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Ontario Corporation number: 1613588

*Co-operative Corporations Act*, R.S.O. 1990, c. C.35

**RECEIPT FOR AN OFFERING STATEMENT**

**ZOOSHARE BIOGAS CO-OPERATIVE INC.**

The ZooShare Biogas Co-operative Inc. (the "Co-operative"), filed an Offering Statement dated June 30, 2021.

As a condition of the Chief Executive Officer issuing a Receipt under subsection 36(1) of the *Co-operative Corporations Act*, the Co-operative has undertaken in accordance with Section 19 of the Offering Statement that:

- a) the Offering Statement will expire on June 30, 2022 and after that date no further securities will be issued unless a new Offering Statement has been filed and receipted;
- b) a copy of the Offering Statement will be given to each prospective investor before payment for securities is accepted by the Co-operative; and
- c) none of the securities issued by the Co-operative pursuant to this Offering Statement will be in bearer form.

A Receipt for the Offering Statement relating to securities to be issued by the Co-operative is hereby issued under subsection 36(1) of the *Co-operative Corporations Act*.

Dated at Toronto, this 12<sup>th</sup> day of October, 2021.



---

**Huston Loke**  
Executive Vice President  
Market Conduct  
By Delegated Authority from the  
Chief Executive Officer

**All prospective purchasers of these bonds must receive this Offering Statement before completing their purchase. This document contains important information about the Community Bonds offered for sale by the Co-operative named below. You should read the entire Offering Statement before deciding whether or not to buy these bonds.**

OFFERING STATEMENT

ZooShare Biogas Co-operative Inc. (ZooShare)

Dated June 30<sup>th</sup> 2021

**ZooShare is offering to sell Community Bonds.** Prospective individual purchasers must first pay the \$10 membership fee and be admitted into membership by the Board of Directors of ZooShare. Corporations may purchase Community Bonds but may not be members of ZooShare.

Community Bonds	Series 4	Series 5	Aggregate Offering
Minimum Offering	\$939,359	\$939,359	\$939,359
Maximum Offering	\$4,420,869	\$4,420,869	\$4,420,869
Minimum Purchase	\$500	\$500	n/a

Amount to be raised by this offering is not to exceed \$4,420,869.00.

ZooShare will use the proceeds from Community Bonds Series 4 and 5 to redeem and refinance maturing Community Bonds (Series 1, 2, 3) and Insiders' loans.

This Offering is limited in that if subscriptions for Community Bonds Series 4 and 5 totalling \$939,359 are not received, no Community Bonds Series 4 and 5 will be sold pursuant to this Offering Statement and any subscription funds for Community Bonds Series 4 and 5 which have been received will be returned. In these circumstances, ZooShare will seek financing from socially-minded institutional lenders or credit unions to meet ZooShare's financial obligations to redeem Community Bonds (Series 1, 2, 3) and Insiders' loans as they mature.

Each purchaser of Community Bonds must offer to purchase Community Bonds in the minimum principal amount of \$500.00. The securities offered are issued under the Co-operative Corporations Act and are exempt from the requirements of the *Securities Act* (Ontario). The persons selling these securities are exempt from the registration requirement of the *Securities Act* (Ontario) and are not required to be licensed by any Government agency.

**No official of the Government of the Province of Ontario has considered the merits of the matters addressed in this Offering Statement.** Neither the Ministry of Finance nor any other ministry or agency of the Government of Ontario assumes any liability or obligation to anyone who purchases the securities offered under this Offering Statement.

**There is no established public market through which these securities may be sold.** Due to the characteristics of the securities offered by this Offering Statement, restrictions on their transfer, and the fact that resale restrictions may apply, no such market is likely to develop. In the event that investors should need to sell securities prior to maturity, ZooShare will reasonably make its best efforts to assist in the transfer of bonds to another member, if possible.

**Investors should not rely on any information other than what is contained in this Offering Statement.** Potential buyers should pay careful attention to all the risk factors noted in the Offering Statement. See Section 9 below (**Risk Factors**) for a description of risk factors.

**Forecast information in any projections or *pro forma* financial statements contained in this Offering Statement may vary materially from actual results.**

**Securities are not available for sale to residents of provinces other than Ontario or persons located in provinces other than Ontario unless an appropriate filing has been made in that province under the securities laws of that province.**

This Offering Statement expires on June 30<sup>th</sup> 2022. No further securities may be issued after this date unless a new Offering Statement is filed and receipted.

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## 1. Definitions

The following terms and phrases used in this Offering Statement have the meanings set out below:

**Act** means the *Co-operative Corporations Act* (Ontario) and the Regulations made pursuant to it.

**Biogas** refers to the methane and carbon dioxide produced when organic material breaks down in an oxygen-free environment – a process called anaerobic digestion. That biogas, in turn, can be used to fuel an engine for power generation, among other potential uses.

**Board** means the board of directors of ZooShare.

**COD** refers to the Commercial Operation Date identified by the IESO for the Project, which was July 18, 2018, and which is different from the Project Start-up date.

**FIT** means the IESO's Feed-in-Tariff program, which provides for 20 years of guaranteed revenues for electricity delivered pursuant to it. Projects of different sizes earn different revenues per kilowatt-hour, all known in advance.

**FIT Contract** means the contract offered by the IESO under the FIT Program for the Project dated 23 July 2013 and having FIT Contract Identification # F-003038-BIG-211-203, as amended, supplemented, restated or replaced from time to time in accordance with its terms, including by an amending agreement dated 8 May, 2015).

**FIT Program** means the IESO's FIT program for electricity purchase and connectivity to the Grid for green electricity generators as legislated by the Ontario Green Energy and Economy Act.

**Grid** means the Ontario electricity transmission and distribution system.

**IESO** means the Independent Electricity System Operator (formerly the Ontario Power Authority)

**Insiders** refer to individuals and organizations that contributed to ZooShare's development, as described in Section 7.7.

**kW** means kilowatt (one thousand watts).

**kWh** means kilowatt hour (one thousand watt hours).

**MW** means megawatt (one million watts or one thousand kilowatts).

**Project or Biogas Plant** means the biogas installation for generation of electricity at the Toronto Zoo.

**Project Start-up** refers to the time when the Project begins continuously delivering electricity under the FIT Contract.

**Renewable Energy** means energy from natural resources such as sunlight, wind, organic waste, water flow, tidal action and geothermal heat which are naturally replenished, often continuously or in a matter of hours; type of energy being promoted by the *Ontario Green Energy and Economy Act*.

**TREC** means Toronto Renewable Energy Co-operative Inc., a non-profit co-operative established to promote renewable energy through its project development and educational activities. TREC provides co-op administration and member management services to other renewable energy co-operatives, and is assigned any surplus generated by the Project to be managed and invested in other community-owned biogas projects.

**Trust Agreement** means the agreement entered into between ZooShare and Brian Iler who is acting as Trustee to the bondholders.

2. **Corporate Information**

**Name of Co-operative:** ZooShare Biogas Co-operative Inc.

**Date of Incorporation:** April 26, 2011

**Ontario Corporation No:** 1613588

**Head office address:** 150 John Street, 7<sup>th</sup> Floor  
Toronto, ON M5V 3E3

**Auditors:** Kriens-Larose, LLP  
37 Main St  
  
Toronto, ON, M4E 2V5

**Registrar/Transfer Agent:** ZooShare will act as its own registrar and transfer agent in respect of the securities offered for sale.

**Lawyers:** Iler Campbell LLP  
Barristers & Solicitors  
150 John Street, 7th Floor  
Toronto, ON M5V 3E3

**Fiscal Year End:** December 31<sup>st</sup> 2020

3. **Directors and Officers**

The articles of incorporation of ZooShare provide that it has a minimum of three and a maximum of seven directors. There are presently seven directors.

The following table describes the membership of the board and each committee.

*Table 1: Board and Committee Membership*

NAME	ROLE	TITLE	RESIDENCE ADDRESS	OCCUPATION
Barry Green	Director	Chair	93 Castlefield Ave, Toronto ON M4R 1G5	Professional Engineer, retired.
Newton Chan	Director	Treasurer	17 Crieff Ave, Maple, ON L6A 2B8	MBA. Computer Engineer. Senior Manager and Technology Consultant
Chris Benedetti	Director	n/a	29 Dacre Crescent, Toronto, ON M6S 2W2	Principal and Head, Energy and Environment Practice at Sussex Strategy Group
Vicki Hilborn	Director	n/a	106 Dundas St. Brantford, ON N3R 1S3	Professional Engineer
Dolf DeJong	Director	n/a	361A Old Finch Avenue, Toronto, ON M1B 5K7	CEO of the Toronto Zoo
Amy Zhang	Director	n/a	17 Crieff Avenue, Maple, ON L6A 2B8	CPA, CA
Daniel Bida	Director	n/a	495 Rogers Street, Peterborough, Ontario	CFA, Biogas

			K9H 1X1	Developer
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#### 4. Description of the Business or Undertaking of ZooShare

##### 4.1 Overview and History

ZooShare Biogas Co-operative Inc. is a non-profit renewable energy co-operative incorporated under the *Act*. As a co-operative subject to the Act, ZooShare operates on a co-operative basis. This means that ZooShare is organized upon the following principles:

- a) each member has only one vote;
- b) no member may vote by proxy;
- c) the enterprise of ZooShare is operated as nearly as possible at cost after providing for reasonable reserves and the payment or crediting of interest on loan capital; and any surplus funds arising from the business of the organization after providing for such reasonable reserves and interest, unless used to maintain or improve services of the organization for its members or donated for community welfare or the propagation of co-operative principles, are distributed in whole or in part among the members in accordance with the by-laws of the co-operative.

ZooShare was incorporated on April 26, 2011, to develop a biogas plant at the Toronto Zoo to process the Zoo's annual manure output and grocery store waste from around the City of Toronto, and turning it into power, heat, and fertilizer.

The Project Start-up date was April 1, 2021 and the Project is operational. The electricity generated from the Project is sold to the IESO under the FIT program.

##### 4.2 Management and Administration

- a. Until the Board decides otherwise, ZooShare will have 1-3 employees, including the General Manager. ZooShare staff are responsible for the operation of the co-op including managing and repaying bonds, facilitating education programs (to be delivered by a third party), and general administration. The ZooShare Board is currently made up of seven individuals listed in Section 3.
- b. Oshawa PUC Energy Services Inc. (**OPUC**), a subsidiary of Oshawa Power and Utilities Corporation, is responsible for providing operations and maintenance services for the biogas plant. OPUC has a long history of operating power generation assets and as a result has strong organization expertise to handle routine maintenance issues in house, and has the buying power to get best pricing on replacement parts or services for larger issues. OPUC has access to relevant technical expertise and biogas industry professionals should additional assistance be needed during operations.

##### 4.3 Restrictions

The Articles of Incorporation restrict the business of ZooShare to:

- a. generating, within the meaning of the *Electricity Act, 1998*, electricity produced from one or more sources that are renewable energy sources for the purposes of that *Act*, and
- b. selling, as a generator within the meaning of that *Act*, electricity it produces from one or more renewable energy sources.

These restrictions mean ZooShare is a “renewable energy co-operative” as defined in the *Act*.

##### 4.4 Legal Structure and Key Relationships

The biogas plant is owned by ZooShare Biogas LP, (the **LP**) a limited partnership under the *Limited Partnerships Act* (Ontario) comprised of a general partner, ZooShare Biogas Development Inc. (the **General Partner**), and two limited partners, ZooShare and OPUC.

ZooShare holds 51% of the Class A Units of the LP, and 100% of the Class B LP Units. OPUC holds 49% of the Class A Units of the LP. Profits generated by the Project each year will be distributed to the unitholders of the LP in accordance with the percentage ownership of Class A LP Units - 51% to ZooShare and 49% to OPUC.

The General Partner is responsible for overall management of the LP. Ownership of the General Partner is shared between ZooShare and 2720665 Ontario Inc, (272, a subsidiary OPUC). ZooShare and 272 each owns 50% of the issued common shares of the General Partner, and each organization may nominate two directors to the five-member board of the General Partner, while the fifth board member is nominated jointly by ZooShare and 272.

All relevant relationships are shown and described in Figure 2 below.

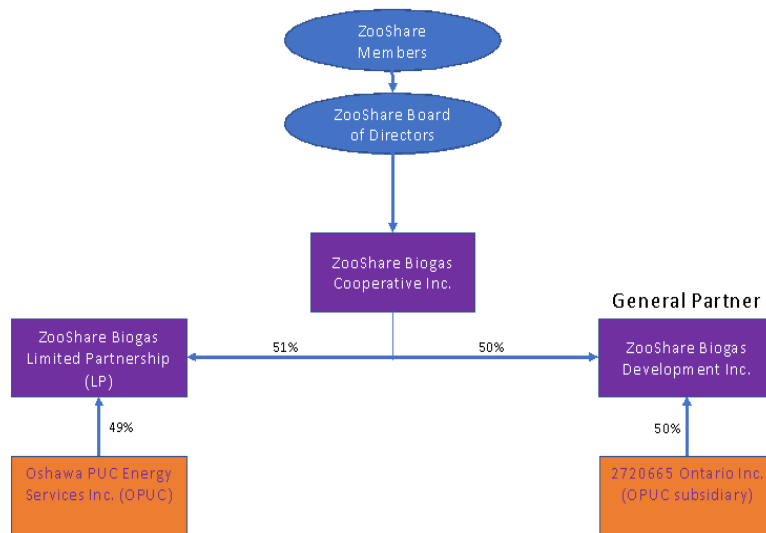


Figure 2 - ZooShare Organizational Structure

#### 4.5 Membership and Voting

Membership is open to any individual Ontario resident over the age of 18. Only members, and non-member corporations, are eligible to purchase Community Bonds. Each bondholder is also a member of ZooShare

Each member in ZooShare is entitled to one vote at meetings of members, giving them a stake and say in shaping ZooShare's future. No proxies are permitted.

As of June 30, 2021, ZooShare had 807 members.

#### 4.6 Membership Requirements

**Admission** – Membership in ZooShare shall consist of all individual persons who are accepted as members by the Board. All members must be residents of Ontario.

**Membership Requirements** – To become a member, an individual person must submit an application for membership to the Board and pay the \$10 membership fee.

**Transfer of Membership** – Membership in ZooShare shall not be transferable unless authorized by the Board.

**Termination of Membership** – Membership in ZooShare shall terminate upon the withdrawal of the member from ZooShare, on the death of the member, or on the termination of the member from ZooShare by a resolution passed by the Board pursuant to the procedures outlined in the *Act* or otherwise in accordance with the *Act*.

**Treatment of Surplus** – Members of ZooShare are entitled to repayment of their

Community Bonds with interest, and are not entitled to any distribution of ZooShare's surplus during its existence, or on dissolution. On dissolution, any surplus remaining after payment of all debts and liabilities shall be distributed or disposed of to non-profit co-operatives with similar objects.

Any surpluses generated by ZooShare (after sufficient funds, in the opinion of the Board, are retained to meet ZooShare's obligations, including those under the Community Bonds) are assigned to the TREC Renewable Energy Fund, to be invested in other community power projects in order to maintain the non-profit status of ZooShare. While there is an obligation to assign any surpluses to the TREC Renewable Energy Fund, ZooShare has full discretion to keep sufficient funds to meet its financial obligations, which include interest payments on Community Bonds, and principal repayments on Community Bonds on their maturity.

#### 4.7 Authorizations, Licenses & Permits

ZooShare ensured that the Project obtained all authorizations, licenses and permits as necessary. These include:

- **Electrical Safety Authority approval:** This approval was obtained when the Project was connected to the electrical grid in July 2018. Further approval will be required during the current construction phase once the electrical work is ready for inspection.
- **Renewable Energy Approval:** The Ministry of the Environment and Climate Change issued a Renewable Energy Approval to ZooShare on August 28<sup>th</sup> 2015. Amendments were issued in August 2018 and May 2019. The Renewable Energy Approval was assigned to the General Partner on behalf of the LP in October 2019.
- **Building Permits:** All City of Toronto and Toronto Region Conservation Authority building permits were issued in September 2019.
- **Federal Approvals:** No federal government approvals are required.

#### 4.8 Real Estate

ZooShare owns no real estate. ZooShare entered into a ground lease with the Toronto Zoo for on the material terms found in section 16 Material Contracts. The lease with the Zoo was assigned to the LP on March 15, 2017.

#### 4.9 Insurance

ZooShare Biogas Co-operative Inc. does now and will continue to hold the following insurance coverage:

- Directors and Officers Liability

The Project holds the following insurance coverage:

- Business Interruption (events such as pandemics are included in the coverage)
- Directors and Officers Liability
- Commercial General Liability
- Property and Equipment Breakdown
- Pollution and Environmental Liability
- Standard Owner's Automobile Liability

#### 4.10 Review of Documents

All agreements related to this Offering Statement, including the Articles of Incorporation, By-laws, and major contracts may be reviewed at the ZooShare office upon request.

### 5. Business Model

The Biogas Plant recycles manure and food waste into biogas and fertilizer. The biogas is burned in a generator to produce electrical power, which is then exported to the Grid and

sold to the IESO.

Revenue for the Project comes from three different sources:

- 1) Electricity sold to the IESO;
- 2) Tipping fees for accepting food waste; and
- 3) In the future, the sale of fertilizer.

Operating expenses include a salary for a full-time plant operator, insurance coverage, digester and engine maintenance, lease, administration and overhead.

Trucks carrying Zoo manure and food waste arrive at the Biogas Plant 2 to 7 times per week where the manure and food waste is placed into separate input tanks. From there, the processing and digestion of the waste streams is automated. The plant operator monitors all activities and the performance of the plant on a regular basis via computer, in conjunction with the technology supplier, who is connected remotely on an as needed basis.

The electricity generated takes care of onsite power needs and 500 kW is exported to the grid and sold under the FIT contract. Revenues for power generated are received monthly.

Waste haulers are billed on a per tonne basis based on rates that are set by the LP.

Digestate will be transported and spread on a nearby farm, initially at the LP's cost. In the near future, once a couple seasons of growing with it have occurred, the market value will begin to reach a point where the LP could sell this material. The LP may also invest in solid separation equipment and begin to sell solid fertilizer.

## 5.1 Vision, Mission and Strategy

### Vision

ZooShare strives to encourage investment in community-owned biogas plants, in order to significantly reduce emissions, improve local economies and shift the way people see their waste.

### Mission

ZooShare's mission is to be a catalyst, through education and investment, for the growth of community-owned biogas plants.

### Strategy

ZooShare's longer term strategy is to expand the Toronto Zoo facility to 1 MW in size, and then use any accumulated surplus funds to invest (equity or debt) in the development of other community-owned biogas plants.

A constant throughout ZooShare's lifetime will be educational programming, which will include in-class biogas workshops, regular tours of the facility, and information about biogas and community power available onsite and online in collaboration with Relay Education.

The combination of educating the public at a readily accessible, high-profile location and constantly re-investing in the growth of the biogas sector will help ZooShare realize its mission.

## 5.2 Emission Reductions

ZooShare's Biogas Plant offsets the need for fossil fueled electricity on the Grid, captures the methane emissions from organic waste that would otherwise go into the atmosphere and reduces the amount of diesel used by heavy-duty trucks transporting waste to sites around Ontario or beyond. **The direct emission reductions from ZooShare's operations are estimated to be approximately 20,000 tonnes per year CO<sub>2</sub>e (carbon dioxide equivalent).**

### 5.3 Project Stages

#### a. Pre-feasibility

In this phase of the project, ZooShare presented its plans to the Toronto Zoo, applied for grants and confirmed project feasibility.

Completed:

- Project initiation and acceptance, Memorandum of Understanding with the Toronto Zoo
- Conceptual project design
- Receipt of Community Energy Partnership Program grant
- 3<sup>rd</sup> party verification of project feasibility
- Insiders' Loans financing

#### b. Permitting and Approvals

During this phase of the project, all the necessary permits were obtained and contracts signed. See Section 4.7 for a list of permits and Section 16 for a list of material contracts.

Completed:

- FIT contract with the IESO - achieved Commercial Operation Date on July 18, 2018.
- ZooShare Incorporated
- Official approval by the Board of Management of the Toronto Zoo including execution of Lease Agreement and Operating Agreement
- Execution of Feedstock Agreement with major grocery retailer (a similar agreement will be executed by the LP)
- Connection Impact Assessment
- Renewable Energy Approval
- Connection Cost Agreement
- Electrical Safety Authority approval
- All building permits with the City of Toronto and the Toronto Region Conservation Authority.

There are no outstanding permits and approvals for the Project.

#### c. Sales, Marketing and Financing

During this phase, debt financing, Founders' Club Bond financing and Community Bond financing were put in place.

Completed:

- All development costs financed through grants, Founders' Club Bonds and Insiders' Loans.
- All of ZooShare's portion of construction and start-up expenses financed through the issuance Community Bonds series 1, 2, and 3.
- Secured project-level equity partner (OPUC) to cover the remaining construction and start-up expenses.
- Secured project grant from Environment and Climate Change Canada to cover some of the current construction costs and future costs related to a project expansion.
- Assignment of Project assets, most contracts and approvals to ZooShare Biogas LP
- Assignment of Project contracts to the LP



- Community Bond sales to refinance earlier bond series that were and are maturing in the next 2-3 years

d. **Engineering and Procurement**

Completed:

- Preliminary engineering and request for quotes from technology suppliers
- Detailed engineering
- Selection of technology suppliers, construction companies and other contractors
- As built drawings, at completion of construction

e. **Construction**

Construction of the project commenced in June 2018 to complete all electrical components, which were commissioned in July 2018. Construction of the remaining parts of the project commenced in September 2019, and were completed in March 2021.

Completed:

- Combined Heat and Power unit installed and commissioned
- All electrical components and grid connection commissioned
- Digester tank, receiving tanks, pasteurizer/pump building, control building
- End storage tank
- Manure shed
- Cooling field and flare installation
- Start-up and commissioning
- Final grading

To be completed:

- Topsoil and seeding/tree planting

All of the Biogas Plant components have been tested to ensure that they work according to specification. The digester was initially filled with digestate from another biogas plant and heated with the back-up boiler system to start the biological process. Solid Zoo manure and food waste were added slowly to reach capacity.

Unsuitable gas was flared (i.e. burned) until it met engine specifications. When the gas quantity and quality was suitable, the engine was started and re-commissioned.

f. **Commercial Operations**

ZooShare's project partner, OPUC is responsible for the operations and maintenance of the Biogas Plant during commercial operations. What follows is a description of what's involved in the commercial operation of the Biogas Plant:

Organic waste will arrive from two sources:

- Solid manure used in the digester will arrive by Zoo truck, 2-3 times per week (approximately 2,000 tonnes per year)
- Food waste will arrive by delivery truck, 5-7 times per week (approximately 15,000 tonnes per year).

Both feedstock streams will be fed into a receiving tank, where it will be mixed, chopped and pumped to the pasteurization system. Pasteurization is a

process using heat to reduce the number of viable pathogens to the point that they are unlikely to cause disease.

Following pasteurization, the feedstock is fed into the digester at a predetermined rate controlled by the computer system.

The organic materials will remain in the digester for approximately 25 days, where it will be heated to 38 degrees Celsius and stirred constantly, producing biogas. The gas will be approximately 65% methane, with the remainder being carbon dioxide and traces of hydrogen sulphide. The digesters will be equipped with self-cleaning technology that will remove both floating and sinking contaminants. These contaminants will be collected in bins and sent to landfill or recycled if possible.

**Biogas.** The biogas will be used to fuel the Combined Heat and Power (CHP) unit. Between the digester and the CHP, the gas will flow through a cooling field installed in the ground, which cools the gas and removes moisture. The moisture that is removed is collected and pumped back into the manure input tank for recycling into the digester.

**Power.** The electrical power generated will be fed to the Grid at a connection point located approximately 150 meters north of the digester.

**Heat and Carbon dioxide.** The CHP produces approximately 500kW of thermal energy and about 10 tonnes of carbon dioxide per year. Between 100kW and 150kW is needed to heat the digester and pasteurizer, while the remainder will be available for other future uses.

**Digestate.** As the organic waste continuously leaves the digester (now called digestate) it will go into the end storage tank, where it is periodically stirred and stored for up to 6 months. Twice per year (in the spring and fall) the vessels will be emptied and the material delivered to local farmers for field application.

