

Minutes - KTC Executive Meeting

Wednesday, May 18, 2016, 7:00pm

Tom's home

Present: Lynne Hanson, Paula Loh, Jocelyn Purdie, Rick Donaldson, Sam Faris, Isabelle Pollock, Flame Eadie, Ginette Blais, Tom Thayer, David Stocks, Doug Bowie

Regrets: No regrets

1. Meeting Called to Order 7:07 p.m.

2. Minutes of meeting from Wednesday, April 20, 2016 approved.

- There was some discussion about which written reports should be posted alongside the minutes. We will post the treasurer's report, the insurance report and the QBLC opinion letter on charitable status alongside these minutes.

3. Survey Synopsis – Isabelle (Q 1-12) & Flame (Q 13-16)

- There was some discussion as to how to quantify 'Other' responses; there were many comments but they formed a small part of the overall response and were diverse, so priority should be given to the total responses by the 241 members who responded to the survey.
- Q #6 Online booking - a majority reported that they could book their courts most of the time. Comments: a recurrent theme was that junior camps take up too many courts, and that it is difficult to book in the 4:30-7:30pm time slot.
- Q #7 Importance of KTC features - most important were location, price of membership, and lights on courts. Socials, ladders, and youth development were the least important. Clubhouse and amenities were right in the middle. Many commented on the friendly atmosphere of the club (now enhanced by Alma's contribution re. new member committee).
- Q #8 Satisfaction with the club – the top response was 'location' by a decent margin; other players, price of membership all relatively high; satisfaction with clubhouse and amenities was the lowest.
- Q #9 Tennis Programs (tournaments, ladders, shot of the week) – results were quite even. Three comments suggested that the tournaments cut down on the number of courts used so that there are still some courts available for rec players. Comments also indicated happiness about having a high-level pro on staff last year.
- Q #10 Socials – 86% wanted to keep the same number of socials.

- Q #11 Satisfaction with communications process – top 3 were emails, newsletters, and website; people seemed satisfied. Several wanted us to increase the use of Twitter for court conditions and weather.
- Q #13 Rating the attributes of a tennis club – the top priority was court quality and maintenance. Percentage-wise, ‘Other’ was the next largest category with 59% selecting it as "most important", but this only represented 27 responses and covered a variety of ideas. Management and Staff was the next highest #3, Court lighting #4, and Clubhouse was #5.
- Q #14 The most important feature of a clubhouse was an outside deck area. The second highest category was 'Other'; 17 people expressed concerns about safety, cleanliness, showers, court dividers, shade providers. A lot of people favoured a bar or snack.
- Q #15 LED lights, smaller new clubhouse with an 8th court, were top answers. Renovating existing clubhouse was lower on the scale, indoor courts and clay courts down on the bottom
- Q #16 Comments included: not in favour of a large clubhouse, keep the fees down, concern about court availability, preserve the culture of the KTC, invest in the future of the club.

241 people completed the survey, which is 54.4% of the total emails sent out.

4. General Discussion on Survey Results

- It was a good process to survey the membership, and the response rate was very good. We may need to narrow down options to what we can do and what we can afford, given the range of views. Others felt that the 8th court should be a priority following on the responses; lights on 2 and 3 are important; and people are saying they would like a new clubhouse, but smaller than originally proposed.
- We discussed court usage by junior camps – they are a good source of revenue (more than a third of our revenue) and junior development is important. They currently use between 2 and 5 courts at various times of the day but we have already decided to limit court use by the pros at the same time, so that should help somewhat. The court usage results may be helpful in future planning. We have two groups at the club – the retired group (morning) and the employed people (evening) – and there was discussion as to which group will mostly benefit from the addition of lights. There was some debate about whether people have difficulty booking courts, and many reported in the survey that they could get the courts they wanted if they booked 7 days in advance. While the comments were helpful, the majority felt that the statistically significant responses should carry more weight since they represent all survey respondents. Some board members thought that people still have some difficulty booking courts at times.

