

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 15, 2016**

Item 5, Report No. 11, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on November 15, 2016.

#### **5 HOUSEKEEPING AUTHORITY WITH RESPECT TO OMEX RECIPROCAL AGREEMENT**

**The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the City Clerk, dated October 31, 2016:**

##### **Recommendation**

The City Clerk, in consultation with the Deputy City Manager of Legal and Human Resources, and the Chief Financial Officer and City Treasurer, recommends:

1. That the City Clerk continue participation on the OMEX Board of Directors and be authorized to make decisions in the best interests of the City of Vaughan with respect to the orderly management of OMEX pursuant to the Reciprocal Agreement.

##### **Contribution to Sustainability**

Insurance coverage and risk management services are integral to the financial sustainability of the City. Continued participation on the OMEX Board of Directors will help to ensure the protection of the City's vested interests in that organization.

##### **Economic Impact**

Continued participation with OMEX has no increased financial exposure for the City of Vaughan. Continued participation, however, is required should there be a future distribution of surplus funds consequential to the winding-up of the organization and the finalization of all outstanding claims.

##### **Communications Plan**

No communication plan is required at this time.

##### **Purpose**

The purpose of this report is to obtain Council's authority to continue staff's participation on the OMEX Board of Directors, and to empower the City's representative there to make such decisions in the best interests of the City with respect to the orderly management of OMEX pursuant to the Reciprocal Agreement to which the City is already a party. This report being consequential to a meeting of the OMEX Board of Directors which took place on October 27, 2016, is being submitted as an addendum to the Finance, Administration and Audit Committee Meeting of October 31, 2016.

##### **Background - Analysis and Options**

General Insurance and Risk Management services have been provided by the Ontario Municipal Insurance Exchange (OMEX) since April 30<sup>th</sup> 2012. The current policy will expire at the end of this year and will be replaced by insurance coverage provided by AON Risk Solutions pursuant to Council's adoption on October 19, 2016 of Item 2 of Finance, Administration and Audit Committee Report No. 10.

Notwithstanding the expiry of the OMEX contract of insurance, OMEX will remain responsible for claims that fall under its policy coverage while it was the City's insurer. OMEX will manage such claims on the City's behalf until all claims are settled or otherwise resolved. In the usual course, final resolution will not occur for some time.

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OMEX's reserve policy is such that the premiums that have been charged to its subscribers in recent years will be sufficient to cover the cost of all known and potential claims for which it may become responsible. Though pursuant to the Reciprocal Agreement there is the possibility that OMEX could in future issue a retroactive assessment to cover unfunded insurance obligations, the current reserve policy makes this unlikely. It is more likely that given its reserve practices OMEX will at some point in the future determine that it has excess funds than required to fund its liabilities, enabling the City to participate in the distribution of a surplus should it be a subscriber when the affairs of OMEX are finally wound up.

The OMEX Board of Directors met on October 27, 2016 and adopted confidential recommendations that could at some point result in the winding up of the affairs of the reciprocal. In order to ensure protection of the City's interests should that event occur, and to preserve the City's right to participate in the distribution of any available surplus, this report recommends both that staff continue to participate on the OMEX Board of Directors and that they be empowered to make decisions with respect to the orderly management of OMEX pursuant to the Reciprocal Agreement. The Reciprocal Agreement provides, amongst other things, a mechanism for the winding up of the organization.

#### **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

This report relates to the Term of Service Excellence Strategy Map (2014-2018) by supporting the following initiatives;

Operational Performance – Financial Sustainability

Staff Engagement - Corporate Governance and Accountability Framework (Enterprise Risk Management framework)

#### **Regional Implications**

There are no regional implications resulting from this report.

#### **Conclusion**

Notwithstanding the City's recent decision to contract for insurance coverage through a different insurer, it is prudent that the City remain engaged with OMEX through participation on the OMEX Board of Directors, and further that staff be authorized to make decisions in the best interests of the City of Vaughan with respect to the orderly management of OMEX pursuant to the Reciprocal Agreement.

#### **Attachments**

None

#### **Report prepared by:**

Jeffrey A. Abrams, City Clerk