



REPORT FOR INFORMATION

Chief Executive Officer's Report

Date: May 7, 2020
 To: Toronto Atmospheric Fund Board of Directors
 From: Chief Executive Officer

GOVERNANCE AND ORGANIZATIONAL MATTERS

Covid-19 implications and strategy

Our senior management team has been meeting weekly to track the impact and make adjustments to programs, operations and finances in response to the current situation. We've discussed implications with the relevant Committees and received very useful feedback. Cashflow analysis is being undertaken monthly to maintain a watchful eye on expenses and revenues, which will allow us to pivot as needed. The full staff team is being engaged in the process and informed as changes are rolled out.

The endowment has weathered the market turmoil better than average, mainly because it is fossil fuel free. Notwithstanding some rebound in April, volatility remains likely and the aim is to avoid redemptions. However, a key consideration is cash availability which, by using all of our Line of Credit (\$3.1M), deferring some expenses (more below), and receiving all expected payments from investees and partners, is adequate until July, at which point we have significant Direct Investment advances contemplated. Receiving the Federal endowment as planned in Q3 would be of great benefit. Our external funding goal has been doubled to \$1 million and requests are in process which could offset some planned program and core expenses including related to a retrofit 'concierge', an EV charging 'concierge' and a deep retrofit involving heat pumps. More detail on liquidity options in Item #8.

We have not contemplated any layoffs or reduction of hours for either permanent staff (13) or employment contracts (8) at this point. We have determined that TAF's CRA status as a "municipal corporation" makes us ineligible for federal wage subsidies. Planned hiring of four contract positions budgeted via Program Allocations has been suspended (\$278K spread over the year). Two of these will be replaced by re-deploying some current staff as some of their current functions cannot be undertaken. The Climate Finance Advisor role aims to help helping GTHA proponents secure federal funding announced in last year's budget, and potentially new stimulus funding. Tracy Haynes, Manager, Investor Partnerships and Evan Wiseman, Climate Policy Manager, will focus on identifying key sources of government and private financing; Diana Yoon, Regional Outreach Lead will help identify relevant projects; and Mary Pickering, VP-Strategy & Partnerships will support project development as well as coordinate the team. Some of the key functions of a planned Administrative Assistant including supporting impact investing documentation, outreach and reporting will be handled by Jaime Klein.

Some Grant advances may be delayed as grantees re-organize their workplans but the total will likely remain the same (\$1.4M). We anticipate high demand for grants this year and feel this is not the time to be reducing support to the community, although some adjustment of priorities may be warranted, for instance a focus on low-carbon recovery.

Board and Committee Membership

Due to a move outside Toronto and the GTHA, Laurel Atkinson will be resigning from the Board effective June 1. While a short tenure, her commitment to climate action and expertise in grant making and community engagement will be missed. Please join me in thanking Laurel for her contribution to TAF's mandate.

Staff and Organizational News

Robert Wotten joined the TAF team in February as Director of Finance. Rob has over 30 years of experience managing financial operations and accounting responsibilities across a range of sectors and organizations including health and automotive. He is a member of TAF's senior management team, and is responsible for ensuring cross-team financial management, oversight of TAF cashflow and financial reporting, liaison with Auditors and Audit Committees.

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. Our 2019 Annual Report was presented and provided to the Ministry of Municipal Affairs.

STRATEGIC PROGRAMS

TowerWise

Covid-19 has had an impact on our retrofit projects. Work on the retrofit of Toronto Community Housing's 66 Walpole site (120 suites, \$2.7M project) is 90% complete but has been suspended due to Covid-19 safety concerns. Work inside suites will resume as soon as all parties agree it is safe to do so -- our primary consideration is the safety of residents, site staff, and workers.

Conversations are underway with numerous building owners regarding future retrofit work. An agreement with Toronto Community Housing (TCH) to undertake a deep energy retrofit of a 174-unit site is being finalized; design work will begin soon. Another site would involve a deep energy retrofit featuring a new grid-connected heat pump which uses thermal storage to avoid peak electricity consumption. We are seeking funding from Independent Electricity System Operator (IESO) to support the technology demonstration which has implications for emission reductions, the future "smart grid," and improving the business case for deep energy retrofits

A webinar held in March on "Developing energy retrofit programs for scale" attracted over 100 attendees. It provided an overview of some of TAF's recent retrofit projects and recommendations for successful retrofit programs based on TAF's 10+ years of experience with retrofits and retrofit programming. A short [follow-up video](#) highlighting key concepts from the webinar was produced.

