



**Board of Directors Meeting  
Minutes – Approved**

<b>DATE:</b> Thursday June 21, 2018	<b>TIME:</b> 12:00pm – 5:00pm
<b>LOCATION:</b> St. James Cathedral Centre, 65 Church Street, Toronto, Ontario	
<b>Chair:</b> Glenda Gies <b>Directors:</b> Tom Wright (Vice Chair), David Brezer, Saqib Cheema, Robert Poirier, Rajesh Sharma, Mary Shenstone, Nidhi Tandon	
<b>Guests:</b> John Armiento, Resource Recovery Policy Branch, MECP Heather Wilkinson, H. Wilkinson Consulting Group (via teleconference for a portion of item 10)	
<b>Regrets:</b> Joyce Barretto, Ken Kawall, Andrea Nemtin	
<b>RPRA:</b> Frank Denton, Noah Gitterman, Wilson Lee, Sandra Montague, Pat Moran, John Pinard, Geoff Rathbone	
<b>Board Secretariat:</b> Andrea Abraham	

**1.0 Call to Order**

With a quorum present, the meeting was called to order at 12:15 pm.

**1.1 Adoption of the Agenda**

**Motion:** To adopt the meeting agenda as presented.

**It was duly Moved, Seconded and Carried.**

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

None was declared.

**2.0 CONSENT ITEMS**

Clarification was requested regarding consent item 2.6 c) Bank Facilities Update, specifically the nature of the Authority's commitment in its agreement with TD Bank to not take on any new debt without the bank's consent. The Director of Finance and Administration responded that this is a standard, non-negotiable term in the bank's loan agreement. According to a representative of TD Bank, the purpose of the provision is to allow the bank to have oversight over new debt of a material amount that would impact the Authority's overall financial health or its ability to service existing debt. If the Authority were



to consider taking on new debt that could impact its overall financial health, for example another operating line or term loan, the Authority must first seek the bank's approval.

**Motion:** IT IS RESOLVED that:

1. the Board of Directors approve the minutes of the May 16, 2018 Board meeting and the minutes of the May 16, 2018 Annual Meeting of the Board; and
2. the Board receive the remaining consent items:
  - 2.3 Business Arising
  - 2.4 Correspondence
  - 2.5 Governance Committee Report Information Items
  - 2.6 Finance Committee Report Information Items
  - 2.7 Human Resources Report Information Items
  - 2.8 Director of Transition Report
  - 2.9 Director of I&IT Report

**It was duly Moved, Seconded and Carried.**

### **3.0 Board Committee Reports**

#### **3.1 Governance Committee Report**

##### **3.1a) Revised General By-Law Section 12**

The Chair of the Governance Committee reminded the Board of the process underway regarding revisions to Section 12 of the General By-Law. At the May 16, 2018 Board meeting, the Board had recommended sending the proposed changes to the Ministry for information prior to final approval. The proposed changes were sent to the Ministry and the Ministry reported they had no comments on the proposed changes.

**Motion:**

IT IS RESOLVED that the Board approves the proposed changes to ss. 12.1 and 12.2 of the General By-Law 2017-1, and that the General By-Law 2017-1 be amended to incorporate these changes.

**It was duly Moved, Seconded and Carried.**

##### **3.1b) Revised Code of Conduct By-Law**

The Chair of the Governance Committee presented the Committee's recommendation regarding a revised Code of Conduct. The Chair reviewed some of the key points in the Committee's recommendation including that there be one Code for the organization, and that it be implemented as a by-law to replace the existing Code of Conduct By-Law for Board members and officers. Because the revised Code applies to Board members, under the terms of the Transitional Operating Agreement, it must be submitted to the Ministry for review and comment in advance of final approval by the Board.



The Board discussed the revised Code. In response to a question about timing, it was noted that, until the new Code is approved, the existing Code of Conduct By-Law continues to apply to Board members and officers. The revised Code, when approved, will apply to Board members, officers and staff and it will be posted publicly.

**Motion:**

That the Board recommend that the proposed Code of Conduct By-Law be shared with the Ministry, before it is presented to the Board for approval to replace the existing Code of Conduct By-Law.

**It was duly Moved, Seconded and Carried.**

3.1c) Policies and Procedures

The Chair of the Governance Committee provided the Board with an overview of the two new policies being recommended by the Committee for approval: the Public Complaints Policy and the Data Collection, Records Retention and Destruction Policy. The Board discussed the policies. It was noted that both policies, once approved, will be translated into French and posted publicly.

**Motion:**

Whereas s. 6.2(n) of the Transitional Operating Agreement makes the Authority responsible for developing a “data collection, records retention and destruction policy”; and

Whereas s. 6.2(s) of the Transitional Operating Agreement makes the Authority responsible for developing a “system, including protocols, for responding to public feedback and complaints received by the Authority related to performing its duties and exercising its powers under the Acts”;

IT IS RESOLVED that the Board:

Approves the Public Complaints Policy and the Data Collection, Records Retention and Destruction Policy and directs that they be made publicly available on the website and the Registry, and

Directs staff to develop any additional internal procedures that are necessary to put these policies into effect.

