



## Solar Bond FAQs

### 1. What is a bond?

“Bonds are a form of debt. Bonds are loans, or IOUs, but you serve as the bank. You loan your money to a company, a city, the government – and they promise to pay you back in full, with regular interest payments. A city may sell bonds to raise money to build a bridge, while the federal government issues bonds to finance its spiraling debts.”

From <http://guides.wsj.com>

### 2. What are Legacy Solar Co-op Bonds?

These are bonds that are issued by the Legacy Solar Co-op, a Wisconsin co-op of which FUS is a member. The bonds help the Co-op finance solar-energy projects in Wisconsin. The bonds are issued to Co-op members for 12 years at 4-6 percent interest, and are sold in increments of \$250. Principal and interest is paid annually. More information:

<https://legacysolarcoop.org/solar-bonds/>

### 3. How do the bonds help FUS?

Legacy Solar Co-op sells bonds in order to finance solar installations. The co-op will use bond proceeds to cover a portion of the FUS array; the other portion will come from a “tax sponsor” who forms an LLC for this project. Over time, FUS will pay the LLC for energy services, which will repay the co-op, which will pay principal and interest to bondholders. Note that bondholders will not buy bonds in the FUS project specifically, but in the co-op, which will help finance our project.

### 4. If FUS members do not buy bonds worth \$110,000 – the projected difference between the cost of the solar project and the tax sponsor’s contribution – will our project be at risk?

Not necessarily. The Co-op sells bonds to Co-op members across Wisconsin. Conversely, if FUS members buy more bonds than needed to finance our project, our community will be supporting other solar installations around the state.

### 5. Are Legacy Solar Co-op bonds guaranteed to be solvent? Is there insurance on the bonds?

As with other securities, if the issuing entity fails, investors could lose principal. The Co-op, which has been supporting solar projects since 2013, has made all its bond payments to date.

But unlike a bank deposit, which is FDIC-insured, there is no insurance on the bonds. The Co-op's bond disclosure packet provides more information about the bond program and some of the associated risks to bondholders: <https://legacysolarcoop.org/wp-content/uploads/2016/06/BondDisclosuresPacket.pdf>

6. Can you trade or sell your bond before it completes?

Yes, but only to another member of Legacy Co-op, and the transaction must be approved by the Co-op. Usually this takes a few months. It is also possible, if a bondholder desires, to donate remaining equity in bonds to FUS.

7. What are the scenarios for bond purchase and interest?

Interest rates vary by the purchase amount:

- 4 percent (\$250-\$2,500)
- 5 percent (\$2,750-\$9,750)
- 6 percent (\$10,000 and up)

Additionally, if the bondholder agrees to donate a portion of the interest to a nonprofit, the interest rate is 6 percent regardless of the purchase amount.

8. What are the tax implications associated with these bonds?

Interest income is taxable.

9. How can people buy bonds?

A disclosure packet and instructions on how to join the co-op and purchase bonds, are available here: <https://legacysolarcoop.org/solar-bonds/purchase-solar-bonds/>

10. What if I have other questions?

For questions about solar bonds, please contact Legacy Solar Co-op at [info@legacysolarcoop.org](mailto:info@legacysolarcoop.org) or 608-571-4992. For questions about the FUS solar project, contact Eric Sundquist of the FUS Sustainability Ministry Team at <mailto:mewsundquist@gmail.com>.