



**INVEST IN YOUR COMMUNITY.
INVEST IN SOLAR.**

Sunvestment Energy Group

- Sunvestment Energy Group (SEG) was launched in 2013 to bring more of the benefits of solar energy and savings to local, purpose-driven organizations and allow community investment participation.
- SEG has a team of 6 located in NY, PA and MD.
- Recipient of a prestigious U.S. Department of Energy SunShot Initiative award, and two New York State Energy Research and Development Authority (NYSERDA) grants
- Office space located at RIT Venture Creations, a NYSERDA-Sponsored Clean Energy Incubator.



- Sunvestment Energy Group was founded to make renewable energy more accessible and affordable for community organizations and businesses
 - We operate a low cost web-based finance platform that enables funding by local community and affinity members
 - We maintain relationships with large affinity donors and investors
 - We work with grant-writing organizations for targeted segment support
- Sunvestment seeks to work with developers and sponsors/owners who are aligned with our goal to facilitate more community investment participation in community solar projects

Solar Projects Offer Attractive Economic & Environmental Attributes

Economics

- Solar arrays have high upfront costs, low operating costs, short-to-medium term incentives, and very long term asset lives
- Solar arrays typically produce cumulative energy value which is 6 to 10 times greater than the net upfront investment, after the impact of incentives
- Favorable risk-return characteristics

Environmental

A typical solar project (250 kW) will:



Offset CO₂ emissions from 240,713 lbs of coal burned

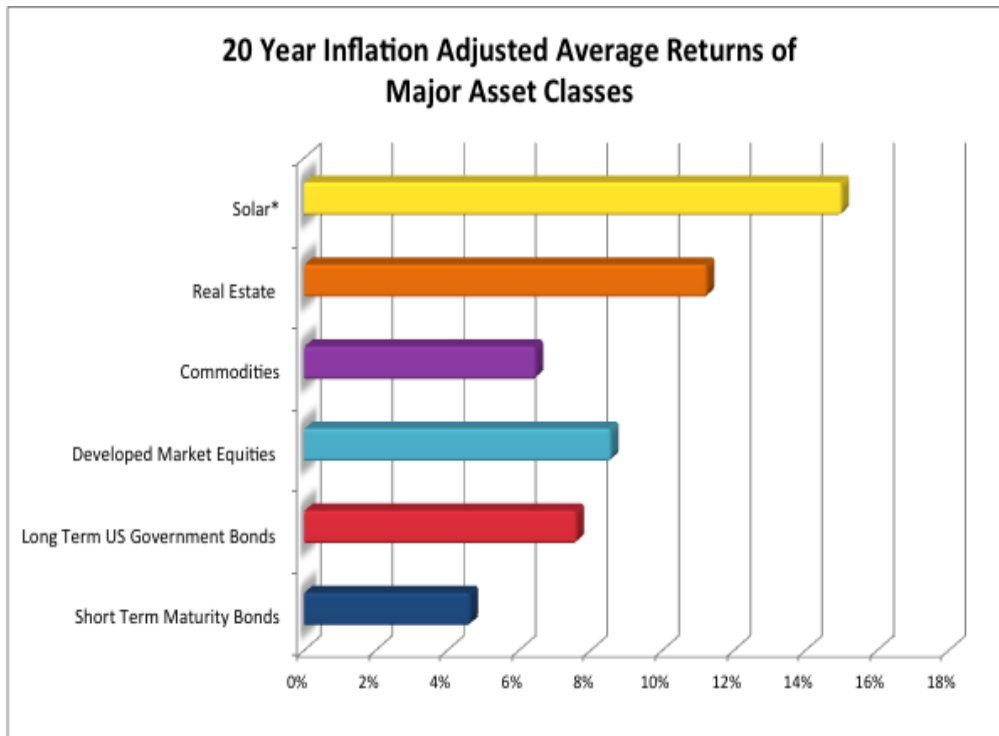


Offset GHG emissions from 47 passenger vehicles driven for one year



Equivalent of carbon sequestered by 184 acres of U.S. forest in one year

Solar Returns Compare Favorably to Other Investment Categories on an Absolute Basis and when Considering Risk Factors



Source: Vanguard, Wall Street Journal, Commodities Price Index

* Solar returns represent estimated average pre-tax IRRs for SVG solar projects to date.

