

Tire Stewardship BC Board Meeting

April 18, 2023
Delta Hotel, Burnaby



Agenda

7. Treasurers' Report

a) Cash Position & Cash Flow

- Cash in bank \$1.482M @ March 31, 2023
- Investments \$10.394M @ March 31, 2023
- CF gaps anticipated in 2nd quarter

b) Statement of Operations – handout provided.

c) Investment Report – handout provided

d) Reserves:

- 5.5 months @ 2022 YE
- 4.3 months projected @ 2023 YE

e) Cost per PTE (total expenses/ total PTE collected) Note: a PTE is now 11KG not 10KG

- \$5.26 @ 2022 YE
- \$5.49 projected at 2023 YE

Statement of Operations

Period End Feb 28 2023 draft

	2021	2022	2023	2023	2023	2023
	Actual	Actual	Budget	Actual	Projections	Difference
	\$	\$	\$	\$	\$	\$
OPERATING REVENUE						
ADF	24,215,112	25,253,901	25,754,998	2,724,084	24,771,572	(983,426)
ADF-PLT	20,066,724	18,822,068	19,242,412	1,993,165	18,895,859	(346,553)
ADF-MT	3,618,054	5,810,967	5,927,186	630,378	5,325,257	(601,929)
ADF- AG	272,580	276,975	276,975	44,655	259,862	(17,113)
ADF- LS	136,010	138,425	138,425	38,325	120,594	(17,831)
C&E	124,279	105,554	50,000	1,255	50,000	-
RIV	(3,169)	124,890	150,000	20,382	150,000	-
RIV Commission	634	(24,978)	(30,000)	(4,076)	(30,000)	-
Interest	617,386	(1,010,048)	311,998	176,488	326,998	15,000
Bank Account Interest	5,886	21,119	10,000	13,702	25,000	15,000
Investment Earnings	611,499	(1,031,167)	301,998	162,786	301,998	-
TOTAL REVENUE	24,832,498	24,243,852	26,066,997	2,900,572	25,098,570	(968,426)
OPERATING EXPENSE						
Program Incentives	22,825,147	25,435,653	26,041,300	3,202,562	26,887,308	846,007
Transportation Incentive	8,807,163	10,551,150	11,041,837	1,080,307	11,173,665	131,828
Processing Incentive	12,983,384	13,860,150	13,966,463	2,121,697	14,680,642	714,179
Manufacturer Incentive	1,034,600	1,024,354	1,033,000	557	1,033,000	-
Program Management	1,285,855	1,374,915	1,588,919	202,665	1,588,919	-
Professional Services	193,159	286,718	300,722	40,950	300,722	-
Board Expenses & Travel	179,194	200,360	209,849	30,233	209,849	-
Other Programs	230,957	228,219	350,000	1,000	350,000	-
TOTAL EXPENSE	24,714,311	27,525,865	28,490,790	3,477,409	29,336,798	
INCOME FROM OPERATIONS	118,187	(3,282,013)	(2,423,794)	(576,838)	(4,238,227)	

Notes

The 2023 budget column reflects the budget approved in Dec 2022 and not the proposed amended budget that will be discussed later in the meeting.

Revenue

PLT sales:

January sales were poor but Feb saw PLT sales 12% over budget and 6% over 2022 (likely due to unseasonal snowfall)

Actual to budget: -2%

Actual to 2022: -2%

MT sales:

January sales were extremely low compared to budget and 2022 but rebounded in Feb, coming in at 1% below budget and 11% over 2022.

Actual to budget: -10%

Actual to 2022: -14%

Revenue Overall

YTD actual to budget: -4%

YTD actual to 2022: -5%

Incentives

Western projections showing increased mulch sales and new volume for colored crumb sales