- The survey results will be made available within the next week. Flame to coordinate.
- Friendliness and the community at the club are important to people, and we should strive to maintain the friendly atmosphere. Social events may be important in maintaining this, along with level of play and pool of players.
- There is dissatisfaction with the current state of the clubhouse, and it needs to be addressed. At some point, we will need an office, if only for storage of records; members may not value this but it is important nonetheless. There was also some discussion about which demographic we should serve, and board members felt that both junior development and meeting the needs of older members are important. In terms of amenities, the condition of tennis courts was by far the most important. There was some support for indoor tennis as well, although it was lower down on the list.
- Next steps – we discussed whether to hold a town hall meeting or use Survey Monkey to discuss how to go forward, once we have formulated our own next steps. Consultation and input are now a top priority for us, but we do need to make timely decisions given the current state of disrepair of the clubhouse. Once we have made tentative plans about going forward, we will keep the membership informed and ask for feedback at every point. One idea put forward is to ask an objective person (ideally not a club member) to meet with the various constituencies and ask them to gather information and put together a report. We agreed to seek basic information on the feasibility/infeasibility of renovating the existing clubhouse.
- There was some question as to whether we should reduce the number of court bookings per week from 6 to 5. The survey seems to show that people don't have too much trouble in booking. There was some debate as to when and how we should make this decision, since we have talked about it at the past two meetings with differing results. This is an important issue and one member suggested that we should look at all of the possibilities in making changes to the booking system, for example, considering limiting just the prime time bookings. Perhaps a good first step would be to ensure that those who do book actually show up for their bookings, and penalize them if they are no shows.

5. President's Report - Matters for Information

- Annual General Meeting of the OTA April 9th, approx. 200 club execs attended. The OTA is working on establishing a training centre in the GTA. It was a great opportunity to compare notes with other clubs (we are one of the bigger clubs).
- The website has now been updated with links to annual reports, board minutes, and newsletters that date back to 1975

- QBLC Opinion Letter on Charitable Status – indicates that we are likely not eligible for charitable status; if we were, operating restrictions could prove onerous and the overall net benefit is questionable. We will post this letter on the website.
- Job Descriptions for Stewards – Alma Thayer is collaborating with the stewards to create job descriptions; this will help the stewards to know what the job expectations are and to make efficient use of their time. Alma has already consulted with Dave, and Sam will contact her as well to provide additional information. It might also be helpful for her to look at the guidelines developed by Anees Karmally some years ago.
- Club's Dress Code – there was a reminder that players should wear shirts, shoes with non-marking soles, along with shorts/pants/skirts, while playing.

6. Finances

- **Treasurer's Report** (see Appendix A). On the HST rebate, Tom advised us that Doug Bergen, a sales tax consultant, will assist Tom for free – he has experience with the CRA and will help to expedite the process.
- **Club Insurance** (see Appendix B) – Tom has had some discussions with a president of a big brokerage firm in Toronto, who advised that it is a good idea to go with a broker who specializes in providing insurance to tennis clubs. In terms of the abuse coverage, the legal fees can be enormous even if the allegations are ultimately proved to be untrue. OTA has an abuse and harassment policy that we should ratify and then post it on our website; we need to read and understand the policy, and should appoint an abuse and harassment officer who advises the complainant and will comply with all procedures. There are also notification requirements and, by law, employees must report on abuse that they witness. Lynne will investigate who might serve as an abuse and harassment officer. Dave will also ensure that the stewards get their CPIC.

7. Next Meeting Date - Wed, June 15

8. Other business

Club Logo - Louise Stalker is unable to commit time to designing a new logo. We will seek other options; consider contacting the graphic design students at St Lawrence College.

Social Events - Ginette reported on the Adult Open House, held May 7. Approx. 40 people attended, including some new members, encouraged by the new member outreach committee coordinated by Alma Thayer. There were informal doubles games, and the pros ran games and activities, followed by a hamburger/hot dog BBQ. Ginette would like to know who to send information to when advertising events; send to Paula, for now, for inclusion in weekly KTC emails.

9. Meeting Adjourned at 10:15pm

Treasurer's Report
Submitted by Tom Thayer, May 18, 2016

HST Rebate: moving slowly, mostly because it has taken a while to change official contact information on CRA's records (their official contact was Dave Reid).

I have prepared and am ready to submit our case in writing plus amended quarterly HST returns going back to 2010. I am asking for a \$29,000 refund. Doug Bergen has volunteered to help me for free. He has been a sales tax consultant for 30+ years, has his own firm in Toronto. Spends 100% of his time claiming back overpaid sales (and related) taxes for universities, colleges, hospitals, and municipalities. He deals with HST staff all the time, knows people, and will help move the claim through the bureaucracy. However, he warns that nothing is certain; go in with low expectations.

