



# Minutes

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## **Finance Committee October 23, 2012**

### **Finance Committee**

Minutes of a meeting of the Finance Committee held in the offices of the association, 40 Sheppard Avenue West, North York, Ontario, on October 23, 2012 commencing at 6:00 p.m.

#### **In attendance:**

#### **Finance Committee Members:**

Denis Dixon, P.Eng. President (Ex-officio)  
Robert Willson, P.Eng., (New Chair)  
Santosh Gupta, P.Eng. (Vice Chair)  
Jason Green, CMA, MBA, P.Eng.  
Michael Wesa, P.Eng., (via conference)

**Staff:** Michael Price, MBA, P.Eng., FEC, Acting CEO/Registrar  
Maria Cellucci, CA, Controller  
Lucy Capriotti, Administrative Assistant

**Guests:** Don Scott , CA

**Observer:** Ishwar Bhatia, P.Eng (Audit Committee member)

**Regrets:** Annette Marie Bergeron, P.Eng. (Ex-officio)  
Ernie Toperczer, F.C.A.

**1. Approval of Agenda**

The agenda was approved with the addition of three Funding Requests: 1) EDC; 2) RCC (Penta Chapter Forum); and 3) EnGenious funds to be added under item 8. Other Business.

**MOTION**

A motion was made to approve the Agenda with the additions noted.

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

**MOTION CARRIED**

**2. Approval of Minutes from September 10, 2012**

**MOTION**

A motion was made to approve the minutes of September 10, 2012.

Moved by D. Dixon and seconded by J. Green.

**MOTION CARRIED**

**3. Election of Chair**

S. Gupta asked members if anyone was interested in running for the position of Chair of the Finance Committee. R. Willson expressed his interest. J. Green indicated that he can't be Chair because D. Dixon advised that the Chair should be a Councillor as the Chair needs to be available at council meetings as well as in-camera sessions. M. Wesa advised that he was not interested in the Chair position. S. Gupta announced that R. Willson was acclaimed as the new Chair of the Finance Committee. The meeting was then passed over to R. Willson.

#### 4. **2013 Draft Budget**

M. Price discussed the one page summary of Budget Adjustments that were incorporated in the 2013 draft budget since the last meeting of this committee. There were some adjustments on the list that were recommended by the Finance Committee at its last meeting and were taken to Council at the September Council meeting. Since there was no specific feedback from Council, these adjustments were reflected in the new version of the 2013 budget. The other items on the Budget Adjustment were reviewed and agreed by the Finance Committee. These adjustments included HRC and management and Council/committee requested adjustments. The impact of these adjustments was an increase in revenue over expenditures of \$10,834 from what was presented to this committee in September.

The three additional funding requests were discussed:

(1) \$12,000 for Equity and Diversity Program

A discussion ensued regarding the costs to advance equity and diversity in the organization and if there was a less expensive means of delivery. There are some canned programs on the market which may meet (included in List of Budget Adjustments) PEO's needs. R. Willson indicated that the original \$17,000 requested should be reduced to \$12,000. The Committee agreed to fund this initiative.

(2) M. Stauch requested that the Finance Committee restore the \$10,000 for the EnGenious project. R. Willson stated that APEGA has offered the program free to PEO and other associations. The funds would be given to EDC strictly to promote this program. It is an important program and Finance Committee members agreed to fund this project.

(3) R. Willson discussed the funding request from the RCC for a Penta Regional Congress Meeting. The RCC (Regional Councilors Committee) felt that there was a very long gap between the congresses which took place in September and the next congress which took place in June. A brief summary was

provided of the current meeting structures and that a decision was made by RCC previous night (R. Willson had abstained from vote) to hold a meeting the day before the AGM (to save travel, other costs). The total cost estimated to be \$35,000 and the sources of the cost include any extra night for accommodation, an extra meal and the keynote speaker. R. Willson indicated that these meetings serve two functions; (1) to address issues; and (2) training for Chapter Leaders to be more effective in communicating with their membership. Another benefit is for PEO to show members that we appreciate what they are doing and to forge links between Council, Chapters and the general membership.

