

Legacy Solar Co-op

Member Bond Disclosures Packet

Published: August 2023

The information in this packet describes the background and mission of Legacy Solar Co-op and is intended to clarify the bond program for LSC members and prospective members.



Mount Zion Baptist Church adopted solar power in 2022 after working with Legacy Solar Wisconsin Cooperative and member installer WES Engineering to create this aesthetically pleasing array atop their sanctuary roof. The Couillard Solar Foundation and the City of Madison provided grants to help allow this project to go forward.

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St. Robert Parish School in Milwaukee added solar with a gift from a member of Legacy Solar Co-op in combination with other capital funds and now generates 25% of the school’s energy needs onsite with cleaner electricity than is provided by the local utility.



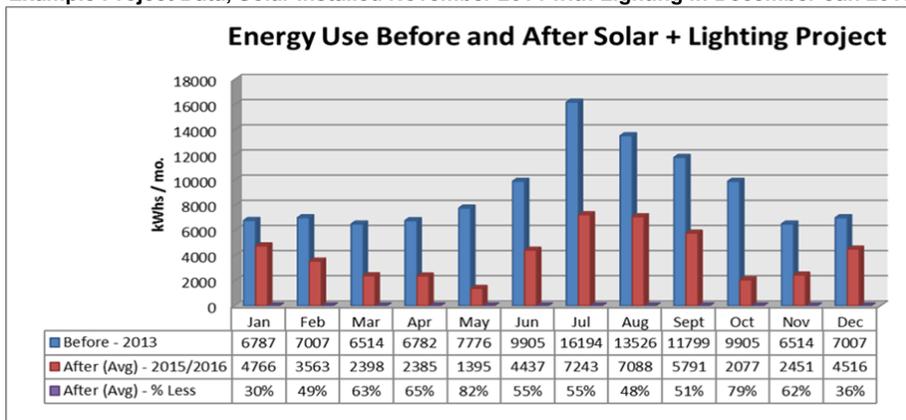
375 kilowatts (1,086 modules) of roof-mounted solar. The School Sisters of St. Francis of St. Joseph's Convent in Milwaukee, Wisconsin is LSC's second largest solar projects so far. Arch Electric, a LSC vendor member, was both the installer and the tax sponsor for this project.

Disclaimer

This confidential information is for the benefit of current and potential equity owners of Legacy Solar Wisconsin Cooperative (also known as Legacy Solar Co-op or LSC), issued in connection with the negotiation of owner bonds. This memorandum may not be reproduced or redistributed without the consent of Legacy Solar Co-op. Except as otherwise noted in this document, no literature in any form is authorized to be used in connection with this offering.

No persons are authorized to make representations regarding this offering other than those contained in this information packet. No other representative may be relied upon as authorized.

Example Project Data, Solar installed November 2014 with Lighting in December-Jan 2015



One of our first projects was with Trinity Lutheran Church in Madison. We incorporated approximately \$12,000 worth of energy efficient lighting (LEDs and electronic ballasted T8 in less used areas) and lighting controls (occupancy sensors and timers for bathroom fans) along with \$70,000 worth of solar on their roof to achieve these savings.

Executive Summary

Legacy Solar Wisconsin Cooperative is a member-owned cooperative providing solar and energy efficiency products and services to Wisconsin. We help organizations and communities buy high quality solar at the lowest responsible price and share a portion of those energy bill savings with members who help the Co-op raise funds that are invested in projects we facilitate through the sale of “Slice of Sun” (or “SOS”) bonds.

Because some organizations (like other cooperatives, low-income individuals or businesses that do not have enough tax liability) cannot take advantage of the tax benefits available to others, their ability to invest in solar is a nearly impossible financial burden without some sort of assistance. LSC offers that help with our unique approach to solar investing. **Starting in 2023, all 501-c.3 nonprofit organizations will now qualify to file with the Federal Treasury upon completion of a solar project and receive at least 30% of the cost of that project as a provision accompanying the Inflation Reduction Act (IRA) that was signed into law in August of 2022. Tax-paying entities also receive 30% again instead of 26% which would have declined over the next two years as previous tax code dictated. This 30% Direct Pay for nonprofits and Investment Tax Credit for tax-paying individuals (in Internal Revenue Code, IRC 26) and companies (in IRC 48) will continue until CO2 emissions reductions reach the stated target or until the end of 2032 (10 years), whichever occurs first.**

Bond purchases by LSC members help create a pool of money we then lend to project stakeholders to enable groups to install solar arrays at affordable rates. In return, LSC pays our bondholders a dependable return on their investment with the interest earned from our various project loans.

