

# Capital Returns

Prepared for: Class A shareholders

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Mar 14, 2019 updated

# EXECUTIVE SUMMARY

## Objective

The OCEC Board wants to maximize the returns on investment of our shareholders. One method by which we can do this, is to accelerate the return of capital to our shareholders

As was stated in the Offering Statement from 2014, our original intention was to return the capital invested by shareholders, at the end of the contract term in 2037. To do this, we would have to gradually aggregate a pool of funds that would build and build and be invested conservatively, in order to have these funds available in Year 20.

As an alternative, if we were able to distribute these capital repayments back during the 20 year period, it would result in faster payback to our investors.

## Goals

The goal is to create a process which allows us accomplish this partial return of capital – in a manner that is understandable, that is fair and equitable, and that is administratively manageable.

## Calculation of Available Funds

The decision process used to determine how much funds are available for capital returns is described in detail below, but in principle capital returns will be made after the expenses are paid, the bond interest is paid, the agreed upon reserves are set aside and the share dividends have been paid. We anticipate that this amount, if any, would be determined by the Board of Directors once per year.

## Distribution Method

Once we've determined if any funds are available for capital distribution, we need to follow a defined process to make sure it is distributed on a per share basis.

Capital returns will be paid in form of a share buy-back from all class A shareholders (Redemption) as a percentage of the total number of outstanding shares and pro rata to each individual shareholder. For instance, if we buy back 2% of the shares – this results in 2 shares for someone owning 100 shares - - or 0.4 shares for someone owning 20 shares.

This will have the result of buying back fractional shares, which is recognized as an administrative issue that is easily manageable.

Any shares bought back by OCEC will be cancelled (diminished), thereby reducing the number of shares outstanding.

## Project Outline

OCEC has developed the following process for the execution of Capital Returns to class A shareholders:

October 2018	Introduction of the concept at the AGM – it received positive feedback
January 2019	Developed the plan and sought advice from legal advisors
February 2019	Capital Returns draft paper was created
	Presented the draft plan to legal advisors for comment
March 2019	Class A Shareholder Meeting - present plan to Shareholders for comment
May 2019	Prepare policy for OCEC board
July 2019	Communicate final policy to all class A shareholders
September 2019	Board to review available funds and timing of any 2019 Class A capital return amount
October 2019	Distribute the capital returns to the class A shareholders

# Process

## Why Capital Returns

OCEC has intended to make repayments of principal to its equity investors. At the present time, this is anticipated to be done through the creation of a growing pool of passive funds, so that these funds can fully repay the equity investment at the end of the 20-year project life in 2037 for class A preference shares and in 2038 for class B preference shares.

From an economic perspective – this process is inefficient as these growing passive funds will need to be invested in low risk, low return investments for security reasons, thereby not advancing the overall yields for the Investor.

However, OCEC now has numerous categories of investors to consider – Wind Equity (class A shares), Solar Equity (class B shares), Wind Debt (10-year bonds – 5.5% yield), Solar Debt (10-year bonds – 5% yield) etc. It is not advisable or reasonable for a large pool of retained cash destined for Class A shareholders, to provide financial backstop to Solar Debt investors; but likewise, it is not fair to pull excess equity out of the OCEC and unfairly increase the risk of the Debt holders.

At Present our investor groups are:

Wind Bonds \$	705,000	5.5% 10 year (2027)
Solar Bonds \$	1,360,000	5% 10 year (2028)
Wind Equity \$	8,257,000	class A preference shares
Solar Equity \$	399,000	class B preference shares

Given this background, our objectives are to develop processes that:

- Maintain a reasonable operational buffer for each operational business unit,
- Treat each investor group in a fair and equitable manner,
- Return equity funds earlier in the investment period, rather than only at the end of the project life.

## Operational Buffer

In order to provide flexibility to OCEC and to follow normal business best practices, it is prudent to develop an operational buffer of funds in order to cover unexpected claims and costs and to support the continuity of operations. Currently the board has made the decision to hold a minimum of \$ 500,000 in reserves from the wind investment and to accumulate a minimum of \$ 50,000 reserve from the solar investment.

Funds above this level could be available to Equity investors – as Dividends or used for capital returns through Share Buybacks.

From a Tax perspective doing a Share Buyback would be preferential for most Investors – but from an Investor Expectations perspective we need to consider the Investment goals we have provided to the Investors in the relevant Offering Statement.

