

Explorers' Edge Board of Directors Meeting Minutes
Wednesday, August 16, 2017
Quality Inn, Bracebridge

Present: Jackie Leung, Anthony Rizzo, Mike Simonett, Kim Loader, Nicole Saulnier, Dympna Hayes, Andy Vitch, Jeff Suddaby

Regrets: John Miller, Hilary Chambers, Curt Dunlop, Karina White

Resource: n/a

Guests: n/a

Staff: James Murphy, Erin Smit

Welcome and Introductions: Jackie Leung welcomed directors to the meeting.

Conflict of Interest: n/a

Approval of Agenda – August 16, 2017

Motion: Anthony Rizzo

Seconded: Michael Simonett

Discussion: n/a

Carried.

Approval of Minutes – May 30, 2017

Motion: Kim Loader

Seconded: Michael Simonett

Discussion: n/a

Carried.

Financial Presentation – Andy Vitch & James Murphy

Year End Audited Statements – March 31, 2017

ED Murphy discussed audit process; started with Gingrich & Harris Chartered Professional Accountants Parry Sound - bank forms signed, sent with contracts and all paperwork. Draft audited statements were circulated to the board one week ago for review. ED Murphy talked about the MTCS revenue cut; 5% across the RTOs, for RTO12 this amounted to \$75k. EE submitted two budgets to the Ministry; one with total budget and one with revenue decreased budget. Referenced page 4 of audited statements - revenue from FedNor and Partnerships, everything else was on budget.

Vitch asked if anything had jumped out; ED Murphy informed board the organization was only \$208.00 over budget from a total \$1.68 million budget. Additional paperwork from the auditor will come once the board has approved the draft statements. Auditor may still have feedback on the financials. It was

noted that product development was over budget, but that was related to partnership income from FedNor. The RTO provides background on the final report when the budget has a 10k or 10% variance.

ED Murphy discussed funds on April 1st 2017 that went into trust related to the international contest; will be an accounting transaction in next year's budget/financials (from Share Your Canada 150 Contest) – may not affect the audit. Vitch mentioned that the audit generally reflects what the board authorizes – important for us to know. Financials are presented at each board meeting, we have a book keeper and a treasurer, and spoke to the importance of the board being made aware of the finances at each meeting; lots of points of contact through the process that ensure we are meeting our financial goals. Leung asked if timeline used for AGM has allowed more time for the audit – Murphy yes, it allowed more time to complete the necessary steps.

Motion to approve the 2016 - 2017 Audited Financial Statements completed by Gingrich & Harris Chartered Professional Accountants

Motion: Andy Vitch

Seconded: Anthony Rizzo

Discussion: n/a

Carried.

Income Statement and Balance Sheet – August 1, 2017

ED Murphy explained the final report was passed by the Ministry, and the RTO has now received 90% of allotted funds. Briefed board on balance sheet trust accounts - two trust accounts for Share Your Canada 150 – working with our contest consultant to close the trust accounts as prizes have been awarded. ED Murphy continued explaining organization is five months into fiscal year; referenced statement on page 4 of draft financial statement explaining the columns - first column is money spent to date, second column is budget to date and final column in annual budget. In reference to specific line items, website is over budget, but this is due to pre-payment of retainer signed with Jason Rosewell of Linkhost Media. Transacting is getting close to being maxed out due to Spring Fuel and Fun voucher redemptions coming in as well as with JackRabbit and the budget will need to be adjusted due to additional investment in equipment. EE is currently moving through the marketing spend; payroll and expenses are on par, and product development spends are moving forward. Murphy also referenced the payment to PKF for occupancy data as shown on statement. Vitch reminded the board that ED Murphy presents what board has sanctioned.

Motion to Approve the Income Statement and Balance Sheet

Motion: Andy Vitch

Seconded: Nicole Saulnier

Discussion: n/a

Carried.

Governance – Slate of Incoming Directors: Anthony Rizzo

Anthony Rizzo shared with the board the results of the nomination process and that the organization had six nominations for board positions. Since there was enough positions related to nominations (also nominations met criteria) that a nomination committee was not necessary.

Resignations over the course of the year included Rob Fox, Gary McMullen and Drew Racher coupled with board directors completing terms (Jackie Leung, Nicole Saulnier, John Miller and Andrew Vitch) allowed the governance committee to explore seven director seats.

