

**Cape & Vineyard Electric Cooperative, Inc.  
Board of Directors and Executive Committee  
Open Session Meeting Minutes – Thursday, July 26, 2018**

The Cape & Vineyard Electric Cooperative, Inc. Board of Directors and Executive Committee met in open session on Thursday, July 26, 2018 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 and Finance Committees Member/Director, Barnstable County
2. Jennifer Rand, V. President/Executive Committee Member/Director, West Tisbury
3. Charles Hanson, Executive Committee Member/Clerk/Director, Brewster
4. Joseph Bayne, Finance Committee Member/Treasurer/Director, Eastham
5. Lawrence Cole, Director, Harwich
6. Steve Gavin, Finance Committee Member/Director, Yarmouth
7. Robert Hannemann, Director, Chilmark- by phone
8. Lydia Hamnquist, Director, Provincetown
9. Gregory Rounseville, Director, Dennis
10. Ronald Collins, Director, Orleans
11. Austin Brandt, Executive Committee Member/Director, Cape Light Compact (CLC)

**ABSENT WERE:**

1. Lee Gray-Boze, Director, Falmouth
2. Bourne - Vacant
3. John Alley, Director, Dukes County
4. Edgartown – Vacant
5. John Scott, Director, Chatham
6. Kirk Metell, Director, Tisbury
7. Betty Hyde-McGuire, Director, Sandwich
8. Charles McLaughlin, Esq., Executive and Finance Committees Member/Director, Barnstable
9. Richard Toole, Director, Oak Bluffs

**STAFF PRESENT**

Liz Argo, Manager  
Tatsiana Nickinello, Assistant Office Manager

**PUBLIC PRESENT**

None

**1. CALL TO ORDER**

Pres. Cakounes called the meeting to order at 9:33 a.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law on July 20, 2018 at 3:49 p.m. Pres. Cakounes announced that the meeting was being recorded for the internal

purpose of transcription of minutes. Pres. Cakounes greeted R. Hannemann who was joining on the phone.

R. Collins arrived at 9.35 a.m.

## **2. PUBLIC COMMENT**

There were no public comments.

## **3. CONSIDERATION OF MEETING MINUTES**

The Executive Committee reviewed the previously revised and Finance Committee approved April 19, 2018 Finance Committee and Executive Committee Meeting Minutes No corrections were noted.

*A. Brandt then moved the Executive Committee accept the April 19, 2018 Meeting Minutes, seconded by J. Rand and the motion carried as follows:*

- |                                    |         |
|------------------------------------|---------|
| 1. Leo Cakounes, Barnstable County | Yes     |
| 2. Jennifer Rand, West Tisbury     | Yes     |
| 3. Charles Hanson, Brewster        | Abstain |
| 4. A. Brandt, Cape Light Compact   | Yes     |

*Motion carried in the affirmative (3-0-1)*

The Board reviewed May 24, 2018 Board of Director's Meeting Minutes. No corrections to minutes were noted.

*L. Cakounes then moved the Board accept the May 24, 2018 Meeting Minutes, seconded by C. Hanson and voted by roll call as follows:*

- |                                   |     |                               |         |
|-----------------------------------|-----|-------------------------------|---------|
| 1. L. Cakounes, Barnstable County | Yes | 7. R. Hannemann, Chilmark     | Yes     |
| 2. J. Rand, Tisbury               | Yes | 8. L. Hamnquist, Provincetown | Yes     |
| 3. C. Hanson, Brewster            | Yes | 9. G. Rounseville, Dennis     | Yes     |
| 4. J. Bayne, Eastham              | Yes | 10. R. Collins, Orleans       | Abstain |
| 5. L. Cole, Harwich               | Yes | 11. A. Brandt, CLC            | Yes     |
| 6. S. Gavin, Yarmouth             | Yes |                               |         |

