

toronto atmospheric fund 2010



 **TORONTO** Atmospheric Fund

www.toronto.ca/taf



Lights, innovation, action — 2010 was another dynamic year for the Toronto Atmospheric Fund (TAF) and our four programs.

LightSavers really started to ramp up awareness of energy-saving alternatives like LEDs and occupancy sensors through

pilot installations in five GTA cities, surveys of public reaction and support for advanced technology research at the University of Toronto Optical Sciences lab. Year-end saw TAF planning a national conference on advanced lighting that drew double the expected number of registrants from across Canada and from as far away as Sweden.

FleetWise attracted more than a dozen public and private fleet partners interested in purchasing electric vehicles and laid the groundwork for the quick acceleration of these zero-emission vehicles with new assessment tools and a close look at infrastructure needs.

TowerWise turned ordinary condo owners into Green Condo Champions through a series of seminars and a step-by-step guide to improving the energy efficiency of high-rise buildings. The Champions also benefitted from the TowerWise Conservation Advisor service, which provided assistance to more than 300 high-rise buildings interested in lowering their energy costs — and environmental impact.

SolarCity had us up on the roofs of dozens of buildings to look closely at the performance of solar thermal and photovoltaic systems across the GTA, including 17 installations on City of Toronto facilities. With an understanding that “knowledge is power” TAF worked with the Toronto and Region Conservation Authority to monitor real-world solar applications and is using the results to research and broadly share information on best practices.

At TAF, we also spend time figuring out what is holding back good ideas and then crafting — and testing — solutions. In 2010, for example, **TAF financing** helped Glenbarra Energy Services launch a “solar utility” that provides hot water for three City facilities. Glenbarra, through its subsidiary GEMCO, owns and operates the systems and charges for the energy — in the form of hot water — used by the facility. This approach removes the high up-front

cost of installing proven solar technology that is cost-competitive over its lifetime with natural gas. As with all hot ideas pioneered by TAF, we are hoping this one will spread rapidly.

But some of our deepest thinking in 2010 was dedicated to **where we want to go next**. With the pro bono help of management consultants McKinsey & Co., we examined where we needed to take action to reduce emissions and where TAF could add the most value. The result is our new four-year strategic plan, **Unleashing the Power of Efficiency** (available at www.toronto.ca/taf). The title really says it all: We are going to focus on reducing energy waste in buildings and in the transportation sector — the two largest contributors to greenhouse gas and air-polluting emissions in our city. We’ll do that using TAF’s signature tools: Incubation of new technologies and financial approaches, and bringing together people and perspectives from all sides of the issue to develop new solutions.

We know it often takes many elements — a slice of pilot project testing, a dash of customized financing, and a pinch of social suasion — to unleash the full potential of new thinking. It also takes strong **collaboration and partnerships**. Fortunately, with a steadily growing network of partners in government, community groups, institutions and the private sector, we know we have the relationships to help make things happen.

We’re also counting on our partners to help us stir up new ideas and opportunities. Our first ClimateSpark Challenge in 2010 demonstrated the range of innovative thinking that can be tapped using Web 2.0 tools. We’re now gearing up to take the ClimateSpark model one step further with a Challenge that integrates online and offline collaboration to drive implementation of social ventures that help reduce local air pollution and greenhouse gas emissions.

Of course, reducing local emissions is what TAF is all about, and that means we will continue our 20-year tradition of carefully **quantifying the emissions reduction impact** of our activities while carefully managing our investments to amplify our impact and ensure solid financial returns. Clear objectives and clear measurement combined with agility and innovation are what helps this small organization have such a large impact.

Julia Langer, Chief Executive Officer

TAF Financial Report

TAF had a solid year in 2010 that combined strong performance in the recovering financial markets and increased lending activity. The major portion of the endowment fund, managed on a day-to-day basis by two independent portfolio managers and overseen by our highly experienced Investment Committee, posted a return of 8.8%. Our diversified mix of equity and fixed income investments enables us to control risk while generating sufficient funds to support TAF's work.

TAF does not receive any City tax revenues. Instead, it relies on endowment fund earnings to support programs and funding activities. For 2010, the payout ratio from the fund was within our target range at 4.5% based on a four-year rolling average.

TAF's four strategic programs attracted approximately \$315,000 in external funding in 2010 from other levels of government, agencies and corporations. TAF's professional program implementation together with our ability to leverage this funding with TAF's own financial resources are key factors in securing this external revenue.

TAF doubled its loan portfolio in 2010 to just over \$3 million, generating a blended 6.4% in interest income. TAF looks for a double bottom line from our impact investments: a market rate of return plus acceleration of projects that can reduce greenhouse gas emissions, while also demonstrating new models of green finance.

Based on the overall success of our investments, we are looking at selling some loans to other investors in order to recycle TAF's capital to repeat our ground-breaking investment process; to attract strategic co-investors; and to help other like-minded investors channel their money towards low-carbon solutions.

During 2010, 82% of TAF's expenditures flowed directly to programs and strategic investment activities, and 18% was dedicated to core administrative and operational functions. Our successful fiscal year allowed us to transfer \$420,000 into the stabilization fund, which enables TAF to absorb financial market turbulence such as was experienced globally in 2008-2009.

