



Minutes

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Finance Committee May 27, 2016

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Minutes of a meeting of the Finance Committee (FIC) held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on May 27, 2016 commencing at 4:00 pm.

In attendance:

Finance Committee Members:

Roger Jones, P. Eng.
Christian Bellini, P.Eng., FEC
Changiz Sadr, P.Eng., FEC
Warren Turnbull, P.Eng.

Staff: Gerard McDonald, P.Eng., MBA, Registrar (via conference until 4:53 pm)
Fern Goncalves, Director, People Development
Scott Clark, Chief Administrative Officer
Chetan Mehta, MS, MBA, Director – Finance
Lucy Capriotti, Administrative Assistant

Regrets: None

Observer: Dr. Ravi Gupta, P.Eng.
D. Adams, P.Eng. (via conference)

R. Jones requested S. Clark for clarification on who could Chair the meeting of the Finance Committee and call it to order.

S. Clark advised that as past Chair, R. Jones could preside as acting Chair and call the meeting to order until a new Chair was elected by the committee members.

R. Jones called the meeting to order and suggested that agenda item 1 be split to have the election of the Vice-Chair as a separate item after the selection of non-councilor members as this would allow a non-councilor member to apply for the position of Vice-Chair.

On behalf of R. Gupta, R. Jones requested that the following two items be added to the item Other Business: discussion on the status of Aptify implementation and the budget spent along with the status of the Sharepoint project.

C. Sadr proposed that an item also be included to have a discussion on modifying the quorum requirements in the Terms of Reference. The committee members agreed with R. Jones' suggestion and the modified agenda was approved.

1. Approval of Agenda

MOTION

That the modified agenda as proposed be approved.

Moved by C. Sadr and seconded by C. Bellini

CARRIED

1(a) Election of Chair

R. Jones asked the committee members for nominations for the position of Chair.

C. Sadr nominated R. Jones and R. Jones accepted the nomination.

There were no other nominations offered and R. Jones was unanimously appointed as Chair of the Finance Committee.

MOTION

That R. Jones be nominated as Chair of the Finance Committee.

Moved by C. Sadr and seconded by C. Bellini

CARRIED

1(b) Election of additional (non-Councilor) members

The committee then proceeded to deliberate on the election of non-Councilor members and decided to move in-camera. A motion was passed to the effect and the two observers, R. Gupta and D. Adams were requested to excuse themselves from the proceedings. R. Gupta left the room and D. Adams hung up.

MOTION

That the committee meeting be moved to an in-camera session.

Moved by C. Sadr and seconded by C. Bellini

CARRIED

R. Jones advised the committee members that the following non-councilor members had expressed an interest in being elected to the Finance Committee – D. Adams, N. Colucci, R. Gupta and K. McMartin.

R. Jones requested the committee members for their recommendations for selecting three out of the four applicants.

After deliberations, the committee members decided to propose the following three candidates as non-councilor members of the Finance Committee:

N. Colucci, R. Gupta and K. McMartin and a motion was passed to the effect.

MOTION

That N. Colucci, R. Gupta and K. McMartin be appointed as non-councilor members of the Finance Committee.

Moved by C. Sadr and seconded by C. Bellini.

R. Jones abstained.

CARRIED

After the selection on non-councilor members the committee moved out of the in-camera session and a motion was passed to the effect.

MOTION

That the committee meeting be moved out of camera to a public session.

Moved by W. Turnbull and seconded by C. Sadr

CARRIED

D. Adams and R. Gupta were advised of the selected non-councilor members by R. Jones.

R. Gupta thanked the other committee members for reposing their confidence in him.
D. Adams proceeded to depart from the meeting.

2. Election of Vice-Chair

R. Jones requested nominations for the position of Vice-Chair.

C. Sadr and W. Turnbull nominated R. Gupta as Vice Chair. There were no other nominations put forward and R. Gupta was elected as unanimously as Vice Chair. A motion was passed to the effect.

MOTION

That R. Gupta be appointed as Vice-Chair of the Finance Committee

Moved by W. Turnbull and seconded by C. Sadr

CARRIED

3. Election of one member to the Investment Subcommittee

R. Jones asked the committee members for other nominations. R. Gupta suggested that since R. Jones be reappointed to the Investment Subcommittee as a Finance Committee representative since he was a member for the prior year as well.

Since there were no other nominations, R. Jones was unanimously appointed to the Investment Subcommittee. A motion was passed to the effect.

MOTION

That R. Jones be appointed to the Investment Subcommittee as a Finance Committee representative.

Moved by R. Gupta and seconded by C. Sadr

CARRIED

4. Approval of Minutes for Finance Committee meeting held on March 3, 2016

R. Jones asked the members if they had any comments on the draft minutes.

R. Gupta commended staff for the producing detailed and thorough minutes.

MOTION

That the minutes of the Finance Committee meeting held on March 3, 2016 be approved as presented.

Moved by R. Gupta and seconded by R. Jones.

W. Turnbull abstained (since he was not part of the prior FIC).

CARRIED

5. Review and Approval of 2017 Budget Assumptions

R. Jones asked the committee members for their comments on the budget assumptions. R. Gupta suggested that all efforts need to be made for renting the fourth floor and alternative and flexible options such as shorter term leases and flexible rent payments should also be looked into.