S&P Index: 1/1/2000 to 5/9/2014



Source: Yahoo.com Finance

Solar Volatility Is Structurally Lower:

- Consistent and predictable energy production
- Solid state technology requires minimal O & M
- Long-term energy contracts - counter party continues to pay bills (highest risk)

Projects Funded by Local Investors Create a Local Economic Multiplier Effect

Energy dollars previously sent to the utility company are now sent to local investors who spend more money locally, creating more local jobs.



Most Community Solar Investments are Completed through a Power Purchase Agreement (PPA) Structure

Community Solar Members

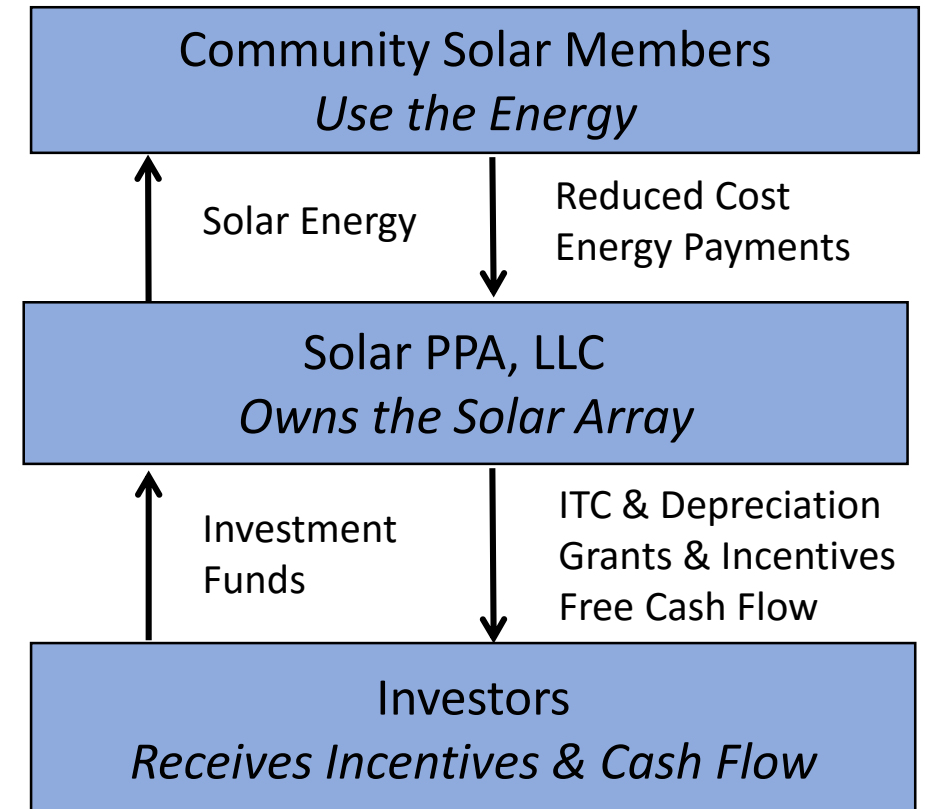
- Buy all energy produced by array, at a rate typically 10-20% below current electric rate. Pay only for energy delivered.
- Annual escalator rate for the term of the agreement (usually 2-3%).

PPA LLC Entity

- Owns, operates and maintains the array.
- Contracts with Installer and O&M firm to build and service array.

Investors

- Typically combination of debt, tax equity and sponsor equity investors to maximize returns and balance risks.
- Tax equity investors offset passive losses (eg: Real estate, royalty & C Corp).



