Introduction to the Slice-of-Sun Bond Program

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This introduction is not meant to replace a full and thorough Member Bond Packet that includes all aspects of the Co-op’s business plan, financials, and other considerations before making a decision to buy bonds through the Co-op. All Members seeking to buy bonds must acknowledge having access to this information before purchasing bonds through LSC.
Our “Slice of Sun” Community Solar Model

Our Slice of Sun Program allows for members of the Co-op to buy Solar Bonds that help the Co-op grow its business with local solar and energy efficiency projects throughout the state.

Not only do we provide technical assistance to home and business owners that want to “go solar”, we also help community groups develop projects on ideal roofs in their neighborhoods. The resulting energy and pollution savings are shared by all through lower cost energy use with our unique community participation model.

Being a cooperative allows us to come together and do something on a larger scale that would be either impossible or much more difficult to accomplish if we tried to do it alone. A lot of folks do not have a sunny roof to put a solar system on. Others have a sunny roof, but it’s a condominium or an apartment and not theirs to use as they like. Others still have a sunny roof that they own, but are either a non-profit or lack the up-front capital needed to get a solar project put together. The Legacy Solar Co-op can help bring all these parties together and get projects done!

We have an ongoing Solar Bond program through our Co-op that lets us facilitate local community solar projects by providing part of the financing that can pay for the projects up front or in the first year of the project’s development. Projects all differ in their costs and in their benefits, but over time and over many different projects, solar has a solid financial value that pays back those who helped fund a project in the first place. It is this long-term financial value of solar that we are harnessing with our solar loans and with our Slice-of-Sun (SOS) Bond program.

You may be asking yourself, ‘How do I purchase a Bond?’

The process is simple:

- Become a Member of Legacy Solar Co-op for as little as $25.00
- Review the Member Bond Information Packet to learn more
- Buy one or more Slice-Of-Sun Bonds ($250 each) and decide between a 7-year or 25-year “Legacy” term
- The Co-op uses the bond receipts like a revolving loan fund for solar projects
- The interest that is earned on the solar loans goes to pay back the bondholders
- Simple as that!

See the last page of this document for step-by-step instructions and links.
Sample LSC Slice-of-Sun Bond Certificate

This is to certify that ___________________ is the owner of _____ $250 Bond(s) for a total Face Value of $_________________. This Bond [These Bonds] will bear _____% interest, paid at maturity (7 years), or Legacy Bonds (25 years), paid interest annually x first 7 years, and Principal and Interest annually for years 8-25.

This Bond is not a share of Stock and does not in any way give the holder of the Bond an ownership interest in the Cooperative beyond what membership alone entitles. It does not provide any additional voting or membership rights to the Holder. The Holder of the Bond only acquires an interest in repayment of the face amount of the Bond along with the interest due. The Term elected by this Bondholder is (circle one): 7-year / 25-year

7-Year Solar Bond Term: Bondholders will receive annual interest-only payments for years 1-7, with the remaining Principal (Face Value) to be repaid within 30 days of the 7th anniversary of the issuance of this Bond. 7-Year Bondholders can opt at any point before the 7th anniversary of the issuance of this Bond to renew the Bond to the Legacy Bond Terms listed below. The Interest Rate change will be reflected on the statement accompanying the annual payment in the year of the change, with the interest rate prorated for the remainder of that year from the date the Bondholder elected to renew the terms to the Legacy Bond Terms described below.

Legacy Bond Renewal: Principal and Interest Payments, Years 8-25: If Bondholder elects to renew Bond, she/he should notify the Co-op in writing at before the Maturity Date at the anniversary of the dated signature of this certificate. Upon renewal for a Legacy Bond period, the Co-op will make principal and (higher) interest payments to Bondholders according to the Schedule on the back of this certificate for the remaining 18 years.

25-Year Legacy Bond Term: Bondholders who elect the 25-year term from the start will be paid annual interest-only payments for the first 7 years at the rate shown above and on the reverse, and will receive interest and principal payments starting in year 8 for the remainder of the term.

Call options: This Bond may be called for redemption at any time by the Board of Directors of the Co-op, on forty-five (45) days written notice to the Bondholder. If the Board of Directors takes this action, then the Bondholder will be paid all principal and interest due, up through the date of redemption. Bondholders may rollover their Bonds into new Bonds if available at that time.

Early Redemption: Bondholders requesting early redemption of this Bond at Face Value have 2 options: 1) Bondholder may sell their Bond/s at Face Value to another Member during the first 7 years; or 2) Bondholder may sell their Bond back to the Co-op at a discount, but the timing of that buy back depends on i) availability of funds; and ii) approval by Board of Directors. If the Co-op buys back the Bond there will be a small service charge, not to exceed one year's interest payments.

