TAF The Atmospheric Fund

REPORT FOR ACTION

Governance Documents Updates: Operating and Procedural By-laws

Date: June 28, 2022
To: Board of Directors of the Toronto Atmospheric Fund
From: Chief Executive Officer

SUMMARY

TAF and the City have been updating three of TAF's governance documents – the Relationship Framework with the City of Toronto (RF), TAF By-law No.1 (Operating By-laws) and the Statement of Investment Objectives & Principles (SIOP) – with the goals of reflecting TAF's growing capacities, endowment and mandate since the documents were last amended; clarifying mechanisms for communication and collaboration with the City; and ensuring that appropriate accountability measures remain in place.

To clarify and streamline the governance documents:

- The Operating By-laws will contain only operational and administrative matters which are within the purview of TAF's Board to approve;
- The RF will contain Council's requirements and the Procedural By-law which require Council approval; and
- The SIOP will contain only investment-related requirements which requires both the Board and Council approval.

On June 15, 2022, City Council approved updates to the RF and SIOP; the SIOP was previously approved by the Board, substantively as presented to Council. The final versions of these documents have been posted on the TAF website and circulated to the Province of Ontario, the Federation of Canadian Municipalities, and relevant City divisions for their information. And implementation plan and guidance will be developed by TAF staff.

This report presents the updated Operating By-Law No.1 (BL No.1) for approval and the Procedural By-Law for adoption.

RECOMMENDATIONS

The Chief Executive Officer recommends that The Board of Directors of the Toronto Atmospheric Fund:

1. Approve the updated Toronto Atmospheric Fund (TAF) Operating By-Law No.1 as presented in Attachment 1.
2. Adopt the Procedural By-Law contained in the updated Relationship Framework presented in Attachment 2 and approved by City Council on June 15, 2022.

FINANCIAL IMPACT

None to the City.

DECISION HISTORY

On June 15, 2022, City Council adopted the amended Relationship Framework and the Procedural By-law as Schedule 1 of the Relationship Framework, delegated additional authorities to the TAF Board to give effect to the Relationship Framework amendments, and approved amendments to TAF's Statement of Investment Objectives and Principles.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX33.8

On May 25, 2022, the TAF Board conveyed to City Council its general agreement with the proposed updates to the Relationship Framework, requested City Council's approval for TAF to pursue certain amendments to the TAF Act, and delegated to TAF's CEO the responsibility to implement the amended Relationship Framework and SIOP once approved by Council.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.TA17.3

On April 25, 2022, the TAF Board directed the CEO to update the Statement of Investment Objectives and Principles to be consistent with proposed amendments to the Operating By-Law No. 1 and Relationship Framework, and to report to the Board on Operating By-Law No. 1 and an update to the Relationship Framework at the May 25 Special Board meeting.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.TA16.2

At its February 14, 2022 meeting, the TAF Board articulated seven principles that should be used to guide the process of updating the RF, SIOP, By-laws, and Toronto City Council directives to agencies/boards (together, Governance Documents) (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.TA15.11)

At its February 2, 2022 meeting, City Council adopted interim SIOP amendments to introduce an Alternatives Investments asset class, and the TAF Board provided the City with written assurance that these amendments would not introduce any new risk for the City until such time as the RF, By-law and SIOP were brought to Council for consideration. (https://www.toronto.ca/legdocs/mmis/2022/mm/bgrd/backgroundfile-175540.pdf)

At its July 9, 2021 meeting, the TAF Board adopted amendments to the SIOP and requested Council's approval via the Chief Financial Officer and Treasurer. (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.TA13.4)

The RF was adopted June 2006 and amended and restated by City Council at its meeting of May 7, 2013. (http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX31.6)

TAF's Bylaw #1 was adopted October 31, 1995 and amended March 24, 2003.

COMMENTS

TAF and the City have been working to review and update the Relationship Framework, By-laws and investment policy (SIOP). The objectives of these updates are to facilitate achievement of TAF's and the City's shared climate goals; to ensure appropriate governance, accountability, and delegation; to recognize TAF's organizational growth, maturity and independence; to streamline and simplify the content of TAF's Governance Documents; and to minimize administrative burden. This has also been an opportunity to focus Council's direction to TAF – the organization – recognizing that the Board's fiduciary responsibility is to ensure that TAF complies with all requirements by directing TAF's CEO and staff to implement.

The Relationship Framework describes the relationship between the City and TAF as set out in the TAF Act and other documents and decisions of Council, and addresses relevant requirements arising out of agreements related to TAF; details the accountabilities of TAF to the City; articulates Council's objectives for and expectations of TAF; identifies the support provided by the City to TAF along with the applicable procedures for communication and approvals; and identifies where responsibilities have been delegated to the TAF Board, and where further Council authorities are required to be sought.

Operating By-law No.1 focuses on operational and administrative matters and generally follows convention for not-for-profit corporations. Notably, however, it does not include a section relating to appointment of Board Members nor Board meeting procedures since these elements are subject to the authority of Council as set out in the TAF Act; both are included in the RF. TAF's Operating By-laws are within the powers of the Board to approve and require member confirmation at the TAF Annual Meeting.

TAF's SIOP sets out the policy for investment of TAF's endowments. Updates to the SIOP were developed in collaboration with the City and approved by the Board in July 2021. An interim amendment introducing the Alternatives asset class was adopted by Council in February. No further amendments beyond editorial changes to conform with language in the RF was made and the Board has already given TAF staff approval to finalize SIOP changes with the Board Chair and Investment Committee Chair and requested, via the CFO, Council approval.

Staff will develop a plan to guide implementation of the updated governance documents. That will include process for matters requiring consultation with, informing and/or seeking support from the City (for instance regarding fundraising opportunities and on matters relating to the Ontario and/or Canada endowment agreements); timelines and content for providing information to the City (for instance quarterly and annual financial reports); and development and adoption of new policies (for instance debt, grants and purchasing policies).

CONTACT

Ian Klesmer, Director of Strategy and Grants

SIGNATURE

Julia Langer
Chief Executive Officer

ATTACHMENTS

1. Draft Operating By-law No.1
2. Procedural By-law (excerpt from Relationship Framework)