

Eagle Point SOLAR

Bringing you the SUN®

Agriculture | Commercial | Residential | Municipal | Utility | Academic

January 22, 2019

The Honorable Tom Barrett
Mayor, City of Milwaukee
200 E. Wells Street #201
Milwaukee, WI 53202

Via Electronic Mail

Dear Mayor Barrett:

I was extremely disappointed to learn from Erick Shambarger last week that the City will be unable to move forward with the solar installations under the Solar Services Agreement because WE Energies believes our contract is illegal. Over the past few weeks, I understand the City was exploring how to move forward with the projects by having the City self-finance them in order to eliminate the third-party ownership issue WE objects to but has determined that borrowing the funds is not feasible. I regret but understand your decision.

On behalf of my company, Eagle Point Solar, I want to thank you and all the City staff in the ECO and other offices for their work on this project, and for the City's commitment to sustainability and climate change initiatives more generally. Erick, Elizabeth Hittman, Tom Miller, Kathy Block and Matt Donath always have all been totally professional and a pleasure to work with through this process.

Elizabeth, Erick and others in the ECO in particular had more than a year invested in this project amounting to hundreds of hours as Milwaukee's initial long-term measure to address climate change through clean energy.

My company also had hundreds of hours, tens of thousands of costs incurred for outside engineering, legal, permitting and staff time. We had designed, planned, permitted and procured the projects and were ready to start at the beginning of October of last year.

We had numerous meetings at the sites with your city personnel, our electrical engineers, and WEPCo engineers to present our interconnection strategies and gain what we thought was their consent before the interconnection agreements were filed. In anticipation of these projects, I scheduled 20 out of my 27 installers to the projects. When WE Energies unexpectedly and, to my

EaglePointSolar.com

Office locations in Iowa, Illinois and Wisconsin

Eagle Point SOLAR

Bringing you the SUN®

Agriculture | Commercial | Residential | Municipal | Utility | Academic

understanding, impermissibly denied the interconnections on 3rd party ownership grounds, the impact on my company was substantial in terms of lost profits and lost opportunity costs-- not only for this project, but others, as well.

The reason my company provides 3rd party financing to municipalities, schools, and other nontaxable entities is to monetize the tax attributes that would be left on the table because these attributes are not transferable or usable by the City. These structured transactions allow Cities such as Milwaukee to achieve some of their sustainability goals with solar without requiring any capital outlay. I have done several deals using this ownership structure in Wisconsin in other utility territories without encountering any objection from the public utilities. When a similar third-party structure was challenged by the public utility in Iowa, blocking a project my company was building with the City of Dubuque, the structure was upheld by the Iowa Supreme Court, which held that the third-party structure was a perfectly legal financing mechanism.

For these reasons, I fully intend to pursue appropriate remedies so that the legality of the third-party structure can be clarified here in Wisconsin, and Eagle Point and perhaps other developers can offer solar to Milwaukee and other municipalities without the need for capital outlay.

Lastly, I want to again thank you and your entire municipal team for their sustainability and climate change initiatives. We only have one planet to live on and we have the ultimate fiduciary responsibility to protect our mother earth and all its other plant and animal species from the impact of man-made carbon pollution. There is no one big solution, only billions of small solutions which, unfortunately, will not, at least at this point, include clean energy on your 6 municipal buildings.

Best regards,



Barry R. Shear

EaglePointSolar.com

Office locations in Iowa, Illinois and Wisconsin