



**Attachment 1**

**Toronto Atmospheric Fund**

**Relationship Framework  
With City of Toronto  
May, 2013**

**June 2006, as amended and restated as of \_\_\_\_\_  
by Toronto City Council**

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## Article 1: Definitions

### 1.1 Definitions:

In this Relationship Framework, the following terms have the meanings set out below:

“administrative and financial board” is a term established by the Classification Framework for City Special Purpose Bodies adopted by Council at its meeting held on April 13, 14 and 15, 1999. The term describes a specific class of City agency that is responsible for the management of a reserve, reserve fund, pension asset, or endowment.

“Applicable Laws” means all statutes, by-laws, regulations, orders, and requirements of government or other public authorities having jurisdiction at any time in force.

“Auditor” means the external attest auditor appointed by Council to annually audit the accounts, transactions, and financial statements of Toronto Atmospheric Fund.

“Board” means the Toronto Atmospheric Fund Board.

“By-law” means provisions of the City of Toronto Municipal Code as amended or replaced from time to time.

“Chair” means the Member appointed by Council as chair of the Board;

“City” means the City of Toronto;

“City Auditor” means either or both of the City Internal Auditor and the City Auditor General or the persons designated to act in those respective capacities from time to time or their delegates;

“City Manager” means the City Manager of the City or the person designated to act in that capacity from time to time or his/her delegate;

“Deputy City Manager/CFO” means the Deputy City Manager and Chief Financial Officer of the City or the person designated to act in that capacity from time to time or his/her delegate;

“Council” means the Council of the City of Toronto;

“Financial Statements” means, for any particular period, comprehensive financial statements of Toronto Atmospheric Fund consisting of not less than a statement of revenues and expenditures, and such other statements, reports, notes and information required by, and prepared in accordance with, Generally Accepted Accounting Principles for Canadian municipalities;

"Liaison" means those functional liaisons as defined in 12.2

“Member” means member of the TAF Board;

“*Municipal Act*” means *Municipal Act, 2001*, c. 25, as amended from time to time;

“*Municipal Code*” means the City of Toronto Municipal Code, and by-laws contained within, as amended or replaced from time to time;

“*Statutory Corporation*” means a corporation established or exercising power under special legislation.

“*TAF*” means Toronto Atmospheric Fund, a Statutory Corporation without share capital established by the *Toronto Atmospheric Fund Act, 2005*.

“*TAF Act*” means *Toronto Atmospheric Fund Act, 2005*.

## **Article 2: Purpose**

### 2.1 Purpose:

The purpose of this Relationship Framework is to:

- (i) inform the Board, City staff and residents of the City of Toronto of Council’s fundamental principles of governance to be followed by the Board;
- (ii) articulate Council’s objectives and expectations to be met by TAF;
- (iii) set out the accountability mechanisms including reporting requirements to be met by TAF;
- (iv) identify the types and levels of support provided by the City to TAF.

## **Article 3: Legislative Framework**

### 3.1 Legislative History:

3.1.1 The former Toronto City Council approved the establishment of the Toronto Atmospheric Fund (TAF) in 1991. At the request of the City, the Provincial government enacted the *Toronto Atmospheric Fund Act in 1992*;

3.1.2 The *Act* established TAF and the Toronto Atmospheric Fund Foundation (now known as the Clean Air Partnership) as Statutory Corporations without share capital, composed of the members of their respective boards.

3.1.3 Additional regulatory powers were introduced in 1996 by Ontario Regulation 214/96, continued under the *Municipal Act, 2001*, making both TAF and the TAF Foundation local boards of the City for governance purposes.

3.1.4 *Toronto Atmospheric Fund Act* was subsequently repealed and replaced by the *Toronto Atmospheric Fund Act, 2005*;

3.1.5 Under the City’s classification of agencies and corporations, TAF is an administrative and financial board.

3.1.6 TAF is defined as a local board (restricted definition) under O. Reg. 589/06 under the *City of Toronto Act, 2006*.

### 3.2 Applicable Legislation:

TAF is required to consider and is governed by the following legislation. This list is not exhaustive and may require updating from time to time.

#### 3.2.1 *Toronto Atmospheric Fund Act, 2005:*

Special legislation continues the Toronto Atmospheric Fund and the Toronto Atmospheric Fund Foundation as established by Bill PR45 (Chapter Pr-40 Statutes of Ontario, 1992). The *TAF Act* 2005 changed the name of the Toronto Atmospheric Fund Foundation to the Clean Air Partnership and altered the composition, structure, objects and powers of both TAF and the Clean Air Partnership and their relationship to the City. The changes to the *TAF Act* also clarified the application of the Trustee Act to the investment of the Fund's monies.

#### 3.2.2 *Corporations Act:*

Provincial legislation applicable to Ontario corporations, including those without share capital, incorporated under a general or special *Act* of the Legislature. R.S.O. 1990, c.38, Part III, sections 117 – 133, as may be amended from time to time.

#### 3.2.3 *City of Toronto Act, 2006 (COTA):*

COTA sets out, amongst other things, the powers of the City of Toronto respecting governance of its local boards.

#### 3.2.4 *Municipal Code:*

The Municipal Code is comprised of certain codified by-laws passed by Council. TAF is required to comply with the appropriate provisions of the Municipal Code.

#### 3.2.5 *Municipal Conflict of Interest Act:*

Provincial Legislation applicable to members of a municipal council or of a local board; which establishes procedures and remedies in the case any pecuniary interest, direct or indirect, in any matter which is the subject of consideration of the council or local board.

The *Act* applies to members of the TAF Board.

#### 3.2.6 *Municipal Freedom of Information and Protection of Privacy Act:*

The Board and staff are required to comply with this legislation, which establishes requirements related to access to records and information. This *Act* provides

individuals with the right to access general information and their own personal information maintained by municipal government, agencies. This *Act* also includes guidelines related to the collection, use, disclosure and retention of personal information.

