

In Attendance:

Directors:

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

Guests:

Wendy Ren, MOECC
Mica Arlette, PwC (for item 6.0)
Michael McTaggart, PwC (for item 6.0)

Staff:

Geoff Rathbone, Acting CEO
Patrick Moran, Registrar
Wilson Lee, Director of Communications and Stakeholder Relations
Mary Cummins, Program Lead (for item 6.0)
Carmelina Macario, Program Lead (for item 6.0)
Sarrah Young, Board Secretariat

1. CALL TO ORDER

With a quorum present, the meeting was called to order at 9:02 a.m.

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

None were declared.

1.3. Correspondence

There was a brief discussion regarding the correspondence.

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 June 22, 2017 Board Meeting.

No errors or omissions were identified.

Motion: To approve the minutes of June 22, 2017 as presented.

The motion was duly moved and seconded. 1 abstention. Carried

3. BOARD COMMITTEE REPORTS

3.1 HRN COMMITTEE

3.1.1 Appointment of CEO

The Chair presented the report of the HRN Committee, noting that while the CEO and the Registrar had been appointed during previous in camera sessions dealing with personnel issues, the appointments require confirmation for purposes of the public record. She also reported that offers had been made and accepted for the positions of Director of Finance and Administration and Director of I&IT.

Motion: Whereas a Chief Executive Officer has been selected through a comprehensive recruitment process in accordance with related policies and procedures of the Authority;

BE IT THEREFORE RESOLVED the Board appoints Frank Denton as the Chief Executive Officer of the Resource Recovery and Productivity Authority effective July 25, 2017.

The motion was duly moved and seconded. Carried

3.1.2 Appointment of Registrar

Motion: Whereas s.45 of the Resource Recovery and Circular Economy Act, 2016 provides for the appointment of a Registrar; and,

Whereas s.49 of the Resource Recovery and Circular Economy Act, 2016 stipulates that the appointment of the Registrar must be made in writing; and,

Whereas a Registrar has been selected through a comprehensive recruitment process in accordance with related policies and procedures of the Authority;

BE IT THEREFORE RESOLVED the Board appoints Patrick Moran as the Registrar of the Resource Recovery and Productivity Authority effective July 25, 2017.

The motion was duly moved and seconded. Carried

3.2 FINANCE COMMITTEE

3.2.1 Cash Flow Forecasting Approach

The Acting CEO spoke to the report, noting that the organization was under budget as of June 30.

The Acting CEO also noted that the Finance Committee had reviewed and provided comments on the cash flow forecasting approach.

Motion: Whereas it is RPRA’s objective to maintain a positive cash balance through the strategic management of revenues and expenses; and,

Whereas it is necessary for a reporting structure to be utilized in order to provide the Finance Committee and the Board of Directors with appropriate information concerning the financial situation of RPRA;

Be it therefore resolved that the Board approve the Cash Flow Forecasting Approach.

The motion was duly moved and seconded. Carried

3.2.2 Cash Use Guidelines

The Acting CEO reported that the Cash Use Guidelines provide direction on the use of sources of cash and set up the reporting structure to ensure the Board is informed of all cash flow situations. He also noted that the Guidelines had been previously reviewed by Finance Committee.

Motion: Whereas it is RPRA’s objective to maintain a positive operating cash balance through the strategic management of revenue and expenses; and,

Whereas RPRA may be in a negative cash balance in temporary or short term periods due to the timing of receipts and payments; and,

Whereas it is advantageous for RPRA to utilize sources of cash with the lowest interest rate, or opportunity cost of interest;

Be it resolved that the Board approve the Cash Use Guideline with the following provisions:

- 1. Unless otherwise directed by the RPRA Board, staff utilize the following in order of preference when a negative cash balance is anticipated;**
- 2. That overdraft protection be utilized for temporary intra-monthly periods.**
- 3. For periods that extend beyond the intra-monthly period, the proceeds from short term GICs are used as required to maintain the cash balance in a positive position.**
- 4. If and when GICs are exhausted, that the Line of Credit be utilized to maintain the cash balance in a positive position.**
- 5. Report to Finance Committee on any negative cash balances and on steps taken to resolve the situation,**
- 6. A rolling Cash Flow Projection report be prepared and provided at each Finance Committee meeting.**

The motion was duly moved and seconded. Carried

3.1 REGISTRY AD HOC COMMITTEE

The Chair provided a brief update on the Committee’s activities, noting that its next meeting was scheduled for immediately following the Board meeting.

4. 2018 STEWARD OBLIGATION

The Acting CEO provided background on the issue and the status of discussions among the parties, noting that setting the annual obligation had been behind schedule for the past number of years and, in order to get back on track, setting the 2018 Obligation was required. The Board discussed the obligation methodology and a few points were clarified.

