

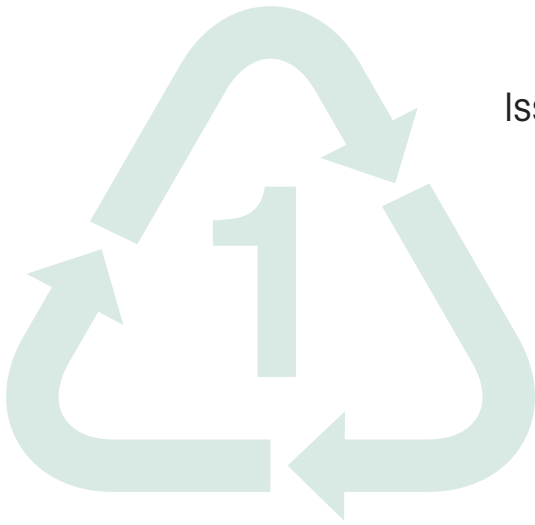
Request for Proposal



Post-Consumer Beverage Containers

Purchase of PET/HDPE and Other
Plastics from Encorp Atlantic Inc.

Issued by Encorp Atlantic Inc.



DECEMBER 2014

CRYSTAL CLEAR WATER
 BAXTER FOODS
 SCOTSBURN CO-OPERATIVE
 CO-OP ATLANTIC
 COCA COLA BOTTLING
 PEPSI-QTG
 CEDAR VALLEY SPRINGS
 COTT BEVERAGES
 MORRIS WHOLE
 PROVIGO DISTRIBUTION
 SOBEY'S GROUP
 TRA MARITIMES
 SYSCO SERCA
 LOBLAWS
 BULK BARN FOODS
 ANNE-MARIE GESTION
 BIG 8 BEVERAGES
 C.L. COMEAU CIE
 MCKESSON
 NORTHUMBERLAND CO-OP
 LE GROUPE JEAN COUTU
 A.LASSONDE
 THE TDL GROUP
 MARTIN-BROWER
 HUDON ET DEAUDELIN
 GILBERT MOUNTAIN SPRINGS
 AURA WHOLE FOODS
 HUDSON'S BAY COMPANY
 SYSCO SERCA ATLANTIC
 AU GRAIN DE BLE
 WAL-MART
 ROLLY'S WHOLESALE
 NESTLÉ WATERS
 COSTCO WHOLESALE
 MICHAEL ROSSY
 SHOPPERS DRUG MART
 DIARMID LIMITED
 SCOOP & SAVE
 OCEAN SPRAY INTERNATIONAL
 APPLEMAN FARMS
 FERME BOURGEOIS FARM
 GFS ATLANTIC
 CANADIAN SPRINGS
 SUNOPTA
 ELCO FINE FOODS
 AMWAY-QUIXTAR
 UNISOURCE CANADA
 UPPER 49TH IMPORTS
 NIKOL POULIN
 KARIC SALES
 BIOFORCE CANADA
 DYNAMIC PRINTING
 G.T. WHOLESALE
 SPRING WATER
 4287762 CANADA
 NATIONAL FOCUS
 TREE OF LIFE CANADA
 PURELY JUICE
 BEVERAGE WORLD
 DOLLARAMA
 L.P. MORINDA CANADA CO.
 CANADIAN TIRE CORPORATION
 T.W. GRAHAM
 LIQUIDATION WORLD
 XYIENCE
 BOND LABORATORIES
 MONAVIE LLC
 EAUX VIVES WATER
 COVERED BRIDGE
 CORWIN DISTRIBUTION
 GENERAL NUTRITION CENTRES
 LIBERTE NATURAL FOODS
 DISTRIBUTION MISSUM
 THE BARGAIN SHOP
 HILARY'S SALESMASTER
 BETTER HEALTH BEVERAGE
 DISTAGRO
 THAI INDUSTRIES

