

Ontario Tire Stewardship

OTS Technical Committee Meeting
Wednesday Oct 19, 2011
9:00 AM – 11:30 PM
405 The West Mall, Toronto
Call-in 416-343-2285 or 1 877-969-8433
Passcode 4467765

In Person:

| Company Name | Name of Attendee |
|----------------------------|-------------------|
| William Day Construction | Dennis |
| William Day Construction | Rick |
| Moose Creek Tire Recycling | Pierre Villeneuve |
| National Rubber | David Ongaro |
| Animat | Daniel Gosselin |
| Treadcraft | Terry Gilmour |
| Tire Master | Frank |
| Windsor Rubber | Peter Valante |
| TDF | Nancy Rochon |
| MACPHATTER GROUP INC | Jeff Mcphatter |
| Eco Tire Recovery | Stephen Manley |
| St Joseph's Tire | Ralph Tammaro |
| Peninsula Tire Export | Ron Politewicz |
| Liberty Tire | Mike Moffat |
| Liberty Tire | Peter Hutley |
| Liberty Tire | Jesse Hertel |
| Township of Wellington | Cathy Webb |
| NRT | Greg Bavington |
| Old Tires Inc. | Andrew Soifert |
| Various Collectors | Grant Caven |
| Treadwear | Gavin Cameron |
| National Tomlinson | Gerry Milone |
| Rubber Ventures Corp | Doug Jones |
| Micor Recycling | Mark Chapland |
| Kal Tire Ontario | Matt Garcia |

Via Webinar:

| Company Name | Name of Attendee |
|---------------------------------------|-------------------|
| Pack Pros Plus Ltd. | Patrick Fenlon |
| Sun County Recycling | Jack Dwan |
| Emterra | John Cassell |
| EM Tire Recovery | Elie Mugisha |
| The Regional Municipality of Durham | Stephanie Sidler |
| Regional Disposal Services Inc. | Jeff Jans |
| Fred Deeley Imports | Angelo Donoso |
| Berry Polymer Technology Ltd. | Zoe Cheung |
| Russell Township | Manon Babin |
| CRM CO ULC | Christie Newmeyer |
| A1 Blasting Mats (Hauler) | Nicole Renaud |
| A1 Blasting Mats (Processor) | Denis Arcand |
| Cohen and Cohen | Dave Zarboni |
| Haldimand Norfolk Auto Recycling Inc. | Jeffrey Houle |
| Municipality of St. Charles | Crystal-Ann Roy |
| District of Muskoka | Michele Slater |
| All Ontario Recycling | Bev Swan |
| International Recycling | Hazem Henein |
| Ridge Recycling | Keving O'Brien |
| National Rubber Technologies Inc. | Debra Anderson |
| Mc Mahon Motor Products | Jeffrey Smith |

Meeting Notes:

The meeting notes are meant to supplement the meeting slides as well as capture the comments and responses discussed during the meeting. Please refer to meeting slides as well.

1.) Diversion update

- Diversion rates: updates provided quarterly to WDO. Presented the Q2 results which were recorded in September; OTS expecting numbers to go up due to delay in reporting and finalization of claims.

- Collection figures: lower than in 2010 as expected

Comment: How do the Q2 results relate to the plan targets?

Response: As noted, the numbers are low due to not having all of the data in our system during the time of report generation. OTS expects the diversion numbers to come in closer to target, possibly slightly lower than target based on the assumptions in the plan that for every new tire one is scraped out (OTS believes this to be more like a 1-.95 or .90 ratio). It was also noted that the rates incorporate production weights not strictly material picked up from Collectors etc.

2.) Tire collection update:

- As noted previously, there is a delay in Tire Collection figures being reported. The Technical Committee has suggested moving the reporting timelines from 90 days to 60 days and eventually aiming to get to a 30 day reporting period. This is something that will be considered in the future and will be tabled at a Technical committee meeting in the future as applicable.

Sub-Collectors:

- No change from last Committee Update; 23 requests for sub-collector agreements. OTS has not seen a lot of growth in this program at this time. Sub-Collector Program changes discussed during the "New Business" section of the meeting.

