



REPORT FOR INFORMATION

Chief Executive Officer's Report

Date: June 26, 2019
To: Toronto Atmospheric Fund Board of Directors
From: Chief Executive Officer

GOVERNANCE AND ORGANIZATIONAL MATTERS

Board and Committee Membership

This will be the final Board meeting for Sandra Odendahl and Jason Kotler, who have served two full terms and are not eligible for re-appointment. We are fortunate that they will both continue to contribute to TAF's mandate through participation on the Grants and Programs and Investment Committees respectively. Please join me in thanking Sandra and Jason for their significant contributions to The Atmospheric Fund's impact.

The Civic Appointments process is currently underway. A short-list of candidates has been interviewed by a City staff panel, and recommendations will be made to fill three positions at City Council's July 18/19 meeting.

After four years of leadership, Corey Diamond has stepped down as Chair of the Grants and Programs Committee; he will continue to participate as a member of the Committee. Each of our Committees must be Chaired by a member of the TAF Board. Antoine Belaieff, who has been a member of the Committee for four years, has taken over as the Chair.

Board Composition

At the TAF Board's request, via the City Manager's office, at their meeting June 18/19, 2019, City Council amended the composition of the TAF's Board of Directors, specifically adding one additional public member which would result in an 11-member Board made of the Mayor or Council-Member designate, two Council Members and eight public members, and allowing one of the public members to be a non-Toronto resident that resides in the Greater Toronto and Hamilton area.

Staff and Organizational News

Ian Klesmer is on parental leave, returning October. Diana Yoon is on a personal leave until November. Ekaterina (EK) Tzekova and Maryam Shekarrizfard are extending their parental leaves until November and July respectively. In fact, we have six staff on leave out of a complement of 17. While we have some excellent interim capacity in place, the team is feeling the workload, and a plan for staffing up is in development. The Impact Investing team will be posting a new position soon focused on attracting co-investors.

Grants Deadline Change

Due to limited internal capacity to cultivate new granting opportunities and review and evaluate grant proposals, we have shifted the deadline for the final intake to November 15 (formerly September 6) with a Board decision in February 2020

Enhancement of TAF's Endowment

TAF hosted a news conference on June 27 at which the federal government formally announced the \$40 million contribution to TAF's endowment, with Federation of Canadian Municipalities (FCM) in attendance.

The seven Low Carbon Cities Canada (LC3) centres have established a Memorandum of Understanding for the purpose of collaboratively negotiating agreements with FCM's Green Municipal Fund (GMF) related to the transfer and use of the federal funds approved in the March Budget. A lawyer has been engaged by the LC3 network to assist in this process which will include start with development of a Term Sheet, followed by drafting of a template contribution agreement.

Each of the seven centres can then finalize negotiation of their individual agreements with GMF reflecting any locally-relevant terms; for instance, ours will be a tri-partite agreement with GMF/TAF/City of Toronto. Endowment funds would only be received once key governance and local capacity conditions are met. We anticipate TAF will be the first to advance. Ideally, we can bring an agreement to the TAF Board meeting to be held November 8 and to Council for its meeting of December 17.

Business/Strategic Plan for Direct Investments

On June 5, 2019 TAF convened members of its Investment Committee, other investment professionals and staff to assist TAF in refining a Business Plan for our Direct Investments. The priority is on investments that can accelerate the commercialization/adoption of low-carbon solutions, in keeping with TAF's new Theory of Change and recently-approved Strategic Directions which put an emphasis on accelerating the pace of scaling adoption of proven solutions (generally referred to as commercialization) and shifting away from demonstration. A new plan is also needed given TAF's endowment will nearly double. In addition, the six Low Carbon Cities Canada centres will have up to \$90 million for direct investment and are looking to TAF for guidance; together we can have significant impact in influencing and mobilizing investments made by other market players. Several action items emerged from the session including: tighter framing of the investment thesis and 'strike zone' to attract investees and co-investors, targeted communications, some governance changes, and additional capacity given increasing volume, potentially in collaboration with the LC3 network. Staff are working with the Investment Committee and advisors to put this into play.