### 3.2.7 *Occupational Health and Safety Act:*

Provincial Legislation applicable to workplaces and employers in the Province of Ontario. R.S.O. 1990, c. O.1, as may be amended from time to time. This *Act* sets out obligations rights and responsibilities of employers and employees with respect to workplace health and safety.

### 3.2.8 *Trustee Act:*

Provincial Legislation R.S.O. 1990, c.T.23, as may be amended from time to time governing investment of trust property. The *TAF Act* confirms that sections 27 to 31 of the Trustee Act apply to TAF's investment activities, with necessary modifications.

## **Article 4: Business of the Toronto Atmospheric Fund**

### 4.1 City Strategic Objectives:

The City has a long history of pursuing environmental objectives. Improving air quality and reducing greenhouse gas (GHG) emissions continue to be important City objectives concerning global warming and climate change. The promotion of and financial support to improve air quality and reduce greenhouse gas (GHG) emissions contribute to the achievement of the City's strategic objectives including;

- (i) City Council's resolution to reduce carbon dioxide emissions; and
- (ii) City Council's objective of purchasing 25 percent of power from renewable sources.

### 4.2 Rationale for Establishing Toronto Atmospheric Fund:

Council established the Toronto Atmospheric Fund (TAF) to finance local initiatives to combat global warming and improve air quality in Toronto. TAF became operational as a self-supporting funding agency through an initial \$23 million endowment from the City in 1992. The monies endowed to TAF became available to the City from the sale of Langstaff Farms.

TAF's status as a Statutory Corporation enables TAF to operate at arms-length from the City. This arrangement holds several advantages including:

- (i) operating with a degree of independence within a Council-defined framework, which allows for autonomy in the grants process;
- (ii) ensuring that City financial assets are dedicated to supporting air quality improvement and the reduction of greenhouse gas emissions over the long-term;



- (iii) pursuing investment opportunities not available to municipalities; and
- (iv) involving special expertise and community representation in a decision-making capacity on the Board.

#### 4.3 Mandate:

The mandate of TAF is to promote:

- (i) global climate stabilization through the reduction of greenhouse gas emissions such as CO<sup>2</sup> and methane;
- (ii) air quality improvement;
- (iii) energy conservation and efficiency;
- (iv) public understanding of global warming and its implications for the urban environment;
- (v) creation and preservation of “carbon sinks” such as Toronto's urban forest that absorbs CO<sup>2</sup> from the air;
- (vi) related scientific research and technology development; and
- (vii) partnerships with non-governmental organizations, other orders of government, business and academic institutions.

#### 4.4 Activities of Toronto Atmospheric Fund:

TAF is authorized to engage in the following activities:

- (i) receive contributions to augment the fund;
- (ii) manage investment of a multi-million dollar fund;
- (iii) use fund investment revenue to provide grants that support TAF's objectives;
- (iv) use the fund principal to provide loans for projects that support TAF's objectives;
- (v) assist in establishing projects that support TAF's objectives;
- (vi) undertake mandate-related research;
- (vii) co-operate with others in providing public educations related to TAF's objectives; and
- (viii) administrative and management activities that support TAF's operations.

### **Article 5: Operating Principles and Objectives:**

#### 5.1 Operating Principles:

The City promotes and maintains a system of responsible and accountable governance where the interests of individuals and communities are balanced with those of the City as

a whole. As an agency of the City, TAF makes important contributions to achieving the City's goals and TAF is expected to embrace the City's operating principles:

- (i) **Advocacy:**  
To act as an advocate with other orders of government.
- (ii) **Community Participation:**  
To facilitate active community involvement in all aspects of civic life.
- (iii) **Equity:**  
To respond to and support diverse needs and interests and work to achieve social justice.
- (iv) **Effectiveness:**  
To set and accomplish objectives, pursue innovative approaches, safeguard public assets and use resources efficiently.
- (v) **Leadership:**  
To plan for change and take a leadership role on issues of importance to the City.
- (vi) **Partnerships:**  
To actively seek out partnerships with constituents, community groups, businesses and other public institutions and orders of government.
- (vii) **Sustainability:**  
To integrate environmental, social, economic and fiscal perspectives in our actions.

## 5.2 Operating Objectives:

The following sections set out the City's operating objectives for TAF respecting administration, investments, and grant activities.

### 5.2.1 Administration:

TAF will operate in accordance with governing legislation, constitutions, by-laws and all other applicable federal, provincial and municipal laws, including but not limited to the *Occupational Health and Safety Act*, the *Workplace Safety and Insurance Act*, the Ontario Human Rights Code, City By-laws and policies.

### 5.2.2 TAF Investments:

TAF's investments and oversight of the endowment fund are guided by an investment policy. TAF's Investment policy must be approved by Council and incorporate the City's investment objectives for TAF, which are:

- (i) **Sufficient Return:**  
Earning a real rate of return sufficient to ensure that TAF's objects can be achieved and TAF's operations and ongoing financial commitments can be sustained;
- (ii) **Preservation of Capital:**  
Earning a real rate of return sufficient to preserve or enhance the real value of the assets of the Fund, net of the annual rate of inflation;
- (iii) **Liquidity:**  
Ensuring adequate liquidity such that:
  - (a) TAF's operations and ongoing financial commitments can be paid in an orderly and timely fashion; and
  - (b) Funds are available as opportunities arise to contribute to mandate-related initiatives.
- (iv) **Mandate Supported:**  
Ensuring that investments in activities that may contravene TAF's mandate are avoided.
- (v) **Compliance:**  
Ensuring that investments comply with City Council's policy direction for the investment of TAF assets, applicable legislation, and investment objectives.

