

**Cape & Vineyard Electric Cooperative, Inc.
Executive Committee and Finance Committee
Open Session Meeting Minutes - Thursday, October 18, 2018**

The Cape & Vineyard Electric Cooperative, Inc. Executive Committee and Finance Committee met in open session on Thursday, October 18, 2018 at 11:30 a.m. in the CVEC Offices, 23H2 Whites Path, Suite 2, South Yarmouth, MA 02664

PRESENT WERE:

1. Leo Cakounes, President, Finance and Executive Committee Member/Director, Barnstable County
2. Steve Gavin, Finance Committee Member/Director, Yarmouth
3. Austin Brandt, Executive Committee Member/Director, Cape Light Compact (CLC)
4. Jennifer Rand, V. President/Executive Committee Member/Director, West Tisbury
5. Michael Lorenco, Finance Committee Member/Director, Eastham

ABSENT WERE:

1. Charles McLaughlin, Executive and Finance Committee Member/Director, Barnstable
2. Charles Hanson, Executive Committee Member/Clerk/Director, Brewster

STAFF PRESENT:

Liz Argo, Manager
Tatsiana Nickinello, Assistant Service Manager
Susan Machie, Special Project Manager

PUBLIC PRESENT

No public

1. CALL TO ORDER

Pres. Cakounes called the meeting to order at 11.36 a.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law October 16, 2018 at 9.01 a.m. Pres. Cakounes verified that there was a physical quorum of the Finance and Executive Committee present. Pres. Cakouones introduced new staff member S. Machie to the members.

2. PUBLIC COMMENT

There were no public comments.

3. REVIEW AND APPROVAL OF SEPTEMBER 19, 2018 FINANCE COMMITTEE MEETING MINUTES

It was unanimously agreed to postpone review and approval of the September 13th Finance Committee Meeting Minutes due to incorrect posting of the September 13th Meeting Minutes date on the Agenda.

4. TREASURER'S REPORT

M. Lorenzo brought the Committee's attention to the year-to-date Fiscal Year 2018 (FY18) Financials handout. He focused the members' attention on the column "% of Budget Used". M. Lorenzo informed that CVEC is behind on expenses but on point with income, and overall he considered the finances to be in "good shape". He continued with reporting company's cash activity and informed the members that as of October 14th the total cash balance was \$388,320. J. Rand inquired why there was a hold up with Provincetown payments based on A/R Aging Summary as of September 30, 2018. L. Argo explained that there was a disconnect at Provincetown's level and they tended to run behind as well. She added that Provincetown has been notified and that the on-going audits would likely help to resolve the problem.

5. DISCUSSION AND POSSIBLE VOTE ON FORMATION OF A COMMITTEE COMPOSED OF BOARD REPRESENTATIVES ABLE TO CONVENE ROUTINELY (ROUTINE TBD) TO RECEIVE MARKET AND LEGISLATIVE UPDATES AND TO REVIEW AND COUNSEL STAFF ON FUTURE PROJECT DEVELOPMENT

L. Argo discussed that the last Board meeting was not productive for her. She added that historically the best results were achieved with small groups that met frequently. L. Argo continued stating that as the SMART program was coming out on November 26, it was imperative to have a high level informed group to solve problems effectively and quickly. L. Cakounes agreed but noted that the Executive Committee will not suffice to execute any of the decisions as CVEC needs full Board authorization. He also mentioned that there was a prior conversation about creating Future Projects Committee during one of the Board meetings. J. Rand offered a different model that focused on better communication channels for all the members. She suggested sending weekly updates on the state of the projects, so all the members can familiarize themselves and ask questions prior to the meeting. L. Argo expressed her concern about not getting any responses from the members. J. Rand insisted that she did not believe creating a new committee would solve the problem and suggested breaking down the projects into smaller "pieces", so Directors can have better understanding of the task at hand. J. Rand expressed her general concern about human power capabilities, resources and time with the current limited number of staff members. L. Cakounes suggested seeking help of a consultant who may aid with compiling information and other tasks. He also added that it is critical for CVEC's future to decide on expansion or staying at managing accounts level.