After reading this packet, if you aren't a member, we hope you will consider joining the co-op and participating in our Slice of Sun bond program and other programs to further the growth of solar in Wisconsin. If you are a member, we hope that you will then let us know if you can join us in exercising our **vote for solar energy** over more polluting forms like coal and methane natural gas by purchasing interest-bearing co-op bonds (SOS Bonds) through Legacy Solar Co-op. If you still have questions, please contact us and we'll be happy to answer them.

If you are ready to buy bonds, the instructions begin on page 15.

The T. B. Scott Free Library in Merrill, WI hosts a community solar project partially funded by bondholders, a corporate donor, and the library itself.



Northwind Solar Co-op was our partner and the tax sponsor for this project.

Membership and Business Plan of the Co-op

Legacy Solar Co-op is a member cooperative organized under Chapter 185 of Wisconsin Statutes and provides products and services to its members and communities in Wisconsin. Our members are people committed to making solar energy a vibrant and vital segment of Wisconsin's energy mix which in turn results in a *clean energy legacy* for our economy and our planet for future generations.



LSC was incorporated in November of 2014 and has grown to over 280 members as of this printing. Every time we work with a group that wants to make solar happen for their community or organization, whether it's a library, a school, a place of worship, or a community center, those organizations and the people that support them often make the decision to join Legacy Solar Co-op as well.

LSC also has many businesses and vendor/installers in our co-op. These are reliable local businesses who are also committed to the growth of solar in Wisconsin, partnering with LSC and our clients to navigate a smooth and successful project.

Legacy Solar Co-op Revenue Streams

Consulting

As solar consultants, our goal is to make sure that everyone has access to expert information about all aspects of their solar projects, including:

- **Site assessments** – we can evaluate your site and perform energy use analysis to help find the best size and location for your project.
- **Client advocacy** – we help organizations navigate the project development process, including creating RFPs, assisting with the grant application process and product research.
- **Education and context** – Sometimes the hardest part of a project is helping all the stakeholders understand their options to make the most informed decision possible for their energy project.
- **Fundraising platform and a tax-financing model** – Our **Tax Equity Financing Model** can save an organization up to, and sometimes more than, 30% of the start-up costs for the project.

In 2019, Legacy Solar Co-op was recognized by RENEW Wisconsin as a leader in Solar Financing Innovation.

Switch to Solar (S2S)

Switch to Solar (S2S) is an easy and inexpensive way to support solar. S2S allows you to buy the renewable energy rights to electricity generated solely by Wisconsin-based solar. When you buy S2S you offset a portion of your own energy use and help support solar Wisconsin solar power producers. Find out more on our [website](#) or email us at info@legacysolarcoop.org and ask about the S2S program.

Slice-Of-Sun (SOS) Solar Bonds

Our primary strategy for funding clean energy projects is through our Slice-Of-Sun (SOS) Bond Program. This bond program facilitates local community solar projects by providing a portion of the financing, either up front or in the first year of the project’s development.

Money raised through the sale of bonds goes to fund the expansion of solar throughout the state using our various programs, through our innovative tax financing model, as well as by making solar loans directly to individual projects the co-op is helping set up. Oftentimes, a **Tax Sponsor** funds the installation, in part through a loan from LSC, and gets the value of the federal investment tax credit while selling solar energy services to the community organization “Host site” or “Landlord”. The landlord pays for the service with savings made possible from significantly reduced energy bills. The Tax Sponsor or the organization itself pays back the loan from LSC with the funds realized through the energy bill savings enjoyed by the landlord. And finally, LSC pays the bondholder a dependable return on their investment with the principal and interest coming from the loan payments.

With the new IRA “Direct Pay” available to nonprofits, Legacy Solar Co-op helps by providing a solar bridge loan to those organizations who cannot afford to pay for the 30% or more of the project that would be covered by the Treasury Department during the 6 months or 1 year that it would take to get that rebate check back from the Feds. Our solar **Line-of-Credit** allows organizations to rely on construction financing all the way through project commissioning, until grants monies reimburse the nonprofit, or the loan can span as long as 12 years to pay back principal.

