

**Sons of Norway International Board Meeting  
November 5-9, 2018  
Eden Prairie, MN**

The Sons of Norway International Board met November 5-9, 2018, at the Hilton Garden Inn, 6330 Point Chase, Eden Prairie, MN 55344.

**Attendees:**

- The following officers were present: President Ron Stubbings, Vice President Mark Agerter, Secretary Marci Larson, and Treasurer Elaine Nelson.
- Also present were board members Karl Hella (District 1), Chris Hicks (District 2), Ken Johnson (District 3), Steve Halverson (District 4), Robin Fossum (District 5), Mary Beth Ingvaldstad (District 6), Erik Brochmann (District 7) and Per Mikalsen (District 8).
- Headquarters staff attending included CEO Eivind Heiberg, COO Chris Pinkerton, CFO Erica Oberg, Actuary Dean Stiller, Connie O'Brien, Rachele Hockert, Corrie Knudson, Lizbeth Halva and Executive Assistant Lonna Hanson.
- Also present was Legal Counsel Dave Ness from Fafinski Mark & Johnson, P.A.

**Monday, November 5 and Tuesday, November 6**

**New Board Member Orientation and Continued Education**

The first two days of the board meeting included board orientation and training for both the new and returning board members. Outside advisors and internal resources were utilized for the training sessions. Presenters were Harald Borrmann, President and CEO of Catholic United Financial; SON Actuary Dean Stiller; Vanessa Dutton, Eide Bailly auditor; Connie O'Brien, SON Insurance Marketing Manager; Allen Goody from BTC Capital Management; and Legal Counsel Dave Ness.

**Wednesday, November 7**

The board began its official business.

**Past Minutes**

A motion was made to approve the minutes of the International Board meeting held Aug. 13-14, 2018.

**Motion carried.**

The board reviewed the minutes of the International Convention held in Bloomington, MN Aug. 15-17, 2018. The names of two people who did not attend were deleted. It was moved to approve the minutes with those corrections. **Motion carried.**

It was moved to approve the minutes for Aug. 19, 2018 with one correction to change the word "incumbent" board members to "returning" board members. The **motion carried.**

**Investment Advisor Report, BTC Capital Management**

Jon Augustine, Chief Investment Officer, gave a general economic overview. He predicts that economic growth will slow in 2019 and also expects that lower interest rates will end. This should mean that better investment opportunities with higher returns will become available.

Allen Goody, Manager Director, and Jeff Birdsley, Fixed Income Portfolio Manager, gave an overview of Sons of Norway's investments including sector overview.

### **3<sup>rd</sup> Quarter Financials**

Chris Pinkerton, COO, and Erica Oberg, CFO, presented the 3<sup>rd</sup> quarter financial numbers ending September 30, 2018. Sons of Norway is currently \$1.5M short of forecast at the end of the third quarter. The Board and management had a thorough discussion about the various items that have had significant impact on the financial results. These items are primarily related to investment income, forecasting and lack of annuity sales. COO Chris Pinkerton also led a discussion on growth strategies to increase both life and annuity sales, as well as the recruitment of financial benefits counselors.

### **Charter & Constitution**

President Stubbings led a discussion on revising the charter and constitution. He is concerned about parts of the C&C that may contradict each other, and believes the discrepancies could be greater than simple wordsmithing. He would like to create a totally new committee to address these matters in time for the 2020 convention. President Stubbings will be reaching out to people to serve on this special committee.

### **Board Policy Book**

Ron Stubbings, Ken Johnson, Elaine Nelson and Marci Larson continue updating the Board Policy Book. Legal Counsel Dave Ness will update the Forward to the book. Marci Larson recommended that the policy book be reviewed every biennium to keep it current.

### **ESG Architects**

Nate Enger and Sebastian Marquez from ESG Architects showed the board a 3D rendering of the new Sons of Norway office space upon completion in late 2019.