Legal Services Procurement

A Request for Proposal for the provision of corporate legal services was issued by the City's Purchasing and Materials Management Division (PMMD) on May 15, 2019. TAF's current Solicitor was appointed by City Legal at inception in 1991. This was identified by the Auditor General as a potential risk area given the level of spending without formal a procurement for these services. While somewhat delayed, the review and evaluation process is now underway and we anticipate awarding a contract early August. The selected firm will be contracted to exclusively provide services as TAF's

Corporate Counsel/Solicitor on an as needed basis for a term of three years (3), with the option to renew for one (1) separate two (2) year period.

Compliance with Transfer Payment Agreement

This confirms that TAF is in compliance with the terms of the Transfer Payment Agreement with the Province of Ontario.

STRATEGIC PROGRAMS

TowerWise

A new paper, "[Improving Indoor Environmental Quality in Multi-Unit Residential Buildings](#)", documents the results of a three-year study on the Indoor Environmental Quality (IEQ) benefits associated with the retrofit of seven Toronto Community Housing buildings encompassing 1,212 households. TAF partnered with TCH, the University of Toronto, and Health Canada to undertake 320 pre and post-retrofit surveys and three years of data collection accounting for 31 million datapoints. We found that energy-efficiency measures not only save money and reduce carbon emissions -- \$502,000 and 895 tonnes CO₂eq annually in this project -- but also significantly improve the indoor environment for residents by improving thermal comfort and increasing ventilation. Similar analysis is underway with residents of another building including establishing pre-retrofit baselines for comfort and health, installation of IEQ monitoring equipment in a sample of households, and using the data collected to assess effectiveness of the retrofit in improving IEQ and other benefits.

TAF (with TCHC) undertook an RFP and selected Ecosystem Energy Services Inc. as the integrated project delivery partner for the retrofit of Toronto Community Housing's 66 Walpole site. This Accelerating Deep Energy Retrofit (ADER) project involves the installation of highly efficient air-source heat pumps for heating and cooling and targets energy and emission reductions of 40 per cent. Design workshops have already begun, and construction is expected to start in September.

Policy Development

The next phase of TAF's engagement on Canada's emerging Clean Fuel Standard (CFS) focuses on electrification of heating. Working with other stakeholders and supported by Delphi Consulting Group, we are developing recommendations for the gaseous fuel stream, ie: renewable natural gas.

Working with Efficiency Canada, The Canada Green Building Council, and the City of Toronto's Environment & Energy Division, TAF has commented on Phase 1 of the Ontario Energy Board's Demand Side Management Framework for Natural Gas Distributors consultation. These focus on ensuring that all cost-effective conservation is integrated into the principles, objectives, and scope of the framework.

TAF's made specific recommendations to the City of Toronto's General Government and Licensing Committee on the proposed update of the Vehicle-for-Hire bylaw for maintaining and enhancing the existing low-emissions standards for taxicabs and extending them across the vehicle-for-hire industry.

Impact Investing

Our pipeline of potential transactions continues to build with opportunities in both the transportation and building sectors being investigated. The updated screening material on TAF's website has reduced the number of enquiries that don't fit our risk profile, and increased direct engagement and conference presentations are yielding most opportunities; this will be supported by better marketing materials soon. Two approved investments are moving to completion -- one expected to close mid-July and the other in late November.

TAF's methodology for quantifying the financial impact of our grants, programs and investments is being refined with a focus on: the direct investment TAF makes, the follow-on and co-investment we attract, and the potential for mobilization of financial capital at-scale. Our methodology has many similarities to the World Bank model. A financial mobilization KPI will complement the GHG reduction KPI, and the evolving co-benefits KPI(s), help our internal due diligence and decision-making, guide potential investees' analysis, and support communication of the value proposition and opportunities.