It’s a win-win-win. SOS bonds pay principal and interest for 12 years and are fully paid off by the energy savings generated in that period. Members can select their interest rate (within the range offered by the Co-op) or roll over their annual payments into additional \$250-increment bond/s if they choose.

To date, Legacy Solar Co-op has issued over a 1.2 million dollars in bonds and helped more than 40 organizations finance and build solar arrays.

Members can also include their SOS bonds in their estate planning, with principal and interest payments made to heirs or to a nonprofit of their choosing, in compliance with state and federal regulations. On several occasions, individual bondholders have decided to assign their bonds to a Living Will trust. The co-op can also buy back bonds upon request by the bondholder, pending approval of the early redemption by the co-op’s Finance Committee (made up of Co-op Directors) and depending on the cash on hand at the time of the request. Members may sell their bonds to another member, if approved by the LSC Finance Committee, on a case-by-case basis.

Past Performance and Future Growth Projections

The **Legacy** in our name is the portfolio of solar projects we have helped make possible. Solar panels take 1 to 2 years to generate more energy than it took to manufacture them, and 6-12 years to pay back investors and stakeholders, but solar panels are designed to last much longer than that. Even though panel output declines gradually over time, arrays built today are still expected to generate over 75% of their original power output after 30 (possibly even 40) years.

So far, Legacy Solar Co-op has consulted on and supported over 5.5 MegaWatts (>5,500 Kilowatts) of rooftop and behind-the-meter solar projects since 2014. That’s over 15,000 solar panels!



Even though the IRA Direct Pay will undoubtedly result in fewer nonprofit organizations opting for our tax financing services, Legacy Solar Co-op will become busier on the consulting side of our business that deals with educating and providing administrative support for the project planning, grant writing, and tracking of solar project budgets through the long pre-construction, construction, and post-commissioning life cycle of a project deal. We sometimes refer to this as **managing the capital stack**. Below is an example capital deployment plan and cost recovery / cumulative benefit table for a project using a loan from the Co-op to help bring this project over the finish line. A lot of times there are multiple forms of grants or incentives that are paired with budgeted funds, a loan from Legacy Solar Co-op, or other fundraising efforts

Capital Deployment Schedule					
Project Cost (Total)	\$34,318.71	Paid From	Paid To	Vendor Costs Left to Pay	Solar Line of Credit Balance
10% Due at signing (Oct)	\$3,431.87	(Customer)	Olson Solar Energy	\$30,886.84	\$0.00
55% Due (April)	\$18,875.29	Legacy Solar Co-op	Olson Solar Energy	\$12,011.55	\$18,875.29
LSC fee w/ Apr disbursement	\$2,000.00	Fee rolled into loan	Legacy Solar Co-op	\$12,011.55	\$20,875.29
35% Due (May)	\$12,011.55	Legacy Solar Co-op	Olson Solar Energy	\$0.00	\$32,886.84
FOE Received (June)	\$9,485.00	(Customer)	Legacy Solar Co-op	\$0.00	\$23,401.84
30% Received (June/July)	\$10,295.61	(Customer)	Legacy Solar Co-op	\$0.00	\$13,106.23

Loan to Savings Comparison, year 1				
Month	Estimated Solar kWh	Estimated Savings	Loan Payment Frequency Chosen*	
			Monthly 6.75%	Quarterly 6.95%
June, 2023	1859	\$247.62	(133.04)	
July, 2023	1921	\$255.88	(133.04)	(404.79)
August, 2023	1869	\$248.95	(133.04)	
September, 2023	1800	\$239.76	(133.04)	
October, 2023	1430	\$190.48	(133.04)	(404.79)
November, 2023	1116	\$148.65	(133.04)	
December, 2023	1008	\$134.27	(133.04)	
January, 2024	1205	\$160.51	(133.04)	(404.79)
February, 2024	1401	\$186.61	(133.04)	
March, 2024	1940	\$258.41	(133.04)	
April, 2024	1816	\$241.89	(133.04)	(404.79)
May, 2024	1899	\$252.95	(133.04)	
Annual Totals:	19,264	\$2,565.96	(1,596.50)	(1,619.15)
Net Annual Savings, estimated, year 1 =			\$969.46	\$946.82
Net Savings over 12 years =			\$16,490.63	\$16,218.87
Net Savings over 25 years =			\$54,337.69	\$54,065.93