3.) Tire Transportation & Delivery

- Increased volume in adhoc and redirects over the last few months. OTS expects to see more adhoc and redirect requests in the coming month(s) as there is still some short fall in processing capacity in terms of certain types of tires (OTRs predominantly)
- STCs: slow summer for STCs; requests have picked up in the fall, 10 in September vs. 3 in August
- Question for the Committee: Should OTS put STCs on hold for the winter or is that something that we want to see continue to run and haulers can service that as they see fit for their business?

Comment: OTS should wait to see how slow the winter is going to be.

Comment: OTS should continue to make the STCs available and let haulers decide if they would like to do them or not.

Response: OTS will continue to process STCs and work with interested Haulers to complete the pickups. Last year, OTS received very few STC requests in the winter months.

4.) Tire processing and manufacturing update:

- Processing capacity for OTR is low in the province.
- OTRs are still being sent out of province, looks like that trend will continue for the near future.
- OTS looking for other alternative out of province options for OTRs and will provide updates via the OTS website should additional options become available.

- Manufacturers: continue to participate in proactive market development.

5.) Claims update:

- Collector claims being filed as normal.
- More and more collectors are remitting their CA are remitting in month one as opposed to the last month (shift in reporting timing being realized)

Comment: Has OTS look into changing the reporting period for Collectors?

- Response: Yes, at some point OTS may consider altering the reporting timelines for Collectors, however any changes would be tabled at the technical committee meeting as applicable.

Comment: There are still some collectors who are still not getting paid for claims submitted, why?

Response: OTS is currently on time in processing Collector claims. Any Collector who has not received a Collection Allowance for which they filled in accordance with the filing guidelines should contact OTS

- Haulers Claims: a lot of positive feed back from the online system.
- Processor Claims: Processors will note there are a number of things that OTS has learned from the Processor roll out that were improved and then applied to the Hauler roll out. OTS will be going back to apply some of those learnings to the Processor system in the future
- RPM Claims: filing as usual, RPM online solution is different from Processors and Haulers online system. At some point in the future additional functionality will be applied to the RPM system as well.

6.) Stock pile update:

- OTS is still in talks with the MOE on how to approach those stock piles and what we can do to actually move some stock piles.

Comment: What about the people that haven't been approached by the MOE?

Response: Anyone with questions about pre program tires or stockpiles can contact OTS on how to deal with those tires. STCs might not be appropriate to get these tires cleaned up, however there are other options (pre-program tire clean up etc.)

- In preparing the 2012 budget the funds for removing stockpiles has been removed; next years proposed budget does not have a stock pile allocation.
- STCs requests will still be reviewed for 2012.

7.) Program communications:

- OTS continues to offer refresher training sessions for participants, however on an as needed basis as OTS has conducted a number of training sessions on our online systems lately. OTS still continues to offer training 1 on 1 due to new participants to ensure they are aware of all policies and procedures.

- OTS continues to refer participants to the guidebooks available online as a resource as well

Question: Is OTS still seeing many new registrants?

Response: Registration has slowed down but there are still a number of Stewards and Collectors registering on an ongoing basis.

- OTS continues to encourage people to go to the GREENMYTIRES.CA website.

8.) Vendor standards:

- Vendor standard sub committee for each different participant type
- Intent of standards are to ensure everyone is complying with the same standards and to monitor those standards and eventually add to these standards to incorporate best practices

- Technical Committee Participants have received the vendor standards last week for review prior to meeting
- Intent for today is to review those standards at a higher level and want to hear feedback and comments on the different standards.
- All of the implementations dates for the standards have been left blank, these will be populated once OTS received approval to move forward with the standards from the OTS board, (the Sub-committees have suggested a 30 day implementation period following communication/training sessions regarding those standards as applicable.

Comment: 30 days might not be enough to obtain the certificate of approval some people it might take those 6 months.

Response: That depends on which type of certificate of approval you are looking for because there are certain certificates of approval required to operate; those are items that a participant would need to have to operate/be registered, if expanding or altering the business is done, that permitting etc., would be required in advance of the changes being made to the operation.

