ATTACHMENT 1

June 1, 2011

Proposed terms of partnership for community-owned Biogas at the Toronto Zoo

Attention: The Board of Management of the Toronto Zoo

Toronto Zoo, 361A Old Finch Ave., Toronto, Ontario M1B 5K7

Background:

On October 25, 2010 a consortium under the name “Zoo Biogas Co.” provided a detailed proposal to construct a 500KW modular (i.e. could accommodate more fuel over time) biogas facility on 3-4 acres of Zoo managed land. The consortium is currently comprised of four distinct companies with between 8 and 38 years of experience in design and development, building and grid connections, strategy and marketing, business modelling and project management of biogas facilities. Members of Zoo Biogas Co. have built five currently operational biogas facilities in Ontario.

The unincorporated consortium signed a MOU with the Zoo on December 23, 2010. Since that time, three of the firms have formed a contractual joint venture, while the fourth formed and is managing the development of ZooShare Biogas Co-operative Inc., the project’s owner. ZooShare will co-develop the project together with the members of Zoo Biogas JV under a turnkey development contract.

Zoo staff has reviewed the proposal and addressed various concerns with the City solicitor. The proposal fits with the Zoo’s mission, is consistent with both the Toronto Zoo five-year Strategic Plan and the Zoo Green Plan, indicates potential for net financial benefit to operations and will result in the Zoo’s organic waste being processed in the most environmentally friendly manner possible.

ZooShare Biogas Co-operative Inc. was formally incorporated in Ontario on April 26, 2011

ZooShare will:

- Fully fund, design, develop, construct and operate the biogas plant at the Zoo Biogas Site;
- Contract with the Ontario Power Authority to sell the electricity generated under the Feed-in Tariff program;
- Provide the Zoo with its annual solid and liquid fertilizer needs;
- Provide annual financial contributions to the Board equal to the greater of 10% of EBITDA or $50,000;
- Supply thermal energy and CO2 from the biogas plant to the Zoo at no cost, if the Board provides a recipient facility in close proximity to the biogas facility;
- Provide the Toronto Zoo CEO or his designate with a seat (1) on the board of ZooShare Biogas Co-operative Inc. There are five seats in all;
- Construct and maintain a ($50,000) biogas educational display at the site to educate the public about the benefits of biogas and community power.

The Toronto Zoo will:

- Provide the land at the current compost facility (approximately 4 acres) to ZooShare for a period of 20 years. At the Board's sole option, the Term may be extended for up to two additional 60 month periods, on mutually acceptable terms;
- Regularly deliver all of its manure to the Proposed Biogas Facility Site;
- Make its best efforts to assist ZooShare in desseminatiing information about the project through the Toronto Zoo website, Zoo Publications, and other forms of member communications;
- Retain sponsorship and naming rights for the facility;
- Provide security services for the biogas facility;
- If the Board desires to have thermal energy and CO2 deliverd to its facility it will provide the necessary infrastructure from the biogas plant to the target facility.

Time Frame:

• Concept development	2 months	Completed
• Financing & Co-op development	9 months	Forecast 10/2011
• Permits and Design Development	10 months	Forecast 10/2011
• Detail Design and Construction	12 months	Forecast 07/2012

• Start-up and Commissioning	2 months	Forecast 09/2012

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