



July 31, 2018

Mr. James R. Beyer  
Maine Department of Environmental Protection  
Division of Land Resources Regulation  
106 Hogan Road  
Bangor, ME 04401

**RE: New England Clean Energy Connect Project**  
**Response to Maine Department of Environmental Protection Additional Questions dated**  
**July 10, 2018**

Dear Mr. Beyer:

Central Maine Power (CMP) is pleased to provide a response to the Maine Department of Environmental Protection's (MDEP) July 10, 2018 Additional Questions associated with the Site Location of Development Act and Natural Resources Protection Act permit applications submitted by CMP on September 27, 2017, for the New England Clean Energy Connect (NECEC) project.

If you have any questions regarding these responses, please give me a call at (207) 629-9717 or email [gerry.mirabile@cmpco.com](mailto:gerry.mirabile@cmpco.com).

Sincerely,

A handwritten signature in blue ink that reads "Gerry J. Mirabile".

Gerry J. Mirabile  
Manager – Environmental Projects  
Environmental Permitting  
AVANGRID Networks, Inc.

Enclosures

cc: Samantha Horn, LUPC; Bill Hinkel, LUPC; Naomi Kirk-Lawlor, MDEP; Christopher Lawrence, USDOE; Melissa Pauley, USDOE; Bernardo Escudero, CMP; Mark Goodwin, Burns & McDonnell; Matt Manahan, Pierce Atwood; Jared des Rosiers, Pierce Atwood  
File: New England Clean Energy Connect



# **Response to Maine Department of Environmental Protection Additional Questions dated July 10, 2018**

*New England Clean Energy Connect (NECEC)*



*Prepared for:*  
**Maine Department of Environmental Protection**

**July 31, 2018**

**New England Clean Energy Connect  
Response to Additional Questions for CMP  
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- 1. Please provide a plan that shows the locations that all rafting companies use as their lunch spots along the Upper Kennebec River. Specifically list distances between the various lunch spots and the proposed river crossing.**

**RESPONSE**

The table below provides the names, location, straight-line distance in miles and up-stream / down-stream relation of the various lunch sites from the proposed transmission line crossing. The locations of the sites are taken from a survey of Central Maine Power Company (CMP) land by SCG Engineering last revised August 26, 2011 and recoded on August 30, 2011 in the Somerset County Registry of Deeds in Plan Book 2011, Pages 72-78. The sites were excluded from the Declaration of Covenants dated September 1, 2011 and recorded in the Somerset County Registry of Deeds in Book 4435, Page 107 (see Item 6, page 5 of 30) The sites may currently be used by different outfitters or not used at all. There is no formal agreement between the outfitters and CMP for the use of these sites; the use is at the consent of CMP. The conductors and marker balls will be visible from one lunch site, identified in the table below as Moxie, which is traditionally used by one commercial outfitter, however, users of this picnic area would be able to use one of the other eleven permitted sites on the river.

Please find the attached plan of the Upper Kennebec River Rafting Company Permitted Picnic Area Locations, depicting the locations in relation to the proposed overhead crossing of the HVDC line. The plan also identifies the photosimulation locations conducted by CMP and provided in previous correspondence.

Name	Coordinates	Distance (miles)	Up/Down
Wilderness	45°25'17.78"N 69°54'15.56"W	3.8	Up
Northern	45°25'18.04"N 69°54'23.23"W	3.5	Up
Windfall	45°24'48.45"N 69°55'24.86"W	3.0	Up
Crabapple	45°23'57.80"N 69°56'15.89"W	1.5	Up
Downeast	45°23'24.81"N 69°56'14.47"W	1.2	Up
Unicorn	45°22'57.64"N 69°55'56.65"W	0.8	Up
Moxie	45°22'26.86"N 69°56'25.79"W	0.1	Up
New England*	45°22'9.37"N 69°56'58.64"W	0.4	Down
Magic	45°22'1.78"N 69°56'54.35"W	0.5	Down
Former Magic	45°21'58.45"N 69°56'47.51"W	0.5	Down
North Country	45°21'56.76"N 69°56'48.23"W	0.5	Down
Public	45°21'32.14"N 69°57'8.80"W	1.0	Down

\*Also known as Christmas Tree Beach or the Gravel Beach

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- 2. Please provide information about the timing of permitting and construction of the Canadian portion of the project.**

**RESPONSE**

Hydro-Québec TransÉnergie (“HQT”), the entity responsible for the design, construction, operation and maintenance of the transmission portion of the project in Canada, is currently conducting its facility and environmental impact studies, and anticipates the governmental approval process to take place between the summer of 2019 and the winter of 2021. Construction is scheduled to start in the spring of 2021, after the approval process is concluded, and will go through the fall of 2022. More information about the status of the Québec portion of the project is included in the attached HQT Appalaches-Maine Interconnection information sheet.

- 3. The VIA does not contain a conclusion about the visual impacts from the project on the Kennebec River Gorge crossing. Please provide one.**

**RESPONSE**

Conclusions: The Project will not unreasonably interfere with, and will have no unreasonable adverse impact to, existing scenic, aesthetic, or recreational uses and will not adversely affect scenic character in the surrounding area. CMP has made adequate provision for fitting the development harmoniously into the existing natural environment and the development will not adversely affect existing uses or scenic character. Further, no reasonable alternative exists which would have less adverse effect upon the natural and recreational features of the river segment, from a visual impact perspective. Finally, there is no alternative site that is both suitable to the proposed use and reasonably available to CMP, and the overhead crossing can and will be adequately buffered from other uses and resources.

The design is visually compatible with its surroundings, incorporating environmentally sensitive design principles and components according to planning and siting, design, and offset strategies. Further, the design takes into account the scenic character of the surrounding area, the crossing will be located, designed, and landscaped to minimize its visual impact to the fullest extent possible, and structures will be designed and landscaped to minimize their visual impact on the surrounding area.

These conclusions are based on the following findings:

- Where just the tips of the HVDC structures are visible, the dark brown color will make the structures appear tree-like in form and color and therefore less distinguishable from the surrounding forest. The marker balls attached to the conductors crossing above the river will alternate white, yellow, and orange and will be visible in the foreground, resulting in a moderate contrast in color.
- The re-designed crossing (3 structures rather than the original 5 structures) minimizes views to the tip of one structure when looking upriver. The form of the proposed HVDC structure is generally similar in vertical form to adjacent trees, resulting in minimal contrast in form.

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- The conductors crossing the Kennebec River will result in a moderate to strong contrast in line, but the use of non-specular conductors will make the lines appear duller and less reflective, which minimizes their visibility.
- No lines associated with contrast in vegetation heights created by the proposed corridor clearing will be visible from the river.
- The HVDC structures will be single pole self-weathering steel, which has a smoother texture than the standard wooden poles. This should cause a minimal contrast in texture in the foreground viewing distances of the river.
- The topographic change in elevation and 75+ foot tree height on either side of the river at the crossing will minimize the scale contrast of the 95-foot and 105-foot tall structures as seen from the river. Numerous white pines on either side of the corridor are in excess of 100 feet and further reduce the scale contrast.
- CMP is proposing to retain existing vegetation in proximity to the crossing. At the river crossing, approximately 300 feet to 550 feet of existing mature tree growth will remain on the sides of the riverbanks, which will buffer and effectively minimize views of the proposed crossing from the river, and which will eliminate views of the structures themselves from the river.
- The conductors will be the only Project components visible from the river. The forested hillsides and river will continue to be the spatially dominant elements of the landscape. The Project will be subordinate to the surrounding natural landscape.
- The duration of exposure to the corridor is minimized by the near perpendicular angle of the corridor as it crosses the river. Of the twelve-mile river segment that is typically traversed by rafters, the Project visibility for recreational users will be limited to a total area extending approximately 1,600 feet upstream and 2,200 feet downstream (if looking backwards upstream) of the crossing, for a total of approximately 7.5 minutes out of a typical four hour trip. Only one picnic site, situated 750 feet north of the crossing, would have views of the conductors and marker balls, however users of that picnic area would be able to use one of the other eleven permitted sites on the River.
- Recreational user expectations are affected and moderated by the experience of traveling adjacent to a transmission line on Indian Pond Road for five miles to the river put-in site below Harris Dam, preparing for the rafting experience adjacent to Harris Dam and nearby existing transmission lines, and users' general awareness of the dependency on controlled dam releases to create the water flows necessary for this commercial recreational experience.
- Based on a review of the elements of landscape compatibility, scale contrast, spatial dominance, duration of potential recreational user impacts, and an assessment of the photosimulations of the River crossing (as outlined above), the Project will have a 'Moderate' level of visual impact on the river.

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- The section of the Upper Kennebec River where the Project will cross is not the area of highest scenic significance, but rather of “Medium” significance due to the absence of Class III-V rapids. According to American Whitewater, the Kennebec Gorge extends for 3.5 miles from Harris Station Dam to Carry Brook.<sup>1</sup> Downstream of the Class III and IV rapids that run through the Gorge, after Carry Brook, “the river becomes more sluggish the further downstream you go.”<sup>2</sup> The proposed crossing of the Kennebec River is about three miles downstream of the last major Class III and IV rapids (Black Brook Rapids). The three miles between Black Brook Rapids and the Project’s proposed overhead crossing location include occasional Class I or II rapids. At the proposed crossing location, the river is generally flat water, and is not particularly valued by recreational users compared to the whitewater sections of the river. CMP has sited the Project at this flat water location to minimize its impact on existing scenic and recreational uses.
  - Under the 2003 Maine DEP Staff Guidance document for assessing Visual Impacts, Appendix B, the combination of a resource with ‘Medium’ significance rating and a ‘Moderate’ level of visual impact means that the crossing is ‘Acceptable with Minor Mitigation’. The proposed mitigation is outlined above.
- 4. In your March 29, 2018, response to my initial question concerning whether or not the transmission line could be zig zagged down the 300-foot wide corridor, CMP stated that it generally locates lines on one side of a ROW to preserve the other side for future use. Does CMP have any plans to construct another transmission line at this time? Stated differently, are there future plans or phases that CMP is seeking approval for at this time?**

**RESPONSE**

CMP has no immediate or known future plans to construct another transmission line within this 300 foot wide corridor. There are no future phases of NECEC anticipated at this time. However, CMP believes it is prudent to retain the other side of this corridor unencumbered by this transmission line so that if future needs for use of the other side are identified, it can be utilized in a manner that will minimize environmental impacts (by eliminating the needs for multiple additional angle structures), engineering challenges, and construction costs.

