



Local Initiative for Future Energy

CO-OPERATIVE

Local Initiative for Future Energy Co-operative, Inc.

Investment Opportunity: Executive Summary

November 1, 2016

Corporate Information

Name of Company:	Local Initiative for Future Energy Co-operative, Inc.
Date of Incorporation:	March 6, 2006
Ontario Corp. Number:	1613454
Head Office:	79 Joseph Street, Kitchener, ON, N2G 1J2
Phone:	866-889-9155
Email:	info@lifecoop.ca
Auditors:	RLB LLP 197 Hanlon Creek Blvd., Unit 103, Guelph, ON N1C 0A1 Attn: Murray Short, murray@rlb.ca Tel: (519) 822-9933
Fiscal Year End:	November 30th

This Summary is not an offering or solicitation for the sale of securities. It reflects business plans and expectations further detailed within the Offering Statement of LIFE Co-operative dated August 1, 2016, and has been updated to reflect recent information. It contains assumptions and forward-looking statements that may or may not be reflected in actual future developments. Investors are advised that their investment decision should be based solely on the information and expectations provided in the Offering Statement, which is available upon request from LIFE Co-operative.

ABOUT LIFE CO-OPERATIVE

LIFE Co-operative was formed in 2006 by Waterloo Region residents, sharing the vision of enabling local residents to pool their resources in order to jointly develop renewable energy facilities. Since that time LIFE has grown to over 430 members (Oct 2016), and has economic interests in a number of local rooftop solar facilities that are under contract with Ontario's Independent Electricity System Operator (IESO), the government agency that procures Ontario's electrical energy.

LIFE aims to help modernize the local electrical grid by encouraging and building distributed generation facilities, such as the many solar PV rooftop projects LIFE holds in its portfolio, and the Moorefield Wind Project described in this document. LIFE's members support our efforts by volunteering and spreading the word, investing in our work, and sometimes hosting our projects. All of LIFE's current projects hold contracts under Ontario's Feed-in Tariff (FIT) Program, which provides independent generators with a fixed tariff for the energy they feed into the grid over 20 years. As we move on to more cost effective and flexible ways of providing green energy to our local residents, we're looking at new opportunities for them to participate in the transformation of our energy systems.

MANAGEMENT & GOVERNANCE OF LIFE CO-OP

LIFE's day-to-day operations are managed by our General Manager, Shane Mulligan. Shane has been working with the Co-op since 2010, and has been instrumental and highly successful in securing FIT contracts for wind and numerous solar projects under FIT 2 and FIT 4. As GM Shane oversees everything from landowner relations to project development and financing. He is highly experienced working with the

FIT Program and the processes around developing renewables in Ontario.

LIFE's strategic direction and overall well-being is overseen by a volunteer Board of Directors, which is our ultimate source of vision and strategic thinking, and a key liaison between our operations and our membership. Our Directors meet regularly to brainstorm new project opportunities and ways of keeping our members and the broader community involved in the ongoing energy transition. The Board gets together about once a month to check in on the business, in addition to holding occasional picnics, site tours, and the like.



Figure 1 LIFE members involved in strategy discussions

LIFE's Board (2015-16) is made up as follows:

Olaf Weber, President and Chair, is an associate professor at the University of Waterloo. His research and teaching interests are in the area of environmental and sustainable finance, including renewable energy finance. Olaf has been a member of LIFE since 2011.

Robert Steel, Vice President, is a mechanical assembler with training in solar photovoltaic. Rob is an avid cyclist and outdoor enthusiast with a penchant for re-foresting our Mother Earth through municipal tree-planting exercises. Rob joined the LIFE Board in order to take a more active approach to

renewables; as a long-standing investor in LIFE, he also wanted "to put his mouth where his money was".

Frank Froklage, Treasurer, joined the Board in 2010. Frank is a tool and die maker with experience programming and operating CNC (computer numerical control) mills, operating electrical discharge machines (EDM), and designing and reverse engineering of various tools. He has been a member of CREW (Community Renewable Energy Waterloo) for many years, drives a hybrid automobile, has a microFIT solar system on his roof, and has made substantial upgrades to his house to reduce energy consumption.

