

## DIRECT INVESTMENT UPDATE – 2021.1.2

**Date:** 10 August 2022  
**To:** Board of Directors of the Toronto Atmospheric Fund  
**From:** Director, Impact Investing

### **REASON FOR CONFIDENTIAL INFORMATION**

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The attachments to this report contain commercial and financial information, supplied in confidence to the Toronto Atmospheric Fund, which, if disclosed, could reasonably be expected to prejudice significantly 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 Direct Investment Committee is recommending the Board of Directors of the Toronto Atmospheric Fund approve entering into a revised Intercreditor Agreement based on negotiations demonstrating the best potential outcome for risk-adjusted return for TAF. The Direct Investment Committee is also recommending the Intercreditor Agreement be conditional upon a side letter specifying TAF receives access to all information and reporting available to all investors regardless of investment seniority.

### **RECOMMENDATIONS**

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The Director, Impact Investing recommends that the Board of Directors of the Toronto Atmospheric Fund:

1. Direct the Chief Executive Officer to implement a revised Intercreditor Agreement for the direct investment as set out in Confidential Attachment 1, to the satisfaction of TAF Solicitor; and
2. Direct the Chief Executive Officer to enter into a side letter for the direct investment set out in Confidential Attachment 1, specifying TAF receives access to all information and reporting available to any other investor, regardless of seniority; and
3. 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 Toronto Atmospheric Fund, which, if disclosed, could reasonably be expected to prejudice significantly 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.

## **DECISION HISTORY**

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At its meeting of 5 February 2021, the Board of Directors of the Toronto Atmospheric Fund approved an investment of up to \$1,000,000.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.TA10.6>)

At its meeting of 9 August 2022, the Direct Investment Committee recommended that the Board of Directors of the Toronto Atmospheric Fund approve entering into a revised Intercreditor Agreement.

## **COMMENTS**

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Staff and Committee Members have been committed to realizing the most workable solution. The revised Intercreditor Agreement does not meet all of TAF's desired conditions. Nonetheless, a slightly increased security risk is a more favourable option to potentially foregoing TAF's entire investment.

## **CONTACT**

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## **SIGNATURE**

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Nicole Leite  
Director Impact Investing

## **ATTACHMENTS**

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Confidential Attachment 1 – Direct Investment Update 2021.1