



**STUDENTS' SOCIETY OF MCGILL UNIVERSITY / ASSOCIATION
ÉTUDIANTE DE L'UNIVERSITÉ MCGILL
Directors' Meeting**

MINUTES of a meeting of the directors of **Students' Society of McGill University / Association Étudiante de l'Université McGill** (the "Corporation"), held at SSMU Boardroom at 1200-3600 rue McTavish, Montréal, Québec at 5:52pm on the 7th day of July, 2015.

There were present:

Kareem Ibrahim, President
Chloe Rourke, Vice-President (University Affairs)
Zachariah Houston, Vice-President (Finance & Operations)
Kimber Bialik, Vice-President (Clubs & Services)
Matthew Satterthwaite, Director
Lexi Michaud, Director
Rayyan Pervez, Director

And also:

Jennifer GM Varkonyi, General Manager
Amy Skjerset, Recording Secretary

Call to Order

Meeting called to order at 5:52pm by the Speaker.

CHAIRPERSON AND SECRETARY OF THE MEETING

Upon motion duly made by President Ibrahim and seconded by VP Houston, it was unanimously RESOLVED to appoint Kareem Ibrahim and Amy Skjerset as Chairperson and Secretary of the meeting, respectively.

QUORUM

The Chairman declared that the directors present constituted the quorum required for the holding of the meeting and so the meeting was validly constituted.

WAIVER OF NOTICE

A waiver of notice, signed by all the directors of the Corporation, was produced and ordered inserted in the minute book immediately preceding the entry of the minutes of the present meeting.

ADOPTION OF THE AGENDA

Upon motion duly made and seconded, it was unanimously RESOLVED to adopt the agenda as submitted.



MINUTES OF THE LAST MEETING OF THE BOARD OF DIRECTORS

Upon motion duly made and seconded, it was unanimously RESOLVED to approve the minutes and documents produced during the Board of Directors' meeting on the 10th of April, 2015 at 2:10am.

President Ibrahim: Hopefully you were able to read over these;

VP Rourke: It doesn't matter because none of us were here, and we can't tell if accurate.

VP Houston: Only two of us were directors last year; I'd recommend most people abstain.

President Ibrahim: Regardless, there has to be some capacity to approve it.

VP Houston: He will go through them and show the decisions; attendance, call to order, appointment of chair, quorum made, waiver of notice, agenda adopted, only decision made was resolved to approve Legislative Council decisions from March 12th, March 26th and April 9th. All in favour?

President Ibrahim and VP Houston vote, passes unanimously.

RESOLUTION 2015-07.07.01 / DIRECTOR'S CONSENT TO ACT AND CONSENT TO MEETINGS

VP Houston: This is a form we have to sign; Jennifer, can you explain for those on Skype?

GM Varkonyi: Basically this is just a consent form to be a member of the BOD for the SSMU. It's a governance form that has to be signed by all the board members. I can just read it briefly, but Lexi, she can send it to you or get it to you when you are back in Montreal, since we need more forms for all of the board members to fill out. [Reads the form]

"I the undersigned hereby consent...." You also declare that you are at the age of majority and haven't declared bankruptcy and haven't been declared of unsound mind and unable to make decisions. That's it!

President Ibrahim: Amazing. Need to be signed;

GM Varkonyi: Each director needs to sign them and I keep them on file with all of my BOD forms.

VP Rourke: You guys will get an emailed copy; please sign and scan and email it in?

VP Houston: Yes.

Upon the motion duly made and seconded, it was unanimously RESOLVED to complete the forms for the director's consent to act and consent to meetings.

RESOLUTION 2015-07.07.02 / MOTION REGARDING THE APPROVAL OF ALLOWING JENNIFER VARKONYI AND WALLACE SEALY TO REPRESENT THE SSMU TO THE SPVM WHEN DOING POLICE CHECKS

VP Bialik: Essentially what is, is working on getting a memorandum of understanding with SPVM because tons of clubs and services in the Montreal community work with volunteers; they aren't allowed to run police checks of their own accord, so this is us creating an agreement on behalf of them so they can run the police checks on behalf of us. Jennifer and



Wallace will act on behalf of us. The agreement would last just for this year; they have to resign a new one every year, so since there is an annual rate of turnover with execs, it is more sustainable if we approve Jennifer and Wallace to act on behalf of us to act as communicators to SPVM.