- 5. Are there other locations within Maine that have 100-foot tall poles that are similar to the proposed project poles? The Department is interested in viewing those locations to get a sense of the scale of the proposed poles.**

**RESPONSE**

CMP does not currently have any HVDC lines built on 100 foot weathering steel monopole structures in a horizontal configuration. With that said, the closest example that CMP does have to this structure type is Section 3022 structure 164, which is a single circuit 345kV HVAC line built on a 105 foot weathering steel structure in a delta configuration. This structure is located at the following

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<sup>1</sup> See <https://www.americanwhitewater.org/content/River/detail/id/438>.

<sup>2</sup> Id.

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GPS Location: 43°11'12.90"N, 70°48'0.90"W, located off Route 236 in South Berwick in the Woodland Hills Condo Association, South Berwick, Maine.

- 6. It's our understanding that the proposed high voltage direct current (HVDC) line prevents other electrical generation sources from tying into it. Please confirm.**

**RESPONSE**

Interconnecting to an HVDC line mid-stream is more difficult and costly than connecting to an HVAC line, but it is technically possible. With that said, the Massachusetts Electric Distribution Companies (MA EDCs) and H.Q. Energy Services (U.S.), Inc. (HQUS) have agreed to purchase the full 1,200 MW of transmission capacity on the NECEC HVDC Line for its entire 40-year useful life. The NECEC HVDC line was sized to transmit 1,200 MW because this is the maximum loss of source that ISO-NE will allow during a single line contingency. This means that there is no transmission capacity available for use by western Maine renewable generators that may be developed near the NECEC HVDC line in the future, and this would be the case if the NECEC were converted to an HVAC line for the portion of the project located in Maine.

- 7. Media reports have indicated that there is a 20-year contract for this Canadian electric power corridor as a result of the Massachusetts RFP. What happens at the end of the 20-year contract? Is a new contract negotiated? How does the current contract affect the short-term (<20 years) and long-term (>20 years) financing of the project? Does the Section 3.0 Financial Capacity section of the Site Law application need to be modified as a result of being selected for the MA RFP bid?**

**RESPONSE**

The media reports referenced in this question did not accurately describe the terms of the agreements governing CMP's provision of transmission services over the NECEC. CMP has executed seven Transmission Service Agreements (TSAs) for the full 1,200 MW of transmission capacity of the NECEC over its entire 40-year useful life. Specifically, CMP has signed TSAs with each of the three MA EDCs under which the EDCs agree to purchase a total of 1,090 MW of transmission capacity for the first 20 years of operation of the project. CMP has also signed four TSAs with HQUS, a U.S. based affiliate of Hydro-Québec ("HQ"). Under these agreements, HQUS agrees to purchase 110 MW of transmission capacity for years 1 through 40 and 1,090 MW of transmission capacity on the NECEC for years 21 through 40.

The short-term and long-term financing plans for the NECEC remain as described in Section 3.0 of the Site Law application and no modification needs to be made as a result of the project being selected in the MA RFP or as a result of the final terms of the TSAs discussed above. That said, we provide herewith an updated version of the Section 3.0 narrative reflecting more recent information concerning the financial condition of CMP and AVANGRID, Inc., CMP's parent company.

- 8. What is the cost of the overhead crossing of the Kennebec River Gorge? CMP has reported the cost increases for the alternatives to directionally drill under the Kennebec River, or to re-route the crossing up to Harris Station, but cost details are needed for the overhead crossing as proposed to understand the net difference in alternatives.**

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**RESPONSE**

CMP estimates that the overhead line crossing will cost approximately \$6.1M. Note that this number is in 2021 dollars and excludes project overheads such as program management, internal labor, and allowance for funds used during construction ("AFUDC").

- 9. Please provide a copy of the \$22 million proposed agreement/MOU with the Western Mountains and Rivers Corporation, and describe how this agreement might affect any of the Site Law application sections.**

**RESPONSE**

Attached is a copy of the executed MOU between CMP and Western Mountains & Rivers Corporation dated May 30, 2018.

The Site Law, 38 M.R.S. § 484(3), requires that the DEP approve a proposal where “[t]he developer has made adequate provision for fitting the development harmoniously into the existing natural environment and that the development will not adversely affect existing uses, scenic character, air quality, water quality or other natural resources in the municipality or in neighboring municipalities.” In making this determination, the DEP considers all relevant evidence, such as evidence that the design of the proposed development takes into account the scenic character of the surrounding area, that a development which is not in keeping with the surrounding scenic character will be located, designed, and landscaped to minimize its visual impact to the fullest extent possible, and that structures will be designed and landscaped to minimize their visual impact on the surrounding area. DEP Reg. 375.14(B). As explained in the NRPA Application and the Site Law Application, CMP has made adequate provision to fit the Preferred Alternative (the overhead crossing) harmoniously into the existing natural environment, and has sited, designed, and landscaped (e.g., CMP proposed to retain existing vegetation in proximity to) this overhead crossing such that it will not adversely affect existing uses, scenic character, air quality, water quality, or other natural resources. The WMRC MOU provides additional support for this conclusion.

The WMRC MOU includes significant off-site mitigation specific to the Preferred Alternative, which we discussed at our May 31, 2018 meeting at DEP's Augusta office, and which would be lost if this alternative is not approved. While the Preferred Alternative will not have unreasonable impacts, and is the least environmentally damaging practicable alternative, this off-site mitigation is intended to alleviate any real or perceived adverse impacts of the Preferred Alternative. Specifically, and as set forth in the attached MOU and the summary of that MOU that CMP provided to you on May 31, CMP will provide donations totaling \$22 million to support and enhance tourism and outdoor recreation in Central and Northern Somerset County, including for the construction, operation, and staffing of a visitor center, maintenance of trails, maintenance costs associated with tourism infrastructure, and funding of educational and other programs to improve local tourism. CMP also will evaluate, and negotiate in good faith, donations of CMP land for trails, huts, Kennebec River leases, and other recreational infrastructure or amenities benefitting the region.

These mitigation and community benefit commitments will only be realized in the event that the Preferred Alternative is permitted and constructed, and support the conclusion that the Preferred Alternative will not have any unreasonable impacts.

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In addition to the Site Law considerations noted above, the NRPA, 38 M.R.S. § 480-D(1), provides that the applicant must demonstrate that “[t]he activity will not unreasonably interfere with existing scenic, aesthetic, recreational or navigational uses.” In making its determination as to whether adverse impacts to existing scenic and aesthetic uses are unreasonable, the DEP considers whether the applicant’s design is visually compatible with its surroundings, incorporating environmentally sensitive design principles and components according to planning and siting, design, and offset strategies. DEP Reg. 315.8. The DEP bases its determination of impact on the following visual elements of the landscape: landscape compatibility, scale contrast, and spatial dominance. DEP Reg. 315.9. As explained in the NRPA Application, and as supplemented by the MOU, the Preferred Alternative is sited and designed such that it will have no unreasonable adverse impact to, nor will it *unreasonably* interfere with, existing scenic, aesthetic, recreational, or navigational uses.

The NRPA further governs proposed activities that cross any outstanding river segment as identified in section 480-P, and provides that “the applicant shall demonstrate that no reasonable alternative exists which would have less adverse effect upon the natural and recreational features of the river segment.” 38 M.R.S. § 480-D(8). As explained in the NRPA Application and the Site Law Application, and as supplemented by the MOU, no *reasonable* alternative exists to the Preferred Alternative that would have less adverse effect upon the natural and recreational features of the affected river segment.

**10. In the description of the work to be done at the Raven Farm Substation the application states that modifications will include beginning to build out the 115 kV section of the substation. Will the rest of that work be part of the Brightline Bulk Electric System application?**

**RESPONSE**

The components listed below will be added to the previously graded, but unfenced, area of the Raven Farm Substation; those listed under NECEC are included in the pending MDEP application, and those listed under Brightline BES will be included in a future application to MDEP:

**NECEC Project Components**

- One (1) 345/115kV/34.5kV 448MVA autotransformer
- Three (3) 115kV bays of breaker and a half switchgear
- Nine (9) circuit breakers
- Termination structures for existing transmission lines

**Brightline BES Project Components**

- One (1) 115kV bay of breaker and a half switchgear
- Two (2) circuit breakers
- One (1) new 115kV transmission line.

