

Cape & Vineyard Electric Cooperative, Inc.

Board of Directors

Open Session Meeting Minutes - Thursday, November 9, 2017

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

PRESENT WERE:

1. Leo Cakounes, President, Executive Committee Member/Director, Barnstable County
2. Jennifer Rand, V. President/Executive Committee Member/Director
3. Charles McLaughlin, Esq., Executive Committee Member/Director, Barnstable @ 9:43 a.m.
4. Austin Brandt, Executive Committee Member/Director, Cape Light Compact
5. Charles Hanson, Executive Committee Member/Clerk/Director, Brewster until 11:02 a.m.
6. Joseph Bayne, Treasurer/Director, Eastham
7. Robert Hannemann, Director, Chilmark
8. Greg Rounseville, Director, Dennis
9. Lee Gray-Boze, Director, Falmouth @ 9:50 a.m.
10. Richard Toole, Director, Oak Bluffs - by phone
11. Ronald Collins, Director, Orleans @ 9:50 a.m.
12. Lydia Hamnquist, Director, Provincetown
13. Steve Gavin, Director, Yarmouth

ABSENT WERE:

14. Bourne - Vacant
15. John Scott, Director, Chatham
16. John Alley, Director, Dukes County
17. Edgartown – Vacant
18. Lawrence Cole, Director, Harwich
19. Sandwich – Vacant
20. Kirk Metell, Director, Tisbury

STAFF PRESENT

Liz Argo, Manager

Karen Loura, Administrative Assistant

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 November 6, 2017 at 11:55 a.m.

2. PUBLIC COMMENT

There were no public comments.

3. CONSIDERATION OF MEETING MINUTES May 18, 2017 Board of Directors and Executive Committee Meeting Minutes, September 21, 2017 Annual Meeting Minutes, July 21, 2017 Executive Committee and Finance Committee Meeting Minutes and September 18, 2017 Executive Committee and Finance Committee Meeting Minutes.

The Board considered the May 18, 2017 Board of Directors' Meeting Minutes. *J. Bayne moved the Board vote to accept the May 18, 2017 Meeting Minutes seconded by A. Brandt and voted by roll call vote as follows:*

- | | | | |
|----------------------------------|-----|-----------------------------------|-----|
| 1. A. Brandt, Cape Light Compact | Yes | 6. L. Hamnquist, Provincetown | Yes |
| 2. G. Rounseville, Dennis | Yes | 7. J. Rand, W. Tisbury | Abs |
| 3. J. Bayne, Eastham | Yes | 8. S. Gavin, Yarmouth | Yes |
| 4. C. Hanson, Brewster | Yes | 9. L. Cakounes, Barnstable County | Yes |

5. R. Hannemann, Chilmark Yes 10. R. Toole, Oak Bluffs Yes
 Motion carried in the affirmative (9-0-1)

C. McLaughlin arrived to the meeting at 9:43 a.m.

The Board considered the September 21, 2017 Board of Directors’ Annual Meeting Minutes. R. Hannemann offered a typographical error correction on Page 3. J. Bayne moved the Board vote to accept the minutes as corrected, seconded by C. Hanson and voted by roll call vote as follows:

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

Motion carried in the affirmative (10-0-1)

The Executive Committee & Finance Committee considered their July 21, 2017 Meeting Minutes. A. Brandt moved the Executive Committee vote to accept the minutes, seconded by C. McLaughlin. The Executive Committee voted in favor to accept the minutes with J. Rand abstaining. C. McLaughlin moved the Finance Committee vote to accept the minutes, seconded by S. Gavin and voted unanimously in favor by those present.

The Executive Committee & Finance Committee considered their September 18, 2017 Meeting Minutes. C. McLaughlin moved the Executive Committee vote to accept the minutes, seconded by A. Brandt and voted in favor with J. Rand abstaining. There was no physical quorum present at the September 18, 2017 meeting so the Finance Committee did not vote.

4. TREASURER’S REPORT

J Bayne reviewed the Financial Position Dashboard, Balance Sheet Prior Year Comparison, Income & Expenditure Budget vs. Actual – Administrative, A/R & A/P Aging Summary Reports as of October, 31, 2017 prepared November 7, 2017. There was discussion about the overlap occurring between Income and Expenditures. Revenues receipts continue to be 2 months behind.

