TORONTO

STAFF REPORT
ACTION REQUIRED

Toronto Atmospheric Fund:
Relationship Framework Amendments

Date:	April 9, 2013
To:	Executive Committee
From:	City Manager
Wards:	**City-wide**
Reference Number:	

SUMMARY

This report recommends Council's adoption of an amended and restated Relationship Framework for the Toronto Atmospheric Fund (TAF) with respect to previous Council decisions to improve the accountability of agencies in general, to rescind the delegation of certain powers to TAF regarding governance of the Clean Air Partnership, and amendments to improve the program capacity of TAF by refocusing its grants and investment objectives.

Since there are a number of administrative and substantive amendments throughout the Relationship Framework, and the proposed document is a consolidation of various Council decisions, it is therefore recommended that Council adopt the document in its entirety as amended and restated in Attachment 1 to this report.

The Deputy City Manager and Chief Financial Officer is revising the Toronto Atmospheric Fund's Statement of Objectives and Principles in collaboration with the TAF Board, in accordance with Council's directions in EX25.1, and will submit a separate report to Council.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council adopt the amended and restated Relationship Framework between the City and the Toronto Atmospheric Fund substantially as set in out in Attachment 1 to this report in order to consolidate the decisions of Council with respect to TAF;

2. City Council direct that the Toronto Atmospheric Fund submit its Annual Report within three months of the year end (December 31) along with its required Audited Annual Financial Statements;

3. City Council direct the Board of the Toronto Atmospheric Fund to adopt amendments to the by-laws governing the conduct of the business and affairs of the agency, to reflect Council's decisions and City policies and the amended and restated Relationship Framework, and to submit those by-laws to the City Manager for submission to Council for approval, by November, 2013;

4. City Council authorize the City Manager in consultation with the City Solicitor to make any technical, stylistic or substantive changes to the Relationship Framework as may be required consistent with Council decisions; and

5. The City Solicitor be authorized to introduce to Council any bills necessary to give effect to the recommendations contained in this report.

Financial Impact

There are no financial implications from the adoption of the recommendations in this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact statement.

DECISION HISTORY

City Council in its consideration of Item EX25.1 at its meeting of November 27, 28 and 29, 2012, *Environment and Energy Efficiency Functions*, directed the City Manager in consultation with the Toronto Atmospheric Fund, to revise the Relationship Framework to reflect City Council's decisions. The report is located at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.1

At its meeting on April 12 and 13, 2011, Council considered EX4.6, *Managing Through Agencies and Corporations*, regarding agency governance structures, accountability mechanisms and policy frameworks, and authorized the City Manager to revise any and all Relationship Frameworks, policies or other documents to implement the changes as approved by Council, and further that the City Manager submit to Council for final approval any such amendments to Relationship Frameworks. This report is located at:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX4.6.

In EX4.7 considered at the meeting of April 12 and 13, 2011, *Amendments to the Public Appointments Policy*, Council also amended the composition, and selection processes and policies of agencies, including those of TAF. These amendments are reflected in the

amended and restated Relationship Framework in Attachment 1. This report can be retrieved at: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX4.7.

Council has also made a number of intervening decisions regarding agency accountability and alignment, which are now consolidated in the revised and restated Relationship Framework for TAF. These include the following decisions:

EX19.13 (Item BU23.9), before Council on May 8 and 9, 2012, *Request for Financial Information – Agencies and Corporations*, in which Council requested that agencies submit financial statements within three months of the year end, and provide information to the City Manager of any subsidiaries, joint ventures or equity interests: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX19.13;

In EX21.19, which was before Council on July 11, 12 and 13 2013, Council authorized the City Manager in Part 8 of its decision to make necessary changes to the TAF Relationship Framework to require disclosure of individual Executive compensation information to Council through the City Manager as permitted by law: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.19.

ISSUE BACKGROUND

The Toronto Atmospheric Fund was originally established in 1991 to assist the City of Toronto in meeting its goal of reducing greenhouse gas emissions. In 2000, this mandate was expanded to include the promotion of better air quality. Following a comprehensive governance review by the City in 2003, TAF was continued as a statutory corporation without share capital under the Toronto Atmospheric Fund Act, 2005, S.O. 2005, Chapter PR6, *An Act respecting the Toronto Atmospheric Fund and the Clean Air Partnership (formerly known as the Toronto Atmospheric Fund Foundation)*.

Mandate of the Toronto Atmospheric Fund

TAF's mandate is to promote global climate stabilization through the reduction of greenhouse gas emissions, air quality improvement, energy conservation and efficiency, public understanding of global warming and its implications for the urban environment, creation and preservation of carbon sinks such as Toronto's urban forest to absorb CO^2 from the air, related scientific research and technology development, and partnerships with governmental and non-governmental organizations.

TAF has undergone periodic review by the City Manager. Its Council-mandated annual contribution on behalf of the City to the Greater Toronto Clean Air Council was reviewed by the City Manager in 2010, with the finding that the regional participation fee of $100,000 should be transferred to the City as a corporate expenditure.

The governance framework of TAF was further reviewed pursuant to Committee referrals and Council directions in the context of the Service Efficiency Study of the City's energy

and environment functions, resulting in the Council decision in EX25.1. This decision amended the TAF mandate: rescindment of certain powers to TAF by reinstating 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; specified TAF's target asset mix for the purpose of its investment strategy, and rescinded TAF's involvement in the governance of the Clean Air Partnership.

The decision further removed TAF's responsibility to fund internal City projects so as to free up capital for TAF's new externally-focused mandate. This revised and restated Relationship Framework consolidates the actions of Council.

Council has also approved a number of governance changes for the City's Agencies and Corporations, including TAF, with respect to board selection and composition, financial reporting and compensation disclosure. The Council-approved changes are reflected in the amended and restated TAF Relationship Framework attached to this report.

COMMENTS

Council approved the original Relationship Framework for TAF in Clause 5 of Policy and Finance Committee Report 6, which was considered by City Council on July 25, 26 and 27, 2006. In accordance with subsequent Council decisions, this report presents a revised Relationship Framework for TAF.

New Proposed Section in the Relationship Framework:

In addition to previous Council decisions, the City Manager is further recommending that TAF be directed to submit its annual report to the City, along with its Audited Annual Financial Statements, which was not included in the Council directions of EX19.3. TAF is a corporation without share capital under special legislation and its complex financial information should be presented in the context of an annual report to the City.

Consultations

The City Manager's Office collaborated with Staff of the Toronto Atmospheric Fund and consulted with staff of the Legal Services Division, Corporate Finance, and Financial Planning in the review of the Relationship Framework and preparation of this report.

It is recommended that Council approve the revised and restated Relationship Framework between the City and the Toronto Atmospheric Fund set out in Attachment 1 to this report in order to bring the governance instrument into conformity with a series of decisions made by Council, including those contained in this report.

It is also recommended that City Council authorize the City Manager in consultation with the City Solicitor to make any technical, stylistic or substantive changes to the

Relationship Framework as may be required consistent with Council decisions, given the multiple amendments and restatement of the document.

It is further recommended that the City Solicitor be authorized to introduce to Council any bills necessary to give effect to the recommendations contained in this report.

Table of Amendments

Table 1 in Attachment 2 provides a high-level summary of the amendments to the TAF Relationship Framework which includes notable housekeeping and substantive amendments.

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SIGNATURE

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Joseph P. Pennachetti

ATTACHMENTS:

Attachment 1:	Proposed Revised and Restated Toronto Atmospheric Fund Relationship Framework
Attachment 2:	Table of Amendments to the TAF Relationship Framework