TAF's next phase of TowerWise work is focused on accelerating and scaling retrofits. This is especially relevant in the context of ensuring that economic stimulus programs are aligned with climate objectives. Specifically, we are advancing a concierge-like service which, recognizing the many barriers and complexities, would provide an independent, third-party service to assist building owners in planning, financing, undertaking and maintaining retrofits, especially deep, multi-measure retrofits. This was profiled in a well-received [blog – Investing in retrofits is not longer an “if”...here’s the “how”](#). Our proposal and funding request has been shared with various federal departments and foundations. Discussions are underway with Energiesprong (a Dutch organization focused on scaling retrofits), several US-based organizations who have similar services, and other key advisors. TAF's direct implementation would focus initially on multi-unit residential buildings in the GTHA, and would explore opportunities for scaling and transferring the concept to other market segments and locations.

Two new comprehensive case studies of completed retrofits have been published: [Hospital Workers Co-operative](#) and [Perth Avenue Housing Co-operative](#). Both demonstrate that retrofits can provide a compelling return on investment while reducing emissions, improving comfort for residents, and generating good local jobs.

Climate Policy

While government's immediate focus is on relief, significant effort is being dedicated to ensuring that subsequent investments in stimulus/recovery which are now being designed will support transition to a low carbon economy rather than business as usual. TAF is working with a range of stakeholders, not limited to the 'environmental' sector, to craft multi-solving recommendations that reduce carbon, enhance health and resilience, and create short-term and sustainable employment. Indeed, as experiences a diverse as TransformTO and the European 'green deal' demonstrate, there is very little chance that programs that simply reduce carbon will gain traction or have lasting impact. TAF is participating in various conversations and collaborations to formulate and advance a package of stimulus recommendations including with a dozen clean energy organizations, Corporate Knights, and an integrated social/economic/environmental initiative led by Tamarack Institute.

TAF continues to advocate for an effective federal Clean Fuel Standard, in collaboration with a diverse array of stakeholders organized as the CFS-Advocates (CFSA). The timing and stringency of the CFS has been increasingly uncertain as a result of the current severe downturn in Canada's oil and gas sector. TAF worked with the CFSA to prepare a joint letter to the federal government emphasizing the importance of proceeding with a strong CFS to achieving Canada's emissions targets as well as stimulating investment in the low carbon economy.

As current electricity and gas conservation frameworks expire at the end of 2020, TAF continues to work with stakeholders to advocate for all cost effective⁴ conservation in new multi-year frameworks. The Ontario Energy Board has decided to extend the current gas conservation framework for one year to allow more time for development of a new framework. There is continuing concern that Ontario's remaining electricity conservation programs expire in December with no material progress made towards an extension or replacement framework. TAF has met with the IESO and provincial officials to express this concern and has worked with Efficiency Canada to prepare a joint letter

signed by over 60 organizations advocating for the extension and renewal of Ontario's electricity conservation programs.

Through TAF's involvement on the Board of Electric Mobility Canada (EMC), we have recognized the strategic value of uniting NGO and EV industry players more closely in the common cause of rapidly accelerating electric vehicle (EV) penetration in Canada. To this end, TAF convened an initial group of thought leaders from civil society and the EV sector in January to co-develop a strategy for accelerating the electrification of personal mobility. The group has now convened three times, and is continuing to refine its strategy with the goal of presenting it to major funders and partners by the beginning of summer.

Impact Investing

Significant improvements to internal processes and how we engage the market have been made this quarter; Tracy Haynes who has now been at TAF for six months is key to these outcomes. A major governance change is also advancing (Item #X) which will support scaling our Direct Investment portfolio. Led by Iryna Halubkova, Manager, Impact Investing whose networking skills are beginning to pay dividends, a significant pipeline of new Direct Investment opportunities has been assembled. Next efforts will focus on trade associations to uncover investment-ready technologies that have been proven elsewhere and could easily be adapted to our market.

Each of our Direct Investments is being diligently stress-tested to understand how they will perform given current challenges. Overall, we are comfortable with the health of our portfolio and will continue to maintain a watchful stance and close communication with investees. Item 9 provides further analysis.

Communications

TAF communication is focused on disseminating compelling key messages for a green recovery. Working in collaboration with the policy team and other diverse organizations, we're advocating policy recommendations for lasting low-carbon solutions that will stimulate the economy and build resilience. We are creating our own content through a [blog series](#) on green recovery, and amplifying our allies' messages through joint policy submissions, social media, and our newsletter. TAF experts have made recent appearances on webinars and podcasts via Corporate Knights, Environmental Defence, and First Policy Response.