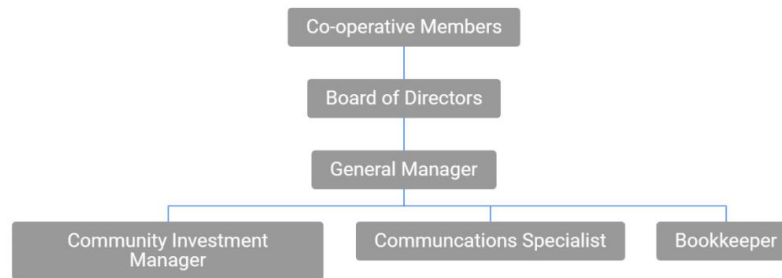
g. **Ongoing Maintenance**

The operation of the entire Biogas Plant is checked by staff on a daily basis. Gas quality and quantity is recorded daily. Lab samples of the materials in the digester are taken regularly. All equipment is checked and serviced on a predetermined schedule. All inputs, temperatures, pump cycles, holding times, mixer timing etc. are recorded in the control system and can be adjusted as required.

Engine lubricating oil is regularly tested and a maintenance schedule developed on the basis of the test results. The engine supplier will be contracted to carry out regularly scheduled maintenance as well as major overhauls and repairs as required.

## 5.4 Co-op Administration

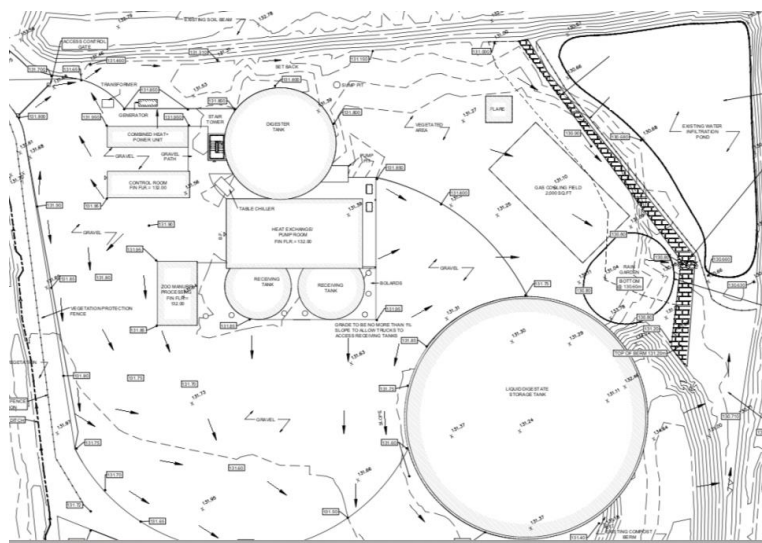
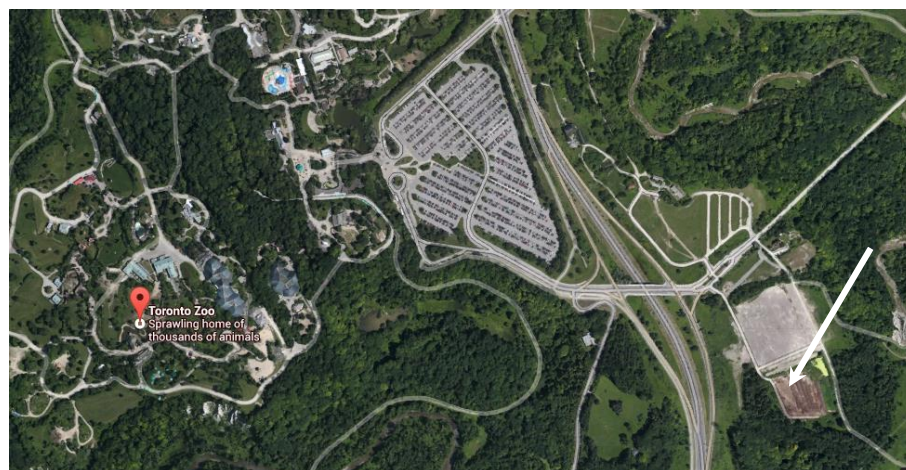
The ZooShare Board of Directors is responsible for the oversight of the Co-operative. Board directors are elected by the ZooShare members and the Board retains all final decision-making authority related to material changes in the organization. Individual directors may also be involved in the daily management of ZooShare. The Board has established three committees to support the work of the board. These include Finance, Education, and Future Projects. ZooShare uses contracted services and employs a small staff to manage the operations and administration of the Co-operative. These staff and contractors report directly to the General Manager.



## 5.5 Project location

The location of the Biogas Plant and an illustration of what it looks like is shown in the figures below. The site is the location of the Zoo's current composting operation.

The Project is located in the City of Toronto on the east side of Meadowvale Road, south of Zoo Road and is described as part of Lot 4, Concession 3 in the former Township of Scarborough.



**Figure 1 - Site location and illustration**

## 5.6 Technology

The components of the Biogas Plant, as shown in Figure 1, above are:

- **Receiving Tanks (#1 on Figure 1)** Comprised of 2 circular receiving tanks

and a manure shed, this is where the food waste and zoo manure will first be received. Each tank is equipped with a chopper pump to mix and blend the material before sending it to the Pasteurization system. This system includes 3 holding tanks to keep the material at 70 Celsius for 1 hour periods. Once pasteurized the material is pumped into the digester tank.

- **Complete Mix Anaerobic Digester (#2 on Figure 1).** The digester is constructed of reinforced concrete and insulated. It is 16 metres in diameter and 10 metres high, with a total capacity of 1,963 m3. The digester will be equipped with self-cleaning technology to remove contaminants and submersible mixers. Over/under pressure valves will ensure safety. All equipment will be explosion proof.
- **Digestate Storage Tank (#3 on Figure 1).** One large end storage tank will hold the digestate for up to 6 months. The total capacity of the tank is approximately 8,000 m3, it is constructed of reinforced concrete and equipped with piping so that it can be filled and emptied.
- **Combined Heat and Power Unit (#4 on Figure 1).** The engines will produce 633 Kw of electrical power and approximately 500 kW of thermal energy. In order to utilize the heat produced, the engine will be equipped with a heat recovery system. A back-up generator with an Automatic Transfer Switch is also included in the plant. This will keep the essential pumps, sensors, flare and control system powered in the event that the CHP is not available.
- **Control Building (#5 on Figure 1).** This Building houses the control systems that run the biogas plant and CHP.

**Automatic flare.** The flare is designed with a blower, flame arrester and an automatic start with the capacity to burn 150% (400 cubic metres per hour) of the biogas expected from the plant. The flare is used only if both engines are down and the gas storage is full.

## 5.7 Customers, Competitors, Markets

ZooShare's customers include the IESO for the power and major Canadian grocery retailers for tipping fees and fertilizer sales.

The market opportunity for anaerobic digestion in Ontario and across North America is quite large as all organic waste produced is sent to landfills or compost facilities, and almost all livestock manure is being scattered on fields without processing. Production of biogas is still relatively new to North America, but it is moving into the 'late adopters' phase of its growth cycle as there are now around 35 operational digesters in Ontario and over 300 across North America. For every tonne of waste processed in an anaerobic digester, greenhouse gas emissions are reduced, groundwater contamination risk is reduced and renewable energy is produced. Therefore, there are significant environmental and societal benefits of biogas over other waste disposal methods.

Based on projections made by the Ontario Ministry of Agriculture, Food and Rural Affairs and the Biogas Association (made up of various stakeholders from across the Ontario biogas industry) – there is approximately 250 MW of potential biogas power that could be produced from livestock manure and commercial food waste in Ontario. When household organic waste and energy crops are included the potential total increases to around 1,000 MW.

The Ontario biogas market has thus far been largely based on farms, co-digesting animal manure and food waste. Based on the above projections, it is expected that the demand and competition for food waste (a high energy value feedstock) will increase as the number of plants increases. This increasing demand estimate is the reason for the projected declines to tipping fee revenues in ZooShare's business plan.

Biogas is the kind of business where the proximity to feedstock sources is of material importance. As a result of the Project's location in the east end of Toronto, the Biogas Plant holds a key geographic advantage over other biogas and waste processing facilities – potentially saving waste haulers up to 4 hours of driving time

in some cases. Furthermore, by partnering with the Toronto Zoo, ZooShare offers its waste producers a positive branding opportunity, increasing its competitive advantage over other biogas plants.

## **5.8 Marketing and Sales**

ZooShare's Sales and Marketing Plan includes:

- a. Web-based social media campaign – the ZooShare website will be the first contact point with potential and current members where they can learn about ZooShare, the Project, and subscribe to this offering.
- b. Community engagement and awareness raising – ZooShare will offer the investment opportunity to the local community and will create awareness through a local media campaign.
- c. Local events – Wherever possible and appropriate, ZooShare be selling Community Bonds at local events, shows and exhibitions.
- d. Leveraging the reach and marketing power of key project partners, including the Toronto Zoo, Canada's largest grocery retailers and Bullfrog Power, among others.

Details of the ZooShare's marketing plan is not shown or described in detail in this Offering Statement for confidential competitive reasons.

## **5.9 Communications**

ZooShare will communicate with various stakeholders around different topics throughout its development. Its communication needs extend beyond the selling of bonds and co-operative memberships, and also includes sharing updates and information with key stakeholders at the Zoo, the City of Toronto, the Toronto Region Conservation Authority (TRCA), residents living nearby, and the general public.

## **6. Capital Structure**

ZooShare is incorporated as a non-profit renewable energy co-operative without share capital. Its capital at December 31, 2020 is as follows:

Contributed Surplus: \$19,658

Total: \$19,658

The Project is currently operational and ZooShare has accumulated some retained earnings throughout its development. ZooShare has in its Articles of Incorporation and by-laws, a strong asset lock, so that the income and net assets of ZooShare after payment of its liabilities (including the Community Bonds) are applied solely to pursue the objectives of educating the public about biogas and investing in additional community-owned biogas projects. As a result, there is no allocation, crediting or payment to the members of ZooShare out of the surplus of ZooShare beyond the amounts they are entitled to pursuant to the terms of the Insider Loans and Community Bonds described in section 7.7. All surpluses generated by ZooShare will be assigned to TREC under the terms of the Renewable Energy Fund Agreement and thus it is not expected ZooShare will accumulate any material amount of retained earnings in consequence. While there is an obligation to assign any surpluses to the TREC Renewable Energy Fund, ZooShare has full discretion to keep sufficient funds to meet its financial obligations, which include interest payments on Community Bonds, and principal repayments on Community Bonds on their maturity. A summary of this agreement can be found in Section 16.9.

## **7. Financial Assumptions, Capital Costs and Revenue Projections**

### **7.1 Summary**

A summary of the primary financial assumptions and projections can be found below.

All forecasts have been prepared in accordance with Canadian generally accepted accounting principles.

These projections are based upon assumptions and hypotheses which the Board believe to

be reasonable and which are consistent with the business plan. Actual results may vary, perhaps materially, from these projections. The assumptions upon which these projections are based may change owing to circumstances beyond ZooShare's control. There can, as a result, be no assurance that ZooShare will be able to pay interest and/or repay principal on the Community Bonds.

When the lease with the Toronto Zoo ends, the FIT Contract expires and the Biogas Plant's cost has been fully depreciated, there will still be value remaining in the Biogas Plant, as it has a potential lifespan of 30-40 years. Any option to renew the lease or the FIT Contract that may be negotiated could have value to ZooShare, which is unknown at this time.

## 7.2 Project Assumptions

<b><u>Revenue</u></b>	
System size	500kW: nameplate capacity of the biogas project.
FIT price	The price per kWh of biogas power sold to the Grid - \$0.16 + \$0.01 (Community Adder) = \$0.17/kWh. This rate increases at ½ the rate of inflation.
Tipping materials	15,000 tonnes per year: the amount of food waste and fats, oils and greases coming from the major Canadian retailer.
Tipping fees	The price paid per tonne of food waste dropped off by waste management companies. These prices are set by ZooShare Biogas LP and will move according to the market of alternatives available to haulers.
<b><u>Capital Expenditures</u></b>	
Construction and key equipment	Includes all services and materials necessary for the construction of the plant; concrete, CHP, digester, gas handling, end storage, pasteurizer, electrical systems, piping and mechanical systems, and design.
Project Management	Includes project administration and oversight, site supervision, health and safety, and owner's engineer costs.
Commissioning	The anticipated costs to start and operate the plant include natural gas, electricity, digestate supply, start-up glycol and feedstock.
Other costs	Includes fees related to construction insurance, shipping, facility signs, financial assurance, and other miscellaneous costs.
<b><u>Operating Expenses</u></b>	
Land lease	Annual payments to the Toronto Zoo, equal to 10% of the Project's earnings before interest, tax, depreciation and amortization or \$50,000, whichever is greater.
Labour	Annual salary of staff responsible for the operations and oversight of the plant, includes a plant administrator and 1-2 plant operators.
Payroll burden	20% of labour cost and includes benefits, employment insurance and CPP contributions.
Consumables	Materials needed to keep generating equipment running well - oil, filters, spark plugs, testing equipment, fuel, propylene glycol, lube, oil.
Parasitic power	All power consumed to operate and run the Biogas Plant.

Disposal	Management and disposal of digestate and grit/plastic produced during operation of the Project.
Equipment maintenance	Refining and tuning Project equipment including CHP maintenance.
Process Monitoring	Testing and monitoring all activity taking place within the digester.
Facility maintenance	Upkeep of the Biogas Plant facility, including snow clearing, salting, property maintenance, heating (natural gas), phone and internet bills.
Insurance	Coverage for equipment, general commercial liability, business interruption, directors and officers, pollution.
LDC fee	The account fees charged by the local distribution company, which delivers electricity to consumers – in Toronto, Toronto Hydro.
Property taxes	Based on the current industrial rate of 3.1% of assessed value.
Co-op Admin	Paid to the Co-op for managing the administration of the Biogas Plant and LP.
O&M Fee	Paid to OPUC for managing the operations and maintenance of the Biogas Plant. This rate increases at the rate of inflation.
Depreciation and Amortization	The LP and its Partners have elected to depreciate the assets of the biogas plant and the grant used to partially fund its construction (Low Carbon Economy Fund) over a 40-year period, reflecting the expected useful life of the biogas plant.
Inflation	Assumed to be 2% per annum.

### 7.3 Taxation

As ZooShare is a non-profit co-operative, it is the opinion of ZooShare that no income taxes are payable by it. However, in the event that ZooShare is obliged to pay income tax, payment would be made from the surplus otherwise payable to TREC pursuant to the Renewable Energy Fund Agreement described in Section 16.9, and the impact on ZooShare's ability to pay interest and principal on the Community Bonds would be minimal.

ZooShare's share of distributions from the Project will continue to be tax exempt given its non-profit status.

ZooShare is a registrant for Harmonized Sales Tax (**HST**) purposes, and the impact of HST on its finances will therefore be neutral.

### 7.4 Financial Statements

The members of ZooShare have a right under the *Act* to receive audited financial statements annually at the annual general meeting, unless a decision is made by the members to waive that requirement.

A copy of the 2020 Audited Financial Statements can be found in Appendix A.

### 7.5 Financial Projections

ZooShare has prepared financial projections from the beginning of plant operations (April 1, 2021) up to 2035, set out in Appendix D. These projections are based upon the assumptions set out above.

Community Bonds maturing in year 15 will be refinanced by new community bonds

to be issued by ZooShare in the future. The interest rate on these community bonds to be issued in the future is assumed to be 5%. Full repayment of all outstanding Community Bonds will occur through annual redemptions using available cash flow in those years following year 15. Based on projected cash flows, ZooShare will have no Community Bonds or any future community bonds outstanding by year 29. The projected cash flow past year 15 is premised on Project revenues from the processing of organics and generation of power continuing, and thus so will distributions from the LP to ZooShare. The assets of the Project are useful for 40 years. The FIT Contract applicable to the Project will remain in force until year 18, and after the end of the FIT Contract it is assumed that the energy generated from the Project will be sold to the grid at the Hourly Ontario Energy Price (**HOEP**) + global adjustment. In year 19 this value is assumed to be 15.7 c/kWh, which is equal to the current HOEP + global adjustment rate of 11 c/kWh inflated at 2% per year for 18 years.

All projections are prepared in accordance with generally accepted accounting principles.

The financial projections differ in presentation from the historical financial statements. This is because the business structure of the project has changed and going forward ZooShare's financial results will only include ZooShare's share of project revenues, other ZooShare-specific revenue streams, and a reduced number of expenses. The presentation in the financial projections give a more clear view of how ZooShare is structured going forward.

ZooShare's revenues from the Project are based on current industry standards for operating time and digestate value, and the anticipated agreement with the grocery partner for tipping fees and volumes. ZooShare has endeavoured to use conservative estimates when modeling the financial performance of the project. These estimates represent ZooShare's best efforts to estimate accurately and conservatively.

Revenue projections will depend primarily on the amount of electricity produced, the amount of organic waste processed, and tipping fees received for processing the waste.

Further, as per the terms of the Limited Partnership Agreement, it is assumed that OPUC will exercise its option to purchase from ZooShare additional Class A LP Units when it is able to do so in compliance with the FIT Contract. The sale by ZooShare to OPUC of the Class A LP Units is reflected in the financial projections in Year 3, with the value based on a discounted cash flow valuation method applied to the projected earnings over a 40-year period - the expected life of the biogas plant. The discount rate used is 5%.

If there is no sale by of the Class A LP Units from ZooShare to OPUC, ZooShare will continue to own 51% of the Project and therefore receive 51% of the distributions from the LP. Community Bonds that are outstanding will be serviced and redeemed using these cash flows. As a result of not receiving a large lump sum payment for the Class A LP Units, ZooShare will instead carry a greater amount outstanding Community Bonds on its balance sheet. When Community Bonds - Series 4 mature, they will be refinanced by new issues of community bonds to be issued by ZooShare at that time or other financing options. In this situation, ZooShare will continue to service and carry outstanding Community Bonds on its balance sheet up to year 40.

The Board of Directors view is that this transaction will not impact ZooShare's status as a renewable energy co-operative. This is based on a legal opinion provided by Iler Campbell LLP in regards to this Offering Statement.

## **7.6 Financing**

The Project at the Zoo has been financed through equity investments made by ZooShare and OPUC. ZooShare has borrowed from its members to make its investment in the Project - which includes Insiders' loans, and Community Bonds (Series 1, 2, and 3).



As of June 30, 2021:

Issuance	Outstanding	Rate	Maturity	Expected Maturity Period	Rank
Insiders Loans	\$ 226,379	12%	12 months after Project Start-up	April 2022	1
Community Bond Series 1	\$ 1,471,865	7%	7 years from purchase	October 2020 - March 2022	2
Community Bond Series 2	\$ 619,625	6%	6 years from purchase	October 2021 - Dec 2021	
Community Bond Series 3	\$ 717,600	5%	5 years from COD	July 2023	3
Community Bond Series 4	\$ 2,408,306	5%	5 years from purchase	October 2025 -	4
Community Bond Series 5	\$ 1,073,203	5.5%	15 years from purchase	October 2035 -	

From June 2020-June 2021, ZooShare sold more Series 4 and 5 Bonds than were needed to refinance the loans and bonds which matured during that period. The remaining funds raised from June 2020-June 2021 are currently in ZooShare's bank account awaiting the maturity of outstanding loans and bonds. The minimum offering of \$939,359 is the minimum amount which ZooShare must raise to pay maturing loans and bonds, taking into consideration available funds which were raised during the previous offering.

Below is a bond maturity schedule to June 2022:

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Series 1	\$78,500	\$116,690	\$189,983	\$126,000	\$13,200	\$99,833	\$194,833	\$153,900	\$382,733	\$114,000	\$1,458	\$1,733
Series 2						\$161,000	\$87,500					
Series 3	\$14,000	\$16,500	\$687,100									
Total	\$92,500	\$133,190	\$877,083	\$126,000	\$13,200	\$260,833	\$282,333	\$153,900	\$382,733	\$114,000	\$1,458	\$1,733

The maximum offering amount was set to be equal to the outstanding principal of all Insiders Loans, Series 1, 2, and 3 Community Bonds and Founders Club bonds. Given the total amount to be refinanced is \$4,420,896, that is how much was needed to be raised in Series 4 and 5 Community Bonds through this year's and last year's offering statements.

Over the next 18-24 months, ZooShare will seek additional financing from time to time to balance out cash flow requirements and for general corporate needs. It is expected that this financing would be pari passu or subordinate to Community Bonds Series 4 and 5 and carry similar terms to this offering.

## 7.7 Project Development Costs and Grants:

Since its inception in late 2010 ZooShare has been working to develop the Project, incurring costs for business plan development, legal, accounting and administration, marketing, conceptual design and engineering, feedstock testing, permitting applications, staff and project management.

To date, ZooShare has received \$375,726 from three grants made by the IESO's Community Energy Partnership Program, \$40,000 from the Toronto Community Foundation, \$7,500 from The Co-operators Co-op Development Program, and \$100,000 from the Investment Readiness Program. These funds together with ZooShare's early investments from Founders' Club members and Insiders paid for ZooShare's share of project development expenses. ZooShare continues to periodically seek out applicable grant programs that fit its mission and work.

In addition to the grants listed above, and in support of the Biogas Plant expenses, in February 2019, ZooShare was awarded a capital grant by the Government of Canada's Low Carbon Economy Fund in the amount of \$2.66 million. This funding agreement was assigned to ZooShare Biogas LP.

## 8. Use of Proceeds of the Offering

ZooShare will use the proceeds from Community Bonds Series 4 and 5 to redeem and refinance maturing Community Bonds (Series 1, 2, and 3) and Insiders' loans. The total to be refinanced is equal to \$4,420,869.

This Offering is limited in that if subscriptions for Community Bonds Series 4 and 5 totalling \$939,359 are not received, no Community Bonds Series 4 and 5 will be sold pursuant to this Offering Statement and any subscription funds for Community Bonds Series 4 and 5 which have been received will be returned. In these circumstances, ZooShare will seek financing from socially-minded institutional lenders or credit unions to meet

ZooShare's financial obligations to redeem Community Bonds (Series 1, 2, 3) and Insiders' loans as they mature.

In the event that subscription funds must be returned to investors where the Minimum Offering is not reached, funds will be returned to investors within 20 days following the expiration of the Offering Statement. Funds will be returned to each investor via cheque.

ZooShare entered into an Escrow Agreement with Iler Campbell LLP acting as escrow agent the (**Escrow Agent**). Subscription funds for Community Bonds Series 4 and 5 will be held in trust under the terms of the Escrow Agreement. The Escrow Agent may only release funds raised under this Offering to ZooShare after the Minimum Offering is achieved. After the Minimum Offering is reached, ZooShare will make requests for funds to be released from escrow as Community Bonds (Series 1, 2, 3) and Insiders' loans mature.

Once the Minimum Offering is achieved, ZooShare will issue Community Bonds Series 4 and 5 as soon as reasonably possible and provide members with notice of the issuance.

ZooShare will not accept further subscriptions for Community Bonds Series 4 and 5 after the Maximum Offering is achieved and if this Offering has not expired.

## 9. **Risk Factors**

Community Bonds in this offering statement are high risk investments. The risks are described in this section. The risks are listed in alphabetical order.

ZooShare will be subject to a number of risks common to start-up ventures in general, as well as specific risks associated with electrical generation and anaerobic digestion.

The failure to prevent, minimize or mitigate any of the following risks could jeopardize investor's financial returns and possibly their investment in ZooShare.

### 9.1 **Cash Flow**

ZooShare anticipates positive cash flow over the life of the Project. These projections are based on a number of assumptions, which can be found in Section 7. If any one or more of these assumptions turns out to be significantly in error then ZooShare could be unable to manage its cash flow requirements. This could jeopardize the viability of the Project and/or its expected returns.

### 9.2 **Equipment Failure**

The equipment installed on the Project is expected to be low maintenance and reasonably trouble-free. In addition to maintenance shutdowns which are accounted for in ZooShare's business plan, all major equipment is covered by warranty from technology suppliers. However, should issues with the digester, generators or other major equipment develop, there could be a loss of energy production and associated revenues for the period of downtime. This loss may not be covered by warranty or insurance, depending on the cause.

### 9.3 **Feedstock supply**

The supply of organic waste is integral to the Project's success as it is the primary source of energy. If the Project is not able to secure organic waste for the duration of the Project, it will not be able to generate the projected amount of biogas, electricity and revenues, severely impacting its ability to operate. If tipping fees are lower than expected, it will have a direct impact on revenues and net income, but the facility will still be profitable.

### 9.4 **Financial Projections**

This Offering Statement contains forward-looking statements and projections that involve numerous assumptions, hypotheses, risks and uncertainties including, among others, those set out in this Section as "Risk Factors". These projections are based upon assumptions and hypotheses that the Board of ZooShare believes to be reasonable and which are consistent with the forecasts and projections prepared by ZooShare. No representations or warranties are given that these projections will actually be achieved. Actual results may vary, perhaps in a materially negative way, from these forecasts and projections. The assumptions upon which these forecasts

and projections are based may change, whether due to circumstances beyond the control of ZooShare or otherwise. Investors are advised not to rely solely upon these projections in making their investment decision.