Comment: What types of things were examined when drafting the vendor standards?

Response: The Sub-Committees were tasked to look into things that are legislated at a provincial/federal level at this point. Not all items will be covered in the standards, however all participants are still required to comply with all applicable laws and regulations as part of their agreement with OTS.

Comment: In looking at the WHMIS requirement, is it the intention of OTS to look at this as it may relate to lead weights? Is OTS going to start looking at regulations beyond those that apply to tires?

Response: This is something that OTS has spoken about as well during the preliminary standard development the committee tried to focus on items that relate to tires and changing tires specifically. Having said that, all participants must be following applicable laws and regulations (as per their agreement) meaning that if you are operating a business that is dealing with tires you presumably are dealing with WHMIS regulations anyways for other reasons

Comment: For the Processor and RPM standards, has OTS considered including a pre starting visit?

Response: One of the items in the Processor and RPM standards is a requirement to have an on site visit prior to approval (section 3.5 on the Processor Standard)

Comment: Could this go even further and require proof of the Ontario governments pre-start review (government representatives inspect all new equipment etc., prior to official start up)

Response: This is something that OTS will consider for future drafts of the Processor standards. The committee member agreed to provide proposed wording for this section.

- The idea for the standards over all is to set the base level standards and then build from there. OTS expects that these will be living documents and that in time they may also become best practice standards.

Comment: From time to time, last winter and early spring some Processors experienced isolated but repeated problems of very frozen or very dirty tires being brought to Processors facilities. Typically these were brought in by specific Haulers or from specific Collector locations; clearly this is not in compliance with the Collector standards/agreements, can OTS implement a system or process whereby Processors or Haulers can report these occurrences?

Response: OTS will consider the implementation of a process. Currently any processor can email OTS to alert the team of such occurrences that can be further followed up by the OTS team. A Committee Member noted that as a Hauler dirty tires can be picked up but they must be cleaned prior to delivering to a Processor facility. There is also nothing in the Haulers agreement that prohibits charging a Collector for the service of cleaning a tire.

OTS has been in discussions with the board regarding situations when a Hauler is put in that position where a Collector is not complying with the program. When coming across those issues please contact OTS and let us know, OTS will contact those customers and try to re enforce those rules and regulations, and if a Hauler is able to handle those issues with having to involve OTS then please go ahead.

Comment: Regarding the vendor standards, OTS will need to ensure that participants are given a reasonable amount of time to implement the standards. Some of the requirements are quick to implement, however others may not be depending on the level of detail OTS expect. For example if participants are required to provide proof of MoL training and inspections, this may take time as the MoL and other WHMIS trainers take time to book onsite visits.

Response: As a point for clarification, in terms of WHMIS the standards would be looking for internal proof of training, not external MoL visits etc. Based on that the committee feel that 30 days implementation seems reasonable.

Collector Standards Comments:

Comment: Suggestion to change section 4.3 of the Collector standards to specific that the only C of A changes that OTS needs to be notified about are those pertaining to tire storage. Many Collectors (municipalities as an example) have numerous certificates of approval for various commodities so need to be clear regarding the types of updates OTS needs to be notified about.

Response: Will be updated in Collector standard.

Comment: The WSIB notification section under section 4.0 indicates that OTS must be notified of any changes in WSIB accounts. What is a participants business is going into a new line of business and hence their account type changes is that something OTS is interested in?

Response: What OTS is looking for is your standing, so if you have WSIB or not, clarification regarding this will be added to the standards (all standardards)

Comment: At the end of every vendor standards there is a check list, for auditing purposes what happens if a participant receives an unsatisfactory or failing review?

Response: In the event a participant receives a "fail" that would typically indicate that the participant has breached their contract with OTS and the actions taken next would be in accordance with the applicable participant agreement (30 days to correct a breach or immediate termination)

Comment: Would participants be immediately removed from the program?

Response: OTS's practice is to provide a reasonable congregation to address the changes or any inefficiencies noted, example: OTS could take the hard line and claw back as far as from day one this is the issue, so if a Collector has refused to take the action that where directed and clearly spelled out in the agreement of the vendor standards, OTS can take additional steps such as suspending from the program and go seeking to recover any incentives paid during the program. In any case the Agreement should be considered to be the appropriate course of action.