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LIST OF ACRONYMS

ADT	Atlantic Daylight Time
BCA	New Brunswick Beverage Containers Act
HDPE	High-Density Polyethylene
NDA	Nondisclosure Agreement
PC	Processing Centre
PET	Polyethylene terephthalate
PP	Polypropylene (bulk bags)
RC	Redemption Centre
RFP	Request for Proposal
UBC	Used Beverage Container



1.0 Introduction

THIS IS A REQUEST FOR PROPOSAL (RFP) AND NOT A TENDER CALL

The New Brunswick Beverage Containers Act (BCA) was a pioneering piece of legislation in Canada in 1992, formalizing the concept of industry becoming stewards of their product's containers even after use.

Encorp Atlantic Inc. (Encorp) is the non-alcoholic beverage industry's response to post-consumer challenges for New Brunswick. Since then, Encorp, as agent for distributors in New Brunswick, has been at the forefront of the province's stewardship movement, implementing and operating a comprehensive province wide system that meets the requirements of the Act and the needs of consumers to recycle.

Encorp has fully supported the program, fulfilled all its obligations as the agent for more than 75 registered distributors, processed more than three billion containers and contributed over \$106 million to the Environmental Trust Fund from 1992 to the end of March, 2014.

Early on, Encorp developed the EnSys™ system to administer the New Brunswick's deposit-refund program for non-alcoholic beverage containers as a paperless administration. EnSys™ allows Encorp to track and manage the collection, handling and processing of all recyclable containers. This traceability enables full control of all material streams from the collection point back to markets for recycling. In addition, the EnSys™ capacity and versatility allows it to issue electronic payment to vendors.

Our Mission:

“Encorp Atlantic Inc. provides beverage container waste management services to organizations that distribute deposit-bearing beverage containers in New Brunswick. Encorp is committed to optimizing beverage container redemption levels and costs of recycling those containers while maintaining long term self-sufficiency.”

2.0 Background

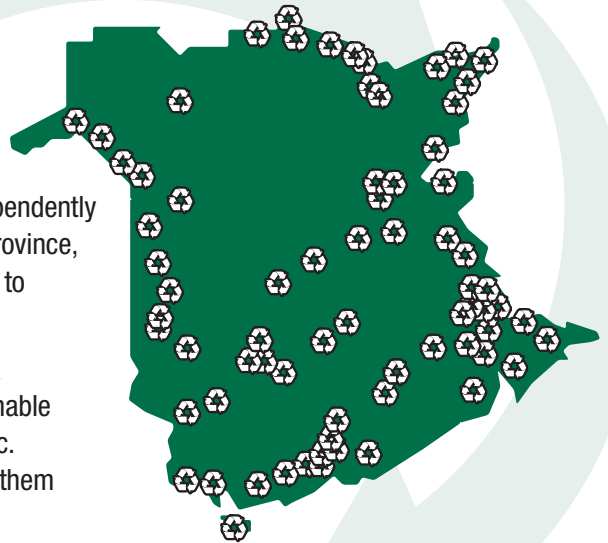
2.1 THE BEVERAGE CONTAINER PROGRAM

Effective April 1, 1992 the Province of New Brunswick introduced the New Brunswick Beverage Containers Act and regulations and established a collection network of independently operated Redemption Centre (RC) locations throughout the province, providing convenient access for all New Brunswick residents to enable them to return their used beverage containers (UBCs) for a refund.

Currently, 72 operators provide this service, receiving redeemable (i.e. “deposit-applicable”) beverage containers from the public. Encorp pays them a handling fee for service and reimburses them the consumer refund.

A copy of the BCA is available from the Encorp website at:

www.encorpatl.ca/NB/distributor



2.2 MATERIALS MANAGEMENT

Encorp provides RCs with large (bulk) bags to sort and store UBCs. Full bags are regularly picked up by a carrier contracted by Encorp and delivered to the Processing Centre (PC).

UBCs are sorted at the RC by container type (and for certain plastic and glass containers by colour also) and placed in woven polypropylene (PP) bags (“bulk bags”).