Financial results to May 14: comparison of selected items this year and last year at this time:

	<u>May 14, 2016</u>	<u>May 14, 2015</u>
Cash on hand	\$286,568	\$209,886

We have spent \$20,000 (mainly October and November) paying remaining bills from capital project.

Revenue:

Membership	\$113,803	\$100,985
Junior Camps	\$ 42,792	\$ 28,565

Gross revenue from lessons is about 80% of last year; we have collected \$2,400 for parking permits which means we have approximately broken even.

Expenses:

Repairs and maintenance	\$ 7,822	\$ 1,867
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About 50% of the increase due to tree trimming – a necessity when you realise that the roots were in the process of destroying court 4; 25% of increase was replacement of umbrellas and bases. The rest (about \$1,500) was cosmetic and safety.

Credit card charges	\$ 3,350	n/a
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Overall, we should end the fiscal year with a profit of \$95,000 and \$265,000 in the bank. That is good, but we should not lose sight of the fact that the cheapest capital project should cost (with court lighting) about \$400,000. Also we should have been setting aside \$15,000 per year to cover court painting, repair, and resurfacing. That fund should have a balance of \$75,000. Finally, given the fluctuations in membership over the years, we should have an operating reserve of at least \$50,000 to help through the lean years.

Appendix B

Insurance matters arising from April 20, 2016 Board meeting

Submitted by Tom Thayer, May 15, 2016

I am following up on two insurance matters raised at the April 20 Board meeting: 1) a question about the adequacy of our insurance coverage; 2) adding abuse coverage to our existing policy.

ADEQUACY OF COVERAGE

Lynne questioned the adequacy of our existing policy. She indicated that she was told by a colleague, who specialises in insurance law, that coverage by Lloyds was not adequate for the legal environment of North America. The basis of that concern is a clause that excludes coverage on some acts that are “illegal or intentional.” Lloyd's and other insurers generally have that exclusion.

Based on that, I think it is necessary for the Board to take some action: either satisfy ourselves that our coverage is adequate, supplement the coverage with something else, or scrap the policy altogether and find something new (I asked about going with a US insurer and was told that was probably not feasible).

Since the April Board meeting, I have done a number of things to get a fix on the adequacy of our coverage:

1. Contacted OTA:

They have offered an insurance plan to clubs for more than 25 years. The policy is put out for bid from time to time (last time was approx 3 years ago).

OTA works with the broker and insurer to enumerate activities of a tennis club, identify risks, and structure a policy to cover those risks. No policy is 100% perfect but the more the insurer knows about the activities of the insured, the better the coverage.

There are 144 clubs that use the OTA policy; only about 50 take advantage of the abuse coverage. Almost all claims over the last twenty years have been from injury while playing tennis. The policy is reviewed by their board which includes a lawyer, but the OTA has not obtained a legal opinion on the adequacy of the insurance contract.

2. Contacted Marsh with a series of questions about coverage. My questions and their answers:

1. In the information pamphlet “Club Insurance Program 2016 -17” provided by Marsh, under Abuse Coverage (page 6) it says “policy does not respond to illegal or intentional acts.” I thought any act of abuse was illegal. Please clarify. – We have sent this to our

underwriter for further information. Abuse endorsement is attached which contains insuring agreement, definitions of abuse and exclusions. That should clarify. I have attached the agreement.

2. When raining, we take campers to a high school gym where they play tennis indoors. In order to get to the high school they walk through a residential area, about five blocks, always supervised by a counselor. Is this covered? – We have sent this to our underwriter for further information. Yes, as long as they are supervised by a qualified staff member.

3. In the fall, several students from Queen's University form a team and travel (Ontario only) to other universities for matches. The students are all club members and this “team” has no standing with Queens University. Are they covered by our insurance? – We would like a little more information on this question. Is this team representing the club in any way? Is it part of this club’s operations?

4. If something happens which is covered by our policy, are our legal fees covered as well? - We have sent this to our underwriter for further information. Defense costs would be considered part of the expenses included under Insuring agreement 1.1.

I also asked to see the insurance contract. They did not have the 2016 contract; they promised to send it when it becomes available. They sent the 2015 contracts which they say are essentially the same as 2016.

I also asked about Lloyd's. They did not answer that question.