### **Hamar 2020 Convention Hotel**

District 8 President/Convention Chair Tor Arild Halvorsen and Linda Pederson updated the board on their negotiations with Hamar Scandic Hotel and also with Par Avion event management.

### **Thursday, November 8**

#### **Vice President's Report**

Mark Agerter reported about participating in the AFA lobbying effort in Oregon. In 2018 an Oregon state senator proposed to eliminate the fraternal tax exemption in the State of Oregon. Joe Annotti of the American Fraternal Alliance mounted an effort to lobby key senators against the proposal. Mr. Annotti assembled a committee of six, which included Mark Agerter representing SON, to meet with senate leadership and familiarize them with the positive community benefits provided by fraternalists. They met with members of the Finance & Revenue Committee, the Business & Transportation Committee and the Ways & Means committee.

It was moved and seconded to reimburse former D8 International Director Odd-Harald Olsen for phone charges incurred from Norway when he called into US conference calls. **Motion carried.** He will be instructed to submit an expense report for his calls.

### **Corporate Governance Annual Disclosure (CGAD)**

Legal Counsel Dave Ness gave each board member a copy of California's CGAD form to show them what governance disclosures will be required of insurance companies in the near future. The Corporate Governance Model Act created by the NAIC is being adopted by all the states. About half of the states have enacted such legislation. Minnesota has not yet done so but is expected to do so in the near future. The CGAD form is the insurance regulator's opportunity to get a better sense of our governance structure.

Ken Johnson recommended that the CGAD form be distributed to all international lodge delegates before they come to the convention so that they fully understand their responsibilities. He also suggested mandatory CGAD training online or by DVD and documentation that the delegates have viewed it.

Legal Counsel Dave Ness recommended that the board consider filing the CGAD form in 2019 even though it won't be required until June 1, 2020. It was moved and seconded that Dave Ness and SON staff prepare a draft CGAD response and share with the International Board in January, 2019. **Motion carried.**

### **International Convention Action Items**

Eivind Heiberg led a discussion about the various action items approved at the 2018 International Convention and the convention committees' recommendations for improving future conventions.

**It was moved, seconded and approved** to use the SON member portal to post an electronic link to the international convention minutes and that this link should also be communicated by email to the international delegates, lodge presidents and secretaries and that printed copies of the convention minutes should be sent to those delegates without email. This information will be communicated in Viking Magazine and other communications channels as deemed appropriate. In addition the summary of the meeting minutes of the Int. Board of Directors and the Foundation Board of Governors will be placed on the SON website via the member portal in an easy to identify section and this will be communicated to SON members via the Viking Magazine and other communication channels.

### **EOS (Entrepreneurial Operating System)**

Jaime Adam, a consultant from Keystone Management Partners, LLC, explained to the board the strategic process that Eivind Heiberg and headquarters staff are using to revamp departmental structure, align department work and to stimulate business growth.

### **Friday, November 9**

#### **Cyber Security**

IT Director Rachele Hockert gave an update on cyber security regulations for our industry and what actions our IT department has been taking to keep us compliant.

#### **Lodge Owned Real Estate**

Dave Ness discussed our tremendous progress in getting lodges who own real estate into compliance with SON rules and with IRS requirements. There are only five lodges who have yet to comply. The Executive Committee will contact these lodges for a status update by December 10<sup>th</sup>. If there is no progress, the Executive Committee will determine further action and the board will be kept informed. The lodges are as follows:

- 2-023 Fedrelandet Lodge (Sons of Norway Hall) – Petersburg, AK
- 3-125 Fredricksten Lodge (Sons of Norway Penna, Inc.) – Andalusia, PA
- 4-021 Gyda-Varden Lodge (Gyda-Varden Development Corp) – Grand Forks, ND
- 4-480 Ueland Lodge (SON Ueland) – Cooperstown, ND
- 4-507 Normont Lodge (Normont Lodge Building Association) – Cut Bank, MT

