

**A meeting of The Assessors of Monhegan Plantation was held at The School on October 10<sup>th</sup>, 2017 at 6 pm**

**Attendees:** Tara Hire, James McDaniel, Mott Feibusch, Jaye Morency, Chris Smith, Joan Brady, Rebecca Fitzpatrick, Travis Dow, Michael Brassard, Sandra Dixon, Billy Boynton, Winnie Murdock, John Murdock, Marian Chioffi, Pamela Rollinger, Kole Lord, Bob Smith, Penny Smith, Jim Galvin, Dank Farrell, Richard Farrell, Kathie Krause, Mandy Metrano, Jes Stevens.

Meeting called to order 6 pm

**Minutes** approved as read

**Warrant** #102017 was signed for \$15,236.35

**Community Benefits Package Discussion:** Discussion happened for a period of an hour and thirty-five minutes. A brief history of the Community Benefits Advisory Committee was provided. The floor was opened to community members to ask questions about the Fund Option recommendation given by the Community Benefits Advisory Committee that will be voted on at a special town meeting. The full report can be found on the Monhegan Plantation website, in the post office, or in the Town Office. The questions and answers from this portion of the meeting are available in an attached document.

Mott Feibusch made a motion to approve the recommendation of the Community Benefits Advisory Committee to advance the fund option as the community benefits agreement to plantation meeting.

Motion passed.

James McDaniel made a motion to direct legal counsel to prepare a community benefit agreement consistent with the CBAC report.

Motion Passed.

Tara hire made a motion to approve the form of warrant as written in exhibit H of the CBAC report, and that the special town meeting will take place on November 2<sup>nd</sup>.

Motion Passed.

Tara hire made a motion to approve the form of warrant as written in exhibit I of the CBAC report also to be voted on at special town meeting taking place on November 2<sup>nd</sup>.

Motion passed.

**Wharf Maintenance and Repair:** Somatex is scheduled for the week of October 16<sup>th</sup>. They are sending three people, for 3 days. There is still a need to find housing for the workers. Everything will still be functional at the wharf at boat time.

**Inventory of the Town Records Building:** Tara will meet with Pam and Mia who will meet together to get the work done by the end of the month.

**Taxes** will go out on October 13<sup>th</sup>. There was a special town meeting on the 26<sup>th</sup> of September stating we will start collecting interest on the taxes on December 1<sup>st</sup>.

**Risk management** came out on August 29<sup>th</sup>. They met with Jes Stevens, Mott Feibusch and Chris Smith. They sent a letter stating they did not see any uncontrolled hazards during their visit, but are available and willing to help out with compliance directives when it comes to the Fire Department and Emergency medical services. They sent out a list of those compliance directives, and they are a free resource to help draft those policies for the plantation. The plantation will ask Fire Chief Greg Rollins to follow up.

**New business:**

**Email Accounts:** we need more space on our server, and we need to find out how much this will cost to increase the storage space.

**Board Walk by Ice Pond-** it was requested that the ramp leading up to the board walk be extended to limit risk of slipping or tripping. This will be put out to bid.

Meeting Adjourned 8:04 pm

Respectfully submitted,

Mott Feibusch

**A meeting of The Assessors of Monhegan Plantation was held at The School on October 26<sup>th</sup>, 2017 at 6 pm**

Meeting called to order 6:05 pm

Tara hire moved to accept the special plantation warrant articles as written:

Article 1: to choose a moderator to preside at said meeting

Article 2: To see if the voters of Monhegan approve the "Fund Option" community benefit package as detailed in the Final Community Benefits Advisory Committee ("CBAC") Report to the Assessors dated October 2, 2017, and authorize the Assessors to sign and take such reasonably necessary and appropriate actions to implement the Community Benefit Agreement(s) on behalf of Monhegan Plantation consistent with the Fund Option and in substantial conformance to the Community Benefit Agreement(s) attached to this Warrant. A copy of the Final CBAC Report to the Assessors dated October 2, 2017, and a copy of the form of the Community Benefit Agreement(s) are on file at the municipal office and made available at the Post Office, L. Brackett & Son, Monhegan Energy Task Force (METF) Facebook page, METF newsletter, and [www.monheganplantation.com](http://www.monheganplantation.com).

Article 3: Art. 3. To see if the voters of Monhegan will authorize and direct the Community Benefits Advisory Committee to monitor and provide advisory assistance to the Board of Assessors in implementing a Fund Option Community Benefit Package and Agreement.