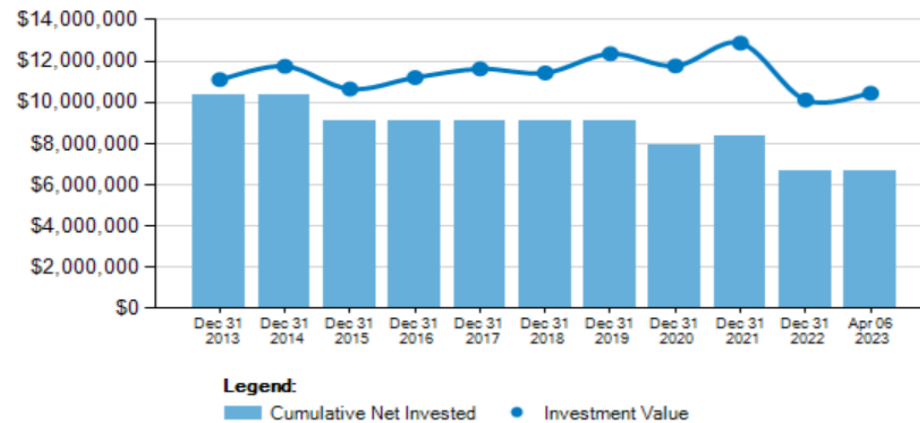
G&A

Too early to comment

7. Treasurers' Report - investments

All information on this screen is presented on a CAD, trade date basis

Investment Value Added (after deducting Fees and Sales Taxes)



Investment Value Added* since inception: \$ 3,784,939.03

*Investment Value Added = Investment Value - Cumulative Net Invested

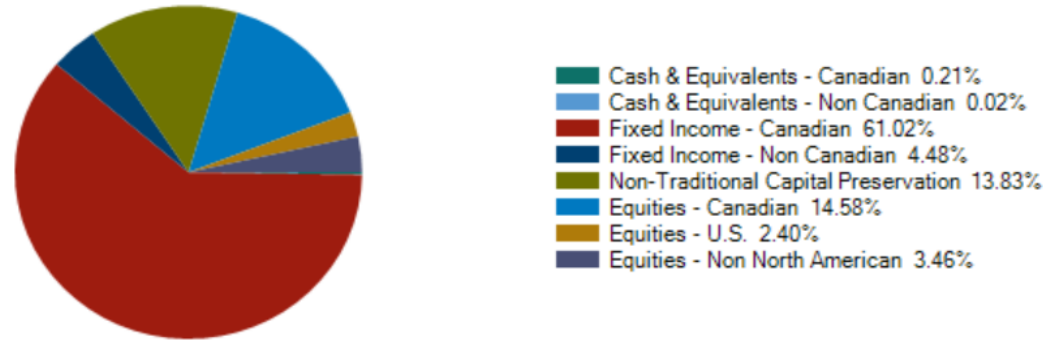
Group / Account Name	Reporting Period	Account Number	Account Type	\$ Starting Investment Value	\$ Investment Value Added	\$ Ending Investment Value
ALL ACCOUNTS	Since Inception (06-03-2011)	N/A	N/A	0.00	3,784,939.03	10,438,984.27
TIRE STEWARDSHIP BC ASSOCIATION	Since Inception (06-03-2011)	870-06966	NON REGISTERED	0.00	3,784,939.03	10,438,984.27
ALL ACCOUNTS	Calendar Year To Date	N/A	N/A	10,111,356.66	327,640.28	10,438,984.27

7. Treasurers' Report - investments

○ USD ● CAD

All information on this screen is presented on a CAD, trade date basis

— Asset Allocation



Asset Class	\$ Market Value including Accrued Income	% Total Assets	\$ Estimated Annual Income	% Estimated Annual Income
Total Assets	10,438,984.27	100.00%	335,438.63	3.21%
+ Capital Preservation	8,305,017.47	79.56%	275,275.11	3.31%
+ Capital Appreciation	2,133,966.80	20.44%	60,163.52	2.82%

8 a) Regulatory Issues

- **Market Place Platforms**
 - Example: Wal-mart's marketplace allows 3rd parties to sell tires on its site but refuses to be responsible for collecting the eco fee.
 - BC government bulletin states that as of a July 2022 "a "marketplace facilitator" for this purpose will be defined as a person who (1) operates, owns or controls (solely or jointly) an online marketplace; (2) through the online marketplace, facilitates a marketplace seller's retail sales of goods, software or taxable services; and (3) collects payment in respect of the retail sales of goods, software or taxable services.
- **Regulatory Creep**
 - Ministry issuing guidance on certain sections of the Regulation
 - Guidance is confusing, a director's interpretation & oversteps the responsibility of the Director
 - SABC engaged legal counsel, resulting in a letter to the Ministry ADM expressing concern response was not positive.
 - Ministry has put a stop to all Plan approvals, which may indicate the letter has caused some pause for thought.
 - Significant number of the stewards without Plan approval.
 - No next steps identified but SABC considering an FOI request and is submitting a list to the ADM of all programs waiting for plan approval.