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

## **4. TREASURER'S REPORT**

J. Bayne brought the Board's attention to the financial handout. He stated that although June 30 is the end of the fiscal year, the numbers in the report will remain unadjusted until June transactions are completed. He added that, usually, when the final numbers get adjusted, the income comes up higher. J. Bayne noted that as of right now the bottom line indicates a positive

balance of approximately \$35,000, but that number may be low since the final money has not come in yet. J. Bayne informed the Board that, once all accounts are credited, the numbers may go up to \$50,000. J. Bayne also explained that “cash” is unlikely to change, but some money in restricted will probably move to unrestricted. J. Bayne reported that he expects the total number in cash to be over \$300,000. He requested to see the final adjusted report after his departure from the Board and a new Treasurer is elected. L. Argo mentioned that the Board is still waiting for the likely new Treasurer, M. Lorenzo to be appointed by the Town of Eastham. A brief discussion took place about J. Bayne’s profound contribution to CVEC and the Board members expressed their gratitude for his help. The discussion pertaining the financials resumed. L. Cakounes asked what would justify cumulative cash increase in the amount of approximately \$36,000. J. Bayne explained that CVEC paid some parties before getting payments from other parties. L. Argo added that the amounts of income still outstanding from R1 and R2 Adders of \$26,000 and \$12,000 are set amounts. L. Cakounes welcomed the idea for J. Bayne to review the adjusted report when it comes in and help a new member to transition in his/her role smoothly. Pres. Cakounes and the Board members thanked J. Bayne once again. Pres. Cakounes invited everybody present to join him after the meeting for a celebratory cake in honor of J. Bayne.

##### **5. UPDATE, DISCUSSION AND POSSIBLE VOTE ON ROUND 1 ADDER EXTENSION REQUEST**

L. Cakounes gave a brief history on the Round 1 Adder. He stated that for Round 1 projects, a decision was made that there would be no charge for CVEC’s services. When Round 2 contracts were negotiated, they had an Adder that was intended to make up for the lack of an Adder on R1. However, the R2 projects dwindled drastically leaving the R2 Adder inadequate to cover R1 operations. L. Cakounes continued noting that a few years ago some members deemed it unfair that some other members do not pay an Adder. He stated that at that time the Board determined that renegotiating and changing the R1 contracts to include an Adder would be too expensive, and it was suggested that adding a separate agreement for participants to pay a \$0.005 adder for Round 1 was the right solution. When the second year of requesting an Adder came around, the Adder amount requested of \$0.005 remained in place as CVEC handled an unexpected legal expense related to the “rate case” lawsuit. L. Cakounes proceeded explaining that looking at the projected FY20 budget, there is a deficit and it is time to start asking towns for an FY20 Adder early in the FY20 budget season. He continued with proposing that CVEC begin going before the Boards of Selectmen. L. Cakounes added that in the past there was a hold-up from several towns to see what other towns would do on the R1 Adder and that is why it is important to start early. J. Bayne noted that eventually the Adder might go away. L. Argo stated that in looking at the projected FY20 budget numbers and the page with the breakdown of costs per town, there does not seem to be a need to ask for the previous half penny R1 Adder. J. Rand inquired if the numbers on the spreadsheet are close to what CVEC would realize. L. Argo explained that the numbers computed are based on FY17 production. L. Cakounes referred the Board to the budget handout and explained that FY20 is projected to end with deficit of about \$35,000. L. Cakounes also noted that, if CVEC were to get a R1 Adder of \$0.0025, then the FY20 budget could end up with a positive \$5,000 bottom line. C. Hanson argued that Selectmen may not be satisfied since there are no definite numbers on FY19 yet. L. Cakounes added that it is better to do due diligence and not to wait till May when more accurate calculations may be available. The time to appeal is now. J. Bayne provided his expertise, stating that income statement versus cash is different, and

although the income statement may indicate growth, the company needs adder to keep the cash higher. L. Cakounes added that if the R1 Adder continues and CVEC has excess cash, there might be an option for a dividend payment back to towns. L. Cakounes mentioned that CVEC paid for the “rate case” and towns benefitted from the outcome of that litigation. G. Rounseville noted that asking for a lower R1 Adder amount shows CVEC’s fiscal responsibility and portends that, in the future, the Adder may be even lower or eliminated. L. Argo informed the Board that having attended the Brewster Energy Committee was very helpful to her and she added that they recommended showing the progress on lowering the R1 Adder: last year the total R1 Adder request totaled \$85,000, and this year it is down to \$34,000. L. Cakounes noted that it is too premature to construct FY21, but to make an argument, it is good to mention that CVEC is anticipating money from some new projects and it is important to remind of a “rate case” as a grand expense. L. Argo also suggested having a CVEC discussion on by-law revision to clarify the pro rata distribution of excess cash or cash following dissolution. J. Bayne added that M. Lorenzo understands bonding and he may be a good resource for CVEC.