Motion Passes

Meeting adjourned 6:10 pm

Respectfully Submitted  
Mott Feibusch

## Questions from 10/10/17 Assessors' Meeting – Monhegan School

### 1) Please provide a summary of the Community Benefit “Fund” Package.

ITEMS OF COMMUNITY BENEFIT “FUND” PACKAGE	VALUE/DESCRIPTION
UMaine Collaboration/Support for Monhegan Projects	UMaine commitment to work with Monhegan on community projects, such as those identified in the CBAC Monhegan Framework Outline
UMaine Tuition Scholarships	One full tuition scholarship every year offered to Monhegan resident that meets acceptance criteria for the University of Maine (with provision for carry over so long as there are no more than four student full-time equivalent scholarships in any given year)
Direct Technical Assistance for Broadband Grants	UMaine assistance (e.g., defining proposal and writing and submission assistance) to secure broadband funding for fully functional on-island broadband network (initial estimated value of \$440,000 based on Tilson Report; if \$100,000 Initial Payment below is utilized for broadband, then this has an estimated value of \$340,000)
Initial Payment to Energy/Broadband Fund	\$100,000 by May 1, 2018, provided the Maine PUC approves a long-term contract or power purchase agreement for the MAV Project
Additional Payment to Energy/Broadband Fund	\$2,330,000 upon commercial operations date of the MAV Project
Municipal Payment	\$40,000 annual payment to Monhegan, increased annually by 2.5% (estimated approximate present value of \$800,000)
5% Royalties on UMaine Technology	Estimated between \$600,000 and \$2,100,000, depending on UM Technology success
4% of Renewable Energy Credit Revenues	\$500,000 (estimated value based upon a \$50,000 annual cap for the first 10 years of the MAV Project)
Job Opportunities	Monhegan residents will have first options to jobs created by the MAV Project where the applicants meet the qualifications for the positions (e.g., construction and deployment, monitoring, and O&M operations jobs). MAV shall provide, or make provisions for, reasonable training for Monhegan residents if needed
Future Restriction on MAV and UM Commercial Offshore Wind Projects	No MAV or UM Development of Commercial Offshore Wind Project within 15 Nautical Miles of Monhegan
FAA Lighting	MAV shall undertake best efforts to meet FAA lighting requirements and mitigate lighting impacts, including but not limited to utilizing radar-induced lighting or similar technology that may be approved by the FAA.
Downshield Lighting	MAV shall undertake best efforts to downshield lighting associated with the turbines and turbine platforms of the MAV Project.
Coast Guard Regulations on coloration	MAV shall ensure coloration of the turbine platforms for the MAV Project do not go beyond minimum requirements imposed by the U.S. Coast Guard regulations or any other applicable laws or regulations.
<u>Summary Value/Description of Community Benefit “Fund” Package</u>	<b>\$4,770,000 to \$6,270,000 + UMaine collaboration/support for Monhegan Projects + Tuition Scholarships + Job Opportunities + Future MAV/UM Restriction on Offshore Commercial Project + FAA Lighting + Coast Guard Color Regulations + Downshield Lighting = Community Benefit “Fund” Package</b>

**2) Please provide a list of UMaine patents.**

A current list of patent applications, patents, and disclosures in progress has been provided by UMaine, and is attached to this document.

**3) Royalty Payments – What is MAV's royalty equation? How will their royalties be calculated?**

UMaine has provided an explanation of how royalties are estimated. A copy of this explanation is attached. For ease of reference, the explanation is copied below in *italics*.

*Basis for royalty calculations*

*The estimate of possible royalties to UMaine from commercialization/licensing of the UMaine floating offshore wind turbine "hull" is based on the following "conservative" assumptions:*

- a. Successful demonstration of technology and energy producing performance at the Monhegan test site.*
- b. Commercial licenses to developers building farms within the recently approved BOEM "wind energy areas" off the east coast. There are no current licenses.*
- c. Estimates are based on 5% of the royalties received by UM from commercial farms utilizing VoltturnUS hull technology and the likelihood of future commercial projects built in the North East United States (Maine to NJ) which use UMaine VoltturnUS technology. (Under the CBAC term sheet this region has been expanded to East Coast/Gulf of Mexico)*
  - i. Royalties are not anticipated until year 2025 or later. Royalties are estimated below and could be more or less.*
  - ii. Potential Royalty Payment (estimate based on knowledge of potential of current commercial scale farms and BOEM leases in the North East). Licensing scenario is a one-time royalty paid per hull built at the time of construction. Royalties are not tied to energy production and there is no royalty payment anticipated for on-going operation of a hull.*
    - 2025/2026 - 5% of royalties on the first farm @ 400MW/67 hulls = \$600,000 estimated lump sum to Monhegan.*
    - 2030/2031 - 5% of royalties on the second farm @ 500MW/83 hulls = \$744,000 estimated lump sum to Monhegan.*
    - 2035/2036 - 5% of royalties on the third farm @ 500 MW/83 hulls = \$744,000 estimated lump sum to Monhegan.*
  - iii. Royalty payment obligation from UMaine to Monhegan continues until patents expire or the project is terminated.*

