

**SETTLEMENT AGREEMENT BETWEEN FRIENDS OF MAINE'S MOUNTAINS,  
RAND STOWELL, CHRISTOPHER O'NEIL AND MAINE ATTORNEY GENERAL**

Background

1. Friends of Maine's Mountains ("FMM") is a Maine Public Benefit Corporation whose principal office is located in South Freeport, Maine.
2. Rand Stowell ("Stowell") of Carrabassett Valley, Maine is a founding member of the Board of FMM and presently serves as its President and Treasurer.
3. Christopher P. O'Neil ("O'Neil") of Saco, Maine is a member of the Board of Directors of FMM and presently serves as its Secretary and as an independent contractor to FMM.
4. The Attorney General for the State of Maine is charged with enforcing the application of funds given to a public charity in Maine and preventing breaches of trust in the administration of a public charity, 5 M.R.S. § 194(2).
5. The Attorney General on March 18, 2014 filed an ex parte application in Franklin County Superior Court for approval to conduct an investigation of a public charity pursuant to 5 M.R.S. § 194 regarding FMM.
6. FMM, Stowell and O'Neil have fully cooperated with the Attorney General's investigation.
7. The Attorney General, after reviewing documents and interviewing witnesses, is of the opinion that FMM, Stowell and O'Neil have failed to comply with certain provisions of Title 5 and Title 13-B, the Maine Nonprofit Corporation Act.
8. The Attorney General, FMM, Stowell and O'Neil desire to resolve all claims regarding the alleged failure to adhere to Maine's charities and nonprofit law, and to ensure future compliance with the law; and

9. The Attorney General, FMM, Stowell and O'Neil agree that this Settlement Agreement does not constitute an admission by any party;

#### Factual Allegations of the Attorney General

1. FMM is a 501(c)(3) organization incorporated as a public benefit corporation under Title 13-B of the Maine Revised Statutes in September 2009. Stowell was the founder, and has been a director and officer since incorporation, and has been President for all but one year of the corporation's existence. Its mission includes educating the public regarding the effects of wind power and opposing certain wind power construction projects.

2. O'Neil has been a director of the corporation since 2010, and has served as its Secretary and President. O'Neil has been a paid consultant to FMM since 2010, billing FMM at least \$3,000 monthly for education and lobbying services, and being paid by FMM over \$130,000 during that time. Until April 2014, there was no written agreement reflecting the terms of O'Neil Policy Consulting, Inc.'s, consulting engagement.

3. FMM's Board has experienced frequent member turnover.

4. During the time period relevant to the conduct giving rise to the Attorney General's concern, the FMM Board purported to have five directors, including Stowell and O'Neil.

5. From late 2010 or early 2011, FMM and multiple individuals, including Stowell as a neighboring landowner, were parties to administrative and judicial proceedings opposing a proposal by Saddleback Ridge Wind, LLC ("SRW"), to build a wind energy development in the Saddleback Mountain area in Carthage, Maine.

6. At various points during the litigation, O'Neil engaged in numerous negotiations with SRW on behalf of FMM and on behalf of Stowell as a separate individual party toward a

settlement whereby FMM and Stowell would drop their lawsuit in exchange for a monetary payment.

7. The FMM Board in December 2013 and again in January 2014 voted to abandon the prospect of a settlement agreement with SRW.

8. FMM had an Executive Committee comprised solely of Stowell and O'Neil during the relevant time period. The other three directors state that they were unaware of the existence and actions of said Executive Committee.

9. On January 28, 2014, the FMM Executive Committee voted to remove two of the other three directors. The next day, Stowell and O'Neil convened a Board meeting, without proper notice to the third remaining director, at which they elected a new director, Daryl Sleight. Stowell, O'Neil and Sleight then voted to remove the third remaining director and approve the SRW settlement. It is Stowell and O'Neil's position that one of the directors removed from the Board by the Executive Committee had not been properly elected to the Board, and that the January 29, 2014, Board meeting was properly noticed.

10. The SRW settlement documents were executed on January 29, 2014. At his suggestion, O'Neil was paid 80% of his outstanding \$30,000 consulting fees from the initial disbursement of the settlement proceeds while other longtime creditors were paid *de minimus* amounts at that time.

11. Stowell also benefitted personally from the litigation and settlement with SRW by receiving a monetary payment for settling his individual lawsuit, which would not have occurred without the FMM settlement, since SRW wanted "global peace" with all litigants.

12. The Attorney General believes that Stowell and O'Neil participated in improper conflict of interest transactions and engaged in improper governance practices.

13. Stowell and O'Neil deny that they participated in improper conflict of interest transactions and engaged in improper governance practices.

Agreement

IT IS HEREBY AGREED as follows:

1. Within four (4) months of the date of this Settlement Agreement, FMM will recruit and elect four (4) new members to the Board of Directors bringing the total to least five (5) directors serving on the Board, and will maintain at least five (5) directors on the Board at all times. Election of new directors during the four- month period is subject to consultation with the Attorney General. Daryl Sleight may remain as a director until four other directors are in place, after which he will resign. O'Neil shall resign as a director of FMM within four (4) months of the date of this Settlement Agreement or whenever the Board reaches five members, whichever is sooner, and is not eligible for election to the FMM Board at any time he is acting as a contractor to FMM.