*L. Cakounes made the motion to approve the \$0.0025 Round 1 Adder request for FY20. L. Cole moved the Board to vote seconded by G. Rounseville and voted by roll call as follows:*

1. L. Cakounes, Barnstable County	Yes	7. R. Hannemann, Chilmark	Yes
2. J. Rand, West Tisbury	Yes	8. L. Hamnquist, Provincetown	Yes
3. C. Hanson, Brewster	Yes	9. G. Rounseville, Dennis	Yes
4. J. Bayne, Eastham	Yes	10. R. Collins, Orleans	Yes
5. L. Cole, Harwich	Yes	11. A. Brandt, CLC	Yes
6. S. Gavin, Yarmouth	Yes		

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

#### **6. DISCUSSION AND POSSIBLE VOTE ON NOMINATION COMMITTEE FORMATION**

L. Cakounes initiated the discussion, stating that it is unclear from the CVEC by-laws how the nomination process is to be carried out. He added that from his previous experience serving as a member at other organizations, the Board would authorize the President to appoint a nomination committee. He proceeded, explaining that if the Board appoints a committee, that committee would be a subject of an Open Meeting Law (OML), while it is possible a committee appointed by the President for advisory purposes is exempt from OML. The Board reached a consensus that a less formal way of creating a nominating committee is most plausible. J. Rand volunteered to make inquiries for potential nominees to fill the Board positions.

#### **7. DISCUSSION ON POSSIBLE BY-LAW REVISIONS AT ANNUAL MEETING**

L. Argo suggested the following by-law revisions be discussed at the Annual Meeting: 1) to authorize the President to appoint a nomination committee and 2) to create a pro-rata model of funds distribution in case of dissolution or excess cash. A discussion followed. L. Cakounes

cautioned that decisions on bylaw changes may require legal review. A brief discussion took place on the definition of “excess” funds. L. Cakounes summarized, asking if, first, he has the Board’s consensus to work on a by-law revision authorizing the President to form nomination committees, and second, if he has the Board’s consensus to expand the paragraph in the dissolution by-laws to include the disbursement of excess cash, the amount of which would be determined by the Board at the time. G. Rounseville questioned what will constitute “excess” cash. L. Cakounes answered that the bylaws should not refer to a certain amount. L. Argo suggested the new language have a guiding mechanism to determine what is to be considered an “excess” amount. J. Bayne suggested not to restrict the amount since it is nearly impossible to predict future expenses. L. Cole inquired if there is a rule of thumb to calculate from the size of the reserve account and based on operations. J. Rand mentioned that her town uses the figure of 5% over current budget. L. Cakounes added that 5% and higher is desirable. L. Cole suggested using “excess” funds as an analog of a stabilization fund. J. Bayne explained that for the purposes of CVEC, a stabilization fund is not the same. He continued saying that for CVEC, a 5% or 10% figure is not useful, as unlike CVEC, most towns can get bonds so for CVEC this model is not quite applicable. L. Cole suggested that to set a number may be helpful. L. Cakounes argued a number is not proper for by-laws, as by-laws are a “map” to follow. J. Rand agreed that it is more reasonable not to have a certain number, but rather for the Finance Committee to have policies regarding this issue. She also added that by-laws change is only once a year, which makes it very inflexible. G. Rounseville mentioned that the wording has to be very clear. L. Argo suggested an agenda topic to discuss policies further with the Finance Committee.

L. Argo brought another topic up for discussion regarding the title, General Manager. She proceeded to explain that the bylaws direct that the entity with that title can execute contracts, and as of right now, there is no such person, which obliges the President to sign all the contracts. A brief discussion took place on whether it is reasonable to authorize L. Argo, as the Manager, to sign some of the contracts. Several Board members pointed to their experience, saying that there should be an internal policy based on the scale of the project. L. Cakounes commented that he personally prefers the President to sign all contracts. G. Rounseville suggested changing the language to authorize the President and/or authorized designee appointed by the Board. The Board reached general consensus on the issue.

## **8. UPDATE AND DISCUSSION ON NOISE MITIGATION PLAN FOR NUNNEPOG**

L. Argo briefed the Board on the on-going case of noise mitigation at Nunnepeg. She reported that she received data report from the developer’s sound engineer and the number over ambient sound came in lower than initially expected. L. Argo continued, saying that once the town’s engineer report is in, the data will be compared. A brief discussion took place on the validity of the developer’s report. It was noted that L. Copley, the sound engineer representing Edgartown, is a seasoned professional. J. Rand is confident that Mr. Copley is likely to provide a very objective report. She also noted that regardless of the outcome, Edgartown is still a member of the cooperative and she asked the Board to be supportive of its member.