Involuntary early redemption — if the Bondholder dies, or if the Bondholder’s interest in the Bond is transferred by action of a court pursuant a divorce or bankruptcy, such actions or
events shall constitute a request for early redemption, and shall be handled in the same manner as a request by the Bondholder for early redemption, with the Co-op making reasonable effort to either buy the Bond back or help the successor sell the Bond to another Member. If the Co-op buys back the Bond there will be a small service charge, not to exceed one year’s interest payment/s.

**Legal Constraints:**

A) This Bond is non-transferrable and non-negotiable outside of the provisions laid out in this certificate.

B) No recourse may be had for payment of any Bond for any part thereof or for any claim based thereon, against any officer, director, or member of the Co-op whether past, present, or future, either directly or indirectly, by any provision of law, all such liability being waived by acceptance of the Bond.

C) By accepting a Bond, the registered owner represents and warrants that she or he is a bona fide resident of the State of Wisconsin and an equity member of the Legacy Solar Co-op.

D) The Bondholder is responsible for informing the Co-op of her or his current address.

E) Even though the Co-op secures an interest in solar projects using funds raised by this Bond drive, individual Bonds are not directly secured by any collateral.

The Bondholder has been given, prior to the purchasing of this Bond, a complete packet of information about the Co-op, its structure, and financial statements, including but not limited to projected profit and loss statements for Co-op operations over the next 5 years. This information has been provided to help the Bond purchaser decide upon the safety, the risks, and the wisdom of their investment. By signing below, the purchaser is acknowledging that she or he has been given this information and has had all their questions about such subjects answered to her or his satisfaction prior to purchasing this Bond.

<table>
<thead>
<tr>
<th>Bondholder (print name)</th>
<th>Bondholder (signature and date)</th>
</tr>
</thead>
</table>

**SAMPLE ONLY**

<table>
<thead>
<tr>
<th>Social Security Number of Bondholder</th>
<th>Bondholder Co-op Owner Number</th>
</tr>
</thead>
</table>

| Address of Bondholder | |
| City / State / Zip | |

<table>
<thead>
<tr>
<th>Slice-of-Sun Solar Bonds</th>
<th>$250 Increments Principal / Face Value</th>
<th>Two Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Levels</td>
<td>$250 - $4,750</td>
<td>7 year*</td>
</tr>
<tr>
<td></td>
<td>$5,000 - up</td>
<td>25 year*</td>
</tr>
</tbody>
</table>

*7 year bonds can be renewed to 25 year terms at Maturity, can be redeemed after 7 years, or can be recalled by Co-op and paid early.*

**SAMPLE BOND CERTIFICATE**
**Bond Repayment Schedules:**
7-year versus 25-year

**7-year term Solar Bonds** include interest-only payments for the first 7-years on the anniversary month of your original Bond purchase date. These interest payments are at either 3.0% or 3.5% depending on how many Bonds you purchase. At the 7th anniversary, you will also receive your original bond principal payment*. Bondholders have the option to re-invest their principal into the Legacy 25-year category to receive principal and interest payments for years 8 through 25 at the (higher) Legacy Bond interest rate. The total number of $250.00 increment bonds determines the interest rate you will receive. *See examples below.

$250-$4,750 = 3.0%  $5,000-up = 3.5%

**Example $500 vs. $5,000-up Slice-Of-Sun Bond Term (7 years) -- Repayment Schedules**

<table>
<thead>
<tr>
<th>Term (years)</th>
<th>Principal (Face Value)</th>
<th>3.0% Annual Interest Payments</th>
<th>Payment at Maturity</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>$500.00</td>
<td>$15.00 $15.00 $15.00 $15.00 $15.00 $15.00</td>
<td>$500.00</td>
<td>$605.00</td>
</tr>
<tr>
<td>7</td>
<td>$5,000.00</td>
<td>$175.00 $175.00 $175.00 $175.00 $175.00 $175.00</td>
<td>$5,000.00</td>
<td>$6,225.00</td>
</tr>
</tbody>
</table>

**Example $500 vs. $5,000-up Legacy Bond Terms (25 years) -- Repayment Schedules**

<table>
<thead>
<tr>
<th>Term (years)</th>
<th>Principal (Face Value)</th>
<th>4.5% Interest</th>
<th>Payment at Maturity</th>
<th>Total Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>$500.00</td>
<td>$22.50 $22.50 $22.50 $22.50 $22.50 $22.50</td>
<td>$500.00</td>
<td>$887.93</td>
</tr>
<tr>
<td>25</td>
<td>$5,000.00</td>
<td>$421.82 $421.82 $421.82 $421.82 $421.82 $421.82</td>
<td>$5,000.00</td>
<td>$9,342.77</td>
</tr>
</tbody>
</table>

