

**STAFF REPORT
ACTION REQUIRED**

Date:	January 27, 2016
To:	TAF Board of Directors
From:	Julia Langer, CEO
Re:	Enhancing TAF's Endowment

SUMMARY

On the occasion of Toronto Atmospheric Fund's 25th anniversary, TAF is exploring opportunities to enhance the endowment, providing TAF with the mandate and capacity to advance urban climate solutions beyond Toronto, leveraging Toronto's visionary investment and TAF's track-record and expertise. Having emerged from TAF's strategic planning and discussions with the Board of Directors, City colleagues and other stakeholders, the proposal now requires formal Board endorsement and the support of the City to advance potential implementation.

RECOMMENDATION

The Toronto Atmospheric Fund Board of Directors:

- a. Endorses the initiative to increase the endowment and expand TAF's mandate and to explore a name change to The Atmospheric Fund to reflect an expanded mandate, while maintaining the purpose of the original City of Toronto endowment and accountabilities to the City; and
- b. Request the City Manager's office to work with the CEO, Toronto Atmospheric Fund, under the authority of the Relationship Framework, to explore and implement mechanisms to facilitate non-City of Toronto contributions to augment TAF's endowment and the expansion of Toronto Atmospheric Fund's mandate, including any necessary amendments to the Toronto Atmospheric Fund Act, Toronto Atmospheric Fund's Relationship Framework with the City of Toronto or the establishment of other governance instruments or agreements, while maintaining the purpose of the original endowment and accountabilities to the City of Toronto.

BACKGROUND

Toronto Atmospheric Fund (TAF) was created in 1991 in recognition of the critically important role played by cities in achieving carbon reduction and cleaner air in Ontario. With a one-time endowment of \$23 million from the City of Toronto and via passage of the Toronto Atmospheric Fund Act by the Ontario Government, TAF was given the mandate and capacity to innovate, promote and invest in opportunities to reduce greenhouse gas emissions and improve air quality in Toronto. Over the 25 years

since its creation, TAF has become one of Canada's preeminent thought and action leaders in confronting and addressing climate change, and a leading-edge investor and contributor to innovative solutions that have helped reduce greenhouse gas emissions city-wide by 24% below 1990 levels.

With approximately 60% of Ontario's greenhouse gas emissions originating in cities, much more needs to be done to harness urban solutions if we are to achieve Ontario's ambitious climate protection targets. To help achieve this transformational objective, TAF aims to increase the endowment, adding \$25M to double the working capital to \$50M. A proposal has been made to the Ontario Government provide a legacy investment that would match the original endowment provided by the City of Toronto. New capital will enable TAF to expand its successful model of incubating innovative urban climate solutions into a larger and more powerful driver for helping Ontario, with a priority focus on the GTHA, reap the benefits of a low-carbon economy.

The Toronto Atmospheric Fund Act, Section 14 (2) allows TAF to accept a donation even if some portion of the benefit is for purposes outside Toronto or Ontario. Nevertheless, it may be necessary or desirable to make some amendments to the Act and related governance structures (ie: TAF/City Relationship Framework) needed to ensure accountability for TAF's current endowment from the City of Toronto, i.e., limit the spending of current funds to benefit Toronto, and establish accountability and transparency to additional contributors, and would be required for re-branding as The Atmospheric Fund to reflect a mandate beyond the City of Toronto.

DECISION HISTORY

The Toronto Atmospheric Fund Act, originally passed in 1992, was amended on June 13, 2005. The TAF Act establishes TAF as a corporation without share capital. It provides City Council with the power to appoint the Fund's Board of Directors, establish governance structures and procedures, and to delegate any of its powers to the Fund's Board of Directors. It spells out the Objects as promoting, supporting and advancing solutions to global warming and air pollution, the Powers of the Fund to receive, invest and distribution the money of the Fund, with the Fund's money resting in the custody of the City treasurer, and requirements for audit and accountabilities including under other Acts. The TAF Act limits the City's contribution to \$23 million over the lifetime of the Fund and confers the ability for TAF to accept and spend donations even for purposes outside Toronto. The 2005 amendment brought TAF under the Trustee Act with a requirement to act as a prudent investor and requires City Council to approve the investment policy.

City Council approved the City of Toronto/TAF Relationship Framework in May 2013, updating the 2006 and 2003 versions to reflect governance, accountability and other administrative and policy expectations established by Council.

CONTACT

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