### 5.2.3 City Objectives for TAF Grants:

The City provides grants through various programs to pursue its economic, cultural, social and environmental objectives.

The City of Toronto Grants Policy<sup>1</sup> with any necessary modifications, applies to TAF grants. This policy affirms that grants are a form of partnership or investment that helps the City achieve its goals and establishes principles for governing and evaluating grant programs, in view of their contribution to the City's objectives.

These principles include:

- (i) accessibility;
- (ii) fairness and equity;
- (iii) openness and transparency;
- (iv) accountability; and
- (v) responsiveness.

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<sup>1</sup> City Council, December 16 and 17, 1998 (Strategic Policies and Priorities Committee, Report 26, Clause 5)

## **Article 6: Authorities:**

### 6.1 Employees

TAF staff are employees of TAF and are accountable to TAF's Board.

### 6.2 Assets

Assets are the property of the TAF. If TAF is wound up, the assets become the property of the City of Toronto.

### 6.3 Matters Requiring Council Approval

6.3.1 TAF is required to submit the following matters annually to the appropriate City official for submission to Council for approval:

- (i) TAF's Business Plan, which includes strategic and operational objectives and performance indicators<sup>2</sup>; and
- (ii) Annual budget<sup>3</sup>.

6.3.2 TAF is required to submit the following matters to the appropriate City official for submission to Council for approval:

- (i) establishment, amendment or dissolution by TAF of subsidiary entities, agreements with other agents to perform parts of TAF's mandate, and joint ventures and formal business partnerships involving a legal relationship or financial obligation;
- (ii) allocation and disbursement of any grants or loans to international projects;
- (iii) any loans, guarantees or security on loans or lines of credit in excess of \$2 million<sup>4</sup>;
- (iv) any grants exceeding \$500,000;
- (v) any grants and loans that extend past the term of the current Council; and
- (vi) TAF's investment policy<sup>5</sup>.

6.3.3 City Council shall approve the Board's Procedures By-law and other by-laws that regulate the internal conduct of the business and affairs of the agency. This

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<sup>2</sup> *Audit Committee, November 29, 2001*

<sup>3</sup> *Audit Committee, November 29, 2001*

<sup>4</sup> *City Council on July 16,17,18,19, 2007in EX10.13, Council-approved TAF SIOP 2007; and Council in EX25.1, Part 3.b.ii.4., November 27, 2012.*

<sup>5</sup> *TAF Act 2005,sec.3., directs that Council shall establish guidelines, as in its sole discretion it considers advisable, for the investment of the money of the Fund that is not immediately required for the Fund's objects*

requirement for Council approval applies to new by-laws to which this section applies, as well as to all amendments to the by-laws.<sup>6</sup>

#### 6.4 Delegation to the Board:

In addition to the authority granted to TAF by the *TAF Act*, authority for the following matter has been delegated by Council to TAF:

- (i) management of City appointed investment managers;

#### 6.5 Corporate Support provided by the City:

##### 6.5.1 Secretariat and Administrative Support, City Clerk:

The *TAF Act* provides that TAF may enter into such agreements as the Board considers necessary in respect to the provision of administrative and support services to TAF.

The City Clerk provides secretariat services to TAF on a fee-for-service basis<sup>7</sup>.

##### 6.5.2 Corporate Access and Privacy Office, City Clerk:

At the request of TAF's Board, Council accepted the delegation of certain powers and duties under the *Municipal Freedom of Information and Privacy Act* to the City Clerk<sup>8</sup>.

As a result, any public requests for information regarding the TAF will be processed by the Corporate Access and Privacy Office and a decision rendered by the City Clerk.

##### 6.5.3 Facilities and Real Estate:

TAF's head office, located at 75 Elizabeth Street, is provided as an in-kind contribution by the City. This may be amended from time to time at the direction of Council.

##### 6.5.4 Human Resources:

Upon request by TAF, the City will post TAF job opportunities.

##### 6.5.5 Insurance and Risk Management:

TAF is insured under the City's Property and Casualty Insurance program. This program includes Automobile, Comprehensive General Liability, Crime, Property, and Public Officials' Errors & Omissions (E&O) insurance. Public

<sup>6</sup> City Council, April 12, 2011, in Item EX4.6 Managing Through Agencies and Corporations.

<sup>7</sup> City Council, June 3, 1993, Executive Committee Report 10, clause 16.

<sup>8</sup> City Council, June 3, 1993, Executive Committee Report 10, clause 16.

Officials' E&O insurance protects board members against claims alleging negligence, errors and omissions, misstatements, misleading statements and misrepresentations, or breach of duty on the part of TAF's Board. TAF is required to pay annual premiums for insurance to the City.

#### 6.5.6 Procurement and Purchasing Management:

Council has directed that TAF's procurement of consulting and other goods and services be conducted through Purchasing and Materials Management Division (PMMD), in accordance with the City's purchasing policies, as amended from time to time<sup>9</sup>.

When City policies are applied to TAF procurements, TAF's Board has approval authority wherever the policy requires Council approval. As such, TAF's Board shall determine purchasing approval limits and authorities for TAF staff.

In the event that further interpretation is required, the Director of PMMD is the appropriate contact.

#### 6.5.7 Governance issues:

The City Manager's Office provides governance and policy development support to City Agencies and Corporations, including TAF.

#### 6.5.8 Additional Assistance:

Any other requests for assistance by the City will be considered on an ad hoc basis.

