

**Fox Islands Wind, LLC**  
**Minutes of the Board of Directors Meeting**  
**April 28, 2023, 9:00 a.m.**

The meeting was held in person at Fox Islands Electric Cooperative, Inc.'s freight building located at 24 West Main Street, Vinalhaven, Maine, and via video conference.

**Present:**

George Kendrick, President  
Douglas Green, Vice President  
Charles Gadzik, Secretary/Treasurer  
Amy M. W. Turner, Chief Executive Officer  
Gary Johnson, GE Site Manager

President Kendrick called the meeting to order. A quorum was established for the purpose of conducting business.

**Approval of Agenda**

Upon motion by Mr. Gadzik, which was seconded by Mr. Green, the Board of Directors unanimously voted to approve the agenda as amended to include a discussion with Gary Johnson, the GE site manager for FIW's turbines.

**Public Comment**

There were no individuals present who wished to address the Board of Directors.

**Discussion with FIW's Site Manager**

Gary Johnson, the GE site manager for the FIW turbines, was onsite with a GE team replacing yaw pucks at the turbines. Mr. Johnson gave an evaluation of FIW's turbines, described the current site work, and gave recommendations for future maintenance and operation. The Directors asked questions and engaged in a discussion with Mr. Johnson concerning the turbines. Mr. Johnson left the meeting following the discussion.

**Approval of the Minutes of the February 24, 2023, Regular Meeting**

Upon motion by Mr. Gadzik, which was seconded by Mr. Green, the Board of Directors dispensed with the reading of the minutes and unanimously approved the minutes of the February 24, 2023, regular meeting as presented.

**Financial Report**

Ms. Turner reviewed the February 2023 financials and 2022 audit performed by FIEC and FIW's independent auditor, Kittel, Branagan & Sargent. The audit showed no indications of fraud or

mismanagement of funds, and the audit was issued free of material misstatements. FIW achieved the financial covenants required by their lenders.

FIW's net income was \$160,202, which amount was consolidated with FIEC's financials per RUS regulations. FIW ended the year with \$3,431 in general cash. Ms. Turner provided details concerning cash flow, depreciation, and debt service. The Board discussed various aspects of the audit with Ms. Turner.

Ms. Turner reviewed the terms of the Credit Enhancement Agreement between the Town of Vinalhaven and FIW (commonly referred to as the "TIF" or tax increment financing). The agreement provides for a return of 90% of FIW's property tax payment for the term of 30 years beginning in 2010. The Directors discussed the agreement and its part in the Town's budget approval process.

Upon motion by Mr. Gadzik, which was seconded by Mr. Green, the Board of Directors unanimously accepted the financial report.

### **CEO Report**

Ms. Turner presented the FIW power purchase agreement report. In February, FIW generated and sold 487,103 kWh for a total charge of \$92,042. Due to the turbine outages, FIW is behind budget by \$13,429.

Ms. Turner presented FIEC's power cost data. In March, FIEC sold 53,757 kWh of wind for \$0.024462/kWh, which is a low market price. FIEC purchased 423,300 kWh from the market to meet its load at the cost of \$26,052, which is \$0.061545/kWh – an average market price in the current economic climate.

The billed power cost of \$0.1620685/kWh for January power (February bill) was positively impacted by market factors. The turbines generated only 262 MWh at a cost of \$0.35098/kWh – the less the turbines generate, the more expensive the power because costs are spread across fewer kWh. The market power average cost of \$0.05735/kWh significantly decreased the overall cost of power in January.

Ms. Turner gave an overview of FIEC's purchase of the wind farm property. The closing took place March 30, 2023. FIEC is honoring its agreement with Bill Alcorn to extend a purchase option agreement with Ronald (Bub) and Mary Grace Wadsworth for Lot 21-B3 on Zion Farm Rd. The option agreement is for three years (expires April 26, 2026) at \$34,500 (FIEC's purchase price). If the Wadsworths exercise the purchase option, they will take the property subject to the existing lease at a reduced annual lease cost through 12/31/2029. Discussion ensued.