Furthermore, in year 6 or 7, the Board should begin to look at the re-financing or repayment options for the expiring Bonds in year 10. This may involve issuing new bonds, obtaining bank financing, or repaying via operational cashflow.

Given this, we would suggest the following cashflow priorities for the next 5 year of business:

- Priority 1 - Regular bond interest payments for all bond holders
- Priority 2 - Maintenance of an adequate Operational Buffer
- Priority 3 - Regular Dividends at 11% for Wind, 8% for Solar
- Priority 4 - Repurchase of Equity to reduce outstanding equity

This provides financial benefits for the investors and reduces the holdback reserve pool for equity repayment in Year 20.

### **Repurchase of Equity**

In order to be able to complete a repurchase of equity (class A preference shares), we need to setup a process that is fair, transparent and easy to understand and follow.

### **Cashflow Background**

In the first two operating years, the Wind project accumulated over \$800,000 of reserves to date and provided an average yield of 11% meeting the expectations set out in the Offering Statement. We have paid dividends on class A shares and bond interest for 8 consecutive quarters.

### **Wind Equity Background**

- Currently there have 8,257 issued and outstanding class A preference shares worth \$1,000 each – combined value \$ 8,257,000
- We have about 110 class A preference shareholder owning different numbers of shares from as little as 5 shares to as much as 500 shares each

- Additional class A preference shares could only be issued if OCEC was able to buy additional project ownership from one of the Gunn's Hill Limited Partners and upon the receipt of a new Offering Statement from FSCO
- Any class A preference shares that are bought back by the OCEC will be retired immediately - the number of outstanding shares is thereby reduced by the number of bought back shares.

Issued and outstanding shares:	2018	2017
	\$	\$
213 membership shares, voting (204 in 2017)	21,300	20,400
8,257 class A preference shares	8,257,000	8,257,000
399 class B preference shares (79 in 2017)	399,000	79,000
	<b>8,677,300</b>	<b>8,356,400</b>

Audit report 2018 FY

- The number of outstanding shares can be found in the Shareholder Equity section of the balance sheet in the corporation's financial statements.

## The Share Buy-back Decision Process

If we introduce a class A preference share buyback in October 2019 the process steps could look like this:

		example for demonstration only	
1	Determine the available cash reserves now		\$ 845,000
2	Determine distribution from GHLP 2019 (estimated)	plus	\$ 1,100,000
3	Determine total available cash in 2019		<b>\$ 1,945,000</b>
4	Determine the dividends for the year (projected)	11% minus	\$ 980,270
5	Determine the payment of bond interest	5.5% minus	\$ 38,775
6	Operational Buffer as determined by the board	minus	\$ 500,000
7	Remaining cash after buffer, interest and dividends		<b>\$ 425,955</b>
8	Determine the cost of a class A preference share buy-back		
a)	1% \$ 8,257,000 x 1% = \$ 82,572		
b)	2% \$ 8,257,000 x 2% = \$ 165,140		
c)	3% \$ 8,257,000 x 3% = \$ 247,710		
d)	<b>4% \$ 8,257,000 x 4% = \$ 330,280</b>	minus	\$ 330,280
e)	5% \$ 8,257,000 x 5% = \$ 412,850		

9 Remaining cash after buffer, interest, dividends and buy-back

\$ 95,675

## Results

The results of this decision would be as follows:

- The remaining cash retained as buffer in available cash to OCEC (\$ 425,955 - \$ 330,280) **\$ 95,675**
- Outstanding shares after the buy-back (8257 - 330.28) **7926.72** class A preference shares
- Each class A shareholder would sell **exactly** 4% of the class A preference shares they own to OCEC at par value of \$ 1,000 per share
- Every shareholder would be obligated to sell exactly 4% of their shares, there can be no holdouts.
- OCEC purchases 4% of class A shares from the shareholders
- OCEC retires all purchased shares immediately
- OCEC issues a share ownership statement to all class A preference shareholders outlining their new level of ownership (number of shares remaining), and the remaining total class A shares outstanding
- OCEC issues a cheque or direct deposit for the appropriate Capital Returns to each investor. *Reminder: Capital Returns are usually tax free to the investor.*

## Examples

example for demonstration purposes only

The table above illustrates the example of 4 different investors as well as the impact on OCEC for all class A preference shareholders.