### **District Presidents Council**

It was moved and seconded that the Alternate Board of Directors and District Presidents receive the four module AFA training sessions and be required to complete them, and also have a conference call with CEO Heiberg and Legal Counsel Ness about compliance. **Motion carried.**

### **Resolutions from Benefits Committee**

#### Local Lodge Bylaw Changes

- The Benefits Committee moved to approve the new Bylaws submitted by Bondelandet Lodge 3-612 and Tusenvann Lodge 1-659. **Motion carried.**

#### Norsk Utvandremuseum Funding Request

- The Benefits Committee moved to deny the Nov. 2, 2018 request from Norsk Utvandremuseum for a donation of 100,000 Norwegian Kroner or \$11,900 USD. The Committee also moved that CEO Heiberg or the International Board respond to Utvandremuseum respectfully declining their request. **Motion carried.**

#### June 9, 2018 Lodge improvement grant, Olympic Lodge 2-37

- The Benefits Committee moved acceptance of the application of Olympic Lodge 2-37 for an improvement grant to repair their failed heating system in the amount of \$1,000 which is the maximum amount allotted of their \$8,111.66 which does not exceed the 25 percent allowed. This grant is contingent on being in full compliance with section 1.17.1. of the Charter and Constitutions. **Motion carried.**

#### October 27, 2018 Lodge improvement grant, Normanden Lodge 4-424

- The Benefits Committee moved acceptance of the application of Normanden Lodge 4-424 for a lodge improvement grant to refurbish their lodge building in the amount of \$1,000 which is the maximum amount allotted of their \$4,738.53 of which does not exceed the 25 percent allowed. This grant is contingent on being in full compliance with section 1.17.1. of the Charter and Constitutions. **Motion carried.**

#### Sons of Norway Branding

- The Benefits Committee moved that the Sons of Norway Headquarters explore creating an appropriate cartoon figure to represent the Sons of Norway in a light way but to reflect our Norwegian heritage (examples given were the MetLife Snoopy, Geico's Gecko, and Aflac's duck). **Motion carried.**

### **Resolutions from Corporate Matters & Governance Committee**

#### D17, 990 – Delinquent Filings

- The Corporate Matters and Governance Committee moved that all lodges on the delinquent list for D17s and 990 filings be contacted by the International Directors in their respective districts by November 30, 2018, to determine the lodge's course of action to achieve compliance; and should compliance not be met by January 15, 2019, said lodges will have their dues withheld until they become compliant; and if compliance is not met by March 1, 2019, lodge charters will be suspended until compliance is achieved. **Motion carried.**

#### District Office Vacancies

The Corporate Matters and Governance Committee moved that **3.11.7.** be amended to read as follows:

- 3.11.7.** Whenever a vacancy occurs in the office of District President, the Vice President shall succeed to the office of President for the unexpired term. In such event the District Board of Directors shall elect, from the members of the district lodge, a Vice President to fill the unexpired term. When other vacancies occur in any other District offices, they shall be filled by the District Board of Directors from among the members of the District Lodge. A District Lodge may, if it so specifies in its Bylaws, elect alternates for the purpose of filling vacancies occurring among the other members of the District Board of Directors. **Motion carried.**

#### New Form D18

- The Corporate Matters and Governance Committee moved that the Property Corporation Financial Statement be re-designated as **Form D18** and the following updates be made to the Charter & Constitutions:
  - 1.17.1.3. Annual Reporting**  
The separate nonprofit corporation shall file a Financial Statement (Form D18) with Sons of Norway Headquarters annually.
  - 3.21.1.1. Annual Reporting**  
The separate nonprofit corporation referred to in Chapter 1.17.1. of the Constitution shall file a Property Corporation Financial Statement (Form D18) with Sons of Norway Headquarters annually.
  - 4.21.1.1. Annual Reporting**  
The separate nonprofit corporation as referred to in Chapter 1.17.1. of the Constitution shall file a Property Corporation Financial statement (Form D18) with Sons of Norway Headquarters annually. **Motion carried.**