Director Michaud: Would they be the ones representing for the next how long?

VP Bialik: Until the memorandum of understanding with SPVM expired.

Director Michaud: Which would be?

VP Bialik: This is required for us to even apply and open negotiations, so she doesn't know. She will know tomorrow after this is approved and she can submit this motion.

President Ibrahim: He moves directly for approval.

Passes unanimously.

Upon motion duly made by VP Bialik and seconded by President Ibrahim, it was unanimously **RESOLVED** to approve the motion regarding the approval of allowing Jennifer Varkonyi and Wallace Sealy to represent the SSMU to the SPVM when doing police checks.

RESOLUTION 2015-07.07.03 / MOTION REGARDING THE APPROVAL OF THE JUNE REVISION TO THE 2015-2016 BUDGET

VP Houston: This budget is a revision to the budget that Kathleen prepared for April. Basically if you look at the actual budget, which he emailed, there were 9 departments that he had to make some changes to. This started with the error in estimates of salaries and from there he made several adjustments to balance the budget. The only departments that were changed were events, Gerts, IT, building, student fees, general admin, equity, student handbook, and clubs and clubs funding.

President Ibrahim: Did everyone get a chance to see the revision?

Director Pervez: He had a question: when he was seeing your sheet, how did \$50k figure in distributing to clubs? He didn't really get that, can you explain?

VP Houston: What that is, department 8056, the second one used to be the only department related to clubs we had; what happened with that department is we paid out any expenses related to clubs; example, telephones; received revenue from PGSS for the right to use our clubs (service fee) and last year budgeted \$42k for club fund, donations to clubs technically but unofficially a fund and legally not; the money is paid out to clubs through the funding committee. So what happened was we made a new department for that to make more transparent in the budget and easier to manage. Now 8055 is our club fund for next year. \$50k given to clubs, really clear, whereas last year budgeted \$42k and factored in a bunch of revenues and expenses.

VP Rourke: Why is there an \$8k difference?

VP Houston: It comes from he had to follow new by-laws from council to subsidize clubs by at least \$50k, so Kathleen didn't account for them since they hadn't passed yet; he fixed that. The



only other change is he removed some revenues they'd budgeted for. On page 12 of the departmental budget, if you go to clubs department, Kathleen budgeted for \$24k in miscellaneous revenue, which was money we got this past year because we closed a bunch of club bank accounts that'd been inactive for a long time, revenue to SSMU didn't make sense to budget again because it's very rare. That's the other significant change to club-related budgets.

Director Satterthwaite: Where did the \$8k come from?

VP Houston: Me being less conservative with estimates of sales for Gerts and events. Also cut it. \$23k is the new budgeted amount for IT and similar to being used this year; not a huge risk. It just means we can't replace some technology we'd hoped to. Events is running a \$60k profit this year and \$45k the next, which is conservative. Gerts is tricky because it performed poorly with the McTavish construction but we budgeted a \$20k profit. It's not super risky if we look at previous years' actuals when no construction.

President Ibrahim: Awesome.

VP Rourke: And \$2k from equity was as per Claire's recommendation. It wasn't supposed to be there.

VP Houston: \$2k was a budgeting error; it's not going to be used so she recommended cutting \$2k out.

Director Satterthwaite: For the student handbook, there was a large drop in income. What's happened?

VP Houston: They moved sponsorship for handbook to be handled internally. In past years it was handled by an external company. It was profitable but there was a large service fee and was difficult to deal with. It's better to do internally but they budgeted for the same amounts as last year, not very smart in the first year for any publication, really. The numbers they got for sponsorship for handbook were good, but they just budgeted too high in his opinion, and we'll be careful next April. They'd budgeted for \$60k in advance revenue and made \$35k, which is good, but they had budgeted for way too much in his opinion.

President Ibrahim: Any other questions, clarifications?