- OTS will make the suggested updates/additions and circulate the revised versions to the committee attendees for final review prior to circulating internally and to the OTS board.

Hauler Vendor Standards:

Comment: Regarding Emergency Numbers: if a Hauler is simply moving trailers in the yard do the numbers need to be posted on the trailer?

Response: Not necessarily, as an operator you could post the emergency numbers on each trailer, or you can ensure that the staff is adequately trained on what to do in the event of an emergency.

Comment: In regards to the CVOR, what kind of standing does the CVOR have to be in?

Response: As outlined in the standards OTS would be looking for a rating/CVOR that is in good standing (unaudited is acceptable) please refer to the standard draft for details.

Processor Vendor Standards:

- requirements are the same as RPMs
- OTS working with the MOE on Processors on their compliance elements such as C of A, etc.
- RPMS Vendor Standards
- See Processor notes.

Comment: When will OTS be circulating the revised drafts to the committees and when would comments be due back?

Response: OTS will attempt to circulate revised drafts by the week of October 24th. Comments will be due back to OTS roughly a week after the drafts are circulated.

9.) New business:

A) Tire Sold for Reuse: Proposed Changes for 2012

- Retread and reuse in itself is a valuable market
- Reuse will no longer attract payment at the time of sale/delivery
- Haulers will still be compensated for transportation of a reused tire from the point of collection to the "sort yard" in terms of the TI rates.

Comment: So is it fair to say that the T.I rate shouldn't change the T.I gets paid out at a different activity?

Response: Actually because the TI rate will now factor in the additional costs associated with the Collection of a reuse tire the TI rate will likely change as a result

Comment: As an example if a Hauler picks up 100 tires and keep 20 for reuse they would only get the T.I on 80 of them however the T.I earned on those tires would be inflated slightly to compensate (the inflation would be in the base TI. rate set by OTS based on the average costs etc.)

Response: Correct.

Comment: Wouldn't this approach incent Haulers to bypass the reuse market and deliver straight to a Processor?

Response: The Reuse market in itself provides payment for the reuse (i.e. sale of a reuse/re tread tire typically has a payment accompanying it going to the seller).

- Any Hauler who does not report sales to reuse/re treading markets will be assessed a penalty at a rate of their average inventory amount multiplied by the weight of tires (in KGs) found to have been under-reported.

Comment: What is driving this change in the way Reuse is handled

Response: Fraud is a large driver here. The reuse market has climbed drastically in the last few years and when looking into this increase, it has been discovered that some of this increase is fraud.

Comment: If your incorporating the Collection costs associated with reused tires into the base TI model at an average rate and a given Haulers reuse rate is higher then the average, then that Hauler would see a reduction in their overall incentive payment correct?

Response: Essentially yes.

Comment: The proposed changes are listed for implementation on Feb 1st, 2012, so in the event that audit discovers a violation of reuse would the claw backs as outlined in the slides be applied as of Feb 1 2012 or from the beginning of the program?

Response: The penalty would be applied to activities after Feb 1st, 2012 however the current method of assessment would be applied on items prior to that date.

b) Hauler inventory transfers:

- The intent of HIT forms is to allow Haulers to transfer inventory during temporary “blips” in processing capacity to a Hauler who can deliver it to another approved end use. OTS has seen that in some cases Haulers are not delivering any tires to a Processor or reuse/retreading market (or very few in terms of percentages). OTS proposed implementing a 75% delivery target (i.e. Haulers would need to demonstrate that 75% or more of the material they pick up should be delivered to a combination of approved Processors and approved Reuse Markets).

Comment: Would there be limitations on the number of HITs a Hauler could accept?

Response: No

Comment: Is there a current issue with hauler to hauler transfer that has lead OTS to believe that tires are not ending up at processors?

Response: OTS has certainly identified risks through audits that indicate there are potential loop holes in this process.

Comments: Would OTS be open to other checks and balances instead of requiring Haulers to demonstrate this?

