

Attachment 2 –

Summary of Proposed DRAFT City of Toronto Relationship Framework for the Toronto Atmospheric Fund (TAF)

Article	Summary
Preamble	<ul style="list-style-type: none"> • The relationship between the City and TAF is set out in the TAF Act and the Relationship Framework. <ul style="list-style-type: none"> ○ Under the <i>Toronto Atmospheric Fund Act, 2005</i> (TAF Act) TAF is a corporation without share capital composed of the members of its board of directors, with specific additional powers as set out in the <i>Corporations Act</i> (Ontario). As of October 19, 2021, the <i>Not-for-Profit Corporations Act, 2010</i> now applies in place of the <i>Corporations Act</i>. ○ The City exercises control and custody of various aspects of TAF as indicated in the TAF Act, together with specific Council delegations, Council-adopted policies, and Council-directed reporting obligations. • TAF has three endowments: <ul style="list-style-type: none"> ○ A Toronto Endowment of \$23 million from the City of Toronto in 1992; ○ An Ontario Endowment of \$17 million from the Province of Ontario in 2016; and ○ A Canada Endowment of \$40 million from the Federation of Canadian Municipalities (as agent for the Government of Canada) in 2020.
Article 1 - Definitions	<ul style="list-style-type: none"> • Definitions of terms in the Relationship Framework
Article 2 - Purpose	<ul style="list-style-type: none"> • Describes the purpose of the Relationship Framework as follows: <ul style="list-style-type: none"> ○ Describe the relationship between the City and TAF as set out in the TAF Act, work alongside with the Statement of Investment Objectives and Principles (SIOP) and TAF Bylaw No.1, and address any relevant requirements arising out of agreements related to TAF; ○ Articulate Council's objectives and expectations to be met by TAF; and ○ Identify the support provided by the City to TAF and describe applicable procedures for communication and approvals.
Article 3 - Applicable Legislation and City Policies and Matters Involving the Provincial and Federal Governments	<ul style="list-style-type: none"> • Highlights key legislation and City policies that apply to TAF. The City will provide TAF a full list of applicable City policies and notify TAF of any amendments. • For matters involving the provincial and federal Governments, City and TAF will: <ul style="list-style-type: none"> ○ Notify each other in the event of any compliance inquiries, issues or changes related to the Transfer Payment Agreement or Canada Funding Agreement and any other common agreements; ○ Communicate with the other regarding initiatives with provincial and federal governments related to governance and climate-related funding, policy and programs, and determine if and how collaboration would add value.

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Article 4 – Business of TAF	<ul style="list-style-type: none"> • Describes the expanded geographic scope of TAF's mandate: <ul style="list-style-type: none"> ○ TAF delivers the TAF Mandate within the City of Toronto and across the GTHA through its endowments, subject to limitations as directed by Council or the terms of the Transfer Payment Agreement and the Canada Funding Agreement. The Canada Endowment also supports TAF's participation in the national Low Carbon Cities Canada initiative. • Links TAF's work to City strategic objectives including TransformTO • Describes TAF's work as including but not limited to: <ul style="list-style-type: none"> • investing and monitoring the fund in accordance with the SIOP; • providing grants that advance TAF's mandate; • establishing and implementing projects and programs that advance TAF's mandate; • developing and advocating for climate policies and programs with the City, municipalities across the GTHA, and other orders of government; • providing information, analysis and thought leadership related to TAF's mandate • undertaking mandate-related research, program evaluation, pilots and demonstration projects; • receiving contributions from charitable foundations, corporations, individuals or governments; • conducting administrative and management activities that support TAF's operations; and • such further activities within TAF's mandate as TAF may from time to time determine to engage in, subject to obtaining any approvals required by the City under this Relationship Framework.
Article 5 – City Roles and Responsibilities	<ul style="list-style-type: none"> • Clarifies responsibilities of City Manager, CFO/T and other City Officials: <ul style="list-style-type: none"> ○ The City Manager provide advice to Council on any matters related to TAF, and to TAF and City Officials regarding TAF governance structure and policy matters ○ Under the TAF Act, the CFO is the custodian and has oversight of the TAF funds and provides advice to Council, TAF and City Officials regarding financial matters and receives financial and investment reporting from the TAF Board ○ All City Officials will support City collaboration with TAF and alignment of TAF and City strategic objectives • Lists selected City Divisions providing specific supports to TAF.
Article 6 – TAF Responsibilities and Board Obligations	<ul style="list-style-type: none"> • The Board shall manage the business and affairs of TAF. Without limiting the foregoing, the Board's management of TAF shall include the following specific matters: <ul style="list-style-type: none"> ○ Appointing and overseeing a Chief Executive Officer; ○ Appointing the Board Chair, Vice-Chair, Treasurer and Secretary; ○ Approving and submitting all required financial oversight documentation in accordance with this Relationship Framework, the Transfer Payment Agreement and Canada Funding Agreement.