8 b) Governance Committee

- Meeting held February 6 (next meeting June 6)
 - Review of 2023 director nominations:
 - Mark Endersby re-nominated, Carol Hochu nominated
 - Action: conduct onboarding session with Carol
 - Review of Committee structure and Terms of Reference
 - Action: to prepare TOR for HR and OTR committee
 - Review of Officer positions
 - Action: to expand the TOR for the Treasurer position
 - Action: to consider two new positions: Past Chair and Vice Chair
 - Action: inform directors that nominations are being sought for the Secretary position and Chair of Governance Committee
 - Chair & Treasurer terms end AGM 2024

8 b) Governance Committee

- Review of Board & ED evaluations
 - Action: consider implementing board self evaluations
 - Action: talk to HR committee regarding ED evaluation
- Strategic Planning Session
 - 2 proposals received, PS&Co selected, introductory meeting April 19
 - Thank you for participation to date – interview to follow in May/June
 - Action: governance committee to meet June 6 to review and discuss SPS agenda
- Institute of Corporate Directors
 - Training session by ICD – Alison Ground at 10am

Conclusion: Most of the action items will be deferred to discussion during the strategic planning session in June.

8 c) MDC report – Western partnership meeting

- **Outbound: Softening Markets**

- Mulch – demand is down
- Crumb Markets – steady

- **Inbound: steady flow**

- Collection issues identified in 2022 / 2023 are a priority and plans in place to rectify
 - Consultant in place to review collection model
 - Tracking of local government collections
 - Bi-weekly meetings with WRP & TSBC staff
 - Call centre for collections now in effect at WRP

8 c) MDC report – Western partnership meeting

- **Other:**

- Consolidation of 969 & 721, or move to a new location, back on the table
- Path to add manufacturing capability still in play
- Sole supplier of crumb to CRT (AB devulcanization plant) – used for retreading
- Ultimate RB Rubber - equipment
- Liberty / UBC project on use of scrap tire fibre in concrete applications (blocks)
- City of Kelowna rubberized asphalt project
- Looking at satellite plant in Prince George (shredding)
- Project ongoing with BC Hydro to investigate potential energy savings / reduce carbon footprint
- Environmental Management Plan complete – findings insignificant in nature

8 c) MDC report – North West Rubber partnership meeting

Market Update

- Farm retail starting to pick up and strengthen.
- The trailer market is a leading indicator of the market and it remains strong, however much of this demand is a result of a backlog of orders for trailer purchasers, so uncertain if demand will continue strong throughout 2023.
- NWR purchased the manufacturing plant of Ultimate RB, located in McMinnville OR – WRP has purchased the equipment from Ultimate RBs equipment
- On pace to come in at 38-40M lbs for purchase of BC crumb with about 2M of that to the new plant in McMinnville.

Operational Update

- Plant operations reduced from 24/7 to 24/5 in last 6 months of 2022, currently ramping back up to 24/7.

8 c) MDC report – North West Rubber partnership meeting

Update on Industry Development Fund Projects: repatriation and automation

- Automation project – planning to go live in 3rd/4th quarter of 2024. Building permit application to be filed shortly. Projections for crumb rubber in 2025 will be approximately 55M lbs, which will be the first full year of operation. The upgrade will result in mainly increased production vs new product.
- Repatriation project – the product went into production 4th quarter last year and is selling. There will always be production in China as this plant will continue to make the colored version of the mat.
- NWR asked about interim funding for the automation project, which will see significant financial outlay in 2023. The policy contemplated a staged funding release.

8 c) MDC report – North West Rubber partnership meeting

Other R&D Project Updates (current and potential)

- R&D competency being build on with the purchase of Animat. The utilization of fibre into the product was a project underway but is currently on hold due to period of potential excess capacity.
- NWR has seen success in terms of additional polymers and optimizing product recipes, in particular the Animat product line. Lab results have indicated one product may be VOC compliant (related to off gassing), which will be a huge win in the marketplace over competitors.
- Reported back in September, NWR is in a joint venture with Inpress on a feed pan project. Good sales so far and getting some good traction. The product is approximately 60% rubber and 40% plastic. A few other products are being considered and will result in an onshore vs offshore solution.