Response: As always OTS is open to proposals, please submit thoughts/comments/suggestions via the info@otnariots.ca inbox as soon as possible for consideration.

Comment: If a Hauler does not have a relationship with a Processor they would be removed from the program?

Response: OTS has been requiring that Haulers provide proof of a relationship with a Processor at the time of Hauler registration. OTS would look into whether the relationship still exists however the Processor is not currently accepting tires (this would be a temporary inability to meet the delivery thresholds not an ongoing issue). However in the event that a Hauler can not meet the standards OTS will look at de-registering the Hauler.

c) Sub-collector agreement; Proposed Changes:

Comment: Instead of altering the sub-Collector program, could OTS implement a form that would be used by Haulers picking up at sub-Collector locations?

Response: Currently this could be done on a UCR form if picking up at a completely unregistered site. Arrangements for tires to move from sub-Collector locations to the Collector locations are to be done outside of the OTS program. Implementing a new form/system for the number of sub-Collectors that are currently registered, implementing a new form is cost prohibitive.

Comment: Are Sub Collectors listed on the website?

Response: No they are not.

Comment: What would the 1000.00 bond be used for?

Response: It would be posted as a security to OTS.

Comment: Would the bond be used to pay for any CA allowance that is wrongly reported. Or is it about paying for the auditing replenish?

Response: It would be a security posted, in some cases the amounts owing would far exceed the bond amount, for which OTS would seek the amounts in full from Collector (as per the sub-Collector agreement) in terms of repayment.

D) Tire Collection Data Reports: Proposed Updates

Comment: Comparable data to that OTS is proposing to offer for a costs provided free of charge by some of the other Stewardship Programs. For example the Stewardship Ontario Blue Box program provides detail data regarding municipal weights recycled. Why would OTS need to charge a fee to obtain similar program data at a high summary level when the data provided by Stewardship Ontario regarding the Blue Box Program is quite detailed right down to the dollar?

Response: The Blue Box program is quite different in terms of vendor composition. Most of the data reported is Based on public entities reporting. OTS has numerous private entities reporting data meaning the information can not always be published which is why OTS is look at only releasing high-level data.

Comment: If the data is going to be presented at a very high level couldn't this be done at no charge?

Response: OTS is interested in providing those who are interested with these reports which have until now been unavailable in the market place. The data set could be purchased similar to other data sets that are purchased from other sources.

Comment: Any kind of information OTS can provide to participants is always good.

Response: OTS will keep this in mind.

e) Hauler Transportation Meeting Announcement: Nov 1st, 2012.

- Information on where and when new rates and changes to the model will take effect will be discussed.
- DOT rates, and results of OTR studies will be discussed
- Revised estimated weights for certain tire categories will be reviewed
- Implementation time lines for changes to be reviewed
- OTS will be sending the meeting notice out to registered Haulers early next week. Additional material will be sent out prior to the meeting for review as well.
- There will be a limit on the amount of people that will able to attend due to space constraints however attending via webinar will also be an option.

Comment: Are other participants incentives being reviewed as well for 2012?

Response: OTS will be reviewing some of the items in the November 14th Technical Committee meeting, however for the most part incentives for the Collectors, Processors and RPMs will remain unchanged..

Comments: Has there been any update on an HST ruling?

Response: Not as of yet. However OTs has taken a precautionary approach and built a proposed budget that includes provisions for OTS to remit HST to participants on incentives and not collector it from Stewards to be conservative. OTS hopes to obtain a ruling in short order and continues to work with the applicable governing bodies. The budget will likely be adjusted based on the ruling outcome as applicable.

Comments: Will there be changes to the TSF fee?

Response: OTS will be hosting a Steward consultation to review proposed changes on November 7th 2011.

Comment: Does WDO have a say in directing those fees?

Response: Yes, WDO approves the OTS fees, however the overall fee setting methodology is in the program plan. Any changes to the methodology would need to be presented and approved by the Ministry of the Environment.

10)_Next Meeting: November 16th 201; 9:00am-11:00 am. Location TBD

11) Adjourn Meeting: Meeting adjourned at 11:30am.