These full bulk bags are temporarily stored on site and then transported from the RC to a single PC.


Current Sort List

SORT LIST	
PRODUCT	SORT NO.
Aluminum Cans	1
Glass - Clear	2
PET - Clear 	3
Glass - Coloured	4
PET - Coloured 	5
Other Plastics   	6
Mini Sips / Pouches 	7
Steel Cans	8
Gable Top 	9
Refillable Glass	10
Tetra 	11
HDPE - Translucent 	12
PET - Blue 	13

November 1, 2016 

Proposed Sort List

SORT LIST	
PRODUCT	SORT NO.
Aluminum Cans	1
Glass - Clear	2
PET - HDPE  	3
Glass - Coloured	4
Gable Top / Tetra  	5
Other Plastics    	6
Mini Sips / Pouches 	7
Steel Cans	8



3.0 UBCs for Sale through this RFP

3.1 OBJECTIVES OF THIS RFP

Encorp’s objective under this RFP is to establish an arrangement with a Proponent/Buyer whereby the Buyer will:

- Have the ability to purchase approximately 4.7 million pounds annually of high quality UBCs (PET/HDPE and other plastics) for a period of either three (3) or five (5) years.
- Have the ability to purchase and receive full truckloads of UBCs on an uninterrupted basis as required. The successful Proponent/Buyer must be able to assure and guarantee uninterrupted receiving of UBCs, except in extraordinary circumstances. Encorp does not have the capacity to stockpile UBC inventory.
- Be able to have prices paid for UBCs based upon a published price indicator such as the Waste and Recycling News, Pricing Index, or other means, with factors to calculate a set price, for a specified time period. This period should be monthly or quarterly, depending upon the pricing formula proposed.
- Be able to submit two pricing formulas based on mixed bales and/or sorted bales.
- Manage freight costs from shipping location to the point of delivery. Prices will be FOB Seller.
- Have the ability to make all payments, in US Dollars, by electronic funds transfer in the shortest term possible. Terms to be specified in RFP response.

3.2 QUALITY OF GOODS SOLD

Encorp will contract with the successful Proponent/Buyer to provide UBC scrap in the form and to the specification of the Proponent/Buyer. Each Proponent/Buyer will submit a specification with detailed descriptions of the form and quality of the UBC scrap that is acceptable.

3.3 VOLUMES AND LOCATIONS

Appendix A of this RFP describes the volumes of UBCs and potential locations for pick-up of the UBCs available.

UBCs will consist of PET (clear, coloured and blue), HDPE, Other Plastics and MiniSips (Pouches) as listed in the attached Appendix A (Projected Volumes and Locations).

Estimated volumes are based on Encorp's actual volume for the 12-month period ending March 31, 2014.

Encorp estimates but does not warrant or guarantee that the quantity of UBCs will increase each fiscal year.

Proponents/Buyers **MAY NOT** propose to buy selected volumes or types of plastics without proposing to buy the **ENTIRE** volume of all plastics.

3.4 USE OF SUBCONTRACTORS/ASSIGNMENT OF VOLUMES

Any subcontractors that the Proponent/Buyer wishes to engage, or divert UBCs to that is not identified in the RFP, must be acceptable to Encorp. In every event, the prices contracted with the Buyer will be applicable to any subcontractor and predominates any subcontracting of the UBCs to another party.

3.5 TERM OF AGREEMENT ARISING FROM RFP

The Agreement entered into as a result of this RFP will be for a three (3) or a five (5) year term effective from October 5, 2015, and continue in effect until either October 4, 2018 or October 4, 2020.

3.6 PURCHASE AGREEMENT

On an annual basis, or more frequently if mutually agreeable, Encorp and the Proponent/Buyer will meet (by telephone or in person) to discuss the performance of the contract in relation to the Objectives.

3.7 PRICES

The Proponent/Buyer will indicate clearly in their response the method they will use to establish the prices they are willing to pay for UBCs.