6. UPDATE ON CVEC PV INITIATIVE ROUND 4

L. Argo brought the members' attention to a Round 4 Initiative handout. She informed the members that the numbers in the table are underestimated and are on a conservative side. L. Argo and the members discussed reasonable CVEC overhead cost. A. Brandt suggested calculating it as an hourly rate. L. Cakounes offered tying the number to previous practices as opposed to a percentage calculation. M. Lorenzo urged L. Argo to determine what actual costs were and possibly develop a

model for charging a flat rate plus an overhead percentage rate increase. L. Cakounes mentioned that legal fees should be included in determining compensation due to high cost of attorney fees. The members evaluated the expenses and determined that \$150/hr plus a 10% adder is a good reimbursement estimate. L. Argo stated that she would work more on analyzing the appropriate reimbursement rate. L. Argo continued, stating that CVEC has a letter of intent from Sandwich for Round 4. She said that Oak Bluffs is ready for PV installation on the landfill and she was to hear from the state on a META (municipal energy technical assistance) grant soon. L. Cakounes inquired how the META cycle worked. L. Argo explained that typically the application time line was June with answers ready in September. A brief discussion took place about Harwich and Barnstable County and Round 4 Initiatives progress. L. Cakounes brought up the topic of conservation land restrictions. The members discussed possible agricultural practices to avoid conservation restrictions. L. Argo added that she would seek Clean Focus's expertise on the topic as they had several projects of the kind.

7. DISCUSSION AND POSSIBLE VOTE ON CVEC LEASE OF HARWICH AS-OF-RIGHT SOLAR SITE TO DEVELOP CVEC OWNED SOLAR THROUGH FINANCING BY COOPERATIVE FINANCE CORPORATION AND COOP POWER

L. Argo presented a handout to the members demonstrating possible options for CVEC managing and owning the Harwich Solar Project. The first option discussed was "Lease Only" option. L. Argo proposed CVEC lease the land and create Community Solar Garden for the benefit of the public. L. Argo continued to note that Coop Power, a company that has tax equity funding for non-profits, is excited to be an investor in the project. L. Argo explained her calculations presented in the handout. She added that most of the numbers were conservative estimates. J. Rand mentioned that lease amount should be increased from \$35,000 a year to a higher figure. It was agreed to take \$50,000 a year for a lease as an estimate. M. Lorencio requested to see the financials pertaining the offering after the meeting. L. Cakounes added that L. Argo had President's authorization to further pursue that option.

8. DISCUSSION AND POSSIBLE VOTE ON CVEC COMMUNITY SOLAR OFFERING USING HARWICH POWER PRODUCTION

The members discussed the second option pertaining to the lease and development of Harwich's as-of-right site. There was a discussion about financials and reimbursement amounts now that an Adder is not to be the source of compensation. A calculation was made to determine an hourly fee that might be applied to the work to develop solar for member towns.

9. UPDATE, DISCUSSION AND POSSIBLE VOTE ON REQUEST FROM TOWN OF YARMOUTH TO MANAGE ELECTRICAL ACCOUNTS FOR TOWN

A brief discussion took place about a possible venture with the Town of Yarmouth. No decisions were made at that time.

T. Nickinello and S. Machie stepped out at 12.45 p.m.

10. UPDATE, DISCUSSION AND POSSIBLE VOTE ON STAFF ADDITIONS

L. Argo reviewed the new hire salaries and included in the review the option to hire a third part time employee whose main function would be to handle the administrative services associated with the Yarmouth agreement. The committees revised the Yarmouth proposal to better reflect the third hires compensation.

T. Nickinello and S. Machie joined in at 1.15 p.m.

J. Rand departed at 1.15 p.m.

12. DISCUSSION AND POSSIBLE VOTE TO REVISE POLICY GUIDE TO BE IN ACCORDANCE WITH REVISED BYLAWS

The members unanimously agreed to take items on Agenda out of order due to the time constraints. The members decided to postpone the discussion pertaining the revision of the Policy Guide until the Full Board is present.

