



GRECo Community Bonds Investment Guide

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Introducing GRECo Community Bonds

GRECo Community Bonds are a great way of investing in solar energy. They offer an exceptional return on your investment while providing the peace of mind that

comes from knowing that your money is working to build an environmentally friendly future.

This document is designed to help you understand the benefits and risks of investing in GRECo Community Bonds. It will provide you with an explanation of the bond offering and associated projects with the aim of helping you decide whether GRECo Community Bonds are right for your investment portfolio.

Use of Bond Proceeds

GRECo Community Bonds will be used to build two 51% community owned solar projects in Guelph. The first installation will be a 300 kW system mounted on the roof of the shopping mall at 218 Silvercreek Parkway. The second will be a 105 kW system installed on the roof of Hygrade Roofing factory at 2 Airpark Place. Both systems will be installed in the summer of 2015.

The projects will produce electrical energy that is metered and sold to Guelph Hydro monthly for 20 years under a feed in tariff (FIT) contract.

During this time the projects will produce enough revenue to pay the interest on the bonds and return the principal to the bondholders. Any additional funds (surplus) after costs will be allocated for future renewable energy or community development projects.

Offering

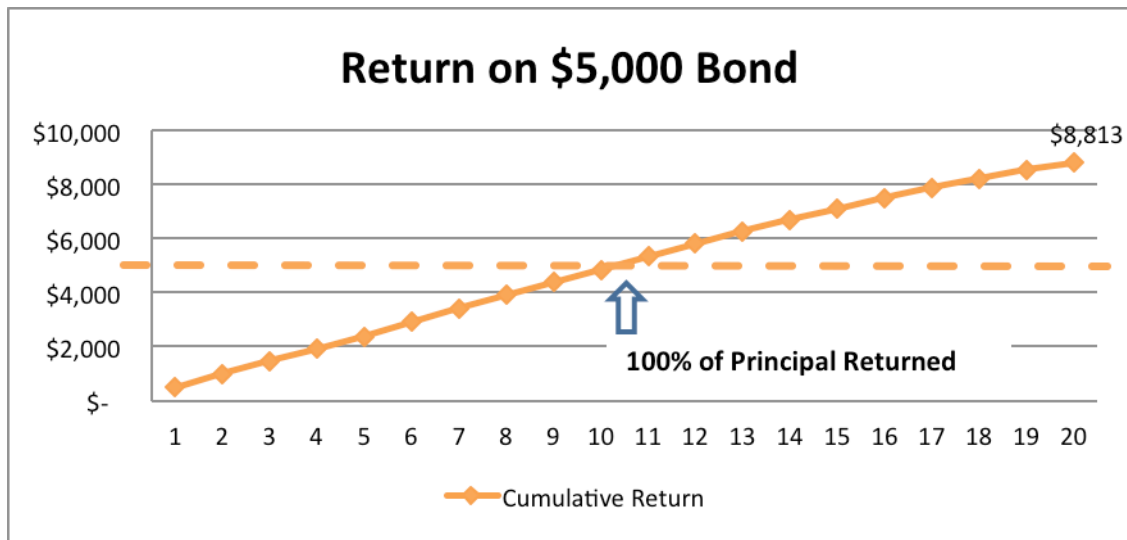
Guelph Renewable Energy Co-operative - GRECO - (formerly Guelph Solar Community Co-operative) is offering the bonds for sale to members. There are 37 bonds available valued at \$5,000 each for a total raise of \$185,000. As the amount to be raised is less than \$200,000, this Offering is exempt from review by the Financial Services Commission of Ontario. The bonds are for a 20-year term with an interest rate that increases over time.

20-Year Climbing-Rate Annuity Bond

Here's what is being offered. A minimum \$5,000 investment is required.

Offering	
Amount to Raise	\$185,000
Minimum Purchase	\$5,000
Number of Bonds	37
Interest Rate	
<i>Years 1-5</i>	5.0%
<i>Years 5-10</i>	7.5%
<i>Years 11-15</i>	10.0%
<i>Years 16-20</i>	12.5%
Principal Repayment	5% annually starting in Year 1

Here's how that would look for a \$5,000 bond.



The average return on ***outstanding*** principal is 7.26%.

Principal Repayments Starting in Year 1					
Year	Interest Rate	Interest Payment	Principal Repayment	Total Annual Payment	Cumulative Return on Investment
1	5%	\$250	\$250	\$500	\$500
2	5%	\$238	\$250	\$488	\$988
3	5%	\$225	\$250	\$475	\$1,463
4	5%	\$213	\$250	\$463	\$1,925
5	5%	\$200	\$250	\$450	\$2,375
6	7.5%	\$281	\$250	\$531	\$2,906
7	7.5%	\$263	\$250	\$513	\$3,419
8	7.5%	\$244	\$250	\$494	\$3,913
9	7.5%	\$225	\$250	\$475	\$4,388
10	7.5%	\$206	\$250	\$456	\$4,844
11	10.00%	\$250	\$250	\$500	\$5,344
12	10.00%	\$225	\$250	\$475	\$5,819
13	10.00%	\$200	\$250	\$450	\$6,269
14	10.00%	\$175	\$250	\$425	\$6,694
15	10.00%	\$150	\$250	\$400	\$7,094
16	12.50%	\$156	\$250	\$406	\$7,500
17	12.50%	\$125	\$250	\$375	\$7,875
18	12.50%	\$94	\$250	\$344	\$8,219
19	12.50%	\$63	\$250	\$313	\$8,531
20	12.50%	\$31	\$250	\$281	\$8,813

Community Wealth Guarantee

GRECo is a member of Community Wealth Non-Profit, an organization created to foster the development of renewable energy co-operatives. Community Wealth has a reserve fund of \$500,000 to backstop any shortfall in revenue that impacts payments of interest or principal to member investors.

