

Cape & Vineyard Electric Cooperative, Inc.
Board of Directors, Executive Committee and Finance Committee
Open Session Meeting Minutes – Thursday, March 28th, 2019

The Cape & Vineyard Electric Cooperative, Inc. Board of Directors, Finance Committee and Executive Committee met in open session on Thursday, March 28st, 2019 at 10.00 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, Harwich
2. Jennifer Rand, V. President/Executive Committee Member/Director, West Tisbury
3. Austin Brandt, Executive Committee Member/Director, Cape Light Compact (CLC)
4. Steve Gavin, Finance Committee Member/Director, Yarmouth
5. Lydia Hamnquist, Director, Provincetown
6. Ronald Collins, Director, Orleans
7. Richard Toole, Director, Oak Bluffs- by phone
8. Rosemary Dreger-Carey, Director, Falmouth
9. Charles McLaughlin, Esq., Executive and Finance Committees Member/Director, Barnstable-
by phone
10. Robert Wirtshafter, PhD, Director, Chatham
11. Ron Bergstrom, Director, Barnstable County
12. Tain Leonard-Peck, Director, Dukes County

ABSENT WERE:

1. Bourne - Vacant
2. Edgartown – Vacant
3. Kirk Metell, Director, Tisbury
4. Betty Hyde-McGuire, Director, Sandwich
5. Michael Lorenc, Finance Committee Member/Treasurer/Director, Eastham
6. Charles Hanson, Executive Committee Member/Clerk/Director, Brewster
7. Robert Hannemann, Director, Chilmark
8. Gregory Rounseville, Director, Dennis

STAFF PRESENT

Liz Argo, Manager
Tatsiana Nickinello, Administrative Services Manager

PUBLIC PRESENT

Jennifer Cook (Presenter from Clifton, Larson, Allen)
Robert Shapiro (Wellfleet Energy Committee)
Allen Giles (Picktricity)

1. CALL TO ORDER

Pres. Cakounes called the Board of Directors and the Executive Committee meeting to order at 10:12 a.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law on March 21, 2019 at 9:45 a.m. He verified that there was a physical quorum of the Board of Directors and the Executive Committee present. Pres. Cakounes introduced newly appointed Directors Ron Bergstrom (Barnstable County), Robert Wirtshafter, PhD (Chatham) and Tain Leonard-Peck (Dukes County) to the Board. The members of the Board introduced themselves.

2. PUBLIC COMMENT

There were no public comments.

3. CONSIDERATION OF MEETING MINUTES

The consideration of all the Meeting Minutes was postponed due to the time constraints. The Board unanimously agreed to address more urgent agenda topics first.

4. TREASURER'S REPORT

L. Argo brought Directors' attention to the CVEC Financials as of February 28, 2019. She reported that Round 1 and 2 Adders were at a half year mark. L. Argo added that Future Generation Wind (FGW) was running under the expected amount and an assessment was going to be made. She also noted that the Nexamp project was running under budgeted amount, so it also needed further investigation. L. Argo said that any shortfall must be compensated per terms of the agreement. She continued saying that expenses recorded on the budget related to the Community Clean Energy Resiliency Initiative (CCERI) grant endeavor were to be reimbursed. A. Brandt inquired if the reimbursement amount was shown on the financials. L. Argo responded that it was not because reimbursement was not in the current fiscal year under review. There was a brief discussion about the current amount in unrestricted and restricted accounts. The Directors considered an amount to be invested in respect of the \$100,000 Letter of Credit amount repayment. The amount of \$300,000 was considered, but no decision was made. The Directors switched the discussion to the projected FY19-FY25 budgets. The Board expressed concern about the longevity of CVEC going forward when neither Forward Capacity nor Round 1 Adder benefits may be available starting in 2024.