5. RE-APPOINTMENT OF CHIEF PROCUREMENT OFFICER.

Pres. Cakounes appointed G. Rounseville to the position of Chief Procurement Officer to replace R. Collins who’d accepted the position in the interim. R. Collins was relieved of those duties.

6. REPORT FROM CVEC ROUND 3 SELECTION COMMITTEE.

The Round 3 Selection Committee (R. Collins, L. Hamnquist, R. Toole, J. Bayne, S. Gavin and L. Argo, Manager) reported two responses were received to the Request for Proposals (RFP) issued seeking developers for proposed projects under Round 3 Solar PV Initiative. Alliance Clean Energy & a second response was received after the deadline. Eric McLean was affiliated with American Capital Energy (ACE). He is no longer with ACE and has formed Alliance Clean Energy. C. Hanson & J. Rand questioned the amount of roof-top systems in Alliance’s experience. J. Bayne said it is a small percentage of their total experience which has been primarily ground-mounted systems. L. Argo said approximately ½ of systems constructed have been roof-tops. C. McLaughlin said the bulk of issues with roof-top systems has been the integrity of the roof. R. Collins said E. McLean participated in Round 1 and he was greater prepared than Broadway with stronger engineering. His primary concern was the financing. C. McLaughlin recalled ACE delayed on Round 1 due to financing. He reported on a consultation with Kevin Batt, Esq. who recommended appropriate performance and construction bonds be in place shortly after any award. He would prefer to have the financial piece in place at closing or shortly thereafter.

7. AWARD OF ROUND 3 CONTRACT, CONTINGENT UPON LEGAL REVIEW.

C. McLaughlin moved the Board vote to approve the award of a contract to this entity contingent on posting of bonds satisfactory to counsel and 2) due diligence with respect to minimum roof mount systems as to construction and pricing subject to satisfactory review of references specific to roof-mount jobs. Discussion followed.

C. McLaughlin requested to add *that CVEC know what they have quoted to other roof-top projects and pricing as compared to ours.*

L. Argo reported the developer has informed that this is it in terms of better pricing and that negotiations will need to proceed quickly. J. Rand noted CVEC seeks municipal systems and the Alliance portfolio includes many that are not municipal systems. It was noted the beneficiary would be CVEC and participating Towns for non-performance. It was also noted that participating Town's agreed to share legal expenses.

L. Cakounes read the following proposed motion: *That the Board vote to accept the proposal and award the Round 3 Contract to Alliance Clean Energy as presented with the following provisions:*

1. *Contractor executes and submits a performance bond at time of signing contract to cover performance and financing. Said bonding to be reviewed and approved by Counsel.*
2. *Complete the reference review to a satisfactory outcome. References specifically to previous roof-top projects. The contractor meeting projected PPA.*
3. *Completion of negotiation of contracts by Counsel.*
4. *To instruct staff and Counsel to draft a letter of award including above contingencies to be sent to Alliance.*

J. Rand so moved, seconded by S. Gavin and voted by roll call vote as follows:

1. A. Brandt, Cape Light Compact	Yes	8. L. Boze, Falmouth	Yes
2. C. McLaughlin, Barnstable	Yes	9. J. Rand, W. Tisbury	Yes
3. G. Rounseville, Dennis	Yes	10. S. Gavin, Yarmouth	Yes
4. J. Bayne, Eastham	Yes	11. L. Cakounes, Barnstable County	Yes
5. C. Hanson, Brewster	Yes	12. R. Collins, Orleans	Yes
6. R. Hannemann, Chilmark	Yes	13. R. Toole, Oak Bluffs	Yes
7. L. Hamnquist, Provincetown	Yes		

Motion carried in the affirmative (13-0-0)

8. ADDER NON-CONTRIBUTOR POLICY

L. Argo reported receipt of favorable letters from all but 3 Round I participants. Tisbury, Barnstable and Edgartown have not yet agreed to pay the requested adder. It was noted that the amount of the request is lower than originally requested and that the DPU rate case is positive for them. C. McLaughlin reported meeting with M. Ells, Barnstable Town manager and Barnstable will go forward for another year paying the adder. He reported Barnstable will be interested in seeing CVEC's financial position in subsequent years and would like to see CVEC in a position of not needing an adder. J. Rand noted CVEC has a contractual obligation and any policy would have no effect. J. Bayne recommended CVEC track payments and non-payments in QuickBooks. By consensus, the Board agreed to take no action but table the matter for Bylaw review at a future time.

