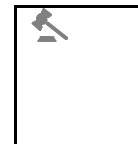


MINUTES OF THE BOARD MEETING OF THE MOTOR VEHICLE DEALERS
COMPENSATION FUND BOARD OF TRUSTEES, HELD AT 9:30 AM ON WEDNESDAY
MAY 21, 2003 AT THE AIRPORT HILTON HOTEL IN THE DIXIE ROOM



IN ATTENDANCE:

REGRETS:

G. Barg	(Chair)
W. Steinkrauss	(Vice-Chair)
R. Desando	(Sec. Treasurer)
D. MacKinnon	(Member)
R. Drewery	(Member)
R. Marostica	(Member)
A. McDowell	(Member)
R. Dowler	(Member)
T. O'Keefe	(Member)
J. Huzar	(Guest)
J. Wade	(Guest)
C. Compton	(Ex-officio)
L. Gordon	(Staff)
C. Singh	(Staff)
Y. Hallitt	(Staff)

NOTICE TO READER: For the purposes of these public minutes, reference to legal advice provided to the Board of Trustees and claim's identifying information has been removed, unless the claim has been appealed to LAT.

The meeting was regularly constituted and called to order by G. Barg at 9:50 am

1. **Review of Minutes of March 26 & March 28, 2003:**

March 26, 2003: The Board reviewed the minutes and a motion was made to accept as is. (msc)

March 6, 2003: The Board reviewed the minutes and a motion was made to accept as is. (msc)

2. **Financials:**

C. Singh presented the Board with the financial statements for five months ending March 31, 2003 and on a motion duly made and carried the statements were approved. (msc)

The Board also reviewed the first quarter report from Scotia Cassels and expressed their concern with respect to the performance of the asset mix. The Board noted that the portfolios rate of return is below the approved benchmark and directed R. Desando to express the Board's displeasure to the Investment Managers and to inquire as to what steps they are taking to rectify this situation.

3. **Investment Strategy:**

The Board was provided with copies of a letter that G. Barg received from P. Eatson Chair of the OMVIC Board expressing some concern with respect to the Fund's investment strategy. C. Compton provided the Board with background information leading to the OMVIC letter.

G. Barg informed the Board that the Management Committee/Finance Committee had met to discuss the letter and to provide a response. He circulated a draft copy of the response prepared by the management committee for review.

He said that the committees' view is that the Board of Trustees, over a number of years, had done extensive background work that led to the current strategy, which in their opinion is a prudent one. In addition, this is not meant to be a short-term investment strategy rather a long-term, which will be reviewed at the end of four years. In regards to the relationship between OMVIC and the Fund, a legal opinion indicated that OMVIC's sole responsibility in respect to the Fund is to appoint the Trustees and the Chair and Vice-Chair positions.

As a result of serious concerns being expressed about the market value of the investments, it was decided that the investment strategy should be reviewed at the next meeting.

The draft letter was approved for delivery to the OMVIC Board of Directors.

4. **Communications:**

The Board discussed a need for a communications policy. The Board agreed that all official requests for comments with respect to the Fund from media, associations and the like will be referred first to the Chair, then the Executive Director of OMVIC who can delegate the responsibility to chosen staff. (msc)

In order for the Board to remain involved in promotion/consumer education with respect to the Fund, the Board suggested that B. McIntyre, OMVIC's communication person be invited to attend at the next meeting and every third meeting thereafter to discuss ways to promote the Fund and to be kept informed of any initiatives by OMVIC. (msc)

5. **Administrative Update:**

- Regulatory Review – L. Gordon informed the Board that she received a few comments back from the Trustees about the draft regulations. Most were questions or suggestions for clarification versus changes in content. She will consolidate and distribute via email to the Board for their information.
- LAT Update: J. Kersnick has made an appeal of the Trustees decision regarding Uniglobe which was denied based on the two-year limitation period having expired. L. Gordon advised the Board that OMVIC's legal department is concerned that the wording of the regulation may be vague. She suggested to the Board that we proceed with a pre-trial and update them about the outcome and LAT's initial view. At that point the Board can instruct legal counsel to settle or continue to a full hearing. (msc)
- Collections/Accounts Receivable: the Board asked that this be an agenda item for the next Board meeting
- McCallen claim has been paid from the last meeting since verification was received that a different banking institution financed the second transaction as per the Board's instructions.
- L. Gordon received confirmation from both Darryl Diefenbaker and Larry Wright that they will no longer honour claims made with respect to Termflex or Cars for Less claims about Harvard Warranty.

6. **OMVIC Billing:**

R. Desando advised the Board that he has reviewed the billing from OMVIC and suggested that a 5% administration fee be built in on a monthly basis to cover things like telephone, photocopying etc. He also told them that C. Compton does not want to bill back any of his time. Final numbers will be presented to the Board at the next meeting for approval.

7. **Review of Claims:**

The Board deferred 1 claim and approved 10 claims in the amount of \$32,386.08