



4/9/2021

Board Meeting

Minutes of April 9, 2021

ATENDING DIRECTORS:

Dave Rutherford, Chair
Nancy Brown, Vice-Chair
Richard Barrett, 2nd Vice-Chair
Allan Sheppard, Past Chair
Van Darling, Director
Bill Dorland, Director
Bob Burley, Director
Bruce Buttar, Director

ATENDING STAFF:

Alec Harmer, President

REGRETS:

John Kernaghan, Director

GUESTS:

Tommy Tich
Ed Calicchia

Barbara Dinnage
RECORDING SECRETARY

MISSION

“To protect your future as if it’s our own”

VISION

“Our family striving to provide you with peace of mind by protecting your tomorrows today”

Opening of the Meeting

Chair, Dave Rutherford, brought the virtual board meeting to order at 9:00am.

He welcomed all the attendees to his first board meeting as Chairman. Dave thanked Allan for his leadership over the past 2 years. Dave hopes that everyone is coping well with another lockdown. Dave is hoping to have a specific focus for the board to help them function to the best of their ability. He would like to look at the role of the executive and define and capitalize on that role. His goal is to help make a stronger board. If any additional items are to be added to the agenda it would be helpful if they were submitted prior to the meeting.

The mission and vision statements were read.

Dave asked if any member had a conflict with any items on the agenda. There were none.

MOTION: *“to approve the agenda as distributed.”*

Moved: Allan Sheppard

Seconded: Nancy Brown

Carried.

Consent Agenda Documents

Alec outlined the consent agenda documents.

The following items formed the consent agenda:

- Minutes of the previous board meeting
- Nominating Committee Minutes
- Annual Meeting Minutes
- Election of Officers Minutes
- FM Re Update
- OMIA report
- FRC Report

- Management reports
- Service Standards
- Financial Report to February 2021

OMIA is currently working on a Level 2 Director Certification. More information will follow when available. OMIA golf cancelled for 2021. No decision made on if P & M's will be held in person or if there will be a limit on attendees. Consideration if in person, to sending more directors was put forward. No decision made as the situation in Ontario is still fluid. Possible consideration as well to a retirement party for Bob & Bruce. This will also depend on gathering limits in Ontario.

FRC – we are growing into our expense ratio of 40% and this is good.

It was asked if the kitchen should be shut down in office. We are currently following limitations in the room and enhanced cleaning.

A question was asked as to why we still have a technology expenditure. This is due to OT Group still required for support for servers.

MOTION: *“to accept the consent agenda items as distributed.”*

Moved: Bob Burley

Seconded: Bruce Buttar

Carried.

Virtual Organizational Meetings

Everyone has had the opportunity to attend virtual meetings for OMIA, Farm Re, Collectivfide and Cognition +.

The virtual meetings contained good content and have been an educational experience for everyone.

Comments on Collectivfide, they have used a good amount of their capital for acquisitions of brokerages. They will require more capital in the future. It is expected that it will take at least 3 – 5 years to be profitable once all expenses are covered.

Directors Fees for 2021/2022

Alec had supplied a summary of the current director fees in the board material. There was discussion on changing from an annual honorarium to paying on a monthly basis. It was felt this was better for income tax purposes than a lump sum and would be easier when a director retires and new one starts to be “caught up”. Submitting expenses monthly to accounting will allow for these to be shown in the month they occurred. Directors would be paid in the first available pay period in the month.

Discussion took place on the current remuneration package and if any changes required.

Motion:

To move the Directors fees to \$450 with this being the maximum amount that can be charged in one day.

Moved: Bill Dorland

Seconded: Allan Sheppard

Discussion:

It was noted that comparing Director Fees to other mutuals must also take into consideration other parts of the package that other companies may not have.

Motion was Defeated

Motion: Any honorariums be converted to monthly amount for payment

Moved: Nancy Brown

Seconded: Bob Burley

Discussion: To show this as a separate line on pay stub for clarity.