Rizzo presented the incoming slate of directors:

- Anthony Rizzo, Brenda Scott, Curtis Dunlop, Donald MacKay, Dympna Hayes, Eric Miglin, Gail Burrows, Hilary Chambers, Jeff Suddaby, John Langford, Karina White, Kim Loader, Michael Simonett, Scott Doughty

The slate currently puts the board at 14 operating directors for fiscal 2018, Rizzo reiterated that a nomination committee is therefore unnecessary. Rizzo discussed his suggestion in May that we need to vet applicants in the sense that we'd like to ensure they are committing to a two year term; to be aware of anything that can compromise their ability to stay on the board as we need to have quorum at meetings. Also based on past discussion Rizzo spoke to start a path towards a leaner board, 2018 with 14 directors. Additional nominations are not being explored to fulfill the current board size, so leaning out is the start to the direction that the board has supported. Group discussed how quorum is based on the percentage of members, so this may need to be addressed in the bylaws moving forward. Group spoke about their good feelings about the six applicants that came forward - Brenda Scott is a past board member returning, as well as Don MacKay; nice to have members who understand the requirements and are willing to recommit.

Board then discussed increasing the executive to 4 and splitting treasurer and secretary into two positions. Several were nominated and self-interested; Curt Dunlop was in for vice chair position but has since recanted, Hilary Chambers and Anthony Rizzo are both interested, Michael Simonett also expressed general interest. Simonett asked if 15 members is bylaw then do we stop looking? ED Murphy replied yes - board is closed and no nominations will be taken from the floor at AGM. Process was used by the current board in a survey that assessed member strengths, as well as their geographical location, gender, sector, etc. – what came in matched requirements. Rizzo mentioned that governance strengths are coming in strong with new members; Gail Burrows and Scott Doughty, Eric Miglin from Killarney Lodge in Algonquin Park (chair Resorts of Ontario), John Langford as well. James excited to have business owners on board.

Motion to Accept Incoming Slate Directors for Fiscal 2018-2019

Motion: Anthony Rizzo

Seconded: Michael Simonett

Discussion: n/a

Carried.

Rizzo spoke to the executive member positions for the board – Saulnier is retiring from the board, Leung is ending her 6 year run; Suddaby taking over as chair, and the rest of the positions are open – vice chair, secretary and treasurer. Leung thinks that possible returning directors may be a good fit for treasurer; group also mentioned how the location of that member is helpful for cheques signing, etc. Executive is being developed strategically prior to the AGM – Leung thinks the executive should fit a similar profile of how the board is made up; representing a variety of sub regions, skills, gender etc. Rizzo asked about bylaws, notwithstanding prior members - do we have language that requires members to be on the board for a year before they establish themselves as an executive member? Then spoke to addressing a review of the by-laws. Leung also asked if this should be in the current term, or if in a past term would be accepted (i.e. returning board members). Saulnier also mentioned involving the new incoming board members in the decision; whether they are able to be those executive member positions or not, would be good to have an acting chair at first meeting to have new members feel involved – thinks this will help them to understand the processes.

ED Murphy spoke to next steps – onboarding webinar with slate directors. Vitch suggested a possible MOU, something that ensures new directors are on board for two years. Saulnier suggested that new members should be included in decision making. Leung also mentioned committee chairs and their leadership role; Rizzo agrees, moving through the funnel – director, committee chair, executive member; should even returning members be required to wait a year to be chair? Loader questioned if we want to limit ourselves to putting such guidelines in place – a returning director who is very capable and experienced on the board, does the board think that a one year grace period is necessary, asked could there be stipulations to define what this is – Rizzo replies this is the first time this has happened (with returning members); Jackie also mentioned the time between what has happened in the board since those people have left. Saulnier brought up possibly staggering the times members leave so we don't cycle out all existing members at the same time and are left with a completely fresh board in the future. Board will evolve every year – process and policy does need to be revisited, but perhaps not set in stone to offer flexibility. Simonett agrees structure in procedure should offer flexibility, but prioritizes people who have been here in the past – Loader mentions like applying for a job, what is your past experience.

