

Cape & Vineyard Electric Cooperative, Inc.
Executive Committee and Finance Committee
Open Session Meeting Minutes – Thursday, February 13, 2020

The Cape & Vineyard Electric Cooperative, Inc. Executive Committee and Finance Committee met in open session on Thursday, February 13, 2020 at 9:00 a.m. in the CVEC Offices, 23H2 Whites Path, Suite 4, 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. Robert Wirtshafter, Treasurer/ Finance Committee Member/Director, Chatham
4. Ron Beaty, Executive Committee Member/Director, Barnstable County
5. Charles McLaughlin, Executive and Finance Committee Member/Director, Barnstable

ABSENT WERE:

1. Austin Brandt, Executive Committee Member/Director, Cape Light Compact (CLC)
2. Jennifer Rand, V. President/Executive Committee Member/Director, West Tisbury
3. Charles Hanson, Finance Committee Member/Clerk/Director, Brewster

STAFF PRESENT:

Liz Argo, Executive Director
Tatsiana Nickinello, Administrative Services Manager

PUBLIC PRESENT

Sandra Cashen, DY Regional School District Facilities Manager
Paul Cleary, Director of Development, Autonomous CRE
Mike Jackson, Director of Project Development, Catalyze

1. CALL TO ORDER

Pres. Cakounes called the meeting to order at 9:08 a.m. and announced the Meeting Notice/Agenda was duly posted on the CVEC, Inc. website in accordance with the Open Meeting Law on February 10, 2020 at 10:50 a.m. Pres. Cakounes verified that there was a physical quorum of the Finance Committee present. He noted that the Executive Committee Member is on his way.

2. PUBLIC COMMENT

There were no public comments.

3. APPROVAL OF JANUARY 9, 2020 EXECUTIVE COMMITTEE AND FINANCE COMMITTEE MEETING MINUTES

The Members reviewed the January 9, 2020 Executive Committee and Finance Committee Meeting Minutes. Correction was made in the meeting address section.

R. Wirtshafter moved the Finance Committee to approve the January 9, 2020 Executive Committee and Finance Committee Meeting Minutes with corrections, seconded by S. Gavin and voted as follows:

- 1. R. Wirtshafter, Chatham Yes*
- 2. S. Gavin, Yarmouth Yes*
- 3. L. Cakounes, Harwich Yes*

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

4. TREASURE'S REPORT

R. Wirtshafter informed the Members that he has been contacted by the auditing company and instructed to initiate several actions. He added that the complete audit report with several recommendations concerning transparency in check approvals and reconciliations will be available soon. L. Argo noted that there is already a system of double checking in place. She continued saying that S. Gavin spent several hours doing reconciliations. She added that this practice of double checking is an on-going routine. L. Argo informed the Members that all checks are also signed off by a CVEC officer. The Members examined the "Dashboard" on the financials handout as of December 31, 2019. L. Argo reported on income section. There was a question about Forward Capacity benefit, and if it is needed to be allocated to a previous fiscal year. L. Cakounes instructed L. Argo to follow up on that.

S. Cashen arrived at 9.12 a.m.

C. McLaughlin joined in at 9.14 a.m.

L. Cakounes made brief introductions and verified the physical quorum of the Executive Committee.

After brief reviewing of the January 9, 2020 Executive and Finance Committees Meeting Minutes, the Executive Committee voted unanimously to approve the minutes with corrections.

The discussion of the December 31, 2019 financials continued. L. Cakounes gave a brief history on CVEC's participation in Forward Capacity Market (FCM) auction. R. Wirtshafter and L. Cakounes discussed how the benefits and expenses associated with FCM should be presented in the financials. R. Wirtshafter inquired on the negative amount in the "restricted" cash section of the dashboard. L. Argo clarified that the probable scenario for the "negative" amount is that Eversource "cash-out" money is coming and can be viewed on the CVEC's ledger, but the amount cannot be taken out until the bill comes in. L. Argo offered R. Wirtshafter to set up a meeting with the accountant to discuss the dashboard. She stated that for the rest of the income "lines", everything is running as expected with an exception of Round 2, which is behind, and Round 3, that is not going to collect till later. The discussion continued with evaluating the expenses. It was noted that all the expenses are under the budgeted amount. L. Cakounes updated the Members on the Letter of Credit status. He stated that \$100, 000 amount is under "cash balance". The account earns some interest, but also carries an annual fee.

