

Direct Investment Request – 2023 #2

Date: April 13, 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 commercial and financial 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

The Direct Investment Committee recommends an investment of up to \$500,000 in preferred equity shares. Due diligence demonstrates strong alignment with TAF's mandate and potential for appropriate risk-adjusted return. 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 \$500,000, subject to the terms and conditions outlined by the Direct Investment Committee at its meeting on March 28, 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

There is no financial impact to the City resulting from the adoption of the recommendations in this report.

DECISION HISTORY

At its meeting held March 28, 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 preferred equity.

With a significant number of current and future projects located in Ontario and the GTHA, there will be substantial GHG emission reduction potential directly within TAF's mandate area.

Due diligence of this investment opportunity was undertaken in collaboration with two other Low Carbon Cities Canada (LC3) colleagues whose Boards are also considering investments.

An investment of \$500,000 would represent 0.54% of TAF's total NAV and 1.8% of TAF's 30% direct investment target allocation and would bring the total direct investment allocation to 10.2 percent based on the December 31, 2022 Net Asset Value and before consideration of commitments.

CONTACT

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SIGNATURE

Kristian Knibutat
Vice President, Impact Investing

ATTACHMENTS

Confidential Attachment 1 – Direct Investment 2023-2