Upon motion by Mr. Gadzik, which was seconded by Mr. Green, the Board of Directors unanimously accepted the CEO report.

## **New Business**

### **Fox Islands Wind Property Purchase Overview**

Ms. Turner provided details of the wind farm property purchase closing on March 30, 2023. The leases for Fox Islands Wind, LLC, and the Four Fossils, LLC (removing granite from and cutting granite on the property) were assigned to FIEC as part of the closing.

### **Fox Islands Wind Amended and Restated Lease Agreements**

Ms. Turner presented the Amended and Restated Leases for the Amaziah's Way and Zion Farm Rd. properties proposed by the FIEC board. The lease costs are as follows:

<b>Property</b>	<b>Prior Lease Cost</b>	<b>Amended Lease Cost</b>
Amaziah's Mill	\$32,747.41	\$25,337.56
Zion Farm 21-B2	\$24,993.00	\$3,608.72
Zion Farm 21-B3	\$3,105.00	\$2,450.78
Zion Farm 21-B4	\$2,961.00	\$2,337.12
Total:	\$63,806.41	\$33,734.18

Annual Difference: (\$30,072.23)

The prior Amaziah's Way lease had a compounding interest rate escalator, so the final savings over the life of the lease are \$649,845.96. The Zion Farm Rd. properties varied annually depending on the prime lending rate; the estimated savings based on an average prime lending rate are \$438,240.63. The total anticipated savings achieved through FIEC's purchase of the property are \$1,088,086.59 over the remaining life of the Fox Islands Wind project.

Upon motion by Mr. Gadzik, which was seconded by Mr. Green, the Board of Directors unanimously voted to enter into the amended and restated leases with FIEC.

### **Fox Islands Wind Zion Farm Road Easement Discussion**

Ms. Turner discussed the need for permanent easements on the Zion Farm Rd. properties for the rights that FIW needs to operate the wind farm. FIEC is amenable to granting these rights in perpetuity. If and when FIW reopens the permit and financing matters to repower the turbines, the leases can be extinguished if financially feasible for FIEC and FIW. Ms. Turner will propose draft easements to the FIEC board at its May 24, 2023, meeting, and, if approved, to the FIW Board at its June 2, 2023, meeting.

### **Capacity Charge Increase**

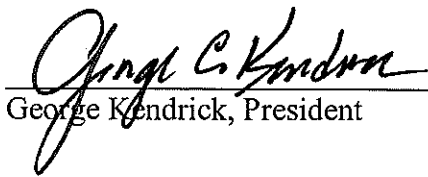
Ms. Turner presented the FIW financials pertinent to the capacity charge – FIW is below the kWh budget by \$13,429 and the REC budget by \$27,714 for a total of \$41,143. The yaw puck work exceeds the GE Maintenance budget by \$4,000. To avoid carrying over a balance on the line of

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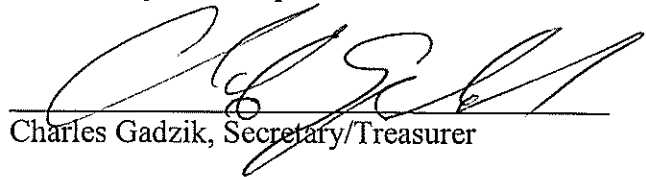
credit into 2024, Ms. Turner recommended increasing the capacity charge by \$5,000/month to \$93,735. The Directors discussed the increase.

Upon motion by Mr. Green, which was seconded by Mr. Kendrick, the Board of Directors unanimously voted to increase the capacity charge to \$93,735 beginning in April 2023.

The Board concluded its business. Upon motion by Mr. Gadzik, which was seconded by Mr. Green, the Board of Directors voted to adjourn the meeting at 12:11 p.m.



George Kendrick, President



Charles Gadzik, Secretary/Treasurer