

Resource Productivity & Recovery Authority
Board Meeting Minutes
Tuesday, May 23, 2017 at 9:00 a.m.
4711 Yonge Street, Suite 1102, Toronto, Ontario, Toronto, Ontario

In Attendance:

Directors:

Glenda Gies (Chair)
Joyce Barretto
David Brezer
Nidhi Tandon
Tom Wright

Guests:

Wendy Ren, MOECC

Staff:

Geoff Rathbone, Acting CEO
Wilson Lee, Director of Communications and Stakeholder Relations (item 7.0)
Mary Cummins, Program Lead (items 4.0 – 6.0)
Sarrah Young, Board Secretariat

1. CALL TO ORDER

With a quorum present, the meeting was called to order at 9:16 a.m. In the absence of the Chair, the Vice Chair presided.

1.1. Adoption of the Agenda

Motion: To adopt the agenda.

The motion was duly moved and seconded. Carried

1.2. Declaration of Real, Potential or Apparent Conflict of Interest

The Chair joined the meeting.

None were declared.

1.3. Correspondence

There was a brief discussion regarding the OTS letter re: cost recovery issue.

Motion: To receive the correspondence items for information.

The motion was duly moved and seconded. Carried

2. APPROVAL OF MINUTES

2.1. Minutes of the May 11, 2017 Board Meeting.

No errors or omissions were identified.

Motion: To approve the minutes of May 11, 2017 as presented.

The motion was duly moved and seconded. Carried

3. BOARD COMMITTEE REPORTS

3.1 HRN COMMITTEE

A verbal update was provided regarding the upcoming interview for Director positions.

3.2 GOVERNANCE COMMITTEE

A verbal update was given.

3.3 AUDIT COMMITTEE

The Chair of the Audit Committee presented the report. The Board discussed the process by which the external auditor was selected.

Motion: Whereas RPRA has issued an RFP for external audits for potential multi-year provision of services in accordance with the Financial Management and Controls Policy; and,

Whereas all three of the bids RPRA received were compliant bids; and,

Whereas an evaluation committee scored the submissions according to a set of criteria that included experience, value for money, and price; and,

Whereas Chaplin and Co. Chartered Accountants scored the highest of all qualified bidders;

Whereas the Audit Committee recommends that the Board appoint Chaplin and Co. to undertake the 2017 financial audit;

BE IT THEREFORE RESOLVED:

- 1. That the Board of Directors appoint Chaplin and Co. to undertake the 2017 financial audit at a cost not to exceed \$20,000 including applicable taxes;**
- 2. Following completion of the 2017 financial audit, staff review the services provided and bring forward a recommendation to the Audit Committee to extend the contract for one additional year on the terms set out in Chaplin's proposal for the period through December 31, 2020 or to issue a new RFP for external audit services.**

The motion was duly moved and seconded. Carried

3.4 FINANCE COMMITTEE

The Acting CEO spoke to the reserve policy that had been recommended for approval by Finance Committee on May 11, 2017 and reiterated that the provisional 2017 budget would be revised accordingly and brought back to the Board on June 22 2017.

Motion: Whereas s. 10 (4)(c) of the Transitional Operating Agreement between RPRA and MOECC provides for the establishment of a reserve; and,

Whereas the previous reserve policy established by Waste Diversion Ontario has been rescinded; and,

Whereas the Finance Committee has reviewed the proposed Reserve Policy and provided comments; and,

Whereas the Finance Committee recommends that the Board approve the Reserve Policy as outlined;

BE IT THEREFORE RESOLVED:

The Board of Directors approves the proposed Reserve Policy as outlined in the presented documents and requests staff to bring a report to the June 22nd Board meeting which includes an updated 2017 Budget aligned with the Reserve Policy.

The motion was duly moved and seconded. Carried

4. BLUE BOX STEWARD OBLIGATION

Mary Cummins joined the meeting and provided background on the issue and the status of discussions among the parties. The Board thanked the staff for their efforts to prepare and present the information needed by the Board in order to consider its decision.

Motion: Whereas, Stewardship Ontario (“SO”) is required under the Waste Diversion Transition Act, 2016 to pay 50% of the total net costs incurred by municipalities as a result of the Blue Box program (the “Steward Obligation”);

And whereas it is necessary to determine the amount of the 2017 Steward Obligation;

And whereas RPRA has a Cost Containment Model by which the net costs incurred by the municipalities as reported in the annual municipal Datacall can be adjusted to reflect the cost containment principles set out in the Blue Box Program Plan;

And whereas an adjustment was considered to the costs reported by municipalities in the annual municipal Datacall representing costs associated with “non-obligated material” in the Blue Box stream, i.e. material other than printed paper and packaging on which fees are to be levied under the terms of the Blue Box Program Plan;

And whereas an adjustment was considered to the costs reported by municipalities in the annual municipal Datacall representing InKind advertisements to restrict those costs to the cost of advertisements placed with respect to the Blue Box Program;

And whereas an adjustment was considered to the costs reported by municipalities in the annual municipal Datacall representing the costs the Association of Municipalities of Ontario has incurred as a result of participation on the 2014 WDO Panel on Blue Box Cost Containment and the InKind Program;

And whereas an adjustment was considered to the costs reported by municipalities in the annual municipal Datacall representing an increase in municipal costs resulting from changes in the nature of packaging material in the Blue Box stream;