#### **9.5 Income Tax Risk**

In Canada, income tax exemption for a non-profit organization is obtained by structuring and operating the organization in accordance with the requirements of the *Income Tax Act*, but may be challenged if the requirements for that exemption, as interpreted by Canada Revenue Agency, are not complied with.

#### **9.6 Long-Term Investment**

There is no market into which these securities may be sold. Purchases of the Community Bonds offered herein should be considered long-term investments and which are not suitable for investors who may need to sell their securities quickly in order to raise money.

#### **9.7 Major Contracts**

ZooShare entered into material contracts to operate its business and the Project, and the Project-related contracts have been assigned to the LP. The strength of these contracts and the availability of the remedies sought in the case of default could materially affect ZooShare's financial projections.

#### **9.8 Market for Securities**

There is currently no market for the Community Bonds offered and the development of such a market cannot be assumed. This is an illiquid security. It is unsuitable for any purchaser who may wish to sell the security. No ZooShare membership may be transferred without the express consent of the Board of Directors of ZooShare. ZooShare will use its best efforts to match buyers and sellers, but offers no guarantee that holders of the Securities will be able to sell them, if they need to, regardless of the need, or if they want to.

#### **9.9 Operating Risk – Biological and Mechanical**

Anaerobic digestion is largely a biological process – microbes and bacteria consume organic waste to produce biogas. If their health is threatened due to a substantial change in acidity or temperature, biogas production will slow down considerably or stop altogether. This would cause the plant to shut down for a period of 2-8 weeks, impacting revenues (estimated at \$105,000 per month) and net income (estimated at \$27,000 per month). These types of issues are normally caused by a sudden change in the feedstock recipe being fed to the digester, or a mechanical failure of the heating equipment. Mechanical breakdown is also possible. If this were to happen, it would negatively affect the Biogas Plant's ability to process new waste and produce biogas.

#### **9.10 Profitability and Solvency**

There is no certainty that ZooShare will be profitable and that ZooShare will be able to pay interest or redeem its Community Bonds.

#### **9.11 Repayment of Bonds**

There is no assurance that ZooShare will be able to repay any of the Community Bonds offered under this Offering Statement. Investors who require guaranteed returns from their investments with no risk should not purchase the securities offered herein.

#### **9.12 Safety and Liability Risk**

As producing biogas is a process that produces methane gas and burns it in a generator, there is the potential for injury from gas inhalation, which could result in liability claims against ZooShare. There is also the potential for other kinds of injuries to occur as a result of all the moving parts involved in biogas production.

#### **9.13 Speculative Investment**

ZooShare is a start-up venture and the Community Bonds being offered under this Offering Statement are speculative and involve a higher degree of risk.

#### **9.14 Unknown Risk Factors**

ZooShare may also be subject to other unknown or unforeseen risk factors that could potentially affect its profitability and solvency. Some of these risk factors could include, but are not limited to failure to comply with new or revised governing statutes. Any adverse unforeseen risk factors that materialize may negatively affect ZooShare's profitability and solvency.

#### **9.15 No Sinking Fund or Reserve**

No sinking fund or reserve has been established to redeem the Community Bonds being offered before the end of their term. It is the intention of ZooShare to pay interest and redeem its Community Bonds as per the conditions stated within this Offering. However, there can be no guarantee that ZooShare will be able to honour these intentions. Investors are not entitled to demand the redemption of the Community Bonds before the end of their term. In the event that ZooShare is unable to redeem the Community Bonds, holders of such securities might not receive payments of principal and/or interest.

### **10. Description of the Securities Offered**

ZooShare is offering to sell Community Bonds Series 4 and 5 to its current and future members:

**Maximum Aggregate Offering:** \$4,420,869

#### **Community Bonds Series 4**

**Rate:** 5%, paid annually to members through electronic fund transfers, or paid annually to members who wish to receive a cheque by mail.

**Term:** 5 years.

**Rank:** Community Bonds Series 4 are direct obligations of ZooShare, hold a charge over all the assets and contracts of ZooShare, will rank equally with each other and Community Bonds Series 5, but behind Community Bonds Series 1, 2 and 3, and Insiders' loans

**Prepayment:** As of the end of the third year of the term of a Community Bond Series 4, and at any point thereafter, ZooShare will have the right to prepay Community Bonds Series 4 at ZooShare's option.

**Security:** Community Bonds Series 4 are secured by a floating charge in favour of Brian Iler as Trustee, for the benefit of the bondholders, on ZooShare's interest in the LP, on the terms set out in a Trust Agreement, described in Section 16 below.

**Dissolution:** In the event of the dissolution or liquidation of ZooShare, and there are debt obligations that rank prior to the Community Bonds Series 4, those prior ranking obligations must be met in full before proceeds, if any, are available to holders of Community Bonds Series 4. The holders of Community Bonds Series 4 shall be entitled to be paid, after the retirement of Insiders' loans and Community Bonds Series 1, 2 and 3, the amount of principal outstanding, plus any interest unpaid. Upon payment of the above amount, the holders of Community Bonds Series 4, as members, shall not be entitled to any further share in the distribution of the assets of ZooShare. Net assets of ZooShare on dissolution after payment of all liabilities, are to be paid in accordance with the terms of the Renewable Energy Fund Agreement (see Section 16.9.)

#### **Community Bonds Series 5**

**Rate:** 5.5%, paid annually to members through electronic fund transfers, or paid annually to members who wish to receive a cheque by mail.

**Term:** 15 years.

**Rank:** Community Bonds Series 5 are direct obligations of ZooShare, hold a charge over all the assets and contracts of ZooShare, will rank equally with each other and Community Bond Series 4, but behind Community Bonds Series 1, 2 and 3, and Insiders' loans.

**Prepayment:** As of the end of the tenth year of the term of a Community Bond Series 5, and at any point thereafter, ZooShare will have the right to prepay Community Bonds Series 5 at ZooShare's option.

**Security:** Community Bonds Series 5 are secured by a floating charge in favour of Brian Iler as Trustee, for the benefit of the bondholders, on ZooShare's interest in the LP, on the terms set out in a Trust Agreement, described in Section 16.12 below.

**Dissolution:** In the event of the dissolution or liquidation of ZooShare, and there are debt obligations that rank prior to the Community Bonds Series 5, those prior ranking obligations must be met in full before proceeds, if any, are available to holders of Community Bonds Series 5. The holders of Community Bonds Series 5 shall be entitled to be paid, after the retirement of Insiders' loans and Community Bonds Series 1, 2 and 3, the amount of principal outstanding, plus any interest unpaid. Upon payment of the above amount, the holders of Community Bonds Series 5, as members, shall not be entitled to any further share in the distribution of the assets of ZooShare. Net assets of ZooShare on dissolution after payment of all liabilities, are to be paid in accordance with the terms of the Renewable Energy Fund Agreement (see Section 16.9.)

**Repayment on Maturity:** Upon maturity, the original face value of the Community Bonds shall be repaid to the member. Funds will be set aside in a reserve fund over the course of the respective terms to repay all bondholders upon maturity, in addition to any necessary bank financing which may be needed to repay principal on Community Bonds.

To address concerns that lenders may raise in light of possible future market interest rate fluctuations, principal repayment on maturity may not occur until replacement capital is obtained. Such a decision would be made by the Board. The rights of the Bondholders are not otherwise affected by such a postponement and their outstanding bonds would continue to accrue interest at the indicated rate.

**Transfer:** Community Bonds may only be transferred with the consent of the Board of Directors to another member of ZooShare.

**Voting Rights:** No voting rights attach to the Community Bonds. The members of ZooShare have a right to vote at all meetings of members.

#### 11. **Method of Sales of Bonds**

All securities sold pursuant to this Offering Statement will be sold by directors, officers, employees and agents of ZooShare.

There are no commissions payable for bond sales.

#### 12. **Description of the Market on which the Community Bonds May be Sold**

There is no market through which the Community Bonds may be sold and none is expected to develop. Purchasers may not be able to resell ZooShare securities purchased pursuant to this Offering Statement. No Community Bonds of ZooShare may be transferred without the express consent of the Board. Management will use its best efforts to match buyers and sellers but there can be no guarantee that holders of the Community Bonds will be able to sell them.

The Community Bonds, except where prohibited by law, shall be repurchased upon the withdrawal, death or expulsion of a member or when a member exercises the rights of a dissenting member pursuant to the *Act*. The *Act* prohibits the repurchase of the Community Bonds if ZooShare is, or would be, as a result of such repurchase, insolvent, or if such repurchase would, in the opinion of the board of directors, be detrimental to the financial stability of ZooShare. There can be no assurances as to when or whether ZooShare may be profitable.

13. **Statement of Minimum and Maximum Amount of the Offering and Minimum and Maximum Amount of any Individual Subscription**

**Minimum Aggregate Offering:** \$939,359

**Maximum Aggregate Offering:** \$4,420,869.

**Minimum and maximum amount by individual:** The minimum Community Bond purchase is \$500. There is no limit to the maximum amount of bonds purchased by a member.

If ZooShare is unable to raise sufficient funds through the sale of securities under this Offering Statement, ZooShare would meet its financial obligations by seeking new financing from socially-minded institutional lenders or credit unions.

14. **Amount and Particulars of Any Securities, Mortgages, Bonds, Debentures or Other Debt Obligations**

As of June 30, 2021:

Issuance	Outstanding	Rate	Maturity	Expected Maturity Period	Rank
Insiders Loans	\$ 226,379	12%	12 months after Project Start-up	April 2022	1
Community Bond Series 1	\$ 1,471,865	7%	7 years from purchase	October 2020 - March 2022	2
Community Bond Series 2	\$ 619,625	6%	6 years from purchase	October 2021 - Dec 2021	
Community Bond Series 3	\$ 717,600	5%	5 years from COD	July 2023	3
Community Bond Series 4	\$ 2,408,306	5%	5 years from purchase	October 2025 -	4
Community Bond Series 5	\$ 1,073,203	5.5%	15 years from purchase	October 2035 -	

Below is a bond maturity schedule to June 2022:

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Series 1	\$78,500	\$116,690	\$189,983	\$126,000	\$13,200	\$99,833	\$194,833	\$153,900	\$382,733	\$114,000	\$1,458	\$1,733
Series 2						\$161,000	\$87,500					
Series 3	\$14,000	\$16,500	\$687,100									
Total	\$92,500	\$133,190	\$877,083	\$126,000	\$13,200	\$260,833	\$282,333	\$153,900	\$382,733	\$114,000	\$1,458	\$1,733

**Voting Rights:** No voting rights attach to the Insiders Loans or Community Bonds. The members of ZooShare have a right to vote at all meetings of members.

15. **Material Interests of Directors, Officers and Employees of ZooShare or its Subsidiaries**

15.1 **In the Operation of ZooShare**

Each of the Directors of ZooShare is a member of ZooShare. No individual director, officer or employee has a material interest in the business or operations of ZooShare other than what is disclosed in this Section 15.

As of December 31<sup>st</sup> 2020, the following members and/or suppliers were also issued Insiders' Loans totaling \$226,379:

- Angus Power
- Kathrin Ohle
- ReGenerate Biogas Inc.
- Riepma Consultants
- Robert Wakulat
- TREC

15.2 **In the Securities Offered Herein**

The directors, officers and employees of ZooShare will be offered the securities to be issued under this Offering Statement on the same terms as are available to all other Members. It is anticipated that no individual director of ZooShare will hold more than five percent, and the combined holdings of all directors will total no more

than ten percent, of the outstanding securities of ZooShare.

## 16. Material Contracts

All material and project-related contracts have been assigned to ZooShare Biogas LP and are managed by ZooShare Biogas Development Inc. (the **General Partner**), on behalf of ZooShare and OPUC. These are detailed further below. The material contracts of ZooShare include:

### 16.1 Limited Partnership Agreement

Executed on October 31, 2019, this agreement between the General Partner, ZooShare and OPUC details the terms of the limited partnership known as ZooShare Biogas LP (the **LP**).

The Limited Partnership Agreement sets out the authorized capital of the LP, which currently consists of an unlimited number of Class A Units, an unlimited number of Class B Units, and one GP Unit (collectively, the **Units**). No new Units may be created, authorized or issued without the prior approval of both ZooShare and OPUC, as limited partners.

The Limited Partnership Agreement confirms the issued capital of the LP is as follows:

General Partner	- 1 GP Unit
ZooShare	- 510 Class A Units and 1000 Class B Units
OPUC	- 490 Class A Units

Various rights attach to the Class A Units. Most importantly, the holders of Class A Units are entitled to a repayment of the sum of contributions to the capital of the LP in priority to Class B Units, the right to receive an allocation of net income and net losses of the Project, and the right to receive a distribution of the Project's distributable cash at the end of each fiscal year according to their percentage ownership of Class A Units in the LP. The General Partner shall not make cash distributions if there would be insufficient assets to meet the liabilities of the LP, including an operating reserve. The operating reserve will reflect at least 35% of the projected operating expenses for the Project, determined by the annual operating budget.

The number of Class A Units held by ZooShare and OPUC is based on the amounts contributed to the LP by each entity. ZooShare has made a financial contribution to the LP in an amount of \$4,371,428.57 for funding development and construction costs of the Project. OPUC has made a financial contribution to the LP in an amount of \$4,200,000.00 for funding development and construction costs of the Project. ZooShare's contribution of \$746,057.43 toward pre-development costs of the Project are evidenced by the 1000 Class B Units. The Limited Partnership Agreement addresses how additional capital contributions will be treated, which could include a loan or loans from OPUC.

The General Partner has unlimited liability for the debts, liabilities and obligations of the LP, as well as the right to manage and operate the business of the LP. ZooShare and OPUC, in their capacity as limited partners, do not have the right to manage or administer the activities of the LP or the Project.

The Limited Partnership Agreement grants OPUC the right to acquire up to 75% of the issued and outstanding Class A and Class B Units of the LP (the **Unit Option**). OPUC's Unit Option can be exercised at any time permissible under the terms of the FIT Contract. The FIT Contract permits the Unit Option to be exercised **only after the fifth anniversary** of the COD for the Project (the fifth anniversary being 18 July, 2023). In compliance with the FIT Contract, the Unit Option provides that, if the Unit Option is exercised by OPUC, ZooShare's interest in the issued and outstanding Class A and Class B Units of the LP following the exercise of the Unit Option will not be less than 25%.

The Board of Directors view is that this transaction will not impact ZooShare's status as a renewable energy co-operative. This is based on a legal opinion provided by Iler Campbell LLP in regards to this Offering Statement.

OPUC would be required to pay ZooShare for the Class A and Class B Units it wishes to acquire when exercising the Unit Option. Depending on the number of Units OPUC wishes to acquire, the purchase price payable will be determined either based on the book value of ZooShare's shares, plus 15%, or, based on a valuation by a third-party valuator. It is expected that OPUC will exercise the Unit Option after the fifth anniversary of the COD for the Project (as noted above, the fifth anniversary being 18 July, 2023). The Financial Projections included in Appendix D reflect this expectation.

The Limited Partnership Agreement provides that if the GP, OPUC and ZooShare unanimously agree to contribute additional capital to the Partnership and if ZooShare is unable to contribute its pro-rated share of additional capital required, then any additional ZooShare capital contribution shall be financed wholly by a loan or loans from OPUC (a **Partner Loan**), that will bear an interest rate at the rate of OPUC's credit facility plus 2.5%, or, 8.5% per annum, as per the terms of the Partner Loan Agreement which will be determined by OPUC and ZooShare at the time of the Partner Loan.

## 16.2 Shareholder Agreement

The Shareholder Agreement dated October 31, 2019, between ZooShare, 2720665 Ontario Inc. (272, a subsidiary of OPUC), and the General Partner, addresses the rights and obligations of the shareholders of the General Partner. The two shareholders of the General Partner are ZooShare and 272, each owning 50% of the issued common shares of the General Partner.

The board of the General Partner is comprised of five directors. Each of ZooShare and 272 have the right to nominate two directors to the board of the General Partner, and the fifth director will be nominated jointly by ZooShare and 272. This arrangement will change if OPUC acquires a larger ownership stake in the General Partner.

The General Partner is restricted from doing any of the following without a "Special Approval", (defined as an affirmative vote at a meeting of the board of the General Partner by at least 75% of its directors, or unanimous written approval of the directors), note the list is not exhaustive:

- a. make any material change to the business of the Project, or enter into any other business;
- b. incur any indebtedness in excess of \$750,000;
- c. enter into, materially amend, waive or terminate any agreement with a party related to the General Partner;
- d. enter into or effect any transaction or series of related transactions involving the purchase, license, exchange or other acquisition by the General Partner of the assets of any other person, other than in the ordinary course of business and consistent with past practice;
- e. except for a change of control permitted by the Shareholder Agreement, not enter into any transaction relating to the sale of the General Partner's assets; and
- f. establish a subsidiary or enter into any joint venture or similar business arrangement;

ZooShare and 272 will not transfer any of their shares in the General Partner except in accordance with the Shareholder Agreement. If a shareholder wishes to sell their shares, that shareholder will first offer their shares to the other shareholders of the General Partner. If a shareholder receives an offer from a third party to purchase any of their shares in the General Partner, each other shareholder can exercise a right of first refusal before the shares can be sold to a third party.



OPUC has an option to acquire up to 75% of the total issued and outstanding shares of the General Partner at any time that is permissible under the FIT Contract. It is expected that OPUC will exercise this option in Year 3 of the Project's operation.

Each shareholder has a pre-emptive right to purchase a pro-rata portion of any new shares that the General Partner may propose to issue or sell to another party.

### **16.3 OPUC Operation and Management Services Agreement**

ZooShare Biogas LP entered into an Operation and Management Agreement (the **O&M Agreement**) with OPUC on October 31, 2019. This agreement establishes a 40-year term in which OPUC is designated as the Operator of the Project.

The LP has delegated to OPUC, as Operator, the overall responsibility of maintaining the Project, including replacing parts of the equipment on the Project when necessary, and operating and managing the Project's equipment so that it is capable of producing electricity for sale under the FIT Contract.

The O&M Agreement establishes standards for the performance of OPUC's services as Operator, personnel standards, and other obligations. Within 30 days prior to the end of each calendar year, the agreement obliges OPUC to submit a proposed operation plan for the next calendar year that will confirm the services that are to be completed, which includes setting out any required maintenance to the equipment or capital improvements. OPUC is required to maintain operating insurance relating to the lands and the Project's equipment.

OPUC's duties under the O&M Agreement are being performed by OPUC as an independent contractor. OPUC will be paid an annual fee for its services, comprising the operating costs of the project, plus 20%, excluding HST. OPUC's fee is capped at \$105,000.

### **16.4 Challenge Fund Agreement**

Through this agreement, dated July 23, 2019, Her Majesty the Queen in Right of Canada, represented by the Minister of the Environment (**Canada**) agreed to provide ZooShare with a contribution of up to \$2,660,000 for expenditures of the Project, paid in installments from 2019-2022. The contribution from Canada was a result of ZooShare's successful proposal for funding from the Low Carbon Economy Fund.

The agreement was assigned to the LP in 2020.

### **16.5 Bullfrog Power Sponsorship Agreement**

In this agreement, dated January 3, 2017, Bullfrog Power Inc. (**Bullfrog**, a provider of green electricity and green natural gas) agreed to become ZooShare's Educational Sponsor in support of ZooShare's educational activities relating to the Project.

Bullfrog agreed to provide ZooShare \$30,000 upon signing, and \$20,000 annually at the next 4 anniversaries of the signing date. The agreement currently expires at the end of 2021, and negotiations to extend it are ongoing. The funds are to be used to cover the cost of ZooShare's biogas education programs.

### **16.6 Feed-in Tariff (FIT) Contract with the Independent Electricity System Operator**

The FIT Contract with the IESO is a 20-year contract to sell power to the Grid at a fixed price for every kilowatt hour (kWh) that is put onto the Grid by the Project.

ZooShare received an executed contract from the IESO on July 23, 2013. The Project achieved its Commercial Operation Date, as defined by the FIT Contract, on July 18, 2018. As with the other Project-specific contracts, the FIT Contract was assigned to ZooShare Biogas LP.

The standard FIT contract has the following material provisions:

1. A fixed price for all electricity produced, for 20 years from Commercial Operation Date.

2. No changes to the project may occur without IESO approval.
3. Requirements to achieve Commercial Operation Date are stipulated.
4. The FIT Contract may be terminated upon default.
5. Upon request, the IESO will enter into an agreement with a lender, giving it the right to remedy any breach of the FIT contract prior to its termination.

The current FIT price is 17¢ per kWh; 16¢ for the power plus an extra 1¢ because the Project is a 51% community-owned power project. The price for power will increase every year by 50% of the rate of increase of the Consumer Price Index.

#### 16.7 Connection Agreement

The Connection Agreement, dated November 26, 2018 between ZooShare and Toronto Hydro-Electric System Limited (the **Distributor**) confirms the Project will be connected to the Grid.

The Connection Agreement requires the Project to meet certain facility standards, including technical and operating standards, as well as requirements under the Electrical Safety Authority.

This agreement was assigned to the LP in 2020.

#### 16.8 TREC (Tapestry Community Capital) Agency Agreement

Commencing May 1, 2012, ZooShare retained TREC to assist in and carry out certain functions and services on ZooShare's behalf including:

- Administration
- Member Management
- Marketing and Sales

The agreement was not renewed in April 2021 and the required 90 days notice of termination was given to TREC (Tapestry Community Capital) on April 15, 2021. ZooShare will be managing these responsibilities internally going forward, with TREC assisting as needed with the transition.

#### 16.9 Renewable Energy Fund Agreement

ZooShare entered into an agreement with TREC to create a fund, managed by TREC that is dedicated to investing in community-owned renewable energy projects. A Renewable Energy Fund has been established to receive and apply monies received from ZooShare for the purpose of assisting in financing the development of other community-owned biogas projects, and to use for educational programming.

The material provisions of the Renewable Energy Fund Agreement include:

1. If required as a result of ZooShare's default and to the extent resources in the Renewable Energy Fund permit, TREC shall honour ZooShare's obligation to pay any arrears of interest, and to repay matured Community Bonds, and Insiders' loans.
2. ZooShare will have at least one permanent seat on the Renewable Energy Fund Investment Committee, and up to 50% of the seats on the Investment Committee if and when ZooShare's contribution to the fund is 50% or greater than the total fund amount. Committee seats will be redistributed annually, based on the proportion of investment from the participating co-operatives.
3. ZooShare must remain a non-profit incorporated under the *Act* whose membership is primarily of those persons who have purchased Community Bonds from ZooShare.
4. ZooShare must record its accounting surplus annually as a liability to TREC to be placed into the Renewable Energy Fund. However, while there is an

obligation to assign any surpluses to TREC's Renewable Energy Fund, ZooShare is entitled to keep sufficient funds to meet its obligations, which include interest payments on the bonds and repayment of the bonds on their maturity.

#### 16.10 Trust Agreement, dated July 11, 2013

ZooShare entered into an agreement with Brian Iler, as Trustee, to hold a floating charge over the assets of the Biogas Plant (now, ZooShare's interest in the LP) in trust for the benefit of the holders of Founder's Club Bonds, and Community Bonds Series 1 and 2 (the **Security Holders**), which will rank subsequent to any first charge over the Lease between ZooShare and the Toronto Zoo to a maximum amount \$4.32 million. The Founders Club Bonds were repaid in May 2021.

The interests behind the charge securing Community Bonds is composed of ZooShare's interest in the LP.

Security Holders may by a vote instruct the Trustee to realize on the mortgage security in the event of a default by ZooShare on its obligations. The Trustee is obliged to implement the decision of the Security Holders.

Each type of Security Holder, upon consent in writing, or at a meeting of the holders of seventy five percent in value of the same type of issued and outstanding Securities, plus seventy-five percent of the total number of Security Holders of the same kind, shall have the following powers:

1. Power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by the Agreement or the Securities in any manner specified, or to refrain from exercising any such power, right, remedy or authority; and
2. Power to waive, and direct the Trustee to waive, any default on the part of the Co-operative in complying with the provisions of this Trust Agreement or the Securities, including an Event of Default.

At a meeting of the Security Holders, the Security Holders have the power to remove a Trustee, and to appoint one or more replacement trustees.

#### 16.11 Trust Agreement, dated September 30, 2015

ZooShare entered into an agreement with Brian Iler, as Trustee, to hold a floating charge over the assets of the Biogas Plant (now, ZooShare's interest in the LP) in trust for the benefit of the holders of Series 3 Community Bonds (the **Series 3 Bondholders**), which ranks subsequent to Community Bonds Series 1, 2, and Insiders' Loans.

The interest behind the charge securing the Series 3 Bonds is comprised of ZooShare's interest in the LP.

Series 3 Bondholders may by a vote instruct the trustee to realize on the mortgage security in the event of a default by ZooShare on its obligations. The Trustee is obliged to implement the decision of the Series 3 Bondholders.

