

**MEMORANDUM OF UNDERSTANDING**

THIS Memorandum made this 08 day of July, 2015  
BETWEEN:

**QUEEN STREET SOLAR CO-OPERATIVE CORPORATION**  
("QSS")  
- and -

**WHITCHURCH-STOUFFVILLE COMMUNITY ENERGY CO-OPERATIVE INC.**  
("WSCEC")

**BACKGROUND:**

- I. WSCEC desires to develop a Renewable Energy Project (the "Project") on the Stouffville Clippers Sports Complex (120 Weldon Rd.) for which WSCEC has been awarded a FIT 3.0 contact to sell the energy produced. Additionally, WSCEC desires to offer the members of the Co-operative the opportunity to invest in the Project and earn a financial return. WSCEC has determined that it cannot proceed with a single project and meet its long term financial obligations.
- II. QSS and WSCEC desire to:
- a. ensure that the development of the Renewable Energy Project proceeds; and
  - b. offer WSCEC members the opportunity to invest in their Project; and
  - c. ensure that the resources are available for the long term (20 year) operating costs associated with administering the Project, the membership and the financial obligations to member-investors; and

**2. WSCEC's Activities**

- 2.1 WSCEC agrees to lobby the Town of Whitchurch-Stouffville (the "Town") for the removal of the \$100,000 letter of credit requirement currently stipulated in the licensing agreement between WSECE and the Town for the rooftop of the Sports Complex. If this letter of credit requirement is not removed, WSCEC and QSS agree that the Project will not proceed.
- 2.2 Provided the letter of credit is removed, the 50+ property owner/members of WSCEC agree to become members of QSS in order that QSS may become a qualified community owner of the Project.
- 2.3 WSCEC shall assist QSS in marketing community bonds to the WSCEC membership in order to raise the equity needed to build the Project.
- 2.4 WSCEC agrees to a transfer of ownership of the Project, at COD, to a Joint Venture to be formed between QSS and Solera Sustainable Energies Company.

**3. QSS Activities**

- 3.1 QSS shall enter into a Joint Venture agreement with Solera Sustainable Energies Company ("Solera") for the purpose of developing and constructing the Project.
- 3.2 QSS shall own 51% of the Project, Solera shall own the remaining 49%.
- 3.3 QSS shall negotiate with Solera a price to construct the system and provide and Operations and Maintenance contract.
- 3.4 QSS shall, in conjunction with Solera, arrange for debt financing which will provide for approximately 80% debt and 20% equity.

- 3.5 Approximately \$80,000 in community bonds will be required for the project. The minimum investment shall be \$5,000 for a 20 year term with principal to be repaid at 5% per year starting in year 1. Interest shall be 5% in years 1 to 5, 6.5% in years 6 through 10, 8.25% in years 11 through 15 and 12.5% in years 16 through 20. Interest shall be paid on the principal remaining in each year.
- 3.6 QSS will provide a prospectus and investment guide to WSCEC members who wish to invest and, if necessary (ie, if QSS issues more than \$200,000 in bonds in the year), will obtain a receipted offering statement from the Financial Services Commission of Ontario (QSS has a template that has been receipted successfully).
- 3.7 QSS will work with Solera to see if compensation for a portion of WSCEC's \$60,000 debt for development costs to date can be provided for in the financing structure.
- 3.8 QSS shall, with Solera, arrange to have a suitable Agreement to Transfer ownership of the Project written by their legal counsel, Iler Campbell.
- 3.9 QSS will provide or arrange for administrative services to keep track of and pay out interest and principal payments to WSCEC members who invest in the Project.
- 3.10 As members of QSS, the current board members of WSCEC are welcomed to stand for election/appointment to the QSS Board (QSS currently has three vacant board positions out of a total of nine).

4. **Licensing Conditions**

- 4.1 Queen Street Solar has come to an understanding with Solera and its financier, that they can accept all the conditions of the licensing agreement except the \$100,000 letter of credit requirement.

**Whitchurch-Stouffville Community Energy  
Co-operative Inc.**

NAME:

TITLE:

NAME:

TITLE:

We have the authority to bind the Corporation.

**Queen Street Solar Co-operative Corporation**

NAME:

Andrew Simpson  
PRESIDENT

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