

The following questions were submitted by Kevin Hoyt via the Facebook page *Buying BIPCO – A decision for Block Island Residents* and responses posted August 21, 2016.

1. *When will a proper valuation, current balance sheets, P&Ls, etc., environmental reports (hopefully beyond a Ph 1) be bound up and placed in the foyer at Town Hall for this community to review?*

The acquisition price was negotiated based on the cumulative knowledge we have from public financials and the varying methodologies used for valuing a public utility. In addition, the town has contracted for an outside evaluation to be performed. The results of this review will be available by the beginning of September and we will post them on the Town website as well as place paper copies in Town Hall and the Island Free Library when they are received.

Public records and audited financials that are filed with the PUC are posted on the EUTG portion of the Town website. To the extent any confidentiality provisions apply, current non public financial records may not be available for general public review but are part of the Town's due diligence for internal review.

2. *Has EPA New England or others been contacted to see if they would partner with a community form of ownership to help w/ cleanup if necessary?*

An Environmental Phase I has been contracted for under the direction of our environmental attorney and Town Solicitor. The findings of that review will dictate any additional analysis that will need to be done as well as any remediation required. At that point, any and all options for remediation will be pursued.

3. *What is the status of the enabling legislation that will allow the electric utility to be transferred from town ownership to a utility district or co-op?*

Enabling legislation for the governance form will be introduced in the January 2017 legislative session if the Town approves the purchase at FTM in September. Legislation had been introduced in the June 2016, which passed in the Senate but not in the House. The plan is to streamline the legislation presented in January so that it identifies a specific form of ownership—either utility district or co-op—based on further analysis on the benefits of each option and public input.

4. *Do we have a legal opinion on the risks involved w/ owning only 2/3 of the company?*

The Town has sought legal opinion on the ramifications of having a minority stockholder. Those opinions currently are not available for public review as they constitute strategy for the Town going forward in dealing with a minority stockholder. The benefits to be derived from the purchase of 100% of the stock are still largely available if the Town is a majority stockholder at 2/3 of the stock. While this is a sub-optimal situation, the Town Council and the EUTG believe that it is an acceptable first step towards total ownership.

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5. *Has draft language for the warrant item been considered and is that available?*

Monday night's Town Council meeting on August 22 will have an agenda item to begin the discussion of the language for the Warrant. The actual language will be voted on at the council meeting of September 6th.

6. *How will the purchase be structured and what will that cost look when related to electrical rates? Will we have more than just a week or two to consider these things before we have to vote?*

This is and has been a complicated process and the steps may continue to evolve. At the current time, the plan is:

- The Town and BIPCo selling shareholders have signed a Stock Purchase Agreement (July 2016)
- The Town reviews the operations and potential environmental issues of BIPCo (July – September 2016)
- The Town holds a Special Financial Town Meeting to approve the debt necessary for the purchase of BIPCo shares from the selling shareholders (September 26, 2016)
- If the Special Town Meeting approves issuing the debt, the Town purchases the shares from the selling shareholders (November 2016)
- Based on public input, Town submits legislation for the January 2017 session to create a new entity to own the power company—either a utility district or coop.
- The Town will sell BIPCo assets to the new entity and repay the Town's debt
- The new entity will raise its own funds to purchase BIPCo assets from the Town and to make any needed future investments (Estimated mid-2017)
- The new entity will run BIPCo

The EUTG has reviewed BIPCo's costs and has determined that, at the agreed on price, acquisition costs will be covered by savings from not paying dividends, management bonuses or earning a profit. An independent valuation analysis is underway and will be available before September 1st.

Separate environmental and valuation reports are underway and as this information becomes available it will be available on the Town website and in Town Hall and the Library. These reports are expected by the beginning of September. Any information or analyses done by the Town and the EUTG will be posted on the EUTG as they become available. In addition, there will be the following series of meetings to discuss the purchase, gather public input and provide information:

- September 4th Discussion Forum 2 pm Town Hall
- September 7 Town Council Worksession 7 pm Town Hall
- September 11 BIRA Annual Meeting 3:30pm Location TBD
- September 19 EUTG meeting 2pm Town Hall
- September 24 Discussion Forum Time TBD