Dave MacKay, Director, is general manager of a busy national auto-glass supply depot in Kitchener and is a dedicated green practitioner. Dave has made numerous lifestyle changes to reduce his ecological footprint, including driving a hybrid vehicle and installing solar panels on his home. Dave's mantra regarding the concept of investing in renewables through the co-op is that it's a natural "next step" in forging his sustainable lifestyle.

Maurice Lambrecht is Manager of Parts and Service for EPS AB Energy Canada Ltd., which works with CHP (combined heat and power) systems, as well as biogas, landfill gas, syngas, demand response, and other gas engine applications across Canada. EPS projects utilize GE Jenbacher gas engines and range in size from 250 kW to 50 MW.

Linda Laepple, LIFE's first president and current Director, led LIFE from a steering committee through to incorporation, and she continues to be instrumental in leading the co-op toward its goals. With her family, Linda runs a thriving organic farm near Baden (www.LaeppleOrganic.ca), and she is very active in the local food movement, currently in the role of President of the Waterloo Wellington Local of the National Farmers Union. In 2008 she was recognized by Wilmot Township as Citizen of the Year in the Environment category.

Sylvie Spraakman is a water resources engineer, currently pursuing a Masters of Applied Science at the University of Toronto in innovative stormwater technologies. Sylvie has been an active volunteer in the KW Region, with Transition K-W and other groups. She first joined the co-op in 2011, and was elected to the Board in 2015.

Christine Koenig, PhD, has been a LIFE Board Member since 2015. She is a Managing Partner at Ontario Sustainability Services, of Toronto, and is on the Board of Directors of OSEA. Christine is also a Founding Director of the Oxford Community Energy Co-op, a 49% owner of the 18MW Gunn's Hill Windfarm, Ontario's first co-operatively owned and operated windfarm, as well as of the ZooShare Biogas Co-op.

ABOUT THE MOOREFIELD WIND PROJECT

The Moorefield Wind Project is a 500 kW single-turbine installation located near Palmerston, ON. Moorefield Wind 1 Inc. (MW1) holds a 20-year power purchase agreement (FIT 4.0.2) contract for this project with the IESO. MW1 is 51% owned by LIFE, and 49% owned by Roubos Wind Energy Inc. (Roubos).



Figure 2 Beginning assembly of the MWP turbine

The facility has been installed by Roubos, the project manager and current owner of the project, with assistance from Free Breeze Energy Inc. of Listowel.

DeWeerd Electric (Drayton) managed the low voltage, while Carlsun Energy Solutions (Port Elgin) installed high voltage, and erected the turbine (using Mammoet cranes from Ayr). Moorefield Excavating conducted the bulk of the ground work.

MW1 intends to purchase the hard and soft assets from Roubos upon Commercial Operation of the turbine. This arrangement is discussed below under the heading “Financing”

The Moorefield Wind Project will generate clean, renewable energy for the local grid and feed excess electricity into the Hydro One Grid. Like other renewable energy projects in Ontario, it will help displace greenhouse gases, air pollution, and toxic wastes produced by some other energy sources, while also helping the Province meet future electricity demand.



Figure 3 Location of the MWP

The turbine is located just South of Teviotdale, ON, in the Township of Mapleton. It can be easily spotted as one drives through the area, from Wellington Rd 7, Hwy. 9, and other area roads.

THE TECHNOLOGY

The Moorefield Wind Facility consists of one (1) RRB 47-500 (V39-500 kW with 47 meter rotor), manufactured by RRB Energy Ltd. Industry insiders consider this one of the more robust and popular turbines ever sold, with over 5500 installed worldwide. The turbine has a nameplate capacity of

500 kW and a sound power level of 101.6 dBA. The wind farm is a Class 4 wind facility as defined in O.Reg. 359/09.

The turbine has three (3) fiberglass blades equipped with integrated lightning protection. The rotor diameter is 47 m and the hub height is 65 m, for a maximum total height of 88.5 m above grade. The tower is conical, made of steel and be approximately 3.5 m in diameter at the base.

Wind data obtained from a nearby tower indicated average wind speeds of some 5.7 m/s over a year (2006-07) at 38m height. Wind speed data from Natural Resources Canada provides long-term average local wind speeds of 6.0 m/s at 65 m height. Taking the latter we can project a capacity factor of 25.4% and annual generation of just over 1,100,000 kWh of electricity per year.