Year	Class A Preference Shares			Dividends		Share Buy-back		Total Receipt	New Share Ownership	% of outstanding shares	<div><div></div><div>% of outstanding shares</div></div>
2019	Ownership % of outstanding shares			\$	%	4%					
Investor A	5	0.0606%	\$ 5,000.00	\$ 550.00	11.00%	0.20	\$ 200.00	\$ 750.00	4.80	0.0606%	
Investor B	25	0.3028%	\$ 25,000.00	\$ 2,750.00	11.00%	1.00	\$ 1,000.00	\$ 3,750.00	24.00	0.3028%	
Investor C	100	1.2111%	\$ 100,000.00	\$ 11,000.00	11.00%	4.00	\$ 4,000.00	\$ 15,000.00	96.00	1.2111%	
Investor D	250	3.0277%	\$ 250,000.00	\$ 27,500.00	11.00%	10.00	\$ 10,000.00	\$ 37,500.00	240.00	3.0277%	
All Shareholders	8257	100%	\$ 8,257,000.00	\$ 908,270.00	11.00%	330.28	\$ 330,280.00	\$ 1,238,550.00	7,926.72	96%	
Year	Class A Preference Shares			Dividends		Share Buy-back		Total Receipt	New Share Ownership	% of outstanding shares	<div><div></div><div>% of outstanding shares</div></div>
2020	Ownership % of outstanding shares			\$	%	3%					
Investor A	4.800	0.0606%	\$ 4,800.00	\$ 550.00	11.46%	0.15	\$ 150.00	\$ 700.00	4.65	0.0606%	
Investor B	24.000	0.3028%	\$ 24,000.00	\$ 2,750.00	11.46%	0.75	\$ 750.00	\$ 3,500.00	23.25	0.3028%	
Investor C	96.000	1.2111%	\$ 96,000.00	\$ 11,000.00	11.46%	3.00	\$ 3,000.00	\$ 14,000.00	93.00	1.2111%	
Investor D	240.000	3.0277%	\$ 240,000.00	\$ 27,500.00	11.46%	7.50	\$ 7,500.00	\$ 35,000.00	232.50	3.0277%	
All Shareholders	7,926.72	96%	\$ 7,926,720.00	\$ 908,270.00	11.46%	247.71	\$ 247,710.00	\$ 1,155,980.00	7,679.01	93%	
Note: Share redemption (buyback) % is always calculated from your original shareholding											

Note: Share redemption (buyback) % is always calculated from your original shareholding

## Example 1

Investor A owns 5 class A preference shares that he bought for \$ 5,000. On average over the past 2 years investor A received an annual dividend of \$ 550. If the board of

directors again declares a 11% dividend in 2019 investor A will receive a dividend \$ 550 this year. If the board also make the decision to buy back 4% of the original shares then investor A receives an additional \$ 200 for 0.200 of his shares. These shares will be retired and investor A now owns 4.800 class A preference shares.

If the board now decides in 2020 to pay investor A again \$ 550 in dividends then this would mean a dividend declaration of 11.46% on the investors 4.800 class A preference shares. If the board makes the decision to buy back 3% of the original shares in 2020 then investor A will receive an additional \$ 150 for 0.15 of his shares. Those shares will then be retired and investor A now owns 4.65 class A preference shares. It is important to note that investor A will always own 0.0606% of the all outstanding OCEC class A preference shares

### Example 2

Investor C owns 100 class A preference shares that she bought for \$ 100,000. On average over the past 2 years investor C received an annual dividend of \$ 11,000. If the board of directors again declares a 11% dividend in 2019 investor C will receive a dividend of \$ 11,000 this year. If the board also make the decision to buy back 4% of the original shares then investor C receives an additional \$ 4,000 for 4.000 of her shares. These shares will be retired and investor C now owns 96.000 class A preference shares.

If the board now decides in 2020 to pay investor C again \$ 11,000 in dividends than this would mean a dividend declaration of 11.46% on the investors 96.000 class A preference shares. If the board makes the decision to buy back 3% of the original shares in 2020 then investor C will receive an additional \$ 3,000 for 3.00 of her shares. Those shares will then be retired and investor C now owns 93.00 class A preference shares. It is important to note that investor C will always own 1.2111% of the all outstanding OCEC class A preference shares.