Tax Credit Investment in Solar

- Solar economics dependent on efficient utilization of tax benefits
 - 30% Investment Tax Credit (ITC)
 - 5-year MACRS depreciation schedule
- Tax benefit driven investments provide high-risk adjusted returns
 - Returns higher than sponsor equity or debt
 - Shorter duration than sponsor equity or debt
- Risks are predictable and manageable
 - Investment structures have been proven over the past 5-10 years
 - Include preferred cash payment
 - 5-year recapture risk can be mitigated to avoid foreclosure

Solar Investment Tax Credit Schedule:

2016-2019: 30 percent
2020: 26 percent
2021: 22 percent
2022 and beyond: 10 percent
(nonresidential)



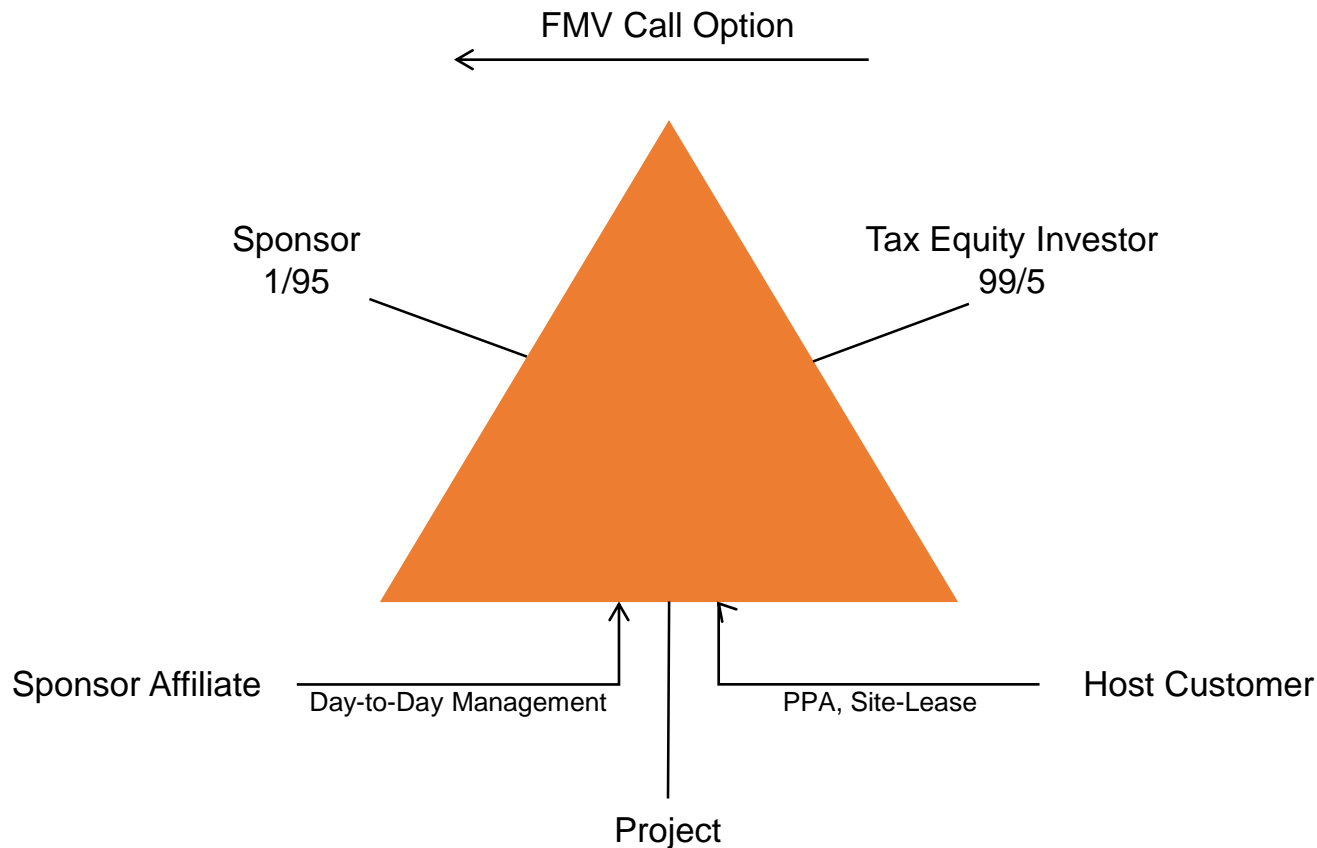
Sophisticated Tax Credit Investors Have Identified the Attractive Returns of Solar

