

**Cape & Vineyard Electric Cooperative, Inc.  
Executive Committee and Finance Committee  
Open Session Meeting Minutes – Thursday, January 17, 2019**

The Cape & Vineyard Electric Cooperative, Inc. Executive Committee and Finance Committee met in open session on Thursday, January 17, 2019 at 1:30 p.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, Harwich
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
6. Charles Hanson, Executive Committee Member/Clerk/Director, Brewster
7. Charles McLaughlin, Executive and Finance Committee Member/Director, Barnstable

**ABSENT WERE:**

None

**STAFF PRESENT:**

Liz Argo, Manager  
Tatsiana Nickinello, Administrative Services Manager

**PUBLIC PRESENT**

None

**1. CALL TO ORDER**

Pres. Cakounes called the meeting to order at 1:33 p.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law on January 14, 2019 at 3.20 p.m. Pres. Cakounes verified that there was a physical quorum of the Finance and Executive Committees present.

**2. PUBLIC COMMENT**

There were no public comments.

**3. REVIEW AND APPROVAL OF SEPTEMBER 13, 2018 FINANCE COMMITTEE MEETING MINUTES, OCTOBER 18, 2018 EXECUTIVE AND FINANCE COMMITTEES MEETING MINUTES, NOVEMBER 21, 2018 EXECUTIVE COMMITTEE MEETING MINUTES**

Pres. Cakounes noted an error on the Agenda pertaining to an incorrect date of the September 13, 2018 Finance Committee Meeting Minutes. The Members agreed to proceed with the review of the Meeting Minutes. No other corrections or remarks were made.

*Pres. Cakounes moved the Finance Committee to approve the September 13, 2018 Finance Committee Meeting Minutes, seconded by S. Gavin and voted by roll call as follows:*

- |                         |     |
|-------------------------|-----|
| 1. L. Cakounes, Harwich | Yes |
| 2. M. Lorengo, Eastham  | Yes |
| 3. S. Gavin, Yarmouth   | Yes |

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

The Executive and Finance Committees reviewed the October 18, 2018 Executive and Finance Committees Meeting Minutes. No comments were made.

*Pres. Cakounes moved the Finance Committee to approve the October 18, 2018 Executive and Finance Committee Meeting Minutes, seconded by S. Gavin and voted by roll call as follows:*

- |                         |     |
|-------------------------|-----|
| 1. L. Cakounes, Harwich | Yes |
| 2. M. Lorengo, Eastham  | Yes |
| 3. S. Gavin, Yarmouth   | Yes |

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

*J. Rand moved the Executive Committee to approve the October 18, 2018 Executive and Finance Committee Meeting Minutes, seconded by A. Brandt and voted by roll call as follows:*

- |                                  |     |
|----------------------------------|-----|
| 1. J. Rand, West Tisbury         | Yes |
| 2. A. Brandt, Cape Light Compact | Yes |
| 3. C. Hanson, Brewster           | Yes |
| 4. L. Cakounes, Harwich          | Yes |

*Motion carried in the affirmative (4-0-0).*

The Executive Committee reviewed the November 21, 2018 Executive Committee Meeting Minutes. No additional comments were made.

*L. Cakounes moved the Executive Committee to approve the November 21, 2018 Executive Committee Meeting Minutes, seconded by A. Brandt and voted by roll call as follows:*

- |                                  |         |
|----------------------------------|---------|
| 1. J. Rand, West Tisbury         | Yes     |
| 2. A. Brandt, Cape Light Compact | Abstain |
| 3. C. Hanson, Brewster           | Yes     |
| 4. L. Cakounes, Harwich          | Yes     |

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

#### **4. TREASURER’S REPORT AND DISTRIBUTION OF COMPLETED CLIFTON LARSEN ALLEN FY18 AUDIT**

M. Lorenzo began with commenting on Clifton Larsen Allen’s FY18 Audit. He stated that the audit was unmodified, and no findings were made. M. Lorenzo continued with evaluating the Statement of Cash Flow on page 7 of the Audit report. He stated that although Net Cash is negative, the number is not critical because it reflects the typical CVEC delays in cash pass through.