13. UPDATES , DISCUSSION AND POSSIBLE VOTE ON :

A) REQUEST FOR PROPOSAL FOR DY BATTERY ENERGY STORAGE SYSTEM

L. Argo reported that October 22 is a due date for the Battery RFP. L. Argo informed the members that C. McLaughlin had asked her previously about financing the project. She reported that Cooperative Finance Corporation and the vendor might provide financing and added that the loan is reimbursable by the state. L. Argo informed the members of the RFP review meeting to take place at the Cape Light Compact conference room; date and time to follow.

B) ROUND 3 PV INITIATIVE

L. Argo informed the members that the SMART program is scheduled to come out on November 26. She added that after the project registration, it would likely take at least another 30 days to get financing ready.

C) NEXAMP DARTMOUTH 2

L. Argo informed the members that all the off-takers in Nexamp Dartmouth 2 project got the net metering credits requested.

D) FY20 ROUND 1 ADDER REQUESTS

L. Argo informed the members that all the Round 1 Adder requests have been agreed to and the agreements are almost all in hand.

E) ISO-NE QUALIFICATION AND FY19 PARTICIPATION THROUGH CLEARRESULT APPLICATION

L. Argo informed the members that she got notification from CLEAResult that all the CVEC projects had gone through the ISO-NE qualification process and that no financial guarantees were required. L. Argo informed the members that CLEAResult also reported that ISO-NE had used CVEC projects' power to meet a power demand emergency over Labor Day, and CLEAResult was rewarded with about \$33,000. L. Argo added that the money would first go to qualification deposit repayment and CLEAResult administrative fees. Any remaining monies will come to CVEC.

11. UPDATE, DISCUSSION AND POSSIBLE VOTE ON NOISE REPORT AND MITIGATION PLAN FOR NUNNEPOG

L. Argo briefed the members on the sound report findings from the Town of Edgartown's and Clean Focus's (CF) sound engineers. She noted that the technical reports did not agree. She added that CF would assume the cost of another acoustic study. L. Cakounes inquired about the cost of sound barriers for informational purposes. L. Argo was to follow up on that.

THE FINANCE AND EXECUTIVE COMMITTEES MEMBERS VOTED UNANIMOUSLY TO ADJOURN AT 1:55 P.M.

LIST OF DOCUMENTS & EXHIBITS

- September 13, 2018 Meeting Minutes
- Harwich Community Solar Garden Cost/Benefit Analysis
- Update Spreadsheet on Round 4 PV Initiatives
- CVEC Budget for Additional Staff
- CVEC Financials as of September 30, 2018
- Town of Yarmouth Administrative Services Proposal

