

**Cape Light Compact JPE
Governing Board
Meeting Minutes
Wednesday, October 11, 2023**

The Cape Light Compact JPE Board of Directors met on Wednesday, October 11, 2023, at 2:00 p.m. The meeting was held as a hybrid meeting (in-person and through remote participation) through a Zoom videoconference for members of the Board with audio call-in available for members of the public, pursuant to St. 2023, c. 2, which, among other things, extends the temporary provisions pertaining to remote meetings of public bodies under the Open Meeting Law to March 31, 2025.

Participating In-Person Were:

1. Sean Hogan, Barnstable Alternate
2. Robert Schofield, Executive Committee, Bourne
3. Colin Odell, Executive Committee, Brewster
4. Tom McNellis, Eastham
5. Gary Senecal, Eastham Alternate
6. Martin Culik, Chair/Executive Committee, Orleans
7. Joyce Flynn, Vice Chair/Executive Committee, Yarmouth

Participating Remotely Were:

1. David Anthony, Secretary/Executive Committee, Barnstable
2. Bill Doherty, Bourne Alternate
3. Brian Miner, Chatham
4. Timothy Carroll, Chilmark
5. Brad Crowell, Dennis
6. Alan Strahler, Edgartown
7. Matthew Patrick, Falmouth
8. Leanne Drake, Sandwich
9. Bob Higgins-Steele, Truro Alternate
10. Richard Elkin, Executive Committee, Wellfleet
11. Nicola Blake, Executive Committee, West Tisbury

Absent Were:

1. Forrest Filler, Aquinnah
2. Meghan Gombos, Dukes County
3. Valerie Bell, Harwich
4. Wayne Taylor, Mashpee
5. Peter Meleney, Oak Bluffs
6. Nathaniel Mayo, Provincetown
7. Russ Hartenstine, Tisbury
8. Jarrod Cabral, Truro

Legal Counsel Participating Remotely:

Audrey Eidelman Kiernan, Esq., KO Law, P.C.
Erin O'Toole, Esq., KO Law, P.C.

Staff Participation In-Person:

Maggie Downey, Administrator

Staff Participating Remotely:

Anneliese Conklin, Data Analyst

Briana Kane, Residential and Commercial & Industrial Program Manager

David Botelho, Data Analyst

Laura Selmer, Analyst

Lindsay Henderson, Senior Analyst - Small Business

Margaret Song, Energy Efficiency Strategy and Policy Manager

Mariel Marchand, Power Supply Planner

Melissa Allard, Senior Administrative Coordinator

Phil Moffitt, Chief Financial Officer

Stephen McCloskey, Analyst - Home Energy Services

Public Participants:

Chris Powicki

Martin Culik called the meeting to order at 2:00 PM

PRESENTATION ON 2022 CAPE LIGHT COMPACT AUDITED FINANCIAL STATEMENTS, JENNIFER COOK, CLIFTON, LARSON, ALLEN, LLP:

Jennifer Cook reviewed the Cape Light Compact JPE 2022 Audit, Exit Meeting PowerPoint.

Jennifer Cook stated that the terms of engagement are to express an opinion on whether the financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP), express an opinion on the supplementary information, and to provide a report on internal control over financial reporting and compliance with laws, regulations, contracts, and grants.

Jennifer Cook reviewed the changes from the prior year to the current year. For current assets there is almost \$19 million that is directly related to increases in cash, as well as the energy efficiency surcharge receivables. The other major change is the decrease in noncurrent liabilities, which is related to the pension and Other Post Employment Benefits (OPEB) liabilities.

Jennifer Cook stated that the increase in cash and energy surcharge receivables is what is driving the full increase of the revenues of almost \$20 million.

Jennifer Cook reviewed the revenue funding sources. She stated that most of it is relatively consistent with prior years. She noted that there was a decline in forward capacity market revenues, which are associated with the Compact's energy efficiency program.

Jennifer Cook stated that current pension liability reported as of December 31, 2022, is \$2.4 million. She stated it was \$3.2 million in the prior year. She stated that the discount rate decreased to 6.9%. Typically, this results in an increase in liability, but it was offset by the retirement system itself. She stated that as of December 31, 2022, the reserve balance was \$3.3 million.

Jennifer Cook stated that the current OPEB liability reported as of December 31, 2022, is \$2 million. She stated that it was \$2.8 million in the prior year. That was a result of the discount rate increasing to 3.72%. She stated that as of December 31, 2022, the reserve balance was \$1.7 million.