Cost Before Incentives	\$35,691	Includes both Installer and Legacy Costs
Cost After Incentives	\$15,911	After Focus, Solar-for-Good, IRS (30%)
Out of Pocket? =	\$3,432	Out-of-Pocket Cost from Customer
12 yr Loan Amount:	13,106	From Legacy Solar Co-op
Loan Duration:	12.00	Years
Loan Interest:	5.75%	monthly auto-pay

	Bill Savings	Annual	Net Savings	Cumulative Cost / Benefit
Yr	Annual Savings*	Loan Payments	after loan pmts	Cost Recovery
1	\$2,215.36	(1,514.50)	700.86	(2,731.01)
2	\$2,270.74	(1,514.50)	756.25	(1,974.76)
3	\$2,327.51	(1,514.50)	813.02	(1,161.74)
4	\$2,385.70	(1,514.50)	871.20	(290.54)
5	\$2,445.34	(1,514.50)	930.85	640.31
6	\$2,506.48	(1,514.50)	991.98	1,632.29
7	\$2,569.14	(1,514.50)	1,054.64	2,686.94
8	\$2,633.37	(1,514.50)	1,118.87	3,805.81
9	\$2,699.20	(1,514.50)	1,184.71	4,990.51
10	\$2,766.68	(1,514.50)	1,252.19	6,242.70
11	\$2,835.85	(1,514.50)	1,321.35	7,564.05
12	\$2,906.74	(1,514.50)	1,392.25	8,956.30
13	\$2,979.41	0.00	2,979.41	11,935.71
14	\$3,053.90	0.00	3,053.90	14,989.61
15	\$3,130.25	0.00	3,130.25	18,119.86
Years 16-25	\$35,946.07			25-yr Net Savings \$54,065.93

Other ways LSC will be adjusting to fewer tax-financed solar projects is simply by making loans directly to the nonprofit in question. That may take the form of a 6 month "construction" loan or a longer duration, depending on the cash flow requirements for that nonprofit. We do institute multiple forms of financial due diligence by limiting our loan to value ratio to 50% or below, as well as take a security interest in the entire solar project so that we can take-over ownership if the nonprofit is unable to make payments. So far in our 8 years of operating, we have not had any failed loans that went into default. Because the solar equipment is actually lowering the nonprofit's operating costs by reducing their electric bills, this adds an extra incentive to make sure they keep up on payments to avoid bills returning to their pre-solar levels.

In many cases, we remain attached to a solar project for many years after it is turned on to monitor and act as a liaison between the solar owner and the solar installer to resolve any performance issues or warranty service needs.

Thanks to solar becoming a more mature industry with millions of success stories and thanks to the passage of the Inflation Reduction Act, solar projects being built in Wisconsin will continue to be a growing business. The Solar Energy Industry Association (seia.org) indicates the growth of solar over the next five years is expected to double and it is our goal to make sure that Wisconsin's solar efforts contribute significantly toward that growth. (<https://www.seia.org/solar-industry-research-data>)

Key Co-op Personnel



Kurt Reinhold, Chief Executive and Board of Directors President, LSC – Kurt has experience working in and with many cooperatives over the years, as well as with an international CPA firm that has developed over \$3 Billion in energy projects. He has developed community solar projects for over three dozen projects with LSC. So far, Kurt has raised over 1.1 million dollars in **Slice-of-Sun** Solar Bonds and continues to provide the backbone for the Co-op's tax financing model for developing community solar in Wisconsin.



Tony Hartmann, Director of Business Development, LSC – Since returning to Wisconsin 15 years ago, Tony has been a nanotech and clean energy entrepreneur. He has developed, promoted and sold renewable energy products, services and technologies, many associated with WARF and the U.W. He has also been an adjunct instructor at Madison College, performed grant reviews for the National Science Foundation and organized cooperatives and trade associations.



Peter Fiala, Group Buy Coordinator, Vice-President, Board of Directors, LSC – Peter has volunteered with many nonprofits in Madison over the years including Sustain Dane, Dane Buy Local, Fitchburg Fields, Prairie Fire Biofuels Cooperative, Madison Community Cooperatives, and now Legacy Solar Cooperative. Over the years, Peter has helped the co-op with our social media, website edits, and the creation of our online Newsletter. Since April of this year, Peter is now full-time Solar Group Buy Coordinator for LSC, where he gets to be on the frontline of the development of solar energy projects all over the state.