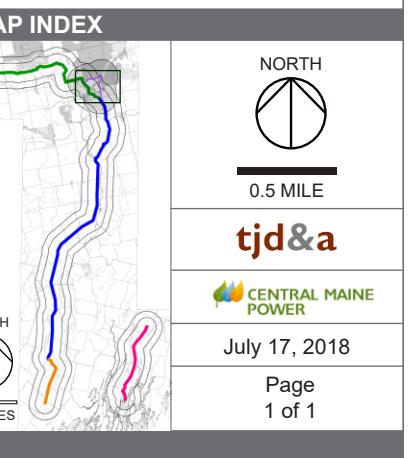
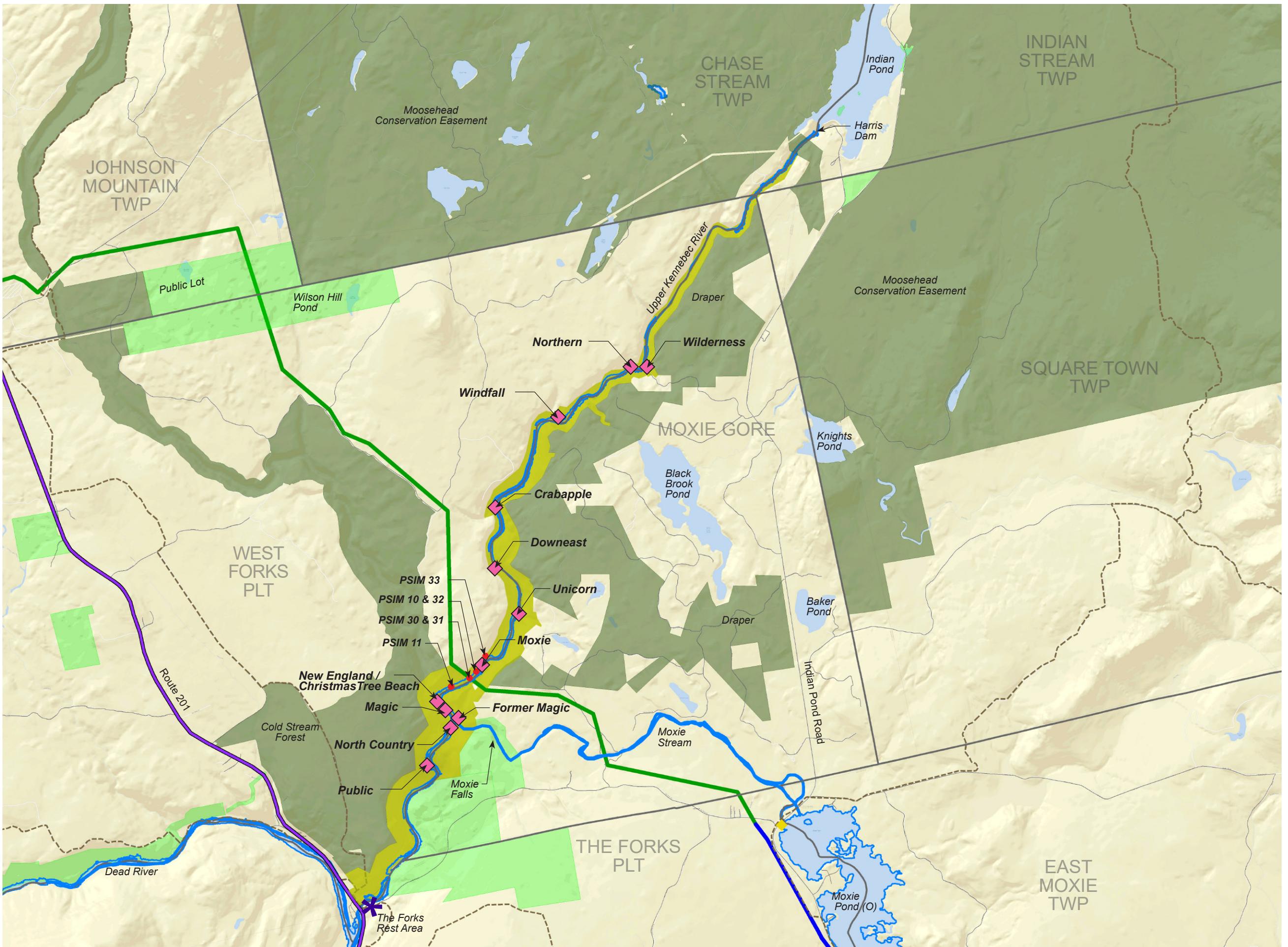
The figure below depicts the area where new equipment for both NECEC and Brightline BES is to be added; this area will be fenced after new equipment is installed.

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## Upper Kennebec River Rafting Company Permitted Picnic Area Locations

- ◆ Permitted Picnic Areas
- New HVDC Corridor
- Co-located HVDC Corridor
- Municipal Boundaries
- CMP Conservation Easement
- County Boundaries
- Conservation Lands
- Conservation Lands - Timber Harvesting permitted
- ◆ Boat Launch
- ITS - Interconnected Trail System
- Old Canada Road National Scenic Byway
- \* Scenic Byway Pull-Offs / Overlooks
- Remote Pond (R)
- Great pond (rated as "Outstanding" or "Significant"), scenic rivers and streams
- Photosimulation Location



# Appalaches–Maine Interconnection

## General information | Spring 2018

### Project description

Hydro-Québec TransÉnergie is planning to build a line to connect its electricity system with that of Maine. The project's overall aim is to increase the exchange capacity between Québec and New England. Commissioning is scheduled for 2022.

The project consists of building a transmission line extending approximately 100 km between Appalaches substation in Saint-Adrien-d'Irlande (near Thetford Mines in the Chaudière-Appalaches region) and a connection point on the Québec-Maine border.

The new 320-kV direct-current line will connect to the future New England Clean Energy Connect (NECEC) line, slated for construction in Maine.

In tandem with this project, a new AC-to-DC converter will be installed at Appalaches substation to supply the planned transmission line.

## Study area

Hydro-Québec has defined a study area, which will be surveyed and analyzed to determine the best line route.

This area mainly encompasses two administrative regions: Chaudière-Appalaches and Estrie; as well as three regional county municipalities (MRCs): Appalaches, Beauce-Sartigan and Granit.

With a surface area of approximately 4,850 km<sup>2</sup>, the study area is bordered to the north by Appalaches substation, to the west by Lac Mégantic, to the east by the Beauce region and to the south by the Canada-U.S. border. Parc national du Mont-Mégantic, which lies west of the study area, is excluded due to its environmental sensitivity.

The study area covers both private and public lands. Public lands include Parc national de Frontenac on both sides of Lac Saint-François, Zec Louise-Gosford to the south of Lac Mégantic, and major commercial sugar bush operations near Saint-Robert-Bellarmin. Lac Mégantic and the sugar bushes are located near the Canada-U.S. border.

Population density in the study area is relatively low. The main towns are Thetford Mines and Disraeli (northern section), Lac-Mégantic (southwest) and La Guadeloupe (east). The study area also features a number of resort areas associated with major lakes, including Lac Saint-François, Lac Mégantic, Lac Aylmer, Lac aux Araignées, Lac Elgin and Lac Drolet. The Chaudière is the main river in the area's southeastern reaches. Forest cover, composed mainly of sugar bushes with excellent maple syrup production potential, accounts for nearly 75% of the land in the MRCs.

The study area is part of the Appalachian Plateau and has rugged topography. Peak elevation near the border varies from 400 m to over 900 m.

## Environmental and technical studies

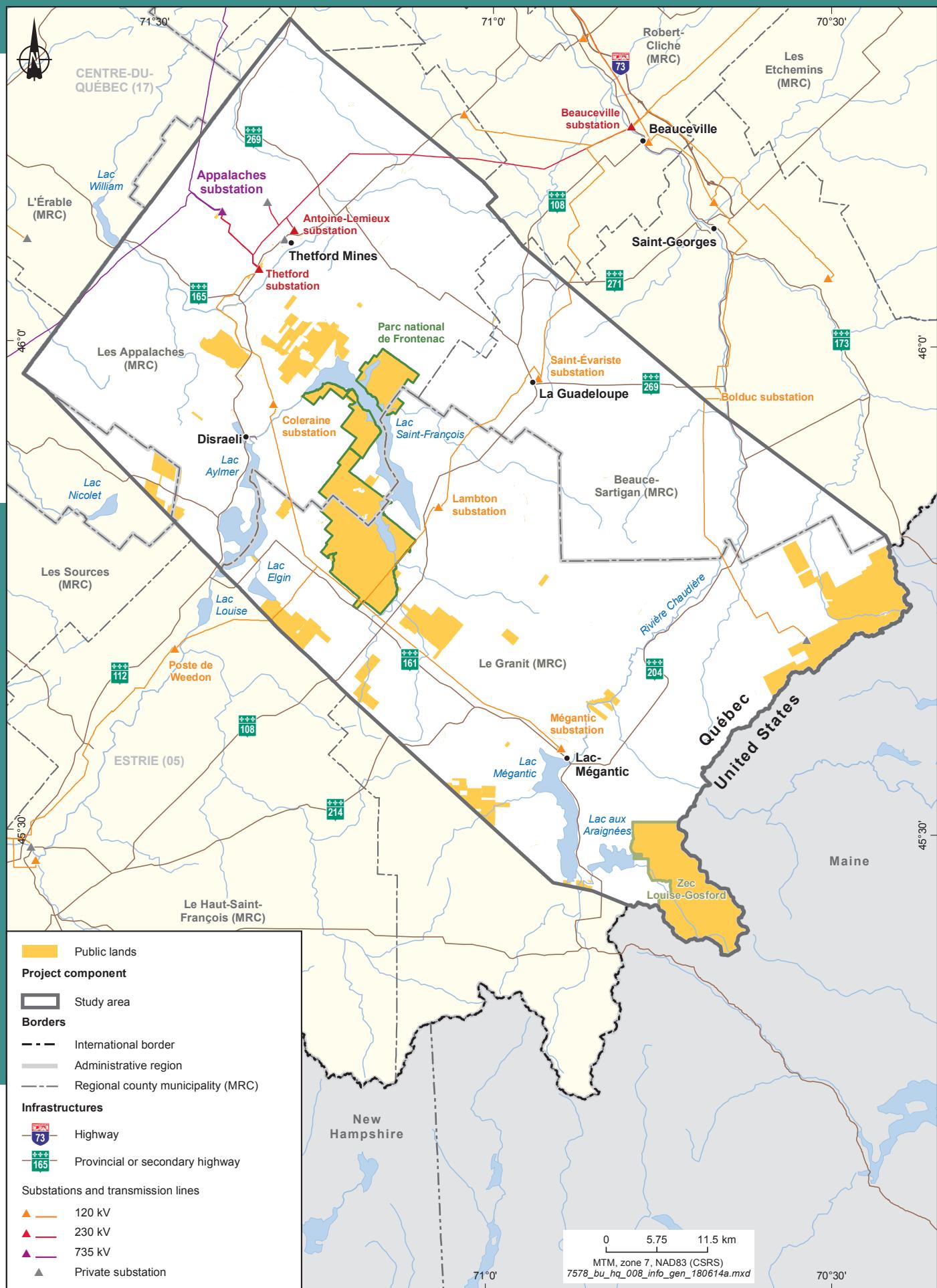
Over the coming months, Hydro-Québec will carry out environmental inventories and technical surveys to better understand the host environment, with a view to choosing the line route with the fewest social, environmental and technical impacts.

Following this, the project team will conduct comparative studies, which will eventually be submitted to the communities concerned.

Integrating social concerns into the environmental, technical and economic studies will let us determine the line route that has the least possible impact.

**Based on existing knowledge and experience in power transmission line construction, determining a line route in the study area entails the following:**

- Assessing the interest in pairing the future line with the existing 120-kV line linking Appalaches substation and Mégantic substation
- Studying the possibility of developing a new transmission line corridor while taking into account sensitive environments (particularly inhabited areas, resort areas and sugar bushes) and land use projections
- Ensuring the lowest visual impact of the new line in the host environment by preserving the quality of the landscape, particularly in light of local land use and tourism development
- Carrying out the required technical studies for selecting towers, determining the line route and assessing the project's impacts



## Public participation

Throughout the duration of the studies, Hydro-Québec will implement a public participation process to establish and maintain a dialogue with the affected communities.

