



Minutes

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Finance Committee **March 10, 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 March 10, 2014 commencing at 4:00 pm.

In attendance:

Finance Committee Members:

Robert Willson, P.Eng.
Michael Wesa, P.Eng. (via conference)
Roger Jones, P. Eng.
Denis Dixon, P.Eng.

Staff: Maria Cellucci, CA, Controller (via conference)
Michael Price, MBA, P.Eng., FEC, Deputy Registrar, Licensing and Finance
Lucy Capriotti, Administrative Assistant

Regrets: Gerard McDonald, P.Eng., MBA, Registrar/CEO
Chetan Mehta, Manager Financial Services
Annette Marie Bergeron, P.Eng., President, (Ex-officio)
Jason Green, CMA, MBA, P.Eng.

1. Approval of Agenda

R. Willson, Chair of the Finance Committee called the meeting to order. There were two minor changes to the agenda both affecting item 3 with a slight modification to the sub items. D. Dixon wanted to add one more item under Other Business

regarding the long term use of the eighth floor. R. Jones also wished to discuss under Other Business the proposed leasing of Tyco space.

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

MOTION

That the agenda as presented be approved.

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

MOTION CARRIED

2. Approval of Minutes from January 15, 2014

The minutes as presented were approved.

MOTION

That the minutes of the January 15, 2014 meeting as presented be approved.

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

MOTION CARRIED

3. Matters arising from the Minutes

- status of by-law and regulation change legal and peer review

M. Price gave an update on moving the Fees from Regulations to By-Law. The item was passed on to external legal council to review some draft wording as well as the intent of the meeting which is related to what R. Jones had mentioned about

cumulative cpi and G. McDonald's suggestion of doing that. External council had some challenges in getting the wording correct so that it does reflect what we believe is the intent. A new version was submitted on Friday and the earliest this can go anywhere is the June Council meeting. This will now go to the joint AUC and FIC joint meeting in April for feedback. The Attorney General's office has indicated that they are now looking at regulatory impact analysis as well as consultation for regulation changes. M. Price said he is not sure if it will be required for the fees because it really is a by-law change and not a regulation change. To enact this it will require proclamation of changes to our Act, which will take some time to go through. At this point we are still proceeding with the legal wording of the by-law so at least the by-law is worded correctly for what we understand is the intent of the FIC which will then be forwarded to the joint committee meeting and then it would be passed on to LEC.

R. Jones is opposed to the following point: Council could approve an increase to a maximum total cpi over those multiple years. R. Jones does not want to see this happen.

R. Willson says the only thing that is raising an alarm is the how to define the fence around what Council can do without reference to the membership.

M. Price said the wording that is being used limits cpi increases to January 1, 2014 going forward and then the cumulative increase in cpi would be compared to the cumulative increase in fees and if the cumulative increase in fees is equal to or less than the cumulative cpi then it would not go out to the members, if it was more than it would go to the members.

R. Willson said that when the committee meets in May we should have this back from legal and the committee can address this issue at this time.

R. Willson said there are two issues; one is moving fees from the act and regulations to by-laws for the changing of fees and the other is setting parameters or limits on how the fees can be changed by council. They can be changed by

council under the by-laws because council can change the by-laws it doesn't have to go to the Attorney General.

- Briefing notes for approval of annual FIC work Plan and Investment Subcommittee Terms of Reference

The two briefing notes sent out were the FIC Investment Sub-committee and Annual Work Plan.

- 1) The annual work plan is going in as part of the consent agenda and is the one that was actually approved at the last meeting.
- 2) The FIC Investment Sub-committee, R. Willson received a couple of comments and he modified the terms of reference which were forwarded through to staff and then went to the ACV committee which was approved. There was one change made post ACV on the quorum. Under Constituency and Qualifications of Committee Members e) was changed from Staff Advisor to Pension Plan Administrator which is F. Goncalves.

MOTION

R. Jones had concerns regarding the wording under Mandate paragraph two. This was discussed with the FIC members and it was agreed to change the wording from reasonable to optimal and acceptable to agreed **(PEO wishes to maintain the value of the funds against inflation and to achieve optimal growth at an agreed level of risk).**

A vote was made to move the approval of these changes.

Moved by R. Jones and seconded by M. Wesa

MOTION CARRIED

4. 2013 Actual vs Budget

M. Price advised that the AUC reviewed the Actuals from last year. The AUC reviewed this in the meeting last week and requested two items for Deloitte to have a closer look at which are the Travel Expenses and the Procurement Policy which should be updated. We are waiting for the Registrar's input and then this would come back to the FIC. R. Jones asked M. Price to elaborate on RFP vs RFQ. M. Price discussed that an RFQ is a much more formal process which takes the lowest bidder where as an RFP is a value type basis of selection. J. Green's two comments were related to the Financial Statements. One was an error in a number which has been revised and the other one is an item he had last year regarding terminology which the AUC has decided to use the same terminology as last year of Net Assets. M. Price said there was an error in the first sentence of the report to the Finance Committee and that the excess of revenue over expenses before the undernoted should have been shown as \$1,828,308 instead of \$1,537,541.

D. Dixon asked about the status of the RFP on Engineer in Residence Program. M. Price had no information on this as it's under Corporate Services.

It was discussed that the Time Management System is no longer being continued per G. McDonald's email that went out to PEO staff. R. Willson advised that he would be raising this issue at the joint meeting with Audit in April.

5. 2013 Financial Statements

The financial statements were discussed and there were no comments.

6. Expense Reimbursement Policy

R. Willson discussed that the Expense Reimbursement Policy has to be reviewed on an annual basis in May and then goes to the June Council meeting for approval. The committee reviewed the policy and M. Price suggested to put this on the

agenda for the April joint AUC and FIC meeting. The AUC is the appeals body and may have additional changes to the policy. It was requested by M. Price to advise V. Aleksandrova to make the following changes to the policy:

- 1) moving the November 1st to November 15th
- 2) changing the 2 working days to 5 working days
- 3) put the bullet back on Page 5 regarding if there is no itemized receipt, a written explanation itemizing the expense shall be submitted.

7. Other Business

D. Dixon provided a handout (PEO Long Term Costs) to the FIC members showing the cost of renovations to the eighth floor and discussed the cost of another council chamber which he is opposed to. R. Jones was also opposed to the capital expense of \$3.5M for a new council chamber, he feels we have adequate accommodations where we are. He would like for the FIC to shut down completely any suggestion made to rebuild the council chamber anywhere. M. Price discussed that the committee would be able to provide its input in May when the budget assumptions are presented. M. Wesa said we should not be making any decisions now as he feels the council chamber could use some changes.

8. Date of Next Meeting

The next meeting date was scheduled for approximately May 20th, 2014.

9. Adjournment

Meeting adjourned at 6:05 p.m.