Steve McArthur, Director, LSC – Steve has over 45 years of experience in commercial banking with emphasis in cash management, sales leadership/training, and strategic planning. He has led international sales teams and has been a frequent speaker at international, national, and regional conferences. He has also served on the Boards of many non-profit organizations and was the Senior Advisor to the Governmental Finance Officers Association.



Elise Couillard, S2S Product and Membership Coordinator, LSC – Elise Couillard is the Switch-to-Solar (S2S) Coordinator with Legacy Solar Co-op. She is also currently the Treasurer for the Couillard Solar Foundation. When Elise isn't promoting solar, reducing food waste, and pulling recyclable items out of the trash, you may find her working on her tiny house on wheels or watching wildlife. Elise holds a BS in Biology and Psychology and a MSc in Biology, and will always love field research and behavioral ecology. Ultimately, she centers much of what she does around making a positive impact on earth and having a small carbon footprint.

Additional Support Personnel

Legal Counsel for the Co-op: David (Rosebud) Sparer, and Chad Bartell, Carlson Black LLP

Certified Public Accountant for the Co-op: Bruce Mayer, and Brian Dahlk, Wegner CPAs

Bookkeeping assistance: Andy Browne, CPA, Common Good Bookkeeping Cooperative

Marketing Research and Planning: Dandelion Marketing Services, Celeste Anton, Principal

Board of Directors (remainder not mentioned on the previous page)



John Bayley, Secretary, LSC – John has lived in the Dudgeon-Monroe neighborhood for many years and has supported numerous cultural and environmental causes over time. John has participated in peer-to-peer (P2P) solar projects in the past and is one of the first bondholders of Legacy Solar Co-op.



Jennifer Larson, Interim Director, LSC – In her current role as an energy consultant at Arch Solar, she says, “I’m learning so much about the hurdles that residents and small businesses face when they choose to go solar. I hope to be able to further connect individuals with resources and information to make that transition to solar possible. As a concerned parent and Wisconsinite, it has never been a more critical time to have *all hands on deck* to help as many folks as possible make the switch to clean, renewable energy.”



Celeste Anton, Director, LSC - Celeste has lived in the Shenk-Atwood neighborhood for almost 20 years. A digital marketing consultant, she began working with Legacy Solar Co-op in its first year to build our website, set up online membership forms, and develop marketing campaigns. Celeste has many years of experience working with small businesses and not-for-profits. Before forming her business, Dandelion Web Marketing and Consulting she was in charge of Internet marketing for the UW-Madison Division of Continuing Studies.

Legacy Solar Wisconsin Cooperative Financials

During the first 8 years of our existence, we carefully held all our bonds and loans in a balanced set of portfolios; but now that we have over 80 members participating in our bonds program and over 25 loans made to solar projects all over Wisconsin, we have diversified our investments and have even refinanced a number of our higher interest bonds to keep our margins in check during the economic tumult that we have been experiencing globally due to the pandemic and due to the war in Ukraine. When the solar tax credit was scheduled to diminish further in 2023 and bottom out in 2024, our little Co-op went to work building new revenue streams to further diversify our income potential. Now that the Inflation Reduction Act has enabled us to look ahead even as far as a decade for long-term incentives remaining strong for renewables, we feel more confident than ever that Legacy Solar Co-op can play a key role in helping organizations navigate this complicated landscape of equipment options, vendor options, funding and financing options, and provide much needed project and finance management along the way. We want to help more organizations hit the “easy button” and know that their solar project is going to be well taken care of from early contemplation all the way through commissioning, and beyond.

In 2022, our co-op dug most of the way out of the debt we incurred in the previous year when we invested in growing our systems and business plan. Now in 2023, thanks to our hard work in 2022 and winning one of 25 awards nationally from the Department of Energy for the **Community Power Accelerator Prize**, we are poised to complete our goal of 1 MegaWatt of Community Solar with shared benefits to LMI Households next month and thereby win Phase II making our net income for 2023 closer to \$200,000. If we win this prize, we will report to the membership just how we plan to use the funds to bolster our ability to double our capacity for 2024. The following page shows our balance sheet for year-to-date August 3rd, 2023.

