

JOHNSON VILLAGE TRUSTEE BOARD MEETING MINUTES
JOHNSON MUNICIPAL BUILDING
MONDAY, JUNE 27, 2016

Present:

Trustees: Gordon Smith, Walter Pomroy, David Goddette, Scott Meyer, Bob Sweetser

Others: Sandy Miller (Interim Manager), Rosemary Audibert (Clerk), Meredith Birkett, TJ Poor (VPPSA), George Hurley, Jeff Bartlett, Tanya Workman Nuzzo

Note: All votes taken are unanimous unless otherwise noted.

1. Call to Order

Gordy called the meeting to order at 6:00.

2. Changes, Additions to Proposed Agenda

The board agreed to add 4 lien releases, setting the tax rate, setting a public hearing on the unified municipal plan, and consideration of new village logos.

3. Vermont Transco September Equity Offer

Sandy said VT Transco is accelerating their equity call from December to September. Does the board want to purchase the equity directly or have VPPSA purchase the equity on our behalf? The amount involved is \$115,899.

Walter explained that Transco owns all of the distribution system in Vermont and all the utilities own Transco. Every so often Transco needs more money and does an equity call. In the past, VPPSA has acted as a financing agent for its members. We would assign our units to VPPSA. They would borrow and they would collect dividends from Transco and use them to pay the debt. Any excess dividends go to us. (*David and Scott arrived at 6:05.*) If we paid in cash we would get a 12.5% rate of return on our money. We can go to VPPSA and say we want our units at any time.

Sandy said we do have the cash to pay directly. Walter said in the past we have financed all our equity purchases through VPPSA. David asked what the financing costs. TJ Poor said VPPSA has a line of credit with local banks. It's not expensive. He would say 3-4%. David asked if it would cost us more to finance than we would save by making the purchase with cash. Sandy said we would get the full 12.5% if we used our own money. Walter said he thinks we may want to use the cash for other purposes. Sandy said we would lose some of the 12.5% to VPPSA's financing, but we would still end up earning 8 or 9%. We have to balance earning marginally more interest with the liquidity of having the cash. Walter said at any time we can give VPPSA the cash and ask for our equity and get the 12.5% directly. He suggests keeping our cash to use for our purposes.

Walter moved to participate in the equity call for the Transco equity units, Bob seconded and the motion was passed.

Walter moved to assign the village's units to VPPSA for the financing of the equity call, Scott seconded and the motion was passed.

4. Presentation by Atlantic Green Energy

George Hurley said Atlantic Green Energy has the game changer in the solar energy field. It is an American made unit that produces 60 kW an hour 24/7, 365 days a year. It has 4 to 8 solar panels. In Vermont it probably needs 8 panels. It takes up 50 sq. ft. An equivalent solar system would need

over an acre of land and would cost \$1.2 million. The cost of their system is \$500K installed. It can produce 525,600 kW a year. At 16 cents per kW that would cost \$88K per year. They offer a lease at \$3300 per month, which works out to about \$38K per year. Jeff Bartlett said with a 10-year lease the cost per kW is about 9-10 cents. With a 20-year lease it is about 7 cents per kW. There are no annual increases. The cost is a flat 7 cents for 20 years. George Hurley said the unit has three proprietary 40 HP Star Motors. The secret is the back charging of the batteries. There is a small motor that charges a 30 kW DC generator that back charges the batteries. The solar is a secondary energy source that trickle charges the battery during sunny hours. The maintenance that is required is changing filters every quarter and changing the oil once a year.

Walter asked, the output is consistent 24/7? George said yes. He said their power is cleaner than what is on the grid now.

George said Haverhill, Massachusetts is considering one of these systems for their waste treatment plant. They would need 10 units, each of which only takes up 50 sq. ft. They would save \$9 million in 10 years. He said Atlantic Green Energy is not asking the village to pay anything now. They will install their system. If it doesn't produce within 10% of what they say it will then they will rip it out after a year at no cost to us. They talked to some people in Puerto Rico who wanted a system. Those people said it would be cheaper to install solar. Then he asked them how much it would cost to buy the land for the solar installation and how they would power their hospital at night with solar. Then they were interested. Atlantic Green Energy is going to install a 160 megawatt system in a free zone in Jamaica.

Bob asked, the only time the system has to be shut down is for 30 minutes when we change the oil? George and Jeff said that is correct.

David asked, it's solar power that runs a motor that runs a turbine that generates energy? George said the solar charges the lithium batteries initially. As soon as it is going it will not stop running. David asked what generates the power. George said the three 40 HP motors. The 30 kW DC generator is charged by the 40 HP motor above it. The battery is charged 24/7. Jeff said the batteries are wired in serial and parallel. One sends power out and one takes power in.