The method proposed to set a UBC price **MUST BE** able to be validated using a published price indicator such as the Waste and Recycling News, Price Index, or other means, with factors to calculate a set price, for a specified time period. This period should be monthly or quarterly, depending upon the pricing formula proposed.

Preference will be given to the Proponents/Buyers having the ability to accept all materials with caps on.

Two pricing formulas are required:

1. For the combination of all PET and HDPE together.
2. For PET and HDPE to be separated in individual bales by colour and container type.

Clearly indicate pricing for both a three (3) year and a five (5) year timeframe.

3.8 SHIPPING

All UBCs shipped shall meet the Proponents/Buyers specification as were specified in this RFP.

The Proponent/Buyer shall ensure prompt pickup of the UBCs. Loads will be picked up within five (5) days of Encorp notifying the Proponent/Buyer that a load is available for shipment.

In responding to this RFP, the Proponent/Buyer will also provide details of how loads of UBCs are to be booked or reserved in advance for pick-up from Encorp, and the acceptable frequency of pick-ups from Encorp. Preference will be given to electronic load order/shipment authorization options from the Proponent/Buyer.

The Proponent/Buyer will identify the destination of UBC shipments, its mode of transportation and in the event the primary destination is temporarily not available, its alternative plan.

3.9 PAYMENT

Payment by the Proponent/Buyer to Encorp shall be 100% of the final PC weight, within the shortest time period possible. **Proponents/Buyers will clearly set out their net payment terms** in their responses to this RFP. Prompt payment will be significant criteria in the selection of the successful bidder for this RFP.

Encorp prefers **payment by Electronic Funds Transfer**, or other suitable electronic payment means. Electronic payment will be a preferred criteria in the selection of the successful Proponent/Buyer for this RFP.

Adjustments in payments, based upon product specifications will be discussed and agreed upon prior to implementing penalties on the part of the Proponent/Buyer. The respondents shall specify how they recommend such adjustments, if any, will be handled.

3.10 CONFIDENTIALITY & NON-DISCLOSURE

All documents, including proposals, submitted become the property of Encorp and are potentially subject to disclosure under any applicable provincial or federal privacy legislation. By submitting a proposal, the Proponent/Buyer accepts the potential of public disclosure of its contents, if required under the relevant legislation of the particular jurisdiction. Any information the proponent considers 'personal information' or 'confidential information' because of its proprietary nature should be marked as "confidential" and will be subject to appropriate consideration **but** cannot be guaranteed protection from disclosure.

Encorp maintains the right to make copies of all Proposals for its internal evaluation process and provide copies to its management, staff and advisors.

The successful Proponent/Buyer and Encorp will enter into a non-disclosure agreement (NDA), as part of the preparation of the contract.

Proponents/Buyers shall not make news releases or public announcements concerning the RFP or the awarding of an agreement without the prior written consent of Encorp, and then, only in coordination with Encorp.

3.11 LIABILITY FOR ERRORS

While Encorp has made all reasonable efforts to ensure an accurate representation of information in this RFP, the information contained in the RFP, including materials incorporated by reference or made available in connection with this RFP, is supplied solely as a guideline for proponents. The information is not guaranteed or warranted to be accurate by Encorp, nor is it necessarily comprehensive or exhaustive.

Each Proponent/Buyer is solely responsible for conducting its own thorough and complete review of this RFP and ensuring that it has a full and complete understanding thereof.

The RFP must be read in its entirety to understand the RFP process.

Each Proponent/Buyer shall promptly report, or request clarification of, any discrepancy, deficiency, ambiguity, error or inconsistency, which it discovers during the course of its review.

