

Direct Investment Request 2024 #5

Date: November 6, 2024
To: Board of Directors of the Toronto Atmospheric Fund
From: Vice President, Impact Investing

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains 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

The Direct Investment Committee (DC) recommends an investment of up to \$500,000 in an impact focused private credit fund that executes credit investments in high-growth, sustainability-focused companies spanning clean energy, agriculture and health themes. The investment supports diversification of TAF's investment portfolio through investments in debt instruments that provide regular cash flow through interest payments. This proposed investment complies 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 in Class A units, subject to the terms and conditions outlined by the Direct Investment Committee as set out in the Confidential Attachment 1.
2. Direct the Vice President, Impact Investing to implement the investment subject to the satisfaction of TAF's solicitor.
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 of Toronto resulting from the adoption of the recommendations in this report.

DECISION HISTORY

At its meeting held on November 6, 2024, the Direct Investment Committee (DC) recommended that TAF's Board of Directors approve the investment described in Confidential Attachment 1.

COMMENTS

Investment Profile

The proposed investment of up to \$500,000 represents 0.51% of TAF's total NAV and 10.23% of TAF's 5.00% private equity target allocation. It would be in an impact focused private credit fund which brings diversification to the portfolio and helps replace the income TAF's investment in retrofits, via Energy Saving Performance Agreements (ESPAs), which are maturing.

Due Diligence

Due diligence was conducted on the Fund's investment strategy and investment thesis, and target deals, portfolio companies, and market opportunity were evaluated.

Deal Terms

The investment is in the form of Class A units for a term of 10+1 years. The Fund manager's fee is consistent with market fee structures.

CONTACT

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SIGNATURE

Kristian Knibutat
Vice President, Impact Investing

ATTACHMENTS

Confidential Attachment 1 – Direct Investment Request 2024 #5