Bob asked, then the unit charges the batteries instead of needing solar? George and Jeff said yes. George said it uses energy that is usually wasted. It is combined with a wind turbine. It allows the two motors to run more efficiently.

Scott asked about the physics of the loss of energy in the system, but George said he didn't have the answer to that question.

Scott asked about units in use now. George said there is one in Van Nuys. Others are being produced. This is new technology. A third party study put a load on the system that should have drained it and the batteries didn't move over an hour and a half. Tanya Workman Nuzzo said there is a test unit in Van Nuys that has been running for 5 years.

Walter asked how we can get independent, verified information. The reps said they can supply it.

George and Jeff said they have 150 units going to contract and 53 in contract. Apple Computers is doing a contract. Kaiser Permanente has just ordered a system. There are 13 units ordered for New Jersey and 2 going to New Hampshire.

Scott said he is still interested in where they are making up the energy loss. Jeff said he thinks they need the inventor to answer that. David said he has a hard time moving forward when they can't explain how it works. Walter asked if the village can talk to Apple and Kaiser Permanente. The reps said not until they have signed contracts, but after their contracts are signed we can talk to them.

Sandy said with the guarantee that they will rip out the system it is not like we would have a big risk. There is no outlay of cash needed to put the system in.

This would be the first unit in Vermont. Gordy asked why the coops aren't jumping at this opportunity. The reps said they are meeting with VEC and they have talked to Tony Klein.

Sandy asked, if we placed an order tomorrow, when would we get it? George said it would probably take about 20 weeks. Jeff said they are trying to shorten the time. The components are assembled in Van Nuys.

Gordy asked if it is okay for cold weather. George said it will be in a climatized container inside a building on an 8-inch slab.

Sandy asked if it is single phase. Jeff said he believes so.

They guarantee energy production within 10% of 525,600 kW per year, which means at least 473,040 kW. David calculated that if we got 525,600 kW, at 19 cents per kW we would save \$39,600 per year with one unit.

Meredith asked why they are offering a lease rather than a PPA. George said it could be either a lease or a PPA. The numbers are similar.

Meredith asked if they have any experience getting the RECs registered. George said they won't really know about the RECs until they get one installed. If we get the RECs that is only added savings for the village. They are not asking for the RECs.

Gordy asked when a unit will be installed in the northeast. Jeff said probably in August, in Guilford, New Hampshire. George said Kaiser may end up with the first unit.

George and Jeff suggested a conference call with the inventor.

Sandy asked, what if we are paying lease payments of \$3300 and not getting power? George and Jeff said then we don't pay. It's in the lease.

David asked what's in it for Atlantic Green Energy. George and Jeff said they sell a unit and there is profit in it for them. The unit is 100% insured when on our property. Gordy asked if it is insured against lighting. They said it is insured against everything and it is monitored 24/7 from California

and New Hampshire. George said the village would still be on the grid, too. Jeff said if the grid goes down there is a switch so we can still get power from their unit.

Scott asked what the fire department would do with a lithium fire as big as the one there would be if the unit caught fire. Lithium fires are very hot. Placement would be important. He is concerned about the fire department handling it. Gordy said if it caught fire it would be the same as the substation – the fire department would not try to put it out but would leave it for the utility people.

Gordy said if these become widely used, it will almost shut down utilities, except for distribution. George said Atlantic Green Energy is prepared to offer power companies a joint venture. If they decide to buy the units they will see a return on their investment starting at the end of year 2 or in year 3.

In answer to Walter's question, the reps said the Certificate of Public Good has been filed for Johnson.

David said this sounds too good to be true. He needs to see it in action. Tanya said they have a video on DVD. She can drop off a copy.

Bob asked about the noise level. George and Jeff said it is 41 decibels before it is put in the container. Once it is in the container, we won't hear more than a hum.

Scott said he has concerns with having that much lithium in a new system. If it caught fire it would be a class D fire, which would be hard to put out. He would caution against putting it near the municipal building. If it caught fire near the building we would lose the building. He asked if they have looked into fire hazard, fire codes, etc. They said they have not.

Scott said he is still interested in the energy loss question. Walter said if the solar panels are producing more than 526,000 kW, that is the answer. The reps said they are not; that is not the answer. Sandy said TJ reminded him that heat pumps do what this unit does. TJ said heat pumps take one unit of energy and output 2 or 3. They are not creating the energy; they are harnessing energy from the air. He has a lot of the same questions. He wants to be included in the conference call. It normally takes 746 watts to create 1 HP. With the motors they have they only need 200 watts to create 1 HP. It is not clear how that is happening.

Sandy said he will discuss with the board when to schedule a conference call.