**4) Upgraded Microwave Internet Broadband Network questions:**

**A. What will be the process for upgrading our Broadband Network?**

The Tilson Report outlined what an upgraded Microwave Link to the mainland could entail for equipment. In addition, they outlined the distribution of the broadband in two possible ways – Multi-point Wireless (similar to what we have now) and Fiber to the Premise – broadband to the curb. The latter is expensive and highly impractical on Monhegan. We will, in all likelihood, have a hybrid system that could reach each home in the most economical yet optimized way. The exact design of the network will be generated by the companies we engage to bid on the design and deployment of our custom network. The Tilson Report is a guideline to the potential designs and associated costs.



B. What we do know about any upgraded network:

- Poles on the island are owned by Fairpoint (now Consolidated Communications). Fairpoint may or may not allow pole sharing. No new poles will be added to Monhegan even if Fairpoint will not allow pole sharing.
- Property owners will be able to keep Fairpoint phone and DSL if they wish to do so.
- New equipment will likely be smaller than current equipment due to technological advances. Housing for new equipment will not be larger than existing equipment housing.
- No property owner will be required to take either wireless or to the premise service.

C. Who will maintain and manage the Network? "Remote management"?

More research needs to be done but it may be that Monhegan manages its own Network. Currently Redzone (formerly GWI) provides the "link" to the mainland but the "service" is greatly subpar due to their unwillingness to maintain our equipment and spend resources on Monhegan due to our small size. Monhegan may need to manage its own Network.

5) **How will the Energy/Broadband Funds be allocated between the two areas and how will those decisions be made?**

The upfront payment of \$2.33 million will be held in a "restricted fund" for the benefit of Monhegan broadband and MPPD energy projects. The funds will be professional managed by an independent investment firm. The process to "allocate" those funds will require MPPD trustee vote and Monhegan Plantation vote, with Monhegan and MPPD working together to determine how best to allocate funds between energy and broadband needs. (See Exhibit A of the CBAC Report for more details.)

6) **The Municipal payments totaling \$800,000 in the Energy/Broadband Fund would be \$1.02 million with the escalator clause of 2.5% per year. Why isn't this reflected in the numbers?**

The total amount (\$1.02 million) needs to be discounted to present value. At a 3% discount factor the present value is \$741,902. For ease of comparison \$800,000 was utilized.

Future Value of Municipal	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Sum 1 - 10
	40,000	41,000	42,025	43,076	44,153	45,256	46,388	47,547	48,736	49,955	448,135
Payments at 2.5% escalator	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Sum 11- 20
	51,203	52,483	53,796	55,140	56,519	57,932	59,380	60,865	62,386	63,946	573,651
NFV @2.5%	\$1,021,786										1,021,786
of Payments											
@3% Discount	\$741,902										

7) **What was the turning point to move CBAC away from cable option?**

Several Risk Factors in the cable option lead the committee away from the cable option. Those risks include, but are not limited to:

- a. When the MAV wind turbines are not generating power, current MPPD Microturbines would need to take over. Start-up time for our current Microturbines is unacceptably long. In addition, the

current Microturbines are designed/built as prime power units (meaning they are meant to operate all the time). The system would not be reliable on a start/stop back up plant basis. We would have to revert back to old style diesel engines. Even after going back to a faster response generator, there would still be a blackout as MPPD took over followed by a second blackout once the MAV wind turbines are producing again.

- b. The risks associated with owning the cable either in 20 years or before that end point are high. The cost of maintaining and repairing the cable are high and insurance coverage is a possibility but the cost of the insurance itself may be outside the reach of Monhegan.
- c. If the cable to the mainland is out, the broadband embedded in the cable would also be inoperative. This would require a backup system for the broadband network which is not possible.
- d. The recent work completed to transfer heat from MPPD generation to the museum would become be abandoned resulting in wasted investment.

Please reference the full CBAC Report for more details, including the Memo from Lawrence Mott dated September 25, 2017 found in Exhibit F of the CBAC Report.