Early Redemption

Any time after 5 years, you can request to be replaced as a bondholder. GRECO will maintain a standing group of interested investors who are capable of buying in when others want out. We anticipate that as the interest rate offered increases over time, so will the number of investors interested in buying bonds. Once a replacement member investor is found, withdrawal is subject to a payment equivalent to 2% of the capital being withdrawn (this drops to 1% after 15 years) up to a maximum of a \$100 fee, with withdrawals permissible only in increments equivalent to a full bond. The fee is waived if you bring in the new member yourself – such as a friend or family member. The community bond can also be willed.

RRSP Eligibility

The Co-operative will pursue RRSP eligibility for Community Solar Bonds once PV Installations have been constructed and generating electricity.

Guelph Renewable Energy Co-operative (GRECo)

Guelph Solar Community Co-operative was incorporated as a co-operative in 2011. The name is being changed to Guelph Renewable Energy Co-operative to clarify its independence from a similarly named private company. The founding members had a vision of providing opportunities to invest in local solar projects for people who could not put solar on their own rooftops. GRECo is a member of the Federation of Ontario Power Co-ops, which represents renewable energy co-operatives across the province.

When the Ontario FIT program was initiated, GRECo began applying for Feed In Tariff (FIT) contracts to produce renewable energy to be sold to Hydro One under 20-year, government guaranteed contracts.

GRECo was successful in obtaining two contracts in the FIT 2.1 round of applications. Each application is being developed in conjunction with a private

developer partner. The Co-operative owns 51% of each project - the developer partner owns the other 49%.

The two projects are:

1) Location: 218 Silvercreek Parkway

Size: 300 kW DC (about 1200 solar panels)

Developer Partner: [Icarus Power Generation Inc.](#)

2) Location: 2 Airpark Place

Size: 105 kW DC (about 420 solar panels)

Development Partner: [Solera Sustainable Energies Inc.](#)

Combined Capital Cost for both projects: \$1,550,000

In each case the developer partner will oversee the construction as well as being the long-term owner of the system.

In addition [Options for Green Energy](#), a renewable energy co-operative development consultant, has been contracted by the Co-operative to help guide the projects from their start to completion.

Membership

GRECO is made up of an elected board and approximately 200 members. Board members are profiled on the website: <http://www.guelphsolar.ca/board.html>. The board is elected for 2-year cycled terms at Annual General Meetings. The volunteer board is made up of individuals who are working to support the vision of GRECO to develop opportunities for residents of the Guelph area to invest in community owned solar projects.

Project Financing

The solar projects are being financed through a combination of money raised through the issue of GRECo Community Bonds and long-term loans. The total cost for both projects is \$1.6 million and is required up front. However, once the solar panels are generating power to the grid, ongoing operations and maintenance costs are relatively small – especially compared to other forms of electricity generation. Using known solar data the amount of revenue earned over the next 20 years is easily projected. Low operating costs ensure that most of the revenue from the sale of electricity is available to pay debt including providing attractive returns on investment to our bondholders.

The financial plan requires that 10% to 20% of the capital cost (equity) of the project be funded through the sale of GRECo Community Bonds. All residents of Ontario are invited to purchase GRECo Community Bonds with priority given to local community members in the event of a shortage. The 80% to 90% long-term debt is borrowed from a lender to cover the remaining money needed through a 12 to 18 year term loan. Both the loan and the bonds will be paid back over the life of the 20-year contract with Hydro One.

Use of Surplus

GRECo is a not-for-profit co-operative. After paying all financial obligations including: GRECo Community Bonds, debt costs, operating costs, maintenance costs, land leases, insurance, land taxes and the cost of operating our co-operative, the remaining is the “surplus”. This money will be used for future community development activities. The pooling of funds through the [Community Wealth Non-Profit](#) will enhance the economic benefits from the project. This will allow GRECo and other co-ops to develop larger future projects with more support and financial flexibility.

How to Purchase

Interested purchasers can request a bond application form that will be sent to you via email. Fill out the form and send in a cheque for the amount of your bond purchase to the return address on the form. Bonds will be issued on the first day of the month following the day on which funds were deposited. First bond payments will begin a year from the date of issue.

If I have questions, who can I speak to? Call Marc van Beusekom at 1-877 880-6961 x 229 if you have some questions you need answered.

Risk Review Summary

Risk	Control Mechanism(s)
Development	<ul style="list-style-type: none"> • Agreement with Options for Green Energy for development support • Agreement with developer partners to finance development component • No exposure of bondholders' equity until connection has been assured through receipt of Notice to Proceed
Design	<ul style="list-style-type: none"> • Working with experienced solar developers
Equipment	<ul style="list-style-type: none"> • Select equipment suited for Ontario conditions • Select bankable equipment with industry standard warranties
Construction	<ul style="list-style-type: none"> • For each project, construction is being done by long term developer partner
Finance	<ul style="list-style-type: none"> • 20 year fixed rate contract for electricity generated with the IESO (Independent Electricity System Operator) • Production and revenue estimates based on detailed (PVSyst) modelling • Long term financing (15 to 18 year term) to eliminate interest rate inflation risk
Operations	<ul style="list-style-type: none"> • Continuous automated monitoring • Insured for production losses through equipment warranty, liability and fire insurance losses • Operations and Maintenance contract with developer partner
Production Shortfall	<ul style="list-style-type: none"> • Surplus payments to Community Wealth can be reduced or eliminated • \$500,000 available from Community Wealth to cover any shortfall impacting interest/principal payments

