



**STAFF REPORT
ACTION REQUIRED
With Confidential
Attachments**

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| Date: | July 13, 2016 |
| To: | TAF Board of Directors |
| From: | Julia Langer, CEO |
| Re: | Approval in Principle of Ontario Transfer Payment Agreement |
| Reason for Confidential Information | This report involves the security of property belonging to the City or one of its agencies, boards and commissions. |

SUMMARY

TAF and CMO staff and counterparts from the Ontario Ministry of Municipal Affairs have substantially completed negotiation of the Ontario Transfer Payment Agreement (TPA) establishing a Provincial Endowment Fund for the purposes of expanding TAF's services throughout the Greater Toronto and Hamilton Area (GTHA).

The proposed Schedule for completion of the Transfer Payment Agreement is as follows:

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| July 18 | TAF Board approval in principle (TBD) |
| August 15 | Final outstanding items negotiated |
| August 25 | CMO report to Executive Committee completed |
| Sept 22 | Executive Committee review of TPA |
| Oct 4/5 | City Council review of TPA |
| Oct 24 | TAF 25 th Anniversary Event and New Endowment Announcement (planned). |

Given the interest in deploying the Provincial resources as soon as possible, staff is requesting that the Board provide approval in principle, any additional directions on the terms of the TPA, and authorize staff to finalize the agreement and to advance a report through the City Manager's Officer for Council approval of the TPA and any other approvals required to execute the agreement.

RECOMMENDATION

It is recommended that the TAF Board of Directors:

1. Approve, in principle, the terms of the Transfer Payment Agreement substantially as summarised in confidential Attachment 1 to this report;

2. Direct TAF staff, in collaboration with the City Manager's Office, to finalize the Transfer Payment Agreement, resolving key outstanding issues in accordance with Board and City instructions;
3. Request the City Manager to seek City Council approval of the Transfer Payment Agreement and authorize TAF staff, in consultation with the City Manager's Office and City Solicitor, to have the Transfer Payment Agreement executed by authorized signing officials;
4. Request the City Manager to seek City Council approval to implement the Transfer Payment Agreement by:
 - a. Approving a Line of Credit secured by the provincial endowment once Provincial Funds are received;
 - b. Approving TAF's use and registration under the Business Names Act (Ontario) of "*The Atmospheric Fund*" as its operating name, to accommodate TAF's expanded scope to the broader GTHA; and
 - c. Making any necessary amendments to the TAF/City Relationship Framework or any other governance instruments or agreements.
5. Authorize the public release of the confidential information in Confidential Attachments 1 and 2 to this report (July 13, 2016) from the Chief Executive Officer once the Transfer Payment Agreement is signed with the Province of Ontario.

BACKGROUND

Recognizing TAF's 25-year track-record of advancing, demonstrating and de-risking innovative urban climate solutions, and how critical it is to reduce urban greenhouse gas emissions in order to achieve the Province's ambitious climate targets, the Province of Ontario committed \$17M in the 2016 Provincial Budget to establish a new endowment fund for TAF. The purpose of the new fund is to extend TAF's activities throughout the Greater Toronto and Hamilton Area.

The Ontario Ministry of Municipal Affairs (MMA) has been tasked with developing a Transfer Payment Agreement (TPA) with TAF and the City of Toronto, leveraging accountability and investment mechanisms already established through *The TAF Act*, the TAF-City of Toronto Relationship Framework, and TAF's Statement of Investment Objectives & Principles. The Ad Hoc Endowment Expansion Working Group established by the TAF Board at its meeting of February 11, 2016, has assisted the Board in formulating key positions and directed TAF and City Manager's Office staff in negotiating the TPA with counterparts in the MMA Intergovernmental Relations & Partnerships Branch.

MMA provided a draft TPA to TAF and CMO (except for Schedule D – eligible expense) on June 29. Comments from TAF, including TAF's Solicitor, were provided to CMO and then MMA on July 6, 2016. Following a presentation regarding TAF's Operating Budget and investment process, MMA provided Schedule D on July 6. TAF, CMO and MMA met on July 8, 2016 to discuss comments and identify a small number of outstanding issues, pending City Legal and CMO review.

Agreement has been reached on most matters, largely in keeping with the guiding principles and negotiating positions established by the Board at its meeting of June 3, 2016. A summary of these and progress in integrating them into the TPA is attached in Confidential Attachment 2.

A summary of the TPA with notations/comments regarding the status and implications of the terms negotiated to date and those still under negotiation is attached in Confidential Attachment 1. The TPA consists of:

- Schedule A – General Terms & Conditions
- Schedule B – Project Specific Information and Additional Provisions
- Schedule C – Project Description and Timelines
- Schedule D – Eligible Expenses
- Schedule E – Payment Plan, and
- Schedule F – Reporting.

TAF's CEO will report back to the TAF Board at its September 2016 meeting on the status of the TPA and an implementation strategy for the expanded mandate and endowment.

DECISION HISTORY

At its meeting of February 11, 2016, TAF Board of Directors established an Ad Hoc Endowment Expansion Working Group (“the Working Group”) comprised of TAF Board Chair Sandra Odendahl (Chair of the working group), Councillor Mike Layton, Councillor Justin Di Ciano and Rob Roberti. Terms of Reference for the Working Group were approved by the Board on April 28, 2016. The Board also requested the assistance of the City Manager's Office (CMO) in exploring mechanisms to facilitate non-City of Toronto contributions to augment TAF's endowment and the expansion of TAF's mandate, including any necessary amendments to the *Toronto Atmospheric Fund Act*, the TAF/City Relationship Framework or the establishment of other governance instruments or agreements, while maintaining the purpose of the original endowment and TAF's accountabilities to the City of Toronto.

The Working Group, which is supported by TAF and CMO staff, met on April 13, 2016 and then presented a report on activities and considerations to the TAF Board at its meeting of April 28, 2016. The Working Group met again on June 2, 2016 with representatives of the CMO and the CFO's Office, to develop negotiating positions for presentation at a Special Meeting of the Board on June 3, 2016. At this special meeting, the TAF Board considered Draft Terms for Negotiation of the Transfer Payment Agreement and established a set of approved principles and policies to guide final negotiation of the terms of the Agreement (see Confidential Attachment 2).

CONTACT

Julia Langer, CEO 416-392-0253 jlanger@taf.ca

CONFIDENTIAL ATTACHMENTS:

Confidential Attachment 1: Transfer Payment Agreement Annotated Summary

Confidential Attachment 2: Progress on Negotiating Positions

Staff report on Approval in Principle of Ontario TPA