3.12 SUBMISSION OF RESPONSE AND CLOSING DATE

CLOSING DATE

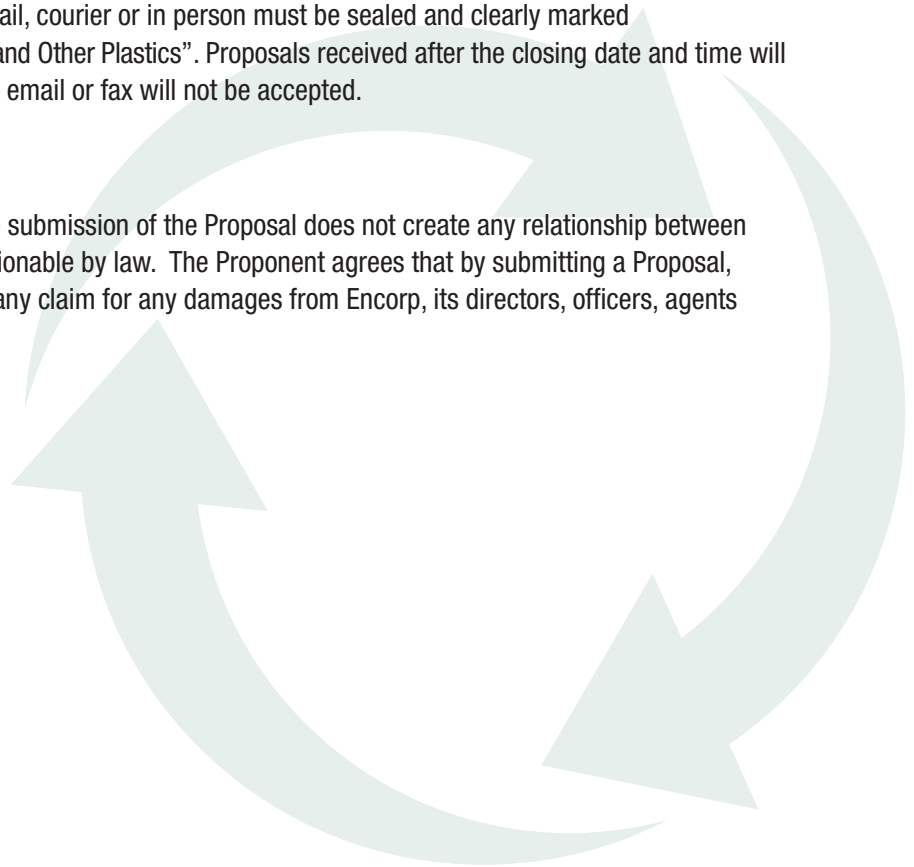
Proposals must be received by 12 noon (ADT), Friday, January 30, 2015, and shall be delivered by regular mail, courier or in person to:

RFP Purchase of PET/HDPE and Other Plastics
c/o General Manager
Encorp Atlantic Inc.
505 Unit D, St. George Street
Moncton, N.B.
E1C 1Y4

All quotations delivered by regular mail, courier or in person must be sealed and clearly marked "Quotation – Purchase of PET/HDPE and Other Plastics". Proposals received after the closing date and time will not be considered. Proposals sent by email or fax will not be accepted.

3.13 RELATIONSHIP

The Proponent/Buyer agrees that the submission of the Proposal does not create any relationship between the Proponent and Encorp that is actionable by law. The Proponent agrees that by submitting a Proposal, the Proponent/Buyer may not make any claim for any damages from Encorp, its directors, officers, agents or employees.



3.14 PROPOSAL REQUIREMENTS

3.14.1 Proponent/Buyer Profile

Any Proposal must be presented by a single lead organization that will be legally responsible for all aspects of any service agreement including all financial and contractual issues resulting from this RFP process.

Provide a detailed listing of the businesses involved in providing services under the submitted proposal including:

- a) The correct legal name of the Proponent/Buyer (Lead Organization);
- b) The correct legal names of business units or other businesses included in this proposal; and
- c) The relationship of each participant to the Proponent organization, e.g. subsidiary, sub-contractor, partner (investing).

3.14.2 Financial Stability

The successful Proponent may be required to demonstrate financial stability.