HANDOUTS

- September 13, 2018 Meeting Minutes: Online at www.cvecinc.org

- Harwich Community Solar Garden Cost/Benefit Analysis

HARWICH COMMUNITY SOLAR GARDEN UNDER CVEC MANAGEMENT - COST/BENEFIT ANALYSIS									
10.15.18			SIZE		1,900,000	KwH			
LEASE OF HARWICH SITE FOR PV WITH COMMUNITY SHARED SOLAR									
LEASE ONLY									
Construction Costs	One Time	Amortizable Costs *		Annual	Cost		Annual	Income	
at \$2.25 per watt	\$ 4,275,000	Legal for contracting:	\$ 40,000	Lease per year	\$ 60,000		Tariff	0.17	\$ 323,000
Less 30% IRS	\$ 2,992,500	Town's Lease & EPC		Construction debt (\$per year)	\$ 159,625		Public Entity	0.02	\$ 38,000
Interconnection upgrades \$150k - \$200k	\$ 200,000			Interest at 3% (not amortized)	\$ 4,789				
				O&M	\$ 12,000				
				One time costs * amortized	\$ 2,000				
Total Construction Costs	\$ 3,192,500			TOTAL	\$238,414		TOTAL		\$ 361,000
					Revenue Per Year		\$ 122,586		
LEASE with CSS									
Construction Costs w/interconn	One Time	Amortizable Costs *		Annual	Cost		Annual	Income	
	\$ 3,192,500	Consultant to secure offtakers*	\$ 10,000	Lease per year	\$ 60,000		Tariff	0.17	\$ 323,000
		Legal contracting with offtakers*	\$ 40,000	Construction debt (per year) & interest	\$ 164,414		CSS	0.05	\$ 95,000
				O&M	\$ 12,000				
				Administration of Offtakers	\$ 6,000				
				One time costs * amortized	\$ 4,500				
Total Construction Costs	\$ 3,192,500			TOTAL	\$246,914		TOTAL		\$ 418,000
					Revenue Per Year		\$ 171,086		
<p>Coop Power terms are .6% down which will allow purchase for 25% of total project value at year 10 (more down allows lower % at purchase).</p> <p>Coop Power provides 60% tax equity funding. Cooperative Finance Cooperation could provide 40% debt equity funding?</p> <p>Assume a 3% interest fee?</p> <p>All calculations are based on a 20 year term although I believe Coop Power is a 10 year buy-out.</p>									

- Update Spreadsheet on Round 4 PV Initiatives

Round 4 -							10.4.18
Member	Town/Entity	Facility	BTM/ATM	PV Array Type	Status	Size	kW
1	Sandwich	High School Parking Lot	BTM	Solar Canopy	Ready LOI		400
2	Sandwich	Sandwich Hollow Golf Club	golf cart usage	Roof	Ready LOI		100
3	Sandwich	New Police Department	BTM/storage	Roof	2.1.2019 LOI		100
4	Brewster	Brewster Fire	BTM/storage	Roof	Ready		200
5	Monomoy District	School	BTM	Roof	Appear Oct. 25		200
7	Oak Bluffs	Landfill	Microgrid	ground mount	Ready		500
8	Harwich ADR PV	As-of-Right Site	ATM	ground mount	In discussion		1,900,000
9	Harwich	Cart Barn			In discussion		400
10	Barnstable County	Farm	ATM	ground mount	Land is Article 37		200
11	Oak Bluffs	Elementry School	BTM/storage	Roof	work on new rapaf to begin in June		100

Costs to towns for Round 3 with 6 projects: est \$20,000 per project based on Outside Cost Projection from BCK for 6 projects of \$112,224/ was \$3,800 per project			
Round 3 costs = \$29,000 total inc 10%	Annual CVEC Adder for Future Administration \$0.005	= \$0.005*2.5MW	\$ 8,400
Round 4 with 6 projects ~ \$40,000	Annual CVEC Adder for Future Administration \$0.01	= \$0.01*2.5MW	\$ 16,800
Cost to BCK to be reimbursed by towns- \$112,000			
Cost to CVEC to be reimbursed by towns- 10% overhead = \$11,200			
Adder of \$0.005 for CVEC to provide			

Annual Adder of \$0.005 on R3	\$	5,000.00
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CVEC 10%	\$	2,580.00	NOT ENOUGH
75 hours*\$200	\$	15,000	
Legal 77 hrs			

- CVEC Budget for Additional Staff

STAFF COSTS		10.17.18
FY19 underbudgeted ISO NE revenue at \$12,000 (Q1 in at \$10,000)		
Budgeted nothing for Sandwich management \$7,500		
Budget showed excess of \$8,700		
Excess not in budget	\$	28,200
Annual Income from Yarmouth	\$	9,000
Budget for Administrative Services Manager	Budget for Special Projects Manager @ \$22	Budget for Project Manager for Yarmouth @ \$22
CONSULTANT		
Biz Cards	\$	10
Computer	\$	500
IT	\$	200
10 hours/week	\$	11,440
16 hours/week	\$	18,304
Withholding/payroll tax	\$	121
TOTAL	\$	11,450
TOTAL	\$	19,135
TOTAL	\$	19,135
2 STAFF TOTAL	\$	30,585
Cost for two staff	\$	11,000
FY19 budget earmarked \$11,000 for staff	\$	19,585
Cost remains for two staff	\$	26,200
Excess not Budgeted from above	\$	8,615
Remains as Excess following add 2 staff	\$	8,615
1 Added STAFF TOTAL	\$	19,135
Cost for Project Manager	\$	8,615
Remained as Excess from calc to left	\$	10,519
Cost remains for Project Manager	\$	9,000
Annual Income from Yarmouth	\$	(1,519)
Cost remains for Project Manager	\$	(1,519)