### Advantages

1. The investors receive their capital returned to them earlier and can reinvest the capital in more efficient ways then the co-op would be allowed to do
  - a. The co-op could at best invest the reserves in GIC's for a return of about 2% currently
  - b. For investor C this means that she can invest \$ 7,000 (by 2020) any way she feels comfortable whereas the co-op could only achieve a maximum annual return of about \$ 160 for her capital
  - c. OCEC will eventually have to pay up to 50% tax on the gains from the interest in reserves - reducing the value of the returns we can gain on reserves even further
2. The dividend percentage will increase for the investors. If we continue to declare the same or similar dollar value dividends on a reduced capital investment by the investors



then the % of dividends will climb rapidly. Using the same scenario as illustrated above then in year 5 the dividend declaration of the same dollar amounts would be 13.5% and in year 10 the declaration would be about 18%.

3. The board would have the flexibility to shift more returns to the investors in the form of capital returns rather than dividends to take advantage of the tax benefit. For example, we could continue to declare 11% in dividends by reducing the dividend dollar amount and adding those dollars to the Capital return dollar amounts by increasing the percent of shares we buy back in a given year.

In summary, the net advantage for the investors is to receive tax free investment dollars back earlier since they, in most cases, can deploy their funds more efficiently that OCEC can.

### Important Notice

The investors need to recognize that capital returns can only be made if the funds to do so are available and only if this action does not put the organization in financial risk. **We do not anticipate that capital returns are made annually.** The availability of reserves for capital returns is directly dependent on several factors:

1. There will be years when low wind resources will not allow us to redeem shares.
2. We anticipate in the future that, at times, OCEC will have to face corporate income tax burdens which may slow down the accumulation of reserves.
3. Investors need to recognize that the senior debt is structured in a way that provides the greatest returns in the last 3 years of the project life so the accumulation of reserves is not linear throughout the project life.
4. It is possible and likely that throughout the project life we may face repairs on the wind park that are not covered under the service agreement and require payment out of reserves

### **The Share Buy-back Administrative Process**

#### ***A. Communication with Class A Preference Shareholders***

We will lay out the process and the benefits of Capital Returns to the shareholder at a Class A shareholder meeting on March 16 2019. After the presentation and Q&A session the board of OCEC will provide the shareholder the opportunity to vote on the implementation of the Capital Return Process as outlined. We believe that the Board has the RIGHT to implement the early share redemption without Shareholder approval but we decided to not implement a capital return process without the approval of the shareholders. The vote would be to approve the capital return process and the determined mechanisms that governs the process. After the ballot vote is cast the board of directors will turn the decision of the shareholders into a special resolution.

## **B. Forms**

OCEC has created the following forms as standardized communication tools - they are attached to this document as appendix i to v.

- i. Share ownership Statement
- ii. Quarterly Dividend Declaration form
- iii. Share Redemption Notification Form
- iv. Sample Tracking Sheet (used for internal record keeping)
- v. Replacement share certificate

## **C. Protected Tracking Sheet**

We have added the appropriate columns to our dividend distribution sheets to track the share ownership for each investor on an annual basis (see example in appendix iv.)

## **D. Financial Statements**

The outstanding shares will be reflected in the Shareholder Equity section of the balance sheet in the corporation's financial statements

## **E. Share Certificates**

The Oxford Community Energy Co-op will issue new, updated share certificates to each investor of class A preference shares every 5 years or as requested by the shareholders in exchange for the old / original share certificates (see example in appendix v.)

## **F. Timing**

The intention to buy back shares will be announced by the OCEC board of directors to the investors at each Annual General Meeting (AGM) and executed in the 4<sup>th</sup> quarter of the calendar year. For clarity, the plan is that the share redemption would be announced in November and paid in December.

## **Appendix**

- i. Share ownership Statement
- ii. Quarterly Dividend Declaration form
- iii. Share Redemption Notification Form
- iv. Sample Tracking Sheet (used for internal record keeping)
- v. Replacement share certificate



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# OCEC

## Share Ownership Statement - Class A Preference Shares

Dear **Shareholder "C"**

This statement confirms your ownership of Class A Preferred Shares, an investment that was made under the Offering Statement dated April 21 2014.

Please keep this receipt for your records.