8 d) Member Update

- Retail Council of Canada – Ken Rees
- New Car Dealers Assoc of BC – Glen Ringdal
- Western Canada Tire Dealers Assoc – Tim Hollett
- Tire & Rubber Assoc of Canada – Glenn Maidment

8 e) TSBC Communications Update

(April 18, 2023)



Prepared by:
Bianca Bujan
Communications Director
biancabujan@tsbc.ca

Overview:

This year, our main focus continues to be on increasing consumer awareness around tire recycling, with messaging around where to take tires to be recycled, and where to find more information on tire recycling in BC. We plan on reaching consumers through the following:

- Community Outreach - Ambassador Program
- Media Buys (TV, Digital, Bus Ads)
- Media Outreach/PR
- School Programming
- Collection Events



Community Outreach - Ambassador Program

This year, we will have in-person presence at events across BC to connect with consumers, answer questions, educate on TSBC programming, and increase overall awareness of tire recycling in BC through engaging and interactive booths.

BCUOMA & TSBC will each partner with 14+ BC community and auto-focused events across the province, plus additional ambassador visits to select program return locations across the province to distribute marketing materials, and meet with customers, key stakeholders, media, and government representatives.

- Each stewardship to reach over 40,000 British Columbians attending events
- Survey of over 400 British Columbians each at the events
- Receive over 15 media mentions for each organization



Paid Media Buys



TV Commercials

(30 second spots X 6 paid weeks)

Province Wide (BC) - CBC BC, Sportsnet - BC, Global BC L-Frames

Shaw US Spill - Those BC residents who watch US shows/channels on BC services providers - this is available to non-profits only and is a very affordable way to reach those who aren't only watching local channels

Vancouver/Victoria - Global BC

Vancouver Island - CHEK

Kelowna (+ Okanagan) - CHBC - Global BC

Kamloops & Prince George (+ regions) - INTV - Global BC

TV "Frames" - Border ads during morning news, etc - additional way to reach the TV audience

Digital "Connected TV" - Reaching an audience through those digital apps that are ad supported (Stack TV, Amazon, Corus Content)

Bus Ads

Super Kings + Headliners, markets similar to last year

Digital (performance and programmatic ads)

Paid Search - Google AdWords

YouTube - Extending our TV ad creative to YouTube as well

Facebook / Instagram Ads + Social Posts

School Programming - ARTist Response Team

This year we will be sponsoring in-school programming, including:

Palsson Elementary School (Lake Cowichan, BC) (COMPLETE) March 7, 8, 9, 2023 210 students, K-3, 600 audience members

Connaught Heights Elementary (New Westminster) May 16, 17, 18, 2023

Imagine High Integrated Arts & Technology Secondary (Chilliwack)
April 13 - June 21, 2023

This will be an extended program with an Indigenous focus, working with high school students who are doing stream restoration work. ART/Good Medicine Songs will work with them to develop a song in Halq'emeylem and English, called "Voice Of The Stream", and there will be video components, shareable clips, and an opportunity for TSBC to attend and speak at the final event on June 21 (National Indigenous Peoples' Day)

Fernwood Elementary, Saltspring Island (Dates TBC)



Next Steps:

- Hiring, scheduling, asset creation for Ambassador Program
- Meeting with HBM to develop creative strategy for TV commercials
- Media scheduling for paid advertising
- Development of media outreach plan for remainder of the year
- Confirmation of details and scheduling for upcoming collection events
- Develop timing and plans for community grant program
- Begin work on retailer website



8 f) Across the Country

- Annual Members Meeting: Oct 2 -4 in Halifax (followed by TRAC symposium)
- Members now meet quarterly, focus for the year is :
 - Back to basics, market analysis, LCA, HCRs, best/common practices
- Quebec:
 - Fee increase (\$4.50 / \$6)
- Ontario
 - Compliance notice issued
- Alberta
 - Moving to EPR program with an oversight agency (ARMA)
 - Starting with Blue Box program
- Saskatchewan
 - Additional processor – CRM (tires will go to AB facility for now)
- Northwest Territories
 - Environment Canada workshop in Yellowknife to assist the territory with moving to EPR for selected programs