According to Chadbourne Park, there are 32 large active equity investors in the market:

- JP Morgan
- Bank of America
- GE
- MUFG
- Wells Fargo
- Google
- State Street
- MetLife
- US Bank
- Goldman Sachs
- Capital One
- Barclays
- RBC
- Morgan Stanley
- Sumitomo
- Toyota Tsusho
- Bank of New York
- Credit Suisse
- Key Bank
- Banco Santander
- Citigroup
- Liberty Media
- PNC Bank
- BNP Paribas
- Northwestern Mutual
- Berkshire Hathaway
- Regions Bank
- Patagonia
- Dominion
- South Jersey Industries
- Settlement Insurance
- Macquarie

Source: Solar Financing Equity Tax Structures Webinar, Keith Martin, Jorge Medina

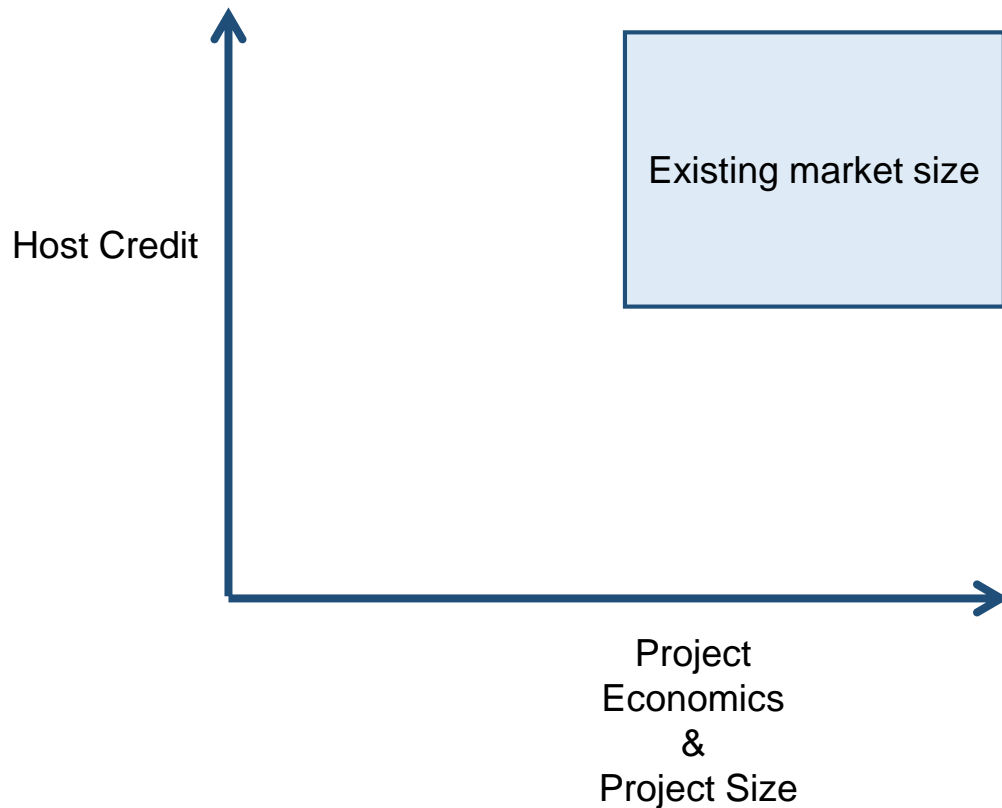
Yield Based Partnership-Flip Structure



A partnership-flip is a simple concept:

