
| 3. <i>A. Brandt, Cape Light Compact</i> | <i>Yes</i> | 9. <i>G. Rounseville, Dennis</i> | <i>Yes</i> |
| 4. <i>C. McLaughlin, Barnstable</i> | <i>Yes</i> | 10. <i>L. Cakounes, Barnstable County</i> | <i>Yes</i> |
| 5. <i>L. Hamnquist, Provincetown</i> | <i>Yes</i> | 11. <i>R. Toole, Oak Bluffs</i> | <i>Yes</i> |
| 6. <i>C. Hanson, Brewster</i> | <i>Yes</i> | 12. <i>R. Hannemann, Chilmark</i> | <i>Yes</i> |

Motion carried in the affirmative (12-0-0).

The Board tentatively agreed to reconvene on November 9, 2017.

At 1:39 p.m. *A. Brandt moved the Board vote to adjourn, seconded by G. Rounseville and voted by roll call as follows:*

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|-----------------------------------------|------------|-------------------------------------------|------------|
| 1. <i>Larry Cole, Harwich</i> | <i>Yes</i> | 7. <i>J. Bayne, Eastham</i> | <i>Yes</i> |
| 2. <i>S. Gavin, Yarmouth</i> | <i>Yes</i> | 8. <i>R. Collins, Orleans</i> | <i>Yes</i> |
| 3. <i>A. Brandt, Cape Light Compact</i> | <i>Yes</i> | 9. <i>G. Rounseville, Dennis</i> | <i>Yes</i> |
| 4. <i>C. McLaughlin, Barnstable</i> | <i>Yes</i> | 10. <i>L. Cakounes, Barnstable County</i> | <i>Yes</i> |
| 5. <i>L. Hamnquist, Provincetown</i> | <i>Yes</i> | 11. <i>R. Toole, Oak Bluffs</i> | <i>Yes</i> |
| 6. <i>C. Hanson, Brewster</i> | <i>Yes</i> | 12. <i>R. Hannemann, Chilmark</i> | <i>Yes</i> |

Motion carried in the affirmative (12-0-0).

Submitted by: Liz Argo, Manager

LIST OF DOCUMENTS & EXHIBITS:

- Meeting Notice/Agenda
- Draft August 24, 2017 Meeting Minutes
- FY18 YTD Financial Position Dashboard, Balance Sheet Prior Year Comparison, Income & Expenditure Budget vs, Actual – Administrative, and the AR & AP Aging Summaries as of August 31, 2017 dated September 14, 2017.
- Financial Position Dashboards for FY17 as of June 30, 2017 dated July 21, 2017 & September 20, 2017.
- CVEC Power-Point Presentation updated September 21, 2017
- DONG Energy CVEC Board Presentation dated September 21, 2017.