5. DISCUSSION AND POSSIBLE VOTE ON REVISED SCOPE FROM BCK LAW, WHICH WAS TO PROVIDE LEGAL REVIEW OF REGULATIONS AND TARIFFS PERTINENT TO CVEC ROUND 4 AND

ROUND 5 CONTRACTS, AND NOW INCLUDES LEGAL COUNSEL FOR ROUND 5 CONTRACTING COMPLETION

L. Argo informed the Members that she received a clarification email on the scope of work performed by BCK and their hourly rate. She reminded the Members that Anderson and Kreiger, whose help CVEC engaged for Round 3 and 4, failed to address changes in upcoming laws and regulations. Thus, Round 4 contracts were executed, but now will require amendments to “remedy” the shortcoming. L. Cakounes said that although legal fees are reimbursable by the towns, CVEC’s objective is to get best quality for the money. It was concluded that BCK is a preferred legal counsel at this moment.

R. Wirtshafter moved the Finance Committee to accept the terms and conditions presented by Audrey Eidelman in her email as of February 11, 2020, seconded by S. Gavin and voted as follows:

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|-------------------------------------|------------|
| <i>1. R. Wirtshafter, Chatham</i> | <i>Yes</i> |
| <i>2. S. Gavin, Yarmouth</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)

C. McLaughlin moved the Executive Committee to accept the terms and conditions presented by Audrey Eidelman in her email as of February 11, 2020, seconded by R. Beaty and voted as follows:

- | | |
|---------------------------------------|------------|
| <i>1. R. Beaty, Barnstable County</i> | <i>Yes</i> |
| <i>2. C. McLaughlin, Barnstable</i> | <i>Yes</i> |
| <i>3. L. Cakounes, Harwich</i> | <i>Yes</i> |

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

6. DISCUSSION AND POSSIBLE VOTE ON CVEC CONTINUING EFFORTS TO INFLUENCE STATE LEGISLATURE REGARDING PROPERTY TAX LAW RELATIVE TO PV IN GROUND MOUNTS

C. McLaughlin informed the Members that the letter went out to MMA legislative Director John Robertson. C. McLaughlin reported that after conversing with Mr. Robertson, it was concluded that the most plausible “relief” to the current problem is an “opt-out” option, which will allow individual towns make decisions on their own. He added that the legislature, if passes, will apply to Ground Mount sites only. L. Argo noted that she will keep everybody updated.

7. DISCUSSION AND UPDATE ON MASHPEE CONCERNS OVER TAX ASSESSMENT PASS THROUGH MECHANISM IN CVEC PV CONTRACTS

L. Argo informed the Members that there were some private concerns over tax pass-through mechanism in the Town of Mashpee. She added that the topic is going on BOS meeting Agenda to provide “an opt out” option. She clarified that the Town of Mashpee feels that they do not need a legislation change to make such an internal decision, and currently consulting with the lawyers on the issue.

8.DISCUSSION AND POSSIBLE VOTE TO RAISE COOPERATIVE FINANCE CORPORATION CREDIT CARD LIMIT FROM \$1,000 TO \$3,500 AND NEED FOR CREDIT CARD POLICY DOCUMENT

L. Cakounes reminded the Members that as CVEC is preparing to advertise for a new CVEC position, the organization will likely need to raise the credit card limit higher than \$1,000. L. Argo added that office supplies such as paper and ink are amounting to almost 1,000-dollar amount on a monthly basis. L. Cakounes mentioned that an amendment might need to be made to update Policies and Procedures in the future. R. Wirtshafter suggested reviewing existing Policies and Procedures at next meeting. There were no objections to increase the Cooperative Finance Corporation (CFC) credit card limit from \$1,000 to \$3, 500.

Executive and Finance Committee voted unanimously to raise CFC credit card limit from \$1,000 to \$3,500.

9.DISCUSSION ON CHANGE TO POLICIES & PROCEDURES GUIDE AND BYLAWS TO INDICATE EXISTENCE OF CVEC EXECUTIVE DIRECTOR

L. Cakounes briefed the Members about Full Board passing vote taken on January 23, 2020 changing the title “Manager” to the “Executive Director”. He noted that the vote is needed to make corrections to Policy & Procedures Guide as well as Bylaws to indicate the change.

Executive and Finance Committees voted unanimously to update the existing Policies & Procedure Guide and Bylaws to reflect the change of the title “Manager” to the “Executive Director”. No other changes were noted at this time.

10. UPDATE ON SEARCH FOR NEW EXECUTIVE DIRECTOR

L. Cakounes informed the Members that he is attending Search Committee meeting tomorrow to finalize the advertisement and job description. He announced that the final work is expected to be completed by Monday. He welcomed suggestions on advertising sites/places. L. Cakounes informed the Members that he is revisiting an option of CVEC joining Barnstable County Retirement Board as Cape Light Compact got recently approved to join.