Legacy Solar Wisconsin Cooperative

Balance Sheet As of August 3, 2023

	TOTAL
▼ ASSETS	
▼ Current Assets	
▶ Bank Accounts	\$208,595.47
▼ Accounts Receivable	
Accounts Receivable	81,799.75
Total Accounts Receivable	\$81,799.75
▶ Other Current Assets	\$0.00
Total Current Assets	\$290,395.22
▼ Fixed Assets	
accumulated depreciation	-20,595.75
Machinery & Equipment	20,595.75
Total Fixed Assets	\$0.00
▼ Other Assets	
▶ Notes Receivable	744,379.94
Total Other Assets	\$744,379.94
TOTAL ASSETS	\$1,034,775.16
▼ LIABILITIES AND EQUITY	
▼ Liabilities	
▼ Current Liabilities	
▶ Accounts Payable	\$2,647.33
▶ Credit Cards	\$25.85
Total Current Liabilities	\$2,673.18
▼ Long-Term Liabilities	
Member Bond Payable	0.00
▶ Member Bonds	1,037,230.01
Total Long-Term Liabilities	\$1,037,230.01
Total Liabilities	\$1,039,903.19
▼ Equity	
▶ Member Equity	34,542.57
Opening Balance Equity	0.00
Retained Earnings	-66,567.00
Net Income	26,896.40
Total Equity	\$ -5,128.03
TOTAL LIABILITIES AND EQUITY	\$1,034,775.16

Accrual basis Thursday, August 3, 2023 11:40 AM GMT-05:00

Year-end Financials, Annual Reports, or other related information is available on our website or by request.

Slice-of-Sun (SOS) Bonds Program

Slice-of-Sun bonds raise money to power the Co-op’s business plan in pursuit of more and more solar in Wisconsin. We sell bonds in \$250 subscriptions with one bond being the equivalent of one solar panel (module) able to generate at least 250 Watts of peak electricity or over 7,000 kilowatt hours in a 25-year period. Investing in SOS bonds helps bondholders, tax sponsors, community organizations, and of course helps stabilize our climate’s volatility by reducing the amount of carbon emitted through our electrical grid.

LSC makes secured loans to Tax Sponsors who contract with qualifying projects (host sites) making solar arrays attainable for organizations who can’t afford the start-up costs themselves.

The Host Site gets the environmental and economic benefits of solar and pays the Tax Sponsor (Single Purpose LLC in the graphic to the left) for the benefit of the energy production from the solar array.

The Tax Sponsor gets to use the tax advantages for savings on their tax burden and uses the income from the host site to make their loan payment to LSC. LSC uses the receipts from the loan payments to pay back the bondholders over 12 years.

Interest Rates and Bond Details

Interest rates are variable in that you can choose the interest rate you want to be paid within the range listed below. If you choose a lower interest rate, Legacy Solar Co-op uses the money saved in interest payments to pay for administrative expenses and to expand programs. Please tell us what interest rate you can accept and we will be happy to show you the amortization schedule for the amount of principal you want to invest. Remember, you can choose any interval of \$250.00. Please feel free to reach out if you have any questions before, during, or after you decide to buy bonds. You can only buy bonds through the co-op if you are a paid member of our co-op and hold your principal address / residency in the state of Wisconsin.

MARCH, 2024 INTRODUCTORY RATES

Slice of Sun Interest Rates

\$250 to \$4,750.....0 to 3.00%

\$5,000 to \$9,750....0 to 3.25%

\$10,000 and up.....0 to 4.00%

Bonds are sold in \$250 increments and paid Principal and Interest annually or quarterly.

Existing bondholders who wish to re-invest will be able to name their interest rate anywhere between 0% (maximum assistance to LSC) to 3.5% (maximum yield possible for rest of existing bond's term)

Each bond purchase has an amortized payment schedule based on these terms.

Interest is paid annually according to the amortization table accompanying each bond certificate. Bonds sold for \$10,000 or more may be paid quarterly rather than annually.

Bonds have a 12-year term but may be recalled earlier if the co-op is able to buy back the bonds and repay the bondholders before the end of the repayment schedule. Bondholders whose bonds are recalled by the Co-op do have the option to reinvest in new bonds (when available).