C. McLaughlin joined the discussion on the phone at 10.35 a.m.

5. PRESENTATION OF FISCAL YEAR 2018 AUDIT BY JENNIFER COOK OF CLIFTON, LARSON, ALLEN

Pres. Cakounes introduced the presenter Jennifer Cook from Clifton, Larson, Allen to the Board. J. Cook began her presentation of the Fiscal Year 2018 Audit. She reported that an unmodified opinion was issued, and no passed adjustments were noted. J. Cook added that CVEC management and the third-party service provider were responsive to all inquiries. She continued, explaining the statement of Net Position followed by the Financial Statement summary. It was revealed in the report that CVEC's Net Position, which expressed the difference between Assets and Liabilities, improved by 26.9% in comparison with FY17. The report demonstrated the relationship between expenses and revenues and indicated a 486% positive change in Net

Position. J. Cook informed the Directors that Clifton, Larson, Allen identified no significant or unusual transactions, and found CVEC compliant with accounting policies. L. Cakounes inquired if there were any policies and procedures in place to identify fraud that Clifton, Larson, Allen utilizes. J. Cook reported that her firm looked into CVEC's guidelines and found the processes sufficient for preventing fraud. She continued with describing a material weakness. J. Cook reported that transactions related to Future Generation Wind, Syncarpha and Nexamp projects had not been recorded in accordance with the project agreements and generally accepted accounting principles. She added that the problem has been remedied by reclassifying the transaction entry. J. Cook continued with the material weakness section stating that cash was being held in the name of CVEC that belongs to the Cape Light Compact and was used to secure the letter of credit agreement entered into by CVEC. She stated that the amount was currently being attributed both to the assets and to the liabilities. The discussion took place about the cash balance in question. L. Cakounes asked J. Cook if she would recommend securing a promissory note for said amount so CVEC can carry it as a liability. J. Cook responded that it was an option. C. McLaughlin inquired if the transaction was a guarantee on a side letter. L. Cakounes responded that it was not a side letter guarantee but rather a physical amount deposited to a CVEC account. R. Wirtshafter indicated that it should be shown likewise on CVEC's internal books. The Board concurred.

6. DISCUSSION AND POSSIBLE VOTE ON RETURNING CAPE LIGHT COMPACT'S LETTER OF CREDIT FINANCING OF \$100,000 BEING HELD TO BACKSTOP RENEWABLE ENERGY CERTIFICATE TRANSACTIONS RELATED TO CON EDISON SOLUTIONS' CVEC-7 PV PROJECTS

Pres. Cakounes briefed the Directors that the Cape Light Compact (CLC) has given CVEC notice that it wishes to recover the \$100,000 that CLC gave CVEC to cover the Letter of Credit backstopping the CVEC-7 PV projects with Con Edison Solutions. C. McLaughlin suggested scheduled repayments and asked how full amount repayment was going to affect CVEC's balance. L. Cakounes added that he personally would like to see it formalized as a promissory note and repay the debt in scheduled payments rather than full amount. J. Rand was in favor of full amount repayment based on current CVEC's financial standing. R. Bergstrom inquired if there were any anticipated problems in the near future that could affect CVEC's bottom line dramatically. L. Cakounes noted that CVEC was bringing in just enough to stay afloat. He added that, as voted, at least \$180,000 should always remain in unrestricted funds for CVEC's operations. J. Rand argued in favor of full amount and added that, theoretically the payback would not extend past FY24, and current projections indicated that CVEC was in stable position till that time. R. Bergstrom noted that if CVEC paid the full amount back, no promissory note would be needed.

R. Wirtshafter stepped out at 11.01 a.m.

The Board discussed the CVEC-7 contract with Con Edison. L. Cakounes reported that after contacting Con Edison, they were not interested in changing any provisions of the Letter of Credit agreement.

