



REPORT FOR INFORMATION

Chief Executive Officer's Report

Date: April 7, 2017
To: The Atmospheric Fund Board of Directors
From: Chief Executive Officer

GOVERNANCE & ORGANIZATIONAL MATTERS

Annual General Meeting

I would like to take the opportunity, on the occasion of TAF's AGM, to thank all our Board Members (who are the formal members of the organization) for your dedicated and expert support and service. Having sat on the TAF Board myself prior to joining the staff team, I appreciate the key role you play in guiding, governing and championing TAF's work, and the collegial relationship we have. While I regret not being at the AGM this year, the agenda is in capable hands.

Investment Committee membership

With the completion of the Equities Manager hiring process, Hyewon Kong and Jacoline Loewen have re-joined the Committee, having recused themselves to avoid any conflict of interest.

Grants and Programs Committee Membership

TAF has now added three new members to the Committee:

- Lucy Casacia, Vice President, Cities and Infrastructure Projects at Siemens Canada
- Andrew Dooner, Partner, Strategy at KPMG
- Mike Layton, City Councillor at City of Toronto

Ontario Endowment – Transfer Payment Agreement

The following is both an update and conveys the key deliverables required in this period for compliance with the terms and conditions of the TPA.

- **Program and Cultivation Strategy Development(due April 30, 2017):** TAF has hired a consultant to support a best practice scan regarding regional approaches to GHG reduction, and to undertake qualitative research to guide the development of TAF's regional grant cultivation strategy. This research initiative has now launched and will culminate in the development of advice to guide TAF's regional grantmaking. A report on this matter will be provided to the Province by April 30, 2017 in compliance with Section C.8.1 of the Transfer Payment Agreement.

- **Procurements:** In compliance with Section F.3.1, we summarize purchasing undertaken in each Quarter. We received very strong responses to the RFP issued to secure services to undertake research, outreach and assistance in developing our regional program and cultivation strategy. A team of Dunsky Energy Consulting and Clean Air Partnership has been selected.
- **Terms of Reference for Grants & Program Committee:** In compliance with TPA Section C.7.2, the Board approved new Terms of Reference on [February 9, 2017](#), including the requirement that between 42.5 percent and 50 percent of the Committee members have demonstrated expertise in developing and/or implementing strategies or projects which achieve regional GHG emissions in the GTHA (C.7.2); ensuring that between 42.5 percent and 50 percent of the Committee consists of members with demonstrated expertise in developing and/or implementing strategies or projects to achieve regional GHG emissions in the GTHA (C.7.3).
- **Q1 Report:** In compliance with TPA Section F.3.1, a Q1 Financial Report must be submitted by April 30, 2017. Q1 financial information will be forwarded separately this time as results were not available for this meeting's deadline.

Endowment Deployment

The paperwork has been completed and the first phase of the process of deploying the Ontario endowment and re-deploying the Toronto endowment into Equities has been initiated. With the Investment Committee's input, a more detailed strategy is being mapped out for the next phases for shifting from Fixed Income to Equities and Direct Investments. We can now publicly announce that we hired Northwest & Ethical Investments L.P. and Dimensional Funds PLC to manager a portion of TAF's Equities portfolio, along with Generation Investment Management LLP Greenchip Financial Corp

Staff news

Julie Leach, TAF's Communications Manager, is on parental leave for one year. Please join me in welcoming Tim Ehlich to the role; Tim brings a wealth of communications experience from Europe and Canada and the corporate and non-profit worlds.

On April 27, Mary Pickering participated in a symposium at University of Toronto's Munk School of Global Affairs. Mary, along with presenters from New York and Los Angeles, discussed approaches to supporting climate innovation in large North American cities. View all three presentations [here](#).

I have joined the Canada Green Building Council Industry Advisory Group, which helps shape their strategic focus and program. Bryan Purcell has been a member of the CaGBC's Toronto Chapter for several years. We have collaborated with them on key initiatives including energy reporting & benchmarking, building codes and a retrofit policy/agenda for the Pan-Canadian Climate Change Action Plan.