Hydro-Québec will begin by meeting with community organizations and groups to share information about the project and note initial concerns.

At each stage, the information gathered will be put into improving project design and execution. Hydro-Québec will take into account the expectations, concerns and opinions expressed by the public and key community stakeholders in order to best adapt the project to local realities.

## Concrete support for community development

Hydro-Québec uses its projects as an opportunity to contribute to the development of communities affected by transmission facility construction.

Its Integrated Enhancement Program (IEP) helps fund initiatives aimed at improving community life.

## Project schedule

Draft design studies	Spring 2018–summer 2019
Government approvals	Summer 2019–winter 2021
Construction	Spring 2021–fall 2022
Commissioning	Fall 2022

## For more information

### MRC des Appalaches/MRC de Beauce-Sartigan

COLETTE LETTRE-RACINE

Community Relations Advisor

Direction – Affaires régionales et collectivités

letterracine.colette@hydro.qc.ca

### INFO-PROJECT LINE

1 855 845-7417

### MRC du Granit

NADINE JEANNOTTE

Community Relations Advisor

Direction – Affaires régionales et collectivités

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### INFO-PROJECT LINE

1 877 653-1139

[www.hydroquebec.com](http://www.hydroquebec.com)

Ce document est également publié en français.  
This is a translation of the original French text.

2018E1455-A



## 3.0 FINANCIAL CAPACITY

### 3.1 Introduction

CMP is a regulated electric transmission and distribution utility serving approximately 615,000 customers in central, western, and southern Maine. CMP's transmission services are regulated by the Federal Energy Regulatory Commission ("FERC") and its distribution services are regulated by the Maine Public Utilities Commission ("MPUC"). CMP will construct, own, and operate the NECEC Project.

CMP is an experienced and financially strong developer and operator of transmission facilities in Maine, with a proven track record of delivering major transmission Projects on time and on budget. The Company's recent completion of the Maine Power Reliability Program ("MPRP"), a \$1.4 billion transmission Project to improve the reliability of the New England Transmission System which included constructing a total of 440 miles of transmission lines, including 184 miles of new 345kV transmission lines, 100 miles of new 115kV transmission lines, 156 miles of rebuilt transmission lines, constructing six new substations, and major expansions to six existing substations, demonstrates CMP's capabilities. In addition, CMP has the full support of its parent companies, AVANGRID, Inc. ("AVANGRID") and Iberdrola S.A., which together are among the United States' and the world's largest **energy power and utility** companies. CMP has and will continue to draw on its significant experience and expertise developing large transmission Projects and financial strength, to successfully complete the NECEC Project on time and on budget. As required by Chapter 373 sec. 2 (B)(2), CMP provides an overview construction schedule of the NECEC Project components (**Exhibit 3-1**).

### 3.2 CMP Financial Capacity

The financial strength of CMP and its parent companies ensures that the Company will be able to attract the capital needed to finance the NECEC Project on financially viable and favorable terms. As required by Chapter 373 sec. 2 (B)(5), CMP has provided a Certificate of Good Standing in **Exhibit 3-2**. CMP will use short- and long-term debt financing including AVANGRID'S **and CMP's** significant existing credit facilities, and equity funding sourced through retained earnings and capital contributions from AVANGRID, if necessary, to finance the Project. The NECEC RFP response includes a Transmission Service Agreement ("TSA") under which CMP's revenue requirements for the NECEC Transmission Project will be recovered from the Distribution Companies over the Power Purchase Agreement ("PPA") terms. With the firm revenue stream provided under the TSA, these sources of capital will be more than sufficient for CMP to finance the NECEC Project.

CMP Group, Inc. owns 100 percent of outstanding shares of CMP's common stock. CMP Group, Inc. is a wholly-owned subsidiary of Avangrid Networks, Inc., which in turn is a wholly-owned subsidiary of AVANGRID, a New York corporation listed on the New York Stock Exchange (NYSE: AGR). AVANGRID is a diversified energy and utility holding company with more than \$~~30~~ 31 billion in assets and operations in more than 27 states across the United States.

CMP plans to finance the full cost of the NECEC Transmission Project. The Site Law, Chapter 373, requires that CMP's application include cost estimate information as follows:

**Cost estimates.** Accurate and complete cost estimates of the development, including all proposed phases. The itemization of major costs may include, but is not limited to, the cost of the following activities: land purchase, erosion control, roads, sewers, structures, water supply, utilities, pollution abatement, landscaping, and restoration of the site, if applicable. [06 096 C.M.R. Ch. 373(1)(B)(1)]

MDEP has determined that the cost estimates provided by CMP in support of this application are protected from disclosure as a trade secret, and are being withheld as such. CMP is filing the required cost estimates simultaneously with its Site Law application, but separately, so that MDEP can protect those cost estimates as confidential information.

CMP's sources for capital and its financial wherewithal to successfully complete the NECEC Transmission Project are set forth below.

CMP owns both distribution and transmission assets and finances them together, without regard to their purpose. CMP's capital structure (excluding the value of goodwill in the common equity balance) at March 31, ~~2017~~ 2018 is shown in **Figure 3-1**.

**Figure 3-1: CMP's Capital Structure (\$,000)**

Short-term Debt	0- 850	0%
Long-term Debt	<del>1,043,294</del> 1,041,971	<del>42%</del> 40%
Preferred Equity	571	0%
Common Equity	<del>1,444,532</del> 1,556,275	<del>58%</del> 60%
<b>Total Capital</b>	<b>\$2,488,394</b>	<b>\$2,599,667</b>

CMP expects to continue to maintain approximately the same debt and equity capital structure in financing all its operations, including financing of the NECEC Transmission Project. This requires a

balanced approach to the use of short- and long-term debt financing and equity funding sourced through retained earnings and capital contributions from CMP's parent, AVANGRID, if necessary. Specific sources of financing for CMP are as follows:

*Short-term debt financing:* CMP funds short-term liquidity needs through an agreement among AVANGRID's regulated utility subsidiaries (the Virtual Money Pool Agreement), a bi-lateral intercompany credit agreement with AVANGRID (the Bi-Lateral Intercompany Facility), and a bank provided credit facility to which CMP and other affiliated entities are parties (the AVANGRID Credit Facility). The Virtual Money Pool Agreement is an agreement among the investment grade-rated, regulated utility subsidiaries of AVANGRID under which the parties to the agreement may lend to or borrow from each other. This Agreement allows AVANGRID to optimize cash resources within the regulated utility companies, which are prohibited by regulation from lending to unregulated affiliates. The Bi-Lateral Intercompany Facility provides for borrowing of up to \$500 million from AVANGRID. Both the Virtual Money Pool Agreement and the Bi-Lateral Intercompany Facility allow CMP to borrow at the A2/P2 non-financial 30-day commercial paper rate published by the Federal Reserve.

On ~~April 5, 2016~~ June 29, 2018, AVANGRID and its investment-grade rated utility subsidiaries, including CMP, entered into the AVANGRID Credit Facility, a revolving credit facility with a syndicate of banks that provides for maximum borrowings of up to ~~\$1.5~~ \$2.5 billion in the aggregate. Under the terms of the AVANGRID Credit Facility, CMP has a maximum sublimit of ~~\$250~~ \$400 million. The maturity date for the facility is ~~April 5, 2024~~ June 29, 2023.

*Long-term debt financing:* CMP borrows long-term debt in the investment grade capital markets. CMP's senior unsecured debt ratings are A / A2 / A- from Standard & Poor's, Moody's and Fitch, respectively. Since 2009, CMP has issued \$900 million of first mortgage bonds to finance its operations, including construction of the \$1.4 billion MPRP Project. The first mortgage bonds are rated A / Aa3 / A by Standard & Poor's, Moody's and Fitch, respectively.

*Equity financing:* From the commencement of MPRP in 2009 to the present, CMP has received \$250 million of equity capital contributions from AVANGRID. This, together with retaining a large portion of earnings, has enabled CMP to maintain a balanced capital structure while funding the construction of the MPRP and other capital Projects.

*Parent Company Financial Resources:* AVANGRID has an equity market capitalization of approximately \$14 \$16 billion. AVANGRID's senior unsecured debt is rated BBB / Baa1 / BBB+ by Standard & Poor's, Moody's and Fitch, respectively, giving AVANGRID access to the investment grade debt markets. Under the AVANGRID Credit Facility (described above), AVANGRID has the capacity to borrow up to \$1 \$2 billion. AVANGRID also has a \$1 \$2 billion commercial paper facility that is backstopped by the AVANGRID Credit Facility. AVANGRID's commercial paper is rated A-2 / P-2 / F-2 by Standard & Poor's, Moody's and Fitch, respectively.

As discussed above, AVANGRID is 81.5 percent owned by Iberdrola, S.A., one of the world's largest **energy power and utility** companies with an equity market capitalization of approximately \$45 €41 billion. Iberdrola, S.A. has approximately \$33 €37 billion in consolidated debt outstanding and has ratings of BBB+ / Baa1 / BBB+ from Standard & Poor's, Moody's and Fitch, respectively, giving it access to investment grade debt markets in Europe, the U.S. and Asia.

A Letter of Commitment to Fund is included in **Exhibit 3-3**. A copy of Avangrid Networks, Inc. 2015 and 2016 Combined and Consolidated Financial Statements and a copy of CMP's 2015 and 2016 Consolidated Financial Statement, are included as **Exhibit 3-4** and **Exhibit 3-5**, respectively.

### 3.3 Financing of Similar Size and Technology

As discussed above, in 2015 CMP completed the \$1.4 billion MPRP. During the period from 2009 through 2015, in order to fund the MPRP, as well as its ongoing transmission<sup>6</sup> and distribution operations while maintaining a stable capital structure, CMP retained 100 percent of its net income (i.e., it did not pay dividends). In addition, since 2009, CMP has received \$250 million of equity contributions from AVANGRID and has issued \$900 million of first mortgage bonds as shown in **Figure 3-2**<sup>7</sup>. CMP used its access to revolving credit to finance its variable working capital needs and to provide a source of bridge financing between its long-term debt financing transactions.