9 a) Audit & Investment Committee

9 b) Audit & Investment Committee

	REVENUE	2020 Actual	2021 Actual	2022 draft actual	2023 budget approved	2023 budget amended	Difference
1.0	Revenue Collection	22,167,127	24,202,422	25,252,176	25,718,910	25,754,998	36,088
1.1	ADF-PLT	18,404,340	20,054,034	18,822,068	19,242,412	19,242,412	(0)
1.2	ADF-MT	3,088,674	3,618,054	5,810,967	5,885,670	5,927,186	41,516
1.3	ADF- AG	262,485	272,580	276,975	277,742	276,975	(767)
1.4	ADF- LS	122,115	136,010	138,425	143,086	138,425	(4,661)
	<i>Sub total</i>	21,877,614	24,080,678	25,048,435	25,548,910	25,584,998	36,088
1.5	C&E	123,719	124,279	103,829	50,000	50,000	
1.6	RIV	207,242	(3,169)	124,890	150,000	150,000	
1.7	RIV commission	(41,448)	634	(24,978)	(30,000)	(30,000)	
2.0	Interest (bank, investments, IDF)	650,700	630,076	(1,010,048)	412,782	311,998	(100,784)
2.1	Bank	10,363	18,576	21,119	10,000	10,000	
2.2	Investments	640,337	611,499	(1,031,167)	402,782	301,998	(100,784)
	Total revenue	\$ 22,817,827	\$ 24,832,498	\$ 24,242,127	26,131,692	26,066,997	(64,696)

	EXPENSES	2020 Actual	2021 actual	2022 draft actual	2023 budget approved	2023 budget amended	Difference
3.0	Program Incentives	20,522,530	22,825,147	25,435,653	25,708,751	26,041,300	332,549
3.1	Transportation	7,492,483	8,807,163	10,551,150	10,696,155	11,041,837	345,682
3.2	Processing	12,003,235	12,983,384	13,860,150	13,966,463	13,966,463	
3.3	Manufacturing	1,026,812	1,034,600	1,024,354	1,046,133	1,033,000	(13,133)
4.0	Program Management	1,101,155	1,285,855	1,374,915	1,577,551	1,588,919	11,368
4.1	Program Admin	583,025	647,024	660,901	622,273	622,996	
4.2	Operational expenses:	180,372	173,789	145,368	164,133	172,556	8,423
4.2.1	Mgt Travel	6,002	7,718	16,963	35,000	35,000	
4.2.2	Misc Business Exp	19,167	16,775	17,758	25,000	25,000	
4.2.3	Staff Education	1,059	1,905	907	5,000	5,000	
4.2.4	Phone/Internet	5,022	3,270	2,946	3,000	4,400	1,400
4.2.5	Amortization Exp - IT	149,122	144,122	106,794	96,133	103,156	7,023
4.3	Compliance Reviews	40,444	137,038	136,184	200,000	200,000	
4.4	Bad Debt	6,026	9,218	3,826	5,000	5,000	
4.4.5	Interest & Bank Charges	3,394	3,403	3,244	3,500	3,500	
4.5	Communciations & Education	287,893	315,382	425,392	582,645	584,867	2,222
5.0	Professional Services	208,488	193,159	286,718	308,522	300,722	(7,800)
5.1	External Audit / Accounting	47,550	53,684	52,259	56,920	56,920	
5.2	Legal	2,697	(3,083)	(1,135)	20,000	20,000	
5.3	Consulting	5,762	13,696	23,786	20,000	20,000	
5.4	IT application & env mgmt	128,130	113,762	201,859	191,602	183,802	(7,800)
5.5	IT Projects	24,350	15,100	9,950	20,000	20,000	
6.0	Board Expenses and Travel	159,831	179,194	200,360	204,717	209,849	
7.0	Other Programs	218,273	230,957	228,219	350,000	350,000	
	Total Expenditures	\$ 22,210,278	\$ 24,714,311	\$ 27,525,865	28,149,541	28,490,790	341,249
	Reserve	\$607,549	\$118,186	(\$3,283,738)	(\$2,017,849)	(\$2,423,794)	(\$405,945)
				If new PI rate approved		(2,869,514)	(851,665)

9 c) 5-Year Financial Forecast

- Review and discussion held at the Audit & Investment Committee Meeting
- 3 scenarios presented: PLT \$5, \$5.50 & \$6
- Baseline for projections is the 2023 budget
- Assumption that lost revenue in 2022 is indeed lost and not delayed
- TSBC required to give retailers 3 months notice of any changes to the eco fee
- NPV: \$5 (2007) = \$6.79 (2023)
- We collect on a per unit basis, we pay out on a per tonne basis
 - Average weight of a car tire up by 10%

