

MINUTES OF THE BOARD MEETING OF THE MOTOR VEHICLE DEALERS COMPENSATION FUND
HELD AT 10:00 AM ON WEDNESDAY FEBRUARY 9th, 2011
AT THE HOLIDAY INN SELECT HOTEL IN THE MEIGHEN ROOM

IN ATTENDANCE:

REGRETS:

P. Eatson	(Chair)
J. Holmes	(Vice-Chair) by teleconference
K. Cook	(Secretary Treasurer)
A. Silverstein	(Member)
C. Finlay	(Member)
C. Poultney	(Member)
P. Silverman	(Member)
D. Werda	(Member)
L. Pringle	(Member)
L. Halbert	(Staff)
C. Singh	(Staff)
J. Ross	(Staff)
D. Sanderson	(Guest)
D. Miller	(Guest)

The meeting was regularly constituted and called to order by P. Eatson at 10:00am

1. Approval of Agenda

The agenda was approved as circulated.

2. Statutory Reporting

Trustees were provided with the declaration prior to the meeting

3. Conflict of Interest

No conflicts were declared.

4. Approval of Minutes from December 8, 2010

The Board reviewed the minutes and a motion was made to accept as is.

5. Business Arising from Previous Meeting

There was no business arising from the previous meeting.

6. Audit Review

The Board welcomed Dave Sanderson and Dave Miller from McGovern Hurley Cunningham LLP who presented the audited financial statements for the year ended October 31, 2010, copies of which were previously circulated. The Board was told that it was a clean audit and there were no issues arising from the audit. Trustees requested amendments to the names of expenses to make it clearer for the reader to identify the nature of the expenditure. D. Sanderson also pointed out that the notes to the financial statements provides commentary that the Board is assessing IFRS and does not expect to adopt these standards at this time. On a motion duly made, seconded and carried unanimously, it was resolved to accept the statements as presented subject to amendments requested.

C. Singh and D. Sanderson discussed changes to remittance of taxes collected as a result of harmonization. Previously, taxes were collected on registrants fees into the Fund, 5% remitted federally and 8% remitted provincially. According to a letter received from the Ministry of Finance, since the Fund is created by statute it should be treated as an insurance company, therefore charging only 8% and remitting Provincially. Circulated prior to the meeting was a draft letter to Canada Revenue Agency (CRA) asking for a ruling on this designation. Trustees were advised that this

may impact input tax credits as well as result in a refund of money paid. After due consideration, a motion was made, seconded and carried unanimously, it was resolved to proceed with sending of the letter to CRA.

After their departure, a motion was made, seconded and carried unanimously, it was resolved to reappoint McGovern Hurley Cunningham LLP as auditor.

7. RFP for Investment Manager

Circulated prior to the meeting, were notes of Committee meetings, summary of proposals and evaluation of the two finalists for Investment Manager. K. Cook advised the Board, the Management Committee, with staff assistance, reviewed eleven proposals and based on the required responses specified in the RFP, invited five of the firms to present their proposals to the Committee in person for further consideration. Based on these presentations, the Committee short-listed two firms: BMO Nesbitt Burns (with Regan Nuqui as the Investment Manager) and Yorkville Asset Management Inc. (with Hussein Amad as the Investment Manager).

The Committee used the selection criteria specified in the RFP to evaluate the finalists. Based on this evaluation, the Committee recommends for the Board's consideration and approval, Yorkville Asset Management Inc., be appointed to replace Scotia Asset Management as the Fund's Investment Manager.

After due consideration, a motion was made, seconded and carried, it was resolved that the Board of Trustees hereby endorses Management Committee's recommendation to appoint Yorkville Asset Management Inc. to replace Scotia Asset Management as the Investment Manager of the Motor Vehicle Dealer Compensation Fund. P. Silverman opposed this motion. A. Silverstein abstained.

8. Financials

C. Singh presented the financials for the period ending November 30, 2010. A motion was made to accept as is.

9. Administrative Update

- Trust agreement with Scotia Private Trust has been finalized and endorsed by both parties
- Andre Psihogios vs GTA Leasing Corp – LAT prehearing scheduled

10. Communication and Strategic Planning

Circulated prior to the meeting was the brochure that will be distributed at the Toronto Auto Show. L. Halbert requested Trustees consider a budget for education and communication for discussion at the April meeting. The budget will include dedicated funds to promote and celebrate the Fund's 25th anniversary. H2 Central will attend the April meeting.

11. Claims

Dealer:	Criteria:	Amount Claimed:	Amount Approved:
955562 Ontario o/a Cars4Less	Warranty	\$1,610.00	\$1,440.75
AV Car Sales and Service	Judgment	\$2,776.36	\$700.00
Iezzi Company Ltd	Judgment	\$15,562.50	\$15,400.00
1627012 Ontario o/a Dealer Direct	Judgment	\$20,484.41	\$15,611.06
Hayat's Auto Sales and Leasing	Judgment	\$5,420.00	\$5,096.77
Jenny Auto Sales	Judgment	\$22,412.20	Denied
Portridge Holdings	Warranty	\$2,145.87	\$2,145.87
Jonathons Big Deals Auto Sales	Judgment	\$9,331.14	\$7,402.90
Portridge Holdings	Warranty	\$2,485.00	\$2,372.23
1732269 Ontario o/a Envy Rides	Bankruptcy	\$9,747.99	\$9,747.99

12. In-Camera Session

The meeting then went into an in-camera session with no staff present. The in-camera session ended at 2:30. The Board informed staff to dedicate time at the next meeting to revisit relevant LAT decisions and sections of the MVDA 2002.

The meeting adjourned at 2:40pm

Next meeting is scheduled for April 6, 2011