### **Article 7: Governance and Control:**

#### 7.1 Responsibilities of the Board:

Subject to any matters that require City Council approval under applicable by-laws or other applicable law, including Council policies, the Board shall manage or supervise the management of TAF through its Executive Director. Board responsibilities include, but are not limited to, the following specific matters:

7.1.1 to appoint and oversee an Executive Director;

7.1.2 to approve and monitor budgets and expenditures;

7.1.3 to ensure the financial practices of the organization are maintained in accordance with Generally Accepted Accounting Principles for Non-profit Corporations, in accordance with the *Toronto Atmospheric Fund Act and Council policies*;

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<sup>9</sup> City Council, October 26 and 27, 1999.

- 7.1.4 to ensure TAF complies with all City reporting requirements and approvals;
- 7.1.5 to develop TAF's long-term strategic plan and priorities;
- 7.1.6 to establish funding priorities;
- 7.1.7 to approve grant allocations and loan agreements;
- 7.1.8 to manage investments and oversee financial performance in accordance with the Council-approved Statement of Investment Objectives and Principles of TAF.
- 7.1.9 report on investment performance and measures required by Council, the City or the DCM/CFO;
- 7.1.10 to ensure compliance with various policies which may be deemed necessary from time to time by Council including this Relationship Framework;
- 7.1.11 to approve business plans;
- 7.1.12 to approve operating by-laws and policies; and
- 7.1.13 to establish any number of committees, including standing committees and special committees, for such purposes as it may from time to time deem desirable, and appoint members who may or may not be board members, as long as the Board does not delegate to committees that have non-board members any final decision-making authority.

## 7.2 Composition of the Board:

The Board consists of a minimum of 11 members, at least three of whom shall be Members of Council, appointed by City Council, and 1 of whom shall be the Mayor or a designate appointed by the Mayor. Council has the authority to alter the composition of the Board.

## 7.3 Governance Structure:

- 7.3.1 Council appoints all members.
- 7.3.2 Council appoints the Chair of the Board.
- 7.3.3 Members of all agencies and corporations, including TAF, serve at the pleasure of Council.
- 7.3.4 No citizen shall serve on the Board for more than two consecutive terms of Council. Where an appointment takes effect after mid-term, the balance of the term shall not count as a term towards this maximum.

- 7.3.5 No citizen shall be eligible for reappointment to the TAF Board until a full term of Council has passed.<sup>10</sup>
- 7.3.6 Council appoints the Board with the understanding that the people appointed are the people who will be making decisions on its behalf. The Board's authority cannot be delegated to a TAF Committee without Council's approval.
- 7.3.7 When TAF involves other citizens to serve on its committees to broaden the base of expertise, those appointed by TAF to committees of the Board have an obligation to protect the City's interests.
- 7.4 Board Selection Process and Outreach:
- 7.4.1 Appointments to the Board are governed by Council's appointment policies and process<sup>11</sup> as may be amended from time to time. The values that inform this process include: accountability to Council; accessibility and transparency to the community; and quality of expertise, experience and leadership in fields related to TAF's mandate and operations.
- 7.4.2 City Council shall appoint the chair of the TAF Board. The Board shall notify the Governance Liaison if a vacancy of a permanent or lengthy nature occurs in the office of the Chair regarding the filling of the office of the Chair so that an appointment may be made by Council.
- 7.4.3 The City's Civic Appointments Committee short-lists, interviews and nominates candidates to Council for positions on the TAF Board, and a corporate staff review team, including a representative for the Board, conducts the initial screening of applicants for eligibility and qualifications.
- 7.4.4 Despite 7.4.3, all members of the TAF Board and staff of Board may encourage qualified candidates to apply through the open advertized recruitment process, but may not provide references for nor endorse or recommend through the recruitment process any candidates being considered by the Civic Appointments Committee.

7.5 Qualifications of Citizen Members:

The nature of the financial management functions and fiduciary responsibilities of TAF Board members requires specific competencies and capacities in addition to the general qualifications set out in the City's Public Appointments Policy.

The general qualifications and eligibility criteria are as set out in the City's Council-approved Public Appointments Policy.

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<sup>11</sup> "Policy and Processes for Citizen Appointments to City Agencies, Boards, Commissions and Corporations and Special Purpose Bodies" adopted by City Council at its meeting on April 15 and 16, 2004, as amended by Item EX4.7, Amendments to the Public Appointments Policy; Council decision of April 12,13, 2011 .



Citizen appointments to the TAF Board should collectively have a range of competencies and qualifications, that include: financial management and investment expertise, including experience in portfolio management and strategic investment; understanding of strategic energy efficiency and green energy market opportunities; experience managing public charities, public or private foundations, community trusts, or other government grant programs; marketing expertise, such as knowledge of demographic trends that affect consumer choice, in order to advise in community program design and delivery; legal expertise, in order to advise on legal problems and issues related to TAF's activities, when they arise; experience and knowledge of environmental affairs from an academic or non-governmental perspective, especially in the areas of air quality and climate change.

The selection process will seek to ensure that a range of people representing all segments of society, including people of different gender, ethnicity, age and race are encouraged to apply and are considered fairly.

#### 7.6 Vacancies:

7.6.1 The Chair shall notify the City Manager (the designated liaison for governance purposes) as soon as possible after a vacancy occurs for any reason.

7.6.2 If, at the time of appointment, Council designated an alternate, then the alternate may be nominated for appointment without any further recruitment activity.

The Board shall notify the Governance Liaison if a vacancy of a permanent or lengthy nature occurs in the office of Chair regarding the filling of the office of the Chair, so that an appointment may be made by Council.

#### 7.7 Term of Appointments:

The term of appointment is the four-year term of Council or until a successor is appointed.

#### 7.8 Remuneration:

7.8.1 TAF Board Members receive no remuneration.

7.8.2 Subject to the City policy regarding reimbursement of expenses that applies to TAF, the Board may adopt a policy to reimburse Members for all reasonable expenses incurred by them while conducting TAF's business.

