



Minutes

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Finance Committee January 15, 2014

Minutes of a meeting of the Finance Committee (FIC) held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on January 15, 2014 commencing at 4:00 pm.

In attendance:

Finance Committee Members:

Robert Willson, P.Eng.
Michael Wesa, P.Eng.
Roger Jones, P. Eng.
Denis Dixon, P.Eng.

Staff: Gerard McDonald, P.Eng., MBA, Registrar/CEO
Michael Price, MBA, P.Eng., FEC, Deputy Registrar,
Licensing and Finance
Lucy Capriotti, Administrative Assistant

Regrets: Maria Cellucci, CA, Controller (Maternity Leave)
Annette Marie Bergeron, P.Eng., President, (Ex-officio)
Dave Adams, P.Eng. (Ex-officio)
Jason Green, CMA, MBA, P.Eng.

1. Approval of Agenda

R. Willson, Chair of the Finance Committee called the meeting to order.

The committee members agreed that the agenda as presented be approved.

MOTION

That the agenda as presented be approved.

Moved by D. Dixon and seconded by M. Wesa.

MOTION CARRIED

2. Approval of Minutes from October 22, 2013

The minutes as presented were approved.

MOTION

That the minutes of the October 22, 2013 meeting as presented be approved.

Moved by R. Jones and seconded by D. Dixon.

MOTION CARRIED

3. Review Draft Briefing Note – Move Fees from Regulations to By-Law

M. Price presented an overview. A previous version had been prepared several years ago with K. Allen and D. Adams and this has been updated. In 2010, changes had been made to the PEO Act. As part of the open for Business Act, there were 66 amendments made to the Act. Approximately two thirds of those amendments have been proclaimed. One of the outstanding amendments relates to sections 7 and 8 of the Act. It would repeal part of section 7 which puts our fees in the regulations and it would amend section 8 to allow us to put our fees in the by-laws. In conjunction with that we also need to change the bylaw for that to happen, so there is draft wording to section 39 of the bylaw. Section 39 currently lists the member's fee but it would be replaced with new

language including the elimination of the current section 59 of our bylaw which talks to the members voting on a fee change. Section 39 and 59 of the bylaw would be repealed with a new section 39 that comes in which includes all the fees and incorporates to some extent what was said in section 59. Section 59 currently says that if there is any fee change it would go to the members for a referendum. In this version which is the version that had been previously prepared it says that if the fee change is \$10.00 or more it would go to the members to have a referendum. This is the overall view of the fees and changes that were coming to the regulations and bylaws and also with this there would be a repeal of all the various sections currently in our regulations which are included as an appendix of all of our fees. We would have to get a regulation approved, this would have to be done in conjunction with the government. The last time the license holder's fee was changed was in May 2008 and the last time any of the other fees was changed was in 2010. This provides the flexibility for Council to change those fees at any time and depending on how the bylaw is worded as to when you would go out to the members for any fee adjustment. In this current version it does show that only for a fee increase of \$10.00 or more but that is up the Finance Committee. The cost of a referendum to approve any fee increase is roughly \$80,000 to \$100,000 dollars. When this was drafted it was originally based on a cpi increase, \$10.00 at that time was considered. What is being suggested is to not have a binding referendum every time Council wants to change the fees by inflation. See page 3 of 13 under the Note, section 22, 23, 24 should say Paragraph 22, 23, 24 of Section 39 will reflect the status of the Certificated of Authorization changes in Regulation 941, when the Bylaw becomes effective.

R. Willson agreed that the increase should be shown in a percentage and not a dollar amount. R. Willson discussed that if a fee increase is required we will know at least one year in advance because we have five year projections. We have a large reserve fund which is currently sitting way above its minimum.

R. Willson asked if we need to go back to the membership every time or any time we raise fees. R. Jones says we must and D. Dixon says there is no need to do this.

R. Willson agreed with what G. McDonald said, which is to take the consumer price index (CPI) and say any increase beyond CPI would require member ratification. This would be done on a cumulative basis, so if there hadn't been an increase for five years Council could approve an increase to a maximum of the total CPI increase over those five years. The rationale is that inflationary adjustments can be made by Council, but if a fee increase needs to exceed the rate of inflation, Council must go back to the membership.