Jennifer Cook stated that the Compact is required to record right of use assets and a corresponding liability for all lease agreements due to GASB 87. She stated that the lease liability at the end of the year was \$478,000 and reviewed how it will amortize down.

Jennifer Cook stated that the Board will receive a letter stating each of the items that she has discussed. For significant accounting policies the big change is GASB 87. There were no significant or unusual transactions identified. She stated as for the significant accounting estimates, that is where we bring in OPEB and pension liabilities because of the changes in assumptions and discount rates these liabilities can drastically change. She stated that disclosures are neutral, consistent, and clear. There were no difficulties or disagreements with management and no passed and corrected adjustments. She stated that management will provide certain representations in a management representation letter. There were no consultations with other accountants and no significant issues discussed with management.

Jennifer Cook stated that it is required to report internal control over financial reporting. She stated that there were no material weaknesses or significant deficiencies identified and no noncompliance reported.

Jennifer Cook stated that next year will include GASB 96 which is subscription-based information technology arrangements which the Compact will be required to implement. (GASB stands for General Accounting Standards Board and is the source of generally accepted accounting principles used by state and local governments in the United States.) She stated that this is similar to leases but looking at technological arrangements. Maggie Downey asked if MUNIS would be a part of that. Jennifer Cook stated only if you have a long-term contract with them.

Richard Elkin asked would the statement that OPEB and Pension Liabilities will be fully funded be accurate. Maggie Downey answered no because it is constantly changing. It is a measure of actuarial that is done annually. David Anthony stated that the fact that the OPEB liability can change but the irrevocable trust cannot change can be problematic if the trust is overfunded. He stated that he doesn't want the Compact to hurt itself by having this money in the trust and then we can't touch it if we need it. He stated maybe there is an advantage to funding it only 85% of the way so that we retain some options on a year-to-year basis. Maggie Downey stated that the money that we're setting aside and the vote that we're taking today does not fully fund your OPEB liability. She stated that the Compact will continue to pay out of the operating fund or Energy Efficiency fund for those retiree's health insurance until such point that we are fully funded that we then can dip into the OPEB trust to pay their insurance. Dan Sullivan confirmed that Maggie's statement was accurate. He stated that the Compact is in a good position and we will have to watch it closely. There is a chance that if we kept going as is, that we could overfund it. However, this is a long-term operation that is going to last, so it has the ability to be adjusted over the long term.

Public Comment:

No written comments were received in advance of the meeting and no members of the public were present for public comment. Chris Powicki joined the meeting after the public comment session.

APPROVAL OF MINUTES:

The Board considered the September 13, 2023, Open Session Minutes.

Robert Schofield moved the Board to accept the minutes and to release them, seconded by Colin Odell.

David	Anthony	Barnstable	Yes
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Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Brian	Miner	Chatham	Abstained
Brad	Crowell	Dennis	Yes
Tom	McNellis	Eastham	Yes
Alan	Strahler	Edgartown	Absent
Matt	Patrick	Falmouth	Yes
Martin	Culik	Orleans	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Nicola	Blake	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (12-0-1)

CHAIRMAN’S REPORT:

1. Report Back on Meeting with DPU Commissioner Van Nostrand

Martin Culik stated that he, Tim Carroll, David Anthony, and Maggie Downey met with the new Department of Public Utilities (DPU) Commissioner, Van Nostrand, in Boston. Martin stated that they had a very good conversation about how the DPU can work with the Compact and other municipal aggregators. Maggie Downey stated that Commissioner Van Nostrand was very impressed with the 20-year graph of our pricing compared to Eversource basic service prices. She stated that they also talked a lot about how to engage municipal aggregators. There are 167 cities and towns that are municipal aggregators with contracts to provide electric supply to their cities and towns. She noted that they discussed what role the State would play, if any, in assisting municipal aggregators with long-term renewable supply contracts. David Anthony stated that they tried to impress upon the Commissioner that the Compact was not only first, but that it is unique compared to all the others. Not just in the way that we procure electricity, but because of the other services delivered by the Compact such as energy efficiency programs. He stated that he thinks everyone who spoke drove home that the Compact is a little bit unique and really stands alone and should be treated separately and not like all the other municipal aggregators.

