



## **SOLARSHARE ANNUAL GENERAL MEETING MINUTES**

Date: June 23, 2020, 7PM

Location: Virtual Meeting via Zoom Webinar

Recorded By: Mary Warner



7:09PM- Call to order

## WELCOME & INTRODUCTIONS:

- At least 25 members were present, meeting our required minimum quorum of 25 members.
- NOTE: this meeting is being recorded
- **Master of Ceremonies:** Chris Caners, SolarShare General Manager
- Chris acknowledged the traditional territories, reviewed the agenda and introduced current board members and staff.

**MOTION** to approve the minutes from the 2019 AGM. Moved by Mike Brigham, seconded by Patrick Collie. Motion carried, none opposed (only those present at last year's meeting were allowed to vote).

## PRESIDENT'S REPORT:

Mike Brigham, SolarShare President, gave a presentation on some of the top achievements in 2019-2020 Fiscal Year.

- Same number of projects as end of last year, with the cancellation of the FIT program new projects development is not as it was.

### Change of governing agency

- FSCO (Financial Services Commission of Ontario) was disbanded
- FSRA (Financial Services Regulatory Authority) took over its function
  - Current Offering Statement receipted by FSRA
- Investments in operations and maintenance
  - Orenda inverter replacement project to correct for inverter errors which are impacting site performance
  - Snow mitigation on the Timiskaming sites by purchasing Pisten Bully to pack down snow between panels so that they don't get snowed in with drifts
    - Q: will snow clearing strategy be in place for other projects?
    - A: we don't see a big problem with fixed mount systems and is cost prohibitive for smaller systems.
  - Grass mitigation through work with a shepherd, again at Timiskaming sites
  - Transformer repairs on ground mounts sites due to oil leaks (coolant system)
    - Repairs are covered by warranty but shipping is not
  - Central inverter inventory
    - For projects with 1 inverter rather than string inverters, can take an entire system down until parts can be replaced.
    - Last summer we weren't able to replace a part for a month and lost \$70,000 of revenue, we were able to recover 50% through insurance but it did illustrate the risk.
    - Plan to stockpile common parts as security against loss
    - Q: would it be effective to buy a spare inverter rather than parts?
    - A: no, we have 3 sizes of inverter and often just need 1 part so would be stripping it for repairs and inverters themselves can cost \$200,000
- Reopened Solar Bond sales
  - \$9.3 million in new bond sales January - May 2020
  - Includes over \$7 million in reinvestment from maturing Solar Bonds

## The Year Ahead:

- Operations
  - Continued focus on revenue generation and operational efficiency
  - Waterview site: Retrofit improvements when reroofing
- Business Development
  - Ongoing interest in acquiring existing Ontario solar assets with long term contracts
  - Planning to purchase one ground mounted 500 kW project later this year
  - Potential to purchase other solar assets in partnership with municipalities

## FINANCIAL UPDATE:

- Ron Seftel, SolarShare Treasurer, reviewed the 2019 audited financial statements.
- Auditor (Kriens-LaRose) did not find any significant errors and was happy with internal controls
- Audited financial statements are available to members and circulated prior to the meeting, available on request as well.
  - “Clean” opinion from our auditors, Kriens LaRose
    - Review financial controls and bookkeeping systems to confirm they are in good shape and the numbers presented are accurate
  - Balance Sheet
    - CSA1/CSA2 Long Term Debt – performance in last two years
    - Accounting loss for next 2-3 years, then building a surplus expected
    - Differences in Bonds shown between Current and Long Term due to bulk maturities of \$10 million in the year, we have renewed 70%
  - Income Statement
    - 2019 was not a great year for revenue but we do expect and are trending better in 2020
    - Currently showing a deficit but it will shift to surplus in next few years
  - Cashflow
    - If you remove Amortization which is a non-cash expense you will see the cash trend is quite good.
  - Notes
    - Quite extensive and in depth.
    - Notice the Capital Asset table at the very end with full details on all projects

**MOTION** to reappoint Kriens-LaRose as auditor. Moved by Ron Seftel, seconded by Ashley Reid. Motion carried, none opposed.

## Look ahead:

- In addition to the short term budget we also maintain a 15 year forecast
- Surplus by end of FIT contracts (2038) projected between \$1 and \$5 million – surplus to be remitted to “TREC Renewable Energy Fund” to support further renewable energy development.
- Assumptions in the model allow for very conservative modeling
  - No new projects added
    - There is the potential for new projects but we are conservative in our model
  - Revenue projections based on past performance

- Reduced general and administrative expenses starting in 2021
- Conservatively includes major maintenance expenses of more than \$2.5 million
- No residual or future value for projects at end of FIT contracts

## **ELECTION OF NEW BOARD MEMBERS:**

- Review election info
- Key to our success is a skilled and diverse board
- There are currently three available spots on the Board, and three candidates running
  - Mike Brigham, Shama Ahmed, Pieter de Koning
- Call for other nominees?
  - Candidates are elected for a three-year term
  - Candidates each presented for one minute:
    - Thank you to all members who ran for the board
- Vote on candidates

**Motion:** Graysanne Bedell moved and Khalid Grant seconded that Mike Brigham be elected to the Board of Directors for a term of 3 years. Motion carried, none opposed.

**Motion:** Graysanne Bedell moved and Khalid Grant seconded that Pieter de Koning be elected to the Board of Directors for a term of 3 years. Motion carried, none opposed.

**Motion:** Graysanne Bedell moved and Khalid Grant seconded that Shama Ahmed be elected to the Board of Directors for a term of 3 years. Motion carried, none opposed.