$250-$4,750 = 4.5%  $5,000-up = 5.0%

**25-year term Legacy Bonds** pay interest-only payments for the first 7-years on the anniversary month of the original Bond purchase date. These interest payments are at either 4.5% or 5.0% depending on how many Bonds you purchase. Starting in year 8, annual payments will be made for Principal-and-Interest (P&I) at the same interest rate for the next 18 years. Fill out a beneficiary form for Legacy payments to heirs or your favorite non-profit/s. *See examples above.*
Suitability Standards

Suitability Standards refers to the circumstances under which it may be appropriate (or suitable) for a prospective Bondholder to make the commitment to buy a Bond. Prospective Bondholders are encouraged to seek out their own legal counsel, tax specialist, or other advisor/s as appropriate to determine if purchasing Bond(s) from the Co-op would be suitable or appropriate for their own circumstances. The following qualities should be considered when determining if buying a Bond is suitable for the Members contemplating this purchase:

1. Buyer should understand the legal constraints; 2. Buyer should understand the nature of the risks involved; 3. Buyer should be in a position to assume such risk, forgo liquidity of funds used to purchase Bonds, and possibly sustain a loss of such funds.

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Legal Constraints

- Wisconsin Residents Only. All Bondholders must be bona fide residents of the State of Wisconsin and be equity (paid) members/owners of the Co-op.
- Unsecured. Although the Co-op protects Member investments by taking a security interest (lien) on all the solar equipment it makes loans for, the Bonds themselves are unsecured debt obligations between the Co-op and Members.
- Non-Transferable & Non-Negotiable. Owner Bonds can only be transferred or sold to another Member of the Co-op and that transfer must be approved and recorded by the Co-op prior to being transferred.

Risk Factors

The following may not be a complete list of potential risks:

- General Risks. There are general risks involved in the buying of bonds that are affected by factors that are beyond the control of management and the Board of directors. General economic conditions and forces external to the Co-op’s management are examples of general risk.
- Competition. The solar business is very competitive. Even though the Co-op’s business model can flex with changing economic and regulatory environments, we are not immune to all potential market forces that may arise down the road.
- Reliance on Key Personnel. The Co-op relies on the Managing Director, the outside counsel and accountant, and the Board of Directors, as well as volunteers and other Members, in order to complete its day-to-day operations week in and week out all throughout the year. If one or more of the key personnel are unable to complete their role’s responsibilities, a reduction in performance for our business model may occur.
- Uncertain Ability to Meet Cash Obligations. The financial projections contained in this document are based on pro forma expectations in a new niche of a market that is rapidly expanding. These predictions are not going to be perfect, and there is a chance that the Co-op may fall short of its cash on hand in order to meet all cash obligations during every month of every year. Since we have contingencies built into our model, we can weather temporary setbacks, but the risk still remains.
- Unsecured and Subordinate Obligations. If the Co-op were to fail financially to the point of filing for protection under bankruptcy laws, all Bondholders would be paid off first, unless the Co-op takes on a mortgage-like obligation that would cause member debt obligations to be subordinate to this new debt. The Co-op has no plans to enter into such an arrangement unless some future board considers such a move.
- Relative Non-Liquidity. The Bond notes cannot be sold, assigned, or transferred to another person without express written permission by the Co-op. These notes are not payable upon demand. Provisions for a Bondholder to request an early redemption of the Bond/s is spelled out on the Bond Certificate, but early redemption of a Bond/s is not guaranteed. The Bondholder must be prepared to hold onto these notes for the term until maturity.
Ready to purchase Solar Bonds? Here's how.

**Step 1)** First, you must be an equity member of the Legacy Solar Co-op. You can join online at [legacysolarcoop.org/membership-benefits/](legacysolarcoop.org/membership-benefits/) If you would prefer to print and mail your membership application, use the [printable membership application](#).

**Step 2)** Then, you need to complete the Bondholder Acknowledgement Form (this is the last page of the Bond Disclosures Packet) and a W9 form ([https://www.irs.gov/pub/irs-access/fw9_accessible.pdf](https://www.irs.gov/pub/irs-access/fw9_accessible.pdf)).

**Step 3)** Send the completed forms along with your payment to:

Legacy Solar Co-op  
P.O. Box 5052  
Madison, WI  53705.

**To Sum Up:**

- Become a Member-Owner of the Co-op
- Download the full Bond Disclosure Packet
- Consult your own professional, as needed, for financial advice
- Fill-out and Sign the Bond Acknowledgement Form
- Send this (and a W9 form for interest income reporting) and a check to the address above.

Within approximately 3 days, we will sign and send you a Bond Certificate (or we can arrange to meet you.) Your check is held until we received a signed copy of your Bond Certificate. Please call or email for help as needed.

Contact us if you have any questions, at: 608-957-6801 or email us at: [info@LegacySolarCoop.org](mailto:info@LegacySolarCoop.org)

Thank you.

Sunny Regards,

The Friends and Members of the Legacy Solar Wisconsin Cooperative