R. Bergstrom made a motion to repay CLC loan in full and authorize the Chair to conduct the transaction with appropriate documentation, seconded by R. Collins and voted by roll call as follows:

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|-------------------------------------|-----|------------------------------------|-----|
| 1. L. Cakounes, Harwich | Yes | 7. R. Bergstrom, Barnstable County | Yes |
| 2. J. Rand, W. Tisbury | Yes | 8. S. Gavin, Yarmouth | Yes |
| 3. C. McLaughlin, Barnstable(phone) | Yes | 9. T. Leonard-Peck, Dukes County | Yes |
| 4. R. Collins, Orleans | Yes | 10. A. Brandt, CLC | Yes |
| 5. L. Hamnquist, Provincetown | Yes | 11. R. Toole, Oak Bluffs(phone) | Yes |
| 6. R. Dreger-Carey, Falmouth | Yes | | |

The vote carried in the affirmative (11-0-0)

7. DISCUSSION ON CONTINUATION OF ROUND 1 ADDER

L. Cakounes briefed the Board on the history of the Round 1 Adder. He noted that currently the towns had agreed to a \$0.005 cent Adder. The Board discussed the need of continuing the Adder for CVEC to stay solvent. J. Rand stressed that CVEC was not asking for the Adder forever. She also inquired if the projections provided in the Projected Budget Chart were too high. L. Argo informed the Members that the budget revenue indicated audited revenue. R. Bergstrom inquired if CVEC needed to build up a sustainability reserve. L. Cakounes noted that although CVEC has \$180,000 in reserve, Round 1 Adder monies will still be need for operational expenses. R. Bergstrom stressed the need to have a strategy in place to cover an anticipated shortfall. L. Argo added that in the case CVEC had excess cash, there was a vehicle in CVEC's by-laws to distribute dividends to towns. L. Cakounes pointed out that the discussion was regarding FY21, as the towns had approved the FY20 Adder already. C. McLaughlin suggested bringing in experts to identify where CVEC's potential growth may be. The Members agreed to look into it.

R. Bergstrom made a motion to authorize the staff to ask for the continuation of \$ 0.005 per kilowatt hour Adder for Round 1 projects, seconded by S. Gavin and voted by roll call as follows:

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|-------------------------------|---------|------------------------------------|-----|
| 1. L. Cakounes, Harwich | Yes | 7. R. Bergstrom, Barnstable County | Yes |
| 2. J. Rand, W. Tisbury | Yes | 8. S. Gavin, Yarmouth | Yes |
| 3. C. McLaughlin, Barnstable | Abstain | 9. T. Leonard-Peck, Dukes County | Yes |
| 4. R. Collins, Orleans | Yes | 10. A. Brandt, CLC | Yes |
| 5. L. Hamnquist, Provincetown | Yes | 11. R. Toole, Oak Bluffs(phone) | Yes |
| 6. R. Dreger-Carey, Falmouth | Yes | | |

The vote carried in the affirmative (10-0-1)

8. UPDATE AND POSSIBLE VOTE ON CONTRACT AWARD FOR DY BATTERY ENERGY STORAGE SYSTEM (BESS)

L. Argo updated the Board that Ameresco had been selected as the winning bidder for the DY BESS. She noted that the selection committee reviewed all bidders prior to CVEC's Board

discussion. L. Argo added that Eversource and CLC still need to determine the amount of payment for dispatch capacity. She continued, stating that Ameresco met all the criteria required and Kevin Batt (Anderson & Kreiger LLP) had weighed in and approved the awarding of the selection.

R. Bergstrom made a motion to select Ameresco as a winning bidder for the DY BESS initiative contingent on the Board's approval of the Financial Proforma that was being developed, seconded by S. Gavin and voted by roll call as follows:

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|-------------------------------------|-----|------------------------------------|-----|
| 1. L. Cakounes, Harwich | Yes | 7. R. Bergstrom, Barnstable County | Yes |
| 2. J. Rand, W. Tisbury | Yes | 8. S. Gavin, Yarmouth | Yes |
| 3. C. McLaughlin, Barnstable(phone) | Yes | 9. T. Leonard-Peck, Dukes County | Yes |
| 4. R. Collins, Orleans | Yes | 10. A. Brandt, CLC | Yes |
| 5. L. Hamnquist, Provincetown | Yes | 11. R. Toole, Oak Bluffs(phone) | Yes |
| 6. R. Dreger-Carey, Falmouth | Yes | | |