During operation, the blades rotate clockwise at speeds of up to 28.7 rpm (revolutions per minute). The blade swept area is 1735m². The turbine can be stopped by full feathering of the blades (aerodynamic brake) and is activated if winds exceed the upper limit; a manual emergency stop activates both the aerodynamic brake and the hydraulic disc brake, located within the shaft of the gearbox.

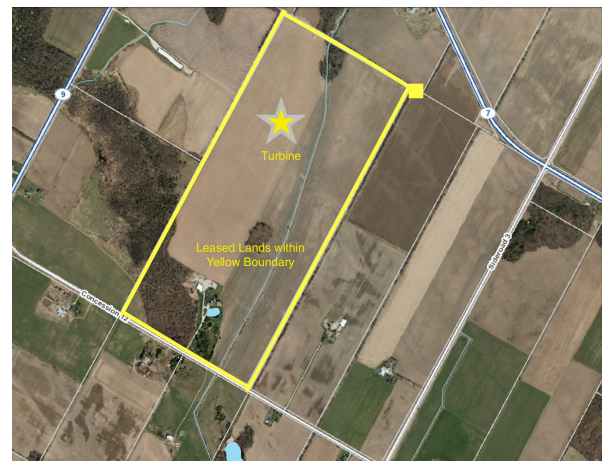


Figure 4 Location of turbine on site

The power from the Moorefield Wind Project will feed into the M2 Feeder connected to the Palmerston Transmission Station. The electricity will be conducted

along the existing overhead line at 44 kV to the Transmission Station located approximately 5.4 km away.

REGULATORY MATTERS

As a Class 4 Wind Facility, the Moorefield Wind Project is required to obtain a Renewable Energy Approval (REA) from the Ministry of the Environment. The requisite studies for the REA were previously conducted and approval was obtained in respect of the Roubos Wind Farm, an earlier project (not completed) at the same site. The REA documents and approval are in the process of being transferred to the benefit of the Moorefield Wind Project. This is expected to allow for a relatively rapid realization of Commercial Operation.

Additionally, a new Connection Impact Assessment is required and is presently underway. The application for said CIA was submitted in October 2016.

Figure 5 Project timeline

Date	Milestone	Status
Sept 2015	FIT Contract	Executed
Oct 2016	Turbine Erected	Complete
Oct 2016	Connection Impact Assessment	Applied
Nov 2016	Offering Statement	Receipt pending
Nov 2016	Renewable Energy Assessment	Applied for re-assignment to MW1
December 2016	Project Purchase Agreement	In process
March 2017	Notice to Proceed	
April 2017	Commissioning	
April-May 2017	Connection	

Once connected, the turbine will generate power for the Ontario grid, at a rate of \$11.26 cents per kWh. The project will earn an additional 1 cent per kWh through a “community adder”, reflecting the recognized value of the community’s economic

interest via LIFE Co-op’s participation in the project.

FINANCING

Roubos Wind Energy Ltd. has financed the construction of the project since its inception. LIFE and Roubos are working on finalizing a purchase agreement by which Moorefield Wind 1 Inc. (MW1), which is 51% owned by LIFE and 49% owned by Roubos, will purchase the project from Roubos.

It is proposed that the purchase of the project will be financed by shareholder loans; Roubos WE will initially provide 100% of the loan to MW1 to purchase the project. Upon the project reaching Commercial Operation, LIFE has up to 12 months to declare and provide its investment through a purchase of up to 51% of the project. The total value of the project is approximately \$1,400,000.00, and gross revenues are expected to average some \$122,000 per year.

LIFE will also be entitled to returns from the community adder, which is expected to provide approximately \$10,500.00 per annum.

It is anticipated that LIFE’s return on equity will approach 7.5%. The major factors influencing LIFE’s return are:

- Final terms of the purchase agreement between MWI and Roubos, and the amount of LIFE’s purchase
- Performance of the turbine and wind resource
- Operating and maintenance expenses.

After addressing all our costs, we anticipate being able to pay dividends to our investors of between 4.5% and 5.5% annually.