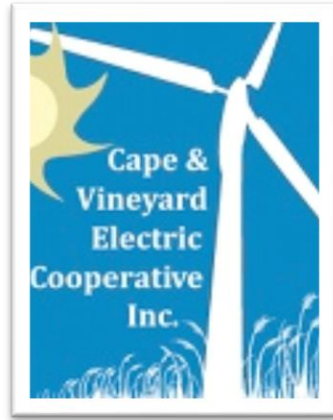
- CVEC Financials as of September 30, 2018

Cape & Vineyard Electric Cooperative, Inc.
 Financial Position Dashboard
 As of September 30, 2018
 Prepared October 14, 2018

TOTALS: YTD FY 2018	July 18 - Sep 18 Actual Admin	YTD Admin Budget	\$ Over Admin Budget	Annual Budget	Annual Budget Remaining	% of Budget Used	% of Budget Remaining
Income:							
On Peak Hours Resources Income	10,416	4,092	6,324	12,000	1,584	86.80%	13.20%
Services Income	12,299	4,167	8,132	12,300	1	99.99%	0.01%
Operational Adder							
Project Adder Round I	18,707	30,625	(11,918)	89,610	70,903	20.88%	79.12%
Project Adder Round II	23,201	51,263	(28,062)	150,000	126,799	15.47%	84.53%
Project Adder Round III	-	1,709	(1,709)	5,000	5,000	0.00%	100.00%
Future Generation Wind	625	3,865	(3,240)	11,310	10,685	5.53%	94.47%
Marie's Way	2,133	6,665	(4,532)	19,502	17,369	10.94%	89.06%
Nexamp	726	6,749	(6,023)	19,749	19,023	3.68%	96.32%
Total Operational Adder	45,393	100,876	(55,483)	295,171	249,778	15.38%	84.62%
Total Income	68,109	109,135	(41,026)	319,471	251,362	21.32%	78.68%
Expenses:							
General and Administration	32,719	42,789	(10,070)	171,243	138,523	19.11%	80.89%
Personnel	18,030	22,388	(4,350)	89,551	71,513	20.14%	79.86%
CCERI Grant Expense Account	650	3,750	(3,100)	15,000	14,350	0.00%	100.00%
Legal	1,105	8,765	(7,660)	35,000	33,895	3.16%	96.84%
Total Expenses	52,512	77,692	(25,180)	310,794	258,282	16.90%	83.10%
Net Income (Loss)	15,596	31,443	(15,846)	8,677	(6,920)		
Total Project Revenue	785,468						
Total Project Outflows	785,468						
Net Project Results	-						

CASH ACTIVITY:	Unrestricted	Restricted	TOTAL CASH
Cash Balance 7/1/2018	380,885	223,231	604,116
Net Income (Loss)	15,596	-	15,596
Cumulative Unrestricted/Restricted Cash	396,482	223,231	619,713
Cash Inflows			
Net AR Payments Rcvd in FY18	1,255	609,989	611,244
Prepaid Insurance and Expenses	4,983	-	4,983
Decrease in Accrued Revenue	-	159,222	159,222
Cash Sources	402,720	992,442	1,395,162
Paydown of A/P & Credit Card	(3,475)	(862,737)	(866,212)
Decrease in Other Accrued Expenses	-	(140,630)	(140,630)
Cash Uses	(3,475)	(1,003,367)	(1,006,842)
Unrestricted/Restricted Cash In Bank At 8/31/18	399,245	(10,925)	388,320
Per Bank	309,459	78,761	388,220
Transfer required	89,786	(89,686)	100
Cash Balances after transfer	399,245	(10,925)	388,320

- Town of Yarmouth Administrative Services Proposal



Cape & Vineyard Electric Cooperative, Inc.