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<sup>6</sup> For a list of other transmission projects CMP completed during this time, which it financed through a combination of retained earnings, equity contributions, and short-term and long-term debt, please see **Exhibit 3-6**.

<sup>7</sup> References to "IUSA" in **Figure 3-2** refer to Iberdrola USA. In December 2015, IUSA acquired UIL Holdings to form AVANGRID.

**Figure 3-2: 2009-2015 Long-term Debt and Equity Capital Raised by CMP (\$MM)**

CMP intends to use a similar balanced approach to finance the NECEC Project, with the full support of AVANGRID and Iberdrola, S.A.

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) dated May 30, 2018 is between CENTRAL MAINE POWER COMPANY (“CMP”), a Maine corporation, and WESTERN MOUNTAINS & RIVERS CORPORATION (“WM&RC”), a Maine nonprofit corporation.

### BACKGROUND

- A. CMP has submitted a proposal in response to the Massachusetts 83D Clean Energy Request for Proposals (“RFP”) for transmission services in connection with the New England Clean Energy Connect generation and transmission project (the “Project”), and the Project has been conditionally selected under the RFP to proceed to contract negotiation and regulatory approvals.
  - B. The transmission line to be constructed as part of the Project is proposed to cross the Kennebec River in the area of the Kennebec Gorge, Somerset County, which crossing may be above-ground or underground.
  - C. WM&RC is a Maine nonprofit public benefit corporation formed for the purpose of expanding conservation of the Kennebec, Dead, Sandy, Moose, Sebasticook and Carrabassett rivers; developing recreation projects; developing education programs about the history, ecology and uses of Maine’s rivers; and expanding economic development opportunities along the rivers of Western Maine.
  - D. CMP and WM&RC wish to establish a framework to mitigate any environmental, natural resource and community impacts of the Project and to provide additional economic development opportunities to Somerset County.
1. Initial Support for WM&RC. As a demonstration of its good faith efforts to mitigate the environmental, natural resource and community impacts of the Project in Somerset County, within ten (10) days following the execution of this MOU, CMP will donate the amount of \$250,000 to WM&RC to support its charitable mission, including funding WM&RC’s initial start up expenses such as legal, accounting, consulting, staffing, travel and planning expenses.
  2. Additional Support for WM&RC. Subject to (a) the receipt of all permits, licenses and approvals required for the Project to be constructed and operated (“Required Approvals”); and (b) the execution and delivery by CMP, the generator participating in the Project, and the Massachusetts utilities sponsoring the RFP of the power purchase, transmission services and other agreements needed to move forward with the Project (the “Project Contracts”) and such permits, licenses and approvals have become final and not subject to appeal or rehearing (collectively, the “Preconditions”), CMP agrees to:

- (i) Consultation as to Project. To ensure that the Project does not unreasonably interfere with or adversely affect existing scenic, aesthetic, recreational, or navigational uses, consult with WM&RC on the design, construction, and ongoing maintenance plan for the portion of the Project in the vicinity of the Kennebec Gorge, including with respect to the location and design of the transmission lines crossing the Kennebec Gorge and the nearby structures, equipment requirements, construction timing, vegetation plans, and buffering of the transmission facilities crossing the Kennebec River Gorge from other uses and resources.
  - (ii) WM&RC Support Funding. Commencing on the first anniversary of the execution of this MOU by both parties, provide to WM&RC annual grants for five (5) years in the amount of \$50,000 each year to support WM&RC's charitable mission, including in particular, the promotion of outdoor activities in Central and Northern Somerset County and the improvement of the current trail and track network in the area.
3. CMP Land. Subject to the fulfillment of the Preconditions, CMP further agrees to (A) negotiate in good faith with any Central and Northern Somerset County business lawfully operating on land leased from CMP with respect to an option to purchase such land as well as adjacent land owned by CMP that is not essential to CMP's current or anticipated future needs and reasonably necessary for the expansion needs of such business, (B) consider in good faith making available land owned by CMP located in Central and Northern Somerset County and not essential to CMP's current or anticipated future needs for economic development, such as for an outfitting center, reservations center, public tourist services center, or a meeting space or classroom for local business and educational institutions, as part of broader discussions relating to economic development plans for the area among CMP, WM&RC and other interested parties, (C) make available to WM&RC access to gravel pits and use of gravel for development and maintenance of recreational assets at no fee to WM&RC, and (D) cooperate in good faith to facilitate access to the use of Project corridor for ATV, snowmobile and other recreational uses, consistent with applicable laws, regulations, ordinances, permits and licenses and CMP's generally applicable standards and practices. WM&RC shall be responsible for obtaining all permits required to remove or utilize such gravel and for all costs of obtaining any such permits and of removing or utilizing such gravel.
- (i) Harris Station, Indian Pond & Carrybrook Public Access. To the extent permitted by FERC and Brookfield (where applicable), provide public and commercial access to Harris Station, Indian Pond & Carrybrook for whitewater rafting, boating, fishing, and snowmobile, ATV, bicycle and other motorized and non-

motorized trail uses through CMP's existing easement rights or through CMP's purchase of the Indian Pond Road from Moxie Lands LLC, and negotiate a no fee easement for commercial recreational access on Lower Enchanted Road.

- (ii) Optical Ground Cable. In the event that CMP constructs the Project, it will include an optical ground cable with multiple strands of fiber optic cable at CMP's sole expense, enabling expanded broadband, wide area Wi-Fi and other enhanced communication services for the residents and businesses of Somerset and Franklin counties through the ability to loop fiber on the Route 27 and 201 corridors.

#### 4. Specific Project Mitigation and Community Benefits Commitments.

- (a) In the event that the Project is constructed such that it crosses Kennebec Gorge overhead, and subject to the Preconditions being met, CMP agrees to:
  - (i) Design the portion of the Project that crosses Kennebec Gorge so as to minimize and mitigate, to the extent reasonably technically and commercially feasible, any visual impact thereof, such as by the placement of structures to eliminate or at least substantially reduce visibility of Project structures from the river user's perspective.
  - (ii) In order to support economic development in Central and Northern Somerset County, evaluate and negotiate in good faith donations of CMP land that is not essential to CMP's current or anticipated future needs for trails, huts, Kennebec River leases and other recreational infrastructure or amenities benefitting the region, including as part of this evaluation the following:
    - Old Rail Bed from Indian Pond to Route 15 in Rockwood
    - River Frontage below The Forks
    - 670 Acres on the Dead River below Grand Falls to be potentially made available to WM&RC or to one or more other charitable and/or environmental organizations designated by WM&RC
    - Flagstaff Hut lease released
    - Hut Sites leased at Grand Falls, Chase Stream and Indian Pond and trails under license agreement to Maine Huts & Trails
    - Moxie Falls trail easements acquired and assured for 1 motorized and 1 non-motorized trail from town to the falls.
    - Availability for single track bike trails off the existing and proposed bike trail system
    - North End of Indian Pond

- Below the dam on the Kennebec River

It is intended that these land donations and acquisitions for trails would complete and connect The Forks Area trails system (formerly the FAST trail, Ridge Trail section) from the Flood Road to the center of town.

- (iii) Contribute in a lump sum to the trust described in Section 4(c) \$16,000,000 to support and enhance tourism and outdoor recreation in the Central and Northern Somerset County, including construction, operation and staffing of a visitor center, maintenance of trails, funding of education programs to improve the local tourism economy; WM&RC commits to leverage these grant funds to obtain funds from philanthropic donations, the local tourism bureau, local businesses and other sources to the maximum extent possible.
- (iv) Contribute in a lump sum to the trust described in Section 4(c) \$6,000,000 to fund maintenance costs associated with the tourism infrastructure described in clause (iii) above and for continued funding of education and other programs to improve the local tourism.

- (b) In the event that the Project is constructed such that it (i) crosses the Kennebec Gorge underground, (ii) crosses overhead at Harris Dam, or (iii) completes the Project by any other overhead or underground crossing of the Kennebec or Dead rivers, and subject to the Preconditions being met, CMP agrees to contribute in a lump sum to the Trust described in Section 4(c) to support the programs described in clause (a)(iii) above of at least \$5,000,000, but in no case exceeding \$10,000,000.
- (c) CMP commits to create an irrevocable Maine charitable trust to hold the contributions described in Sections 4(a)(iii) and (iv) or 4(b) above, as applicable, (the “Contributions”). By good faith agreement of WM&RC and CMP, the Trust shall have three trustees, one of which shall be designated by WM&RC, one of which shall be designated by CMP, and one to be chosen by mutual agreement of WM&RC and CMP. With regard to the Contributions, upon request of WM&RC for a distribution from the trust, the Trustees shall distribute the requested funds unless a majority of the Trustees find that the intended use is clearly outside of the charitable mission of WM&RC. If WM&RC requests the distribution of funds to a governmental entity or other tax-exempt organization for purposes consistent with WM&RC’s charitable mission, which will allow said distribution of funds to be leveraged for additional funds, public or private, the Trustees shall distribute the funds requested by WM&RC, subject to compliance with all applicable laws and regulations, unless a majority of the Trustees find that the intended use of such funds is clearly outside the charitable mission of

WM&RC. CMP and WM&RC further agree to cooperate in good faith to establish and memorialize the charitable trust described herein within sixty (60) days of execution of this MOU. Within ten (10) days of completion of the Project and satisfaction of the Preconditions, CMP shall make the Contribution(s) to the Trust provided under Sections 4(a)(iii)-(iv) or Section 4(b), as applicable.