STRATEGIC PROGRAMS

TransformTO

TAF and the Environment and Energy Division (EED) identified a set of short-term GHG reduction strategies associated with the TransformTO initiative, which was budgeted at \$23.8M over four years. This was submitted during the 2017 Budget process and an initial \$1.6M was identified for 2017. On February 15, 2017, City Council approved \$330K to support three immediate activities:

- Hiring of a sustainability finance manager to secure additional financing resources to support Toronto's climate actions
- Incremental staffing for the Better Building Partnership to promote energy efficiency in buildings
- Delivery of the Smart Commute transportation demand management program to City of Toronto staff.

On May 4, 2017, EED and TAF will bring a TransformTO report to the Parks and Environment Committee outlining a pathway to achieve Toronto's 2050 GHG emission reduction goal. The TAF Board will receive a pre-briefing at the April 21, 2017 meeting.

Meanwhile, TAF communications staff is working with the Environment and Energy Division to promote a TransformTO social media campaign based on the modelling and research findings.

TowerWise

We have reached substantial completion on all ten of the current TowerWise Retrofit Demonstration sites, including most recently the seven Toronto Community Housing buildings. All told, TAF delivered over \$6M in capital improvements across ten buildings housing over 1,569 low income households. With state of the art energy and indoor environmental quality metering in place, these projects are generating millions of data points that we and our partners are analyzing to identify best practices and inform future programs and policies.

Our analysis of potential for conversion of electrically-heated multi-unit buildings (e-MURBs) is underway at 8 buildings, and the project has attracted significant interest from a range of stakeholders including utilities, building owners and managers, equipment manufacturers, and engineering firms. Devon Calder and Bryan Purcell have presented at several key conferences this year including the Ontario Geothermal Association Annual Conference and the IESO Energy Efficiency Innovation Conference.

The next phase of the TowerWise program will focus on achieving "deep" retrofits which achieve at least 40% energy and GHG reduction. The multi-measure retrofits we have implemented to date have been limited by our 10-year ESPA financing horizon to achieving 25-35% reduction. Deeper savings require improvements to the building envelope in addition to retrofitting the boiler/furnace, motors, lighting and water fixtures, and heat pumps can facilitate renewable source of heating/cooling and therefore longer-term financing. We are anticipating having several new grants for this work.

Impact Investing and Mobilizing Financial Capital for Low-carbon Solutions

Green banks are a major focus for both Federal and Ontario governments seeking to advance financing and environmental objectives. TAF provided comments on the draft Ontario 'green bank' legislation, and Tim Stoate has applied for a position on its Board of Directors. A [press release](#) recommending energy efficiency financing be a key focus for the Canadian Infrastructure Bank was issued in advance of the Federal Budget, and this continues to be a focus for conversations with key federal colleagues.

Efficiency Capital Corp. (ECC) has been making slow but steady progress, including advancing a new high rise and townhome complex ESPA-financed retrofit in the condominium sector, and a recently signed ESPA contract for retrofitting a residential co-operative complex consisting of 16 two-storey units. Discussions are underway regarding additional capitalization and capacity for the company, supported by a Subcommittee of the Investment Committee. A third-party evaluation of TAF's incubation of ECC has recently been completed with funding from the McConnnell Foundation; the key findings and lessons-learned will be captured and published later in the year and will be of interest to TAF and other social entrepreneurs.

As profiled in last report, TAF is seeking to grow and diversify our Direct Investment portfolio; in addition to retrofit financing we aim to invest in companies that have proven but not-necessarily commercialized goods & services that reduce urban GHG emissions. A list of about 20 opportunities are being evaluated, but we are always open to ideas and introductions; for instance, a key source of potential transactions are technologies and services that are in use and proven elsewhere but not (yet) in Canada.

COMPLIANCE

This confirms that we are in compliance with the terms of our Transfer Payment Agreement with the Province of Ontario.

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SIGNATURE

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Chief Executive Officer