Gordy asked about the REC credits. George said that is not set up for the state yet. Sandy said the state still needs to determine how many credits there would be.

Meredith asked if the system ever takes power from the grid. George said no. Walter asked if it can be set up to take power off the system. They said no. (*George, Jeff, and Tanya left at 7:02.*)

5. **Public Hearing – Proposed Amendment to the Village of Johnson Municipal Development Plan**
Walter moved to recess the trustee board meeting and open the public hearing to discuss the proposed amendment to Village of Johnson Municipal Development Plan and the motion was seconded and passed. The public hearing started at 7:02.

No members of the public were present. For the minutes, Sandy explained the purpose of the hearing. It is to allow the trustees to consider approving the addition of the current village center designation map to the plan. We are required to add it in order to get our village center designation renewed.

Walter moved to close the public hearing, Bob seconded and the motion was passed. The hearing ended at 7:04.

6. ***Consideration and Possible Approval of Proposed Amendment to the Village of Johnson Municipal Development Plan***

Walter moved to adopt the Village of Johnson Municipal Development Plan as amended by addition of the village center designation map, David seconded and the motion was passed.

7. ***Lamoille Valley Rail Trail Brochures***

Sandy said LCPC has been coordinating development of a rail trail map and trailhead signs. They are serving as aggregators for the brochure so communities can get a better price on printing. LEDC is subsidizing the cost for all communities with a contribution of \$500. The town got a grant to purchase brochures and trailhead signs, so the village doesn't have to spend anything unless we want additional brochures. The town will be getting 2500 brochures, at a cost of \$175.

Scott asked what the brochures say. Sandy said they have a map of the rail trail. Walter said they just show the section that is open. It doesn't say a lot about amenities. It does show where downtown Johnson is.

Gordy asked where the sign would be. Walter said they are putting up a basic sign at the trailhead, telling people where to park and which way Johnson is. It will not have anything merchant-related. Johnson Works is interested in putting something on the Parker & Stearns building with more information about businesses.

Sandy said if the village wants additional brochures he will ask that they be added to the printing run. David said he thinks we should have some. Scott said it would be good to market the rail trail. There are still people who don't know about it, even in the biking community. Sandy said he is not sure what the cost will be. It may be more than \$175, since the cost estimate was based on a certain total and if we get more the total will be different.

Walter moved to purchase 1500 rail trail brochures, David seconded and the motion was passed.

8. ***Set Tax Rate***

Sandy said Rosemary recommends setting the tax rate at 18.90 cents, the amount presented to the taxpayers. Walter said that raises \$500 more than is needed for the budget. Scott said we could put the extra in the sidewalk fund. Or in any fund, Sandy said. Walter said he wants to go with the lower number that matches the budget the voters approved. Gordy asked why Rosemary recommended more. Sandy said to have more in the budget.

Walter moved to set the tax rate at 18.81 cents, seconded by David. Walter said \$500 won't solve any problems. **The motion was passed.**

9. ***Set Date for Public Hearing on Unified Municipal Plan***

Sandy said the board needs to set a public hearing for adoption or consideration of the Unified Municipal Plan approved by the Planning Commission on June 14. Walter suggested waiting until

the village center designation request is approved; then we could include the new village center designation map instead of having to amend the plan. Sandy said it could be several months until the village center designation request is approved. Walter said our plan is good through 2018 so there is no need to approve a new one quickly. Why not wait and do it all at once? Sandy had suggested a date in the last week of July, but Scott said he can't come then. The board agreed not to set a date yet for a public hearing.

10. Release of Liens

Walter moved to release the lien on the property owned by the estate of Norma Mitchell at 54 VT Route 100C, Scott seconded and the motion was passed.

Walter moved to release the lien on the property owned by Susan McGovern at 24 Lamoille View Drive, Scott seconded and the motion was passed.

Walter moved to release the lien on the property owned by US Bank Trust at 34 Log Cabin Lane, Scott seconded and the motion was passed.

Walter moved to release the lien on the property owned by Bruce Perry at 136 Lower Main West, Scott seconded and the motion was passed.

11. Executive Session – Personnel and Contract Issues

Walter moved to enter executive session to discuss personnel and contract issues, premature disclosure of which would put the village at a substantial disadvantage, inviting Meredith Birkett and TJ Poor to remain, David seconded, the motion was passed and the board entered executive session at 7:20. Walter moved to exit executive session at 8:00, David seconded and the motion was passed.

12. Consideration of New Village Logos

There was a discussion of several different logo designs. The trustees generally like version 1-3, the colors of 1-4 with Est. 1894 added.

13. Adjourn

Walter moved and David seconded to adjourn at 8:15 and the motion was passed.

Minutes submitted by Donna Griffiths