9. LETTER(S) IN RESPONSE TO REQUESTS FOR LETTERS OF INTENT FROM DONG'S BAY STATE WIND AND VINEYARD WIND.

The Board reviewed a generic letter of interest to be sent to developers seeking approval from the State of Mass. to develop wind energy systems off the coast of Martha's Vineyard. The letter indicates CVEC's interest in working with whichever developer is awarded the lease. C. McLaughlin cautioned against issuing a Letter of Interest as it is a legal term which may mislead the Dept. of Public Utilities. Discussion relative to the impact on towns of Yarmouth and Barnstable followed. C. McLaughlin expressed concern of plans to stage toxic cooling fluids above a water supply in Barnstable. It was acknowledged CVEC's responsibility is to support

satisfactory agreements with host communities of Yarmouth and Barnstable. By consensus, the Board agreed to issue thank you letters for developers providing presentation to the Board with best wishes.

At 11:02 a.m. C. Hanson left the meeting.

10. CHANGES TO CLEAN FOCUS' CORPORATE STRUCTURE AND O&M ADMINISTRATION.

L. Argo reported receipt of notice from Clean Focus that the Operation & Maintenance will be managed by Green Skies Co. in Connecticut as of 1/1/18. Stan Chin, CEO, said Green Skies is a Clean Focus company. She has written to Clean Focus requesting to better understand the change and legal impact. To date, no response has been received. S. Gavin requested semi-annual events be coordinated between the landscapers and Towns. Erosion repairs in Harwich and Tisbury using seed failed and sod will need to be installed.

11. CVEC STRATEGY AND REVISIONS TO MISSION STATEMENT.

There was discussion about CVEC strategy and mission statement. R. Hannemann expressed his observation that CVEC is at an inflection point with most activities reaching their end points. He said there are many opportunities for CVEC but technical and planning resources are lacking. He urged CVEC to explore opportunities to obtain more resources in administration, technical and financial areas such as realigning with Cape Light Compact who has resources CVEC does not have. CVEC is specifically organized to serve municipalities and has exhausted many opportunities. There are not many landfills or roof-tops available and CVEC may need to pursue off-shore and off-cape opportunities. He said there is every reason for CVEC to attach itself as the renewable energy arm of Cape Light Compact. Pres. Cakounes cautioned this discussion may not be covered sufficiently as a topic on the agenda. R. Hannemann said business realities need to be included in strategy discussions. J. Rand said a surface discussion to determine level of interest among Board members is worthwhile to determine if an in-depth discussion with Cape Light Compact would be appropriate. She said CVEC is hampered by limited staff to pursue opportunities and she suggested CVEC may want to develop a list of pros and cons and have a joint Board meeting with Cape Light Compact Governing Board. R. Toole agreed it may be time for such discussion. C. McLaughlin said CVEC's goal is to understand from industry insiders and legislators how CVEC could expand its service base. He suggested working with developers to net-meter projects throughout the Commonwealth. He said CVEC needs to think outside of the box to see what is available and possible and increase revenue in the process. He urged CVEC work with a consultant in parallel with meeting with Cape Light Compact. Pres. Cakounes said he will reach out to the Executive Director of Cape Light Compact for a meeting and will report back to the Board.

12. REVIEW AND POSSIBLE VOTE ON PROPOSALS FROM CONSULTANTS REGARDING CVEC STRATEGY AND FINANCING OPTIONS.

J. Bayne reported on a conference call with L. Argo and a representative from Concentric Energy. He reviewed a letter from Concentric relative to CVEC 7 market price for purchase. They also discussed with Concentric the possible need to relocate the DY High School system, as well as purchasing power with resale to members or other cooperatives.