7.8.3 TAF shall advise the Deputy City Manager/CFO of the amount of total expenses paid to Members to facilitate reporting by City staff to Council in accordance with the processes and timeframes specified by the City.

#### 7.9 Conduct and Ethics:

Certain expectations regarding conduct apply to all City citizen appointees, including the TAF Board. It is understood that each Member has agreed, at the time of their appointment, to abide by the following policies:

- (i) the Code of Conduct for Members of Council;
- (ii) the *Municipal Conflict of Interest Act* and all City policies concerning conflicts of interest of Board Members or employees, including any requirements for disclosure and abstention from voting.

#### 7.10 Committees of the Board:

7.10.1 The Board may establish Committees of the Board.

7.10.2 Committees of the Board may include community members that meet the general qualifications for Board members as set out in the City's Public Appointments Policy.

7.10.3 Committees of the Board must be chaired by a Board member and decision-making authority is retained by the Board as appointed by Council.

### **Article 8: Meetings of the Board:**

#### 8.1 Procedures By-law:

TAF shall establish a procedure by-law for governing the calling, place and proceedings of meetings in accordance with the *COTA*, and the City's Policy on Public Access and Involvement for City of Toronto Agencies<sup>12</sup>.

As set out in Article 6, TAF's procedure by-law, also known as Toronto Atmospheric Fund By-law Number 1, and any other by-law that regulates the internal conduct of the business and affairs of the agency, shall be submitted to Council for approval. This requirement for Council approval of by-laws to which Section 6.3.3 applies to both new by-laws and any subsequent amendments.

TAF shall provide notice to the City of any intention to amend the procedure by-law<sup>13</sup> and shall submit the by-law to the City through the Governance Liaison for Council approval.

The Board shall conduct its meetings in compliance with TAF's procedure by-law.

#### 8.2 Quorum:

Quorum for the transaction of business at meetings of the Board shall be a majority of the number of members of the Board.

#### 8.3 Open Meetings:

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<sup>12</sup> City Council, September 22,23,24 and 25, 2003 (Policy and Finance Committee Report 9, Clause 15)

<sup>13</sup> Municipal Act 2001, c. 25, s. 238 (4)

Public access and involvement in the decision-making process of the Board is to be encouraged and facilitated by the Board. Meetings of the Board shall be open to the public, except where in-camera meetings are permitted by Section 239 of the *COTA*.

#### 8.4 Meeting Schedules, Agendas and Minutes:

8.4.1 Regular Board meetings shall be determined on an annual basis and the schedule of meetings made available to the public<sup>14</sup>.

8.4.2 Notice of meetings, approved minutes, current agendas and copies of reports will be accessible and available to members, stakeholders, City staff, Council and the general public in accordance with the City's Policy on Public Access and Involvement<sup>15</sup>.

#### 8.5 Notice to City Liaisons:

Notice of Board and committee meetings, approved minutes, current agendas and copies of reports will be sent to all City liaisons: the DCM/CFO, City Manager's Office, and the City Official responsible for environmental issues, the Chief Corporate Officer.

### **Article 9: Records and Information:**

#### 9.1 Maintenance of Records:

At TAF's request and Council's agreement<sup>16</sup>, the City maintains custody and control of TAF's records. These records are retained and preserved in accordance with the City's records retention by-law. These records shall be made available for inspection on request, subject to the provisions of the *COTA*.

#### 9.2 City Requests for Information:

9.2.1 TAF shall provide the City with any information that Council, the City Clerk, acting on behalf of Council, the City Manager or the Deputy City Manager/CFO requests relating to the operations, business and affairs of TAF.

9.2.2 TAF shall provide individual City Councillors with timely information about programs and activities in their wards.

#### 9.3 City Access to Records and Information:

The City Manager, the Deputy City Manager/CFO, Auditor General or their delegates shall have unrestricted access to the books and records of TAF during normal business hours. Such representatives shall treat all confidential information of TAF with the same level of care and confidentiality as it treats confidential information of the City.

<sup>14</sup> *City Council, September 22,23,24 and 25, 2003 (Policy and Finance Committee Report 9, Clause 15)*

<sup>15</sup> *City Council, September 22,23,24 and 25, 2003 (Policy and Finance Committee Report 9, Clause 15)*

<sup>16</sup> *City Council on June 3, 1993, Executive Committee Report 10, clause 16.*

## **Article 10: Policies and Procedures:**

### 10.1 Applicability:

The *TAF Act* confirms the City's authority to direct TAF's compliance with City policies from time to time. These may include, but are not limited to, policies concerning the conduct of Board members and staff, conflict of interest, confidentiality, employment equity, human rights and harassment, and lobbyist disclosure.

### 10.2 Compliance:

The TAF Board, through the Executive Director, shall ensure compliance with policies addressing the matters identified or amended by Council from time to time. In some cases, TAF may develop and comply with its own policies that are consistent with the spirit and intent of the City's policies in these matters.

### 10.3 Schedule of Policies:

The following City policies, as amended from time to time, apply to TAF:

#### 10.3.1 Code of Conduct for Members of Local Boards:

#### 10.3.2 Conflict of Interest:

The City requires that TAF develop and implement a Conflict of Interest Policy for Employees.

#### 10.3.3 Corporate Identity:

The official City corporate logo or word mark must be used when TAF uses the City logo on any visual material, publications or pamphlets.

TAF is required to acknowledge in public materials such as web sites, publications and pamphlets, TAF's relationship with the City.

#### 10.3.4 City of Toronto Grants Policy:

The Grants Policy also includes:

- (i) Access and Equity Policy and Guidelines Applicable to Recipients of Grants from the City of Toronto and its agencies.
- (ii) Policy on Political Activity.

