

Direct Investment Request – 2023 #1

Date: January 27, 2023
To: Board of Directors of the Toronto Atmospheric Fund
From: Vice President, Impact Investing

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains information explicitly 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

This report recommends an investment of up to \$1,000,000 in secured green bonds. Due diligence demonstrates strong alignment with TAF's mandate and potential for appropriate risk-adjusted returns. The allocation is in compliance with TAF's investment policy and target portfolio.

RECOMMENDATIONS

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

1. Approve an investment of up to \$1,000,000, subject to the terms and conditions outlined by the Direct Investment Committee at its meeting on 24 January 2023, as set out in Confidential Attachment 1;
2. Direct TAF's Vice President, Impact Investing to implement the investment to the satisfaction of TAF's Solicitor; 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 significantly prejudice the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

None to the City.

DECISION HISTORY

At its meeting held January 24, 2023, the Direct Investment Committee recommended that TAF's Board of Directors approve the investment described in Confidential Attachment 1.

COMMENTS

The proposed investment is structured as a secured green bond with a 9% coupon.

The annual aggregate value of GHG emissions offset across the bond portfolio exceeds TAF's threshold. With several projects located in Ontario and the GTHA, there is a strong likelihood for *direct* GHG emissions reduction to occur within TAF's mandate area.

The proposed investment represents 1.11% of NAV. It will bring the Direct Investment asset allocation to ~\$9.2 million or 10.2%, which is below the 30% target and 60% maximum.

CONTACT

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SIGNATURE

Kristian Knibutat
Vice President, Impact Investing

ATTACHMENTS

Confidential Attachment 1 – Direct Investment 2023-1