Carried

Motion: To amend honorarium for cost of living to \$430.

Moved: Van Darling

Seconded: Nancy Brown

No Discussion

Carried

It was recommended that we look at the amount of \$250 for a Zoom meeting or conference. This is based on a 2 hour meeting and in some cases this can be more than 2 hours as well as preparation for the meeting. If more than 2 hours this should be adjusted.

Break 9:56 a.m.

Investment Presentation

Tommy Tich & Ed Calicchia of Scotia joined the meeting at 10:00am.

Tommy gave a presentation of the results at the end of Q1.

There has been an interesting recovery of the bond market from March 2020 – March 2021. 65% of our portfolio is in bonds. Investment themes are that Canada has a strong start to 2021. Unemployment dropped to 8.2% in Canada. The USA is at 6% unemployment. As the vaccines roll out, this will help. Leading economic indicators show Europe and Canada are still struggling with COVID restrictions with the service sectors hit the hardest. The outlook is that the Central Bank will hold rates until end of 2022 until inflation objective is achieved. Stocks continue to do well. S & P 500 and TSX hit all time highs in Q1. This is good for Canadian dollar. Canada is expected to rebound stronger from the hard hit in 2020. There was some discussion about the \$4 million in cash. Ed indicated this is invested in a Money Market fund. This is for the purpose of liquidity.

Break 11:00 a.m.

Nomination Committee

Nancy is the Chair of the nominating committee. She gave a summary of the meetings that have taken place of the committee. Minutes have been provided to the board. There are currently 5 candidates interested as well as Richard up for election in 2022. There is a cut-off date of the end of July for submissions of letters of interest for the positions that will be available. Interviews will take place in early August. The committee will bring recommendations to the August board meeting. Police checks will be requested for new board members. This should be considered for current board members as well.

Motion: To approve nominating committee minutes

Moved: Bruce Buttar Seconder: Richard Barrett

Carried

Broker Investment

Alec reviewed the Financial Statement for Agent Portfolio (Gunter). The current loss ratio is 30% with an expense factor of 16.5%. The net profit since the purchase is \$250,760.

It was asked if we should get a similar report on Cameron? There didn't appear to be a strong desire for more significant reporting on our agent.

Once the Pearson purchase has been completed, an annual report will be done. The board will be kept up to date on any significant changes.

President's Performance Review

Alec gave a summary of 6 goals and what has been done during the past quarter. Alec reported the management team is working well together and there is a positive atmosphere in the office. Alec is concerned about the few staff that have not been in the office during the past year. Richard suggested that a short video introduction would be beneficial for both staff and directors to get to know the newer staff.

Stats and Financial estimate to March 31, 2021

Alec shared some samples of new charts that will be included in manager's reports. This will reflect back to the annual budget for comparison.

The March statement will be published by March 15th.

Early Warning Test

Alec reviewed the results. We had no flags or fails. Our results were very good compared to all mutuals.

Board Survey Results

Alec reviewed the results of the survey completed by the board. It is clear that all directors have a different preference on the content and format. In review, Alec looked at the survey to see what information was most valued and how often that information was desired. It is suggested that the more detailed reports (tables) be provided for review prior to the board meeting and less detailed (bar/line charts) be presented during the board meeting. It was mentioned that information provided that the board that was not valuing takes a considerable amount of time to put together. We need to find a balance of what information is most important and meet the needs of various directors. It was also pointed out that change isn't easy. We should try something new and if it is not working, modify it again until we get to something we are happy with.

Other Business

Audit fees letter from Wilkinson & Co was provided in the package. It was noted that fees are up for 2021.

A short discussion took place on concerns with increase costs of building materials and being sure our evaluation tools are up to date.

Adjournment

MOTION: *“to declare the meeting adjourned.”*

Moved: Allan Sheppard

Seconded: Richard Barrett

The meeting was adjourned at 12:16 p.m. An in-camera session followed.

Date

Dave Rutherford, Chair

Barbara Dinnage, Secretary