Vineyard Power
Minutes of November 19, 2010 Meeting

Present: Richard Andre, Ron Dagostino, Warren Doty, Paul Pimentel, and Susan Wasserman. Ted Bayne and Bill Lake joined by telephone.

Pre-meeting discussion about the block bidding process with BOEM, "request for interest" on royalty bids and the pre-vetting process. The Feds will accept unsolicited bids. We know that "Neptune" is one of the two that have already been submitted. Perhaps "Deepwater" is another bidder. Federal qualifications include financial, technical and legal reviews. When published, the RFI will include details of the pre-bids; until then any info is what the bidders choose to disclose. Next Fed-State task force thought to be on Dec 10.

Minutes of September 29, 2010 were approved as written.

FINANCIAL MODEL: Ron gave an update on the financial models. We need to understand all the tax implications and the Federal and State regulations not only to be able to explain how VP will be positioned in the tax area, how investors will make their money, but also so the results generated by the model are accurate by taking these complex pieces into consideration. This is a complex set of variables and Ron has spent a great deal of time on it. Richard has discussed our organizational status with Foley-Hoag. We are a 501 (c) (12), non-profit electric utility. Some of the needed paper work still needs to be filed with the IRS but apparently we have time. We need tax advice. Richard will get names of tax advisors from Foley-Hoag. Ron mentioned someone who was recommended by John Abrams.

CURRENT POLITICAL ENVIRONMENT: Paul has had discussions with a Washington lobbyist who has made accurate predictions in the past. There is a strong drive to eliminate tax benefits for renewable energy. This could be a problem for our finances in the future—probably after 2012. Paul is to ask Mark Forest for corroboration.

COST OF PROJECTS: Paul has been tracking current projects. Average costs work out to be approximately $6,000/kW (costs escalated 2% /yr. to 2015). Our model is based on a $4,600/kW estimate.

Statoil of Norway, a developer of large, deep-water projects in the North Sea, has decided to concentrate exclusively on 10 large, HyWind turbines (floating spar buoy towers). Statoil said they expect the price will come down.

OCEAN SITES: Should VP put in an unsolicited bid? After discussion, the board asked Richard to find out what are the Federal requirements for unsolicited bids.

PROJECT RISKS have gone up considerably with the lower prices of energy and higher costs. If this trend continues, we will need to inform our membership.

INFO ABOUT AND TO MEMBERSHIP: Today is our one-year anniversary. We have 965 members. Richard plans to send out an email to our membership in the next week or so, highlighting this and providing other information.

Plans are being made for a late January forum to talk about the visualization survey, next steps in the site selection process, and other useful information. 95 members responded to the visualization survey. Paul will draft a presentation on altered project risk and the PV deals and brings it to the board for suggestions.

PV: Paul sent out two PV models with the agenda for today's meeting. One is a commercial 100 kW project and a new idea is to have clusters of 25 residential projects @ 3 kW apiece. The residential sites would lease space from individual homeowners for 10 years. Investors would receive a 7% return. Homeowners would be able to purchase the systems for very little cost after the 10-year period when the systems are fully depreciated and fully paid for.

The board felt that projects like this have a great deal of member appeal. There would be some advantages to begin to solicit member involvement and perhaps include focus groups in the January meeting. Ted pointed out the economies of scale on 2-3 acre projects. Would we work on one over the other? Board consensus was that we would do the commercial project first.

AIRPORT PV update: South Mountain has been working on the airport project. Paul got the project scope to Rob 2 ½ weeks ago. Paul will follow up. He thinks they got diverted to an 85 kW project. Cotuit Solar is another option and Richard has an additional company name. This brought up the discussion of using Island labor, keeping island dollars on island. Paul should run scope by Cotuit and other integrator as well.

ORGANIZATIONAL PRINCIPLE: Vineyard Power will have a policy that our organization will use Island workmen whenever possible.

D&O INSURANCE: Agent has been away, but Bill Lake will follow up.

RICHARD's REPORT: Our 965 members are made up of 56% year around (this was 80% at the beginning of summer); 32% seasonal residents (20% at beginning of summer); 8% business; 4% unidentified. 3% do not have email.

20 people have taken advantage of Paul's gift to pay the additional $50 for memberships for 100 people.

Financials have not changed. We have $40,000 cash balance.

FISCAL YEAR: Upon the accountant's advice, it was moved that the VP fiscal year be October 1 to September 30. The vote was unanimous. Richard will file the necessary paperwork.

The budget will be sent out to board members for approval at our next meeting.

The Advisory Committee met. New members will be sought. The process of using the Advisory Committee as a vetting vehicle for new board members worked very well and should be continued.

Tyler gave his survey report. Of the 96 responses, there was agreement that turbines would be fine between 6 to 10 miles and beyond. From shore to 6 miles, members were more disturbed by the siting of turbines. The board felt it was noteworthy that our membership, disposed to approve wind generation, would have such strong feelings about "close-in" development. Warren reported that five out of 20 MV fishermen have submitted charts in the Federal survey process. Rhode Island has a similar survey process with results expected on December 19th.

BOARD MEMBERSHIP: Sue Hruby has asked to resign from the VP board. Replacements were discussed and Elaine Miller was proposed. She ran for a board seat and has been incredibility supportive of VP, particularly our fund raising efforts. A possible conflict of interest was discussed. Her son is Mitch Wondolowski who is a principal contractor with VEP working on the SmartGrid project. After board discussion, it was determined that this was not a conflict of interest, particularly because Mitch's involvement and his contract preceded this appointment.

VOTED: The board voted unanimously to accept, with genuine regret, Sue Hruby's resignation. Elaine Miller was voted to fill Sue's unexpired term (until the Annual Meeting in 2011). Richard will write a resolution to thank Sue for her service.

BUDGET: A question of Tyler's future involvement with VP and the cost of that were discussed. Richard will follow up with Tyler.

FINANCIAL MODEL: This should be sent to Jeff Parker as soon as possible. Paul will prepare a package and get it to Jeff with the goal of setting up an early January meeting.

Erik has signed VP up for the December 11th Christmas parade in Edgartown. We did this last year.

The next meeting will be December 3rd at 10:30 am.

The meeting was adjourned at 12:25pm.

Respectfully submitted,

Susan Wasserman