S. Clark requested permission from the Chair to bring the committee up to speed on the latest developments on leasing activities for the building.

S. Clark advised the committee that market conditions were improving and PEO was now receiving many more inquiries and substantive interest for the leasing of office space in the building.

Since January up to the middle of May, PEO has received fifty eight leasing enquiries. PEO was at the draft lease stage for 5,000 sq ft for the 8th floor and there were two preliminary inquiries for the fourth floor – one being a government agency and the other was a school.

S. Clark cautioned that these inquiries were very preliminary but in light of the improving market conditions, he was quite hopeful to report better news going forward.

R. Gupta inquired about what the approximate gross rent for the fourth floor would be. S. Clark responded saying this would be approx \$40/sq foot and this would include the base rent, common area costs and taxes. In terms of showing flexibility in our negotiations with potential tenants, S. Clark advised the committee members that as landlords, PEO was quite flexible on the base rent were unable to have the same flexibility on the operating costs and taxes.

C. Bellini commented that having temporary short term tenants was not a good idea and it would be best if PEO has long term tenants.

S. Clark advised that tenants typically expect inducements when they start renting to cover costs for capital improvements to their space and even short term tenants do not typically expect fewer inducements. In terms of a cost benefit analysis, it would be better to have long term tenants if PEO were to spend almost the same amount of monies in inducements. There were also added administrative costs to be incurred every time there was a new tenant. In light of all of these factors, it was preferably to have long term tenants instead of short term tenants.

G. Macdonald signed off at this stage. R. Jones thanked G. MacDonald for his participation.

R. Jones stated that he was very comfortable with PEO's office location and that he was optimistic about space being leased out even though this was a class B building.

C. Sadr asked whether information for budget increases for the regional councilors or election candidates should have been provided in the other assumptions section of the budget assumptions document. S. Clark advised that room for budget increases for the RCC has been factored into the budget assumptions.

C. Mehta advised the committee members that adequate detail on budgetary increases would be provided to the committee when the draft budget is presented to them for their review.

R. Gupta stated that he wanted to make sure that the committee was aware of the 3 per cent increase in salaries and benefits for cost of living and merit and equalization adjustments that was recommended by the external consultant.

F. Goncalves pointed out that the recommendations and report by the consultant was included in the package to the FIC.

R. Jones commented that it was an unnecessary expense to have an external consultant for this type of an exercise and that it would have been preferable for staff to have done this research in-house.

F. Goncalves stated that this type of research had been done in-house for the past several years but for this time an external consultant was hired in accordance with the directive from the prior FIC.

MOTION

That the 2017 Budget Assumptions be approved as a live document for the guidance of staff.

Moved by C. Sadr and seconded by W. Turnbull

MOTION CARRIED

MOTION

That the Finance Committee recommends to Council that the Registrar be directed to initiate the budgeting process, per PEO's Budgeting cycle and provide the 2017 operating budget and capital budget assumptions at the September 2016 Council meeting based on the approved assumptions.

Moved by W. Turnbull and seconded by C. Sadr.

MOTION CARRIED

6. Terms of reference and work plan for finance and Investment Subcommittee:

6(a) Term of reference for Finance Committee

C. Sadr suggested that the quorum requirements of a minimum of 4 members in the current terms of reference for the Finance Subcommittee be modified for the first

committee meeting after the AGM to avoid a situation like today whereby the committee meeting could not proceed due to a lack of one member although a majority of the Finance Committee members were present.

S. Clark advised that situations like the one today could be avoided if standard wording per Weinberg's society rules of order was used for the quorum criteria as this would accomplish the requirement of 50 per cent plus one quorum requirement.

The committee members agreed with this suggestion and a motion was passed to this effect.

MOTION

That the quorum for the committee be modified to incorporate the standard language that is stated in accordance with Weinberg's society rules.

Moved by W. Turnbull and seconded by C. Sadr

CARRIED

MOTION

That the meeting start time of 4:00 p.m. be removed from the Terms of Reference.

Moved by C. Sadr and seconded by C. Bellini

CARRIED

6(b) Terms of reference for Investment Subcommittee

R. Jones asked the members for their inputs of the terms of reference for the Investment Subcommittee.

MOTION

That the reserve fund minimum value shall be as mandated by Council.

Moved by W. Turnbull and seconded by C. Sadr

CARRIED

6(c) Work Plan

The committee had a discussion on the work plan and agreed to make no changes to the Work Plan.

7. Financial Statements for the three months ended March 31, 2016

C. Mehta discussed the financial statements walked the committee members through the key variances and answered questions by the committee members.

8. Other Business

Status of Aptify – C. Mehta advised that we PEO went live with Phase I of Aptify as of April 1st, 2016 and that are under budget for Phase I.

Status of SharePoint – C. Mehta advised that this he will share information on this item with the committee at the next Finance Committee meeting.

9. Date of Next Meeting

A Doodle will be sent out to schedule a meeting sometime in September.

10. Adjournment

The committee decided to adjourn at around 6.55 pm and a motion was passed to the effect.

MOTION

That the meeting be adjourned.

Moved by W. Turnbull, seconded by C. Sadr

CARRIED