And whereas it is necessary to determine the amount of the contribution to be made from the 2017 Steward Obligation to the Continuous Improvement Fund (the "CIF");

NOW THEREFORE, upon motion duly made, seconded and carried:

BE IT RESOLVED THAT:

1. In determining the 2017 Steward Obligation, the following adjustments to the Reported 2014 Gross Cost of \$343,490,141 are approved:

(a) the addition of \$2,270,723 representing the cost of InKind advertising utilized by municipalities to support the Blue Box Program Plan;

(b) the deduction of \$128,917 representing the cost of non-obligated material (i.e. pots and pans) in the Blue Box system;

(c) the deduction of \$16,249,580 to reflect the application of cost containment principles, i.e. Cost Bands;

(d) the deduction of Average Revenue earned over the last three years in the amount of \$85,833,862; and

(e) the deduction of Prior Year Adjustments of \$478,323.

2. The resulting Net Cost of \$243,070,182 is further adjusted as follows:

(a) dividing the net cost by two to arrive at SO's 50% share of \$121,535,091;

(b) adding \$2,134,654 reflecting a fair contribution by SO to the increase in costs resulting from changes in the nature of packaging material in the Blue Box stream.

3. No contribution will be allocated to the CIF.

4. RPRA staff prepare the Municipal Funding Allocation Model to identify the payout of the 2017 Steward Obligation to individual municipalities.

5. As soon as the verified 2016 data is available and RPRA has reviewed the allocations for points 2 (b) and 3 RPRA, staff use the methodology in points 1 through 3 to calculate the 2018 Steward Obligation and present the staff recommendation to the Board for consideration.

The motion was duly moved and seconded. Carried

5. REGISTRY RFP RECOMMENDATION

The Acting CEO spoke to the report presenting the recommendation of the firm selected for the project. Ms. Cummins provided clarity concerning the scoring process and commented on the pricing outlined in the proposals.

Motion: Whereas, on March 27, 2017 RPRA issued a Request for Proposals (RFP) for the Registry System including associated management, administrative and accounting systems, and for managed services including support and maintenance for the period June 2017 – June 2021;

And Whereas, RPRA engaged a Fairness Monitor and an Independent IT Advisor as part of the procurement process;

And Whereas, the Fairness Monitor certified that the procurement process was fair, consistent and transparent;

And Whereas, the RPRA Evaluation Team reached a unanimous decision,

Be it resolved that, RPRA engage in negotiations with Deloitte Inc. as the successful proponent for a four year contract to develop the Registry system;

Be it further resolved that, the final contract be presented to the Board for consideration on June 22, 2017.

The motion was duly moved and seconded. Carried

6. IFO WIND UP GUIDELINE RFP RECOMMENDATION

The Acting CEO provided background and spoke to the report provided. During the discussion, the Board asked that staff use a third party to compare all codes of conduct utilized by the IFOs and provide a report on the management of conflict of interest by IFOs.

Motion: Whereas it is RPRA's objective to facilitate the Authority's assessment of a wind up plan, and

Whereas it is RPRA's objective to facilitate the Authority's assessment of the plan to wind up the used tire program and the corporate entity OTS, and

Whereas an open competitive bid was held in accordance with RPRA Financial Management and Controls Policy,

Be it resolved that;

PwC be engaged to prepare a guide to support RPRA's assessment of IFO wind up plans at a cost not to exceed \$50,000 plus HST and out of pocket travel expenses.

The motion was duly moved and seconded. Carried

Mary Cummins left the meeting.

7. RPRA ANNUAL REPORT - FINAL

Wilson Lee, Director of Communications and Stakeholder Relations, joined the meeting and provided an update to the Board on the status of the Annual Report. He clarified that the electronic version would be delivered to the Ministry and posted on the website on June 1.

Motion: Whereas the RPRA Board has received and reviewed the 2016 Annual Reporting including Industry Funding Organizations and Industry Steward Organization appendices;

And whereas the Annual Report, including appendices, are in both French and English;

Be it resolved that, subject to final edits, the 2016 Annual Report is approved for submission to the Minister of the Environment and Climate Change by June 1, 2017.

The motion was duly moved and seconded. Carried

8. RPRA LINE OF CREDIT

The Acting CEO gave a brief update on the status of the line of credit discussions with the financial institutions and presented the options to the Board for review and approval.

Motion: Whereas, under the WFOA, RPRA is required to allocate and segregate WDTA and RRCEA expenses; and,

Whereas the segregated RRCEA expenses are to be deferred for repayment; and,

Whereas a credit facility is required to off-set the deferred RRCEA expenses; and,

Whereas RPRA staff sought competitive quotations from two financial institutions,

Be it resolved that, subject to legal review, RPRA execute the May 19, 2017 Term Sheet from TD Commercial Banking for a Demand Operating Facility of \$3,000,000.00, and,

That staff report at each Finance Committee meeting on the balance of the Line of Credit.

The motion was duly moved and seconded. Carried

9. ACTING CEO REPORT

The Acting CEO spoke to the report and provided clarification on a few points.

10. OTHER BUSINESS

None.

11. IN-CAMERA DISCUSSION

Motion: To move In Camera.

The motion was duly moved and seconded. Carried

Motion: To move out of In Camera.

The motion was duly moved and seconded. Carried

12. ADJOURNMENT

The meeting was adjourned at 2:25 p.m.