Group then discussed what the bylaw might look like; input is requested from the committee members via conference call. Vitch thinks situation is unique with past directors coming back – key in operation of the RTO and some allowance should be made for his return. Suddaby mentioned ED is operating our business and should therefore be able to have a say and control a bit in recommendations of who comes into these roles because they will be working closely together. Hayes agrees with Vitch. ED Murphy thinks it's best to take these decisions back to the committee; Suddaby will be locked into two years as chair, treasurer could possibly be in place for 4 years, while other executive shorter terms, staggering members through. New recommendations to be made to governance committee to possibly amend language in bylaw before AGM (Rizzo), as large slate of new incoming members due to circumstances have left senior members of the board needing to leave. Rizzo will go back to governance committee to draft next steps. Suddaby asked about a mandate for chair or executive; 3 year strategy that flows with the money (new three year plan). Discussed change to two three year terms so your term aligns with

three year strategy and three year TPA – Simonett and Rizzo think two year term plans for overlap and continuity. Governance will decide best person for the role based on point system – geography, skill set, past member commitment, time available to commit, etc. ED Murphy made the recommendation that these points will come from the governance committee to the board for the roles and what they include.

Executive Director Update – James Murphy

Marketing

ED Murphy discussed the Explorers' Edge website and domestic marketing; sessions up 7% year over year, unique users up 5%, page views up 4.5%, outbound links up 6% - close to 100 outbound links that have 500 plus more clicks. Analytics are monitored daily; Jack Rabbit up in outbound links (4,300), MTMA up 1900; widget is also on Huntsville Adventures. Spring Fuel & Fun survey data shows 22% of visitors had not planned their trip, 37% were new visitors to the region who had not previously visited; still drawing new visitors and influencing consumers to visit our region over another. Not enough money left to do a full Fall Fuel & Fun, so decision was made to push to international audiences only to prime the pump to encourage travel as per the board approval for international marketing. Also spoke about the mobile tour marketing – self guided tours was highlighted in strategy online, as well as with trade show booth at Session Muskoka that showcased the three mobile tours.

International marketing campaign was started this year with the Share Your Canada 150 Contest – as a result 1,300 contestant ex-pats were acquired in HubSpot; resulting in a total of 32,000 visitors to the SYC site with a conversion rate of 4% (56% of visitors were from the US, 24% from the UK). ED Murphy explained how all contestants were sent an email welcoming them to the contest, as well as three follow up emails sent during the contest phase announcing draw winners as well as the start of the voting phase; HubSpot and automated emails working well – 52% open rate and 18% click through rate, a well-received first foray into international markets. Facebook user ads were also used, with wildlife images working well internationally. Results showed 5,678 voters acquired in HubSpot, 28,525 visits to the SYC site during the contest phase with a conversion rate of 20% - no advertising budget was spent on acquiring voters, traffic was driven by emails executed in HubSpot (39% open rate, 12% click through rate). There were 6,977 total leads added to the database at a cost of \$10.31 per lead. We see they open and read, click through and hopefully now with Fuel & Fun to prime the pump, they will book and come to visit. While big results are not anticipated, F&F gives us the opportunity to reach out to these leads again while Explorers' Edge is still fresh in their minds.

ED Murphy discussed the year's budget for marketing as \$200k towards domestic and \$75k towards international; landing page has been developed for greatcanadianwilderness.com (for use August 2017-September 2017), pushing out via international leads and priming the pump. Targeted social media posts will continue to promote the region (\$20k). Leung isn't concerned about big returns, but appreciates how this gives those leads a point of contact following the Share Your Canada contest - may take a while to turn into transactions, but allows us to contact them again soon after our last contact. November 2017-April 2018 will see the launch of an international marketing campaign for the summer

season to coincide with commercial air service (\$45k); attempt will be made to leverage some of these funds from partners both provincially and federally.

New photography is being done with two photographers engaged; Photography for fiscal spring, and summer has been completed and a photographer has been on boarded for fall 2017.

ED Murphy discussed current research initiatives being undertaken; with regards to commercial air service research has been done surrounding inbound and outbound origin demand – also research gained from the 2015 Ministry of Tourism Research Unit and internal dashboard. The results were positive and add additional heft to the commercial air service business plan. Murphy explained the different moving parts that need to be considered for a strong business case. On the topic of 2015 Ministry statistics Murphy noted that the Ministry 2015 stats have been updated to the provincial website and at first blush RTO12 has increased visitation and visitor spending. Visitor spending has went up \$100 million, biggest jump of any RTO (9 of the 13 saw a decrease in spending in 2015). In the opinion of ED Murphy, he contributes the increase in 2015 visitor spending to the work being completed on content marketing and the communication of the breadth of tourism experiences. Murphy will be in contact with the Ministry Research unit to try to better understand the increase in visitor spending.