If recalled early, bondholders receive the remainder of the face value principal owed to them, plus the amount of interest earned in the time between the last quarterly or annual payment and the buyout date.

Next Page: [How to Buy Bonds](#)

How to Buy Co-op Solar Bond Subscriptions

Step 1: Become a member of Legacy Solar Co-op

If you aren't already a member of Legacy Solar Co-op, you must join to be eligible to buy Slice of Sun bonds.* You can join online at <https://legacysolarcoop.org/become-a-member/> or download and print the application and mail it to:

Legacy Solar Co-op
PO Box 7622
Madison, WI 53707-7622

**Current co-op (equity) membership is required in order to comply with state and federal regulations regarding the sale of bonds.*

Step 2: Review this Member Bonds Disclosure Packet thoroughly

Carefully review the terms and conditions outlined in this packet. You are encouraged to seek out your own legal counsel, tax specialist or other financial advisor to determine if purchasing bonds from Legacy Solar Co-op is suitable for your circumstances.

LSC can also provide you with the names of specialists familiar with our financing program upon request.

Step 3: Complete the necessary forms and submit payment

Complete the **Bondholder Acknowledgement Form** (the last page of this document) and a **W9 Form** (available at www.irs.gov/pub/irs-pdf/fw9.pdf) and submit with your check to the address above.

The **Bondholder Acknowledgement Form** indicates primarily that you have read and understand the information in this packet and that you understand the risks associated with bond purchase. We use the **W9 form** to complete a 1099-INT form for any interest paid (over \$10).

Online purchases up to \$1,000 are available for the convenience of current members, but we request that any purchases larger than \$1,000 be made by check to save LSC the credit card processing fees. You are still required to complete a W9 with online purchases if it is not already on file with the Co-op.

Step 4: Sign bonds and return a copy to LSC

Within 5 business days after we receive your payment and completed forms, LSC will send you two copies of your bond certificate. Sign and date both. Keep one for your records and return the other in the self-addressed stamped envelope.

Each bond will have a copy of the amortization table included in the document, with Principal and Interest payments identified.

See Suitability Standards on the next page.



VFW Post #8483 Truax-Longmire by Dane County Airport

Suitability Standards

Suitability standards refer to the circumstances under which it may be suitable for a prospective bondholder to buy a bond. Prospective bondholders are encouraged to seek out their own legal counsel, tax specialist, or other advisors to determine if buying bonds from the Co-op is appropriate for their own circumstances.

The following qualities should be considered when determining if buying a bond is suitable for 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 able to assume such risk, forgo liquidity of funds used to purchase bonds, and possibly sustain a loss of part, or all of these funds.

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 buying bonds affected by factors 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.
- **Reliance on Key Personnel** – The Co-op relies on the Managing Director, other paid consultants, the outside counsel and accountant, and the Board of Directors, as well as volunteers and other members, to complete its day-to-day operations throughout the year. If one or more of the key personnel are unable to complete their responsibilities, a reduction in performance 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 rapidly expanding market. These predictions aren't perfect, and there is a chance that the Co-op may fall short of cash on hand to meet all cash obligations during every month of the year. Since we have contingencies built into our model, we can weather temporary setbacks, but the risk remains.
- **Unsecured and Subordinate Obligations** – If the Co-op fails financially, requiring it to file for protection under bankruptcy laws, all bondholders would be paid off first, unless the Co-op takes on a mortgage-like obligation causing member debt obligations to be subordinate to this new debt. The Co-op has no plans to enter such an arrangement unless some future board considers such a move.
- **Relative Non-liquidity** – To comply with state and federal regulations, bond notes cannot be sold, assigned, or transferred to another person without completing the necessary paperwork with the Co-op. Bonds are not payable upon demand. Provisions for a bondholder to request an early redemption of the bonds is spelled out in the certificate, but early redemption is not guaranteed. The bondholder must be prepared to hold onto these notes until maturity.

Appendix A: Sample Bond Certificate

LSC Slice-of-Sun Bond Certificate



This is to certify that **(Member Name)** is the owner of **30 \$250 Bonds** for a total **Face Value** of **\$7,500**. This Bond will bear **3.25 %** interest, with amortized Principal & Interest (P&I) payments made annually for 12 years.

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.

12-Year Solar Bond Term: Bondholders will receive annual P&I payments for years 1-12, according to the amortization / repayment schedule accompanying this certificate.