- A sponsor brings in a tax equity investor as a partner to own a renewable energy project together. The TEI invests by making a capital contribution to the partnership.
- The partnership allocates taxable income and loss 99% to the tax equity investor until the investor reaches a target yield (typically within 6-8 years).
- After the recapture period ends, the share of income and loss for the tax equity investors drops to 5% and the sponsor has an option to buy the tax equity investor's remaining interest.
- Cash may be distributed in a different ratio before the flip.

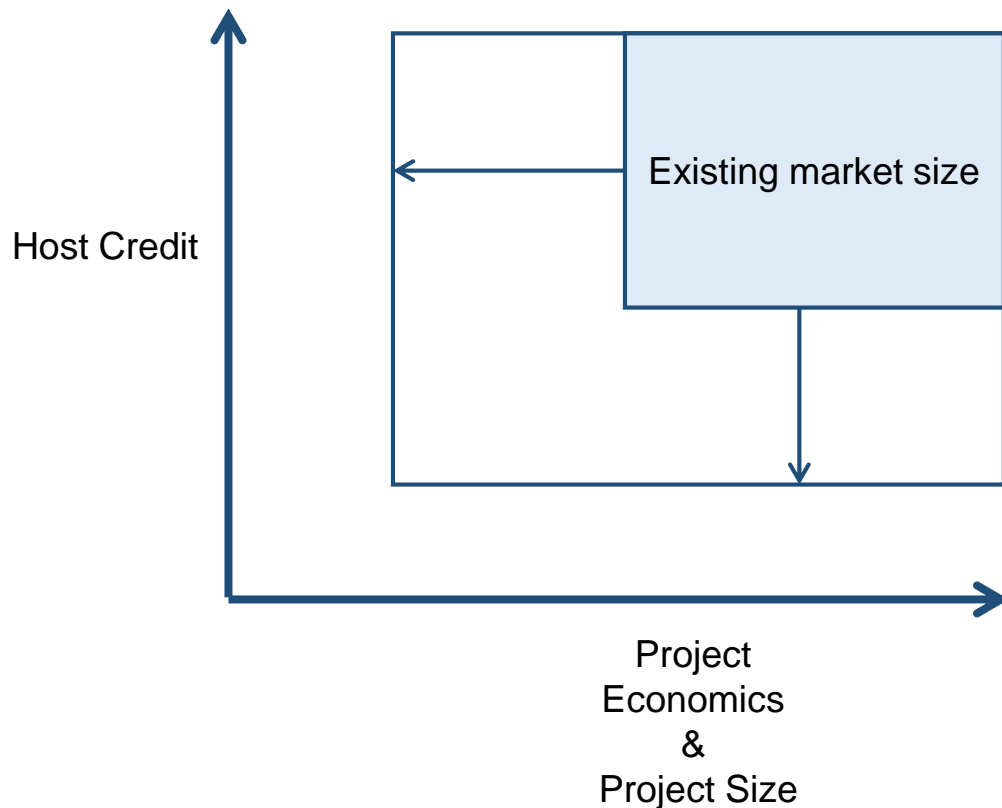
Why the Mid-Market Solar Market is Limited



Mid-market solar projects are limited because:

- Lack of accepted standardized documents means high transaction costs
- No industry accepted process exists to efficiently underwrite these projects
- Few financiers currently focus on smaller projects resulting in higher targeted returns