**Investment Record**

**Date 10/31/2023**

**No. 2023-001**

Received from

**Investor "C"**

Amount

**\$ 100 000**

For Payment of 100 class A preference shares on June 2 2014

Original ownership Amount

**\$ 100 000**

**100 class A preference shares**

Shares redemption

Redemption Year	No of shares redeemed	Amount	Ownership (shares)	Total outstanding shares of 8257 issued
<b>2019 Buy-back</b>	<b>4.0</b> Class A Preference Shares	<b>\$ 4,000</b>	<b>96.00</b>	<b>7,926.72</b>
<b>2020 Buy-back</b>	<b>3.0</b> Class A Preference Shares	<b>\$ 3,000</b>	<b>93.00</b>	<b>7,679.01</b>
<b>2021 Buy-back</b>	<b>0</b>			
<b>2022 Buy-back</b>	<b>0</b>			
<b>2023 Buy-back</b>	<b>3.0</b> class A Preference Shares	<b>\$ 3,000</b>	<b>90.00</b>	<b>7,431.30</b>

Investor C is holding **1.2111%** of the outstanding OCEC class A preference shares

share ownership	90.00
Total outstanding shares	7,431.30

Helmut Schneider, OCEC, President

Dear Class A Preference Shareholder,

January 18, 2019

At Gunn's Hill we are closing out a year with wind resources that were definitely lower than we anticipated. The 4<sup>th</sup> quarter had a better production than the summer but was still lagging somewhat below our expectations.

Despite the positive outlook on the future of the Gunn's Hill investment, we clearly recognize that the lower wind resources produced approximately \$600,000 less revenue than the previous year.

This third quarter distribution includes profits from all electricity sales from the month of September, October and November 2018. The distribution to OCEC from the GHLP totalled \$116,089.10.

The Board of Directors carefully considered to maintain a healthy balance between our reserves and our obligations to our shareholders and decided to declare a 1% quarterly dividend for the 4<sup>th</sup> quarter of 2018. We felt it was our responsibility to respond to the situation and to maintain a good average dividend return which reflects the overall performance of the Gunn's Hill windfarm.

Distribution Table	
2017	12%
Q1 2018	4%
Q2 2018	3%
Q3 2018	2%
Q4 2018	1%
2018 accumulated	10%
Since Operation start	11%

Your distribution has been calculated based on the following formula:

$$\text{Share amount} \times 1\% = \text{Dividend}$$

Even after the 4<sup>th</sup> quarter dividend pay-out to the investors, we maintain a reserve balance of \$825,000 to a budgeted reserve level of \$660,000.

If you have any questions or comments, please don't hesitate to contact Miranda Fuller, [miranda@oxford-cec.ca](mailto:miranda@oxford-cec.ca) (519-852-8609) or myself, [helmut@oxford-cec.ca](mailto:helmut@oxford-cec.ca) (519-788-2598)

Sincerely,



Helmut Schneider, President  
Oxford Community Energy Co-op



www.oxford-cec.ca

At the Office, 476 Peel Street – 3rd Floor

Woodstock, ON, N4S 1K1

info@oxford-cec.ca

# OCEC

## Share Redemption Form - Class A Preference Shares

Dear **Shareholder "C"**

Thank you very much for your continued partnership with the Oxford Community Energy Co-op project.

As stated in Article 9 Redemption in Articles of Incorporation the Co-op may from time to time redeem Class A Preference shares. The board of directors has made the decision to redeem 4% of the outstanding class A preference shares in 2019. The redemption price for the Class A Preference shares is its par value of \$ 1000 per share plus any declared but unpaid dividends for such shares.

### Class A Preference Share Redemption

Date 10/31/2019 No. 2019-002

Your current class A preference share holding 100 shares

Shares redeemed by OCEC in 2019 will be 4% of the total original shares

From your class A preference share holding

New Ownership level

2019 Redemption	4.000 Class A Preference Shares	Amount \$ 4,000	96.000 shares
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Dividends declared but unpaid	0%	Amount \$ 00.00
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Redemption Price	Amount \$ 4,000
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Oxford Community Energy Co-op