#### 10.3.5 Employment Equity.

#### 10.3.6 Hate Activity.

#### 10.3.7 Human Rights and Harassment.

10.3.8 Investment Policy.

10.3.9 Lobbyist Disclosure Policy.

10.3.10 Procurement Policies:

TAF's procurement, including professional and consulting services, is to be conducted in compliance with City Purchasing Materials Management policies and processes.

10.3.11 Policy on Public Access and Involvement for City of Toronto Agencies.

The policy establishes minimum requirements for public access involvement in board business and decision-making, including but not limited to notice of meetings, access to agendas, minutes and other records, participation in the meetings and the development of business plans.

10.3.12 Public Representation:

The Board or TAF staff shall at all times in representing TAF on the public record, respect privacy rights, security needs, and matters before the courts. They shall identify themselves as a representative of the TAF Board, not the City, when speaking on the public record.

The Board, or the Executive Director as its delegate, shall provide the City liaison, for information purposes, with copies of materials released to the media.

10.4 Submission to City:

Policies should be filed with the City Manager.

10.5 Additional Policies:

The Board shall comply with any additional operational or administrative policies or requirements that may be established by Council from time to time and made applicable to TAF.

10.6 Review:

TAF will review policies from time to time and amend them as appropriate.

10.7 Notification:

The City shall send the Board copies of any new or amended City policy that applies to TAF for appropriate action.

## **Article 11: Financial Relationship**

11.1 Investment Framework:

The City is ultimately responsible for TAF investments as set out in the legislation; therefore assets entrusted to TAF are not to be placed outside the reach of Council.

According to the *TAF Act*, Council may at its sole discretion delegate authority for investment management functions to TAF consistent with investment guidelines as approved by Council.

Council has contracted external investment managers on behalf of TAF. The Board is responsible for providing day to day instructions to the investment managers. TAF's investments managed by external investment managers are guided by TAF's Council-approved Statement of Investment Objectives and Principles.

In developing investment objectives and policies TAF must consider the City's objectives as articulated in Section 5.2.2. The Board is expected to embrace the City's objectives and indicate the weight given to them in guiding TAF's investment activities.

Council has reinstated the authority of the City Treasurer to manage the investment of the TAF funds not immediately required for TAF's objects, pertaining to the investment of fixed income marketable securities and cash reserves, under the authority of subsections 8(4), 8(7) and 13(1) of the *TAF Act*, 2005, Section 145 of the COTA, 2006, (COTA) and Section 2 of O.Reg 589/06 under COTA.<sup>17</sup>

## 11.2 Grants Framework:

The City provides grants through various programs to assist the City in pursuing its economic, cultural, social and environmental objectives. To some extent, each grant program is customized to respond to its specific objectives. At the same time, the public should be able to expect consistent and fair treatment by the City with respect to its various grants programs.

TAF's authority to make grants and loans is granted through the *TAF Act*. The *TAF Act* outlines in broad terms bodies eligible to receive financial assistance from TAF and allows the TAF Board to:

- (i) provide funding and cooperate with other governments, industries and businesses<sup>18</sup>;
- (ii) provide financial assistance to institutions, organizations, agencies and bodies engaged in the promotion or advancement of any of TAF's objects<sup>19</sup>; and
- (iii) determine which institutions, organizations, agencies and bodies are to benefit from TAF's assistance in each year<sup>20</sup>.

<sup>17</sup> *City Council, November 27, 2012, in EX25.1, Environment and Energy Efficiency Functions.*

<sup>18</sup> *TAF Act 2005, Section 4(1)*

<sup>19</sup> *TAF Act 2005, Section 4(2)*

<sup>20</sup> *TAF Act 2005, Section 4(3)*

Based on the provisions in the *TAF Act*, TAF has the ability to provide funding in any form to almost any entity, including non-profit and for-profit organizations, and government and non-government organizations. However, Council has directed that public funds should not be given to for-profit entities; more appropriate funding mechanisms for for-profit entities include interest-bearing loans, joint initiatives and other vehicles which provide repayment to TAF.

TAF provides grants and loans to applicants that meet various criteria and guidelines, and whose goals and objectives are consistent with those of TAF. The screening process for grants involves the review and consideration of applications by TAF staff and TAF's Grants and Loans Committee. Recommended applications are forwarded to the TAF Board for final consideration and approval.

Generally, under the provisions of the *TAF Act*, City Council approval of the grants and loans is not required unless the proposed grants and loans extend over the term of the current Council. Council has established the following guidelines for TAF's grants program:

- 11.2.1 The total amount of grants approved by the Board for a particular year is limited to the approved budgeted amount, plus any unspent grant resources from previous years.
- 11.2.2 TAF will seek, wherever possible, to leverage its grants by promoting involvement of other funding partners.
- 11.2.3 TAF's grants will focus on projects providing direct benefits to the City. Involvement with international initiatives may only be considered for funding when benefit to the City can be demonstrated, and is consistent with the stated objectives of TAF as set out in the *TAF Act*.
- 11.2.4 Other governments or their agencies are not eligible to receive TAF grants or loans, and private for-profit entities are not eligible to receive TAF grants.
- 11.2.5 The Board may expend funds on projects in the Greater Toronto Area from grants or allocations TAF receives from the Ontario Power Authority, or other bodies, for this purpose. Revenue TAF receives from its endowment will continue to be expended solely on projects that benefit the City, and such funds will be segregated from any other funds designated for projects throughout the GTA, which includes Toronto.
- 11.2.6 TAF will endeavour to support projects which promote job creation and wealth creation.
- 11.2.7 TAF will engage in educational and promotional projects to allow public participation in local solutions to a global problem.

TAF staff participates with City grants staff on the Toronto Grants Coordinating Committee. This improves coordination, and provides different grants programs with the opportunity to align values and principles.