Updates from Completed Grants

MaRS - Designing a MaRS Building Innovation Adoption Accelerator - \$24,750 over two months

The objective of this grant was to design the Building Innovation Adoption Accelerator (BIAA) program for the commercial real estate market in the GTHA that would accelerate the adoption of Class B and C building retrofits, encourage the use of innovative retrofit technology, and reduce GHG emissions. With support from TAF, MaRS was able to convene key stakeholders representing building owners and operators, energy utilities, environmental NGOs, and the building industry. By convening stakeholders through surveys and workshops, MaRS identified key barriers (financial capacity, awareness, and internal capacity) and potential solutions to advance

retrofit opportunities. Based on these findings, MaRS developed a framework for the BIAA. MaRS intends to leverage the BIAA program framework to secure additional funding for a second phase of work which may focus on multi-family residential buildings, and will continue to engage Class B and C building representatives who expressed an interest in participating in the BIAA program once launched.

Region of Peel – Off-Peak Delivery Pilot Project – \$26,000 over six months

With this grant, the Region of Peel initiated a pilot project to shift freight deliveries throughout the Region from peak to off-peak hours. The goals of this pilot project were to mitigate congestion, improve the goods movement network, and reduce GHG emissions. The project team recruited three retail firms to participate in the off-peak delivery program over a six-month period from February to August 2019. The data collected during the off-peak period shows that average speed improved by 18.1%, emissions reduced by 10.6% to 15.0%, and no noise complaints were submitted. In summary, the project was successful in demonstrating the benefits of off-peak delivery and identified opportunities to improve the system if off-peak delivery were scaled-up across the region. In February, TAF's Board of Directors approved a grant to the Smart Freight Centre to expand the off-peak delivery pilot project to include 20 retail firms across multiple regional and single-tier municipalities. In response to the COVID-19 pandemic, the Province of Ontario recently announced legislation that will override municipal noise bylaws to allow for off-peak deliveries to occur over the next 18 months. TAF's grants team is currently working with the Smart Freight Centre and their partners to assess if and how their current grant project can be adapted to support the success of this province-wide pilot.

School for Social Entrepreneurs Ontario - Social Entrepreneurial Leaders Enabling Climate Transitions (SELECT) - \$9,675 over 24 months

This grant supported the operation of the SELECT (Social Entrepreneurial Leaders Enabling Climate Transitions) program, which is a multi-year initiative that supports grassroots leaders in underserved communities to launch locally-led climate actions. The first iteration of SELECT ran between Fall 2017-Spring 2018. Grant funding from TAF, awarded in summer of 2018, supported the launch of SELECT Cohort 2 and a reinvestment in the projects of SELECT Cohort 1. Twenty participants were selected for Cohort 2 and underwent a series of workshops and training opportunities. The grant supported the growth of the SELECT network to 45 leaders from marginalized communities and helped connect them to a broader network of professional mentors and training opportunities. The School for Social Entrepreneurs also conducted an evaluation of the program to inform the TransformTO Low-Carbon Neighbourhoods strategy, and to guide future phases of the SELECT program, which are currently under development.

TTCriders - Transit Priority: Supporting Ridership Growth on the TTC - \$91,748 over 12 months

This funding enabled TTCriders to grow and leverage support for the King Street Pilot as a means to advancing transit priority measures across Toronto on major arterial bus routes. TTCriders achieved this by engaging directly with hundreds of businesses, organizations, and transit riders through public meetings, educational materials, online discussions, and a public contest. Educational materials were distributed to more than 10,000 members of the public regarding the King Street Pilot and the Ridership Growth Strategy, and over 5,000 people signed petitions in support of both initiatives. TTCriders

also led advocacy efforts, including the publication of the Better Transit Now report, to build support for an ambitious ridership growth strategy. These efforts helped inform a new 5-Year Service Plan, which was adopted by the TTC Board and endorsed by Toronto City Council, and commits staff to exploring new transit routes, implementing service enhancement pilot programs in growth priority areas, and increasing annual service levels by 1%. Through this project, TTCriders established new relationships with transit and environmental advocacy groups across Ontario to jointly advocate for provincial transit funding, which is critical for ridership growth on municipal transit systems across the GTHA.

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SIGNATURE

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