A discussion of the merits of the request, the process for providing Chapter allotments and the fact that Chapters have significant bank balances (around \$650,000) was also discussed. The target will be to reduce Chapter bank balances to fifty percent of annual allotment in total over a three year period. J. Green asked, what do Chapters spend the money on? D. Dixon commented that there are up to three newsletters per year and usually one event per month which include educational, licence presentation ceremonies and social events. R. Willson mentioned that Chapter funding is not huge but it's an important thing. All members belong to a Chapter. We pay \$6.00 per member except for out of province. R. Willson asked the Finance Committee members for a vote and they agreed to fund this request.

## **MOTION**

The Operating Budget dated October 15<sup>th</sup>, 2012 as amended was approved by the Finance Committee with a net excess of revenue over expenses of \$536,211.

The amendments include:

- 1) \$12,000 funds for Equity & Diversity program
- 2) \$10,000 funds for EnGenious project and,
- 3) \$35,000 funds for the Penta Chapter Forum

Moved by S. Gupta and seconded by J. Green.

**MOTION CARRIED**

**5. Borrowing Resolution**

M. Cellucci explained that annual renewals are required of PEO's borrowing resolution which consists of an operating line of credit, not to exceed \$250,000 and corporate credit cards not to exceed \$120,000. M. Cellucci indicated that, to her knowledge, PEO has never drawn on the operating line of credit.

**MOTION**

A motion was made to renew PEO's operating line of credit and corporate credit cards with Scotia Bank until Jan 31<sup>st</sup>, 2014 as presented at the Finance Committee meeting.

Moved by J. Green and M. Wesa seconded.

**MOTION CARRIED**

**6. Minimum Cash Balance Requirement Policy and Target**

The draft Minimum Cash Balance Requirement Policy was revisited by the Committee, along with the support for the target amount and Q&A from previous meeting. J. Green suggested the removal of the "Investment of cash" paragraph as there is already a separate investment policy in place. R. Willson suggested the paragraph "Monitoring and Reporting" be amended to include that "This plan will be reviewed and approved by the Finance Committee, and if required, by Council." Members all agreed to both of these amendments.

**MOTION**

A motion was made to accept this policy as amended.

Moved by M. Wesa and seconded by S. Gupta.

**MOTION CARRIED**

A discussion regarding what the future capital expenditures (CAPEX) requirements mean from a cash flow perspective was initiated by J. Green, who stated his concerns regarding asking for member fee increases to fund CAPEX. He said there has been a lot of money invested already and questioned further additions. D. Dixon responded that PEO needs to upgrade vacated space to make it rentable and if we don't do this we will lose \$2M per year. When a tenant leaves we have to take their space to bare building, which costs a significant amount.

J. Green asked whether building upgrades support the mandate of PEO and its members. He also wondered what are the goals and objectives of PEO and how does continuing to invest in capital accomplish this. D. Dixon advised that we benefit the members by having a good income from this building when it is fully occupied. R. Willson advised that revenue from the building also helps fund CAPEX and has reduced our occupancy cost substantially. PEO has not had a fee increase for a number of years and has managed to balance its budget by reduced costs, but the organization cannot maintain its fees at the same level for an indefinite period. There has to be an increase at some point in light of inflation and simply to meet the general requirements of operating PEO. S. Gupta said that if we don't invest in the building then we will lose future revenue. D. Dixon said that we bought a building without having a business plan and that this is the mandate of the 40 Sheppard West task force. J. Green supported the preparation of the business plan.

D. Dixon said he would like to have member fees increased annually based on CPI increases. D. Scott said that the Minimum Cash Balance won't be there in 3-4 four years unless we take action now. If we increase the fees this would maintain our finances so we could proceed with planned capital improvements in 3-4 years. He also advised that the \$4.5M minimum cash balance should be maintained for operations only and capital investments should be funded to deal with depreciation and to provide other specific capital improvements.

**8. Other Business**

The three Funding Requests were previously discussed as part of the Draft 2013 Budget discussion (item #4)

Potential Agenda items for next meeting:

- 1) Presentation by PEO's pension plan investment adviser (Mackenzie)
- 2) Review quarterly statements with a forecast update
- 3) The Finance Committee Work Plan
- 4) Brief update on Audit Committee meeting on November 28<sup>th</sup> decisions regarding the new accounting standards.

**9. Date of next meeting.**

The date of the next Finance Committee meeting was agreed to be December 6, 2012, 4:00 p.m. starting with the Mackenzie presentation.

**10. Adjournment**

The Finance Committee adjourned at 8:15 p.m.