Communications

TAF launched a refreshed website in April, in time for the reception following the last board meeting. Changes were made to the site to improve the visitor experience.

Leveraging Co-Benefits and Supporting Partnership

TAF staff provided input into the development of the next phase of the City of Toronto TransformTO plan, providing detailed written comment around opportunities to advance towards achievement of City of Toronto targets and seeking to understand how to best support this process. TAF was also invited to co-design and lead a partnership review process for the Peel Community Climate Change Partnership between municipal and conservation authority members, in session undertaken in Brampton on June 11.

TAF has worked with the City of Toronto's Environment and Energy Division on developing co-benefits quantification methodologies. There are a wide range of stakeholder increasingly interested in impact quantification and we considering ways to collaborate and advance knowledge in this area.

TAF is participating as a collaborator/mentor in the Youth Challenge International Climate Action Catalyst initiative which is bringing together youth leadership to tackle climate solutions in the Greater Toronto and Hamilton Area. On June 17, TAF attended a workshop in Hamilton hosted by McMaster University and the Chamber of Commerce and attended by over 20 representatives of 10 different community organizations. The session provided information about the need for partnership brokering training and resulted in an invitation to host a full four-day training session in the City of Hamilton in fall of 2019.

Updates from Completed Grants

MaRS – Deploying Shared Mobility in the GTHA (Part II) \$58,000 over one year

On April 21, 2017 TAF approved grant funding of \$40,000 over five months for MaRS Discovery District (MaRS) to initiate and create a robust framework for pilot deployment selection and evaluation for the GTHA and facilitate stakeholder mobilization on shared mobility, and allow MaRS to complete the design of at least to projects.

MaRS worked with the City of Vaughan and other stakeholders to design a shared mobility pilot to address significant local congestion around access to the two local GO stations that will proceed subject to the outcome of a feasibility study. MaRS also worked with the Canadian Red Cross (Ontario Region) to explore how shared mobility innovation could apply to transportation service delivery for seniors in the City of Hamilton, focused on transitioning from a capital and resource-intensive vehicle fleet service to more dynamic shared mobility solution that could reduce environmental impact and social isolation. A 6-month pilot will be initiated once funding is confirmed.

Partnerships with two other organizations did not result in pilots, and the lessons from those will be captured, including that the time and effort required to execute agreements, identify associated stakeholder roles and responsibilities, and specify pilot configurations for deployment proved to be greater than initially anticipated. MaRS is exploring sources of public and private funding to supports its continued involvement in the shared mobility file.

Pembina Institute – Piloting a Neighbourhood Freight Forum in Toronto - \$75,000 (reduced from \$188,800) over three years

The initial goal of this project was to partner with the Duke Heights Business Improvement Area (BIA) to establish a Neighbourhood Freight Forum (NFF) bringing together representatives from the 2,500 businesses and local freight service providers to discuss local delivery challenges and develop strategies to address them. It was hoped that the experiences from this three-year pilot project would help to establish best practices and inform the development of a framework for creating NFFs across Toronto.

Through the process the BIA members identified multi-sectoral collaboration as a key to enhance policy effectiveness and tactical efforts to achieve meaningful results, and also that freight policy is most effectively undertaken at the regional and city scale, not at the neighbourhood level. Given these insights, the project team proposed terminating the NFF early and instead leveraging the relationships and learnings from it to: 1) Participate in relevant policy windows related to local goods movement including the City of Toronto's Finch West Goods movement and Keele Finch Plus studies, and 2) capitalize on the expertise of the Project Advisory Group to build consensus on City-level freight policies and communicate those findings to key decision makers and through relevant consultations including the City Freight / Goods Movement strategy.

Reflecting the reduced project scope and timeline, TAF and Pembina mutually agreed to reduce the project budget from \$188,800 to \$75,000. The updated deliverables have been fulfilled and the project is now complete.

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SIGNATURE

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