<https://www.in2013dollars.com/canada/inflation/2007>

\$5.00

	2022	2023	2024	2025	2026	2027
Excess (Shortfall) to Reserves	\$ (3.28)	\$ (2.42)	\$ (2.62)	\$ (2.16)	\$ (2.35)	\$ (2.24)
\$/PTE Collected - All Expenses	\$ 5.30	\$ 5.55	\$ 5.57	\$ 5.48	\$ 5.50	\$ 5.48
Cash + Reserves (Reserves) - Total	\$ 12.63	\$ 10.21	\$ 7.59	\$ 5.43	\$ 3.08	\$ 0.84
Reserves as % of total exp	46%	36%	26%	19%	10%	3%
# Months reserve	5.5	4.3	3.1	2.2	1.2	0.3

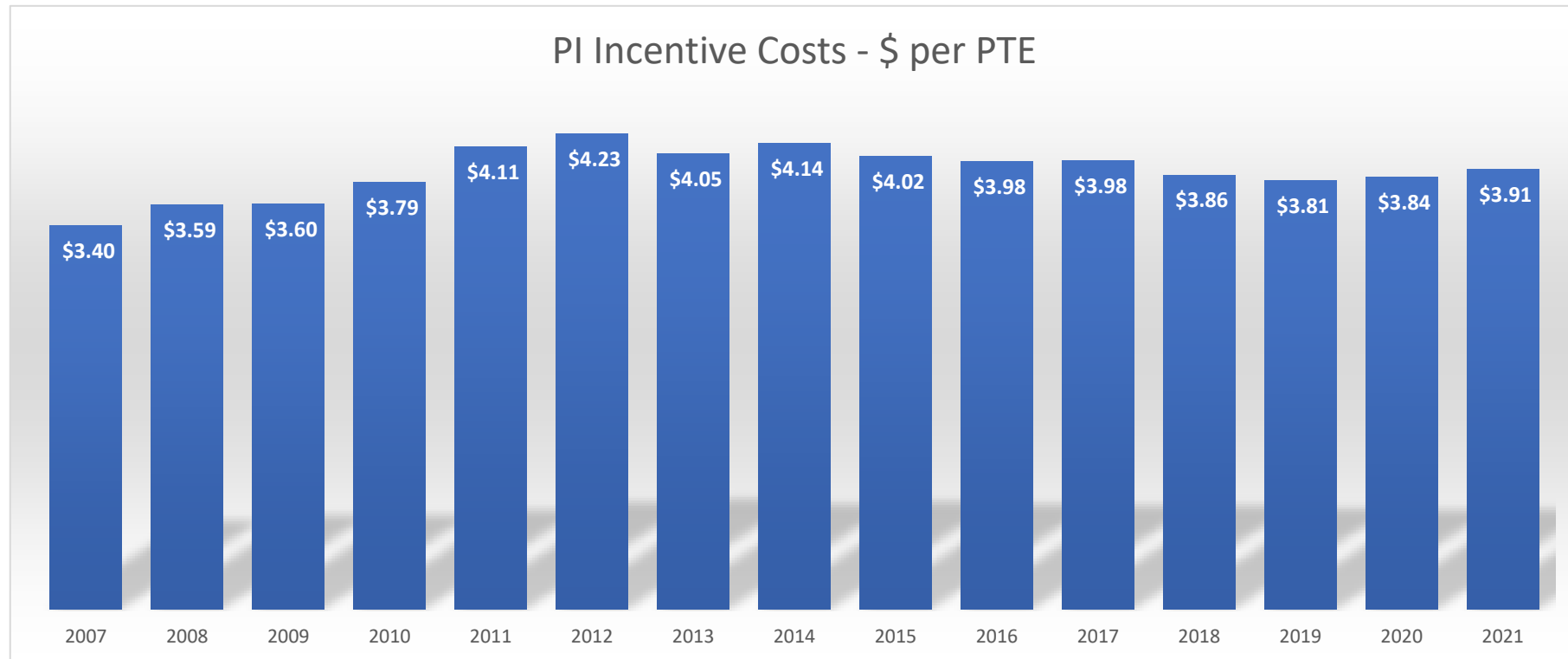
\$5.50

	2022	2023	2024	2025	2026	2027
Excess (Shortfall) to Reserves	\$ (3.28)	\$ (2.42)	\$ (0.66)	\$ (0.15)	\$ (0.31)	\$ (0.16)
\$/PTE Collected - All Expenses	\$ 5.30	\$ 5.55	\$ 5.57	\$ 5.48	\$ 5.50	\$ 5.48
Cash + Reserves (Reserves) - Total	\$ 12.63	\$ 10.21	\$ 9.55	\$ 9.40	\$ 9.09	\$ 8.93
Reserves as % of total exp	46%	36%	33%	32%	30%	29%
# Months reserve	5.5	4.3	3.9	3.9	3.6	3.5