#### Resolutions from Finance Committee

##### Goals

- The Finance Committee moved that Sons of Norway goals for 2019 will be the 2018 year end results plus 5 percent. **Motion carried.**

##### iPads

- The Finance Committee moved that the International Board of Directors authorize the IT Director to research devices to include personal computers, tablets and similar devices to replace the current iPads being used by the Board of Directors and return a recommendation or set of options by the May, 2019 spring board meeting. **Motion carried.**

#### September 30, 2018 Financial Results

- The Finance Committee moved to accept the 3<sup>rd</sup> Quarter 2018 financial results. **Motion carried.**

#### Proposed 2019 Operating Budget

- The Finance Committee moved to accept the 2019 Operating budget with the proposed increase of 4.98 percent in expenses. **Motion carried.**

#### Proposed Operating Plan and Five-Year Projection (2019-2023)

- The Finance Committee moved to accept the 2019 5-Year Finance projection with a 5 percent increase each year in income and 3 percent increase in expenses. **Motion carried.**

#### 401K Employee Contribution

- The Finance Committee moved to accept the 2019 proposed budget which contains an assumed 401(k) cost of 6.5 percent. This includes a 4 percent Safe Harbor match and a 2.5 percent discretionary contribution based on qualified payroll. **Motion carried.**

#### 2019 Refund to Members Resolution

- The Finance Committee moved to accept 2019 Refund to members of \$155,000. **Motion carried.**

#### Illustration Actuary Certification

- The Board of Directors has appointed Dean Stiller as Sons of Norway's Illustration Actuary. The Finance Committee moved to accept this appointment. **Motion carried.**

#### Audit Committee Report

- The Finance Investment Committee moved to accept the Audit Committee Report to include reviewing the audit approach and Engagement Letter presented by Eide Bailly. **Motion carried.**

#### BTC Investment Advisor Report and Approvals

- The Finance Committee moved to accept BTC Investment Advisor Report as presented. **Motion carried.**

#### Board Member Expense Approval

- The Finance Committee moved to accept the Board Member Expense report for January – September 2018. **Motion carried.**

#### 1035 Document Signing Authority

The Finance Committee moved to accept a signing authority resolution related to IRC 1035 exchange forms. **Motion carried.**

#### Investment Advisor RFP

- The Finance Committee recommended the appointment of the Parkway Advisors of Abilene, TX as our new Investment advisor, based on the RFP Requested, the expertise provided and the financial savings. **Motion carried.**

#### International Convention Seed Money

- The Finance Investment Committee moved to increase International Convention seed money to \$10,000. **Motion carried.**

### International Board Mileage Reimbursement

- The Finance Investment Committee moved to change mileage reimbursement to the current IRS rate beginning January 1, 2019. **Motion carried.**

### District Presidents Council

The eight District Presidents joined the International Board to report on their districts and to answer questions. They also posed questions to the Board. It was a lively 1-hour session.

Eivind Heiberg encouraged the District Presidents to communicate directly with Linda Pederson, SON Fraternal Department, when they have operational issues, such as changes to forms. They do not need to wait six months until another Presidents Council convenes in person.

### Rescheduling 2019 fall board meeting

President Stubbings asked the Board if they would like to change the dates of the November 2019 board meeting to coincide with the Nordic American Thanksgiving Breakfast in Minneapolis the Tuesday before Thanksgiving. Because of travel and other concerns, **the board voted no.**

### Hamar 2020 Convention Hotel

The Board directed Eivind Heiberg to call all parties involved in booking the hotel and negotiate with them to agree on the deposit amount required and the booking deadline.

### Matching Foundation Grant

Karl Hella reported that the matching grant challenge he issued at the August convention was met, and therefore he has contributed \$24,000 to the Sons of Norway Foundation.

President Stubbings thanked everyone for attending and adjourned the meeting.

Respectfully submitted,



Marci Larson, International Secretary