2. Cape Cod Climate Collaborative

Martin Culik stated that the leadership of Cape Cod Climate Collaborative will be coming to our next Board Meeting to chat. He encourages everyone to attend.

DISCUSSION AND POTENTIAL VOTE ON RESOLUTION CREATING AN OTHER POST EMPLOYMENT BENEFITS (OPEB) TRUST AND VOTE TO ESTABLISH A PENSION STABILIZATION FUND, MAGGIE DOWNEY:

Maggie Downey stated that Dan Sullivan and Erin O’Toole gave a presentation at the last Board Meeting. She stated that there is a strict protocol for the OPEB trust. The Compact must vote on the Resolution.

Richard Elkin asked what percentage of funding does the \$2.1 million represent. Dan Sullivan answered that is about 86% as of right now. David Anthony stated that typically managing funds has a fee associated with it. He

asked if the fee was paid from the OPEB trust or is it a budget line in our regular operating budget. Maggie Downey answered that it comes out of the OPEB trust.

Colin Odell asked if additional funding would require a Board vote. Maggie Downey answered yes, an additional Board vote would be required. Richard Elkin asked how much money per year we would normally anticipate putting into the fund. Is it zero or is it or is there an annual contribution? Dan Sullivan stated that he can't give a number, but what typically would happen is that the current cost, similar to how much you have to put away for your current employees that are not retired yet into the Barnstable County, there could be a current cost that we would have to put in. He stated that if we feel that we're being overfunded, that current cost could go down to zero, or we could have to put in a little bit more. We don't know until we have all the factors for each year.

Robert Schofield moved the CLCJPE Board of Directors vote to adopt the following resolutions:

RESOLVED: That the Cape Light Compact JPE hereby accepts the provisions of Chapter 32B, Section 20 of the Massachusetts General Laws, as amended by Chapter 218, Section 15 of the Acts of 2016 (the "Ac.t"), and establishes an Other Post-Employment Benefits Liability Trust Fund (the "OPEB Fund");

RESOLVED: That, in accordance with the Act, the Compact hereby designates the Compact's Treasurer to serve as Custodian of the OPEB Fund (the "Custodian");

RESOLVED: That the sum of \$2,131,738.58 be appropriated as the initial investment into the OPEB Fund;

RESOLVED: That the following person(s) be designated as Trustee(s) of the OPEB Fund: The Custodian of the OPEB Fund;

RESOLVED: That the Compact's Treasurer, as Custodian of the OPEB Fund, be, and hereby is, authorized to execute and deliver the Investment Agreement with the State Retiree Benefits Trust Fund board of trustees on behalf of the Compact for the purpose of making the representations and warranties, acknowledgements, and agreements on the part of the Compact to be made and performed thereunder.

The Compact Administrator and Treasurer are authorized and directed to take all actions, and to execute and deliver all documents necessary or appropriate to implement this vote. Seconded by Colin Odell.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Brian	Miner	Chatham	Yes
Tim	Carroll	Chilmark	Yes
Brad	Crowell	Dennis	Yes
Tom	McNellis	Eastham	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Martin	Culik	Orleans	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Nicola	Blake	West Tisbury	Yes

Joyce	Flynn	Yarmouth	Yes
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Motion carried in the affirmative (15-0-0)

Richard Elkin asked what percentage of fully funded as of the establishment date does that represent. Dan Sullivan stated that the audit showed that it was overfunded but looking at recent information it is about 70% funded. This could change again next year depending on interest rates.

Robert Schofield moved that the CLCJPE Board of Directors vote to establish a stabilization fund pursuant to G.L. c. 40, Section 5B for the purpose of paying for anticipated future pension costs of retired Compact employees.

Robert Schofield further moved that the CLCJPE Board of Directors vote to appropriate the sum of \$3,444,417.90 into the pension stabilization fund and authorize the Compact's Treasurer to deposit and invest the pension stabilization fund in the Pension Reserves Investment Trust (PRIT) Fund.

The Compact Administrator and Treasurer are authorized and directed to take all actions necessary or appropriate to implement these votes, and to execute and deliver all documents as may be necessary or appropriate to implement these votes. Seconded by Joyce Flynn.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Brian	Miner	Chatham	Yes
Tim	Carroll	Chilmark	Yes
Brad	Crowell	Dennis	Yes
Tom	McNellis	Eastham	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Martin	Culik	Orleans	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Nicola	Blake	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (15-0-0)

DISCUSSION ON PROPOSED LEGISLATION TO PROMOTE POWER PURCHASE AGREEMENTS FOR OFFSHORE WIND, MARIEL MARCHAND:

Mariel Marchand reviewed her presentation to the Sierra Cape Cod, September 19th Offshore Wind 3rd Tuesday Talk.