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 its term; or 2) Bondholder may sell their bond back to the Co-op at its face value according to the month and day of the sale according to the amortization table following this certificate, 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:

This bond note cannot be sold, assigned, or transferred to another person without completing necessary paperwork with the Co-op to comply with state and federal regulations. These notes are not payable upon demand.

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.

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.

The bondholder is responsible for informing the Co-op of their, her, or his current address.

Even though the Co-op secures an interest in solar projects through an equipment lien on the equipment purchased using the loan/s made by the Co-op to project owners, individual bonds are not directly secured by any collateral.

The bondholder has been given 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. This information has been provided to help the bond purchaser determine the safety, risks, and wisdom of their investment.

By signing below, the purchaser acknowledges they have received this information and their questions have been answered to their satisfaction before purchasing this bond.

Sample Member Name

Bondholder Name	Bondholder (signature and date)
Sample SSN or EIN	Member Number
Social Security Number	LSC Member Number
Member Address	Bond #SAMPLE
Bondholder Address	Bond Certificate #
Madison, WI 53711	Co-op Managing Director (signature and date)
City/State/ZIP	

EXAMPLE / SAMPLE COPY ONLY



Bond Amortization Table

\$7,500.00	Loan Amount
3.25%	Interest Rate
12	Years
1	Payments / year
12	Total Payments

Due Date	PMT #	Payment	Interest	Principal	Balance
	0				\$7,500.00
2023	1	\$764.75	\$243.75	\$521.00	\$6,979.00
2024	2	\$764.75	\$226.82	\$537.94	\$6,441.06
2025	3	\$764.75	\$209.33	\$555.42	\$5,885.64
2026	4	\$764.75	\$191.28	\$573.47	\$5,312.17
2027	5	\$764.75	\$172.65	\$592.11	\$4,720.06
2028	6	\$764.75	\$153.40	\$611.35	\$4,108.71
2029	7	\$764.75	\$133.53	\$631.22	\$3,477.49
2030	8	\$764.75	\$113.02	\$651.74	\$2,825.75
2031	9	\$764.75	\$91.84	\$672.92	\$2,152.84
2032	10	\$764.75	\$69.97	\$694.79	\$1,458.05
2033	11	\$764.75	\$47.39	\$717.37	\$740.68
2034	12	\$764.75	\$24.07	\$740.68	\$0.00
		<u>Payments</u>	<u>Interest</u>	<u>Principal</u>	
Totals		\$9,177.05	\$1,677.05	\$7,500.00	
			Internal Rate of Return (IRR) =	3.25%	

Appendix B: Bondholder Acknowledgement Form

Yes, I would like to buy a Slice-of-Sun Solar Bond Subscription Please fill out this form (no limit) or buy online (\$1,000 limit online) at www.legacysolarcoop.org

Total Bond Purchase (in \$250 increments) \$ _____ at this interest rate _____

Please initial each statement and sign at the bottom.

- _____ I acknowledge that I have received the **Member Bond Disclosure Packet**;
- _____ I understand that buying a bond is inherently risk, as described in the **Bond Disclosure Packet**;
- _____ I understand that this bond is unsecured (Note: the Co-op's loans to projects are secured):
- _____ I am a bona fide resident of the State of Wisconsin;
- _____ I am an equity (paid) member of the Legacy Solar Co-op;
- _____ I understand that the Co-op may "call" the bonds back and repay bondholders before the date of maturity, and in that case, that I will be paid interest prorated for that partial year along with the remaining balance from the face value;
- _____ I also understand that interest will be taxable every year until the date of maturity, and that I will receive a 1099-INT statement for each full tax year in which I earn and receive payment of \$10 or more.

By signing below, you acknowledge the information provided on this page is correct.

Top Section to be completed by Bondholder:

Name:		
Address:		
City and ZIP:	Telephone:	
Social Security or EIN:	LSC Member Number:	
Signature and Date:		
To Be Completed by Co-op Representative at Time of Purchase:		
Bond Number	\$ Amount of Bond(s)	Date of Issue:
Form W9 Completed by Member _____ Yes _____ No		Series Month
Co-op Official Present at this bond transaction, Name and Date:		

Legacy Solar Co-op PO Box 7622 Madison, WI 53707-7622