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	<ul style="list-style-type: none"> ○ Ensuring the financial practices of the organization are maintained in accordance with PSAB Standards for Government Not-for-Profit Organizations, in accordance with the TAF Act, Council policies, the SIOP, and this Relationship Framework; ○ Ensuring TAF complies with all applicable legislation, regulations, policies and agreements and obtains all necessary approvals, including Council approvals; ○ Approving all grants, investments and endowment agreements, in accordance with TAF policies; ○ Monitoring investment performance in accordance with the SIOP; ○ Hiring, firing, managing and receiving reports on the performance of TAF investment managers in accordance with the SIOP; ○ Creating, amending or repealing operating and administrative by-laws and policies, except where Council authorization is required under this Relationship Framework; ○ Establishing, amending and dissolving Board committees for such purposes as it may from time to time deem desirable, and appointing members who may or may not be Board members, as long as the Board has appropriate accountability mechanisms. ○ Managing the business and affairs of all TAF subsidiaries and other business entities including CAIT Ventures Inc, a for-profit wholly-owned subsidiary of TAF incorporated in 2001; and ○ Submitting those matters to City Council for approval as identified ● The Board shall submit the following matters to Council for approval: <ul style="list-style-type: none"> ○ TAF's Annual Budget, which includes strategic and operational objectives and performance indicators, in accordance with Article 11; ○ Establishment, amendment or dissolution by TAF of subsidiary entities or the material transfer of TAF assets to a subsidiary entity, with materiality to be defined Canadian Audit Standards ; ○ Agreements to which the City and TAF are parties; ○ Allocation of any grants or investments that are outside of TAF's mandate; ○ Any investments, guarantees or security on loans or lines of credit in excess of \$5 million; ○ Any grants by TAF in excess of \$1.25 million; ○ Any proposal to amend the SIOP; ○ Any proposal to amend this Relationship Framework, including Schedule 1; ○ A Debt Policy and any amendments; and ○ Any other matter for which Council has explicitly required approval. ● Outlines processes for TAF to communicate requests to City staff and to Council, including a requirement to consult the City in advance of bringing matters to the Board that will require Council approval
Article 7 – Governance	<ul style="list-style-type: none"> ● Retains Council authority over Board composition and Board appointment process ● Updates references to reflect Public Appointments Policy and recruitment process

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	<ul style="list-style-type: none"> Proposes to increase proportion of public Board members that can be non-Toronto residents living in the GTHA from one to "not more than a majority" of the 8 public members Board may establish, amend and dissolve standing and ad-hoc committees as it deems appropriate and the process shall be as transparent as possible
Article 8 – Meetings of the Board	<ul style="list-style-type: none"> New Schedule 1 of the Relationship Framework outlines procedures that govern the meetings of its Board and which are consistent with Municipal Code Chapter 27 and the City of Toronto Act. Schedule 1 shall be considered TAF's Procedural By-law and must be approved by Council.
Article 9 – Records and Information	<ul style="list-style-type: none"> TAF Board and staff are required to comply with the Municipal Freedom of Information and Protection of Privacy Act, which establishes requirements related to access to records and information. Board and staff must maintain all books and records for a period as set out by the Records Retention By-law (Toronto Municipal Code Chapter 217) or related policies and procedures.
Article 10 – Funding and Financial Framework	<ul style="list-style-type: none"> The Board is required to develop its own Grants Policy to include the following elements: <ul style="list-style-type: none"> Recipient eligibility criteria; A process for approval of all grants, which shall include, at minimum, a report to the Board summarizing the goals of the grant project, its timeline and respective allocations from the Toronto Endowment, Ontario Endowment and Canada Endowment as applicable; A restriction on grants from the Toronto Endowment to projects that demonstrate a direct benefit within the City of Toronto; and Reporting on the outcomes of the grant. New provisions recognize that TAF receives funding from external sources, including charitable foundations and other governments, and requires TAF to provide the City with advance notice and documentation if expecting City to act as CRA "Qualified Donee" for funds. The decision is at the City's discretion and will not unreasonably withhold its approval. In light of recent amendment to the TAF Act to remove Sections 11(8) and (9), City will require the TAF Board to adopt a Debt Policy, to be approved by Council, which includes the following elements: <ul style="list-style-type: none"> Permissible purposes for borrowing; Debt service ratios and their maximum limits; Total debt limits; and Debt terms and term limits
Article 11 – Financial Reporting	<ul style="list-style-type: none"> In accordance with the TAF Act, TAF's fiscal year begins on January 1 in each year and ends on December 31 of that year. TAF's annual budget, as approved by its Board, shall be submitted for review and approval through Council's budget processes. Each year, together with its annual operating and capital budget submission, the Board shall approve and submit to the City:

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	<ul style="list-style-type: none"> ○ A Business Plan with the following elements and proforma financial results for the next three (3) fiscal years; <ul style="list-style-type: none"> ▪ TAF's strategic direction, underlying policies and programs; ▪ Operational plans and financial implications; ▪ Asset management and capital plans; ▪ Business issues that need to be addressed or challenges expected in future, including a projection of the service levels compared to projected demand; ▪ The projected annual revenues and profits for each fiscal year during the term of the Business Plan; ▪ Any material variances from the Business Plan in effect, along with explanatory information; ▪ Any material changes in the projected ability of TAF to meet or continue to meet the TAF Mandate; and ▪ Any material variances from the Business Plan then in effect; and ▪ Any additional information as the City may request. ○ An Annual Report with the following elements within three months after TAF's fiscal year end: <ul style="list-style-type: none"> ▪ Audited consolidated annual financial statements of TAF (the "Financial Statements"), which includes separate fund accounting for the City, Ontario and Canada Endowments, which the City will include in the City's consolidated financial statements, to be submitted by the Auditor General for the consideration of the City's Audit Committee; ▪ Explanation as to annual material financial variances in actual results as compared to budgeted amounts; ▪ Information pertaining to the creation, dissolution or amendment to any TAF subsidiaries, or other TAF equity interests, joint ventures, limited partnerships , or other structures; ▪ Overview of programs, grants and corporate expenses; ▪ Grant information, including a summary of all Board-approved financial contributions; ▪ TAF Mandate-related performance measures, along with explanation in the event of any significant deviation in the ability of TAF to meet or continue to meet the TAF Mandate; ▪ TAF's actual investment returns as compared with Board-approved Investment Performance benchmarks; ▪ A summary of all Board-approved TAF Mandate-related direct investments allocated; ▪ Any Board-approved changes to asset mix, investment managers, and related risk assessments that may accompany these changes ▪ Attestation of compliance with SIOP; ▪ Attestation of compliance with this Relationship Framework, supported by quantitative and qualitative information; and

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	<ul style="list-style-type: none"> ▪ Other measures required by the CFO and/or Auditor General from time to time. • The Board shall also submit to the CFO on a quarterly basis: <ul style="list-style-type: none"> ○ Unaudited financial statements and variance reporting; ○ Risk assessment reporting as may be approved by the Board; and ○ Investment results
Article 12 – Audit	<ul style="list-style-type: none"> • Describes audit and auditor requirements
Article 13 – Right to Audit	<ul style="list-style-type: none"> • The City reserves the right to review and/or audit TAF’s records, and shall have unrestricted access to all TAF records, books and documents • TAF shall afford all facilities at its location for such inspections and audit, and shall furnish the City with all relevant information and such assistance and cooperation as required.
Article 14 - Conflict	<ul style="list-style-type: none"> • If there is any inconsistency between provisions of this Relationship Framework, a more recent Council decision that varies certain provisions of this Relationship Framework, the most recent Council decision shall prevail. The City shall inform TAF of any Council decisions relevant to TAF governance and to this Relationship Framework.
Article 15 - Amendments	<ul style="list-style-type: none"> • Amendments to the Relationship Framework continue to require Council approval.
Schedule 1	<p>Procedural By-law for Meetings of the TAF Board</p> <ul style="list-style-type: none"> • Outlines procedures for Board meetings, to be supported by the City Clerk, and includes processes for meeting agendas, public notice, debates and voting • Schedule 1 must be approved by Council, and is distinct from amended TAF By-law No.1, which outlines operational and administrative matters and does not require Council approval.