

KDCA FALL MEETING WEDNESDAY, OCTOBER 7, 2009

IN ATTENDANCE (20)

HARALD LOHN
GORD BASTABLE
STEVE HARTLE
EVIE HARTLE
MAL TYGESSON
GARY BEARDSLEY
PAT BEARDSLEY
GERRY CARIOU
JACQUI HAUKENESS
PETER BURNS
BOB PALUCH
MIKE LOEWEN
DAN DENZLER
MIKE WILLIAMS
JIM GRAYSTON
BRUCE MCGREGOR
MATTHEW BENSON
BERT HENNESSEY
BRAD GREAVES
KELSEY SPENCE
BILL OWCHAR
JUDY ALEXANDER

KABEELLO LODGE
VERMILION BAY LODGE
BIG HOOK WILDERNESS CAMPS
BIG HOOK WILDERNESS CAMPS
EVERGREEN LODGE
LAC SEUL EVERGREEN LODGE
LAC SEUL EVERGREEN LODGE
SUNSET COUNTRY TRAVEL ASSOCIATION
RUGBY LAKE LODGE
McAULEY & PARTNERS
TEMPLE BAY LODGE
PATRICIA REGIONAL TOURIST COUNCIL
FISHERMAN'S COVE
SILVER WATER WHEEL LODGE
ONTARIO TOURISM MARKETING PARTNERSHIP
NORTHWEST AQUA LTD.
MNR DRYDEN
MNR DRYDEN
IGNACE AIRWAYS & OUTPOSTS
WILDERNESS AIR
WINTERS, OWCHAR, FUERST FINANCIAL
NORTHWEST DESIGN + COMMUNICATIONS

1. CALL TO ORDER: The meeting was called to order at 9:50 a.m. October 7, 2009 by Harald Lohn as President.

2. INTRODUCTIONS: Self introductions were made around the room.

3. CHANGES TO MEETING AGENDA: Harald advised the membership that Arnold Beebe of the Ontario Moose and Bear Allocation Advisory Committee (OMBACC) will not be presenting today as well as Dale Wiebe-Northwestern Health Unit on Water Systems Updates and Jerry Fisher on KDCA/NWOTA Working Group Updates.

4. MINUTES OF FALL MEETING: Minutes from the 2009 Spring KDCA meeting were previously circulated. Gary Beardsley moved to accept the minutes as presented. Dan Denzler seconded. Carried.

5. TREASURER'S REPORT: Steve Hartle

Steve Hartle, Treasurer said that KDCA is in good shape...can't complain on investments summarized financial report of income, expenses, investments and bank balances were passed out to the membership for review. Mal Tygesson motioned to accept the Treasurer's Report. Seconded by Dan Denzler. Carried.

6. PRESIDENT'S OBSERVATIONS/DISCUSSION: Harald Lohn

Harald spoke of the many KDCA Members (30-40) who assisted Fisherman's Cove after the F2 Tornado touched down on Thursday, July 9th. He read the list of those who donated not only money but also time and energy. This effort raised \$5,200.00. Harald presented Dan Denzler with a \$200.00 cheque which was the balance of money raised. On behalf of himself and his brother, Dan thanked everyone for their efforts. Dan explained how heartwarming it was to have 39 people show up the Monday following the Tornado. They helped retrieve all the debris from the lake and said that in 1 day, 60 dump trucks of debris were hauled away. He said it has been a very emotional process of rebuilding and thanked everyone from the bottom of his heart. Harald said that he was quoted in the Dryden Paper that at times like this the tourism industry comes together. Harald said that this was the most heartwarming thing he's ever seen.