**It was duly Moved, Seconded and Carried.**

3.1d) Retaining Governance Expert

The Chair of the Governance Committee presented the proposed scope of work and estimated budget for retaining a governance expert to provide best practice advice, conduct a governance review, and assist with Board member evaluations in 2019. The Board discussed the scope of work and agreed to defer the item.



### 3.1e) Board Portal

The Board considered the proposed new Board portal and agreed to defer the item.

### 3.1f) Regulatory Governance Roles and Responsibilities

The Chair of the Governance Committee and the CEO presented the Regulatory Governance Roles and Responsibilities document. The document outlines the Board's role in providing oversight over the Authority's compliance and enforcement function and includes principles to maintain the independence of the Registrar's statutory decision-making.

The Registrar noted that the principles set out in the document would assist the Board, Registrar, CEO and other Authority staff understand and carry out their respective roles. The Board discussed the document and how it could be applied going forward.

## 3.2 Finance Committee Report

The Board Chair presented the Finance Committee Report in the absence of the Committee Chair.

### 3.2a) Draft 2019 Budget and 2020-2021 Forecast

The Board Chair informed the Directors that the draft 2019 budget and 2020-2021 forecast would be considered by the Finance Committee and brought forward to the Board in August for approval to submit to the Ministry, along with the Business Plan. Once reviewed by the Ministry, a final proposed budget and forecast would be presented in September for Board approval, along with the draft final Business Plan.

At the June 6, 2018 Finance Committee meeting, the Finance Committee posed a number of questions and requested a change to the format of the draft budget. The Director of Finance and Administration informed the Board that these changes had been implemented.

The Board Chair commented that developing the budget is an ongoing process and that staff will continue to refine it as additional information becomes available or is confirmed.

The Board discussed the draft budget, including the process for approving it. It was noted that stakeholders have an opportunity to consult on the Authority's fees, but the Authority does not consult on the process for determining the resources it needs to deliver its mandate. This is in line with practices at other agencies and administrative authorities.

The CEO reminded the Board that the final Business Plan, which includes the financial plan for the following three years, is posted publicly. Stakeholders can refer to the Business Plan for information about the Authority's planned spending and are welcome to comment on the Business Plan.



### 3.2b) Revised Financial Policies

The Board Chair presented the revised Financial Management and Controls Policy (FMCP), Business Expense Policy and Procurement Policy to the Board for approval. The Board Chair noted that changes to the FMCP were dependent on the changes to s. 12 of the General By-Law which had been approved under item 3.1 a).

The Board discussed the revised policies. It was noted that the new government is reviewing its expense policies. In light of this consideration, the Board determined to defer consideration of the revised Business Expense Policy.

**Motion:**

Whereas the Finance Committee recommended to the Board that the revised Financial Management and Controls Policy and Procurement Policy be approved;

IT IS RESOLVED that the Board approve the revised Financial Management and Controls Policy and Procurement Policy.

**It was duly Moved, Seconded and Carried.**

### 4.0 Blue Box Program 2019 Steward Obligation

The CEO and the Director of Transition presented the staff's recommendation regarding the 2019 Blue Box Steward Obligation using the same methodology as was used to set the 2018 Steward Obligation. It was discussed that representatives from AMO/City of Toronto and Stewardship Ontario each gave presentations on the Steward Obligation at the June 6, 2018 Finance Committee meeting, and those presentation materials were included in the Board package. The Board discussed the staff recommendation and the positions put forward by municipalities and Stewardship Ontario.

In response to a question, the Director of Transition informed the Board that the disruptions that are currently happening in global recycling commodity markets are expected to have an impact in future Steward Obligation calculations, as reduced commodity revenue and rising operating costs will likely be reflected in the 2018 and subsequent Datacalls.

Timing of the decision was also discussed. It was noted that a decision should be made by August 1<sup>st</sup> so that Stewardship Ontario can set its 2019 budget, calculate 2019 steward fees and provide adequate notification to stewards of their 2019 fees.

The Board also discussed a process to consider whether future changes to the methodology are needed.

**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 2019 Steward Obligation;

IT IS RESOLVED that Authority staff are authorized to calculate and publish the 2019 Steward Obligation, once the data are available, using the same methodology that was used to calculate the 2018 Steward Obligation, as follows:

Use the verified Reported 2017 Gross Costs with the following adjustments:

- a) the addition of the costs for the InKind advertising utilized by municipalities to support the Blue Box Program Plan;
- b) the deduction representing the cost of non-obligated material, specifically pots & pans, in the Blue Box system;
- c) the deduction to reflect the application of municipal cost containment principles, i.e. cost bands;
- d) the addition to reflect the application of steward cost containment principles, i.e., a contribution by stewards to reflect the increase in costs resulting from changes in the nature of packaging material in the Blue Box stream;
- e) the deduction of Average Revenue earned over the last three years; and
- f) the deduction of Prior Year Adjustments.