*C. McLaughlin arrived at 1.44 p.m.*

L. Cakounes inquired why there was a dramatic drop in the Operating Expenses and directed the Committees’ attention to page 4 of the report. L. Argo explained that the change can be attributed to both staying on a tight budget and an uncollected audit fees in the amount of \$10, 000. L. Argo also commented that the report is still in its draft form and complete binders are to be presented at the Full Board Meeting. The status of draft is due to the Cape Light Compact’s (CLC) \$100,000 Letter of Credit which was not properly accounted in the draft version under review. M. Lorenzo brought the Committees’ attention to the year-to-date Fiscal Year 2018 (FY18) as of November 30, 2018 Financials handout. He reported that CVEC is in solid financial state and most of the outstanding accounts are under 60 days. A discussion took place on investing the monies now reflected on the CVEC balance sheet. C. McLaughlin suggested splitting the monies to either different accounts or different banks due to insurance limits of \$250,000 per bank. L. Cakounes agreed to investigate the options. The discussion continued with the review of the FY19-FY25 Budget Projections. L. Argo noted that starting in 2023 it is highly likely that CVEC will no longer realize income from the capacity market. This will result in an annual income loss and it is imperative to start developing a plan for added revenue to insure the longevity of the organization. L. Cakounes added that the Projection is a good tool to estimate future financial situations and urged the members to continue to look into purchasing a solar project as they come up for buy-out. The Members agreed to further investigate possible options.

#### **5. DISCUSSION AND POSSIBLE VOTE ON CVEC INVESTMENT OF CASH RESERVES**

Pres. Cakounes stated that he is looking for the direction from the Board to seek investment opportunities such as money markets, CD’s, etc. L. Argo mentioned that Synchrony Bank offers CD’s at different rates depending on the duration of the term: 2.85% for 15 months, 2.2% for unlocked term. L. Cakounes inquired if there were any penalties involved for premature withdrawal. There was no available information regarding penalties at the time. The discussion took place about the potential duration of the CD investment and the amount of money to be locked into it. M. Lorenzo expressed his concern about “locking” the money for an extended period and suggested a shorter term of 6 months. It was agreed to continue investigating the investment opportunities and table the discussion at the time.

#### **6. DISCUSSION AND POSSIBLE VOTE ON CVEC TAKING OVER CAPE LIGHT COMPACT \$100, 000 LETTER OF CREDIT BACKSTOP FOR CON EDISON REC SALES TO CAPE LIGHT COMPACT**

L. Cakounes briefed the committees about the history of the \$100,000 guaranteed deposit Letter of Credit in conjunction with the contract with Con Edison Solutions. He continued saying that for the

accounting purposes the deposit is both regarded as an asset and a liability since it is pledged to Con Edison. L. Cakounes informed the Members that now CLC would like the return of the deposit amount. A. Brand added that given CVEC's better financial standing, CLC would like to retrieve the money. J. Rand noted that it costs CVEC about \$900 a year for a bank fee to hold a Letter of Credit and urged the Members to consider possible solutions. L. Cakounes suggested seeking another bank or a similar establishment that can issue an International Letter of Credit and offer better rates and terms. C. McLaughlin asked if it is possible to reach out to Con Edison and renegotiate the terms. L. Cakounes responded that it has been done and Con Edison was not interested in changing any terms or conditions. L. Argo added that the buy-out period for the projects is Year 15. C. Hanson was displeased with the terms of the contract with Con Edison regarding Con Edison's high site maintenance costs, the Letter of Credit requirement and its high price. L. Cakounes noted that considering CLC's request, tying reserve money for a shorter period would be more reasonable. A. Brand added that CLC is asking for the money to be returned by the end of the year. L. Cakounes urged the Members to evaluate CVEC's financial situation for the next 4 years and addressed the Finance Committee to possibly open the dialogue with CLC. C. McLaughlin requested the staff look into the contact regarding the deposit for the Letter of Credit. He also added that there is a possibility that CLC was required to buy REC's and it is important to review the minutes regarding the REC "deal" and its benefits for the CLC.

#### **5. DISCUSSION AND POSSIBLE VOTE ON CVEC INVESTMENT OF CASH RESERVES**

The Members returned to the discussion of possible investment of CVEC cash reserves.

*L. Cakounes made a motion to authorize the Chair with the direction from the Treasurer to transfer an amount not to exceed \$200,000 for the purpose of establishing an investment asset.*

*M. Lorenc moved the Finance Committee to approve the motion, seconded by S. Gavin and voted by roll call as follows:*

- |                                     |            |
|-------------------------------------|------------|
| <i>1. L. Cakounes, Harwich</i>      | <i>Yes</i> |
| <i>2. M. Lorenc, Eastham</i>        | <i>Yes</i> |
| <i>3. S. Gavin, Yarmouth</i>        | <i>Yes</i> |
| <i>4. C. McLaughlin, Barnstable</i> | <i>Yes</i> |
- Motion carried in the affirmative (4-0-0)*

*J. Rand moved the Executive Committee to approve the motion, seconded by A. Brandt and voted by roll call as follows:*

- |   |                |
|---|----------------|
| <i>1. J. Rand, West Tisbury</i>         | <i>Yes</i>     |
| <i>2. A. Brandt, Cape Light Compact</i> | <i>Abstain</i> |
| <i>3. C. Hanson, Brewster</i>           | <i>Yes</i>     |
| <i>4. L. Cakounes, Harwich</i>          | <i>Yes</i>     |
| <i>5. C. McLaughlin, Barnstable</i>     | <i>Yes</i>     |
- Motion carried in the affirmative (4-0-1).*

*C. Hanson departed at 2.40 p.m.*

**7. DISCUSSION AND POSSIBLE VOTE ON CVEC HIRING LEGAL REPRESENTATION TO FORGE LEGISLATIVE RELIEF FOR TOWN OF BARNSTABLE’S FIRE DISTRICT PV PROJECT PROPERTY TAX COLLECTION**

C. McLaughlin reported that currently he has the situation regarding filing for legislative relief under control. L. Cakounes added that they are moving forward with support in filing the appropriate paperwork. No other comments were made.