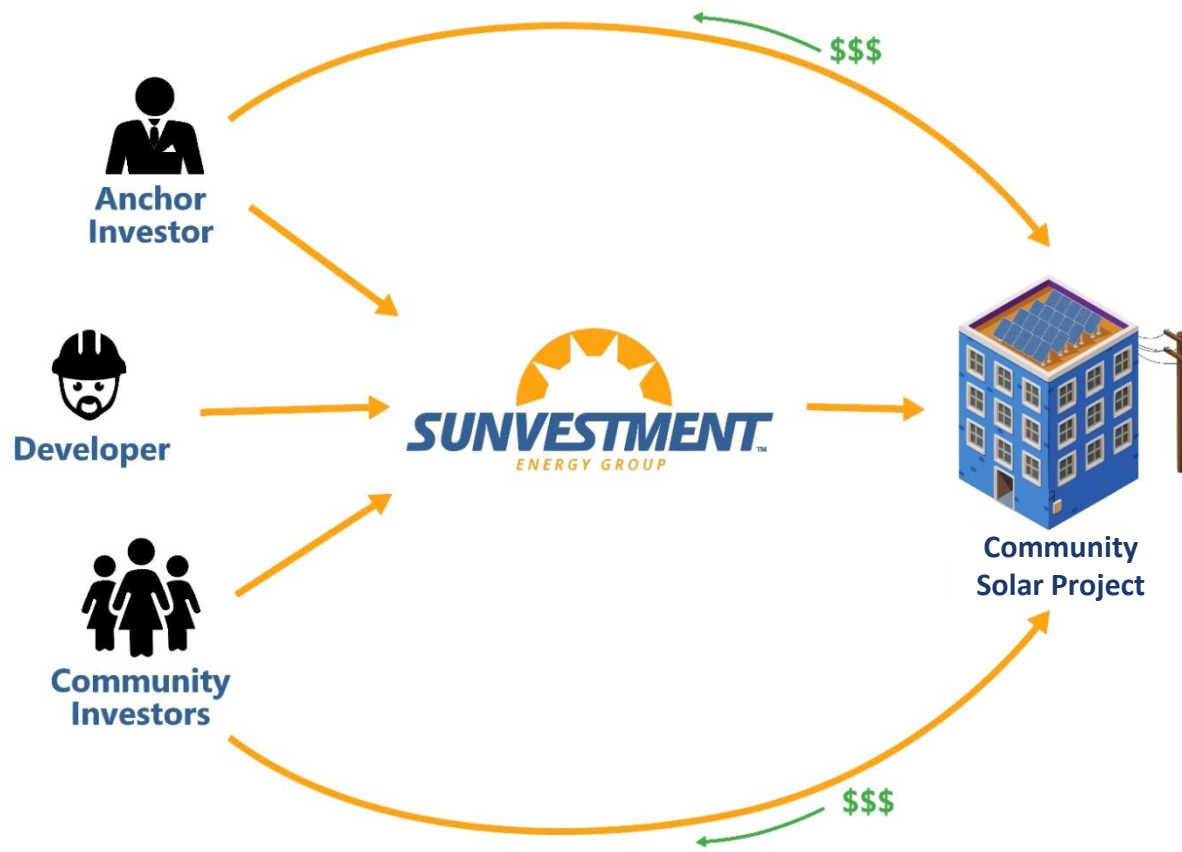
How Sunvestment Opens the Market for Investment



SEG is leveraging its website and community and affinity donations and investors to:

- Create an efficient, scalable, transaction platform
- Apply best practice credit evaluations, enhance project credit (cash reserves) and build a portfolio of projects for diversification
- Expand the market of participating investors

Sunvestment Matches Local Developers and Community/Affinity Contributors



SEG enables the community to participate in the solar project investment

Contributors receive an attractive return or the tax benefits of a donation

Community Solar participants typically save between 10-20% on annual energy costs

Developers/EPCs who have previously been challenged to find funding for projects, now have a reliable source of funding

Sunvestment Provides Education and Transparency to Maximize Site Host Savings

Methods Facilitated Through Sunvestment's Platform and Services to Maximize Savings

Community Donations: Site Host affinity members donate towards the project, leading to \$3-\$5 dollars of energy savings for the Site Host per \$1 dollar donated.