The vote carried in the affirmative (11-0-0)

9.UPDATE ON CVEC LEASE OF HARWICH AS-OF-RIGHT SOLAR SITE TO DEVELOP CVEC OWNED SOLAR PROJECT

L. Cakounes informed the Board that Harwich's as-of-right site development by CVEC was no longer financially advantageous. He explained that the lot was much smaller than the initial offering and there were additional site clearing costs involved that was not originally considered.

10.DISCUSSION AND POSSIBLE VOTE ON CONSULTANT SELECTION TO SUPPORT CVEC PURCHASE OF ROUND 1 AND/OR 2 PV PROJECTS AT 7-YEAR BUY-OUT ANNIVERSARIES IN 2020

L. Cakounes informed the Board that buy-out terms on Round 1 and Round 2 projects are coming to their anniversaries. He continued, stating that in order to make sound projections, consultants' help may be required. The Board agreed to seek out a consultant.

A. Brandt made a motion to authorize the Executive Committee to select a consultant contingent fees not to exceed \$28,000, seconded by R. Bergstrom and voted by roll call as follows:

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|-------------------------------------|-----|------------------------------------|-----|
| 1. L. Cakounes, Harwich | Yes | 7. R. Bergstrom, Barnstable County | Yes |
| 2. J. Rand, W. Tisbury | Yes | 8. S. Gavin, Yarmouth | Yes |
| 3. C. McLaughlin, Barnstable(phone) | Yes | 9. T. Leonard-Peck, Dukes County | Yes |
| 4. R. Collins, Orleans | Yes | 10. A. Brandt, CLC | Yes |
| 5. L. Hamnquist, Provincetown | Yes | 11. R. Toole, Oak Bluffs(phone) | Yes |
| 6. R. Dreger-Carey, Falmouth | Yes | | |

The vote carried in the affirmative (11-0-0)

11.DISCUSSION AND VOTE TO REVISE POLICY GUIDE TO BE IN ACCORD WITH REVISED BYLAWS

The discussion to revise the Policy Guide was tabled due to the time constraints. The Board unanimously agreed to address more urgent agenda topics first.

12.DISCUSSION AND POSSIBLE VOTE ON CVEC ELECTRIC VEHICLE/CHARGING STATION INITIATIVE

The discussion took place about possible CVEC involvement in an Electric Vehicle (EV)/Charging Station initiative for the member towns. The Board evaluated the hand-out outlining CVEC’s offerings under the Mass EVIP Fleets Grant Program and the Mass EVIP Workplace Charging Grant Program. J. Rand informed the members that West Tisbury was able to complete the work on their own. L. Argo noted that she met with Margaret Song from Cape Light Compact who thought that EV’s were a great addition to towns’ Green Community efforts.

A. Brandt made a motion to authorize the staff to offer member towns the Electric Vehicles/Charging Stations program as presented, seconded by S. Gavin and voted by roll call as follows:

- | | | | |
|-------------------------------------|-----|------------------------------------|-----|
| 1. L. Cakounes, Harwich | Yes | 7. R. Bergstrom, Barnstable County | Yes |
| 2. J. Rand, W. Tisbury | Yes | 8. S. Gavin, Yarmouth | Yes |
| 3. C. McLaughlin, Barnstable(phone) | Yes | 9. T. Leonard-Peck, Dukes County | Yes |
| 4. R. Collins, Orleans | Yes | 10. A. Brandt, CLC | Yes |
| 5. L. Hamnquist, Provincetown | Yes | 11. R. Toole, Oak Bluffs(phone) | Yes |
| 6. R. Dreger-Carey, Falmouth | Yes | | |