Harald went on to say that there is a list of things that nag at us such as the Harmonized Sales Tax (HST). He said that Bill Owchar of Winters, Owchar, Fuerst Financial will be here to talk about this after lunch. He said the Northwestern Ontario Marketing Association, which is into it's third year has raised 15-20 thousand dollars. There are 15 Lodge Members and 2 Allied

Members. He said that the money in the bank will be used for a media campaign. Harald said that KDCA will have to make a decision as to whether they want their \$5,000 contribution back. Gary Beardsley attended the Sobara meeting in Kenora back in September. Apparently the Ministry of Tourism has allocated \$40 million dollars in their budget. He said nobody knows how these monies will be distributed...the dust hasn't settled yet. Harald said that hopefully Jim Grayston can give us some insight into this later in the meeting. Harald said that Boating Certificates are now law. Transport Canada was invited to attend the meeting...we'll see if they show up. He also said that banks are tightening up. Gary said that if you are doing business with Copperfin Credit Union the rate is 3.25%. He said Credit Unions are co-ops and said that their 3.25% is the lowest prime you'll ever see. Steve said he talked to CIBC and they revised their internal rate even lower and asked if the Credit Union will be dropping their rate in the future. Gary said that Credit Unions are different than commercial banks..we can play a bit with the 3.25%. Gary said that if you are in good financial shape, don't be afraid to approach your bank and negotiate.

KDCA/NWOTA UPDATE: Harald said that Jerry made a presentation in at the NWOTA Meeting in Nestor Falls yesterday regarding the Marketing Forum held in Dryden on September 22 nd which had 65 participants. A survey was done after the two-day forum. Speakers were rated 5 out of 5. We are awaiting Pat Forest, Coordinator final report. KDCA was a \$ 2,500 sponsor of the event.

Sobara Report-last spring we put forward 4 resolutions. One of those resolutions was in adding a 12 th. region. A letter was sent to the Monique Smith, Minister of Tourism. Howard Hampton brought the same message to her last Monday. Apparently we should know by April 1 st. as to what's happening.

Border Issue-We are still having trouble at the border and need to get this issue resolved. We've written Monique Smith, Minister of Tourism and have talked to Greg Rickford as well. Harald said that this issue seems to go back and forth between the Federal and Provincial Governments. He said we're not trying to change the law...just get improvements. It hasn't gotten any better and this issue will always be front and centre. Gary asked Harald if they've been able to document this issue on other crossings. Harald said that there are two hot spots-northwestern Ontario and Saskatchewan. Gary said that Pembina/Emerson is a friendly border. Harald said that May/June and July of this year had the lowest recorded border crossings in history at the Fort Frances Border (Stats Canada). Apparently the Legacy Officers can't be moved around or reassigned. Tourism growth in Minnesota is on the rise will in Northwestern Ontario it is on the decline. Harald said that Minnesota is using the border crossing as a marketing tool "Don't cross the border- stay in Minnesota-no hassle." Mal Tygesson said that Greg Rickford is trying to change the policy but he can't change the law. Anyone who has guests crossing problems should document them and report them to Greg Rickford's Office. Rickford needs communication from us. It doesn't have to be formal. Mal reminded everyone that on KDCA's web site (Links and Downloads Page) there is a border crossing incident form which can be filled out and submitted on line. He said the DWI thing is not going away. Gord said he just had a guest who had several DUI's, but got across the border. He had to pay a \$180.00 fee. Harald said that fee is for a one time entry. Gord asked if there is room to make

changes by some ass kissing. Harald asked who's ass? He said in the past we've tried the carrot stick approach.

Harald said that Ontario Federation of Snowmobile Club fees are rising. Bruce said that we're dealing with 190 Clubs in Southern Ontario who are calling the shots. The fee is \$220.00 now. He said the Southern Ontario Clubs need to understand the north. Harald agreed that this is an issue. Gary asked if this fee applies to nonresident snowmobilers. Bruce said yes-this fee is for riding on trails.