\$6.00

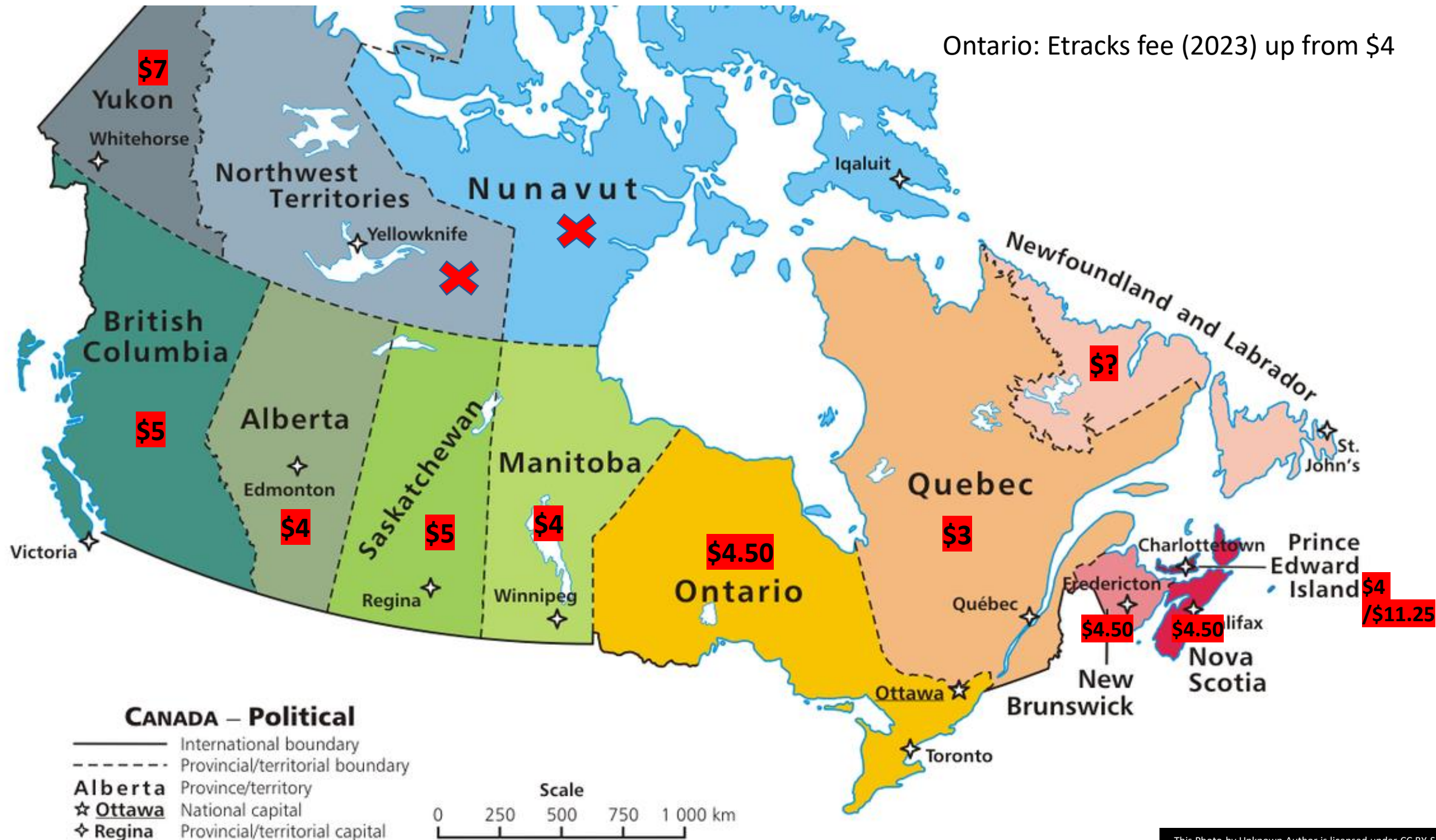
	2022	2023	2024	2025	2026	2027
Excess (Shortfall) to Reserves	\$ (3.28)	\$ (2.42)	\$ 1.30	\$ 1.85	\$ 1.73	\$ 1.93
\$/PTE Collected - All Expenses	\$ 5.30	\$ 5.55	\$ 5.57	\$ 5.48	\$ 5.50	\$ 5.48
Cash + Reserves (Reserves) - Total	\$ 12.63	\$ 10.21	\$ 11.51	\$ 13.36	\$ 15.09	\$ 17.02
Reserves as % of total exp	46%	36%	39%	46%	50%	56%
# Months reserve	5.5	4.3	4.7	5.5	6.0	6.7