The resulting Net Cost is divided by two to arrive at Stewardship Ontario’s 50% share as the 2018 Steward Obligation, and

IT IS FURTHER RESOLVED that no contribution will be allocated to the Continuous Improvement Fund; and

IT IS FURTHER RESOLVED that Authority staff are directed to publish this decision along with the 2019 Steward Obligation; and

IT IS FURTHER RESOLVED that Authority staff are directed to calculate and publish the Municipal Funding Allocation Model, once the data are available, to identify the payout of the 2019 Steward Obligation to individual municipalities; and

IT IS FURTHER RESOLVED that Authority staff are directed to determine whether and how additional analysis regarding aspects of the methodology should be undertaken, including how the best available data may be obtained.

**It was duly Moved, Seconded and Carried.**



## **5.0 Datacall Audit Contract Extension**

The CEO and Director of Transition proposed that PwC be retained to conduct an audit of the 2017 Blue Box Datacall submissions based on a sample size of approximately 20 of the 250 programs that submitted information.

The Director of Transition informed the Board that the auditor typically identifies a number of discrepancies each year and that these 'prior year adjustments' are incorporated into the Steward Obligation calculation for the following year. It was noted that the Datacall audit expenditure was included in the 2018 budget and that audits of a sample of Blue Box Datacall submissions are routinely undertaken each year.

### **Motion:**

Whereas the Authority engages with a Public Accountant to undertake financial audits of revenues and costs related to residential Blue Box programs as submitted by municipalities and First Nations in the Datacall; and,

Whereas the Authority is required, in accordance with the Financial Management and Controls Policy, to obtain the approval of the Board for the selection of a vendor for a contract which is expected to exceed \$50,000, and,

Whereas in October 2017 the Board resolved that the contract awarded for the Audit of the 2016 Municipal Datacall Submissions may be extended to include the Audit of the 2017 Municipal Datacall Submissions subject to satisfactory completion of the Audit of the 2016 Submissions:

IT IS RESOLVED that the Board approve extending the contract with PwC to perform the Audit of the Blue Box Sections of the 2017 Municipal Datacall Submissions; and

Be it further resolved that the Audit of the Blue Box Sections of the 2017 Municipal Datacall Submissions not exceed budget without prior approval from the Board; and

Be it further resolved that the CEO be authorized to execute the contract with PwC for the Audit of the Blue Box Sections of the 2017 Municipal Datacall Submissions.

**It was duly Moved, Seconded and Carried.**

## **6.0 Stakeholder Engagement and Communications Strategy**

The CEO and the Director of Communications and Stakeholder Relations presented a Stakeholder Engagement and Communications Strategy.

The Board discussed the Strategy and suggested minor amendments. The Board also discussed the nature of the stakeholder working groups that are to be established under the Strategy.



The CEO committed to updating the Board on the progress of establishing the stakeholder groups in his CEO reports.

## **7.0 Registrar Report**

The Registrar provided a status update on the Registry. The Registry is scheduled to go live on July 3, 2018.

A question was asked about the cyber security measures that are in place. The Director of I&IT informed the Board that several security policies have been developed and implemented, and staff have been trained on the policies.

The Board discussed the Registrar's plan for registering producers by the August 31, 2018 deadline. The Registrar explained that a process is in place to log issues with Registry design or procedures, set their priority, and make the required changes. Managed services will be available to make non-major changes, if needed, and PwC's core team will be available for post-live support. The Board also discussed how registry officers will monitor activity on the system and the Registrar's plans for ensuring compliance including an action plan if registrations are not at the anticipated levels as the August 31 producer registration deadline approaches.

## **8.0 CEO Report**

The CEO presented his report, including an update on the Business Continuity Plan and discussions with the Ministry over the past few weeks regarding possible projects involving the Registry.

## **9.0 Other Business**

It was noted that, as a number of agenda items had been deferred, the Chair and CEO would consider if and when these items would be included in a future Board meeting agenda.

## **10.0 In Camera Session**

**Motion:** To move In Camera.

**It was duly Moved, Seconded and Carried.**

**Motion:** To move out of In Camera.

**It was duly Moved, Seconded and Carried.**





**11.0 Board Committee Reports Pt. 2**

**11.1 Human Resources Committee Report**

11.1a) Step 10 Annual Incentive Review

The Board considered the proposed Step 10 methodology including: the reduction of categories to four; the use of two objectives per category; the setting of corporate objectives by the Board for the categories of strategic, operational and stakeholder; the setting of a measurable, achievable but stretch target for each objective; the setting of individual objectives for the category leadership; and the weighting of the corporate categories at 75% and the leadership category at 25%.

The Board also considered the minimum, target and maximum percentages for executive staff performance incentives.

After some discussion, the Board determined to defer Step 10 Annual Incentive Review for further consideration, particularly the minimum, target and maximum percentages for executive staff performance incentives.

**12.0 Adjournment**

The meeting was adjourned at 5:00p.m.

Glenda Gies

Chair

Joyce Barretto

Corporate Secretary