The Series 3 Bondholders, upon consent in writing, or at a meeting of the holders of seventy five percent in value of the same type of issued and outstanding Series 3 Bonds, plus seventy-five percent of the total number of Series 3 Bondholders of the same kind, shall have the following powers:

1. Power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by the Agreement or the Series 3 Bonds in any manner specified or to refrain from exercising any such power, right, remedy or authority; and
2. Power to waive, and direct the Trustee to waive, any default on the part of the Co-operative in complying with the provisions of this Trust Agreement or the Series 3 Bonds, including an Event of Default.

At a meeting of the Series 3 Bondholders, the Series 3 Bondholders have the power to remove a trustee, and to appoint one or more replacement trustees.

#### **16.12 Trust Agreement, dated June 30, 2020**

ZooShare entered into an agreement with Brian Iler, as Trustee, to hold a floating charge over ZooShare's interest in the LP, held in trust for the benefit of the holders of Series 4 and 5 Community Bonds (the **Series 4 and 5 Bondholders**), which will rank subsequent all other security issued by ZooShare.

The interest behind the charge securing the Series 4 and 5 Bonds include ZooShare's interest in the LP.

Series 4 and 5 Bondholders may by a vote instruct the Trustee to realize on the mortgage security in the event of a default by ZooShare on its obligations. The Trustee is obliged to implement the decision of the Series 4 and 5 Bondholders.

The Series 4 and 5 Bondholders, upon consent in writing, or at a meeting of the holders of seventy five percent in value of the same type of issued and outstanding Series 4 and 5 Bonds, plus seventy-five percent of the total number of Series 4 and 5 Bondholders of the same kind, have the following powers:

1. Power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Agreement or the Series 4 and 5 Bonds in any manner specified or to refrain from exercising any such power, right, remedy or authority; and
2. Power to waive, and direct the Trustee to waive, any default on the part of ZooShare in complying with the provisions of this Trust Agreement or the Series 4 and 5 Bonds, including an Event of Default.

At a meeting of the Series 4 and 5 Bondholders, the Series 4 and 5 Bondholders have the power to remove a trustee, and to appoint one or more replacement trustees.

The Trust Agreement for Series 4 and 5 Bondholders is attached as Appendix E.

#### **16.13 Escrow Agreement**

ZooShare entered into an agreement with Iler Campbell LLP, acting as Escrow Agent, to hold the deposits for the purchase of Series 4 and 5 Community Bonds in escrow until they can be released to ZooShare under the Escrow Agreement.

Funds in the escrow account, together with all earnings thereon, will be delivered to ZooShare upon the receipt of a written certificate signed by an officer or director of the ZooShare stating the following:

1. ZooShare has received a receipt for its offering statement from the Financial Services Regulatory Authority of Ontario;
2. ZooShare has delivered a copy of the receipted offering statement to each prospective member for whom the Escrow Agent holds funds;
3. ZooShare has not within ten days after delivery of the receipted offering statement received a notice from a prospective member that he/she wishes to be repaid his/her funds; and
4. ZooShare has raised at least the Minimum Offering, as set out in the offering statement.

The Escrow Agreement also sets out that in the event that the deposits held in escrow are not released pursuant to the above noted requirements within 12 months of the date of the Agreement, the Escrow Agent shall, as soon as reasonably possible thereafter, pay the amount received from each purchaser of a Community Bond to the purchaser, together with any accrued interest.

The Escrow Agreement is attached as Appendix F.

#### **16.14 Toronto Zoo Ground Lease**

The property on which the Biogas Plant is constructed is owned by the Toronto Region Conservation Authority (**TRCA**) and the City of Toronto. The Board of Management of the Toronto Zoo (the **Zoo Board**) manages the Toronto Zoo on behalf of TRCA and the City of Toronto.

The Zoo Board unanimously approved ZooShare's development plans on June 9, 2011. The TRCA, Rouge Valley Alliance and City of Toronto have also all approved the Project. ZooShare subsequently entered into a Ground Lease with the Zoo Board, as Landlord, dated August 14, 2012, and amended March 15, 2017 with the following material provisions:

1. The term extends to the end of the term of the FIT Contract, with an option for the Zoo Board to extend the term for two additional five-year terms.
2. The base rent is set out in the Operating Agreement (see below).
3. All costs and taxes relating to the leased property are for ZooShare to pay.
4. A default under the Operating Agreement (described below) is a default under the Lease.
5. The Zoo Board shall approve the Project's plans.
6. Use of the leased property is restricted to the operation of the Biogas Project.
7. Assignment or transfer by ZooShare of its leasehold interest requires the Zoo Board's consent.
8. At the end of the term, ZooShare has the right to remove its equipment, chattels, furnishings, fixtures and trade fixtures, and other things which are not of a structural nature, and an obligation, at the Zoo's option, to require removal of the balance of the Biogas Plant.

The Ground Lease was assigned to the LP by an Assignment Agreement dated March 15, 2017.

#### **16.15 Toronto Zoo Operating Agreement**

The Operating Agreement, dated August 14, 2012, and amended March 15, 2017, has the same term and options to extend the term as the Ground Lease. This agreement contains these additional material terms:

1. ZooShare shall construct and operate the Project in accordance with the plans approved by the Zoo.
2. The Zoo will be supplied with thermal energy and carbon dioxide from the Project at no cost.
3. The Zoo may supply such quantity of manure to the project as is available.
4. ZooShare may reject manure received if it does not meet ZooShare's standards.
5. ZooShare is to pay the Zoo Board 1) \$15,000 per year, and 2) 10% of earnings from operations of the Project (before interest, taxes, depreciation and amortization), or \$50,000 per year, whichever is greater.
6. ZooShare shall provide operating performance security in an amount equal to \$70,000, to guarantee operation of the Project.

The Operating Agreement was assigned to the LP on March 15, 2017.

#### **17. Patronage Returns, Or Other Distributions Paid, Declared, or Accumulated But Unpaid During the Five Years Preceding This Offering Statement**

ZooShare is a non-share, non-profit co-operative, and does not pay patronage returns.

#### **18. Material Legal Proceedings to which ZooShare is a Party**

ZooShare is not party to any material legal proceedings

19. **Any Other Material Facts**

A copy of this Offering Statement must be given to each investor before any payment is legally accepted by ZooShare.

None of the bonds issued by ZooShare pursuant to this Offering Statement will be in bearer form.

This Offering Statement will expire on June 30, 2022 after which date no further sale of the securities offered hereunder shall occur, unless a new Offering Statement has been filed and receipted.

20. **Certificate**

**THE FOREGOING CONSTITUTES FULL, TRUE AND PLAIN DISCLOSURE OF ALL MATERIAL FACTS RELATING TO THE SECURITIES OFFERED BY THE OFFERING STATEMENT AS REQUIRED BY SECTION 35 OF THE *CO-OPERATIVE CORPORATIONS ACT*.**

DATED October 1, 2021  
  
\_\_\_\_\_  
Chair of the Board  
  
\_\_\_\_\_  
Executive Director  
  
\_\_\_\_\_  
Treasurer

**APPENDIX A**

**MEMBERSHIP APPLICATION**

(attached)



**CO-OPERATIVE MEMBERSHIP AGREEMENT**

ZOO SHARE BIOGAS CO-OPERATIVE INC. (Operating as ZooShare)



**ZOO SHARE**  
an investment with  
potential

1) Please fill out this Membership form.

2) Pay by cheque; **OR** Pay by the "Payor's Pre-Authorized Debit Agreement" (next page).

Section 1: You									
<b>Member</b>		Surname				First name		Initial	
<b>Bondholder *</b> (If different from above)		Surname				First name		Initial	
<b>Joint Member **</b> (If desired. Must be 18+.)		Surname				First name		Initial	
Street Address						City			
Province	Ontario	Postal Code					Member Date of Birth	DD/MM/YYYY	
Bondholder SIN Number							Bondholder DOB (If different from above)	DD/MM/YYYY	
Phone					Email				
					By writing your email above, you agree to receive your T5 by secure electronic file.				
Preferred form of contact					If applicable, please include the name of the ZooShare member who referred you:				
Email <input type="checkbox"/> Phone <input type="checkbox"/> Mail <input type="checkbox"/>									

Please note that we send out a monthly update by email only. Otherwise, please call us for updates.

\* The bondholder name could be a family member or friend, if you choose to gift the bond.

\*\* A joint member can vote in your absence at ZooShare's Annual General Meeting, and/or inherit the bond:

☐ Ticking this box confirms that the ownership of the ZooShare Bond is joint, with right of survivorship, meaning that on the death of the member, ownership automatically transfers to the joint member.

Section 2: Invest ***		
Desired Bond Investment (\$500 minimum)		
Co-op Membership	\$10	
<b>Total (Bond+Membership)</b>		
<b>Deposit my earnings...</b>	Into the same account I am paying from <input type="checkbox"/>	Into a different account.**** (Please see below) <input type="checkbox"/>

\*\*\* As an investor in ZooShare, you are entitled to one vote at ZooShare's Annual General Meeting

\*\*\*\* Please be aware that we process and deposit all cheques received at our office once a month (paying via PAD is faster).

\*\*\*\* If you would prefer your interest payments be deposited into a separate account, please include a void cheque for said account, or obtain a "pre-authorized payment form" from your bank. We will call you to confirm your instructions.

Section 3: Welcome	
By signing below, I agree that I have read and accepted the terms of the Offering Statement, and ZooShare's General By-laws.	
DATE (DD/MM/YYYY)	SIGNATURE

Section 4: Pay by cheque or PAD	
<b>1. Attach a cheque to this page OR</b> <b>2. Fill out the Payor's Pre-Authorized Debit (PAD) form on the next page and attach a blank cheque.</b>	The PAD is a legal agreement that allows us to take the total amount in Section 2 from your account. We will also use this information to deposit your interest and principal payments. Include a void cheque (or a "pre-authorized payment form" from your local branch).

Section 5: Submit	
BY MAIL: Please print, sign & send to:	BY E-MAIL: Please print, sign, scan & email to:
ZooShare Biogas Co-operative 240-401 Richmond St. West Toronto, Ontario, M5V 3A8	info@zooshare.ca

If you need assistance, please call our direct toll-free line 1-888-990-9095  
or email info@zooshare.ca

**APPENDIX B**

**CONSENT AND 2020 AUDITED FINANCIAL STATEMENTS**

(attached)



37 Main Street  
Toronto, Ontario M4E 2V5

Tel. 416-690-6800  
Fax. 416-690-9919

Web Page:  
[www.krienslarose.com](http://www.krienslarose.com)

June 30, 2021

Licensing & Enforcement Division  
Financial Securities Regulatory Authority of Ontario  
5160 Yonge Street  
North York, Ontario  
M2N 6L9

Dear Sirs / Mesdames:

Re: ZooShare Biogas Co-Operative Inc.

We refer to the offering statement of ZooShare Biogas Co-operative Inc. dated June 30, 2021 relating to the sale and issue of Community Bonds.

We consent to being named and to the use in the above-mentioned Offering Statement, of our report dated May 4, 2021, to the members of the Co-operative on the following financial statements:

Statements of financial position as at December 31, 2020 and 2019.

Statements of operations, changes in net assets (deficiency) and cash flows for the years ended December 31, 2020 and 2019 and a summary of significant accounting policies and other significant explanatory information.

We report that we have read the Offering Statement and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with Canadian generally accepted standards for an auditor's consent to the use of a report of the auditor included in an offering document, (Sec 7150 CPA Handbook) which does not constitute an audit or review of the prospectus as these terms are described in the CPA Handbook – Assurance.

**Kriens-Larose LLP**  
*Licensed Public Accountants*  
*Chartered Professional Accountants*  
Toronto, Ontario

**ZOOSHARE BIOGAS CO-OPERATIVE INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**ZOOSHARE BIOGAS CO-OPERATIVE INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

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To the members of  
**ZooShare Biogas Co-operative Inc.**

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying consolidated financial statements of ZooShare Biogas Co-operative Inc., which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of operations and changes in net assets (deficiency) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ZooShare Biogas Co-operative Inc. as at December 31, 2020, and the results of its operations and cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of ZooShare Biogas Co-operative Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.



## INDEPENDENT AUDITORS' REPORT (Continued)

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Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.

### INDEPENDENT AUDITORS' REPORT (Continued)

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KRIENS~LAROSE, LLP  
  
Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
May 4, 2021



ZOOSHARE BIOGAS CO-OPERATIVE INC.  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2020

Page 4

	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	1,688,257	183,834
Accounts receivable	388,212	373,543
HST receivable	64,288	30,235
Due from partners (Note 3)	-	816,000
Deposits (Note 4)	108,600	1,094,873
Inventory	2,254	-
	2,251,611	2,498,485
<b>FUNDS HELD IN ESCROW (Note 5)</b>	-	1,224,984
<b>PROJECT IN DEVELOPMENT (Note 6)</b>	5,691,783	2,798,434
	7,943,394	6,521,903

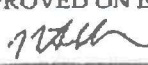
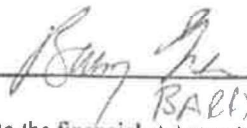
See accompanying notes to the financial statements

ZOOSHARE BIOGAS CO-OPERATIVE INC.  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2020

Page 5

	2020 \$	2019 \$ (Note 12)
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	187,207	80,680
Due to Toronto Zoo	113,730	94,350
Promissory notes (Note 8)	356,029	-
Community bonds (Note 8)	3,380,444	758,868
	4,037,410	933,898
<b>DEFERRED CONTRIBUTIONS (Note 7)</b>	1,339,617	555,530
<b>LONG-TERM DEBT (Note 8)</b>		
Promissory notes	226,379	520,750
Community bonds	2,377,332	4,266,991
Due to Community Power Capital Co-operative Inc.	386,764	359,139
	2,990,475	5,146,880
	8,367,502	6,636,308
<b>NET ASSETS (DEFICIENCY)</b>		
<b>CONTRIBUTED SURPLUS</b>	19,658	19,438
<b>UNRESTRICTED NET ASSETS (DEFICIENCY)</b>	(443,766)	(133,843)
	(424,108)	(114,405)
	7,943,394	6,521,903

APPROVED ON BEHALF OF THE BOARD:

 Director
 Director  
Newton Chan Barry Green  
See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIENCY)**

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	\$	\$ (Note 1)
<b>REVENUES</b>		
Grant (Note 9)	73,403	-
Management fees	47,400	15,800
Sponsorship	20,000	-
Interest	12,056	24,426
Memberships	220	-
	153,079	40,226
<b>EXPENSES</b>		
Bond interest	251,611	130,146
Debt financing interest	90,423	21,614
Management fees	48,970	2,668
Advertising and promotion	24,302	1,129
Insurance	22,750	3,787
Professional fees	22,374	10,165
Office and general	1,795	4,512
Bank charges	557	48
	462,782	174,069
<b>(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>(309,703)</b>	<b>(133,843)</b>
<b>NET ASSETS (DEFICIENCY), beginning of year</b>	<b>(114,405)</b>	<b>19,438</b>
<b>NET ASSETS (DEFICIENCY), end of year</b>	<b>(424,108)</b>	<b>(114,405)</b>

See accompanying notes to the financial statements

ZOOSHARE BIOGAS CO-OPERATIVE INC.  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Page 7

	2020	2019
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Cash receipts from contributions	60,000	-
Cash receipts from sponsorship	20,000	-
Cash receipts from management fees	46,133	15,800
Cash receipts from memberships	220	-
Interest received	12,056	24,426
Cash paid to suppliers	(392,561)	(1,143,188)
	(254,152)	(1,102,962)
<b>CASH FROM INVESTING ACTIVITIES</b>		
Development of the project	(1,907,076)	2,079,339
Decrease (increase) in funds held in escrow	1,224,984	(24,405)
	(682,092)	2,054,934
<b>CASH FROM FINANCING ACTIVITIES</b>		
Contributions (payments) related to the project	1,600,087	(1,173,543)
Debt financing	47,005	(49,725)
Bonds payable	731,917	276,667
Promissory notes payable	61,658	55,803
	2,440,667	(890,798)
Change in cash	1,504,423	61,174
<b>CASH, beginning of year</b>	183,834	122,660
<b>CASH, end of year</b>	1,688,257	183,834

See accompanying notes to the financial statements

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## STATUS AND NATURE OF ACTIVITIES

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ZooShare Biogas Co-operative (the "Co-operative") was incorporated under the Ontario Co-operative Corporations Act on April 26, 2011, as a corporation without share capital. The Co-operative's objective is to promote the development of renewable energy resources in the Province of Ontario.

The Co-operative is economically dependent on the continued financing which they currently have in place.

### 1. OPERATIONS

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The limited partnership agreement between the Co-operative, ZooShare Biogas Development Inc. and Oshawa PUC Energy Services Inc. was entered on October 31, 2019. The project was transferred to the limited partnership on this date. The revenue earned and expenditures incurred by the Co-operative from November 1, 2019 forward have been recognized in the statement of operations.

The project is expected to be operational in 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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#### Use of Estimates

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Financial Instruments

The Co-operative measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Co-operative subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at cost include cash and accounts receivable. Financial liabilities measured at cost include the accounts payable and accrued liabilities.



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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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### **Basis of Accounting**

The Co-operative has elected to apply the standards in Part III of the Chartered Professional Accountants of Canada (CPAC) Accounting Handbook for Not-For-Profit Organizations (NFPOs) in accordance with Canadian generally accepted accounting principles and includes following significant accounting policies.

### **Consolidation**

These financial statements consolidate the records of:

ZooShare Biogas Co-operative Inc.  
ZooShare Biogas Development Inc.  
ZooShare Biogas Limited Partnership

### **Investments in Jointly Controlled Activities**

The Co-operative has entered into agreements to own and operate a zoo-based Biogas project as follows:

<b>Name of Joint Arrangement</b>	<b>ZooShare % Ownership</b>
ZooShare Biogas Development Inc.	50.0%
ZooShare Biogas Limited Partnership	51.0%

The Co-operative uses the equity method for the joint arrangements.

### **Revenue Recognition**

The Co-operative defers all contributions related to capital assets up until the project is operational, after which it will be recognized into income in a systematic way. Those deferred contributions include grants, sponsorships and interest.

Once the project is operational, the energy revenue will commence. The estimated operation date is 2021. Energy revenue is recognized based on energy produced and delivered to the grid. Revenue is recognized based on energy acknowledged by Toronto Hydro as determined by the Toronto Hydro meters at periodic dates through the year.

### **Projects In Development**

The project was transferred to ZooShare Biogas Limited Partnership in 2019. The Partnership capitalizes all project related costs incurred up to the operational date. Those costs include equipment costs, soft costs and related financing charges for each project.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Inventory**

Inventory is recorded at cost and is reassessed annually against replacement cost and any obsolescence recorded in that year. Parts held in inventory are expensed as they are put into service and written off if the items are no longer useful or needed.

**Impairment of Long Lived Assets**

The Co-operative tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the project may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the project is expected to generate through its direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

**3. DUE FROM PARTNERS**

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The fiscal year 2019 balance represents the remaining amount due from a partner of ZooShare Biogas Limited Partnership for their capital contribution in exchange for a 49% interest in the partnership. The balance was repaid in full in the current fiscal year.

**4. DEPOSITS**

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The balance consists of the financial assurance of the project and the deposits made on equipment not received by the year end date.

**5. FUNDS HELD IN ESCROW**

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The fiscal year 2019 balance represents \$1,165,700 in community bonds plus \$59,284 in interest and memberships fees that were held in escrow earning a nominal rate of interest. The balance was released on October 21, 2020 under the Escrow Agreement dated September 30, 2015.

**6. PROJECTS IN DEVELOPMENT**

	2020 \$	2019 \$
Project under development	5,691,783	2,798,434

All project related costs incurred up to the operation date are capitalized and will be amortized once operations commence. The project is expected to be operational in 2021.

**7. DEFERRED CONTRIBUTIONS**

The deferred contributions represents grants and sponsorship received related to capital assets prior to the operation date of the project.

During the fiscal year, the Partnership received \$1,537,425 (of which the Co-operative has a 51% interest) from the Minister of the Environment as part of the Low Carbon Economy Fund (LCEF) agreement, effective July 23, 2019. The agreement will expire on September 20, 2022.

The purpose of the fund is to invest in projects that will materially reduce carbon emissions under the Pan-Canadian Framework on Clean Growth and Climate Change that contribute to Canada's first Nationally Determined Contribution under the Paris Agreement, and support the advancement of new technologies and Canada's long-term transition towards cleaner growth through the decarbonization of the economy.

The government will contribute 31% of total eligible expenditures incurred for the project, up to a maximum of \$2,660,000.

As at December 31, 2020, the full amount has been deferred. Total eligible expenditures of \$1,537,425 (of which the Co-operative has a 51% interest) related to the funding have been capitalized at year-end. The revenue will be recognized on the same basis as the related depreciable project asset.



## **8. LONG-TERM DEBT**

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### **Promissory Notes**

The notes were issued for services rendered and include the following attributes:

Balance at December 31	\$226,379
Effective date	July 2011 - December 2014
Interest rate	12% annually
Repayment terms	12 months after project commissioning
Security	Floating charge against all assets and contracts of the Co-operative; rank ahead of Community Bonds

### **Community Bonds - Series 1**

The bonds were issued to the general public and include the following attributes:

Balance at December 31	\$1,639,065 (2019 - \$2,184,165)
Effective date	September 2013 - December 2014
Interest rate	7% annually, after 7-year maturity period
Security	Floating charge against all assets and contracts of the Co-operative

### **Community Bonds - Series 2**

The bonds were issued to the general public and include the following attributes:

Balance at December 31	\$619,625
Effective date	December 2015 - August 2016
Interest rate	6% annually, after 6-year maturity period
Security	Floating charge against all assets and contracts of the Co-operative

### **Community Bonds - Series 3**

The bonds, held in escrow, were issued to the general public and include the following attributes:

Balance at December 31	\$1,165,700
Effective date	January 2016 - September 2016
Interest rate	5% annually after COD, after 5-year maturity period
Security	Floating charge against all assets and contracts of the Co-operative.

**8. LONG-TERM DEBT (Continued)**

**Community Bonds - Series 4**

The bonds were issued to the general public and include the following attributes:

Balance at December 31	\$480,411
Effective date	June 2020 to June 2021
Interest rate	5% annually
Term	5 years
Security	Floating charge against all assets and contracts of the Co-operative's interest in the LP.

**Community Bonds - Series 5**

The bonds were issued to the general public and include the following attributes:

Balance at December 31	\$723,043
Effective date	June 2020 to June 2021
Interest rate	5.5% annually
Term	15 years
Security	Floating charge against all assets and contracts of the Co-operative's interest in the LP.

**Grid Note**

The limited recourse grid note was issued by Community Power Capital Co-operative Inc. and includes the following attributes:

Balance at December 31	\$225,000
Effective date	Varies
Interest rate	12-12.5% annually
Conversion option	Upon maturity, may be converted to a bond, with a 6 year term, accruing interest at the rate of 6% per year, calculated annually in arrears

	2020	2019
	\$	\$
<b>Promissory Notes</b>		
Note balance	226,379	226,379
Accrued interest	356,029	294,372
	582,408	520,751

Continued...

**8. LONG-TERM DEBT (Continued)**

**Community Bonds**

Series 1	1,639,065	2,184,165
Series 2	619,625	619,625
Series 3	1,165,700	1,165,700
Series 4	480,411	-
Series 5	723,043	-
Repayment pending	87,926	-
Accrued interest	1,042,006	1,056,369

5,757,776 5,025,859

**Grid Note**

Note balance	225,000	225,000
Accrued interest	161,764	134,139

386,764 359,139

The maximum amount of long-term debt to be redeemed or reinvested is as follows:

	2019	2020	2021	2022	2023	2024	2025
Current Portion	758,868	3,736,473	1,866,443	63,800	63,800	542,111	39,800
Long Term Portion	5,146,880	2,990,475	1,124,032	1,147,832	1,147,832	669,521	691,421
Total	5,905,748	6,726,948	2,990,475	1,211,632	1,211,632	1,211,632	731,221

**9. GRANT**

The Co-operative entered into an agreement with the Centre for Social Innovation on June 26, 2020 as part of the Investment Readiness Program. The program is designed to help grow and ensure the sustainability of social purpose organizations across Canada, including charities, non-profits, social enterprises, for-profits with a social purpose and co-operatives. In the fiscal year, the Co-operative recognized \$73,403 in grant revenue, of which \$13,403 is receivable, in accordance with eligible program expenses incurred. The maximum funding amount to be received for this program is \$100,000.

Continued...

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## 10. RELATED PARTY TRANSACTIONS

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The Co-operative is related to ReGenerate Biogas Inc., by virtue of them being a member of the Co-operative and the management company of the Co-operative.

