



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Direct Investment Request - 2020 - #3

Date: July 13, 2020
To: Toronto Atmospheric Board of Directors
From: Kim Marshall, Chair, Investment Committee

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains commercial and financial information, supplied in confidence to the Toronto Atmospheric Fund, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

Approval of a direct investment is recommended which demonstrates the potential for appropriate risk-adjusted return and strong alignment with TAF's mandate. The proposed investment of up to net \$2,500,000 and gross \$3,120,000.

RECOMMENDATIONS

The Chair of TAF's Investment Committee recommends that the Toronto Atmospheric Fund Board of Directors:

1. Approve an investment of up to net \$2,500,000 and gross \$3,120,000 subject to the terms and conditions outlined by the Investment Committee at its meeting of 18 June 2020 and as set out in Confidential Attachment #1;
2. Approve, based on the final plan and energy savings estimates, the need to re-present the transaction to the Investment Committee / Board for approval prior to final commitment *only if* the final project returns to TAF fall below the outlined risk spread of 3% or the capital cost varies by greater than 5% over the net \$2,500,000 investment;
3. Direct Vice President, Impact Investing to implement the investment to the satisfaction of TAF's Solicitor; and
4. Direct that the confidential information contained in Confidential Attachment #1 remain confidential in its entirety, as it contains commercial and financial information, supplied in confidence to The Atmospheric Fund, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position

or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

None.

DECISION HISTORY

At its meeting on April 30, 2018 meeting, the TAF Board approved a loan, with an associated grant component, from the Federation of Canadian Municipalities (FCM) for the purpose of advancing TAF's Towerwise: Accelerating Deep Energy Retrofit (ADER) program. The approval is subject to a review of each associated project. (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.TA20.4>)

The Investment Committee discussed this project and investment opportunity, as described in Confidential Attachment #1, at its meeting of 18 June 2020.

COMMENTS

The proposed investment will continue TAF's work in undertaking Energy Savings Performance Agreements (ESPAs) and deepen an existing strategic relationship.

The proposed investment complies with the Asset Allocation specified in the Statement of Investment Objectives and Principles (SIOP), section 5.2. The Direct Investment maximum allocation is 60 percent of the NAV or ~\$29 million. Currently, ~\$9 million is invested and ~\$15 million is approved or committed. A remaining ~\$4 million is currently available for Direct Investment with ~\$27 million post the Government of Canada endowment contribution.

CONTACT

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SIGNATURE

Kim Marshall
Chair, Investment Committee

ATTACHMENTS

Confidential Attachment #1