### 11.3 Loans:

11.3.1 TAF lends money to organizations, for initiatives that support TAF's mandate. TAF also provides a line of credit to organizations, and guarantees and secures loans to assist organizations in obtaining financing for projects. Any default on these transactions become expenditures of TAF and could compromise the \$23 million endowment. Council must approve any loans, guarantees or security on loans or lines of credit greater than \$2 million<sup>21</sup>.

## **Article 12: Reporting, Communication and Approvals:**

### 12.1 Council Relations:

Council maintains a relationship with TAF through the following mechanisms:

- (i) appointment of Councillors as Board Members;
- (ii) appointment of Citizen Board Members;
- (iii) monitoring performance, policy and legislative compliance; and
- (iv) approval of TAF's business plan, investment policies and annual budget.

### 12.2 Functional Liaisons:

TAF has three distinct relationships and designated liaisons with City divisions.

One is related to the management and accountability of the endowment fund. The Deputy City Manager/Chief Financial Officer is the designated administrative liaison with the TAF Board for financial coordination and monitoring purposes.

With respect to governance, administrative policy and legislative issues pertaining to TAF, the City Manager is the designated liaison.

The third relationship concerns environmental issues. TAF makes financial contributions towards City initiatives related to Green House Gas, emission reductions and energy conservation.

#### 12.2.1 Governance Liaison:

The City Manager is the Governance Liaison and policy liaison for TAF and has several specific obligations. The role includes:

- (i) policy and procedure development support to TAF to ensure compliance with Council directives;
- (ii) advice to Council regarding TAF governance structure and policy matters including legislation, the Municipal Code and the Relationship Framework.

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<sup>21</sup> *City Council on July 16,17,18,19, 2007in EX10.13Council-approved SIOP 2007; and Council in EX25.1, Part 3.b.ii.4., November 27, 2012.*



### 12.2.2 Administrative and Financial Liaison:

The DCM/CFO as the administrative and financial liaison for TAF has several specific obligations. The role includes:

- (i) monitoring and review of Investment Performance and benchmarks;
- (ii) monitoring and review of TAF's investment performance less the costs of external investment management and advice compared to City investment performance;
- (iii) provision of advice to Council on financial proposals put forward by TAF;
- (iv) periodic review of TAF Investment Policies to ensure the City's Investment objectives have been incorporated;
- (v) periodic review of TAF's investment portfolio to ensure compliance with Council approved investment policies; and

The *TAF Act* expressly states that the DCM/CFO (as the City Treasurer) shall ensure that TAF's money is managed and invested in accordance with the investment guidelines<sup>22</sup> established by Council<sup>23</sup> and with specific investment instructions issued by the TAF Board, in so far as those instructions are consistent with the investment guidelines.

External investment advisors and managers contracted by the City on behalf of TAF shall provide quarterly performance reports to the DCM/CFO.

The DCM/CFO will receive all TAF reports required by Council, including those set out in section 12 as well as other materials directed from time to time by Council.

The DCM/CFO will review these reports, assess any impact they may have on City stakeholders, and forward them to Council along with a cover report providing an analysis of the data provided by TAF, along with any recommendation regarding actions or decisions that may be required by Council as a result of the analysis.

The DCM/CFO may forward reports from TAF to any standing committee of Council that may be appropriate based on the content or subject being reported.

The DCM/CFO or designate may participate in an advisory capacity to TAF's Investment Committee.

### 12.2.3 Environmental Liaison:

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<sup>22</sup> *TAF Act 2005, Section 8.4*

<sup>23</sup> *TAF Act 2005, Section 8.3*

Reports relevant to TAF's environmental priorities such as the TAF Strategic Plan and the Operational Plan must be provided by TAF to the City Official responsible for environmental issues, the Chief Corporate Officer, in addition to reports submitted to the DCM/CFO.

### 12.3 Approvals and Decisions of the City:

TAF must submit any matters requiring the approval of Council through the appropriate liaison, for a review to determine any impacts on the City.

The liaison will submit the appropriate TAF reports, along with an analysis of the impact to the City, to Council.

### 12.4 Fiscal Year:

TAF's fiscal year begins on January 1 in each year and ends on December 31 of that year<sup>24</sup>.

### 12.5 Business Plan:

Each year, together with its annual operating and capital budget submission, the Board shall approve and submit to the DCM/CFO a Business Plan for the next three (3) fiscal years. After the first Business Plan, the Board shall prepare its annual Business Plan in a manner that allows for year-to-year comparisons. TAF shall carry on its business and operations in accordance with the Business Plan, which shall include, in respect of the period covered in such plan:

- (i) business issues that need to be addressed or challenges expected in future including a projection of the service levels compared to projected demand;
- (ii) the strategic direction for the coming three (3) years;
- (iii) any proposed new programs and policy directions;
- (iv) operational plans, including human resource and financial implications;
- (v) asset management and capital plans;
- (vi) the projected annual revenues for each fiscal year during the term of the Business Plan;
- (vii) any material variances in the projected ability of TAF to meet or continue to meet the objectives and principles of the City set out in Article 5; and
- (viii) any material variances from the Business Plan then in effect.

