



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

### Direct Investment Request (Update) - 2020 - #3.1

**Date:** January 22, 2021  
**To:** Board of Directors of the Toronto Atmospheric Fund  
**From:** Vice President, Impact Investing

#### REASON FOR CONFIDENTIAL INFORMATION

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

#### SUMMARY

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The Investment Committee recommends increasing the previously-approved investment from \$2,500,000 Net to \$2,841,800 Net (\$3,363,800 Gross). The increase is based on similar potential for risk-adjusted return and an increased potential for impact aligned with TAF's mandate.

#### RECOMMENDATIONS

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

1. Approve an investment of up to net \$2,841,800 and gross \$3,363,800 subject to the terms and conditions outlined by the Investment Committee at its meeting of 10 December 2020 and as set out in Confidential Attachment #1;
2. Direct the Vice President, Impact Investing to implement the investment to the satisfaction of TAF's Solicitor;
3. Request, via the City Manager, Council approval for the investment as it exceeds \$2,000,000; 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 significantly prejudice the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

## FINANCIAL IMPACT

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None to the City.

## DECISION HISTORY

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At its meeting April 30, 2018, 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 recommended approval of this investment at its meeting of 18 June 2020. At its meeting July 27, 2020, the TAF Board approved investment of up to \$2,500,000 Net and \$3,120,000 Gross, subject to the Conditions Precedent.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.TA8.5>)

The Investment Committee recommended approval of this revised investment, as described in Confidential Attachment #1, at its meeting on December 10, 2020.

## COMMENTS

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The proposed, revised investment will continue TAF's work in undertaking Energy Savings Performance Agreements (ESPAs) and deepen an existing strategic relationship. It complies with the Asset Allocation specified in the Statement of Investment Objectives and Principles (SIOP), specifically The Direct Investment maximum allocation of 60% of the NAV or ~\$55.2 million of which ~\$30 million remains available for Direct Investment.

As per TAF's [Relationship Framework](#) with the City of Toronto section 6.3.2, City Council approval is required for any loans, guarantees, or security on loans or lines of credit in excess of \$2 million. This threshold was established in keeping with the best practice of limiting any single investment to no more than approximately 10 percent of net asset value, which at the time was \$23 million. As TAF's NAV has increased significantly since then, this threshold should be raised, but nonetheless, City of Toronto approval is required for this transaction.

## CONTACT

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**SIGNATURE**

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Tim Stoate  
Vice President, Impact Investing

**ATTACHMENTS**

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Confidential Attachment #1