The successful Proponent must represent and warrant that it is assuming full financial and legal responsibility for the contractual delivery and performance obligations related to the purchase and transport of UBCs.

The proponent shall also disclose any matter involving a UBC payment, shipping or quality dispute claim valued in excess of \$50,000 which is subject to mediation, arbitration or litigation and the particulars of proceedings involving the Proponent/Buyer under the Bankruptcy & Insolvency Act (Canada), the Companies Creditor Arrangements Act (Canada) or other similar legislation.

3.14.3 References

The Proponent/Buyer should include two contract references of suppliers of UBCs to the Proponent/Buyer, providing:

- a. Name of client organization;
- b. Name, title, telephone number and e-mail of a client reference contact;
- c. Nature of the services or contract engaged for and duration of same.

References identified in the proposal may be contacted by Encorp to substantiate the Proponent/Buyer's capabilities, reliability, performance and overall service. Proponents are expected to cooperate fully in helping Encorp conduct reference checks and verify the Proponent/Buyer's claims.

3.14.4 Capacity and Resources

The successful Proponent/Buyer must have the capacity and resources to fulfill the requirements of Encorp with respect to the purchase of UBCs.

The Proponent/Buyer should identify and provide details on its capacity and resources to accept and commence pick-ups of UBC shipments, commencing October 5, 2015.

3.14.5 Quality Control Procedures and Reporting

Encorp requires that Proponents/Buyers include in their response a description of the quality control procedures they use to accept and evaluate loads of UBCs. In particular Encorp requires a description of the sampling procedures, moisture and dunning determination procedures, and how the Proponent/Buyer uses these results to evaluate the quality of loads received.

Also required is a description of how these results are provided to Encorp (paper reports, electronic reports, on-line reporting, etc.). Encorp requires this information in order to understand how adjustments in weights or deduction in payments will be determined and reported.

4.0 Selection Criteria

Encorp has agreed to review the responses of the Proponents/Buyers to this RFP. All communication between Proponents/Buyers and Encorp prior to selection of a successful Proponent/Buyer, and the commencement of contract negotiations will be solely through Pierre Landry (506-389-7322 or pierre@encorpatl.ca).

The selection criteria that responses will be judged on will be:

Reputation of Buyer in UBC Market.....	10%
Ability of Buyer to accept UBC shipments, commencing October 5, 2015.....	10%
Frequency of price setting (monthly, quarterly)	10%
Purchase price.....	40%
Provision of access to independent data point(s) that price is set against.....	10%
Freight arrangements	10%
Payment terms, method of payment	10%

It is understood and accepted by any Proponent/Buyer submitting a proposal that all decisions, as to the degree to which a proposal meets the requirements of this RFP, are at the sole discretion and judgment of Encorp.

Inquiries:

Pierre Landry, General Manager
Encorp Atlantic Inc.
Phone: 506-389-7322
Email: pierre@encorpatl.ca

Appendix A

Projected Volumes & Locations

Projected Volumes

PET Clear	3.8 million lbs
PET Coloured	0.3 million lbs
<u>PET Blue</u>	<u>0.2 million lbs</u>
Total PET	4.3 million lbs
HDPE	0.2 million lbs
Other Plastics	0.1 million lbs (115 thousand lbs)
<u>MiniSips (Pouches)</u>	<u>0.09 million lbs (94 thousand lbs)</u>
Total Plastics	4.7 million lbs

Two pricing formulas are required:

1. For the combination of all PET and HDPE together.
2. For PET and HDPE to be separated in individual bales by colour and container type.

Clearly indicate pricing for both a three (3) year and a five (5) year timeframe.

Proposed PC Locations

Amherst, Nova Scotia
Grand Falls, New Brunswick
Miramichi, New Brunswick
Moncton, New Brunswick

All materials will be shipped from only **one** of these locations.

One final PC location will be selected to coincide with the commencement of the Purchase of PET/HDPE and Other Plastics Agreement