All subscribers and potential investors will be updated on the progress and results of our negotiations on an ongoing basis.

OFFERING DETAILS

LIFE is offering Class A.3 Preference Shares (Shares) to

investors. Purchasers of these Shares may be natural or artificial persons, and individuals need not be resident in Ontario.

Price per share (par value) = \$50.00

Figure 6 Shares offered by LIFE

	Class A.3 Shares	Amount in CAD
Minimum Offering	200	\$10,000
Minimum purchase	20	\$1000
Maximum purchase	10,000	\$500,000
Maximum share issue	50,000	\$2,500,000

Membership shares are also available, at a par value of \$75.00. Investors who are natural persons resident in Ontario are encouraged to become members and to help LIFE secure the success of its current and future project portfolio as well as support the co-operative's governance.

LIVE intends to collect subscriptions until we have sufficient funds to purchase our share of the project. We may continue to collect subscriptions in order to develop and finance future projects, which may have presented themselves at that time.



Figure 7 Final phase of turbine construction

Once the Moorefield Wind Project has achieved commercial operation, we intend to designate all

shares sold as eligible for conversion to A.2 shares. This conversion will serve to pool LIFE's entire portfolio of assets, including the productive solar projects, thus placing all investors in operating projects on the same footing. Investors who purchased shares after the conversion date will not be placed in the same pool, and will not receive dividends until additional projects are developed or purchased using their funds.

Dividends to shareholders

LIFE anticipates that investors in the Moorefield Wind Project may receive dividends as early as 2017, though 2018 is considered the more likely time. Investors coming in later and whose Shares have not been converted to class A.2 shares may wait some years prior to receiving dividends, due to anticipated project development time and costs, or they may have their funds returned if the co-operative is not successful in finding additional projects.

LIFE has issued dividends on Class A.2 Shares of 6.0% in 2014 and 2016, and anticipates that it will continue to pay dividends to investors in the range of 4.5 % and 5.5% annually.

Purchase and Redemption of Shares

The minimum purchase is 20 Shares for \$1,000. Larger purchases up to \$500,000 per individual are permitted. Purchases of shares require the approval of the Board of Directors of LIFE.

Holders of Class A.3 Shares may redeem their Share at any time, with the consent of the Board of Directors. It is not intended that LIFE will begin buying back shares before the Wind Project has undergone five years of operation.

INVESTMENT RISKS

Moorefield Wind 1 Inc. can be seen as a startup company that is to be financed through its shareholders via shareholder loans. Moorefield Wind 1 Inc. at this time has no assets apart from those it purchases in the establishment of the Moorefield

Wind Project. LIFE Co-op itself has limited assets, and is dependent upon the successful performance of its projects.



Figure 8 Turbine construction completed

Whether LIFE will be able to pay dividends to its class A.2 shareholders depends on the performance of our entire project portfolio. All our projects are subject to regular maintenance, but operations and output can be impacted by a number of factors beyond our influence. Unforeseen shortages of parts for repairs, or severe weather events, among other things, could affect the projects' performance and ability to feed into the grid.

Negotiations on the final terms and price to be paid for the Moorefield Wind Project are ongoing; it is possible that the returns to the co-operative will be less than those anticipated here and in the offering statement. It is also possible that the co-operative may fail to reach a negotiated agreement.

Investment beyond the upper limit of capital investment into the Moorefield Wind Project (estimated at approximately \$700,000.00) will be applied to the research and development of new

projects. Up to 10% of these funds are will be used in potentially non-productive exploration, while 90% will be held in trust for the investors. Should the Board of Directors of the Co-operative determine that no project prospects are available after two years of seeking such opportunities, then it is expected that the 90% of funds remaining will be returned to the investors.

Prospective investors should carefully review our Offering Statement for a thorough discussion of the risks surrounding this investment opportunity.

The preceding summary is an interpretation of the current prospects for LIFE Co-operative and the Moorefield Wind Project, and has not been reviewed by any government agency. Claims and forward-looking statements always bear a risk that the future will not turn out quite as planned. Potential investors are advised to carefully review our Offering Statement dated August 1, 2016, and to base their investment decision solely on the disclosures presented therein.



Figure 9 Moorefield Wind Project



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