5. **Tax Exempt Organization Matters.** WM&RC is in the process of applying for 501(c)(3) tax-exempt status as a publicly supported charitable organization. Until WM&RC is designated by the Internal Revenue Service as such 501(c)(3) tax exempt organization, the funds to be provided by CMP under this MOU will be delivered to the Somerset Economic Development Corporation (“SEDC”) in its capacity as fiscal sponsor for WM&RC. As a precondition to the delivery of any such funds to SEDC, WM&RC shall deliver to CMP a written acknowledgment executed by SEDC and reasonably satisfactory to CMP in which SEDC confirms its agreement to act as fiscal sponsor for WM&RC as provided herein (including an executed copy of such agreement) and to disburse the funds provided by CMP hereunder in accordance with WM&RC’s charitable mission, an executed copy of which SEDC acknowledges receiving and reviewing. In addition, such written acknowledgement shall also provide that SEDC will agree to confirm to CMP in writing its receipt of funds from CMP hereunder and to promptly notify CMP in writing of each disbursement by SEDC of funds provided hereunder by CMP to or at the direction of WM&RC. Following WM&RC’s receipt of its 501(c)(3) certification and the termination of SEDC’s role as fiscal agent, any and all funds provided by CMP hereunder (and interest and investment income thereon), (other than the funds to be contributed to the Trust described in Section 4(c)) shall be transferred to WM&RC.
6. **Future Collaboration on Impact Mitigation Measures.** In the event that CMP does not receive the Required Approvals for the Project, but CMP nonetheless elects to pursue the construction and operation of a transmission line that will cross the Kennebec River in the area of the Kennebec Gorge, Somerset County, which crossing may be above-ground or underground (an “Alternate Transmission Line”), CMP agrees to:
  - (a) Negotiate in good faith with WM&RC with respect to a memorandum of understanding specific to the Alternate Transmission Line relating to environmental and resource impact mitigation and regional economic development initiatives;
  - (b) Consider in good faith, following consultation with WM&RC, alternative locations for crossing the Kennebec River, including the utilization of existing corridors and crossing at or below Harris Dam;
  - (c) If applicable and appropriate, negotiate in good faith with other land and easement owners to secure the necessary land rights for alternative

transmission corridors without implicating significant changes to the existing Harris Dam FERC license (except for a line crossing at or below Harris Dam or widening existing corridors); and

- (d) Regularly update WM&RC on the status of the activities contemplated by clauses (b) and (c) hereof.

7. Agreements of WM&RC.

- (a) At the request of CMP, WM&RC will provide written and/or oral testimony to one or more regulatory agencies with the power to issue one or more of the Required Approvals. The essence and extent of WM&RC's testimony will be that the mitigation packages for the crossings described in Sections 4(a) and 4(b) of this MOU are appropriate offsets to the environmental, natural resource and community impacts of the Project because the benefits of the packages to the region are substantial and long lasting.
- (b) WM&RC will apply for 501(c)(3) status as soon as it is eligible to do so, will diligently pursue such status and will act in accordance with the requirements of the Internal Revenue Code, related regulations and applicable provisions of Maine law relating to such status.
- (c) WM&RC will file Articles of Amendment with Maine Secretary of State in the form attached hereto as Exhibit A.
- (d) WM&RC will amend its bylaws as set forth in the attached Exhibit B.
- (e) WM&RC will expend any funds provided to it by CMP under this MOU or by the Trust described in Section 4(c) in accordance with its charitable mission and in compliance with all applicable legal and regulatory requirements, including without limitation, the Maine Nonprofit Corporation Act, 13-B MRS § 101 et seq., as amended, and Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

8. WM&RC Representations and Warranties. WM&RC represents and warrants as follows:

- (a) It has been duly incorporated and is in good standing as a Maine non-profit corporation;
- (b) The execution and delivery of this MOU by WM&RC and the performance by WM&RC of the obligations contained herein have been duly authorized by all necessary corporate action on the part of WM&RC, and do not conflict with or

violate any agreement to which WM&RC or any of its directors or officers is a party; and

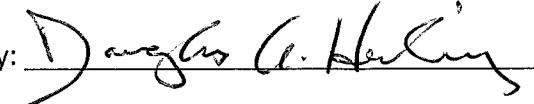
- (c) The board of directors and officers of WM&RC are listed on Exhibit C attached hereto.

9. Miscellaneous.

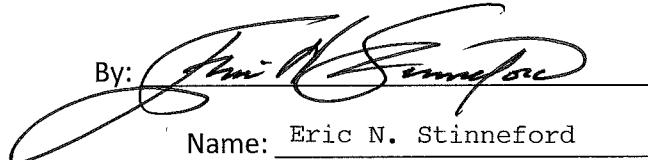
- (a) This MOU shall be governed by Maine law.
- (b) Each party shall (i) comply with all applicable laws, regulations, codes and guidance relating to anti-bribery and anti-corruption, including without limitation the U.S. Foreign Corrupt Practices Act (the "Anti-Corruption Requirements"); and (ii) maintain and enforce adequate procedures and policies to comply with the Anti-Corruption Requirements.
- (c) This MOU shall be binding upon the parties' respective successors and assigns. Neither party may assign this MOU without the written consent of the other party except as otherwise expressly allowed herein.
- (d) This MOU constitutes the entire agreement between CMP and WM&RC with respect to its subject matter and supersedes any and all prior oral or written agreements, expressions or understandings with respect to such subject matter. This MOU may be amended only by a written amendment executed by both parties.

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed and delivered by their duly authorized representatives as of the date first written above.

CENTRAL MAINE POWER COMPANY

By:   
Name: Douglas A. Herling

Title: President & CEO

By:   
Name: Eric N. Stinneford

Title: V.P., Treasurer & Controller

WESTERN MOUNTAINS & RIVERS CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed and delivered by their duly authorized representatives as of the date first written above.

CENTRAL MAINE POWER COMPANY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

WESTERN MOUNTAINS & RIVERS CORPORATION

By: Russell Walters

Name: RUSSELL WALTERS

Title: President

**EXHIBIT A**

**Minimum Filing Fee \$10.00. An additional \$10 filing fee if  
changing the purpose**

**DOMESTIC  
NONPROFIT CORPORATION**

**STATE OF MAINE**

**ARTICLES OF AMENDMENT**

Deputy Secretary of State

A True Copy When Attested By Signature

Deputy Secretary of State

Western Mountains & Rivers Corporation

(Name of Corporation)

Pursuant to 13-B MRSA §§802 and 803, the undersigned corporation executes and delivers the following Articles of Amendment:

**FIRST:** ("X" one box only.)       public benefit corporation       mutual benefit corporation

**SECOND:** Describe **NATURE OF CHANGE** (i.e. change in name of corporation, purpose, number of directors, adding or deleting section or revision of section, etc.) as well as **TEXT** of amendment. Attach additional pages as needed.

**Exhibit B referenced in Article Eighth of the Corporation's Articles of Incorporation is amended  
in its entirety as set forth on the attached additional pages.**

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## EXHIBIT A

**THIRD:** ("X" one box only.) The amendment was adopted on (date) \_\_\_\_\_ as follows:

- By the members at a meeting at which a quorum was present and the amendment received at least a majority of the votes which members were entitled to cast.
- (If the Articles require more than a majority vote.) By the members at a meeting at which the amendment received at least the percentage of votes required by the Articles of Incorporation.
- By the written consent of all members entitled to vote with respect thereto.
- (If no members, or none entitled to vote thereon.) By majority vote of the board of directors.

**FOURTH:** The address of the registered office of the corporation in the State of Maine is \_\_\_\_\_  
1488 Middle Road, New Portland, ME 04961 - PO Box 92, Kingfield, ME 04947 (mailing)  
(street, city, state and zip code)

**DATED** \_\_\_\_\_

\*By \_\_\_\_\_  
(signature)

Russell Walters, President

(type or print name and capacity)

\*By \_\_\_\_\_  
(signature)

(type or print name and capacity)

**MUST BE COMPLETED FOR VOTE  
OF MEMBERS**

I certify that I have custody of the minutes showing  
the above action by the members.

(signature of clerk, secretary or asst. secretary)

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\*This document **MUST** be signed by any duly authorized officer. (13-B MRSA §104.1.B)

Please remit your payment made payable to the Maine Secretary of State.

**SUBMIT COMPLETED FORMS TO: CORPORATE EXAMINING SECTION, SECRETARY OF STATE,  
101 STATE HOUSE STATION, AUGUSTA, ME 04333-0101**

TEL. (207) 624-7752

Exhibit B to Articles of Incorporation  
of  
Western Mountains & Rivers Corporation

(a Maine Nonprofit Public Benefit Corporation)

Number of Directors. The number of Directors of the Corporation may be increased or decreased by a resolution of the Directors, provided that no decrease in number shall have the effect of shortening the term of any incumbent Director.

No Inurement. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its Directors, Officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Second hereof.

Dissolution; Distribution of Assets. Upon the dissolution of the Corporation, all of its assets remaining after payment of all of its liabilities shall be distributed to one or more nonprofit organizations engaged in activities in support of conservation, recreation and economic development opportunities in the State of Maine, or other activities substantially similar to those of the Corporation (within the meaning of 13-B M.R.S. § 407) and which may be selected by the Directors as an appropriate recipient of such assets, as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under Section 501(c)(3) of the Code, Internal Revenue Code of 1986 as amended (the "Code"), or the corresponding section of any future federal tax code, and is classified as a public benefit corporation within the meaning of 13-B M.R.S. §1406.

Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the Corporation is then located to such organization or organizations, as said Court shall determine, whose activities are substantially similar to those of the Corporation, as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under Section 501(c)(3) of the Code, or the corresponding section of any future federal tax code, and is classified as a public benefit corporation within the meaning of 13-B M.R.S. §1406.

Tax Exempt Status. It is intended that the Corporation shall be entitled to exemption from federal income tax under Section 501(c)(3) of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not engage in any activity or exercise any power which would deprive it of any exemption from federal income tax which the Corporation may receive under Section 501(c)(3) of the Code and contributions to which a deduction may be claimed under Sections 170(c)(2) and 2055(a)(2) of the Code.

No Discrimination. The Corporation shall be an equal opportunity employer, and shall not discriminate on the basis of age, race, religion, color, creed, sex, physical or mental

disability, sexual orientation or national origin: (i) in the persons served, or in the manner of service; (ii) in the hiring, assignment, promotion, salary determination, or other conditions of employment; or (iii) in the membership of the Board of Directors.

Amendment. Any amendment to these Articles of Incorporation shall be made by adoption of such amendment at a meeting of the Board of Directors upon receiving the favorable vote of three-quarters (3/4) of the Directors then in office; provided, however, that the Articles may not be amended in such a way as to cause the Corporation to lose its status (i) as a corporation which is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code, or (ii) as a corporation to which contributions are deductible under Sections 170(c)(2) and 2055(a)(2) of the Code, and provided, further, that Exhibit A to these Articles of Incorporation may not be amended without providing notice to the Maine Attorney General pursuant to 13-B M.R.S. §802(5).