The success of this past year — made possible by prudent and professional management — will enable TAF to continue charting new paths to a low-carbon future.

For our full financial statements, please visit www.toronto.ca/taf/agm.htm.

TAF is grateful for support from:

Aird and Berlis LLP	Investeco Capital
Bullfrog Power	McKinsey & Co.
Capgemini	Microsoft Canada Inc.
DDACE	Natural Resources Canada
Enbridge Gas Distribution Inc.	Ontario Ministry of the Environment
Federation of Canadian Municipalities	Ontario Power Authority
Golder Associates Ltd.	TD Bank Financial Group
Greater Toronto Airport Authority	Toronto District School Board
Greater Toronto Apartment Association	Toronto Environment Office
Hydro One Networks Inc.	Toronto Water
	University of Toronto Facilities
	<i>And a variety of TAF event sponsors</i>

Staff

Julia Langer – Chief Executive Officer
Mary Pickering – Vice President, Programs and Partnerships
Tim Stoate – Vice President, Impact Investing
Richard Rysak – Director of Finance
Ben Marans – Manager, Social Innovation and Transportation
Bryan Purcell – Manager, Incubation and Social Innovation
Susan Jellinck – Administrator



TAF Board and Committees 2010

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Investment Committee

This committee oversees management of TAF's endowment, both marketable securities and TAF's direct mandate-related investments.

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Grants and Special Projects Committee

This committee oversees TAF's community, city and program investments.

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Marion Fraser
Geoff Love
Rob McLeese
Sandra Oh
Robert Plitt
Judy Simon
May Wong
Bryan Young

TAF appreciates the invaluable volunteer contribution of Board and Committee members who served for all or part of 2010

2010 Community Investments		
Organization	Project	Amount
Centre for Social Innovation	Community bonds: empowering community finance	\$57,300
Clean Air Partnership	GTA Clean Air Council & 2010 Clean Air and Climate Change Summit	\$100,000
Community Power Fund	Community Power Capital: Phase I implementation	\$75,000
Environmental Defence	Overcoming provincial policy barriers to EVs	\$50,000
First Work	Green Skills Network pilot	\$48,165
Harbourfront Centre	Building integrated solar photovoltaic demonstration project	\$54,940
Harbourfront Centre	LED lighting strategy	\$50,000
Ontario Clean Air Alliance	Ontario's new energy efficiency strategy	\$35,000
Ontario Sustainable Energy Association	Green Energy Act stakeholder engagement (\$100,000 over 2 years)	\$50,000
Pembina Foundation	Commuter 2.0 concept development	\$10,000
Pollution Probe	Business & environmental case for commercial EVs (\$100,000 over 2 years)	\$50,000
South Riverdale Community Health Centre	Neighbourhoods Acting on Air Quality (\$107,994 over 3 years)	\$27,664
Summerhill Impact	Energy storage working group	\$50,000
Toronto Environmental Alliance	TTCRiders.ca (\$75,000 over 2 years)	\$37,500
Toronto Renewable Energy Co-operative	SolarShare implementation	\$50,000
Tower Labs Research Alliance	Modeling & business plan development for Tower Labs & MaRS	\$53,350
University of Toronto	Freeway truck emissions analysis (\$50,000 over 2 years)	\$25,000
University of Toronto	Weekend traffic emissions analysis	\$10,000
World On My Plate	Electric cargo bike delivery model	\$10,000
Subtotal		\$843,919

2010 City Investments		
Organization	Project	Amount
Economic Development & Culture	Roadmap for eco-business zones in Toronto	\$15,000
Economic Development & Culture	Toronto Green Innovation Partnership	\$10,000
Facilities Management Division/Toronto Zoo	Solar cooling feasibility study	\$12,000
Fleet Services	Green vehicle evaluation and selection tool (\$250,000 over 3 years)	\$90,000
Toronto Community Housing Corporation	Garage lighting pilot project	\$55,000
Subtotal		\$182,000

2010 Strategic Program Allocations (TAF)		
Program	Project	Amount
Corporate	Strategic plan research & development (3 projects)	\$70,000
Mandate-Related Finance	Transaction and tools development (4 projects)	\$157,500
FleetWise	EV300 initiative	\$65,000
TowerWise	Energy efficiency in residential towers (2 projects)	\$55,280
Subtotal		\$347,780

2010 Impact Investments (Loans)		
Organization	Project	Amount
Pure Energies Inc.	Residential rooftop solar electricity systems	\$645,000
Bata Shoe Museum	LED lighting upgrade	\$15,000
Just Ice Inc.	Efficient ice rink technology	\$60,000
SolarShare	Penguin Power community solar electricity	\$300,000
Ledcor Properties	Energy efficiency upgrades in a commercial building	\$350,000
Wind Power Media	Wind turbines at two retail locations	\$210,000
Pukwis Energy Co-operative	20MW community/Aboriginal wind park	\$500,000
GreenSaver	Residential rooftop solar electricity systems	\$630,000
Investeco	Investeco Fund III	\$200,000
Subtotal		\$2,910,000