J. Bayne reported a meeting has been scheduled for 12/5/17 with Concentric relative to cooperative financing, purchasing systems and a bridge loan for battery projects. He said they can provide assistance in assessing the market once proposals are received. They have quoted a price of \$5,000 all inclusive (presentation, pre-meeting call, agenda with two staff and a note-taker). He said they seem to have ability to help in many ways including financing, etc. However, their proposal seems to charge for sales pitch. Pres. Cakounes urged a discussion about purchase of the CVEC 7 systems and others and ask Concentric to provide an analysis. L. Argo read an excerpt from Cooperative Finance Corporation (CFC) relative to financing. She said CFC has a relationship with Cape Light Compact and we can look at long-term financing opportunities. There was discussion about meeting with CFC with intent to grow a relationship.

13. MANAGER’S UPDATE: A. NET METERING CREDIT POWER SALES AGREEMENT FOR TOWNS OF WELLFLEET, BREWSTER, AND WATER DISTRICTS B. BATTERY GRANT PROJECT RFP C. NEXAMP SOLAR

- a. Net Metering Credits will be managed the same as existing contracts. L. Argo read an email from Nexamp relative to a SMART Auction. If they are unsuccessful, they will approach CVEC. The source will provide \$26,000 revenue.
- b. Battery Grant: The RFP is complete. DOER is reviewing CVEC’s option to include a services provision. Response should be received by the first of the year.
- c. Nexamp – (Dartmouth) has submitted Schedule Z and CVEC will begin receiving revenue.

L. Argo reported DYHS is considering relocating the ground-mounted PV system to make room for a new school building. Mattacheese Middle School plans to expand or renew its lease. CVEC has provided preliminary estimates of lost revenue calculations.

14. DISCUSSION AND POSSIBLE VOTE ON ADOPTION OF CVEC PERSONNEL POLICIES HANDBOOK.

The Board reviewed the draft Personnel Policies Manual. Several corrections were made. *J. Rand moved the Board vote to approve the Personnel Policies Manual as amended, seconded by J. Bayne and voted by roll call vote as follows:*

- | | | | |
|----------------------------------|-----|------------------------------------|-----|
| 1. A. Brandt, Cape Light Compact | Yes | 7. R. Collins, Orleans | Yes |
| 2. C. McLaughlin, Barnstable | Yes | 8. L. Boze, Falmouth | Yes |
| 3. G. Rounseville, Dennis | Yes | 9. J. Rand, W. Tisbury | Yes |
| 4. J. Bayne, Eastham | Yes | 10. S. Gavin, Yarmouth | Yes |
| 5. R. Hannemann, Chilmark | Yes | 11. R. Toole, Oak Bluffs | Yes |
| 6. L. Hamnquist, Provincetown | Yes | 12. L. Cakounes, Barnstable County | Yes |
- Motion carried in the affirmative (12-0-0)*

15. DISCUSSION AND POSSIBLE VOTE ON APPEAL OF PERAC (PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION) DECISION THAT CVEC’S CONTRIBUTION TO BARNSTABLE COUNTY RETIREMENT ASSOCIATION ON BEHALF OF LIZ ARGO IS NON-RECOVERABLE.

L. Cakounes reported PERAC refuses to accept CVEC as a governmental unit since it became independent of Barnstable County. He reviewed appeal options to seek reimbursement of approximately \$20,000 contributed. By consensus, the Board agreed the time and effort of the appeal is not worth the potential reimbursement.

The Board adjourned at 12:40 p.m.

LIST OF DOCUMENTS & EXHIBITS:

- November 9, 2017 Meeting Notice/Agenda
- May 18, 2017 Board of Directors and Executive Committee Meeting Minutes
- September 21, 2017 Annual Meeting Minutes
- July 21, 2017 Executive Committee and Finance Committee Meeting Minutes
- September 18, 2017 Executive Committee and Finance Committee Meeting Minutes
- Financial Position Dashboard, Balance Sheet Prior Year Comparison, Income & Expenditure Budget vs. Actual – Administrative, A/R & A/P Aging Summary Reports as of October, 31, 2017 prepared November 7, 2017
- Personal Policy Manual