Foundation Matching Programs: Sunvestment identifies supporting foundation sources to match community donations up to dollar for dollar, leading to up to \$6-\$10 of savings per \$1 dollar donated by the community.

Community Prepay Debt Investments: Affinity members provide loans to Site Hosts to be used as funds for PPA prepayments, leading to a lower cost of capital for the project and more energy savings for the site host.

Community Equity Investments: Affinity members provide equity investments to the solar LLC entity set up for the PPA at an attractive cost of capital which leads to more energy savings for the site host.

Sunvestment Provides Benefits to Key Stakeholders

Community Solar Members

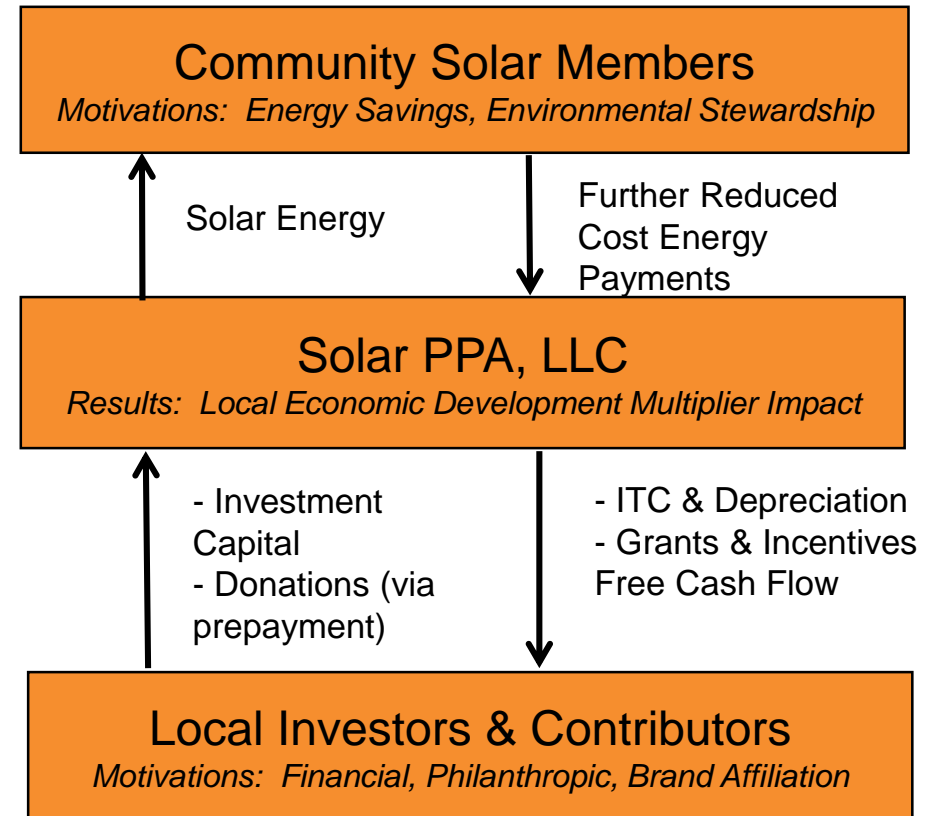
- Use web platform to plan project, conduct financial analysis, and generate marketing outreach materials to community members
- Community members more engaged with organization and educated about solar
- **Obtain lower energy costs and more savings from a lower cost of capital**

Developers and Installers

- Use web platform to submit project opportunities for SEG review
- SEG provides tailored financial proposals for delivery to their clients
- Reduces cost of financing project by leveraging technology, template documents, and financial structuring knowledge
- **More developers have their projects funded**

Investors & Donors

- Investors use web platform to manage their solar investment portfolios and access associated investment and tax documents
- Donors use SEG platform to view impact of their giving. Typically \$1 donated, turns into \$3 to \$5 of energy savings over time for the site host
- **More community members participate in the benefits of investing in solar assets.**





**Thank you for this opportunity.
If you have any questions, please contact:**

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