11. UPDATE ON FORWARD CAPACITY AUCTION FCA 14 RESULTS

L. Argo informed the Members that Forward Capacity Market (FCM) auction #14 for year 2023 cleared at a lower price than anticipated. She continued saying that the change is likely to somewhat affect CVEC’s budget in 2023 but bring no significant or fundamental change to overall numbers. L. Cakounes inquired if the change is relevant to the CVEC’s effort to join in with other entities to enter the market together. L. Argo informed the Members that the “aggregated” venture pertains to the secondary market and is limited to a one-year agreement. It was discussed that the price cleared at about \$2 per kw. L. Argo noted that she will need to present better spread sheets to explain delivery payments. L. Argo wondered that the drop in price may be the sign that the market is going to be less reliable. She added that John Clark is assembling the feasibility study for the Battery Energy Storage System (BESS) which includes a capacity market analysis.

R. Wirtshafter stepped out at 10:03 a.m.

12.UPDATE ON FLUID CONTAINMENT STRUCTURES FOR ALL CURRENT AND FUTURE PROJECTS AND INVERTERS DIELECTRIC FLUIDS PROJECTS EXAMINATION

L. Argo informed the Members that at the last Board Meeting on January 23, 2020, it was agreed that the Board Members will put some materials together regarding fluid containment structures for current and future projects. She added that Andersen & Krieger's preliminary research finds the reason to include pollution coverage.

13. UPDATES ON:

A) Battery Energy Storage System at DY

L. Argo reported that the feasibility study for BESS is done, and the results from the auction did not degrade the income. C. McLaughlin inquired if the degrading of income is expected at later years. L. Argo informed the Members that FCM benefit is a lesser of a "player" than the targeted dispatch and/or daily dispatch figures. She added that CVEC is still waiting on the final results of the program.

A short discussion took place about maintaining a reserve of the battery charge. L. Argo noted that 10% reserve is to be preserved at all times. She continued saying that CVEC was invited to participate in upcoming CPower workshop to speak about the DY Regional School District solar and battery design model. The discussion took place about the DY High School design model and its advantages.

B) PV/Storage Initiative Round 4

L. Argo reported that Round 4 is fully contracted and under way. CVEC is waiting on the results of the interconnection costs. L. Argo reported that so far three developers are going forward with their projects.

C) PV/Storage Initiative Round 5

L. Argo reported that there are 20 projects currently in Round 5, and there were 4 developers selected. A short discussion took place on guaranteed annual output topic, adder amount and containment of fluids issue. L. Argo suggested setting up a meeting with Ameresco to discuss fluid containment concerns.

D) Provincetown VMCC PV and existing structural issues

L. Cakounes informed the Members that after visiting the VMCC building in Provincetown with an engineer, several concerns were brought to his attention. It appeared that there is a structural issue related to ceiling joints. L. Argo reported that the contractor has been hired to perform the repairs. They are presently waiting on the permit to start work. She added that CVEC is following this situation and will keep Members updated.

C. McLaughlin departed and R. Wirtshafter joined in at 10:40 a.m.

Executive Committee adjourned at 10:40 a.m. for the lack of quorum.

13. MEET WITH PAUL CLEARY AND MIKE JACKSON REGARDING THEIR PROPOSED FACILITY DEVELOPMENT ON DENNIS YARMOUTH HIGH SCHOOL GROUNDS

Brief introductions took place. P. Cleary shared his vision of building first microgrid in Yarmouth. He demonstrated his company's current project accomplishments in Yarmouth near Whydah Museum. M. Jackson said that he is partnering with Mr. Cleary to better utilize energy planning. P. Cleary informed the Members of his desire to work with the Town of Yarmouth to possibly create a wastewater treatment facility on Route 28 in Yarmouth. He continued saying that he is currently involved with a project at DY High School. The discussion took place about the DY High School project. Several Members asked S. Cashen to share a copy of the Memorandum of Agreement signed by the school committee regarding the project in question. L. Cakounes announced that the

presentation is of informational nature. P. Cleary said that his goal is to educate people and share information as more agencies need to improve communication to prepare for future. A brief discussion took place about inadequacy of the infrastructure currently in place on Cape Cod and some ways to improve it. The Members thanked the guests.

Finance Committee adjourned at 10:55 a.m.

LIST OF DOCUMENTS & EXHIBITS

- January 9, 2020 Executive Committee and Finance Committee Meeting Minutes
- CVEC Financials as of December 31, 2019
- BCK Law, P.C. email handout