G. McDonald said that this puts a fence around increases that people can understand, as everyone understands the impact of inflation. He also agreed that we should not increase fees every year just to match inflation. Staff still has to go through the process of preparing a budget, going to FIC and Council and to defending it. Council can push back against a CPI increase and staff will have to balance the budget through efficiencies and/or program reductions.

R. Willson said that on this basis the maximum increase that could be approved by Council without going to the membership is the cumulative CPI since the last increase. M. Price suggested for clarity that the CPI accumulation process should start at the end of the last fiscal year.

Once the above modifications are made to the regulation and bylaw changes, legal and LEC reviews will be required. R. Willson asked that the two reviews be completed before the next Finance Committee meeting. M. Price felt that the legal review could probably be completed but wasn't sure about the LEC review. R. Willson requested that the LEC be given one week to complete its review.

MOTION

A motion was made for a legal review in accordance with previous practice and following this review referral to LEC for peer review. Following this, the finalized briefing note will be reviewed at the next Finance Committee meeting in preparation for submission to the March 2014 Council meeting for approval.

Moved by R. Jones and seconded by M. Wesa.

MOTION CARRIED

4. New Protocol for changes in Mandate and Terms of Reference of a Committee – (In the Committees and task Forces Policy Reference Guide – 3rd Revision approved by Council on November 22, 2013)

R. Willson advised that the draft Terms of Reference – Finance Committee Investment Sub-Committee could be affected by the requirement that all changes to committee ToR must be reviewed by ACV before submission for approval by Council. He asked whether the sub-committee Terms of Reference has to go to ACV for review in accordance with this new directive. It was generally agreed that this would be required.

5. Review and approve Finance Committee Annual Work Plan

R. Willson discussed the FIC Annual Work Plan. He has made this a generic document as opposed to an annual document, so once established it does not have to be modified annually. This Work Plan does need annual approval by Council. He went through the meeting date column and discussed each activity and the purpose and success measurement. M. Price advised that the review of all membership fees and related policies would best be done in August rather than February. The meeting agreed to move the review of fees activity to August.

For the joint AUC/FIC meeting in April, the previous work plan proposed discussing two control systems, and this has been transferred over to the new work plan. R. Willson asked M. Price to find out what control systems should be discussed by following up with M. Cellucci and C. Mehta.

MOTION

A motion was made that the FIC Annual Work Plan be modified as above and sent to Council for approval at the next meeting.

Moved by R. Jones and seconded by M. Wesa.

MOTION CARRIED

6. Review and approve DRAFT -Terms of Reference of Investment Subcommittee

R. Willson advised that, as agreed at the last FIC meeting, the draft Pension Committee Terms of Reference had been reworked and re-issued as the draft Investment Subcommittee Terms of Reference. The draft has been reviewed by C. Mehta and then circulated to the FIC for comments and review at this meeting. R. Willson said his intention was to approve it at this meeting, but with the review requirement by ACV this cannot be done. Some comments were provided by FIC members, as follows:

Key Duties and Responsibilities – D. Dixon requested there be more monthly reports.

Selection, Appointment and Termination of Members - G. McDonald suggested removing the word election from point b). The last sentence should read “Any staff person who participates in the pension plan or pensioner may put their name forward for selection.” R. Willson asked if F. Goncalves would be the right person to take care of this. It was agreed that the Registrar was more appropriate.

Reporting Requirements – Add the time of submission of this report to be in January.

M. Wesa suggested inviting another member from the Audit Committee as they have an interest. R. Willson suggested submitting the annual report to all three committees FIC, AUC and HRC Committee.

MOTION

The Draft Terms of Reference be approved as amended, referred to the ACV for comments, then back to the FIC for approval and submission to Council for approval at its March meeting.

Moved by R. Jones and seconded by D. Dixon.

MOTION CARRIED

7. Other Business

No other business was discussed.

8. Date of Next Meeting

The next meeting date was scheduled for the week of March 3rd, 2014.

9. Adjournment

Meeting adjourned at 6:05 p.m.