**8. DISCUSSION AND POSSIBLE VOTE ON REQUEST FROM TOWN OF BARNSTABLE THAT CVEC STAFF RESEARCH COMPOSITION OF COOLING OILS CONTAINED IN CVEC’S 28 PV INSTALLATIONS’ POWER INVERTERS**

C. McLaughlin expressed his concern pertaining possible pollution dangers associated with the possibility of toxic cooling oils contained in several CVEC’s PV installations. He added that CVEC may be exposed to fees attributed to clean-up costs in case of an accident and urged the Members to find out what are the containment standards for such fluids. J. Rand suggested drafting a letter to the installation owners requesting the information on the chemical composition of the cooling fluids they have, what containment system they use and what kind of alarms if any are set in place.

J. Rand made a motion for the Executive Committee to instruct the staff to construct a letter requesting safety sheet information.

C. McLaughlin noted that he would like to review the letter. S. Gavin added that he would like to see manufacturers’ details.

*J. Rand moved the Executive Committee to approve the motion, seconded by A. Brandt and voted by roll call as follows:*

- |   |            |
|---|------------|
| <i>1. J. Rand, West Tisbury</i>         | <i>Yes</i> |
| <i>2. A. Brandt, Cape Light Compact</i> | <i>Yes</i> |
| <i>3. L. Cakounes, Harwich</i>          | <i>Yes</i> |
| <i>4. C. McLaughlin, Barnstable</i>     | <i>Yes</i> |
- Motion carried in the affirmative (4-0-0)*

**9. UPDATE AND DISCUSSION ON CONTRACTOR AWARD FOR DY BATTERY ENERGY STORAGE SYSTEM**

L. Argo informed the Members that currently two vendors’ proposals looked promising and everybody is waiting for the Public Utilities Commission to decide Docket 17-146. She added that the decisions regarding the Cape Light Compact Energy Efficiency Plan had to be made by January 31<sup>st</sup>. L. Argo also noted that vendors are aware of the delay. A. Brand continued, stating that it was likely schools would not have enough load in summer, so it was important to know about exporting power to the grid.

**10. DISCUSSION AND POSSIBLE VOTE ON PROCURING FINANCING FOR CVEC DEVELOPMENT AND OWNERSHIP OF SOLAR SYSTEM. FINANCING PROPOSALS FROM:**

**A) COOP POWER (LYNN BENANDER)**

**B) RER ENERGY GROUP (JIM KURTZ/LORETTA OTTINGER)**

**C) A-CRE (CATALYZE: JAMES GESHWILER/PAUL CLEARY)**

L. Argo informed the committees that K. Batt (Anderson & Kreiger) has reviewed communications from BCK regarding rules around CVEC working with private developers to fund CVEC ownership of a PV project. K. Batt indicated support of the notion of CVEC working with Coop Power, as a non-profit, but would be concerned if a developer were a private entity. She continued by noting that COOP Power and other investors have been coming forward to work with CVEC towards ownership of the Harwich project. L. Argo noted that K. Batt stressed the stipulation “not to benefit private persons”. She continued with discussing COOP Power as a possible investor. L. Argo informed the Members that COOP Power would like to create a plan for interconnection application for a cost of \$4,700. The Members proceeded to discuss other offers from RER Energy Group and A-CRE. The discussion narrowed down to consideration of COOP’s offer to create an interconnection plan. L. Cakounes stated that he would want a Full Board approval on this decision. A. Brandt mentioned that the interconnection plan is one of the deliverables for entering the SMART program. C. McLaughlin expressed his desire to see the pro-forma on Harwich’s project containing cost/benefit analysis. L. Argo said that the pro-forma created by CVEC was presented at the prior meetings, but the Board was not satisfied with it. She added that “a more in depth” pro-forma requires tax equity knowledge.

The Members decided to call Steve Strong of Solar Design, who had been commissioned by Coop Power to look at the Harwich PV site possibility, to clarify some questions.

*Steve Strong answered the phone at 3.15 pm*

L. Cakounes inquired :1. If the interconnection application were filed and CVEC decided not to own the project, was the application transferable and could the amount spent be reimbursed? 2. Did the \$4,700 fee for the design included Financial Pro-forma?