10:50 A.M. COFFEE BREAK

11:05 A.M. Meeting Resumed

7.PRESENTATION: MINISTRY OF NATURAL RESOURCES: Matthew Benson and Bert Hennessey

Matthew introduced Bert as the new District Manager. Bert started this position in July. Matthew said that the MNR completed Walleye surveys on Wabigoon Lake in the Fall of 2008 and finished up with Creel. In May of this year four Trout were tagged in Eagle Lake's west arm to determine their movement. Matthew passed out a map showing movement activity which started in the spring before the water warmed up. The map shows the movement from the day they were caught up until last week. He said they had lots of cooperation from the camp operators. Fisheries plans will become a result of these findings as well as the Walleye Index Netting done on Wabigoon and Eagle Lake in 2000-2001. He said Eagle Lake is always stronger than Wabigoon but not as strong as Lac Seul. Mal said that last time the study showed that White Fish were under stress on Eagle Lake (Eldorado Bay). Regarding the Dryden Forest Management Plan, Matthew said that next spring they will have an information session. Don Armit is the contact for this session at the MNR. Harald asked about prescribed burns in the Red Lake Area. He wondered if communication will change since forestry has moved from the MNR to the Ministry of Northern Development and Mines. Matthew said that no MNR staff who in the past worked in the forestry area moved to the Ministry of Northern Development, Mines and Forestry. He said that MNDM &F will have the development role dealing with industry. Brad asked if there have been any camp owners involved in MNR committees. Bert said there were still some openings on the committee if anyone is interested. Gary asked that since the MNR has lost forestry do you now have the ability to put wildlife and fisheries to the forefront? Matthew said that the MNR will review rather than write Forest Management Plans. Bert said the MNDM&F is focusing on development. He told the members that he thinks they'll find the MNR becoming a bit greener. It's too early to tell how green the MNR will become and how brown the MNDM&F will become. Matt said there have been 180 applicants across the province wanting to come to this area to develop something. He said there is not enough wood available to supply all that these applicants want to do. Bert said the process is in a changing phase as to who takes care of the forests. In the future he thinks it will end up with a board who will make decisions.

8.PRESENTATION: NORTH WEST AQUA: Bruce McGregor

North West Aqua specializes in the manufacture and distribution of high quality water treatment products. He began by saying "why don't we extend our discount next season for all KDCA and NWOTA members". He said that inspecting by the Northwest Health Unit has been a slow process- they have staff issues. He said that if your unit is not NSF Certified the Northwest Health Unit will ask you to change it. Well systems were classified as safe water. Now they are concerned about run-off into wells. They are watching closely at locations with wells and septic systems. Harald asked Bruce what the procedure of inspection was. Bruce said that the Health Department has been pretty soft but with those offering food service they are stickier. He advised that whatever system you have in place to make sure it is up to standard and that you keep proper logs. Steve asked where reversed osmosis fits in. He is looking for something for one of his outposts without electricity. Bruce said they have a small system that can run off a 12 volt solar system. Harald thanked Bruce for all his help. Bruce said they appreciated all the support they've received from KDCA.

9. PRESENTATION: OTMPC (ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION): Jim Grayston

Jim began by saying that the \$40 million allocation DMMO is supposed to take effect next July when the harmonized tax kicks in. There will be a formal review of the OTMP by Sobara in January. Jim said that OTMP's Northern Office has there own allocated budget for Northern Ontario- \$4.75 million of which \$1 million is spent on fishing market. This will be the third year in Chicago and the second year in Minneapolis with a \$500 thousand budget.

Motor Sports will be promoted in Detroit and Michigan and Soft Outdoors will be in the Ottawa area. To view the angling commercial log on to www.tourismpartners.com. Jim said that they are in Bass Pro Stores in Vaughan, Ontario. They have over 3 million visitors a year at that store. He said they place ads in their flyers and three showcases per year. Consumer shows were in Toronto, Ottawa and Winnipeg.

Best Bet Markets-moving to more interactive focus with the Northern Portal:

www.northernontario.travel.com

Plan is to improve the search engine optimization.

Angling Program- Minneapolis thru to March 2010 with radio (interviews with resort operators), television (2 commercials with Babe Winkleman) and ads in the Star Tribune. Harald asked if Jim had any insight as to the Sobara Report as to 11 regions or 12 regions for Ontario. Jim said there are no final numbers on how many regions there will be but said they see a problem with splitting the North into two regions. He said there are a lot of unanswered questions including how the \$40 million will be allocated. Harald commented that we need answers soon if we are to switch to the Harmonized Tax by July 1. Gerry said most camp operators fill out the forms for their guests. He said businesses will get a 13% tax credit next year. Gary commended Jim on the tremendous job OTMPC is doing with fishing. He asked what can they do to help with hunting. Jim said his budget for hunting is very small \$150,000...can't do much with that small budget.

12:25 P.M. LUNCH- Sponsored by KDCA

Harald thanked Mal, Bob and crew for organizing and preparing the lunch.

1:05 P.M. Meeting resumed.