## EXHIBIT B

### BYLAWS OF Western Mountains & Rivers Corporation

**Adopted: August 8, 2017**  
**Revised: \_\_\_\_\_, 2018**

#### ARTICLE I GENERAL

**Section 1.1. Name.** The name of this Corporation shall be as set forth in the Articles of Incorporation as the same may be amended from time to time.

**Section 1.2. Registered Agent.** The Registered Agent of the Corporation shall be the person designated in the Articles of Incorporation, provided that the directors shall have the power to change the identity of the registered agent from time to time through an appropriate filing with the Maine Secretary of State.

#### ARTICLE II PURPOSES

**Section 2.1. General Purposes.** The purposes of this Corporation shall be as set forth in the Articles of Incorporation as the same may be amended from time to time.

**Section 2.2. Powers.** This Corporation shall have all such powers as are authorized under Maine law, including without limitation the Maine Nonprofit Corporation Act, 13-B MRSA §101 and following (the “Act”), or as otherwise limited by the Board of Directors.

**Section 2.3. Prohibition of the Inurement of Assets and Income to Private Persons.** All the assets and income of the Corporation shall be used exclusively for its charitable, scientific, and educational purposes, and no part thereof shall inure to the benefit of any private individual; provided, however, that nothing contained herein shall be construed to prevent the payment by the Corporation of reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the Articles of Incorporation.

**Section 2.4. Dissolution.** If this Corporation is dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the Board of Directors then determines is qualified both as an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and as a public benefit corporation engaged in activities substantially similar to those of this Corporation (within the meaning of Section 407 of the Act).

**Section 2.5. Tax Exempt Status.** It is intended that the Corporation shall have and continue to have the status of a corporation which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, or successor provisions of

## EXHIBIT B

federal tax law (the “Code”) as an organization described in Section 501(c)(3) of such Code, and to which contributions are deductible under Section 170(c)(2) and 2055(a)(2) of the Code which is other than a private foundation as defined in Section 509(a) of the Code. The Articles of Incorporation and these Bylaws shall be construed accordingly and all powers and activities shall be limited accordingly. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation provided that the Corporation shall have the power to make an election under Section 501(h) of the Code. Likewise, the Corporation shall not participate or intervene in any manner or to any extent in any political campaign on behalf of any candidate for public office. Furthermore, the Corporation shall not engage in any activities that are unlawful under applicable federal, state or local laws, including, but not limited to, activities prohibited for an exempt organization under Section 501(c)(3) of the Code and regulations thereunder as they now exist or as they may hereafter be amended.

### ARTICLE III MEMBERSHIP

Section 3.1. No Members. The Corporation shall have no members.

### ARTICLE IV BOARD OF DIRECTORS

Section 4.1. Management by Board. ~~The affairs of the Corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and do all lawful acts and things necessary or appropriate to carry out the purposes of the Corporation.~~ Management by Board; Powers and Duties. The affairs of the Corporation shall be managed by its Board of Directors. The Board of Directors shall have all powers and duties necessary, appropriate, or convenient for the administration of the affairs of the Corporation and for the management and operation of the Corporations property and activities, and may do and perform all acts and things not prohibited by law, the Articles of Incorporation, or these Bylaws. These powers and duties shall include, but not be limited to: (i) establishing and reviewing board policies governing the Corporation and its operations; (ii) ensuring adequate resources for the operation of the Corporation; (iii) identifying, cultivating, soliciting and acknowledging donors; (iv) establishing and supervising adequate accounting and financial procedures; and (v) promoting the goals and purposes of the Corporation and evaluating the Corporation against such goals and purposes. Notwithstanding anything in these Bylaws to the contrary, the Board of Directors is not empowered to perform any activity on behalf of the Corporation not permitted to be carried on by an organization exempt from federal income taxation under Section 501(c)(3) of the Code.

Section 4.2. Number of Directors; Eligibility. The number of Directors shall not be less than three (3) or more than twenty-five (25) and shall be fixed by the Board of Directors within the range set forth in the Articles of Incorporation, provided that no diminution in the number of Directors shall serve to reduce an incumbent Director’s term. Each Director shall be selected for his or her ability to participate effectively in fulfillment of the responsibilities of the Board. In addition, a director must demonstrate an interest in the purposes and activities of the Corporation and must be interested in donating his or her time, advice, skill, energy, and support in

## EXHIBIT B

furtherance of the Corporation and its purposes and activities. Directors need not be residents of the State of Maine. Any individual is eligible for election to the Board; provided, however, that no more than forty-nine percent (49%) of the Directors may be "financially interested persons," as hereinafter defined. "Financially interested persons" shall mean any individual who (i) has received compensation from the Corporation for personal services rendered to the Corporation by that individual within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, consultant or otherwise, excluding any reasonable payments made to Directors for serving as directors, (ii) is entitled to receive a portion of the net income of a corporate or other business entity that provides, for compensation, personal services to the Corporation, or (iii) is the spouse, brother, sister, parent or child of any such individual. In the process of selection of individual candidates as Directors, consideration should be given to those individuals with skills, experience, interests, and expertise in areas of value to the Corporation.

Section 4.3. Election and Term of Office. The number of Directors to serve as the initial Board of Directors of the Corporation shall be four (4), to serve until the first Annual Meeting of the Board. Thereafter, the Directors shall be elected by the Board of Directors at its Annual Meeting. At the first Annual Meeting of the Board, the Directors will be elected to staggered terms so that, as nearly as possible, one third of the Directors will be elected for a one (1) year term, one third will be elected for a two (2) year term, and one third will be elected for a three (3) year term. Such terms will be assigned to the Directors by random drawing or similar means. Thereafter, each Director shall be elected to serve for a three (3) year term of office unless he or she sooner resigns or is removed.

Section 4.4. Vacancies. Any vacancy occurring on the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors. A person appointed to fill a vacancy shall serve until expiration of the term that would have been served had the vacancy not occurred.

Section 4.5. Removal of Directors. The Board of Directors may suspend or remove a Director at any time, with or without cause by a two-thirds (2/3) affirmative vote of the Directors then in office.

Section 4.6. Resignation. Any Director may resign at any time by giving written notice to the President of the Corporation. Such resignation shall take effect on the date of receipt or at any later time specified in such notice.

Section 4.7 Absences. If a Director misses three (3) consecutive meetings without excuse, such absences shall be deemed to constitute such Director's tender of his or her resignation from the Board of Directors; provided, however, the Board of Directors shall have the authority to accept or reject such resignation.

Section 4.8. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors, the expense of attendance, if any, may be allowed for attendance at any meeting of the Board; but nothing herein shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

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**Section 4.89. Loans to Directors and Officers Prohibited.** The Corporation shall make no loans to any Director or Officer.

### ARTICLE V MEETING

**Section 5.1. Annual Meeting.** The Board of Directors shall meet annually (the "Annual Meeting") for the purpose of electing the Directors and Officers then standing for election or reelection as the case may be, and for the transaction of such other business as may come before the meeting. The Annual Meeting shall be held during the month of June at such time and place as shall be designated by the Board of Directors. If for any reason the Annual Meeting is not held on the date specified herein, a substitute annual meeting may be held at any time following such date in lieu thereof, and any business transacted or elections held at such substitute annual meeting shall be as valid as if transacted or held at the Annual Meeting. A substitute annual meeting may be called in the same manner and by the person or persons authorized to call special meetings of the Directors.

**Section 5.2. Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and at such place as may from time to time be determined by the Board of Directors.

**Section 5.3. Special Meetings of Directors.** Special Meetings of the Board of Directors may be called by the President of the Corporation on his or her own motion or upon written request of a majority of the Directors, and held not less than three (3) nor more than twenty-eight (28) days after such notice is given to each Director.

**Section 5.4. Waiver.** Whenever under the provisions of any statute, the Articles of Incorporation or these Bylaws notice is required to be given to any Director, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting unless required by law or these Bylaws.

**Section 5.5. Directors' Participation by Telephone.** The Board of Directors or any committee of the Board of Directors may hold a meeting by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence of the Director or committee member at such meeting. Notice of such meeting shall give each Director or committee member the telephone number at which, or other manner in which, he or she may participate in the meeting.

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Section 5.6. Manner of Acting. Except as specified by law or these Bylaws, the Board of Directors shall act by a majority vote of the Directors present at any duly called and noticed meeting at which a quorum is present. Each Director shall have one (1) vote.

Section 5.7. Quorum; Adjournment. A majority of the Directors then in office shall constitute a quorum for the transaction of business.

Section 5.8. Conduct of Meeting; Record of Meetings. The President of the Corporation, or in his or her absence, the Treasurer, or in his or her absence, any Director chosen by the Directors present, shall call meetings of the Board of Directors to order and shall act as the presiding officer for the meeting. The Secretary, or if he or she does not participate in the meeting, one of the Directors designated by the Board participating in the meeting, shall keep a record of the meeting.

Section 5.9. Board Action by Unanimous Consent. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if each Director consents to such action described in writing setting forth the action so taken, signed by all of the Directors, and filed with the minutes of the meetings of the Board of Directors.

Section 5.10. Informal Action by Directors. Action of the Directors may be taken in accordance with the provisions of Section 708 of the Act. In amplification of, and not in limitation of the foregoing, action taken by agreement of a majority of Directors shall be deemed action of the Board of Directors if all Directors know of the action taken and no Director makes prompt objection to such action. Objection by a Director shall be effective if written objection to any specific action so taken is filed with the Secretary of this Corporation within twenty-one (21) days of such specific action.

Section 5.11. Notice. Whenever under the provisions of any statute, the Articles of Incorporation or these Bylaws notice is required to be given to any Director, such notice must be given in writing by personal delivery, electronic mail, U.S. mail, reputable commercial mail carrier, or telephone, at the address, email address, or phone number last supplied to the Corporation by such Director, with postage or other delivery fees prepaid. Notice by regular mail shall be deemed to be given at the time it is deposited in any facility of the United States Postal Service.

## ARTICLE VI OFFICERS AND AGENTS

Section 6.1. Officers. The Officers of the Corporation shall be a President, a Treasurer, a Secretary, and such other officers as the Board of Directors may from time to time designate. The initial Officers of the Corporation shall be elected by the Board of Directors at the first meeting of the Board of Directors. Thereafter, the Officers of the Corporation shall be elected by the Board of Directors at each Annual Meeting, after the election of Directors.