### 12.6 Budget:

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<sup>24</sup> TAF Act 2005

- 12.6.1 TAF's annual budget, as approved by its Board, is submitted for review and approval<sup>25</sup> through Council's budget process.
- 12.6.2 The Budget submission is to follow the instructions and guidelines as indicated in the most current City of Toronto Operating Budget Submission, Guidelines and Instructions Manual. The submission material is to be provided in both hard copy and electronically by the submission deadline as outlined in the Manual with an accompanying transmittal letter and checklist signed by the TAF's Executive Director.
- 12.7 Annual Report and Audited Annual Financial Statements, and other information:
- 12.7.1 The Board shall submit to the CFO the Audited Annual Financial Statements of the Board that have been audited by the auditor within three months after December 31 of each year for inclusion in the City's consolidated financial statements.
- 12.7.2 The audited financial statements shall also be submitted to the Auditor General's Office within three months of year-end (December 31), for submission to and consideration of the Audit Committee.
- 12.7.3 The Board shall provide information to the City Manager of any subsidiaries, joint ventures or equity interest conducted by the agency.
- 12.7.4 The Board shall submit an annual report to Council, through the Deputy City Manager/CFO within three months of year-end (December 31). The information required in TAF's annual report is:
- (i) Mandate Related Achievements:
    - (a) Overview of programs, projects and activities;
    - (b) Mandate-related performance measures;
    - (c) Financial contributions allocated to City initiatives with approval and disbursement dates;
    - (d) Community Grant information; including a summary of all financial contributions allocated with approval and disbursement dates;
    - (e) Loan information, a summary of all mandate-related loans allocated and interest revenue earned on loans;
    - (f) Such explanations, notes and information as are required to summarize and explain annual material financial variances in actual results from operations and the budgeted amounts set forth in the then current Business Plan, and any significant deviation from the projected ability of TAF to meet or continue to meet the objectives of the City; and
    - (g) Projected objectives and priorities for the coming year.
  - (ii) Fund Management:

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<sup>25</sup> City Council on October 26 and 27, 1999

- (a) Investment and Fund Performance benchmarks;
  - (b) Investment and Fund Performance analysis that compares investment earnings (excluding loan interest) net of the cost of external investment advisers, to the earnings that would have resulted if TAF funds had been invested by the City within City investment rules. This measures the value added of investing in accordance with the *Trustee Act*.
  - (c) Other measures required by the Deputy City Manager/CFO and/or Auditor General from time to time; and
  - (d) Demonstration of Investment Policy and legislative compliance in accordance with 12.9.
- (iii) Administrative Management:
- (a) Administrative performance measures;
  - (b) information, both quantitative and qualitative, regarding the performance of TAF such that the City can determine that the obligations set out in this relationship framework have been complied with;
  - (c) information that is likely to materially affect the City's objectives;
  - (d) summary of consulting expenditures, including the name of the individual or organization, service or deliverable provided and the amount of the contract;
  - (e) Statement of Policy Compliance i.e. corporate grants policy, conflict of interest, investment policy, public accessibility policy, purchasing etc.; and
  - (f) Operating Budget projections/request for coming year;
- (iv) any such additional information as the City may specify from time to time.

Following submission of each report, the Members shall make themselves available, if requested, to meet with Council or the appropriate committee of Council, or both to discuss the report.

## 12.8 Financial Statements:

12.8.1 Financial statements shall be prepared in accordance with the *Corporations Act* and with Generally Accepted Accounting Principles for Canadian municipalities and audit standards.

- 12.8.2 TAF is required to continue to submit quarterly variance reports to the Deputy City Manager/CFO to the attention of the Manager, Financial Reporting and Accounting Services.
- 12.8.3 The Toronto Atmospheric Fund shall disclose individual executive compensation in a confidential report to City Council through the City Manager as permitted by law, in a form and at a time satisfactory to the City Manager.
- 12.9 Audit:
- 12.9.1 Council shall appoint a licensed public accountant as the auditor of TAF, as per Section 9.1 of the *TAF Act*.
- 12.9.2 The Auditor General, in consultation with TAF, is responsible for selecting and recommending an external auditor for TAF to Council<sup>26</sup>.
- 12.9.3 The *TAF Act* restricts the following persons from appointment as TAF's auditor:
- (i) a director, officer, or employee of TAF or CAP;
  - (ii) a director, officer, or employee of the City or any of its agencies, or Corporations;
  - (iii) a director, officer, or employee of a partner or co-venture partner of TAF or CAP; and
  - (iv) a partner, employee or employer of the aforementioned.
- 12.9.4 If no auditor is appointed by Council by the end of TAF's fiscal year, TAF's Board may appoint a licensed public accountant as the auditor for TAF for that fiscal year.
- 12.9.5 Based on the provisions of the *TAF Act*, as may be amended from time to time, the Board shall ensure that the books and records of the fund are audited each fiscal year.
- 12.9.6 Annual audits shall be conducted in accordance with generally accepted audit standards.
- 12.9.7 Council may establish policies and procedures, as in its sole discretion it considers advisable, governing the scope, conduct, timing and reporting of audits, as provided by the *TAF Act*.
- 12.9.8 According to the Protocol Relating to Financial Statements and Management Letters for Agencies, the Board, subsequent to approval and review, are required to submit to the CFO who then submits to the Audit Committee for information purposes, a copy of the audited financial statements and management letter. A management response should be appended to the management letter.

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<sup>26</sup> ref AOCC RF and TAF's concerns

12.9.9 The City, through the Deputy City Manager/CFO, Auditor General, Internal Auditor or their delegates, reserves the right to review and/or audit TAF's financial records.

12.9.10 The Board and TAF staff will be required to review and respond to recommendations arising from any future review by the City's Deputy City Manager / CFO, Auditor General or Internal Auditor.

**Article 13: Conflict:**

13.1 Event of Conflict:

If there is any inconsistency among various provisions of this relationship framework, Council's most recent decision shall prevail. If in the opinion of the City Solicitor, there is an inconsistency or conflict between the provisions of this relationship framework and provincial or federal legislation, provincial or federal legislation shall prevail.

**Article 14: Amendments:**

14.1 Amendments to Relationship Framework:

From time to time Council may direct changes to this Relationship Framework, and the City Manager or the Board may also request that Council consider changes to the Framework. TAF will submit any requests for changes to this Relationship Framework to the City Manager.