Mariel Marchand stated that the Compact received a request from Sierra Cape Cod to attend the Offshore Wind talk and to discuss it at a future Board meeting. She stated that the Compact is interested in including offshore wind in its power supply product. In October 2022, the Compact signed a Memorandum of Understanding

(MOU) with Commonwealth Wind to work in good faith to negotiate a power purchase agreement (PPA) for energy and renewable energy certificates (RECs).

Mariel Marchand reviewed bill H. 3161. With regards to municipal aggregators, the bill asks the Massachusetts Clean Energy Center (Mass CEC) to issue guidance on how to enter into long-term contracts to purchase offshore wind. It amends Section 83C of the Green Communities Act to give preference to offshore wind proposals that include commitments to enter into long-term contracts with municipal aggregators. She stated that Representative Fernandes discussed the Offshore Wind Industry Investment Fund. They have appropriated \$15 million in the FY 2024 state budget. One of several uses is to provide funding to enable municipal aggregators to enter into PPAs for offshore wind.

Mariel Marchand stated that further assistance would be required. Unlike the Electric Distribution Companies, municipal aggregators cannot backstop PPAs with a rate base and they need a financial backstop in order to enter into PPAs. There would need to be guidelines on how the Offshore Wind Fund will be allocated and how to access the funds. She stated that the \$15 million in Offshore Wind Fund is a start but additional funding, specific to municipal aggregators, will be needed to make an impact and for multiple aggregators to access these funds.

Mariel Marchand stated that the next step is to work with Representative Fernandes, per his request, on revised language to amend his bill. She stated that staff and counsel are working on proposed amendments.

David Anthony stated that this entire parallel effort to the actuality of the impacts specifically for the town of Barnstable is a little bit disturbing. He stated that it sounds wonderful that there's a bill going through that's going to help municipal aggregators, but a recent news article hinted at some of the issues that Barnstable is dealing with in their host community agreements on Park City Wind and Commonwealth Wind. He stated it should be concerning that both of those projects no longer have valid PPAs with their major clients, one with Massachusetts and one with Connecticut. He stated that at this point the Compact should take a cautious approach. He stated that he applauds the idea of trying to help promote valid wind projects. That has been a position that we have taken generally as a Board for a long time.

ADMINISTRATOR'S REPORT:

1. Board Member Email Protocols

Maggie Downey reviewed the Board member email protocols. She stated that Board members should not "reply all" to emails sent from the Compact staff. She stated that if Board members wish to share information with the Board to send the information to her to distribute.

Maggie Downey stated that there is an upcoming open meeting law webinar on October 27th from 9:00 to 12:00. She stated that she will send along the information to the Board.

ADJOURNMENT:

Motion to adjourn made at 3:20 PM moved by Robert Schofield, seconded by Colin Odell.

David	Anthony	Barnstable	Yes
Robert	Schofield	Bourne	Yes
Colin	Odell	Brewster	Yes
Brian	Miner	Chatham	Yes

Tim	Carroll	Chilmark	Yes
Brad	Crowell	Dennis	Yes
Tom	McNellis	Eastham	Yes
Alan	Strahler	Edgartown	Yes
Matt	Patrick	Falmouth	Yes
Martin	Culik	Orleans	Yes
Leanne	Drake	Sandwich	Yes
Bob	Higgins-Steele	Truro	Yes
Richard	Elkin	Wellfleet	Yes
Nicola	Blake	West Tisbury	Yes
Joyce	Flynn	Yarmouth	Yes

Motion carried in the affirmative (15-0-0)

Respectfully submitted,

Melissa Allard

LIST OF DOCUMENTS AND EXHIBITS:

- Meeting Notice/Agenda
- September 13, 2023, Draft Open Session Meeting Minutes
- Cape Light Compact JPE 2022 Audit Exit Meeting PowerPoint
- Cape Light Compact Financial Statements and Supplementary Information
- Sierra Cape Cod, September 19th Offshore Wind 3rd Tuesday Talk PowerPoint