9 c) 5-Year Financial Forecast



Net Present Value of \$3.40 in 2007 is \$4.28 in 2021 and \$4.62 today

Ontario: Etracks fee (2023) up from \$4





9 d) Meeting Dates

Scheduled meetings:

1. WRP partnership meeting – May 18
2. June 28 & 29 Board Meeting & Strategic Planning session (Nanaimo)
3. Governance Committee June 6

Meetings – required but no date set yet:

1. Audit & Investment (late Aug / early Sept)
2. NWR partnership meeting (June)
3. OTR committee meeting (late summer / fall)

Scheduled Mgt Vacations:

RS: May 1 to 15, July 3 to 6

Conferences:

1. Indigenous Zero Waste – April in Richmond (Joel)
2. SWANA / EPR workshop – June in Yellowknife (Rosemary)
3. CATRA – October in Halifax (Rosemary, Joel & Glen)
4. TRAC – October in Halifax (Rosemary, Joel & Glen)

Expense Reports: please note the templates are in the portal, please include receipts and send to Dianne.



10. New Business
11. Adjourn

1. CALL to ORDER:

MOTION: As notice of the meeting has been given in accordance with the by-laws of the Society, and as a quorum of the Members are present, the meeting is duly constituted for the transaction of business.

2. ADOPTION OF RULES OF ORDER:

MOTION: To adopt Roberts Rules of Order for this Annual General Meeting on April 18 2023.

3. APPROVAL OF MINUTES

MOTION: To approve the minutes of the previous Annual General Meeting on April 11, 2022.

4. APPROVAL OF AUDITED FINANCIAL STATEMENTS

MOTION: To approve the 2022 audited financial statements.

5. ELECTION OF DIRECTORS

MOTION: The following persons are hereby confirmed to be Directors of the Society until the next Annual General Meeting:

Tim Hollett	Western Canada Tire Dealers Association
Mark Endersby	Western Canada Tire Dealers Association
Norm Schmidt	Western Canada Tire Dealers Association
Carol Hochu	Tire and Rubber Association of Canada
Adrian Courtenay	Tire and Rubber Association of Canada
Ken Rees	Retail Council of Canada
Glen Ringdal	New Car Dealers Association of BC

6. CONFIRMATION OF AUDITORS

MOTION: The firm, Baker Tilly is hereby confirmed as the Auditors of the Society until the next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors.

7. RATIFICATION OF THE ACTS OF DIRECTORS AND OFFICERS

MOTION: **RESOLVED** that all acts, contracts, by-laws, proceedings, appointments, elections and payments, enacted, made, done and taken in good faith by the Directors and Officers of the Society to the date of this meeting, as the same are set out or referred to in the resolutions of the Board of Directors, the Minutes of the meetings of the Board of Directors or in the financial statements of the Society, are approved, sanctioned and confirmed.

8. New Business

9. Adjourn

Election of Officers – *Chair, Treasurer, Secretary*

Review of TSBC Board Committee Structure – *structure below post AGM*

STANDING BOARD COMMITTEES	CHAIR	MEMBERS
Audit and Investment	TSBC Treasurer	TSBC Chair, Adrian Courtenay
Governance	Vacant	TSBC Chair, Tim Hollett
Market Development	Mark Endersby	Norm Schmidt, TSBC Chair
OTR	Norm Schmidt	Adrian Courtenay, Tim Hollett
Human Resources	Adrian Courtenay	Norm Schmidt, TSBC Chair
AD HOC COMMITTEES	CHAIR	MEMBERS
Executive	TSBC Chair	TSBC Treasurer, TSBC Secretary
OTHER NON-BOARD COMMITTEE	CHAIR	MEMBERS
WRP/TSBC Partnership Meetings	N/A	Board Chair plus any director available to attend
NWR/TSBC Partnership Meetings	N/A	Board Chair plus any director available to attend
Advisory Committee	N/A	Board Chair plus any director available to attend