



Minutes

40 Sheppard Avenue West
Suite 101
Toronto, ON M2N 6K9
Tel: 416 224-1100
Fax: 416 224-8168
www.peo.on.ca
Enforcement Hotline:
416 224-9528 Ext. 1444

Finance Committee Meeting on July 25, 2017

Meeting Minutes issued:

Minutes of a meeting of the Finance Committee (FIC) held in the PEO offices at 40 Sheppard Avenue West, North York, Ontario, on July 25, 2017 commencing at 4:00 pm.

In attendance:

Chair: Michael Wesa, P.Eng.

Vice-Chair: Michael Chan, P. Eng.

Noubar Takessian, FEC, BScME, GSC, P.Eng.
Warren Turnbull, P.Eng.
Ciro Tarantino, PMP, P.Eng.
Frank Dicintio, CPA, CMA, MBA, P.Eng.
Basel Jarrad, MBA, P.Eng.

Staff: Gerard McDonald, P.Eng., MBA, Registrar
Chetan Mehta, MS, MBA, Director, Finance
Peter Cowherd, CPA, CMA, Manager, Financial Services and Procurement
Lucy Capriotti, Administrative Assistant

Guests: None

Regrets: None

1.0 Call to order and welcome

The meeting was called to order at 4:05 p.m. by M. Wesa.

2.0 Committee member introductions (3 new members)

Three new committee members each gave a brief introduction about themselves.

- 1) Frank Dicintio – He has been with PEO since 2000, is part of the PEO member group and has been a CPA for four years. He has worked in accounting and finance at



Professional Engineers Ontario

407/ETR. Prior to this he was in construction, working on sewers, water mains etc. and then decided to return to school to get his MBA in which he specialized in finance. He is hoping he can contribute to the committee and provide some advice where required.

- 2) Basal Jarrad – He works for Hydro One in Field Operations and has worked in the asset management side. Now he is a Senior Financial Analyst with the outsourcing group. He received his engineering degree from McMaster University and after working for Hydro One for several years he went back to get his MBA from the Rotman School of Management at UofT. He has since completed his level one CFA and he plans to work towards his CFA designation.
- 3) Ciro Tarantino - He is a Senior Advisor at Metro Links in their capital projects group and is involved in budgeting and forecasting of materials that go to the board for awarding annual contract needs. He has been a member of PEO since 2002 and hopes to contribute to the committee.

3.0 Approval of the meeting Agenda

The committee members agreed to proceed with the agenda as presented.

MOTION

That the FIC agenda be approved as presented.

Moved by W. Turnbull and seconded by N. Takessian

CARRIED

4.0 Approval of Minutes from May 30, 2017

MOTION

That the Minutes of the May 30, 2017 meeting as presented be approved with the following amendments:

- 1) page 1 last paragraph, change the word **visitor** to **observer**
- 2) page 1 last paragraph, change **did not return** to **may return**
- 3) page 1 under the heading Finance Committee Members, add the title **Chair** beside Michael Wesa, P.Eng. and **Vice-Chair** next to Michael Chan, P.Eng.



Moved by N. Takessian and seconded by W. Turnbull

CARRIED

5.0 Matters arising from the Minutes

M. Wesa thanked C. Mehta for preparing the vacancy map of the building. C. Mehta indicated that discussions were underway with two companies but he was not privy to the details due to confidentiality reasons.

M. Chan suggested that we should use a five percent threshold for budget variations, with explanations be given on quarterly financial reports for only items with more than a five percent variance.

6.0 Selection of the Investment Sub-Committee

M. Wesa asked if any members of the FIC were interested in volunteering to the Investment Sub-committee as one member is required from the FIC. He asked if there were any interested volunteers. B. Jarrad and F. Dicintio both expressed an interest to be a volunteer on the Investment Sub-committee. Each were given one minute to express their interest. A secret ballot was requested and blank notes were passed around to the committee members that were not nominated. After each committee member wrote down their chosen name, the six ballots were collected by L. Capriotti and the ballots revealed that F. Dicintio had won the vote. A motion was requested by M. Wesa.

MOTION

That the ballots be destroyed and to nominate F. Dicintio as the new member of the Investment Sub-committee.