During the year, the Co-operative paid ReGenerate Biogas Inc. \$11,888 (2019 - \$38,830) for services rendered, at year end, \$0 (2019 - \$0) was due to ReGenerate Biogas Inc. As of September 1, 2019, the management fees are no longer being paid by the Co-operative.

A promissory note has been issued by the Co-operative to ReGenerate Biogas Inc. in the amount of \$154,328; (2019- \$154,328) with the same terms as listed in Note 8.

All these transactions were carried out in the normal course of operations and recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

## 11. COMMITMENTS

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The Co-operative entered a twelve (12) month agreement with Toronto Renewable Energy Co-operative Inc. on April 1, 2020, to provide administrative and securities management services. The fees payable monthly are as follows:

Administrative services	\$57.50 per hour
Securities management services	\$57.50 per hour
Platform and data storage	\$0.70 per investment, per month

The Co-operative entered an agreement with ZooShare Biogas Limited Partnership in September 2019 to assist in the development of the Biogas plant at the Toronto Zoo by performing the day-to-day management and administration of the project. The fees under the agreement are \$3,950 a month.

## 12. COMPARATIVE FIGURES

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Certain comparative figures have been reclassified by those previously presented to conform to the presentation of the 2020 financial statements.



### 13. FINANCIAL INSTRUMENTS

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The Co-operative is exposed to various risks through its financial instruments. The following presents the Co-operative's risk exposure and concentrations at December 31, 2020.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Co-operative is exposed to credit risk with respect to its accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$0 (2019 - \$0).

#### **Liquidity Risk**

Liquidity risk is the risk that the Co-operative will encounter difficulties in meeting obligations associated with financial liabilities. The Co-operative is exposed to this risk mainly in respect of its long-term debt. The Co-operative meets its liquidity requirements by preparing and monitoring cashflows from obligations, anticipating investing and financing activities that can be readily converted into cash.

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk. There has been no change in the risk assessment from the prior fiscal year.

#### **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Co-operative is not exposed to currency risk.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Co-operative manages its investments based on its cash flow needs and with the view of optimizing its interest income. The Co-operative has invested its excess cash in low risk interest bearing vehicles as the means for managing its interest rate risk.

#### **Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Co-operative is not exposed to this risk.

**14. THE NOVEL CORONAVIRUS ("COVID-19")**

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In March 2020, the World Health Organization declared a global pandemic due to the outbreak of the novel Coronavirus ("COVID-19"). The situation is continuously developing, and the economic impact has been substantial to both Canada and the globe. As at May 4, 2021, the impact on operations has been minimal as construction is deemed an essential service. The project has been delayed by an estimated 5 weeks as a result of the pandemic. Project and Board meetings have been held virtually, as well as financial approval and payments.

Future operations are expected to be impacted by where the organic waste is produced and who will bring the waste to the project. Commercial haulers who rely heavily on restaurants, convention centres and hotels for supply have been significantly impacted, whereas haulers who work for municipalities are hauling more material.

The duration of the pandemic is unknown at this time. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position of the Partnership.

**APPENDIX C**

**INTERIM FINANCIAL STATEMENTS March 31 2021**

(attached)

**ZooShare Biogas Co-operative Inc.**  
**Comparative Balance Sheet**

	As at Mar 31, 2021	As at Dec 31, 2020	Difference
<b>ASSET</b>			
<b>Current Assets</b>			
Petty Cash	300,00	300,00	0,00
Alterna Bank Account	0,11	0,11	0,00
TD Bank Account	287,255.10	1,458,753.58	-1,171,498.48
Cash - LP	43,363.62	229,187.88	-185,824.26
Total Cash	330,918.83	1,688,241.57	-1,357,322.74
Alterna Member Share	15.00	15.00	0.00
Accounts Receivable	47,543.44	49,241.14	-1,697.70
AR - LP	0.00	365,568.14	-365,568.14
Due from LP - expenses paid by ZS	280,500.00	280,500.00	0.00
Total Receivable	328,043.44	695,309.28	-367,265.84
<b>Total Current Assets</b>	<b>658,977.27</b>	<b>2,383,565.85</b>	<b>-1,724,588.58</b>
<b>Investments in Limited Partnerships</b>			
ZooShare Biogas LP Class A Shares	4,371,428.57	4,371,428.57	0.00
ZooShare Biogas LP Class B Shares	746,057.43	746,057.43	0.00
Investment in LP	-4,751,917.86	-5,117,486.00	365,568.14
Total Shares in ZoOShare Biogas LP	365,568.14	0.00	365,568.14
<b>Total Investments in LPs</b>	<b>365,568.14</b>	<b>0.00</b>	<b>365,568.14</b>
<b>Capital Assets</b>			
Inventory - LP	19,311.15	2,254.20	17,056.95
<b>Total Capital Assets</b>	<b>19,311.15</b>	<b>2,254.20</b>	<b>17,056.95</b>
<b>Projects Under Development</b>			
Deposits - LP	108,600.02	108,599.91	0.11
Projects in Development - LP	5,889,203.30	5,691,783.09	197,420.21
<b>Total Projects Under Development</b>	<b>5,997,803.32</b>	<b>5,800,383.00</b>	<b>197,420.32</b>
<b>TOTAL ASSET</b>	<b>7,041,659.88</b>	<b>8,186,203.05</b>	<b>-1,144,543.17</b>
<b>LIABILITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	25,452.14	9,544.53	15,907.61
TD Credit Card	113.04	4,118.20	-4,005.16
AP - LP	148,165.92	164,543.34	-16,377.42
Due to Partners - LP	280,500.00	280,500.00	0.00
Accrued Liabilities	9,000.00	9,000.00	0.00
Accrued Promissory Note Interest	6,022.58	356,028.95	-350,006.37
Accrued Community Bond Interest 7	15,295.78	698,332.41	-683,036.63
Accrued CPC Interest	168,575.68	161,764.04	6,811.64
Accrued Community Bond Interest 6	9,167.12	175,976.71	-166,809.59
Accrued Community Bond Interest 5	20,541.47	159,518.61	-138,977.14
Community Bond Series 4 Interest	14,469.42	2,705.61	11,763.81
Community Bond Series 5 Interest	16,907.31	5,472.99	11,434.32
Total Interest Payable	250,979.36	1,559,799.32	-1,308,819.96
Due to Toronto Zoo - LP	113,730.00	113,730.00	0.00
HST Payable - LP	-17,922.23	-62,952.87	45,030.64
HST Owning (Refund)	-1,607.29	-1,334.86	-272.43
<b>Total Current Liabilities</b>	<b>808,410.94</b>	<b>2,076,947.66</b>	<b>-1,268,536.72</b>
<b>Long Term Liabilities</b>			
Cash Received Bond Pending	2,965.00	0.00	2,965.00
Bonds Matured Repayment Pending	5,000.00	87,925.60	-82,925.60
Atticus Cash Holding	7,965.00	87,925.60	-79,960.60
Community Bonds 6	619,625.00	619,625.00	0.00
Community Bonds 7	1,556,465.00	1,639,065.00	-82,600.00
Community Bonds 5	811,100.00	1,165,700.00	-354,600.00
Community Bond Series 4	1,056,542.74	480,411.49	576,131.25
Community Bond Series 5	874,703.40	723,042.57	151,660.83
<b>Total Bonds Issued</b>	<b>4,918,436.14</b>	<b>4,627,844.06</b>	<b>290,592.08</b>



Due to CPC	225,000.00	225,000.00	0.00
Deferred Revenue - LP	784,086.54	784,086.75	-0.21
Deferred Contributions	582,127.50	582,127.50	0.00
<b>Total Long Term Liabilities</b>	<u>6,517,615.18</u>	<u>6,306,983.91</u>	210,631.27
<b>TOTAL LIABILITY</b>	<u>7,326,026.12</u>	<u>8,383,931.57</u>	-1,057,905.45

#### EQUITY

##### Partners' Equity

Bonds: Angus Power	22,500.00	22,500.00	0.00
Bonds: TREC	12,051.29	12,051.29	0.00
Bonds: Robert Wakulat	5,000.00	5,000.00	0.00
Bonds: ReGenerate Biogas	154,328.00	154,328.00	0.00
Bonds: Riepma Consultants	22,500.00	22,500.00	0.00
Bonds: Kathrin Ohle	10,000.00	10,000.00	0.00
Total Bonds: Insider Group	226,379.29	226,379.29	0.00
Contributed Surplus	19,438.37	19,438.37	0.00
Retained Earnings - Previous Year	-443,546.18	-133,843.01	-309,703.17
Current Earnings	-86,637.72	-309,703.17	223,065.45
<b>Total Partners' Equity</b>	<u>-284,366.24</u>	<u>-197,728.52</u>	-86,637.72
<b>TOTAL EQUITY</b>	<u>-284,366.24</u>	<u>-197,728.52</u>	-86,637.72
<b>LIABILITIES AND EQUITY</b>	<u>7,041,659.88</u>	<u>8,186,203.05</u>	-1,144,543.17

Generated On: May 25, 2021

**ZooShare Biogas Co-operative Inc.**  
**Income Statement Jan 01, 2021 to Mar 31, 2021**

**REVENUE**

**Sales Revenue**

Grant Funding	20,000.00
Memberships	60.00
Fees for Services	11,850.00
<b>Net Funding</b>	<u>31,910.00</u>

**TOTAL REVENUE**

31,910.00

**EXPENSE**

**General & Administrative Expenses**

Advertising & Promotions	3,379.20
Business Fees & Licenses	337.87
Insurance	5,407.77
Bank Charges	303.04
Promissory Note Interest Expense	6,022.58
Community Bond Interest Expense	71,063.87
CPC Interest Expense	6,811.64
Office Supplies/Admin	991.63
Admin Management - TREC	5,951.27
Member Management -TREC	16,042.44
Bond Management - Consultants	1,605.00
Miscellaneous Expenses	-0.90
Telephone	632.31
<b>Total General &amp; Admin. Expenses</b>	<u>118,547.72</u>

**TOTAL EXPENSE**

118,547.72

**NET INCOME**

-86,637.72

**Generated On: May 25, 2021**

**APPENDIX D**  
**FINANCIAL PROJECTIONS**  
(attached)

Jan 1 2021														
BALANCE SHEET	Yr 1 - Q1	Yr 1 - Q2	Yr 1 - Q3	Yr 1 - Q4	Yr 2 - Q1	Yr 2 - Q2	Yr 2 - Q3	Yr 2 - Q4	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8
Cash	\$534,142	\$1,631,276	\$730,984	\$992,603	\$156,891	\$3,508	\$3,799	\$5,347	\$2,246,866	\$77,253	(\$388)	\$2,585	\$8,200	\$6,914
Zooshare Biogas Plant	\$5,656,209	\$5,620,636	\$5,585,062	\$5,549,488	\$5,513,915	\$5,478,341	\$5,442,767	\$5,407,194	\$4,692,064	\$4,622,312	\$4,552,560	\$4,482,807	\$4,413,055	\$4,343,303
Total Assets	\$6,190,351	\$7,251,911	\$6,316,046	\$6,542,091	\$5,670,806	\$5,481,849	\$5,446,566	\$5,412,541	\$4,699,565	\$4,552,172	\$4,485,393	\$4,421,255	\$4,350,217	\$4,282,210
Accrued Interest expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Contributions	\$1,339,617	\$1,331,244	\$1,322,872	\$1,314,499	\$1,306,127	\$1,297,754	\$1,289,381	\$1,281,009	\$627,945	\$611,529	\$595,112	\$578,695	\$562,279	\$545,862
Insider Loans	\$226,379	\$226,379	\$226,379	\$226,379	\$226,379	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Founders Bonds	\$225,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Bonds 1	\$1,556,465	\$1,471,865	\$1,086,692	\$947,659	\$116,133	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Bonds 2	\$619,625	\$619,625	\$458,625	\$371,125	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Bonds 3	\$811,100	\$717,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Community Bonds 4	\$1,056,542	\$2,408,306	\$2,594,209	\$3,151,918	\$3,151,918	\$3,151,918	\$3,151,918	\$3,151,918	\$2,671,507	\$3,271,507	\$3,268,950	\$3,268,950	\$3,268,950	\$3,268,950
Community Bonds 5	\$874,793	\$1,073,203	\$1,122,140	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950	\$1,268,950
Bonds to be issued in the future	\$0	\$0	\$0	\$0	\$0	\$200,000	\$570,000	\$570,000	\$570,000	\$570,000	\$835,000	\$775,000	\$715,000	\$665,000
Total Liabilities	\$6,709,431	\$7,848,223	\$6,971,919	\$7,268,033	\$6,440,656	\$6,289,752	\$6,280,255	\$6,271,884	\$5,138,410	\$2,821,995	\$2,699,073	\$2,622,657	\$2,546,241	\$2,459,826
RETAINED EARNINGS - Open	(\$424,108)	(\$519,089)	(\$556,312)	(\$655,873)	(\$725,942)	(\$769,889)	(\$807,893)	(\$831,698)	(\$859,243)	\$1,900,519	\$1,877,570	\$1,863,099	\$1,862,736	\$1,875,014
PLIC, INCORP	(\$94,912)	(\$77,232)	(\$55,561)	(\$70,069)	(\$43,548)	(\$38,014)	(\$35,786)	(\$32,654)	\$2,759,862	(\$22,919)	(\$34,471)	\$9,637	\$12,278	\$15,377
RETAINED EARNINGS - Close	(\$519,089)	(\$596,312)	(\$655,873)	(\$725,942)	(\$769,889)	(\$807,903)	(\$853,689)	(\$883,343)	\$2,759,862	\$1,877,570	\$1,853,099	\$1,862,736	\$1,875,014	\$1,890,392
Total Liabilities + Retained Earnings	\$6,190,351	\$7,251,911	\$6,316,046	\$6,542,091	\$5,670,806	\$5,481,849	\$5,446,566	\$5,412,541	\$4,699,565	\$4,552,172	\$4,485,393	\$4,421,255	\$4,350,217	\$4,282,210

\*Note regarding Bonds to be issued in the future: Outstanding bonds maturing in Year 15 will be refinanced by Bonds to be issued in the future. The interest rate on bonds to be issued in the future is assumed to be 5%. Full repayment of all these bonds will occur through annual redemptions using available cash flows generated by the Biogas Plant in those years. Based on projected cash flows, the co-op will have zero bonds outstanding by year 29.

INCOME STATEMENT																					
	Yr 1 - Q1	Q2	Yr 1 - Q3	Yr 1 - Q4	Yr 2 - Q1	Yr 2 - Q2	Yr 2 - Q3	Yr 2 - Q4	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15
• Distributions	\$0	\$54,833	\$59,106	\$51,552	\$58,397	\$58,528	\$58,660	\$58,792	\$172,795	\$172,966	\$113,850	\$143,385	\$143,357	\$143,084	\$142,865	\$142,599	\$142,284	\$141,918	\$141,501	\$141,080	\$140,659
• Sponsorship Revenues	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	
• Co-admin fee payment	\$11,850	\$11,850	\$11,850	\$11,850	\$11,850	\$11,850	\$11,850	\$11,850	\$49,315	\$50,031	\$51,507	\$52,333	\$53,380	\$54,448	\$55,537	\$56,647	\$57,780	\$58,936	\$60,115	\$61,317	\$62,543
• Interest revenue	\$0	\$334	\$334	\$457	\$620	\$586	\$586	\$586	\$2	\$2	\$13	\$5,687	\$139	\$139	\$17	\$22	\$33	\$6	\$13	\$6	\$6
• Grants (deferred contribution)	\$0	\$8,373	\$8,373	\$8,373	\$8,373	\$8,373	\$8,373	\$8,373	\$24,935	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417	\$16,417
• Gain on sale of investment	\$16,850	\$80,390	\$85,348	\$77,231	\$89,240	\$88,849	\$88,885	\$89,017	\$3,158,173	\$225,381	\$219,767	\$252,134	\$253,060	\$253,969	\$254,836	\$255,685	\$256,514	\$257,277	\$258,046	\$258,770	\$259,473
Total Revenues																					
Co-op Admin	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$40,800	\$40,800	\$41,616	\$42,448	\$43,297	\$44,163	\$45,046	\$45,947	\$46,866	\$47,804	\$48,760	\$49,735	\$50,730
Legal	\$0	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$2,500	\$2,500	\$2,601	\$2,653	\$2,706	\$2,760	\$2,815	\$2,872	\$2,929	\$2,988	\$3,047	\$3,108	\$3,171
Management & Staff	\$0	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$15,750	\$18,000	\$18,560	\$18,967	\$19,102	\$19,102	\$19,102	\$19,102	\$20,676	\$21,090	\$21,512	\$21,942	\$22,381	\$22,828
Total Operating Expenses	\$26,375	\$26,375	\$26,375	\$26,375	\$26,375	\$26,375	\$26,375	\$26,375	\$60,500	\$61,710	\$62,944	\$64,203	\$65,487	\$66,797	\$68,133	\$69,495	\$70,885	\$72,303	\$73,749	\$75,224	\$76,729
Depreciation	\$0	\$35,574	\$35,574	\$35,574	\$35,574	\$35,574	\$35,574	\$35,574	\$106,023	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752	\$69,752
Interest Expense																					
• Community Bonds 1	\$27,238	\$25,738	\$19,017	\$14,834	\$2,033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
• Community Bonds 2	\$0	\$9,294	\$9,294	\$6,879	\$5,567	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
• Community Bonds 3	\$0	\$8,970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
• Community Bonds 4	\$13,207	\$34,428	\$39,389	\$39,389	\$39,389	\$39,389	\$39,389	\$39,389	\$113,575	\$118,575	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
• Community Bonds 5	\$17,027	\$10,104	\$15,429	\$17,448	\$17,448	\$17,448	\$17,448	\$17,448	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792	\$69,792
• Indirect Loans	\$6,791	\$6,791	\$6,791	\$6,791	\$6,791	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
• Bondors Bonds	\$6,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
• Bonds to be issued in the future	\$0	\$0	\$0	\$0	\$0	\$2,500	\$1,715	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Interest Expense	\$85,447	\$95,674	\$82,960	\$65,332	\$17,129	\$64,914	\$63,792	\$63,972	\$331,868	\$116,668	\$111,432	\$108,542	\$105,452	\$102,042	\$98,542	\$95,042	\$90,692	\$85,692	\$80,742	\$75,792	\$69,500
Total Income	(\$99,972)	(\$77,222)	(\$59,561)	(\$70,009)	(\$49,988)	(\$58,094)	(\$55,796)	(\$55,964)	(\$25,694)	(\$22,949)	(\$54,771)	\$9,637	\$12,278	\$15,377	\$18,408	\$21,395	\$25,784	\$29,592	\$33,402	\$36,901	\$40,493

CASH FLOW STATEMENT		Y1-1-01	Y1-1-02	Y1-1-03	Y1-1-04	Y2-1-02	Y2-1-03	Y2-1-04	Y3	Y4	Y4.5	Y6	Y7	Y8	Y9	Y11	Y12	Y13	Y14	Y15
Net income	(\$94,972)	(\$77,232)	(\$59,561)	(\$70,068)	(\$46,948)	(\$58,041)	(\$25,586)	\$2,759,862	\$2,759,862	(\$23,949)	(\$54,471)	\$9,637	\$18,408	\$21,395	\$22,784	\$29,530	\$33,402	\$38,011	\$46,693	
Depreciation and Amortization	\$0	\$27,201	\$27,201	\$27,201	\$27,201	\$27,201	\$27,201	\$27,201	\$27,201	\$53,336	\$53,336	\$53,336	\$53,336	\$53,336	\$53,336	\$53,336	\$53,336	\$53,336	\$53,336	
Change in receivables/payables	\$0	\$0	\$0	\$2,979,991	\$0	\$0	\$0	\$0	\$19,004	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash Flow from Operations	(\$94,972)	(\$50,031)	(\$33,360)	\$255,123	(\$16,747)	(\$10,813)	\$1,415	\$1,547	\$2,821,928	\$30,387	\$28,864	\$62,972	\$65,614	\$68,113	\$71,744	\$74,730	\$79,120	\$82,865	\$87,138	\$99,828
Cash Flow from Investing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cash Flow from Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in accrued interest expense	(\$1,559,799)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Insurer	\$0	\$0	\$0	\$0	\$0	(\$526,379)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Founder	\$0	(\$525,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Bonds 1	(\$170,526)	(\$84,600)	(\$386,173)	(\$529,033)	(\$731,466)	(\$116,193)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Bonds 2	\$0	(\$93,500)	\$0	\$0	(\$57,500)	\$0	(\$371,125)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Bonds 3	(\$534,600)	\$0	\$177,600	\$161,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Bonds 4	\$576,131	\$131,754	\$188,937	\$557,709	\$1,351,754	\$0	\$0	\$0	(\$480,411)	(\$3,300,000)	(\$371,507)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Bonds 5	\$151,660	\$138,500	\$48,937	\$1,461,811	\$0	\$0	\$0	\$0	\$0	\$0	\$265,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Future bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Change in cash from Financing	(\$1,357,154)	\$1,147,104	(\$867,933)	\$304,486	(\$818,966)	(\$142,572)	(\$1,125)	\$0	(\$480,411)	(\$3,300,000)	(\$106,507)	(\$60,000)	(\$60,000)	(\$70,000)	(\$70,000)	(\$70,000)	(\$80,000)	(\$90,000)	(\$93,950)	
Cash from Financing	(\$1,357,154)	\$1,147,104	(\$867,933)	\$304,486	(\$818,966)	(\$142,572)	(\$1,125)	\$0	(\$480,411)	(\$3,300,000)	(\$106,507)	(\$60,000)	(\$60,000)	(\$70,000)	(\$70,000)	(\$70,000)	(\$80,000)	(\$90,000)	(\$93,950)	
TOTAL CASH CHANGES	(\$1,452,106)	\$1,097,133	(\$900,289)	\$559,669	(\$835,713)	(\$153,385)	\$390	\$1,547	\$2,341,517	(\$3,269,613)	(\$77,642)	\$2,972	\$5,614	(\$1,287)	\$1,744	\$4,730	\$2,865	\$1,337	\$4,878	
OPENING CASH	\$1,688,257	\$2,365,151	\$1,333,284	\$492,991	\$992,600	\$136,868	\$51,303	\$3,793	\$3,793	\$77,244	\$77,244	\$2,972	\$2,972	\$6,301	\$6,901	\$13,645	\$2,495	\$2,868	\$3,895	
CLOSING CASH	\$2,381,151	\$1,333,284	\$482,991	\$992,600	\$156,868	\$51,303	\$5,733	\$5,733	\$2,341,517	(\$3,269,613)	(\$77,642)	\$2,972	\$5,614	(\$1,287)	\$1,744	\$4,730	\$2,865	\$1,337	\$4,878	

**APPENDIX E**

**TRUST AGREEMENT**

(attached)

## ZooShare Trust Agreement – Series 4 and 5 Bonds

### TRUST AGREEMENT

THIS AGREEMENT made this 30th day of June, 2020,

BETWEEN:

**ZooShare Biogas Co-operative Inc.**

a co-operative incorporated under the laws of the Province of Ontario  
(the **Co-operative**)

and

**Brian Iler**

(the **Trustee**)

IN CONSIDERATION OF the mutual agreements set out below, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

#### **1. DEFINITIONS**

In this Agreement:

- 1.1 **Biogas Project** means the biogas installation of the ZooShare Biogas LP for the generation of electricity at the Toronto Zoo, and includes all equipment related to the biogas installation and all agreements and contracts entered into for the purposes of the biogas installation and generation of electricity by the Co-operative.
- 1.2 **Charge** means floating charge over the Co-operative's interest in ZooShare Biogas LP, and ZooShare Biogas Development Inc., given by the Co-operative to the Trustee.
- 1.3 **Events of Default** are as set out in Schedule A.
- 1.4 **Prime Rate** means the commercial lending rate of interest expressed as an annual rate quoted or published by Bank of Montreal as the reference rate of interest from time to time (commonly known as prime) for the purpose of determining the rate of interest that it charges to its commercial customers for loans in Canadian Funds.
- 1.5 **Security** means a Series 4 Bond or Series 5 Bond issued pursuant to this Agreement.
- 1.6 **Security Holders** means the holders of Security.
- 1.7 **Series 4 Bond** means a bond substantially in the form as set out in Schedule B.
- 1.8 **Series 5 Bond** means a bond substantially in the form as set out in Schedule C.
- 1.9 **Series 4 Bondholder** means a holder of a Series 4 Bond.
- 1.10 **Series 5 Bondholder** means a holder of a Series 5 Bond.



## **ZooShare Trust Agreement – Series 4 and 5 Bonds**

- 1.11 **ZooShare Biogas LP** means the limited partnership between the Co-operative, Oshawa PUC Energy Services Inc. and ZooShare Biogas Development Inc. as more particularly described in the Limited Partnership Agreement dated October 31, 2019.