2. In the event that FMM is unable to recruit within four months of this Settlement Agreement, or maintain the requisite number of additional directors, FMM directors shall commence voluntary dissolution proceedings pursuant to Title 13-B, unless the parties agree otherwise based on efforts made to fill the positions.

3. Stowell shall resign as President within four (4) months of the date of this Settlement Agreement or whenever the Board reaches five members, whichever is sooner, and is not eligible for election as an officer for a period of two (2) years following the date of the Settlement Agreement.

4. All newly elected and existing directors shall acknowledge in writing that they have received a copy of this Settlement Agreement prior to the first Board meeting following their election (in the case of new directors) or the date of this Settlement Agreement (in the case of existing directors).

5. Directors shall serve without compensation but may be reimbursed for reasonable expenses.

6. Within thirty (30) days of the date of this Settlement Agreement, FMM will adopt a conflict of interest transaction policy which complies explicitly with 13-B M.R.S. § 718(1), to be submitted for review and approval to Attorney General.

7. Within thirty (30) days of the date of this Settlement Agreement, FMM will revise its Bylaws to eliminate the Executive Committee and to prohibit the creation of an Executive Committee in the future.

8. All disbursement of corporate funds shall be pursuant to policies adopted by the newly constituted Board of Directors and will be consistent with the conflict of interest policy adopted by the Board.

9. All professional services rendered to FMM reasonably expected to be over \$2,000 in any calendar year, such as legal, accounting, lobbying, fundraising, marketing and expert witnesses, shall be memorialized in a written contract subject to Board of Directors approval which shall reflect at a minimum the following terms: rate of pay, minimum and maximum time expectations, supervision and estimated cost and work-product expected. All service contracts shall be reviewed by the Board of Directors annually.

10. The Board of Directors and any authorized committees shall ensure that minutes of their meetings, and actions taken by written action outside of meetings are contemporaneously documented.

11. A copy of FMM's annual Form 990 shall be provided to the full Board of Directors for review and approval before it is filed.

12. Within thirty (30) days of the date of this Settlement Agreement, the Board of Directors shall instruct each bank where it maintains accounts to require the signature of two (2)

specified officers, board members or board designees in order to write any check or withdraw any funds for an amount exceeding \$1500.

13. The Board of Directors shall identify one board member without authority to sign checks, who shall reconcile FMM's bank statements with its checks and debits on a monthly basis.


14. All amounts paid to O'Neil from the settlement proceeds FMM received in the January 2014 settlement of litigation with Saddleback Wind Ridge in *Friends of Maine's Mountains et al v. Board of Environmental Protection et al.* (Docket No. BEP 13-357), shall be subject to approval by the re-constituted Board of Directors within six (6) months of the date of this Settlement Agreement. No amounts to be paid to O'Neil for accrued fees (*i.e* due and owing for longer than thirty (30) days) from any future settlement installments may exceed 90% of O'Neil's proportion of all outstanding FMM debt at the time of payment, unless the given settlement installment is sufficient to pay all outstanding debts in full. Neither Stowell nor O'Neil may participate in the approval of past or future payments for accrued fees to O'Neil from the litigation settlement proceeds.


15. The provisions of this Settlement Agreement shall apply to and be binding upon the parties executing this Settlement Agreement, their agents, subsidiaries, affiliates, and lessees, including the officers, agents, servants, corporations, and any persons acting under, through, or for the parties agreeing hereto.

16. The Attorney General agrees not to file an enforcement action related to the subject matter of her investigation referenced above for a period of six (6) months from the date of this Settlement Agreement and does not hereby waive any other enforcement rights. The parties agree that the Attorney General, in her sole discretion, may enforce this Settlement Agreement by bringing an action to dissolve the corporation at any time after six (6) months from the date this Settlement Agreement is fully executed if any of the terms herein have not been met.

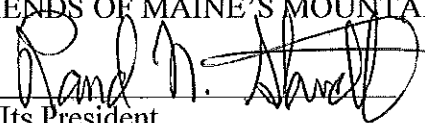
AGREED:


STATE OF MAINE  
JANET T. MILLS  
ATTORNEY GENERAL

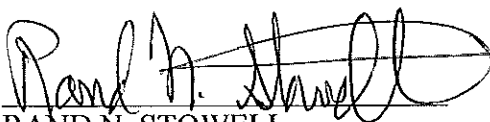
By:  2/26/15  
LINDA CONTI  
Assistant Attorney General

By:   
CHRISTINA MOYLAN  
Assistant Attorney General

FRIENDS OF MAINE'S MOUNTAINS

By:  2/23/15  
Its President

By:   
Severin Beliveau, Esq.  
Its Counsel

 2/23/15  
RAND N. STOWELL

 2/23/2015  
CHRISTOPHER P. O'NEIL