Moved by N. Takessian and seconded by W. Turnbull.

CARRIED



7.0 Review of the FIC Terms of Reference

The FIC Terms of Reference were reviewed by the committee and M. Wesa opened a discussion about Quorum, requesting that it be amended to include “with at least two councilors in attendance”, this will be added to the end of the first sentence.

MOTION

That the FIC Terms of Reference be approved as amended above.

Moved by N. Takessian and seconded by C. Tarantino.

CARRIED

8.0 Review of Investment Sub-Committee Terms of Reference

The Investment Sub-Committee Terms of Reference were reviewed by the committee and no changes were proposed.

9.0 Review of the FIC Work Plan

The FIC Work Plan was reviewed and discussed by the committee with requested modifications.

MOTION

That the FIC Work Plan be approved with the noted changes:

- a) change the year from “**2016**” to “**2017**”
- b) change “**Meeting Date**” to “**Targeted Meeting Date**”
- c) on page 1, “**August**” should now be “**September**” and read “**Present to September Council for review and feedback**”.

Moved by B. Jarrad and seconded by C. Tarantino

CARRIED



10.0 Review of the Expense Reimbursement Policy

C. Mehta requested that the committee review and provide feedback on the policy which has also been circulated to the AUC. We are hoping to have feedback with changes/modifications by year end. The results will be shared with both the AUC and FIC.

M. Wesa said that he felt the meal allowance was quite low by today's standards. He mentioned that when there is a large group meeting in the GTA there is no reference in the policy that addresses such a situation, i.e. 20 people who each claim their own meal are responsible if they go over \$50 for dinner. The policy is just not clear as to what can and cannot be expensed.

C. Mehta asked that if there are any additional comments or feedback it might be worthwhile to email these to him so he can have this documented. A draft will be circulated to all.

11.0 Financial Statements for the six months ended June 30, 2017

C. Mehta mentioned that there were some very good suggestions made at our last FIC meeting and that some changes were made to the format. We have identified brief explanations on variances that are over five percent.

M. Chan sounded caution on over budget expense items, which would require us to take action.

F. Dicintio talked about the signs on the variances, he's used to seeing negative values as being unfavorable and positive values being favorable, he wants it to show that when you are adding up the variances at the bottom they will all add up to the negative 59k. C. Mehta advised we will make that change going forward. F. Dicintio suggested modifying headings to include alpha codes for "F" for favorable and "(U)" for unfavorable

P. Cowherd reviewed the financial statements in detail and answered questions from the committee members.

12.0 Other Business

The following items were discussed:

- a) Mortgage – G. McDonald explained that when Council bought the building they requested a \$20 increase in fees via a referendum which went out to the



membership. There was never indication on any Council document that the fee increase would be reversed when once the mortgage was paid. This was the last increase of fees for the organization and inflation has more than eaten up that \$20 increase in fees.

C. Mehta advised that the balance of the mortgage outstanding in 2019 will be \$5.6M, the amortization period is 15 years. PEO will be able to refinance the mortgage or pay it down at that point.

- b) Reserve Fund – C. Mehta advised that it is approximately \$8.5M and the Operating Reserve Policy is presented to the FIC every year which is currently at \$4.5M.
- c) AGM – It is held in Toronto for two years and in the third year we go to an area outside of Toronto. G. McDonald advised that there are only six locations in the province that can handle a PEO AGM; Toronto, Kingston, Niagara Falls, Windsor, London and Thunder Bay, Ottawa. It was suggested that we set up a rotation of the other cities that can accommodate us and that travel cost should not necessarily be a deterrent. It was also suggested to have the RCC make a proposal to Council. M. Wesa thought it would be helpful to have Human Resources provide them with a list of all of the cities that could handle our requirements and then we could talk about a rotation schedule.

13.0 Date of Next Meeting

The next FIC meeting has been scheduled for August 29, 2017 at 4:00 p.m. Confirmation will be sent via Calendar by L. Capriotti.

14.0 Adjournment

The committee agreed to adjourn the meeting at 6:02 p.m. and a motion was passed to that effect.

MOTION

That the meeting be adjourned.

Moved by N. Takessian and seconded by W. Turnbull

CARRIED