ED Murphy updated the board on current partnership projects and reconciliation – total spend of 125k, remaining 41k. Buffer allows us to be responsive to new ideas that can come in between now and December. Current partnership projects include Tourism Excellence North (\$41k), District of Muskoka (\$20k), Town of Parry Sound (\$10k), and Town of Huntsville (\$10k). TDB partnerships include Deerhurst Resort (\$5k) and Fire & Ice Festival (\$5k). Content marketing partnerships that were approved are with Parry Sound Downtown Business Association (\$1.5k), Session Muskoka (\$8k), Muskoka Yoga Festival (\$2.25k), Sawdust City (\$2.25k), Island Queen (\$4k), Muskoka Steamships (\$1k), Kee to Bala (\$1k), Get Off The Bus Concerts (\$2.5k), Town of Bracebridge (\$5k), Muskoka Lakes (\$3k), Bracebridge Fall Fair (\$1k), and Muskoka Paddling (\$1.5k).

ED Murphy then spoke to the commercial air service initiative and work that has been completed; began with business case preparation for late August/early September which includes surveys by Environics related to origin demand. Murphy then discussed how the commercial airline piece is part of a greater strategy, i.e. Worldly Wise and what this looks like over the next three years. Murphy briefed with the board the idea of non-aeronautical revenue generation and how this business piece will drive additional interest to stakeholders regarding the overall commercial airline piece. Murphy noted that this is of paramount importance and needs to be addressed prior to development as the RTO is not just a broker of the of a commercial program but rather a true partners that could/should be more involved when it comes to discussing the potential for a share capital model that leads to long term stewardship of the project by the RTO thus ensuring its success. Murphy then spoke to work being completed in the development of an industry letter of support which will be sent shortly to local stakeholders, business owners and general managers to garner their support for of the RTO taking the lead on this initiative. Group discussed moving towards more of a partnership model; not just brokering the project for the District rather how the long-term stewardship of the program by the RTO would ensure its success as there will be opportunities for assets such as the terminal building being utilized in the shoulder season

to support Worldly Wise programming. Board spoke to the importance of having business owners at the table to ensure that the overall objectives of the program are met long term and to ensure that the region as a whole benefits.

Murphy noted that the MTCS will be reviewing the possibility of a three year transfer payment agreement (TPA) – speaks volumes to the role the RTO can play in developing three year strategies with three year budgets i.e. international marketing, workforce development. Rizzo asked what the TPA looks like, will it be lump sum or spread over three years, Murphy responded that it will help with spring cash flow, transfer payments taking place on the first of April each year. Simonett asked with the plan rolling and set, can we make changes over the three years. Murphy explained high level three year strategy, but amendments can be made. Leung mentions positives of three year strategy can now align with three year TPA.

At Leung's request, ED Murphy mentioned RTO director meeting in Toronto and how two other RTOs mentioned at their round table that they just watch RTO12 and do what we are doing and how they adopt the RTO content marketing strategy and find great success. Rizzo questioned if more budget should be allocated to RTO12 if we are taking a leadership role since we are doing the heavy lifting when it comes to successful strategies. ED Murphy spoke to the main take away's from the meeting which included:

- Possible three year TPA and additional metrics being taken into account with budget allotment, this helps with financial stability within the RTO
- The meeting also spoke to possible partnership flexibility, always ensuring the RTO meets its goals but with the ability to apply its own percentages to partnership commitment. On the topic of partnerships the MTCS also spoke to piloting updates to the partnership program, exploring capital partnerships
- MTCS would review the common performance measures (each RTO has 8, more flexibility for RTOs to show their performance based on individual goals).
- The funding formula is also in the midst of review

ED Murphy discussed the current product development strategy and the results of the RFP – several inquiries were made via MERX and two strong proposals coming through. The differentiating aspect between the two proposals comes down to the alignment with the RTO consumer centric philosophy and the Worldly Wise strategy, the recommended proposal included a consumer research application/portion (surveying the consumer), then a product development framework being developed rather than a fixed strategy. The proposed framework can then be used by Explorers' Edge staff to formulate the final product development strategy to align with its Worldly Wise strategy, which in turn enhances cohesiveness of future EE projects. The project comes within the budget of 60k with 20k being allotted to consumer research. The board concurs with the recommendation and support the budget spend.

