



Minutes

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Finance Committee August 28, 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 August 28, 2012 commencing at 6:00 p.m.

In attendance:

Finance Committee Members:

Danny Chui, P.Eng. (Chair)
Santosh Gupta, P.Eng. (Vice Chair)
Michael Wesa, P.Eng. (joined via conference)
Robert Willson, P.Eng.
Jason Green, CMA, MBA, P.Eng.
Denis Dixon, P.Eng., President (Ex-officio)
Annette Marie Bergeron, P.Eng. President-Elect (Ex-officio)

Staff: Kim Allen, P. Eng., Registrar/CEO
Michael Price, P.Eng., Deputy Registrar, Licensing and Finance
Linda Latham, P.Eng., Deputy Registrar, Regulatory Compliance
Johnny Zucco, P.Eng., Deputy Registrar, Tribunals & Regulatory Affairs
Scott Clark, Chief Administrative Officer, Corporate Services
Maria Cellucci, Controller
Lucy Capriotti, Administrative Assistant

Guests: Ernie Toperczer, FCA
Don Scott, C.A.

1. Approval of Agenda

D. Chui asked the members if they had any items to add to the agenda. J. Green asked to add minimum cash reserves under Other Business.

MOTION

A motion was made to approve the agenda as presented with the addition of one item of minimum cash reserves to be added to Other Business.

Moved by S. Gupta and seconded by R. Willson.

MOTION CARRIED

2. Approval of Minutes from June 28, 2012

S. Gupta suggested that we should remove A. Bergeron as a guest from the June 28th Minutes and add her as an ex-officio member to the Finance Committee.

MOTION

A motion was made that the minutes of June 28, 2012 be approved as amended.

Moved by R. Willson and seconded by J. Green.

MOTION CARRIED

3. Business Arising from the Minutes

A follow-up of action items was led by the chair.

- D. Chui discussed page 4, section regarding the forecast. M. Price said that the forecast is not generated on a monthly basis. M. Price advised that we currently only prepare a forecast for budgeting purposes (in July) and updated in October. After discussion, it was agreed that forecasts would be prepared for 2nd and 3rd quarter only.

- D. Dixon requested to set up a pension committee through HRC. This will be discussed at the next HRC meeting.
- Review of two investment policies before decision is made on if a consolidated policy is required.
- D. Dixon indicated that the Treasurer's duties are the same as the Chair of the FIC. They report in to Council. A. Bergeron discussed that the entire FIC can act as a defacto Treasurer and the Chair person will report directly to Council with FIC support and responsibility.

4. 2013 Budget

M. Price summarized the contents of the 2013 Budget package and presented highlights of the operating budget.

J. Green passed out handouts of his analysis of PEO Revenue and Expense Data. He discussed this in detail, and stated that the increase in expenses are outpacing the increase in revenues. J. Green will work with M. Cellucci in verifying the growth in salaries, which seemed too high.

Cash Reserve:

The Operating Reserve Policy was discussed by E. Toperczer. He indicated that it is somewhat confusing: there is a policy statement which states that there are two reserves currently used by PEO 1) The General Operations Reserves and 2) The Council Directed Projects Reserve. E. Toperczer said that PEO doesn't have an Operating Reserve; PEO has a deficiency in Operating Reserve as it is tied in to the building. The definition of the components of the \$3.5 million operating reserve must be provided. We cannot tell if it is a cash reserve or an operating reserve. It is very important to clarify the Reserve Policy that PEO has currently and build two components, one Cash Reserve Policy and one Operating Reserve Policy. It is important to articulate what cash consists of.

E. Toperczer was asked to revise the policy so we have a clearer guideline. E. Toperczer agreed to draw up a draft reserve policy, with Management's assistance for our next meeting.

E. Brown reviewed in detail the considerations related to 40 Sheppard Ave. W. as well the proposed capital budget scenarios including the differences among the three scenarios.

D. Chui suggested that we have another meeting in two weeks time so that we can finalize the budget. K. Allen mentioned to D. Chui that the preliminary budget which is presented to Council at the September 21 meeting, has no recommendation for approval. The draft budget is provided to Council for information and to solicit inputs and direction from Council to be incorporated in the final budget.

E. Toperczer suggested it would be on management's table to put forward a capital budget prioritizing \$1.9M worth of capital expenditures.

September 10th 2:00 p.m. meeting we will be discussing:

- Staff to present the Operating Budget in detail
- Discuss the line items, e.g. What is included in on volunteer expense.
- Management will also prioritize capital expenditures. M. Price indicated that Scenario 1 provides the prioritized Capital Expenditures PEO wants.

The other items on the August 28th Meeting Agenda will be deferred to another meeting after September 10th.

5. Date of next meeting.

The next FIC meeting scheduled for September 10, 2012 at 2:00 p.m.

6. Adjournment

The Finance Committee adjourned at 9:10 p.m.