## **9. UPDATE ON SOLAR CANOPY DEVELOPMENT BY TOWN OF BARNSTABLE**

C. McLaughlin, the presenter of the report, was absent. The Board moved to the next topic.

**10. UPDATE ON:**

*a. Entering CVEC stand-alone PV projects into the Independent System Operators (ISO-NE) Forward Capacity Market auction via CLEAResult*

L. Argo reported that all the stand-alone PV projects have been submitted, ISO-NE has access to all the data necessary and all the interconnections have been verified. She added that currently ISO-NE has performed their review and no follow up questions were asked. L. Argo informed the Board that CVEC is waiting on the issuance of a qualification letters from ISO-NE. She added that CLEAResult has invoiced for their billable hours in the amount of \$6,500, under the amount that was accommodated in the FY19 budget, and that in February we will know about projects to be accepted and the price at which they will be accepted. L. Cakounes added that FY20 is the first year to receive the payment if accepted. L. Argo noted that Sandwich and Yarmouth may have projects to enter for next year.

*b. Oak Bluffs submission for a META grant*

L. Argo reported that CVEC submitted an application on behalf of Oak Bluffs to receive a Massachusetts Energy Technical Assistance (META) grant to use for analyzing creating a microgrid to power three of their facilities with PV on the landfill. The grant results are going to be made known in September. L. Argo noted that it would be a Round 4.. She suggested in the future CVEC return to asking for a full penny Adder and have CVEC pay the upfront legal fees. C. Hanson advised each case be looked at, as legal fees may vary.

*c. Request for Proposal for DY Battery Energy Storage System*

L. Argo reported that she received a phone call from Jim Corcoran of the Department of Energy Resources (DOER) instructing CVEC that CVEC can go forward with CVEC's Request for Proposals (RFP) submitted for DOER review last fall. L. Argo noted that G. Rounseville and S. Gavin have been very helpful in moving the project forward. L. Argo informed the Board that CVEC is ready to proceed with typical procurement employing advertisement on CVEC's website, the newspaper and so on.

*d. Round 3 PV Initiative*

L. Argo reported that there is a hold-up due to the State's not releasing the SMART program. A. Brandt mentioned that the hold-up is most likely due to the need to approve the tariff. L. Cole doubted that the program is up and running. L. Argo assured him that the SMART program is not ready yet and expressed her frustration.

*e) Nexamp Dartmouth 2*

L. Argo informed the Board that the Nexamp Dartmouth 2 PV development on the second parcel in Dartmouth is over 3 million kWh in size and is to be a cash-out project. Contracts with seven

CVEC oftakers are in the process of final execution. C. Hanson inquired why the project was not held up by SMART program delay. L. Argo explained that the project was financed without utilizing SMART.

*f) Next CVEC full Board meeting date*

A brief discussion took place as to another meeting before the annual meeting in September. It was agreed that there is no need for the August meeting. L. Cakounes instructed staff, that once the editing by selected volunteers has been completed, a draft of the annual report should be shared with the Board for viewing only. L. Cakounes noted that all the changes are to be discussed solely at the annual meeting. The meeting was scheduled for September 20<sup>th</sup>, formal agenda to follow.

**10. DIRECTOR'S REPORTS**

C. Hanson reported that on August 20<sup>th</sup> there will be a meeting in Brewster to move forward with becoming a Green Community. L. Cole briefly discussed the recent developments with the SMART program progress. L. Cole noted that Harwich has a parcel of land set aside for Green Community project developments. L. Argo inquired if there is an option for CVEC to lease the land. A discussion took place and it was agreed for staff to reach out to Harwich to make inquiries. Another discussion took place about Town of Dennis' preparation for Green Community and Town of Orleans successful passing of stretch code. J. Rand inquired as to the Barnstable High School seagull problem. L. Argo reported that a sonar device has been installed but it did not eliminate the problem completely. L. Cakounes informed the Board that he was contacted by Vineyard Wind as they may be looking to come to CVEC and give another presentation.

The Board adjourned at 11.34 a.m.

**LIST OF DOCUMENTS & EXHIBITS:**

- Revised April 19, 2018 Executive Committee and Finance Committee Meeting Minutes
- May 24, 2018 Board of Directors Meeting Minutes
- FY19 Approved Budget and Projected FY20 Budget/Round 1 \$0.0025 Adder Calculation
- FY19 Financials