### **2. RIGHTS AND DUTIES OF TRUSTEE**

- 2.1 The Trustee accepts the trusts in this Agreement, and agrees to perform the same upon the terms and conditions set forth in this Agreement as Trustee for the Security Holders.
- 2.2 The Trustee, in exercising his power and discharging his duties under this Agreement, shall act honestly and in good faith with a view to the best interests of the Security Holders, and exercise the care, diligence and skill of a reasonably prudent trustee.
- 2.3 The Trustee shall have the power to institute and to maintain such actions and proceedings as he may consider necessary or expedient to preserve, protect or enforce his interests and the interests of the Security Holders.
- 2.4 The Trustee represents that at the time of the execution of this Agreement, no material conflict of interest exists in the his role as fiduciary to the Security Holders, and agrees that in the event of a new material conflict of interest arising, he will, within ninety days either eliminate such conflicts or resign from his position as trustee.

### **3. CERTIFICATION BY TRUSTEE**

- 3.1 No Security shall be issued, or if issued, shall be effective until it has been certified by or on behalf of the Trustee substantially in the form of the certificate set out in Schedule B and C as the case may be, and such certification by the Trustee upon any Security shall be conclusive evidence as against the Co-operative that the Security has been duly issued under this Agreement, and is a valid obligation of the Co-operative.
- 3.2 The certificate of the Trustee on Securities issued in accordance with this Agreement shall not be construed as a representation or warranty by the Trustee as to the validity of this Agreement or of the Security (except for certification as a Security referred to in this Agreement) and the Trustee shall in no respect be liable or answerable for the use made of the Security or any of them or the proceeds thereof.

### **4. COVENANT TO PAY**

The Co-operative agrees with the Trustee that so long as any Security remain outstanding, the Co-operative shall pay or cause to be paid to every holder of every Security issued under this Agreement, the principal and interest accrued from every Security, including, in case of default, interest on all amounts overdue at the specified rate, at the dates and places and in the manner mentioned in the Security.

## **ZooShare Trust Agreement – Series 4 and 5 Bonds**

### **5. RANKING**

Securities issued under this Agreement shall rank rateably without discrimination, preference or priority, whatever may be the actual date or terms of the issue of the Security. Series 4 Bonds and Series 5 Bonds shall rank behind any commercial financing for construction or long-term debt and behind all securities issued under the Trust Agreement between the Co-operative and the Trustee dated July 11, 2013 and attached as Schedule D, and behind all securities issued under the Trust Agreement between the Co-operative and the Trustee dated September 30, 2015 and attached as Schedule E.

### **6. VARIATION OF RIGHTS**

Any of the rights conferred on the Security Holders may at any time be varied or abrogated (whether with the consent in writing or at a meeting) by the holders of seventy five percent in value of the issued and outstanding Securities, plus seventy-five percent of the total number of Security Holders, and any variation so made shall be binding on all the Security Holders, each of whom shall, on the request of the Co-operative, surrender his/her Security to the Co-operative in order that a memorandum of such variation may be endorsed on it.

### **7. MEETINGS OF SECURITY HOLDERS**

The procedures for meetings of Security Holders are set out in Schedule F.

### **8. POWERS EXERCISABLE BY MEETING**

In addition to the powers under paragraph 6, each Security Holder, upon the consent in writing, or at a meeting, of the holders of seventy five percent in value of the same type of issued and outstanding Security, plus seventy-five percent of the total number of Security Holders of the same kind, shall have the following powers:

- a. power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Agreement or the Securities in any manner specified or to refrain from exercising any such power, right, remedy or authority; and
- b. power to waive, and direct the Trustee to waive, any default on the part of the Co-operative in complying with the provisions of this Agreement or the Securities, including an Event of Default.

### **9. MINUTES**

Minutes of all resolutions and proceedings at every such meeting of Security Holders shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Co-operative.

### **10. BINDING EFFECTS OF RESOLUTIONS**

Every resolution shall be binding upon all of the Security Holders, whether present at or absent from such meeting, and each and every Security Holder and the Trustee

## **ZooShare Trust Agreement – Series 4 and 5 Bonds**

(subject to the provisions for its indemnity, below) shall be bound to give effect accordingly to every such resolution.

### **11. CHARGE**

As security for the due payment of all money payable pursuant to the Securities, the Co-operative shall deliver the Charge in favour of the Trustee on its interest in ZooShare Biogas LP and ZooShare Biogas Development Inc.

### **12. PROCEEDINGS BY THE TRUSTEE**

- 12.1 The Trustee shall give each Security Holder notice within 15 days of the Trustee becoming aware of the occurrence of an Event of Default.
- 12.2 Whenever any Event of Default has occurred, the Trustee, in the exercise of his discretion, or upon the decision of the Security Holder in a meeting called pursuant to Schedule F may proceed to enforce the rights of the Trustee under the Charge and the rights of the Security Holders by any remedy or proceeding authorized or permitted by law or equity and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Security Holders lodged in any bankruptcy, winding up or other judicial proceedings relative to the Co-operative and/or the Biogas Project.
- 12.3 No such remedy or proceeding for the enforcement of the rights of the Trustee or of the Security Holders shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.
- 12.4 Upon the exercising or taking by the Trustee of any such remedies or proceedings, the principal and interest outstanding on all Securities then outstanding shall forthwith become due and payable to the Trustee.
- 12.5 All rights of action hereunder may be enforced by the Trustee without the possession of any of the Securities or the production thereof on the trial or other proceedings relative thereto.
- 12.6 No delay or omission of the Trustee or of the Security Holders to exercise any remedy referred to in this paragraph shall impair any such remedy or shall be construed to be a waiver or acquiescence of any default.

### **13. APPOINTMENT OF A RECEIVER**

At any time after an event of default has occurred, the Trustee may appoint by writing a receiver of the Co-operative upon such terms regarding remuneration and otherwise as the Trustee shall think fit, and remove any receiver so appointed and appoint another in his/her place. The receiver so appointed shall be the agent of the Co-operative, and the Co-operative shall be responsible for such receiver's acts and defaults and for his/her remuneration, costs, charges and expenses to the exclusion of liability on the part of the Trustee or the Security Holders.

Any receiver shall have power to:

## **ZooShare Trust Agreement – Series 4 and 5 Bonds**

- (a) Take possession of, collect and get in all or any part of the Co-operative's interest in ZooShare Biogas LP and ZooShare Biogas Development Inc., for that purpose, to commence, continue, appeal or discontinue proceedings in the name of the Co-operative or otherwise and to make any arrangement or compromise as the receiver considers necessary;
- (b) Borrow or raise money for such purposes as may be approved by the Trustee; and
- (c) Sell or concur in selling all or any part of the Co-operative's interest in ZooShare Biogas LP and ZooShare Biogas Development Inc., in such manner as may seem advisable to the receiver subject to the terms of any applicable Limited Partnership Agreement or Shareholder Agreement to which the Co-operative is a party, and to effect such sale by conveying in the name and on behalf of the Co-operative or otherwise.

### **14. APPLICATIONS OF PROCEEDS**

Money from time to time received by the Trustee or the receiver may be applied as follows:

- a. First, to pay all expenses deemed necessary by the Trustee or the receiver affecting the Co-operative's interest in ZooShare Biogas LP and ZooShare Biogas Development Inc.;
- b. Second, in payment of the reasonable fees and disbursements of the receiver and the Trustee;
- c. Third, in payment to the Founders' Club Bondholders and Noteholders of the principal and interest payable under the terms of the Founders' Club Bonds and Notes as defined in the Trust Agreement dated July 11, 2013;
- d. Fourth, in payment to the Community Bondholders of the principal and interest payable under the terms of the Community Bonds as defined in the Trust Agreement dated July 11, 2013;
- e. Fifth, in payment to the Community Bondholders of the principal and interest payable under the terms of the Community Bonds as defined in the Trust Agreement dated September 15, 2015; and
- f. Sixth, in payment to the Security Holders of the principal and interest payable under the terms of the Security;

and the balance, if any, shall be paid to the Co-operative.

### **15. INSURANCE**

The Co-operative will ensure the Biogas Project is insured to the its full value with a reputable insurance company against loss or damage by fire and such other risks as are in accordance with sound commercial practice normally insured against, and

## **ZooShare Trust Agreement – Series 4 and 5 Bonds**

shall produce the last receipts for such insurance to the Trustee for inspection on demand.

### **16. TRUSTEE REMUNERATION AND EXPENSES**

- 16.1 The Trustee's fees and all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of counsel and other advisors), both before any event of default and after, until all duties of the Trustee under the trusts in this Agreement has been fully performed, shall be paid or reimbursed upon request by the Co-operative, except any such expense, disbursement or advance as may arise from his negligence or wilful default.
- 16.2 Any amount due under this section and unpaid thirty days after request for such payment shall bear interest at the Prime Rate plus 1% per annum from the expiration of such thirty day period. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee in priority to any payment of the principal or interest on the Securities to the Co-operative.

### **17. CHANGE OF TRUSTEE**

The Trustee may resign by notice in writing delivered to all Security Holders to take effect no earlier than the date of a meeting of Security Holders called to appoint a replacement. Prior to resigning, the Trustee shall call such a meeting. A meeting of Security Holders shall have the power to remove a Trustee, and to appoint one or more replacement trustees.

### **18. NOTICES**

- 18.1 Every notice to be given to Security Holders shall be deemed to have been given if such notice is sent by prepaid mail to such Security Holders at their addresses as set out in the records of the Trustee from time to time.
- 18.2 Any notice to the Trustee under the provisions of this Agreement shall be valid and effective if delivered to the Trustee by prepaid regular mail, addressed to the Trustee at:

150 John Street, 7<sup>th</sup> Floor  
Toronto, Ontario M5V 3E3

Any notice to the Co-operative shall be deemed valid and effective if delivered to an officer of the Co-operative or if sent by prepaid mail to the Co-operative at:

150 John Street, 7<sup>th</sup> Floor  
Toronto, Ontario M5V 3E3  
Attention: Executive Director

- 18.3 Any notices so given by mail pursuant to this paragraph shall be deemed to have been given on the day of mailing.

**ZOOSHARE BIOGAS CO-OPERATIVE  
INC.**

NAME: BARRY GREEN  
TITLE: CHAIR  
We have the authority to bind the Co-operative

Brian Her

## ZooShare Trust Agreement – Series 4 and 5 Bonds

### SCHEDULE A

#### Events of Default

The following are Events of Default:

1. If the Co-operative makes default in payment of the principal or interest on any Securities when the same becomes due, and such default continues for 10 days;
2. If the Co-operative defaults in the observance of any of the covenants in a Security;
3. If an order shall be made or a resolution passed for the winding up or liquidation of the Co-operative;
4. If the Co-operative shall make a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada), or shall be declared, or if a custodian or receiver and manager shall be appointed of the Co-operative or of any of the property
5. If a default shall occur under any obligation of the Co-operative to repay borrowed money and such default shall continue for a period sufficient to permit the acceleration of the maturity of such obligation; and
6. If the Co-operative shall neglect to carry out or observe any covenant or condition in this Agreement, and, after notice in writing has been given by the Trustee to the Co-operative specifying such default and requiring rectification thereof, the Co-operative shall fail to make good such default within a period of 10 days

## ZooShare Trust Agreement

### SCHEDULE B

#### ZooShare Biogas Co-operative Inc.

(Incorporated under the Ontario *Co-operative Corporations Act*)

#### COMMUNITY BOND SERIES 4

Name of Member: \_\_\_\_\_

Principal Sum: \$\_\_\_\_\_

Maturity Date: \_\_\_\_\_, 202\_\_\_\_

For value received, **ZooShare Biogas Co-operative Inc.** acknowledges itself indebted and promises to pay, in Canadian money, to the Member, on the Maturity Date, the Principal Sum above and to pay interest on that amount, upon and subject to the terms and conditions set out on the reverse side.

Date: \_\_\_\_\_, 202\_\_\_\_

**ZooShare Biogas Co-operative Inc.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

This Bond is one of the Community Bonds referred to in the Trust Agreement.

\_\_\_\_\_  
**Brian Iler, Trustee**

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#### 1. Interest

Beginning from the date of this bond interest shall accrue on the balance from time to time outstanding of the Principal Sum at the rate of 5% per year, calculated annually in arrears. Interest will be paid on or before the 1<sup>st</sup> day of \_\_\_\_\_ each year.

#### 2. Priority

This Bond is subordinate in priority to any debt financing from credit unions or other commercial lenders, to all Insiders Loans, Founders' Club Bonds and Series 1 2, and 3 Community Bonds, issued by the Co-operative. This Bond and all Series 4 Community Bonds rank equally with Series 5 Community Bonds.



## **ZooShare Trust Agreement**

### **3. How and to Whom Payments to be Made**

The person in whose name this Bond is registered in the records of ZooShare Biogas Co-operative Inc. (**the Co-operative**) will be regarded as the owner of the Bond and any payments made pursuant to this Bond will be made only to or upon the order in writing of such person.

Payments on account of the Principal Sum or interest, at maturity or a redemption date or an interest payment date, will be paid, if instructed by the Member, directly deposited to the account of the Member, or, otherwise, by cheque drawn on the Co-operative and sent by pre-paid mail to the Member at the address of the Member contained in the records of the Co-operative.

If the date for payment of any amount of the Principal Sum or interest is not a business day, then payment will be made on the next business day and the Member will not be entitled to any further interest or other payment in respect of the delay.

### **4. Prepayment**

The Principal Sum may be prepaid by the Co-operative at its option, in whole or in part, at any time starting at the end of the third year of the term of this Bond, without penalty, but including interest accrued to the date of prepayment.

### **5. Security**

This Bond and all other similar bonds issued by the Co-operative, and the Series 1, 2, 3 and 5 Community Bonds, Insiders Loans and Founders' Club Bonds are secured by a floating charge in favour of the Trustee for the benefit of all members of the Co-operative who are holders of similar bonds to this Bond, Series 1, 2, 3 and 5 Community Bonds, Insiders Loans and Founders' Club Bonds, on the interest of the Co-operative in ZooShare Biogas LP and ZooShare Biogas Development Inc. on the terms set out in a Trust Agreement dated July 11, 2013 and a on the terms of a Trust Agreement dated September 15, 2015. A copy of those agreements have been delivered to the Member.

### **6. Defaults**

The Principal Sum shall become immediately due and payable at the option of the Member without presentment, demand, notice of dishonour, protest or notice of protest in respect of this Bond, upon the occurrence of any one or more of the following events (each a **Default**):

- (a) A failure of the Co-operative to make any payment required to the Member when due; or
- (b) The Co-operative shall become insolvent or bankrupt or ceases paying its debts as they mature or shall make an assignment for the benefit of creditors; or
- (c) A trustee, receiver or liquidator shall be appointed for the Co-operative under the laws of any jurisdiction and the appointee of such proceedings

## ZooShare Trust Agreement

shall not have been discharged within sixty days of the appointment or institution of proceedings.

### 7. Transfer

No transfer or assignment of this Bond shall be valid without the prior written approval of the Co-operative.

### 8. Successors

The provisions of this Bond shall enure to the benefit of and be binding on the Member and the Co-operative, and, as applicable, their respective any successors, heirs, administrators and/or legal or personal representatives.

### 9. Discharge and Satisfaction

Upon payment by the Co-operative to the Member of all monies due and payable hereunder, this Bond shall cease and become null and void and the Member shall upon request and the expense of the Co-operative execute and deliver to the Co-operative a full release and discharge.

### 10. Notice

Any notice required or permitted to be given to any party to this Bond shall be given in writing and shall be delivered personally or mailed by prepaid regular mail. Any such notice shall be conclusively deemed to have been given and received on the day on which it is delivered, if personally delivered, or if mailed, on the second business day immediately next following the date of mailing, and addressed, in the case of the Co-operative to 150 John Street, Toronto, Ontario M5V 3E3, Attention: Executive Director, and in the case of the Member to the Member's latest address as shown in the records of Share.

The foregoing information can be changed by giving a notice in accordance with the requirements set out in this Section.

**ZooShare Trust Agreement**

**SCHEDULE C**

**ZooShare Biogas Co-operative Inc.**

(Incorporated under the Ontario *Co-operative Corporations Act*)

**COMMUNITY BOND SERIES 5**

Name of Member: \_\_\_\_\_

Principal Sum: \$ \_\_\_\_\_

Maturity Date: \_\_\_\_\_, 202\_\_\_\_

For value received, **ZooShare Biogas Co-operative Inc.** acknowledges itself indebted and promises to pay, in Canadian money, to the Member, on the Maturity Date, the Principal Sum above and to pay interest on that amount, upon and subject to the terms and conditions set out on the reverse side.

Date: \_\_\_\_\_, 202\_\_\_\_

**ZooShare Biogas Co-operative Inc.**

**Per:** \_\_\_\_\_

**Per:** \_\_\_\_\_

This Bond is one of the Community Bonds referred to in the Trust Agreement.

\_\_\_\_\_  
**Brian Iler, Trustee**

[\[back\]](#)

**1. Interest**

Beginning from the date of this bond interest shall accrue on the balance from time to time outstanding of the Principal Sum at the rate of 5.5% per year, calculated annually in arrears. Interest will be paid on or before the 1<sup>st</sup> day of \_\_\_\_\_ each year.

**2. Priority**

This Bond is subordinate in priority to any debt financing from credit unions or other commercial lenders, to all Insiders Loans, Founders' Club Bonds and Series 1 2, and 3 Community Bonds, issued by the Co-operative. This Bond and all Series 5 Community Bonds rank equally with Series 4 Community Bonds.

## **ZooShare Trust Agreement**

### **3. How and to Whom Payments to be Made**

The person in whose name this Bond is registered in the records of ZooShare Biogas Co-operative Inc. (**the Co-operative**) will be regarded as the owner of the Bond and any payments made pursuant to this Bond will be made only to or upon the order in writing of such person.

Payments on account of the Principal Sum or interest, at maturity or a redemption date or an interest payment date, will be paid, if instructed by the Member, directly deposited to the account of the Member, or, otherwise, by cheque drawn on the Co-operative and sent by pre-paid mail to the Member at the address of the Member contained in the records of the Co-operative.

If the date for payment of any amount of the Principal Sum or interest is not a business day, then payment will be made on the next business day and the Member will not be entitled to any further interest or other payment in respect of the delay.

### **4. Prepayment**

The Principal Sum may be prepaid by the Co-operative at its option, in whole or in part, at any time starting at the end of the tenth year of the term of this Bond, without penalty, but including interest accrued to the date of prepayment.

### **5. Security**

This Bond and all other similar bonds issued by the Co-operative, and the Series 1, 2, 3 and 4 Community Bonds, Insiders Loans and Founders' Club Bonds are secured by a floating charge in favour of the Trustee for the benefit of all members of the Co-operative who are holders of similar bonds to this Bond, Series 1, 2, 3 and 4 Community Bonds, Insiders Loans and Founders' Club Bonds, on the interest of the Co-operative in ZooShare Biogas LP and ZooShare Biogas Development Inc. on the terms set out in a Trust Agreement dated July 11, 2013, and on the terms set out in a Trust Agreement dated September 15, 2015. A copy of those agreements have been delivered to the Member.

### **6. Defaults**

The Principal Sum shall become immediately due and payable at the option of the Member without presentment, demand, notice of dishonour, protest or notice of protest in respect of this Bond, upon the occurrence of any one or more of the following events (each a **Default**):

- (d) A failure of the Co-operative to make any payment required to the Member when due; or
- (e) The Co-operative shall become insolvent or bankrupt or ceases paying its debts as they mature or shall make an assignment for the benefit of creditors; or
- (f) A trustee, receiver or liquidator shall be appointed for the Co-operative under the laws of any jurisdiction and the appointee of such proceedings

## ZooShare Trust Agreement

shall not have been discharged within sixty days of the appointment or institution of proceedings.

### 7. Transfer

No transfer or assignment of this Bond shall be valid without the prior written approval of the Co-operative.

### 8. Successors

The provisions of this Bond shall enure to the benefit of and be binding on the Member and the Co-operative, and, as applicable, their respective any successors, heirs, administrators and/or legal or personal representatives.

### 9. Discharge and Satisfaction

Upon payment by the Co-operative to the Member of all monies due and payable hereunder, this Bond shall cease and become null and void and the Member shall upon request and the expense of the Co-operative execute and deliver to the Co-operative a full release and discharge.

### 10. Notice

Any notice required or permitted to be given to any party to this Bond shall be given in writing and shall be delivered personally or mailed by prepaid regular mail. Any such notice shall be conclusively deemed to have been given and received on the day on which it is delivered, if personally delivered, or if mailed, on the second business day immediately next following the date of mailing, and addressed, in the case of the Co-operative to 150 John Street, Toronto, Ontario M5V 3E3, Attention: Executive Director, and in the case of the Member to the Member's latest address as shown in the records of Share.

The foregoing information can be changed by giving a notice in accordance with the requirements set out in this Section.

**ZooShare Trust Agreement**

**SCHEDULE D**

**ZooShare Biogas Co-operative Inc.**

**Trust Agreement dated July 11, 2013**

# **ZooShare Trust Agreement**

## **TRUST AGREEMENT**

THIS AGREEMENT made this 11 day of July, 2013,

BETWEEN:

**ZooShare Biogas Co-operative Inc.**

a co-operative incorporated under the laws of the Province of Ontario  
(the **Co-operative**)

and

**Brian Iler**

(the **Trustee**)

IN CONSIDERATION OF the mutual agreements set out below, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

### **1. DEFINITIONS**

In this Agreement:

- 1.1 **Biogas Project** means the biogas installation of the Co-operative for the generation of electricity at the Toronto Zoo, and includes all equipment related to the biogas installation and all agreements and contracts entered into for the purposes of the biogas installation and generation of electricity by the Co-operative.
- 1.2 **Community Bond** means a bond substantially in the form as set out in Schedule B.
- 1.3 **Community Bondholder** means a holder of a Community Bond.
- 1.4 **Charge** means floating charge over the Biogas Project of the Co-operative, given by the Co-operative to the Trustee.
- 1.5 **Founders' Club Bonds** means a bond substantially in the form as set out in Schedule C.
- 1.6 **Founders' Club Bondholder** means a holder of a Founders' Club Bond.
- 1.7 **Events of Default** are as set out in Schedule A
- 1.8 **Note** means a promissory note substantially in the form as set out in Schedule D.
- 1.9 **Noteholder** means a holder of a Note.
- 1.10 **Prime Rate** means the commercial lending rate of interest expressed as an annual rate quoted or published by Bank of Montreal as the reference rate of interest from time to time (commonly known as prime) for the purpose

## **ZooShare Trust Agreement**

of determining the rate of interest that it charges to its commercial customers for loans in Canadian Funds.

1.11 **Security** means a Community Bond, Founders' Club Bond or Note issued pursuant to this Agreement.

1.12 **Security Holders** means the holders of Security.

### **2. RIGHTS AND DUTIES OF TRUSTEE**

The Trustee accepts the trusts in this Agreement, and agrees to perform the same upon the terms and conditions set forth in this Agreement as Trustee for the Security Holders.

The Trustee, in exercising his power and discharging his duties under this Agreement, shall act honestly and in good faith with a view to the best interests of the Security Holders, and exercise the care, diligence and skill of a reasonably prudent trustee.

The Trustee shall have the power to institute and to maintain such actions and proceedings as he may consider necessary or expedient to preserve, protect or enforce his interests and the interests of the Security Holders.

The Trustee represents that at the time of the execution of this Agreement, no material conflict of interest exists in his role as fiduciary to the Security Holders, and agrees that in the event of a new material conflict of interest arising, he will, within ninety days either eliminate such conflicts or resign from his position as trustee.

### **3. CERTIFICATION BY TRUSTEE**

No Security shall be issued, or if issued, shall be effective until it has been certified by or on behalf of the Trustee substantially in the form of the certificate set out in Schedules B, C, and D, as the case may be, and such certification by the Trustee upon any Security shall be conclusive evidence as against the Co-operative that the Security been duly issued under this Agreement, and is a valid obligation of the Co-operative.

The certificate of the Trustee on Securities issued in accordance with this Agreement shall not be construed as a representation or warranty by the Trustee as to the validity of this Agreement or of the Security (except for certification as a Security referred to in this Agreement) and the Trustee shall in no respect be liable or answerable for the use made of the Securities or any of them or the proceeds thereof.

No Note shall be certified if the total principal amount under all of the Notes is in excess of \$200,000.

No Founders' Club Bond shall be certified if the total principal amount under all of the Founders' Club Bonds is in excess of \$506,000.

No Community Bond shall be certified if the total principal amount under all of the Community Bonds is in excess of \$5,200,000.

### **4. COVENANT TO PAY**

The Co-operative agrees with the Trustee that so long as any Securities remain outstanding, the Co-operative shall pay or cause to be paid to every holder of



## **ZooShare Trust Agreement**

every Security issued under this Agreement, the principal and interest accrued from every Security, including, in case of default, interest on all amounts overdue at the specified rate, at the dates and places and in the manner mentioned in the Securities.