3. I contacted a friend of a friend who is president of a large brokerage in Toronto and has almost 40 years experience identifying risks and designing coverage. I was mainly interested in his opinion of Lloyd's but he commented on other things as well. These are part of his comments from one of his e-mails:

A general comment I would make is that the insurance programs created and marketed to a specific association, such as tennis clubs, will enjoy lower premiums and broader coverage than if any one club were to go into the market on their own. That’s a function of basic economics. Buying power creates leverage and spreads losses over a broader premium base. It creates an opportunity to add some extra value as “throw in” cover to make the offering more attractive and harder to replicate for a competitor.

From a broker’s perspective, you generally can’t beat an association or group program that has a sound base and has been profitable for the underwriters. Abuse cover, as an example, is written very cautiously and only by some underwriters. I would never advise a client not to buy it if offered at commercially reasonable terms. The allegation may be completely fabricated, but the legal costs to mount a sound defence can be substantial. The organization will generally be named alleging negligent supervision, lack of background checks etc. There is no statute of limitations on sexual abuse claims or criminal charges.

The “don’t insure with Lloyd’s” comment may result from an unsatisfactory personal experience. I have no way to know but I would challenge that comment, unless the individual in question is qualified as indicated and has reviewed the OTA policy and noted specific defects versus a standard

domestic policy. The wordings used in Lloyd's vary by syndicate. There isn't a "standard". Lloyd's single largest market is the United States. It would be a mistake to presume that the policies are not appropriate for the jurisdiction, as is suggested.

Lloyd's policies in Canada are issued under the auspices of Lloyd's Canada and regulated by OSFI, just as domestic markets like Intact, Aviva and so on are. Doesn't matter who the "syndicate" is, the regulatory oversight is Canadian.

I cannot comment on this D&O wording as I haven't seen it. I can tell you that we recently placed a large six figure premium D&O account into London on an account that nobody domestically would touch. Most Lloyd's syndicates wouldn't touch it either. It's a market of give or take 100 syndicates that act as general insurance companies in their own right. Many of them are immense and often part of worldwide organizations such as Chubb and AIG. In this circumstance, we wanted to use AIG's wording for a variety of reasons and the syndicates (none of which are AIG) agreed to do so. You won't find that flexibility outside of London.

I very much doubt that Marsh would market an inferior D&O product to what I perceive to be a "low hazard" client as OTA. To the contrary, at the very least, I'd expect it to be a match for leading local markets in terms of scope of cover and likely at better pricing. The market for non-profit D&O business is soft. Very aggressive pricing from virtually everyone in the market. Prices have declined as a result of strong competition for what has been, historically, a very profitable line of business.

In summary, I wouldn't be so dismissive of Lloyd's as a market, or that the policy is defective, unless someone has identified some specific concerns that are being ignored. As noted above, I'd be quite surprised if Marsh was offering any product to OTA that isn't at least as expansive in scope as cover that would be sourced domestically. That wouldn't make any sense to me.

He also promised to review a summary of our coverage.

4. I followed up on the exclusion for "illegal and intentional acts." The Marsh broker said that was standard on almost all insurance contracts.

I read the exclusions section in each of our coverage contracts. I did not think they were general enough to be a concern. For example the D&O policy has an exclusion for fraud and dishonesty which denies coverage to the specific director that broke the law and defrauded people. As I read the contract, the other directors are covered.

I will continue to follow up on this because I think it is a concern.

Possible Options:

1. Accept that we are satisfied with this policy, at least for now. I'll continue to follow up loose ends with Marsh, get my insurance friend to look at our coverage, review the 2016 contract, etc.

I should report back at every board meeting, even if it is a 10 second report.

2. Pay for a lawyer that specialises in the field to review all of our insurance contracts and provide us with an opinion.

3. Tender the insurance with a local agent.
4. Speak with Lynne's law colleague.

Recommendation: I recommend option #1

ABUSE COVERAGE

The OTA policy offers abuse coverage. \$1,000,000 coverage costs \$350 per year.

In order to qualify for coverage, we must ratify the OTA Abuse and Harassment policy. Ratifying the policy means acceptance by the Board, sign off by employees, and circulation to membership.

You received a copy of the Abuse and Harassment policy with the April 20 agenda materials; I have prepared a short synopsis to help people understand the document.

Almost every one I spoke to said “take the abuse coverage.” If we decide to take the coverage I think it should be in place by the start of Junior Camp.

Of course, if we decide not to continue with the OTA coverage, we need not bother with the abuse coverage and their Abuse and Harassment Policy.