ED Murphy then talked about workforce development and revisited outcomes from the spring committee meeting. With \$20k in the budget the ED recommends building the foundation to a greater

workforce development program that includes updates to the RTO12 website followed by content development. The RTO12.ca updates will require new navigation and landing pages dedicated specifically to the workforce development initiative (will include content and job postings) while also supporting moving components to the Worldly Wise strategy. Murphy also spoke to the launch of employee recognition awards to launch at the 2017 AGM. The awards can help position the region as a positive destination to work. Loader asked about engaging staff that work here for the season, something similar to expats with SYC, submit your stories of great experiences working in the region. This could be considered as the program takes shape.

ED then discussed the development of a three year regional strategy: Wordly Wise and how MTCS adjustment such as a three year TPA, making partnership adjustments, possibly applying a new funding formula review as well as a performance indicator review will impact planning. Murphy noted that next steps include an EOI being drafted to help ascertain a facilitator for the strategy development. Next steps also include the development of a questionnaire that will be sent to board members while the ED also notes that work needs to be completed on new director on-boarding before the AGM, completing product development, and gaining a better understanding of commercial air services before a strategy session can take place.

With a busy schedule ahead of the RTO, fall projects will include:

- September Annual General Meeting AGM
- Product Development Strategy
- Three year strategy development
- Creation of the 2018-2019 operational plan
- Partnership facilitation
- Commercial air service work with the district
- Industry outreach (to date has included RTO provincial meeting, Parry Sound DBA, Almaguin Highlands outreach, Algonquin Park outreach, Bracebridge Fall Fair, Chamber of Commerce After Hours meetings, Town of Bracebridge International Delegation, Little Norway presentation, District Resort Policy Review, Paddling Open Mic night, and a spot as Moose FM radio host)
- Product development work with Ontario by Bike
- International Fuel & Fun program
- Governance i.e. committee meetings

Winter projects will include:

- MTCS Business plan and TPA development
- Formulating 2018 partnerships
- Industry outreach regarding strategy and plans
- Ask Me Anything sessions & training
- Commercial air service work with airline
- Media/PR initiatives.

- Workforce Development

ED Murphy finished by reporting on HR updates – Cathy Tait and Tyler Francis have resigned and are no longer employed by Explorers' Edge. Murphy recommends working through the three year strategy before contemplating re-hires. Work can be contracted out for gaps if necessary. Leung does not imagine that with the workload that goes through the office that three staff will be enough, but agrees that the three year strategy will highlight some areas to be more specific about what type of position would be useful. ED Murphy also discussed the final reports approval by MTCS, as well as the three year TPA information, partnership updates and the new template that was received for the September 30, 2017 mid-term report. Audit has been completed and presented to the board, and the nomination process is complete.

Rizzo mentioned he had heard on Hunters Bay Radio about resurgence in Muskoka some discussions about railways transit coming back to the area and wondered about how this ties into airport feasibility. Murphy mentioned work with Enterprise Canada; railways favouring freight over passenger, decline of infrastructure assets, etc. ED Murphy will attend meetings on the 23rd. Loader mentioned the intrigue of rail travel for Europeans, could be a good addition to the air service if that comes about.

Saulnier asked about part time staff in Parry Sound – what this will look like in the fall with less staff now. Murphy will travel once a week to Parry Sound; unsure if being in the office offers many advantages or if being more involved on the ground with operators was the benefit – will look back at the end of the term.

Hayes asks about fall strategy meeting; do we know when this is, will there be homework that can be done by members beforehand to make the meeting productive. Murphy noted that a facilitator still needs to be hired to run the session but a questionnaire will be sent out about where you would like to see the organization go, critical feedback done by independent third party. Date is not yet set, will most likely be held sometime in early November while the date also needs to take into account the internal work that has to be completed between the time the strategy is developed and when it is submitted to the MTCS (January 15, 2017).

Meeting went In Camera at 11:27pm

Meeting was back in session at 12:10pm

Motion to Adjourn

Motion: Nicole Saulnier

Seconded: Michael Simonett

Discussion: n/a

Carried.