### **5. RANKING**

Securities issued under this Agreement shall rank accordingly:

- a. Founders' Club Bonds and Notes shall rank rateably without discrimination, preference or priority, whatever may be the actual date or terms of the issue of the Founders' Club Bond or Note.
- b. Community Bonds shall rank behind Founders' Club Bonds and Notes, and shall rank rateable without discrimination, preference or priority, whatever may be the actual date or terms of the issue of the Community Bond.

## **ZooShare Trust Agreement**

### **6. VARIATION OF RIGHTS**

- 6.1 Any of the rights conferred on the Community Bondholders may at any time be varied or abrogated (whether with the consent in writing or at a meeting) by the holders of seventy five percent in value of the issued and outstanding Community Bonds, plus seventy-five percent of the total number of Community Bondholders, and any variation so made shall be binding on all the Community Bondholders, each of whom shall, on the request of the Co-operative, surrender his/her Community Bond to the Co-operative in order that a memorandum of such variation may be endorsed on it.
- 6.2 Any of the rights conferred on the Founders' Club Bondholders may at any time be varied or abrogated (whether with the consent in writing or at a meeting) by the holders of seventy five percent in value of the issued and outstanding Founders' Club Bonds, plus seventy-five percent of the total number of Founders' Club Bondholders, and any variation so made shall be binding on all the Founders' Club Bondholders, each of whom shall, on the request of the Co-operative, surrender his/her Founders' Club Bond to the Co-operative in order that a memorandum of such variation may be endorsed on it.
- 6.3 Any of the rights conferred on the Noteholders may at any time be varied or abrogated (whether with the consent in writing or at a meeting) by the holders of seventy five percent in value of the issued and outstanding Notes, plus seventy-five percent of the total number of Noteholders, and any variation so made shall be binding on all the Noteholders, each of whom shall, on the request of the Co-operative, surrender his/her Notes to the Co-operative in order that a memorandum of such variation may be endorsed on it.

### **7. MEETINGS OF SECURITY HOLDERS**

The procedures for meetings of Security Holders are set out in Schedule E.

### **8. POWERS EXERCISABLE BY MEETING**

In addition to the powers under paragraph 6, each kind of Security Holder, upon the consent in writing, or at a meeting, of the holders of seventy five percent in value of the same type of issued and outstanding Securities, plus seventy-five percent of the total number of Security Holders of the same kind, shall have the following powers:

- a. power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Agreement or the Securities any manner specified or to refrain from exercising any such power, right, remedy or authority; and

## **ZooShare Trust Agreement**

- b. power to waive, and direct the Trustee to waive, any default on the part of the Co-operative in complying with the provisions of this Trust Agreement or the Securities, including an Event of Default.

### **9. MINUTES**

Minutes of all resolutions and proceedings at every such meeting of Security Holders shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Co-operative.

### **10. BINDING EFFECTS OF RESOLUTIONS**

Every resolution shall be binding upon all of the Security Holders of the type of Security identified in the resolution, whether present at or absent from such meeting, and each and every Security Holder of the type of Security identified in the resolution and the Trustee (subject to the provisions for its indemnity, below) shall be bound to give effect accordingly to every such resolution.

### **11. CHARGE**

As security for the due payment of all money payable pursuant to the Securities, the Co-operative shall deliver the Charge in favour of the Trustee on the Biogas Project, to rank subsequent to a first charge of the lease between the Co-operative and the Toronto Zoo in the maximum principal amount of \$4,200,000. The Co-operative shall not have the power, without the consent in writing, or at a meeting, of the holders of seventy five percent in value of the issued and outstanding Securities, plus seventy-five percent of the total number of Security Holders, to increase the principal amount of the first charge.

### **12. PROCEEDINGS BY THE TRUSTEE**

The Trustee shall give each Security Holder notice within 15 days of the Trustee becoming aware of the occurrence of an Event of Default.

Whenever any Event of Default has occurred, the Trustee, in the exercise of his discretion, or upon the decision of the Security Holders in a meeting called pursuant to Schedule F may proceed to enforce the rights of the Trustee under the Charge and the rights of the Security Holders by any remedy or proceeding authorized or permitted by law or equity and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Security Holders lodged in any bankruptcy, winding up or other judicial proceedings relative to the Co-operative and/or the Biogas Project.

No such remedy or proceeding for the enforcement of the rights of the Trustee or of the Security Holders shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

## **ZooShare Trust Agreement**

Upon the exercising or taking by the Trustee of any such remedies or proceedings, the principal and interest outstanding on all Securities then outstanding shall forthwith become due and payable to the Trustee.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Securities or the production thereof on the trial or other proceedings relative thereto.

No delay or omission of the Trustee or of the Security Holders to exercise any remedy referred to in this paragraph shall impair any such remedy or shall be construed to be a waiver or acquiescence of any default.

### **13. APPOINTMENT OF A RECEIVER**

At any time after an event of default has occurred, the Trustee may appoint by writing a receiver of the Biogas Project upon such terms regarding remuneration and otherwise as the Trustee shall think fit, and remove any receiver so appointed and appoint another in his/her place. The receiver so appointed shall be the agent of the Co-operative, and the Co-operative shall be responsible for such receiver's acts and defaults and for his/her remuneration, costs, charges and expenses to the exclusion of liability on the part of the Trustee or the Security Holders.

Any receiver shall have power to:

- (a) Take possession of, collect and get in all or any part of the Biogas Project and, for that purpose, to commence, continue, appeal or discontinue proceedings in the name of the Co-operative or otherwise and to make any arrangement or compromise as the receiver considers necessary;
- (b) Borrow or raise money on all or any part of the Biogas Project for such purposes as may be approved by the Trustee; and
- (c) Sell or concur in selling all or any part of the Biogas Project without notice and in such manner as may seem advisable to the receiver, and to effect such sale by conveying in the name and on behalf of the Co-operative or otherwise.

### **14. APPLICATIONS OF PROCEEDS**

Money from time to time received by the Trustee or the receiver may be applied as follows:

- a. First, to pay all expenses deemed necessary by the Trustee or the receiver affecting the Biogas Project;
- b. Second, in keeping all charges and liens on the Biogas Project having priority over the Charge in good standing;

## **ZooShare Trust Agreement**

- c. Third, in payment of the reasonable fees and disbursements of the receiver and the Trustee;
- d. Fourth, in payment to the Founders' Club Bondholders and Noteholders of the principal and interest payable under the terms of the Founders' Club Bonds and Notes;
- e. Fifth, in payment to the Community Bondholders of the principal and interest payable under the terms of the Community Bonds;

and the balance, if any, shall be paid to the Co-operative.

### **15. INSURANCE**

The Co-operative will keep the Biogas Project insured to the its full value with a reputable insurance company against loss or damage by fire and such other risks as are in accordance with sound commercial practice normally insured against, and shall produce the last receipts for such insurance to the Trustee for inspection on demand.

### **16. TRUSTEE REMUNERATION AND EXPENSES**

The Trustee's fees and all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of counsel and other advisors), both before any event of default and after, until all duties of the Trustee under the trusts in this Agreement has been fully performed, shall be paid or reimbursed upon request by the Co-operative, except any such expense, disbursement or advance as may arise from his negligence or wilful default.

Any amount due under this section and unpaid thirty days after request for such payment shall bear interest at the Prime Rate plus 1% per annum from the expiration of such thirty day period. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee in priority to any payment of the principal or interest on the Securities to the Co-operative.

### **17. CHANGE OF TRUSTEE**

The Trustee may resign by notice in writing delivered to all Security Holders to take effect no earlier than the date of a meeting of Security Holders called to appoint a replacement. Prior to resigning, the Trustee shall call such a meeting. A meeting of Security Holders shall have the power to remove a Trustee, and to appoint one or more replacement trustees.

### **18. NOTICES**

Every notice to be given to Security Holders shall be deemed to have been given if such notice is sent by prepaid mail to such Security Holders at their addresses as set out in the records of the Trustee from time to time.

## **ZooShare Trust Agreement**

Any notice to the Trustee under the provisions of this Agreement shall be valid and effective if delivered to the Trustee by prepaid regular mail, addressed to the Trustee at:

150 John Street, 7<sup>th</sup> Floor  
Toronto, Ontario M5V 3E3

Any notice to the Co-operative shall be deemed valid and effective if delivered to an officer of the Co-operative or if sent by prepaid mail to the Co-operative at:

42 Heintzman Street  
Toronto, Ontario M6P 2J6  
Attention: Executive Director

Any notices so given by mail pursuant to this paragraph shall be deemed to have been given on the day of mailing.

### **ZooShare Biogas Co-operative Inc.**



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NAME: Daniel Bida  
TITLE: Executive Director



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NAME: Petra Kassun Mutch  
TITLE: Chair  
We have the authority to bind the Co-operative



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**Brian Iler**

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## **ZooShare Trust Agreement**

### **SCHEDULE A**

#### **Events of Default**

The following are Events of Default:

1. If the Co-operative makes default in payment of the principal or interest on any Securities when the same becomes due, and such default continues for 10 days;
2. If the Co-operative defaults in the observance of any of the covenants in a Security;
3. If an order shall be made or a resolution passed for the winding up or liquidation of the Co-operative;
4. If the Co-operative shall make a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada), or shall be declared, or if a custodian or receiver and manager shall be appointed of the Co-operative or of any of the Leased Properties of the Co-operative;
5. If a creditor or encumbrancer of the Co-operative shall take possession of any of the Leased Properties of the Co-operative;
6. If a default shall occur under any obligation of the Co-operative to repay borrowed money and such default shall continue for a period sufficient to permit the acceleration of the maturity of such obligation; and
7. If the Co-operative shall neglect to carry out or observe any covenant or condition in this Agreement, and, after notice in writing has been given by the Trustee to the Co-operative specifying such default and requiring rectification thereof, the Co-operative shall fail to make good such default within a period of 10 days

## ZooShare Trust Agreement

### SCHEDULE B

#### ZooShare Biogas Co-operative Inc.

(Incorporated under the Ontario *Co-operative Corporations Act*)

#### COMMUNITY BOND

Name of Member: \_\_\_\_\_

Principal Sum: \$\_\_\_\_\_

Maturity Date: \_\_\_\_\_, 201\_\_\_\_

For value received, **ZooShare Biogas Co-operative Inc.** acknowledges itself indebted and promises to pay, in Canadian money, to the Member, on the Maturity Date, the Principal Sum above and to pay interest on that amount, upon and subject to the terms and conditions set out on the reverse side.

Date: \_\_\_\_\_, 201\_\_\_\_

**ZooShare Biogas Co-operative Inc.**

**Per:** \_\_\_\_\_

**Per:** \_\_\_\_\_

This Bond is one of the Community Bonds referred to in the Trust Agreement.

\_\_\_\_\_  
**Brian Iler, Trustee**

**[back]**

#### **1. Interest**

Beginning on \_\_\_\_\_, interest shall accrue on the balance from time to time outstanding of the Principal Sum at the rate of seven percent per year, calculated annually in arrears. Interest will be paid on or before the 1<sup>st</sup> day of \_\_\_\_\_ each year.

#### **2. Priority**

This Bond is subordinate in priority to any debt financing from credit unions or other commercial lenders to a maximum principal amount of \$3 million, and to all Insiders Promissory Notes and Founders' Club Bonds issued by the Co-operative.



## **ZooShare Trust Agreement**

Insiders Promissory Notes accrue interest at a rate of 12% annually and mature 12 months after the ZooShare biogas installation at the Toronto Zoo reaches its Commercial Operation Date. A maximum of \$200,000 will be issued in Insiders Promissory Notes.

Founders' Club Bonds accrue interest at a rate between 11.5-12.5% annually and mature 3-years after the date they are issued. A maximum of \$460,000 will be issued in Founders' Club Bonds.

### **3. How and to Whom Payments to be Made**

The person in whose name this Bond is registered in the records of ZooShare Biogas Co-operative Inc. (**the Co-operative**) will be regarded as the owner of the Bond and any payments made pursuant to this Bond will be made only to or upon the order in writing of such person.

Payments on account of the Principal Sum or interest, at maturity or a redemption date or an interest payment date, will be paid, if instructed by the Member, directly deposited to the account of the Member, or, otherwise, by cheque drawn on the Co-operative and sent by pre-paid mail to the Member at the address of the Member contained in the records of the Co-operative.

If the date for payment of any amount of the Principal Sum or interest is not a business day, then payment will be made on the next business day and the Member will not be entitled to any further interest or other payment in respect of the delay.

### **4. Prepayment**

The Principal Sum may be prepaid by the Co-operative at its option, in whole or in part, at any time, without penalty, but including interest accrued to the date of prepayment.

### **5. Security**

This Bond and all other similar bonds issued by the Co-operative, and the Promissory Notes and Founders' Club Bonds are secured by a floating charge in favour of the Trustee for the benefit of all members of the Co-operative who are holders of similar bonds to this Bond the Promissory Notes and Founders' Club Bonds, on the lease and equipment used for the biogas installation and generation of electricity by the Co-operative at the Toronto Zoo and all related agreements and contracts entered into for these purposes (**the Biogas Project**), on the terms set out in a Trust Agreement dated July 11, 2013. A copy of that agreement has been delivered to the Member.

### **6. Defaults**

The Principal Sum shall become immediately due and payable at the option of the Member without presentment, demand, notice of dishonour, protest or notice of protest in respect of this Bond, upon the occurrence of any one or more of the following events (each a **Default**):

- (a) A failure of the Co-operative to make any payment required to the Member when due; or

## **ZooShare Trust Agreement**

- (b) The Co-operative shall become insolvent or bankrupt or ceases paying its debts as they mature or shall make an assignment for the benefit of creditors; or
- (c) A trustee, receiver or liquidator shall be appointed for the Co-operative for a substantial part of the Biogas Project under the laws of any jurisdiction and the appointee of such proceedings shall not have been discharged within sixty days of the appointment or institution of proceedings.

### **7. Transfer**

No transfer or assignment of this Bond shall be valid without the prior written approval of the Co-operative.

### **8. Successors**

The provisions of this Bond shall enure to the benefit of and be binding on the Member and the Co-operative, and, as applicable, their respective any successors, heirs, administrators and/or legal or personal representatives.

### **9. Discharge and Satisfaction**

Upon payment by the Co-operative to the Member of all monies due and payable hereunder, this Bond shall cease and become null and void and the Member shall upon request and the expense of the Co-operative execute and deliver to the Co-operative a full release and discharge.

### **10. Notice**

Any notice required or permitted to be given to any party to this Bond shall be given in writing and shall be delivered personally or mailed by prepaid regular mail. Any such notice shall be conclusively deemed to have been given and received on the day on which it is delivered, if personally delivered, or if mailed, on the second business day immediately next following the date of mailing, and addressed, in the case of the Co-operative to 42 Heintzman Street, Toronto, Ontario M6P 2J6, Attention: Executive Director, and in the case of the Member to the Member's latest address as shown in the records of Share.

The foregoing information can be changed by giving a notice in accordance with the requirements set out in this Section.

## **ZooShare Trust Agreement**

### **SCHEDULE C**

#### **ZooShare Biogas Co-operative Inc.**

(Incorporated under the Ontario *Co-operative Corporations Act*)

#### **FOUNDERS' CLUB BOND**

Name of Member: \_\_\_\_\_

Principal Sum: \$\_\_\_\_\_

Maturity Date: \_\_\_\_\_, 201\_\_\_\_

For value received, **ZooShare Biogas Co-operative Inc.** acknowledges itself indebted and promises to pay, in Canadian money, to the Member, on the Maturity Date, the Principal Sum above and to pay interest on that amount, upon and subject to the terms and conditions set out on the reverse side.

Date: \_\_\_\_\_, 201\_\_\_\_

**ZooShare Biogas Co-operative Inc.**

**Per:** \_\_\_\_\_

**Per:** \_\_\_\_\_

This Bond is one of the Founders Club Bonds referred to in the Trust Agreement.

\_\_\_\_\_  
**Brian Iler, Trustee**

**[back]**

#### **1. Interest**

Beginning on \_\_\_\_\_, interest shall accrue on the balance from time to time outstanding of the Principal Sum at the following rates:

- \$10,000 to \$49,999 - Principal Sum shall bear an interest rate of 11.5% per year;
- \$50,000 to \$99,999 - Principal Sum shall bear an interest rate of 12% per year;
- \$100,000 or more - Principal Sum shall bear an interest rate of 12.5% per year;

to be calculated and accrued annually in arrears. The Principal Sum and accrued interest will be paid upon maturity.

## **ZooShare Trust Agreement**

### **2. Priority**

This Bond holds a senior security position to Community Bonds issued by the Co-operative, but will be subordinate to any debt financing from credit unions or other commercial lenders to a maximum principal amount of \$3 million.

### **3. How and to Whom Payments to be Made**

The person in whose name this Bond is registered in the records of ZooShare Biogas Co-operative Inc. (**the Co-operative**) will be regarded as the owner of the Bond and any payments made pursuant to this Bond will be made only to or upon the order in writing of such person.

Payments on account of the Principal Sum or interest, at maturity or a redemption date or an interest payment date, will be paid, if instructed by the Member, directly deposited to the account of the Member, or, otherwise, by cheque drawn on the Co-operative and sent by pre-paid mail to the Member at the address of the Member contained in the records of the Co-operative.

If the date for payment of any amount of the Principal Sum or interest is not a business day, then payment will be made on the next business day and the Member will not be entitled to any further interest or other payment in respect of the delay.

### **4. Prepayment**

The Principal Sum may be prepaid by the Co-operative at its option, in whole or in part, at any time, without penalty, but including interest accrued to the date of prepayment.

### **5. Security**

This Bond and all other similar bonds issued by the Co-operative are secured by a floating charge in favour of the Trustee for the benefit of all members of the Co-operative who are holders of similar bonds to this Bond, on the equipment used for the biogas installation and generation of electricity by the Co-operative at the Toronto Zoo and all related agreements and contracts entered into for these purposes (**the Biogas Project**), on the terms set out in a Trust Agreement dated July 11, 2013. A copy of that agreement has been delivered to the Member.

### **6. Defaults**

The Principal Sum shall become immediately due and payable at the option of the Member without presentment, demand, notice of dishonour, protest or notice of protest in respect of this Bond, upon the occurrence of any one or more of the following events (each a **Default**):

- (d) A failure of the Co-operative to make any payment required to the Member when due; or
- (e) The Co-operative shall become insolvent or bankrupt or ceases paying its debts as they mature or shall make an assignment for the benefit of creditors;  
or

## **ZooShare Trust Agreement**

- (f) A trustee, receiver or liquidator shall be appointed for the Co-operative for a substantial part of the Biogas Project under the laws of any jurisdiction and the appointee of such proceedings shall not have been discharged within sixty days of the appointment or institution of proceedings.

### **7. Transfer**

No transfer or assignment of this Bond shall be valid without the prior written approval of the Co-operative.

### **8. Conversion**

At the sole option of the Member and with 6 months written notice to the Co-operative, upon maturity this Bond may be converted to a Community Bond with seven year term, accruing interest at the rate of seven percent per year, calculated annually in arrears. Only the principal amount of the Bond shall be converted to a Community Bond. Any interest owing on the Bond shall be paid out on conversion.

### **9. Successors**

The provisions of this Bond shall enure to the benefit of and be binding on the Member and the Co-operative, and, as applicable, their respective any successors, heirs, administrators and/or legal or personal representatives.

### **10. Discharge and Satisfaction**

Upon payment by the Co-operative to the Member of all monies due and payable hereunder, this Bond shall cease and become null and void and the Member shall upon request and the expense of the Co-operative execute and deliver to the Co-operative a full release and discharge.

### **11. Notice**

Any notice required or permitted to be given to any party to this Bond shall be given in writing and shall be delivered personally or mailed by prepaid regular mail. Any such notice shall be conclusively deemed to have been given and received on the day on which it is delivered, if personally delivered, or if mailed, on the second business day immediately next following the date of mailing, and addressed, in the case of the Co-operative to 42 Heintzman Street, Toronto, Ontario M6P 2J6, Attention: Executive Director, and in the case of the Member to the Member's latest address as shown in the records of Share.

The foregoing information can be changed by giving a notice in accordance with the requirements set out in this Section.

**ZooShare Trust Agreement**

**SCHEDULE D**  
**Promissory Note**  
**[To be Attached]**

## ZooShare Trust Agreement

### SCHEDULE E

#### Procedures for Meetings of Security Holders

1. Right to Convene Meeting -- The Trustee shall, on the request of the Co-operative or a Security Holder, or on its own initiative, convene a meeting of Security Holders, on ten days notice in the manner provided for in paragraph 7 of the Trust Agreement (the **Request**). The Request must identify whether the meeting is for Community Bondholders, Founders Club Bondholders, or Noteholders. The meeting shall only be open to holders of Security identified in the Request and other Security Holders are not permitted to attend. In the event the Trustee fails, within five days after receipt of a request, to give notice convening such meeting, The Co-operative or such Security Holder, as the case may be, may convene such meeting. Every such meeting shall be held at such place as may be determined by the party calling the meeting.
2. Chair -- A person, who need not be a Security Holder, nominated by the party calling the meeting, shall chair the meeting and if no person is so nominated, the Security Holders shall choose person present at the meeting to be the chair.
3. Power to Adjourn -- The chair of any meeting may, with the consent of the holders of a majority in principal amount of the Securities represented there, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.
4. Show of Hands -- Every question submitted to a meeting shall be decided in the first place by the votes given on a show of hands, unless a poll is requested by any Security Holder. At any such meeting, unless a poll is requested, a declaration by the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.
5. Poll -- When a poll is requested on any question submitted to a meeting, either before or after a vote by show of hands, it shall be taken in such manner as the chair shall direct.
6. Proxies -- The Trustee may make rules for voting by proxy and the form of the instrument appointing a proxy.
7. The Co-operative and Trustee may be Represented -- The Co-operative, by its officer or director, the Trustee, and the legal advisors of the Co-operative and the Trustee, may attend any meeting of the Security Holders, but shall have no vote.

**ZooShare Trust Agreement**

**SCHEDULE E**

**ZooShare Biogas Co-operative Inc.**

**Trust Agreement dated September 15, 2015**



## **ZooShare Trust Agreement**

### **TRUST AGREEMENT**

THIS AGREEMENT made this 30<sup>th</sup> day of September, 2015,

BETWEEN:

**ZooShare Biogas Co-operative Inc.**

a co-operative incorporated under the laws of the Province of Ontario  
(the **Co-operative**)

and

**Brian Iler**

(the **Trustee**)

IN CONSIDERATION OF the mutual agreements set out below, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

#### **1. DEFINITIONS**

In this Agreement:

- 1.1 **Biogas Project** means the biogas installation of the Co-operative for the generation of electricity at the Toronto Zoo, and includes all equipment related to the biogas installation and all agreements and contracts entered into for the purposes of the biogas installation and generation of electricity by the Co-operative.
- 1.2 **Charge** means floating charge over the Biogas Project of the Co-operative, given by the Co-operative to the Trustee.
- 1.3 **Events of Default** are as set out in Schedule A
- 1.4 **Prime Rate** means the commercial lending rate of interest expressed as an annual rate quoted or published by Bank of Montreal as the reference rate of interest from time to time (commonly known as prime) for the purpose of determining the rate of interest that it charges to its commercial customers for loans in Canadian Funds.
- 1.5 **Series 3 Bond** means a bond substantially in the form as set out in Schedule B.
- 1.6 **Series 3 Bondholder** means a holder of a Series 3 Bond.

#### **2. RIGHTS AND DUTIES OF TRUSTEE**

- 2.1 The Trustee accepts the trusts in this Agreement, and agrees to perform the same upon the terms and conditions set forth in this Agreement as Trustee for the Series 3 Bondholders.
- 2.2 The Trustee, in exercising his power and discharging his duties under this Agreement, shall act honestly and in good faith with a view to the best

## **ZooShare Trust Agreement**

interests of the Series 3 Bondholders, and exercise the care, diligence and skill of a reasonably prudent trustee.

- 2.3 The Trustee shall have the power to institute and to maintain such actions and proceedings as he may consider necessary or expedient to preserve, protect or enforce his interests and the interests of the Series 3 Bondholders.
- 2.4 The Trustee represents that at the time of the execution of this Agreement, no material conflict of interest exists in the his role as fiduciary to the Series 3 Bondholders, and agrees that in the event of a new material conflict of interest arising, he will, within ninety days either eliminate such conflicts or resign from his position as trustee.