*J. Rand departed at 3.16 pm*

S. Strong responded that his company was not equipped to create a financial proforma. A discussion took place about a range of income the project can bring. S. Strong noted that since there are no firm rates available and current legislature does not support solar projects not owned by utilities, it is extremely hard to predict future income amount. He added that the interconnection application may possibly be transferable. The Members thanked S. Strong and ended the phone call.

**11. DISCUSSION AND POSSIBLE VOTE ON PROCURING FINANCING FOR CVEC PURCHASE OF PV PROJECTS ELIGIBLE FOR BUY-OUT. FINANCING PROPOSALS FROM:**

**A) A-CRE (CATALYZE: JAMES GESHWILER/PAUL CLEARY)**

**B) ALLIANCE CLEAN ENERGY (ERIC MCLEAN/BILL RILEY)**

**C) COOPERATIVE FINANCE CORPORATION**

L. Argo informed the Members of the letter from Eric McLean of Alliance Clean Energy with possible options for buy-out of projects coming up for purchase. A brief discussion took place about the model of borrowing money and paying back to the lending institution. Town municipal bonds were considered as a possible route to get financing. The committees then contacted Lynn Benander of Coop Power via phone to ask several questions pertaining to the Financial Pro-forma.

*L. Benander answered the phone at 3.30 pm.*

L. Cakounes inquired if L. Benander could create simple generic Financial Pro-forma, not the document that one would take to a financial institution to get a loan, but rather a draft analysis to determine feasibility of the project. The discussion took place about possible ownership model through Coop Power. L. Benander recommended getting the interconnection plan right away regardless of her pro forma. The Members expressed their hesitation to spend money on something CVEC might elect not to pursue. The Members offered submitting data gathered from the solar array located directly next to the projected site to be used for calculations. L. Benander agreed to prepare an over-view Pro-forma.

**12. UPDATES ON:**

**A) CVEC PV INITIATIVE ROUND 4**

**B) CVEC PV INITIATIVE ROUND 3**

**C) NEXAMP DARTMOUTH 2 AND 3**

The topic on the Agenda was tabled to be discussed at the next Full Board Meeting.

**13. DISCUSSION AND POSSIBLE VOTE ON CVEC LEADERSHIP IN COVENANT OF MAYORS GREENHOUSE GAS ACCOUNTING AND REDUCTION INITIATIVE**

L. Argo briefed the Members about the possibility of joining the Covenant of Mayors initiative. L. Cakounes inquired if there was a fee involved and L. Argo responded that there was not. C. McLaughlin was concerned about the time staff would have to spend on gathering necessary data for submissions. L. Argo noted that the information came from Wellfleet, who wanted CVEC to have a leadership role in the initiative. The Members agreed to discuss it further with the Full Board present.

**14. DISCUSSION AND POSSIBLE VOTE ON CVEC JOINING CAPE COD CLIMATE CHANGE COLLABORATIVE**

L. Argo informed the Members about the possibility of joining the Cape Cod Climate Change Collaborative. L. Cakounes expressed his concern about CVEC standing in any political position. A. Brand noted that the group is apolitical, and the goal of collaboration is mostly sharing information. L. Argo said that there was no cost to join and expressed her desire for CVEC's participation. McLaughlin noted that the Collaborative membership may expose CVEC to business opportunities. L. Cakounes instructed the staff to put the topic back on the Agenda as the Full Board vote would be needed.

**15. DISCUSSION AND POSSIBLE VOTE ON CVEC ALLOWING LEGAL COUNSEL BOB TROY, TO FILE WITHDRAWAL OF HIS APPEARANCE IN RATE CASE WITHOUT LEGAL REPRESENTATIVE REPLACEMENT**

L. Argo informed the Members that she consulted with Anderson & Kreiger on this issue and they did not see a problem with B. Troy's withdrawal. The Members agreed that there was no vote necessary and verbally agreed with releasing B. Troy from his duties.

**16. SCHEDULE NEXT FULL BOARD MEETING**

The Members did not schedule the next Full Board Meeting.

**THE FINANCE AND EXECUTIVE COMMITTEES MEMBERS VOTED UNANIMOUSLY TO ADJOURN AT 4 P.M.**

**LIST OF DOCUMENTS & EXHIBITS**

- September 13, 2018 Finance Committee Meeting Minutes
- October 18, 2018 Executive and Finance Committee Meeting Minutes
- November 21, 2018 Executive Committee Meeting Minutes
- CVEC Financials as of November 30, 2018
- Clifton Larsen Allen's FY18 Audit Draft
- FY19-FY25 Budget Projections
- Covenant of Mayors initiative flyer
- Cape Cod Climate Change Collaborative flyer
- RER Energy Group informational sheet
- A-CRE informational package
- Buy-out Cost Comparison sheet