

**Direct Investment Amendment: Energy Savings
Performance Agreement Buyout (DI.2017.A &
DI.2017.B)**

Date: October 20, 2026
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, 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 recommends that the Board approve TAF's purchase of the remaining interest in two legacy Energy Savings Performance Agreement (ESPA) projects and an associated royalty stream held by a for-profit, energy efficiency-focused infrastructure-as-a-service company (the "Project Originator"). TAF currently owns a partial interest in these ESPAs. The transaction would simplify administration of the mature contracts and allow TAF to receive all remaining project revenue. Details of the transaction are contained in Confidential Attachment 1.

RECOMMENDATIONS

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

1. Approve the purchase of the Project Originator's remaining interest and ongoing royalty income in two legacy ESPA retrofit projects for \$35,000, subject to:
 - a. The Project Originator bearing all legal costs required to effect the transaction.
 - b. Completion of all required documentation to effect TAF's purchase, on terms satisfactory to the Vice President, Impact Investing.
 - c. Satisfactory review of all legal documentation by TAF's legal counsel, as determined by the Vice President, Impact Investing and the Chief Executive Officer.

2. 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

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

DECISION HISTORY

On October 15, 2026, the Direct Investment Committee considered the proposed amendment and directed staff to seek Board approval of the transaction as described in Confidential Attachment 1.

In 2017, TAF approved the direct investments identified as DI.2017.A and DI.2017.B. Under a Master Assignment Agreement dated June 1, 2018, TAF assumed responsibility from the Project Originator for administering a portfolio of legacy ESPA projects, including the two that are the subject of this report.

COMMENTS

Proposed transaction

The Project Originator intends to wind up its legal entity at the end of 2026 and has asked TAF to acquire its remaining interests and the associated royalty stream in the two active projects, effective December 1, 2026. A third legacy project, which matures in November 2026, is not included in the transaction.

Rationale

The transaction would give TAF all remaining revenue from the two mature contracts, eliminate the annual allocation and payment process with the Project Originator, and reduce ongoing reporting, reconciliation and administrative work. TAF already administers the contracts, invoices the building owners, and manages collections and relationships. TAF will receive a return that it considers appropriate for the risk and effort to execute the transaction.

Implementation

Completion is subject to satisfactory transaction documents and legal review, with legal costs to be borne by the Project Originator. Following closing, TAF continues administering the contracts and reports on the transaction through the regular portfolio update to the Direct Investment Committee. Additional commercial, valuation, diligence and risk information is provided in Confidential Attachment 1.

CONTACT

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1 – Direct Investment Amendment: Energy Savings
Performance Agreement Buyout (DI.2017.A & DI.2017.B)