PROPOSAL TO MANAGE ELECTRIC UTILITY BILL PAYMENT AND
NET METERING CREDIT TRANSACTIONS FOR THE TOWN OF
YARMOUTH

October 18, 2018

Cape & Vineyard Electric Cooperative, Inc.
23H2 White's Path, Suite 2
South Yarmouth, MA 02675
774-722-1812
www.cvecinc.org

I. SUMMARY

CVEC is a non-profit energy cooperative established in 2007. The Cape & Vineyard Electric Cooperative, Inc. (“CVEC” or the “Cooperative”) goals and objectives are to develop and/or own renewable electric generation facilities and to procure and/or sell long term electric supply or other energy-related goods or services at competitive prices to help stabilize electric rates for CVEC member communities.

In some cases, CVEC has taken on a further role for CVEC members and offered consultant services relative to managing the complexities of the net metering credit sales and costs.

II. PROPOSAL

A. Background

CVEC now has a portfolio of 32 PV projects representing a capacity of 28.5 megawatts (MW). CVEC’s success with local siting of photovoltaics has meant focused benefits for Cape Cod and Martha’s Vineyard.

The savings from Net Metering Credits (NMC) are the basis of the benefits now being realized by CVEC’s participating municipalities, counties and districts. The NMC is a Massachusetts mandated incentive, distributed by the local utility after gathering a small adder on every rate-payers’ electric bill. For every green kilowatt hour produced by the solar projects, the utility pays out a NMC.

Essentially, the towns then “buy” these net metering credits from the third party owner/operators of the solar systems. Each net metering credit is then applied in the fashion of a coupon to reduce electric costs by as much as \$0.10 per kilowatt hour.

While the benefits to the municipalities since the solar projects’ coming on line in 2014 have been tremendous, handling the internal distributions of the net metering credit benefits and costs has proven challenging for already over-taxed municipal staff unfamiliar with the complexities of net metering credits. CVEC’s ability to manage the complex transactions has been recognized by some towns as a valuable resource, and, at this time, CVEC manages the NMC transactions for the Town of Dennis, the Town of Sandwich and the Town of Provincetown.

B. Proposal

CVEC proposes to continue to manage the Town of Yarmouth’s monthly Net Metering Credit (NMC) transactions as per CVEC’s Power Sales contracts with the Town of Yarmouth, and to expand CVEC services to include electric bill payment processes with verification of net metering credit receipts. To this end, CVEC proposes to provide a weekly processing of TOY electric bills on the Tuesday of every week with a resulting bill payment direction submitted to town by close of business on Tuesdays. Directions for bill payment will come in the form of an excel file for conversion and uploading into MUNIS.

In addition, CVEC will compare facility usage patterns on a monthly, and ultimately, on an annual basis, to detect account anomalies. If irregularity is detected, CVEC will alert the proper town representative and, if necessary, act as utility liaison to remedy utility errors.

III. COSTS

A. Management Service



One-Time Fees:

- 2 Hour Session with Town Staff to assist set-up & review upload plan for TOY MUNIS \$ 600
 - Build database identifying TOY electric accounts with individual account payment information (coding, etc.) \$ 4,000
 - Secure CVEC receipt of mailed TOY electric bills as well as electronic access to all TOY accounts \$ 1,000
 - Design each account’s uploadable monthly report \$ 500
 - Deliver Annual Report to TOY on accounts’ usages and savings \$ 2,400
- Subtotal \$ 8,500



Monthly Fee: \$ 875 X 12 Subtotal \$ 10,500

Annual Total \$ 19,000