The vote carried in the affirmative (11-0-0)

13.DISCUSSION AND POSSIBLE VOTE ON ADDING ROUND 4 STAND ALONE PROJECTS FOR FORWARD CAPACITY MARKET FCA14 AUCTION (DEADLINE APRIL 26, 2019) THROUGH CLEARRESULT

L. Argo informed the Board that there was an opportunity to enter any Round 4 projects deemed viable in the Forward Capacity Market through CLEARResult. A. Brandt inquired if there was a penalty if the project was not built. L. Argo answered: no. The Board discussed the amount of funds to be authorized for financial assurance.

C. McLaughlin left the phone conversation at 11.55 a.m.

L. Argo noted that CLEARResult was to front financial assurance as in the previous dealings with them.

A. Brandt made a motion to authorize the Executive Committee to allocate any Round 4 projects into the Forward Capacity Market and authorize an amount not to exceed \$20, 000 for this expense, seconded by S. Gavin and voted by roll call as follows:

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|-------------------------------|-----|------------------------------------|-----|
| 1. L. Cakounes, Harwich | Yes | 6. R. Bergstrom, Barnstable County | Yes |
| 2. J. Rand, W. Tisbury | Yes | 7. S. Gavin, Yarmouth | Yes |
| 3. R. Collins, Orleans | Yes | 8. T. Leonard-Peck, Dukes County | Yes |
| 4. L. Hamnquist, Provincetown | Yes | 9. A. Brandt, CLC | Yes |
| 5. R. Dreger-Carey, Falmouth | Yes | 10. R. Toole, Oak Bluffs(phone) | Yes |

The vote carried in the affirmative (10-0-0)

14.DISCUSSION AND POSSIBLE VOTE ON CVEC PARTICIPATION IN MASS CLEAN ENERGY CENTER AWARD TO PICKTRICITY FOR WATER TANK THIN FILM PV INSTALLATION. PRESENTED BY ALLEN GILES

The Board welcomed Allen Giles from Picktricity. A. Giles conducted his presentation. A. Giles' company, Picktricity, has been awarded \$500,000 of grant money to install thin-film solar panels on aboveground water storage tanks in Massachusetts. A. Giles informed the Board that he would like to see this money invested on Cape Cod. L. Cakounes stated that an RFP would be needed for this initiative. He also added that the information would have to go out to member towns to see if there was any interest to participate. The Members asked A. Giles some questions pertaining to expense amount. A. Giles stated that 75% of expenses would come from the grant, the remaining 25% would be towns' expenses. He also added that it was time sensitive as the project should be operational by October 2019, which would need a contract award in around June-July 2019. A. Giles reminded the Board about a USDA loan guarantee option that could be advantageous for CVEC and could be utilized for the initiative in discussion.

R. Wirtshafter joined in at 12.05 p.m.

R. Collins departed at 12.05 p.m.

The Board continued the discussion with evaluation of CVEC's current capabilities to undertake the initiative. L. Argo noted that there would be a need to bring in an assistant due to time constraints. J. Rand expressed her concern regarding the deadlines: she explained that it takes many steps for towns to make the initiative possible. The Board was in agreement that there might be not enough time to accomplish every step by July and go through a proper procurement. J. Rand inquired if the initiative may be available for next year. A. Giles responded that it may be possible to do it next year. The Board discussed reaching out to towns to identify if there were any interest in installing solar panels on municipal water tanks.