Section 6.2. Other Officers and Agents. The Board of Directors may appoint additional officers and agents, as it shall deem necessary. Such officers and agents shall hold their offices

## EXHIBIT B

for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 6.3. Compensation. The compensation, if any, of the Officers and any additional officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 6.4. Term and Removal of Officers. Each Officer shall hold office for a term of one (1) year or until his or her successor has been duly nominated and elected, but this provision shall not be construed as prohibiting an individual from holding an office for two (2) or more consecutive terms. The term of each Officer shall commence upon election. Any Officer may be removed with or without cause at any time by an affirmative vote of a majority of the Directors at a duly called and noticed meeting of the Board of Directors at which a quorum is present, or in accordance with Section 5.9 of these Bylaws. Any vacancy occurring in any office of the Corporation shall be filled by vote of the Directors.

Section 6.5. President of the Corporation. The President of the Corporation shall, when present, chair all meetings of the Board of Directors. He or she shall inform himself or herself concerning all affairs of the Corporation and see that the duties of the Officers and employees are properly discharged, that the Bylaws of the Corporation are observed, that all statements and returns required by law are made, and he or she shall assume such share in the management of the Corporation's business as the Directors may determine. The President shall perform all duties incident to the office of the President.

Section 6.6. Treasurer. The Treasurer shall have charge and custody of and be responsible for all corporate funds and securities, keep full and accurate accounts of receipts and disbursements and books belonging to the Corporation, and deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at its regular meetings or when the Directors shall require, an account of his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall provide a bond in such sum and with such surety or sureties as the Board of Directors shall determine; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her.

Section 6.7. Secretary. The Secretary shall keep written records of all meetings of the Corporation and the Board of Directors. The Secretary shall be responsible for keeping all additional documentation necessary for the administration and management of the Corporation and shall be responsible for providing required notice of meetings to the Directors. The Secretary shall provide all written records of the Corporation to his or her successor.

## ARTICLE VII COMMITTEES

Section 7.1. Committees. The Board of Directors may establish an Executive [Governance, Finance, Program](#) and other committees and may delegate, to the extent permitted

## EXHIBIT B

by law, to such committee or committees all the authority of the Board of Directors, or any such portion of authority, as it deems appropriate to assist in the management of the Corporation.

Section 7.2. Composition. The Board of Directors shall appoint the members of each committee. Each committee shall consist of at least ~~one (1) Director~~three (3) Directors, one of whom shall be appointed by the President to serve as the Chairperson of such committee.

### ARTICLE VIII FINANCES

Section 8.1. Checks. All checks or demands for money and notes of the Corporation shall be signed by the Treasurer or Secretary and such other officers or persons as the Board of Directors may from time to time designate.

Section 8.2. Financial Commitments. No person shall financially commit the Corporation without the express authorization of the Board of Directors.

Section 8.3. Fiscal Year. The fiscal year of the Corporation shall end on June 30 unless otherwise fixed by resolution of the Board of Directors.

### ARTICLE IX LIABILITY; INDEMNIFICATION

Section 9.1. Indemnification. The Corporation shall in all cases, to the fullest extent permitted by the Act, indemnify any person who was or is involved in any manner (including, without limitation, as a party or a witness) in any threatened, pending or completed investigation, claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative (including, without limitation, any action, suit, or proceeding brought by or in the right of the Corporation to procure a judgment in its favor) by reason of the fact that that person is or was a Director or Officer of the Corporation, against all liabilities and expenses actually and reasonably incurred by the person in connection with such actions, suits or proceedings including but not limited to attorneys' fees, judgments, fines and amounts paid in settlement. This Section is subject to the limitations set forth in Section 9.2.

Section 9.2. Limitations on Indemnification. No indemnification shall be provided for any person with respect to any matter as to which that person shall have been finally adjudicated in any action, suit or proceeding not to have acted in good faith in the reasonable belief that that person's action was in the best interests of the Corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that that person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order or conviction adverse to such person, or by settlement or plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that such person did not act in good faith in the reasonable belief that his action was in the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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Section 9.3. Requirement of Indemnification. Any provision of Sections 9.1, 9.2 or 9.4 to the contrary notwithstanding, to the extent that a Director or Officer has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 9.1, or in defense of any claim, issue or matter therein, that person shall be indemnified against all expenses and liabilities, including attorneys' fees, actually and reasonably incurred by that person in connection therewith. The right to indemnification granted by this Section 9.3 may be enforced by a separate action against the Corporation, if an order for indemnification is not entered by a court in the action, suit or proceeding wherein that person was successful on the merits or otherwise.

Section 9.4. Procedure. Any indemnification under Section 9.1, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director or Officer is proper in the circumstances because that person has met the applicable standard of conduct set forth in Sections 9.1 and 9.2. That determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion. Such a determination, once made by the Board of Directors, may not be revoked by the Board of Directors and upon the making of such determination by the Board of Directors, the Director or Officer may enforce the indemnification against the Corporation by a separate action notwithstanding any attempted or actual subsequent action by the Board of Directors.

Section 9.5. Expenses. Expenses incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding may be authorized and paid by the Corporation in advance of the final disposition of that action, suit or proceeding upon a determination made in accordance with the procedure established in Section 9.4 that, based solely on the facts then known to those making the determination and without further investigation, the person seeking indemnification satisfied the standard of conduct prescribed by Sections 9.1 and 9.2. Those persons making such determination may, in their discretion, require such person to provide the following to the Corporation:

- (a) A written undertaking by or on behalf of the Officer or Director to repay that amount if that person is finally adjudicated:
  - (i) Not to have acted honestly or in the reasonable belief that the person's action was in or not opposed to the best interests of the Corporation;
  - (ii) With respect to any criminal action or proceeding, to have had reasonable cause to believe that the person's conduct was unlawful; and
- (b) A written affirmation by the Officer or Director that the person has met the standard of conduct necessary for indemnification by the Corporation as authorized in this section.

## EXHIBIT B

The undertaking required by Paragraph (a) shall be an unlimited general obligation of the person seeking the advance, but need not be secured and may be accepted without reference to financial ability to make the repayment.

**Section 9.6. Enforceability.** The indemnification and entitlement to advances of expenses provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of disinterested Directors or otherwise, both as to action in that person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or Officer and shall inure to the benefit of the heirs, executors and administrators of such a person. A right to indemnification may be enforced by a separate action against the Corporation, if an order for indemnification has not been entered by a court in any action, suit or proceeding in respect to which indemnification is sought.

**Section 9.7. Insurance.** The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director or Officer against any liability asserted against that person and incurred by that person in any such capacity, or arising out of that person's status as such, whether or not the Corporation would have the power to indemnify that person against such liability under this Article.

## ARTICLE X CONFLICTS OF INTEREST

**Section 10.1. General.** In the exercise of its powers under the provisions of any statute, the Articles of Incorporation, or these Bylaws, the Corporation and its Directors and Officers shall act in accordance with the Conflict of Interest Policy appended hereto as Exhibit A.

## ARTICLE XI AMENDMENTS

**Section 11.1. General.** These Bylaws may be amended or repealed or new Bylaws adopted by a two-thirds (2/3) vote of the Directors then in office.

## ARTICLE XII EFFECTIVE DATE

**Section 12.1. General.** These Bylaws shall take effect from the time of their adoption.

## EXHIBIT B

### EXHIBIT A TO BYLAWS OF

Western Mountains & Rivers Corporation

#### CONFLICT OF INTEREST POLICY

##### Article I Purpose

1.1 Purpose. The purpose of this Conflict of Interest Policy (this “Policy”) is to protect the interests of this tax-exempt organization (the “Corporation”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or Director of the Corporation or might result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any applicable federal laws or laws of the State of Maine governing conflict of interest applicable to nonprofit and charitable organizations.

##### Article II Definitions

2.1 Interested Person. Any Director, Officer, or member of a committee with powers delegated by the Board of Directors, who has a direct or indirect financial interest, as defined below, is an “Interested Person.”

2.2 Financial Interest. A person has a “Financial Interest” if the person has, directly or indirectly, through business, investment, or family:

- (a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- (b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 3.2 of this Policy, a person who has a Financial Interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## EXHIBIT B

### Article III Procedures

3.1     Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity to disclose all material facts to the Directors and members of committees with powers delegated by the Board of Directors considering the proposed transaction or arrangement.

3.2     Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Directors or committee members shall decide if a conflict of interest exists.

3.3     Procedures for Addressing the Conflict of Interest.

- (a) An Interested Person may make a presentation at the Board of Directors or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- (b) The chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the Board of Directors or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

3.4     Violations of the Conflicts of Interest Policy.

- (a) If the Board of Directors or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the

## EXHIBIT B

member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### Article IV Records of Proceedings

4.1     Minutes. The minutes of the Board of Directors and all committees with powers delegated by the Board of Directors shall contain:

- (a)   The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board of Director's or committee's decision as to whether a conflict of interest in fact existed.
- (b)   The names of the persons who were present for discussion and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### Article V Compensation

5.1     Recusal of Directors Required. A Director who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Director's compensation.

5.2     Recusal of Certain Committee Members Required. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

5.3     Information May Be Presented. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

### Article VI Annual Statements

6.1     Signed Statements Required. Each Director, Officer and member of a committee with powers delegated by the Board of Directors shall annually sign a statement which affirms such person:

- (a)   Has received a copy of this Policy;

## EXHIBIT B

- (b) Has read and understands this Policy;
- (c) Has agreed to comply with this Policy; and
- (d) Understands the Corporation is charitable and, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

### Article VII Periodic Reviews

7.1 Review Procedure. To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

### Article VIII Use of Outside Experts

8.1 Use of Outside Experts. When conducting the periodic reviews as provided for in Article VII, Section 7.1 of this Policy, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

**PRIVILEGED AND CONFIDENTIAL PER M.R.EVID. 408**  
**Revised Draft – May 29, 2018**

**EXHIBIT C**

**List of WM&RC Directors and Officers**

**A. Directors**

Name                          Address

Russell Walters

Larry Warren

Suzanne Hockmeyer

Joseph Christopher

John Philbrick

Heather Johnson

Peter Mills

Lloyd Trafton

**B. Officers**

<b><u>Name</u></b>	<b><u>Position</u></b>
Russell Walters	President
John Philbrick	Treasurer
Suzanne Hockmeyer	Secretary
Larry Warren	Registered Agent