Helmut Schneider, OCEC, President

	Type	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q1 2019 Payment	2019 Redemption	Q1 2020	Q1 2020 Payment
		4%	3%	2%	1%	Share ownership	3%	4%	Share ownership	3.1250%
	Preferred Shares	\$ 2,000.00	\$ 1,500.00	\$ 1,000.00	\$ 500.00	50.000	\$ 1,500.00	2.000	48.000	\$ 1,500.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 1,000.00	\$ 750.00	\$ 500.00	\$ 250.00	25.000	\$ 750.00	1.000	24.000	\$ 750.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 2,000.00	\$ 1,500.00	\$ 1,000.00	\$ 500.00	50.000	\$ 1,500.00	2.000	48.000	\$ 1,500.00
	Preferred Shares	\$ 1,000.00	\$ 750.00	\$ 500.00	\$ 250.00	25.000	\$ 750.00	1.000	24.000	\$ 750.00
	Preferred Shares	\$ 11,000.00	\$ 8,250.00	\$ 5,500.00	\$ 2,750.00	275.000	\$ 8,250.00	11.000	264.000	\$ 8,250.00
	Preferred Shares	\$ 800.00	\$ 600.00	\$ 400.00	\$ 200.00	20.000	\$ 600.00	0.800	19.200	\$ 600.00
	Preferred Shares	\$ 3,000.00	\$ 2,250.00	\$ 1,500.00	\$ 750.00	75.000	\$ 2,250.00	3.000	72.000	\$ 2,250.00
	Preferred Shares	\$ 800.00	\$ 600.00	\$ 400.00	\$ 200.00	20.000	\$ 600.00	0.800	19.200	\$ 600.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 20,000.00	\$ 15,000.00	\$ 10,000.00	\$ 5,000.00	500.000	\$ 15,000.00	20.000	480.000	\$ 15,000.00
	Preferred Shares	\$ 8,000.00	\$ 6,000.00	\$ 4,000.00	\$ 2,000.00	200.000	\$ 6,000.00	8.000	192.000	\$ 6,000.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 16,000.00	\$ 12,000.00	\$ 8,000.00	\$ 4,000.00	400.000	\$ 12,000.00	16.000	384.000	\$ 12,000.00
	Preferred Shares	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	10.000	\$ 300.00	0.400	9.600	\$ 300.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	10.000	\$ 300.00	0.400	9.600	\$ 300.00
	Preferred Shares	\$ 800.00	\$ 600.00	\$ 400.00	\$ 200.00	20.000	\$ 600.00	0.800	19.200	\$ 600.00
	Preferred Shares	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	10.000	\$ 300.00	0.400	9.600	\$ 300.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	10.000	\$ 300.00	0.400	9.600	\$ 300.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 200.00	\$ 150.00	\$ 100.00	\$ 50.00	5.000	\$ 150.00	0.200	4.800	\$ 150.00
	Preferred Shares	\$ 600.00	\$ 450.00	\$ 300.00	\$ 150.00	15.000	\$ 450.00	0.600	14.400	\$ 450.00
	Preferred Shares	\$ 2,000.00	\$ 1,500.00	\$ 1,000.00	\$ 500.00	50.000	\$ 1,500.00	2.000	48.000	\$ 1,500.00
	Preferred Shares	\$ 400.00	\$ 300.00	\$ 200.00	\$ 100.00	10.000	\$ 300.00	0.400	9.600	\$ 300.00
	Preferred Shares	\$ 2,000.00	\$ 1,500.00	\$ 1,000.00	\$ 500.00	50.000	\$ 1,500.00	2.000	48.000	\$ 1,500.00



**Certificate #**

**11301763**

INCORPORATED UNDER THE CO-OPERATIVE CORPORATIONS ACT (ONTARIO)  
SUBJECT TO THE CO-OPERATIVE CORPORATIONS ACT (ONTARIO)

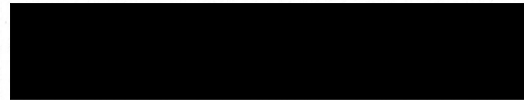
OXFORD COMMUNITY ENERGY CO-OPERATIVE INC.

**# of SHARES**

**96.000**



*This is to Certify that*



**is the registered holder of 96.000 fully paid Class A Preference Shares  
in the capital of**

**OXFORD COMMUNITY ENERGY CO-OPERATIVE INC.**

*The class or series of shares represented by this certificate has rights, privileges, restrictions, or conditions attached to it according to the Offering Statement dated April 22, 2014. The Co-operative will give a shareholder, on demand and without charge, a full copy of the text of those rights, privileges, restrictions and conditions. The transfer of these shares is restricted such that no share transfer shall be recorded unless the transfer has been authorized by resolution of the directors of the Co-operative or by a person authorized by such resolution to approve such transfer.*

IN WITNESS WHEREOF the Co-operative has caused this Certificate to be signed by its duly authorized officers.

Date of issue of this certificate:

President

Treasurer or Secretary

**par value of \$1,000.00 per share**