10. LAND USE PERMITS (STATUS UPDATE): Brad Greaves

Brad sits on the Provincial Committee for Land Use Permits. Brad said the LUP issue is a big part of the Provincial Working Group.

Why the Provincial Working Group Was Formed:

In July 2005, 100 outfitters showed up at a meeting in Ignace. LUP's and transfers of LUP's came to a head. From that meeting a Provincial Working Group was formed to find a new way of doing business with the MNR. On the Committee are 3 remote fly-in outfitters, a drive-in outfitter, 2 representatives from NOTO and MNDM+F, MNR Land Branches, MNR Biologist and Management.

LUP's (Land Use Permits):

Coming this year rent based on market value will be \$800 +. Brad said this increase has been deferred for 10 years. We have locked in this rate for 10 years. Lease rates (7% market value)- for example if you have multiple LUP's you'll have only one permit. There will be a letter coming next year to all LUP holders. Site plans will have to be done as well as GPS mapping. They will be going to lease on Land Use Permits. On a 30 year lease-after 20 years it will be renewed for another 30 years. You will have tenure on the land. He said that with increased rates there are lots of LUP's now being returned to the MNR. When returning LUP's they have to be in the same condition as when you got them (i.e. no buildings, no garbage etc.). Brad said there will be a letter coming in the next few weeks with recommendations on returning LUP's. A new Tourism Advisory Committee is being setup and they will evaluate whether these returned sites are still good for tourism. He said the bed issue is still on the table. Our goal is that if there is a sale the bed count won't decrease. Jim said that at yesterday's NWOTA meeting it came up that Red Lake is trying to introduce Angling Days instead of Beds. Brad replied that this is something they're trying to avoid. He said they want something simpler so that our industry is responsible for what we're doing. Gary said he was forced into that last fall when they sold one of their camps. He said it was based on angling days. They started with a limit that was ridiculously low and it took a lot of work to get it raised so that the new owner could make a living. Brad said that that's exactly why they are trying to avoid angling days. Harald asked if he was talking about getting rid of all conditions when returning a LUP. Brad said we'll see a reduction on MOE's on sewage disposal. We're stuck with returning LUP's to their original condition by the MNR. Brad also said that they need input from groups like KDCA in regards to licensing. We need to get rid of "bootleg" operators. We need to know what this license means and what are the privileges. Mal said he was glad the Committee was working on long-term lease and asked if they were working on anything for road-based camps. Brad said being an end of the road camp you don't want cottages all around you...we have to protect the concept/perception of wilderness.

11. PRESENTATION: TAX HARMONIZATION: Bill Owchar, Winters, Owchar, Fuerst

Bill said he was here to answer questions on the harmonized tax. He said that Ontario still hasn't come out with any law as to what they are going to do so, we are assuming right now that it will be the same as other processes. Generally for businesses with the new tax anything

you pay you'll get back (i.e. supplies, materials, business expenses etc.). Bill said that this new tax will hit your guests especially on room tax (accommodation) which will go from 5% to 8%. Gerry asked "What about gasoline?" Bill said this is an area that the government hasn't been clear on. They'll tax the tax as far as we know. Mal asked "So on our packages we add 13% and then we get this rebated?" Bill said the end user tax is like GST. Bob asked if the GST rebate will be 6% at this time. Bill said yes, at this time however, there is no ruling yet. There are many areas that aren't clear and will have to be tested. Gerry said there is a risk if guests complete the forms wrong. Brad wondered how camps/outfitters were going to deal with this new tax starting July 1 st. which falls in the middle of the week and most of fishing packages are week long packages. Bill said it will probably go by billing date. He said guidelines will be coming. Kelsey asked if they list everything on their guests invoice and then just add one tax. Bill said you don't have to list everything if it's a package price. He said in theory it looks good-just one form to fill out, one tax to add. Gerry said in the end the Government will bring in \$3 million more a year. Bill agreed the it is a tax grab. Bob said maybe it will be a wash with the 6 1/2% rebate. Steve asked what about purchases out of province. Bill explained that if you buy anything in Manitoba and don't have it shipped to your camp you will have to pay PST and you will have to claim that back.