### **3. CERTIFICATION BY TRUSTEE**

- 3.1 No Series 3 Bond shall be issued, or if issued, shall be effective until it has been certified by or on behalf of the Trustee substantially in the form of the certificate set out in Schedule B as the case may be, and such certification by the Trustee upon any Series 3 Bond shall be conclusive evidence as against the Co-operative that the Series 3 Bond has been duly issued under this Agreement, and is a valid obligation of the Co-operative.
- 3.2 The certificate of the Trustee on Series 3 Bonds issued in accordance with this Agreement shall not be construed as a representation or warranty by the Trustee as to the validity of this Agreement or of the Series 3 Bond (except for certification as a Series 3 Bond referred to in this Agreement) and the Trustee shall in no respect be liable or answerable for the use made of the Series 3 Bond or any of them or the proceeds thereof.

### **4. COVENANT TO PAY**

The Co-operative agrees with the Trustee that so long as any Series 3 Bonds remain outstanding, the Co-operative shall pay or cause to be paid to every holder of every Series 3 Bond issued under this Agreement, the principal and interest accrued from every Series 3 Bond, including, in case of default, interest on all amounts overdue at the specified rate, at the dates and places and in the manner mentioned in the Series 3 Bonds.

### **5. RANKING**

Series 3 Bonds issued under this Agreement shall rank rateably without discrimination, preference or priority, whatever may be the actual date or terms of the issue of the Series 3 Bond. Series 3 Bonds shall rank behind any commercial financing for construction or long-term debt and behind all securities issued under the Trust Agreement between the Co-operative and the Trustee dated July 11, 2013 and attached as Schedule C.

### **6. VARIATION OF RIGHTS**

Any of the rights conferred on the Series 3 Bondholders may at any time be varied or abrogated (whether with the consent in writing or at a meeting) by the holders of seventy five percent in value of the issued and outstanding Series 3 Bonds, plus seventy-five percent of the total number of Series 3 Bondholders, and any variation

## **ZooShare Trust Agreement**

so made shall be binding on all the Series 3 Bondholders, each of whom shall, on the request of the Co-operative, surrender his/her Series 3 Bond to the Co-operative in order that a memorandum of such variation may be endorsed on it.

### **7. MEETINGS OF SECURITY HOLDERS**

The procedures for meetings of Security Holders are set out in Schedule D.

### **8. POWERS EXERCISABLE BY MEETING**

In addition to the powers under paragraph 6, each Series 3 Bondholder, upon the consent in writing, or at a meeting, of the holders of seventy five percent in value of the same type of issued and outstanding Series 3 Bonds, plus seventy-five percent of the total number of Series 3 Bondholders of the same kind, shall have the following powers:

- a. power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Agreement or the Series 3 Bonds in any manner specified or to refrain from exercising any such power, right, remedy or authority; and
- b. power to waive, and direct the Trustee to waive, any default on the part of the Co-operative in complying with the provisions of this Agreement or the Series 3 Bonds, including an Event of Default.

### **9. MINUTES**

Minutes of all resolutions and proceedings at every such meeting of Series 3 Bondholders shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Co-operative.

### **10. BINDING EFFECTS OF RESOLUTIONS**

Every resolution shall be binding upon all of the Series 3 Bondholders, whether present at or absent from such meeting, and each and every Series 3 Bondholder and the Trustee (subject to the provisions for its indemnity, below) shall be bound to give effect accordingly to every such resolution.

### **11. CHARGE**

As security for the due payment of all money payable pursuant to the Series 3 Bondholders, the Co-operative shall deliver the Charge in favour of the Trustee on the Biogas Project.

### **12. PROCEEDINGS BY THE TRUSTEE**

- 12.1 The Trustee shall give each Series 3 Bondholder notice within 15 days of the Trustee becoming aware of the occurrence of an Event of Default.
- 12.2 Whenever any Event of Default has occurred, the Trustee, in the exercise of his discretion, or upon the decision of the Series 3 Bondholders in a meeting called pursuant to Schedule F may proceed to enforce the rights of the Trustee under the Charge and the rights of the Series 3 Bondholders by any

## **ZooShare Trust Agreement**

remedy or proceeding authorized or permitted by law or equity and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Series 3 Bondholders lodged in any bankruptcy, winding up or other judicial proceedings relative to the Co-operative and/or the Biogas Project.

- 12.3 No such remedy or proceeding for the enforcement of the rights of the Trustee or of the Series 3 Bondholders shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination.
- 12.4 Upon the exercising or taking by the Trustee of any such remedies or proceedings, the principal and interest outstanding on all Series 3 Bonds then outstanding shall forthwith become due and payable to the Trustee.
- 12.5 All rights of action hereunder may be enforced by the Trustee without the possession of any of the Series 3 Bonds or the production thereof on the trial or other proceedings relative thereto.
- 12.6 No delay or omission of the Trustee or of the Series 3 Bondholders to exercise any remedy referred to in this paragraph shall impair any such remedy or shall be construed to be a waiver or acquiescence of any default.

### **13. APPOINTMENT OF A RECEIVER**

At any time after an event of default has occurred, the Trustee may appoint by writing a receiver of the Biogas Project upon such terms regarding remuneration and otherwise as the Trustee shall think fit, and remove any receiver so appointed and appoint another in his/her place. The receiver so appointed shall be the agent of the Co-operative, and the Co-operative shall be responsible for such receiver's acts and defaults and for his/her remuneration, costs, charges and expenses to the exclusion of liability on the part of the Trustee or the Series 3 Bondholders.

Any receiver shall have power to:

- (a) Take possession of, collect and get in all or any part of the Biogas Project and, for that purpose, to commence, continue, appeal or discontinue proceedings in the name of the Co-operative or otherwise and to make any arrangement or compromise as the receiver considers necessary;
- (b) Borrow or raise money on all or any part of the Biogas Project for such purposes as may be approved by the Trustee; and
- (c) Sell or concur in selling all or any part of the Biogas Project without notice and in such manner as may seem advisable to the receiver, and to effect such sale by conveying in the name and on behalf of the Co-operative or otherwise.

### **14. APPLICATIONS OF PROCEEDS**

Money from time to time received by the Trustee or the receiver may be applied as follows:

## **ZooShare Trust Agreement**

- a. First, to pay all expenses deemed necessary by the Trustee or the receiver affecting the Biogas Project;
- b. Second, in keeping all charges and liens on the Biogas Project having priority over the Charge in good standing;
- c. Third, in payment of the reasonable fees and disbursements of the receiver and the Trustee;
- d. Fourth, in payment to the Founders' Club Bondholders and Noteholders of the principal and interest payable under the terms of the Founders' Club Bonds and Notes as defined in the Trust Agreement dated July 11, 2013;
- e. Fifth, in payment to the Community Bondholders of the principal and interest payable under the terms of the Community Bonds as defined in the Trust Agreement dated July 11, 2013;
- f. Sixth, in payment to the Series 3 Bondholders of the principal and interest payable under the terms of the Series 3 Bonds;

and the balance, if any, shall be paid to the Co-operative.

### **15. INSURANCE**

The Co-operative will keep the Biogas Project insured to the its full value with a reputable insurance company against loss or damage by fire and such other risks as are in accordance with sound commercial practice normally insured against, and shall produce the last receipts for such insurance to the Trustee for inspection on demand.

### **16. TRUSTEE REMUNERATION AND EXPENSES**

- 16.1 The Trustee's fees and all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of counsel and other advisors), both before any event of default and after, until all duties of the Trustee under the trusts in this Agreement has been fully performed, shall be paid or reimbursed upon request by the Co-operative, except any such expense, disbursement or advance as may arise from his negligence or wilful default.
- 16.2 Any amount due under this section and unpaid thirty days after request for such payment shall bear interest at the Prime Rate plus 1% per annum from the expiration of such thirty day period. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee in priority to any payment of the principal or interest on the Securities to the Co-operative.

### **17. CHANGE OF TRUSTEE**

The Trustee may resign by notice in writing delivered to all Series 3 Bondholders to take effect no earlier than the date of a meeting of Series 3 Bondholders called to

## ZooShare Trust Agreement

appoint a replacement. Prior to resigning, the Trustee shall call such a meeting. A meeting of Series 3 Bondholders shall have the power to remove a Trustee, and to appoint one or more replacement trustees.

### 18. NOTICES

18.1 Every notice to be given to Series 3 Bondholders shall be deemed to have been given if such notice is sent by prepaid mail to such Series 3 Bondholders at their addresses as set out in the records of the Trustee from time to time.

18.2 Any notice to the Trustee under the provisions of this Agreement shall be valid and effective if delivered to the Trustee by prepaid regular mail, addressed to the Trustee at:


150 John Street, 7<sup>th</sup> Floor  
Toronto, Ontario M5V 3E3


Any notice to the Co-operative shall be deemed valid and effective if delivered to an officer of the Co-operative or if sent by prepaid mail to the Co-operative at:

42 Heintzman Street  
Toronto, Ontario M6P 2J6  
Attention: Executive Director

18.3 Any notices so given by mail pursuant to this paragraph shall be deemed to have been given on the day of mailing.

**ZOOSHARE BIOGAS CO-OPERATIVE  
INC.**

  
NAME: Paul Ungerman  
TITLE: Board Chair

  
NAME: Daniel Bida  
TITLE: Executive Director  
We have the authority to bind the Co-operative

**TRUSTEE**

  
Brian Uler

## ZooShare Trust Agreement

### SCHEDULE A

#### Events of Default

The following are Events of Default:

1. If the Co-operative makes default in payment of the principal or interest on any Securities when the same becomes due, and such default continues for 10 days;
2. If the Co-operative defaults in the observance of any of the covenants in a Security;
3. If an order shall be made or a resolution passed for the winding up or liquidation of the Co-operative;
4. If the Co-operative shall make a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada), or shall be declared, or if a custodian or receiver and manager shall be appointed of the Co-operative or of any of the Leased Properties of the Co-operative;
5. If a creditor or encumbrancer of the Co-operative shall take possession of any of the Leased Properties of the Co-operative;
6. If a default shall occur under any obligation of the Co-operative to repay borrowed money and such default shall continue for a period sufficient to permit the acceleration of the maturity of such obligation; and
7. If the Co-operative shall neglect to carry out or observe any covenant or condition in this Agreement, and, after notice in writing has been given by the Trustee to the Co-operative specifying such default and requiring rectification thereof, the Co-operative shall fail to make good such default within a period of 10 days

## ZooShare Trust Agreement

### SCHEDULE B

#### ZooShare Biogas Co-operative Inc.

(Incorporated under the Ontario *Co-operative Corporations Act*)

#### COMMUNITY BOND SERIES 3

Name of Member: \_\_\_\_\_

Principal Sum: \$ \_\_\_\_\_

Maturity Date: \_\_\_\_\_, 201\_\_\_\_

For value received, **ZooShare Biogas Co-operative Inc.** acknowledges itself indebted and promises to pay, in Canadian money, to the Member, on the Maturity Date, the Principal Sum above and to pay interest on that amount, upon and subject to the terms and conditions set out on the reverse side.

Date: \_\_\_\_\_, 201\_\_\_\_

**ZooShare Biogas Co-operative Inc.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

This Bond is one of the Community Bonds referred to in the Trust Agreement.

\_\_\_\_\_  
**Brian Iler, Trustee**

[back]

#### 1. Interest

Beginning from the date of this bond until the commercial operation date of the Co-operative's biogas installation at the Toronto Zoo for the generation of electricity as determined by the Independent Electricity System Operator, interest shall accrue on the balance from time to time outstanding of the Principal Sum at a nominal rate of 0.5% per year, calculated annually in arrears. Interest will be paid on or before the 1<sup>st</sup> day of \_\_\_\_\_ each year.

Beginning on the commercial operation date of the Co-operative's biogas installation at the Toronto Zoo for the generation of electricity as determined by the Independent Electricity System Operator, interest shall accrue on the balance from time to time outstanding of the



## **ZooShare Trust Agreement**

Principal Sum at the rate of five percent per year, calculated annually in arrears. Interest will be paid on or before the 1<sup>st</sup> day of \_\_\_\_\_ each year.

### **2. Priority**

This Bond is subordinate in priority to any debt financing from credit unions or other commercial lenders, to all Insiders Promissory Notes, Founders' Club Bonds and Series 1 and 2 Community Bonds, issued by the Co-operative, to a maximum principal amount of \$6.8 million.

### **3. How and to Whom Payments to be Made**

The person in whose name this Bond is registered in the records of ZooShare Biogas Co-operative Inc. (**the Co-operative**) will be regarded as the owner of the Bond and any payments made pursuant to this Bond will be made only to or upon the order in writing of such person.

Payments on account of the Principal Sum or interest, at maturity or a redemption date or an interest payment date, will be paid, if instructed by the Member, directly deposited to the account of the Member, or, otherwise, by cheque drawn on the Co-operative and sent by pre-paid mail to the Member at the address of the Member contained in the records of the Co-operative.

If the date for payment of any amount of the Principal Sum or interest is not a business day, then payment will be made on the next business day and the Member will not be entitled to any further interest or other payment in respect of the delay.

### **4. Prepayment**

The Principal Sum may be prepaid by the Co-operative at its option, in whole or in part, at any time, without penalty, but including interest accrued to the date of prepayment.

### **5. Security**

This Bond and all other similar bonds issued by the Co-operative, and the Series 1 and 2 Community Bonds, Promissory Notes and Founders' Club Bonds are secured by a floating charge in favour of the Trustee for the benefit of all members of the Co-operative who are holders of similar bonds to this Bond, Series 1 and 2 Community Bonds, Promissory Notes and Founders' Club Bonds, on the contracts and equipment used for the biogas installation and generation of electricity by the Co-operative at the Toronto Zoo and all related agreements and contracts entered into for these purposes (**the Biogas Project**), on the terms set out in a Trust Agreement dated July 11, 2013. A copy of that agreement has been delivered to the Member.

### **6. Defaults**

The Principal Sum shall become immediately due and payable at the option of the Member without presentment, demand, notice of dishonour, protest or notice of protest in respect of this Bond, upon the occurrence of any one or more of the following events (each a **Default**):

## **ZooShare Trust Agreement**

- (a) A failure of the Co-operative to make any payment required to the Member when due; or
- (b) The Co-operative shall become insolvent or bankrupt or ceases paying its debts as they mature or shall make an assignment for the benefit of creditors; or
- (c) A trustee, receiver or liquidator shall be appointed for the Co-operative for a substantial part of the Biogas Project under the laws of any jurisdiction and the appointee of such proceedings shall not have been discharged within sixty days of the appointment or institution of proceedings.

### **7. Transfer**

No transfer or assignment of this Bond shall be valid without the prior written approval of the Co-operative.

### **8. Successors**

The provisions of this Bond shall enure to the benefit of and be binding on the Member and the Co-operative, and, as applicable, their respective any successors, heirs, administrators and/or legal or personal representatives.

### **9. Discharge and Satisfaction**

Upon payment by the Co-operative to the Member of all monies due and payable hereunder, this Bond shall cease and become null and void and the Member shall upon request and the expense of the Co-operative execute and deliver to the Co-operative a full release and discharge.

### **10. Notice**

Any notice required or permitted to be given to any party to this Bond shall be given in writing and shall be delivered personally or mailed by prepaid regular mail. Any such notice shall be conclusively deemed to have been given and received on the day on which it is delivered, if personally delivered, or if mailed, on the second business day immediately next following the date of mailing, and addressed, in the case of the Co-operative to 42 Heintzman Street, Toronto, Ontario M6P 2J6, Attention: Executive Director, and in the case of the Member to the Member's latest address as shown in the records of Share.

The foregoing information can be changed by giving a notice in accordance with the requirements set out in this Section.

**ZooShare Trust Agreement**

**SCHEDULE C**

**ZooShare Biogas Co-operative Inc.**

**Trust Agreement dated July 11, 2013**

## ZooShare Trust Agreement

### SCHEDULE D

#### Procedures for Meetings of Series 3 Bondholders

1. Right to Convene Meeting -- The Trustee shall, on the request of the Co-operative or a Series 3 Bondholder, or on its own initiative, convene a meeting of Series 3 Bondholders, on ten days notice in the manner provided for in paragraph 7 of the Trust Agreement (the **Request**). In the event the Trustee fails, within five days after receipt of a request, to give notice convening such meeting, the Co-operative or such Series 3 Bondholder, as the case may be, may convene such meeting. Every such meeting shall be held at such place as may be determined by the party calling the meeting.
2. Chair -- A person, who need not be a Series 3 Bondholder, nominated by the party calling the meeting, shall chair the meeting and if no person is so nominated, the Series 3 Bondholder shall choose person present at the meeting to be the chair.
3. Power to Adjourn -- The chair of any meeting may, with the consent of the holders of a majority in principal amount of the Series 3 Bonds represented there, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.
4. Show of Hands -- Every question submitted to a meeting shall be decided in the first place by the votes given on a show of hands, unless a poll is requested by any Series 3 Bondholder. At any such meeting, unless a poll is requested, a declaration by the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.
5. Poll -- When a poll is requested on any question submitted to a meeting, either before or after a vote by show of hands, it shall be taken in such manner as the chair shall direct.
6. Proxies -- The Trustee may make rules for voting by proxy and the form of the instrument appointing a proxy.
7. The Co-operative and Trustee may be Represented -- The Co-operative, by its officer or director, the Trustee, and the legal advisors of the Co-operative and the Trustee, may attend any meeting of the Series 3 Bondholders, but shall have no vote.

## ZooShare Trust Agreement

### SCHEDULE F

#### Procedures for Meetings of Security Holders

1. Right to Convene Meeting -- The Trustee shall, on the request of the Co-operative or a Security Holder, or on its own initiative, convene a meeting of Security Holders, on ten days notice (the **Request**). In the event the Trustee fails, within five days after receipt of a request, to give notice convening such meeting, the Co-operative or such Security Holder, as the case may be, may convene such meeting. Every such meeting shall be held at such place as may be determined by the party calling the meeting.
2. Chair -- A person, who need not be a Security Holder, nominated by the party calling the meeting, shall chair the meeting and if no person is so nominated, the Security Holder shall choose person present at the meeting to be the chair.
3. Power to Adjourn -- The chair of any meeting may, with the consent of the holders of a majority in principal amount of the Securities represented there, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.
4. Show of Hands -- Every question submitted to a meeting shall be decided in the first place by the votes given on a show of hands, unless a poll is requested by any Security Holder. At any such meeting, unless a poll is requested, a declaration by the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.
5. Poll -- When a poll is requested on any question submitted to a meeting, either before or after a vote by show of hands, it shall be taken in such manner as the chair shall direct.
6. Proxies -- The Trustee may make rules for voting by proxy and the form of the instrument appointing a proxy.
7. The Co-operative and Trustee may be Represented -- The Co-operative, by its officer or director, the Trustee, and the legal advisors of the Co-operative and the Trustee, may attend any meeting of the Security Holders, but shall have no vote.

## **APPENDIX F**

### **Escrow Agreement**

## ESCROW AGREEMENT

THIS AGREEMENT made this 29th day of July, 2021,

BETWEEN:

**ZooShare Biogas Co-operative Inc.**

(the **Co-operative**)

- and -

**Iler Campbell LLP, Barristers & Solicitors**

(the **Escrow Agent**)

### **Background**

1. The Co-operative intends to sell Series 4 and 5 Community Bonds (**Series 4 and 5 Bonds**) pursuant to an offering statement under the *Co-operative Corporations Act*, to repay the Co-operative's existing Community Bonds and member loans.
2. The Co-operative has applied for a receipt from the Financial Services Commission of Ontario for its offering statement dated as of June 30, 2021.

IN CONSIDERATION OF the mutual agreements set out below, the parties agree as follows:

### **1. ESCROW ACCOUNT**

#### **1.1 Payments to the Escrow Account from Prospective Members**

An escrow account is hereby established with the Escrow Agent. The Escrow Account shall consist of all funds received from purchasers of Series 4 and 5 Bonds of the Co-operative, to be held in trust by the Escrow Agent and disbursed as set out below (the **Escrow Account**).

#### **1.2 Purchaser Information**

The Co-operative shall deliver to the Escrow Agent with each deposit of funds from purchasers, a statement showing the names, addresses and respective amounts submitted in relation to each purchase application.

#### **1.3 Investment**

The Escrow Agent shall invest all funds held in the Escrow Account pursuant to written instructions received from the Co-operative. The Escrow Agent shall take such steps as are reasonably prudent to ensure that the funds in the Escrow Account shall be invested in such a manner so as to be available for distribution as set out in this Agreement.

## **2. RELEASE OF ESCROW ACCOUNT**

### **2.1 Release to the Co-operative**

Funds in the Escrow Account, together with all earnings thereon, shall be delivered to the Co-operative by the fifth business day after receipt by the Escrow Agent from the Co-operative of a written certificate signed by any proper officer or director of the Co-operative stating that:

- (a) the Co-operative has received a receipt for its offering statement from the Financial Services Commission of Ontario;
- (b) the Co-operative has delivered a copy of the receipted offering statement to each prospective member for whom the Escrow Agent holds funds;
- (c) the Co-operative has not within ten days after delivery of the receipted offering statement received a notice from a prospective member that he/she wishes to be repaid his/her funds; and
- (d) the Co-operative has raised at least the minimum offering, as set out in the offering statement.

### **2.2 Release to Purchasers in the event of failure of Offering**

In the event that the monies are not released by the Escrow Agent pursuant to paragraph 2.1 within 12 months of the date of this agreement, the Escrow Agent shall as soon as reasonably possible thereafter pay the amount received from each Purchaser, together with accrued interest, to such Purchaser.

## **3. CONCERNING THE ESCROW AGENT**

### **3.1 Duties**

The Escrow Agent undertakes to perform all duties which are expressly set forth herein.

### **3.2 Indemnification**

The Escrow Agent may rely upon and shall be protected in acting or refraining from acting upon any written notice, certification, instructions or request furnished to it and believed by it to be genuine and to have been signed or presented by the proper party or parties.

Without limiting the foregoing, the Escrow Agent shall have no obligation or responsibility to determine the accuracy or truth of any statement contained in any certificate submitted to the Escrow Agent by the Co-operative.

The Escrow Agent shall not be liable for any action taken by it in good faith and without negligence, and believed by it to be authorized or within the rights or powers conferred upon it by this Agreement, and may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

The Co-operative hereby agrees to indemnify the Escrow Agent for, and to hold the Escrow Agent harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Escrow Agent, arising out of or in connection with the Escrow Agent's



entering into this Agreement and carrying out the Escrow Agent's duties hereunder, including costs and expenses of successfully defending the Escrow Agent against any claim of liability with respect thereto.

### **3.3 Other Matters**

The Escrow Agent reserves the right to resign as Escrow Agent at any time, provided ten business days' prior written notice is given to the Co-operative, and any person for whom funds are held pursuant to this agreement. In the event of any litigation or dispute by the parties hereunder affecting its duties as Escrow Agent, the Escrow Agent shall take no action provided for under this Agreement until agreed to by the Co-operative, or until receipt of an order of a court having proper jurisdiction.

## **4. TERMINATION**

This Escrow Agreement and the Escrow Account shall be terminated upon the delivery by the Escrow Agent of all monies in the Escrow Account pursuant to paragraphs 2.1 or 2.2.

## **5. NOTICE**

All notices, demands, requests, or other communications which may be or are required to be given or made by any party to any other party pursuant to this Agreement shall be in writing and shall be mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by facsimile, or hand delivered, addressed as follows:

If to the Co-operative:

ZooShare Biogas Co-operative Inc.  
Seventh Floor, 150 John Street  
Toronto, Ontario M5V 3E3

Attention: Rob Grand

If to Escrow Agent:

Iler Campbell LLP  
Barristers and Solicitors  
Seventh Floor, 150 John Street  
Toronto, Ontario M5V 3E3

Attention: Brian Iler

or such other address as the addressee may indicate by written notice.

Each notice, demand, request, or communication which shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, date stamp, or certificate of messenger being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

**6. BENEFIT AND ASSIGNMENT**

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder.

**7. ENTIRE AGREEMENT**

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, commitments or understandings with respect to such matters.

**8. AMENDMENT**

No amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, or discharge is sought.

**9. HEADINGS**

The headings of the paragraphs contained in this Agreement are inserted for convenience only and do not form a part or affect the meaning, construction or scope thereof.

**10. GOVERNING LAW**

This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the Province of Ontario.

**11. TIME OF THE ESSENCE**

In this Agreement, time shall be of the Essence.

ILER CAMPBELL LLP

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IN WITNESS the parties sign below.

ZOOSHARE BIOGAS CO-OPERATIVE  
INC.

Per: 

Name: Barry Green

Title: CHAIR OF THE BOARD

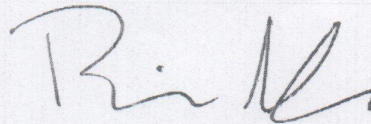
Per: 

Name: Daniel Bida

Title: Director

We have authority to bind the Corporation

ILER CAMPBELL LLP



Per: \_\_\_\_\_

Name: Brian Iler

Partner