#### **8) What happens if the Plantation does not vote for the CBAC recommended Benefits Package?**

It is important to understand that MAV's obligation under the Maine PUC term sheet is to undertake "commercially reasonable efforts" to meet economic development commitments. A copy of this Maine PUC term sheet is attached. One of these economic development commitments is community benefits for MPPD, as either providing electric energy (via a cable) or an alternative form of benefits.

If the Plantation does not vote for the CBAC recommended benefits package, a number of different scenarios may happen.

In one scenario, If Monhegan and MPPD turn down the Community Benefit "Fund" Package, it is possible that MAV would have satisfied the "commercially reasonable efforts" standard, depending on how the Maine PUC views the circumstances. Such an outcome would leave Monhegan and MPPD with minimal to no community benefits, and MAV would continue its efforts to advance its Project.

In another scenario, CBAC may seek to re-engage MAV and UMaine in an attempt to negotiate a different community benefits package (e.g., a cable package, which CBAC does not recommend for the reasons stated in the CBAC Report). This scenario would not likely lead to a successful negotiation or Plantation vote, and may not be accomplished within any reasonable time frame.

Under yet another scenario, Monhegan would not re-engage MAV or UMaine on community benefits, and so no negotiated benefit package would result and MAV would continue to advance its Project.

#### **9) How will the grant application process work with UMaine?**

UMaine has provided an explanation of how the grant application will work. A copy of this explanation is attached. For ease of reference, the explanation is copied below in *italics*.

*Obligations to grant seeking/writing to support broadband infrastructure plan.*

*The University of Maine Office of Innovation and Economic Development will work with an Monhegan point person or committee to develop a strategy to seek Federal, State and private foundation funding to support the buildout of the broadband plan. Applications will be generally based on the Tilson Technology Plan, unless additional feasibility/technical analysis determines a more suitable plan. UMaine staff will:*

- *work with Monhegan to identify and define scope for each such proposal*



- assist with writing and submission as required by RFP
- serve as applicant to programs if needed.

*The following agency programs have been identified as possible funding sources and have funded similar broadband programs in Maine in recent years.*

- US Department of Commerce Economic Development Administration (EDA) - rolling deadlines.
- Northern Regional Border Commission - Typically spring 2018 deadline
- US Department of Agriculture Rural Development Community Connects Grants - Typically March deadlines - no FY18 announcement yet.

October 13, 2017

Monhegan Plantation

Answers and clarification to CBAC additional questions.

1) Basis for royalty calculations

The estimate of possible royalties to UMaine from commercialization/licensing of the UMaine floating offshore wind turbine "hull" is based on the following "conservative" assumptions:

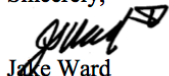
- a. Successful demonstration of technology and energy producing performance at the Monhegan test site.
- b. Commercial licenses to developers building farms within the recently approved BOEM "wind energy areas" off the east coast. There are no current licenses.
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  - iii. Royalty payment obligation from UMaine to Monhegan continues until patents expire or the project is terminated.

- 2) Obligations to grant seeking/writing to support broadband infrastructure plan. The University of Maine Office of Innovation and Economic Development will work with an Monhegan point person or committee to develop a strategy to seek Federal, State and private foundation funding to support the buildout of the broadband plan. Applications will be generally based on the Tilson Technology Plan, unless additional feasibility/technical analysis determines a more suitable plan. UMaine staff will:
- work with Monhegan to identify and define scope for each such proposal
  - assist with writing and submission as required by RFP
  - serve as applicant to programs if needed.

The following agency programs have been identified as possible funding sources and have funded similar broadband programs in Maine in recent years.

- US Department of Commerce Economic Development Administration (EDA) – rolling deadlines.
  - Northern Regional Border Commission – Typically spring 2018 deadline
  - US Department of Agriculture Rural Development Community Connects Grants – Typically March deadlines – no FY18 announcement yet.
- 3) How the broadband fund will work – In accordance with the CBAC termsheet MAV will support the development of the broadband implementation plan contributing \$100k. As discussed with the CBAC this fund was envisioned as supporting “match” or cost-share as required by one or more grant applications as described in 2.) above. Funds would be spent to comply with funding agency requirements and award terms and conditions. Based on the timing of solicitations identified above the funds would typically be used after the award is made, possibly summer 2018.
- 4) List of Patent Applications – attached is a list of current US and international patents and patent applications covering the VoltturnUS floating hull technology. The University of Maine will update and share this information with Monhegan on an annual basis.

Sincerely,



Jake Ward

Vice President, Innovation and Economic Development