## **ANNOUNCEMENT OF ELECTION RESULTS**

- The following members have been elected to the Board of Directors:
  - Shama Ahmed, Mike Brigham, Pieter de Koning

## **NEW BUSINESS UPDATE:**

- Presented by Khalid Grant, Chair, New Business
- SolarShare only plans to acquire existing Feed-In-Tariff contracted solar energy assets in Ontario for the foreseeable future. Will only purchase solar assets if they meet our requirements for risk and return.
- In discussions to purchase one ground mounted 500 kW project later this year (FIT 2 ended 2036)
  - Approx. \$300K in gross revenue if the project goes forward
  - Approx. worth is \$2.5-\$3 million depending on purchase date
  - Note: price based on worth of FIT contract revenues, not what you would spend on a new 500 kW system now.
- Focus to be on maximizing efficiency of projects in existing portfolio (ie. snow clearing, preventative maintenance)
- Plan to refurbish certain existing projects (e.g. Waterview) where economic benefits can be realized through improved performance

## **SALES AND MARKETING PRESENTATION:**

- Presented by Pieter de Koning, Chair, Marketing
- Sold out of Solar Bonds in February 2019
  - New bonds support new projects and with development halted we no longer required more financing.
- Reopened Solar Bond sales in 2020
  - Delayed due to new FSRA process to receipt Offering Statement so we extended the maturity date on October maturing bonds, received receipt in December.
- \$10.9 million in Solar Bonds matured in January and April 2020
  - The majority (~70%) of our members choose to reinvest
- \$9.3 million Solar Bonds issued to date in 2020
- 2020 Target of \$12 million
- Website
  - New website under development to improve member experience and sales
- Referral program
  - Coming soon!
  - Member referrals are our best marketing tool
  - Prizes for successful referrals
- Digital Marketing (Covid-19 a factor in choosing strategy)
  - Focus on digital and remote marketing channels
  - Increasing presence on Facebook, Google, LinkedIn Social Media
  - Bi-monthly newsletters
  - Information sessions

## **SOLARSHARE IS TEN!**

- Founded in January 2010
- Thank you to all of our board, committees, staff and volunteers!
- SolarShare membership now 1,765
- Database of over 7,500 members and those interested in becoming members receiving emails, newsletters and participating online via social media
- Since its founding, SolarShare members have invested greater than \$50 million and received more than \$6 million in interest

## **QUESTION & ANSWER PERIOD**

Question: Covid-19 impacts to the business?

Answer: projects are operational and revenue is paid by government/utilities so that is set. We did have to shift staffing to entirely electronic and remote work which was a major effort at the time but we were well set-up to do. Shouldn't be any long term impacts.

Q: with no new projects will revenues decrease over time with degradation of panels?

A: yes, we model for that with revenues decreasing over time.

Q: is there cost savings on snow removal by building projects higher off the ground?

A: we go on a project by project basis, the ones we clear snow on in particular are too complicated to raise as it adds structural engineering challenges

Q: is power storage an option?

A: under FIT program, it is not allowed. Outside of FIT program it is a possibility and we are exploring options outside of the current SolarShare structure as the risk profile of these projects is so different from current projects.

Q: O&M is over 15% of the revenue in the statement, is that standard for a projects/contracts we have?

A: broadly, yes, our costs are inline with other solar projects in the province. Bulk of which goes to one contractor, Northwind Solutions, they are the largest solar/wind maintenance contractors, we can negotiate well for our portfolio as a whole. We also have some staff working part-time near the sites which can troubleshoot minor problems at a fraction of the cost and time associated with major maintenance provided.

Q: what does Northwind do?

A: annual inspections, photos, detailed review of projects, reports to our Long-Term Debt providers as required under the covenants of the debt.

Q: how many new projects do we expect to acquire per year?

A: with FIT cancelled it is hard to say since we are dependant on purchasing existing projects (Ontario FIT projects) if they come on the market

Q: demand for electric vehicle chargers in Toronto, is there a need in the future for production in Toronto and should we be looking to develop solar here?

A: it would be outside our mandate for Ontario FIT projects and would have a different risk profile so would need to be developed outside of SolarShare. Difficult to plan for development in Toronto because there are no rules around new development which might shade your system. Tall high rises have “cluttered” roofs with HVAC systems and wind forces that panels aren’t rated for. We focused on large commercial roofs outside the core.

Q: If we purchase a new project will it be covered by existing maintenance contracts?

A: we would certainly be considering options – current contract vs. local staff etc.

Q: What about large scale net metering projects?

A: risk profile is different so again, we would pursue it in a different co-operative to protect current bond holder’s investments.

Q: are you targeting any particular groups that would be financially strong in order to buy bonds?

A: part of initiative is to expand solar education to the general public, we do take larger investments but set the minimum at \$1,000 to allow for community involvement. Yes, we do have some segments, but we try to be open to the general public.

- goal of organization has been to expand solar to the public in general and efforts to target investments haven’t been entirely successful
- Eventbrite education/info session for new members? Yes, in the works, developing it with Tapestry.

Q: would SolarShare consider shorter term bonds

A: has been discussed, might be considered for future Offering Statements.

Q: What about the 15-year bond?

A: under older Offering Statements we did offer it but it didn't fit in our current plans so is not currently an option.

Q: about cohorts of members in \$10K-\$50K above \$50K?

A: Chris to provide further info post meeting.

Q: attendance at meeting?

A: above 80 for most of the meeting.

**MOTION** to adjourn the meeting by Mike Brigham, seconded by Glen Campbell. Motion passed, none opposed.

**Meeting Adjourned at 8:42pm**

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Michael Brigham, President, TREC SolarShare Co-operative (No.1) Inc.