12.Sunset Country Travel Association Update: Gerry Cariou

Gerry said that Sunset Country will continue to operate under the existing business plan. He said they don't know if they want to become a DMMO as most of his time would be spent on paper work/accountability instead of focusing on marketing. He said he hoped KDCA members would continue supporting Sunset Country. We run the show here in Northwestern Ontario-we don't wait for the government to tell us what to do. The Ontario Government are not our friends...they don't care, so let's all hang in there. Mal suggested that they play the Sunset Country jingle in mid western U.S. radio stations.

13. PATRICIA REGION TOURIST COUNCIL-Mike Loewen

Mike said they were also moving forward with their business plan. He said it was a good time to see if the PRTC is heading in the right direction. During the last week of October we will be reviewing what we've done and where do we move forward.

14. OTHER KDCA BUSINESS:

\$5,000 Loan to Destination Marketing: Harald asked what the membership wanted to do with the money. Gary moved that KDCA leave the loan in place for now until we know what the province will be doing. Mal asked if Destination Marketing is suspended. Harald said no, it is a legal entity and we have a board of directors. Jacqui seconded the motion. Mal said he was speaking against the motion. If KDCA wants the money back we need to put our request in at this point. Harald said we are waiting for a vote on these two loans before we plan on how we spend our funds. If you vote today with Gary's motion we want to ensure you that we won't exhaust your funds. It will be in the bank secure for KDCA. Dan also said he was speaking against the motion as he would like to see KDCA get a refund now. Mal said that perhaps we should amend the motion on the floor. Harald asked Gary if he would like to amend the motion. Gary moved that KDCA continue the loan to DMA for \$5,000 and on or after July 1st, 2010 that the money be available to be returned to KDCA. Brad asked if this loan had any

repayment conditions with it. Harald said no. Mal said that we are now giving you a repayment schedule in the amended motion. Gord said he still doesn't understand why it has to sit in the bank waiting for repayment to KDCA. Gary said by leaving the \$5,000 there they don't have to come back to us for another loan if they want to continue after July 1st. Harald reminded everyone that there is a motion on the floor. Gord asked if they could amend the amendment. Harald said we need a second on the amendment. Patty Beardsley seconded the amended motion that the \$5,00 be retained to on or after July 1 st., 2010 with no specific due date. Brad asked who gets to vote. Harald explained and said he wouldn't vote on the amendment. Harald called for the vote in favour of the motion raised. Count of opposed. Motion carried.

Office Contract: Dan said that they still had to vote on the office contract. Dan moved to accept the contract. Seconded by Mal. Motion accepted.

15.ELECTIONS

Dan Denzler, Past President KDCA will conduct the election.

Election for President: Gord Bastable, Vice President has been nominated for President. Gary made a motion that the nomination stay. Call to vote. Gord claimed to President by proxy.

Election for Vice President: Dan nominated Jacqui Haukeness as Vice President. Dan asked if there were any other nominations for Vice President. Hearing none, he declared the nomination closed. Jacqui claimed to Vice President by proxy.

Election for Treasurer: Steve has agreed to continue as Treasurer. By proxy Steve will remain as Treasurer.

Election for Board of Directors: Currently we have as Directors- Patty Beardsley, Jim Buhlman, Karla Clark, John Fahlgren, Jerry Fisher, Jacqui Haukeness, Don Moore, Bob Paluch, Mal Tygesson and Roc Wisneski. Dan said that Jacqui needs to be replaced as a Director. Mal said that Don Moore needs to be removed as his business has been sold. Dan said two chairs have to be filled. Mal nominated Dan Denzler. Gary seconded. Mal asked Patty if there was a requirement to fill both chairs. Mal made motion to accept Dan's nomination. Seconded by Harald. Motion carried.

As outgoing President Harald thanked everyone. He said it was a wonderful experience. As my last act it is my responsibility to hand over the gave. Gord thanked Harald and said he was not ever going to fill his shoes and encouraged those who has any new ideas to contact him.

16. NEW BUSINESS :

a) SPRING MEETING - April 30, 2010 at the Waldhof hall

b) NOTO CONVENTION REP: Mal motioned that the new President attend the NOTO Convention. Gord said he couldn't attend and asked for an alternate. Steve volunteered. Gord appointed Steve. Mal made a motion to cover Steve's expenses. Harald seconded. Carried.

15. ADJOURNMENT:

Meeting adjourned at 2:50 p.m.