R. Bergstrom made a motion to authorize the Executive Committee to offer the solar panels application on member towns water tanks through their respected Water Committees and Energy Committees, seconded by S. Gavin and voted by roll call as follows:

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|-------------------------------|-----|------------------------------------|-----|
| 1. L. Cakounes, Harwich | Yes | 5. R. Dreger-Carey, Falmouth | Yes |
| 2. J. Rand, W. Tisbury | Yes | 6. R. Bergstrom, Barnstable County | Yes |
| 3. R. Wirtshafter, Chatham | Yes | 7. S. Gavin, Yarmouth | Yes |
| 4. L. Hamnquist, Provincetown | Yes | 8. T. Leonard-Peck, Dukes County | Yes |

9. A. Brandt, CLC

Yes

10. R. Toole, Oak Bluffs(phone)

Yes

The vote carried in the affirmative (10-0-0)

15.DISCUSSION AND POSSIBLE VOTE ON CVEC LEADERSHIP IN COVENANT OF MAYORS GREENHOUSE GAS REDUCTION ACCOUNTING INITIATIVE. PRESENTATION BY ROBERT SHAPIRO, WELLFLEET ENERGY COMMITTEE

L. Argo informed the Board that the Covenant of Mayors' goal was to establish a baseline of greenhouse gas emissions amount to simplify future reduction tracking. She also noted that CVEC was approached by another organization, the Cape Cod Climate Change Collaborative, who also wanted to establish similar parameters. L. Argo added that Covenant of Mayors had a tool to measure carbon reduction. She introduced the presenter, R. Shapiro. R. Shapiro gave a brief introduction about himself and his objective. R. Shapiro's background has been in computer science specializing in simulations. He recently completed the first carbon inventory for the Town of Wellfleet.

S. Gavin departed at 12.25 p.m.

R. Wirtshafter departed at 12.30 p.m.

R. Shapiro informed the Board that his objective was to train people on how to establish carbon baseline. He also added that the process of accessing the inventory could be done without spending a large amount of money. L. Cakounes was skeptical about the Covenant of Mayors inventory approach as he saw many other measuring approaches in the past that did not work due to the lack of standards being universally accepted. R. Shapiro explained that the measuring tools he used were accepted as standard in many countries around the world. The Board discussed how CVEC could get involved. The Members felt that CVEC was ill-equipped to help R. Shapiro with his undertaking but could be instrumental to spread the information to the appropriate parties such as the Cape Cod Commission and/or Towns' Energy Committees. J. Rand suggested R. Shapiro prepare a software presentation for the upcoming All Cape and Island Energy Committee event.

16.DISCUSSION AND POSSIBLE VOTE ON CVEC MEMBERSHIP IN CAPE COD CLIMATE CHANGE COLLABORATIVE

The Board discussed CVEC's membership in the Cape Cod Climate Change Collaborative and decided not to join at this time. L. Argo expressed an interest to participate as a single person. The Board did not have any objections to L. Argo's individual participation.

17.UPDATES ON:

A. CVEC PV INITIATIVE ROUND 3

L. Argo reported that the Round 3 PV initiative was to break ground and would be operational by July.

B. CVEC PV INITIATIVE ROUND 4

L. Argo reported that the Round 4 initiative RFP had 14 respondents. She added that the Round 4 initiative had a great range of projects which included solar canopies and batteries.

C. NEXAMP DARTMOUTH 2/3

L. Argo informed the Board that Nexamp Dartmouth 2 and 3 Initiatives were held up due to Eversource interconnections problem.

18. PRESIDENT'S REPORT

Pres. Cakounes did not deliver his report at this time.

19. DIRECTOR'S REPORT

Directors did not report anything at this time.

20. SELECTION OF NEXT FULL BOARD MEETING DATE

The Board selected Thursday, May 23rd as the next Board Meeting date.

Pres. Cakounes called meeting to adjourn at 12.50 p.m.

LIST OF DOCUMENTS & EXHIBITS

- CVEC Financials as of February 28, 2019
- September 20, 2018 Board of Directors' Meeting Minutes
- February 14, 2019 Executive Committee and Finance Committee Meeting Minutes
- Review of FY17-FY 25 Budget Projections
- Buy-Out Consultation Review
- CVEC Business and Fiscal Policies and Procedures
- CVEC Electric Vehicle and Charging Stations Options
- CLEAResult Forward Capacity Market Finance Report