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 2018 Steward Obligation; and,

Whereas the Resource Productivity and Recovery Authority Board of Directors (RPRA Board) approved the following on May 23, 2017 to determine the 2018 Steward Obligation:

- 1. Use the Reported 2016 Gross Costs with the following adjustments:**
 - a) the addition of the costs for the InKind advertising utilized by municipalities to support their Blue Box programs;**
 - b) the deduction representing the cost of non-obligated material in the Blue Box system;**
 - c) the deduction to reflect the application of cost containment principles, i.e. Cost Bands;**
 - d) the deduction of Average Revenue earned over the last three years; and**
 - e) the deduction of Prior Year Adjustments.**
- 2. The resulting Net Cost is further adjusted by:**
 - a) dividing the net cost by two to arrive at Stewardship Ontario’s 50% share; and,**
 - b) the addition of a contribution by SO to reflect the effect on system costs from changes in the characteristics of items in the Blue Box stream;**
 - c) to yield the 2018 Steward Obligation; and,**

Whereas the RPRA Board directed a review of the methodology for 2(b); and,

Whereas review of the methodology for 2(b) identified that tonnes of printed paper and packaging supplied are decreasing at a faster rate than volume supplied;

Be it resolved that RPRA publish the final 2018 Steward Obligation using the 2017 Steward Obligation methodology with the following adjustment:

- a) The percentage differential between tonnes supplied and volume supplied be used to calculate a contribution by Blue Box stewards to reflect the effect on system costs from changes in the characteristics of items in the Blue Box stream.**
- b) This percentage being 0.9% based on the differential between tonnes supplied and volume supplied in the latest steward reporting period.**

The motion was duly moved and seconded. Carried

5. BLUE BOX PROGRAM AUDITS RFP

The Acting CEO provided background on the Datacall verification process. The Board requested that a demonstration of value for money be added as a requirement to the RFP. The Board also discussed the length of the contract to be awarded and requested that an option to renew be added to the RFP.

Motion: Whereas the Resource Productivity and Recovery Authority engages with a Public Accountant licensed under the Public Accounting Act to undertake onsite 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 Board has reviewed the RFP for the Audit of the Blue Box Sections of the 2016 Municipal Datacall Submissions; and,

Whereas the RPRA Financial Management and Controls Policy requires the Board to approve the issuance of an RFP which is expected to exceed \$50,000:

Be it resolved that RPRA issue the RFP for the Audit of the Blue Box Sections of the 2016 Municipal Datacall Submissions, as amended, once the municipalities to be audited are selected by MIPC; and,

Be it further resolved that RPRA staff report to the Board upon completion of evaluation of the submissions received in response this RFP with a recommended vendor.

The motion was duly moved and seconded. Carried

6. IFO WIND-UP GUIDELINES

The Board welcomed Mary Cummins and Carmelina Macario as well as representatives from PwC. Brief introductions were made. The Board discussed the Draft Interim Guidelines with the guests from PwC to clarify and amend a number of points. It was noted that the document would be revised as more information becomes available and to reflect lessons learned from winding up programs and IFOs.

The Chair noted that an IFO Wind-Up Ad Hoc Committee was being proposed to support development of the Interim Guide and related IFO wind-up activities.

Motion: Whereas the Minister has commenced the wind-up of one of the Industry Funding Organizations (IFOs) and Program with his letter of February 17, 2017; and,

Whereas the first Wind up Plan is due to be submitted no later than October 31, 2017; and,

Whereas past guidance provided to IFOs by RPRA (then WDO) was specific to IFOs operating in a steady state; and,

Whereas RPRA requires guidance for the oversight of IFOs during the development and implementation of Wind-up Plans;

Be it resolved that the RPRA Board approve the Interim Guide to Assist in Evaluating an Industry Funding Organization (IFO) Wind-Up Plan ('The Guide') subject to the revisions identified through the Board's discussions and subsequent review by the IFO Wind-Up Ad Hoc Committee; and,

Be it further resolved that the RPRA Board direct staff to engage PwC, under the existing contract at an additional amount not to exceed \$25,000, to undertake additional research and engagement with the IFOs, with the participation of RPRA staff and the respective Board Chairs of RPRA and the IFOs, with the purpose of expanding aspect 13 regarding issues of governance, competition and conflict of interest; and,

Be it further resolved that the RPRA Board of Directors create an IFO Wind-Up Ad Hoc Committee to provide RPRA staff with a mechanism to solicit advice from Board members; and,

Be it further resolved that the following Directors be appointed to the IFO Wind-Up Ad Hoc Committee: Glenda Gies, Tom Wright, and Joyce Barretto; and,

Be it further resolved that any changes to the Interim Guide's Guiding Principles be subject to review by the Committee and approval by the Board; and,

Be it further resolved that any changes to the Guide's aspects and criteria be subject to approval by the IFO Wind-Up Ad Hoc Committee; and,

Be it further resolved that the Chief Executive Officer be authorized to revise, without Board or Committee approval, the Guide's guidelines.

The motion was duly moved and seconded. Carried

7. REGISTRAR REPORT

The Registrar gave a brief update.

8. ACTING CEO REPORT

The Acting CEO gave a brief update on the status of a number of items.

9. OTHER BUSINESS

None.

10. 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

11. ADJOURNMENT

The meeting was adjourned at 11:18 a.m.