VP Houston: He thinks it would be good to go through general admin. And building, first: on page 3 of the departmental budget, page 4 of the PDF. Significant changes, he'll go through them: rent reduced because we removed tenants from the building. The reason he only reduced it by \$6k is because of issues of rent collection in the last year. We didn't lose that much but \$6k in revenue a year. Other significant changes are interdepartmental transfers, sponsorship revenue, which we have to do more of in the building, \$20k more per year. It was required to offset rising costs in the building; ways we'll do that are options like more renting of areas like front kiosk or side tables; putting up posters for sponsorship companies—no matter what we will make sure the values of the society aren't compromised in sponsorship companies. Moving on to insurance and permits, up by about \$3500. Contract services are cleaning costs for cafeteria ourselves, not billing to tenants. Costs went up for the cleaning contract and the other contract services, which are recycling fees, carpet cleaning. Mostly due to general increases in cost for all cleaning contracts in the building. Salaries went up slightly,



routine inflation increases. The last is benefits, we have to budget very conservatively for that and it doesn't always cost that much, so they are up to \$50k in this budget.

Director Satterthwaite: There are no vending machines in the building anymore? 4909?

VP Houston: We are, but right now the plan is to stop doing the vending machines through external companies and take over the management ourselves, so it will be direct revenue to SSMU, because it's really easy to manage and doesn't make sense of paying commission to them. Possibly its own department or go into student-run café, small enough to go with other food sales. We don't make a lot from that. But either way, it will not be in the building budget.

Director Satterthwaite: Will it be in the next revision in October?

VP Houston: Yes. We were worried about rising costs in the building that might not be there. Questions? On the same page below building is general admin, which is what started the whole revision process. Salaries rose quite a bit, from Kathleen's revised salaries at \$848k. It rose to \$874k. Mostly just routine increases as well, inflation, but also some positions were created last year like the building director, which increased as well. In order to keep this low and prevent an increase of over \$100k, we had to remove the clubs manager and sustainability manager positions created by previous execs. They weren't hired yet, so no one was let go. But it was unfortunate that we had to cut them.

VP Rourke: To be clear, the reason why is because of a major budgeting error. Salaries weren't accounted for. If we'd had them, it would've been drastically higher. It was pretty significant, a \$130k mis-budgeted in general admin that had to correct. It wasn't that we wanted to cut those 2 positions; many councilors had expected we'd go into this year with those positions. We decided that was the best thing to do for the fact that otherwise general admin was so much larger than other depts. Other departments would be compromised like exec portfolios, which would have a major impact on students.

VP Houston: He looked really hard to see if there were other options; part time only, then clubs manager part time only, as having the best benefit to students. But in his opinion it wasn't possible, worked on for 2 months and approved budget at ExCom on June 30; he spent 2 months trying to figure different ways to balance the budget. The best decision was to remove those two positions for now. Along with that is an increase in benefits, which went up as salaries did from \$115k to \$123k. We had to cut student staff for now from \$185k to \$148k, which is because student staff never actually use full contract hours and we always end up with a huge favourable variance in that, unspent money. It didn't make sense that we had cutting positions entirely on the table when we had this category over-budgeted.

VP Rourke: Questions?

Director Satterthwaite: For salaries there, can you speak to what Kathleen would've done? Also increase from \$40k gone up to almost \$70k in the past two revisions.

VP Houston: They had increased some cost increases in the initial budget, \$848k, but the reason the error was made at that point is that certain positions last year were not there for the entire fiscal year like the building director, who was there half the year; financial analyst half the year, which is a weird name for assistant comptroller. Events manager is also a new position created from an old one but salaries increases, performance increases and bonuses



also not fully accounted for. Kathleen should've gone over \$150k, which is why we had to cut those 2 positions. The reason he believes this happened is positions created over the year and that the budget isn't adjusted every time you make a change. We need to be aware we only do 2 budget revisions a year and he thinks they did a lot and were not keeping too close an eye on the salaries line. He managed to cut and a lot of changes were made year. To be honest, he believes those positions are necessary, the extra person in accounting they haven't had and that department is functioning differently. The building director is not a long position in theory; it's necessary right now because the building is falling apart and has been neglected for several years. We needed a person to take on all projects that need to happen to avoid condemnation, for example that position wouldn't exist in the long-term, building can be combined with the management of other areas of the society. Right now, it's necessary.

Director Satterthwaite: How long is the position projected?

GM Varkonyi: 5 years.

VP Houston: A few projects could take up to 5 years.

VP Rourke: Kimber is also the building manager. We have a 10-year vision for the building and we are currently halfway through that; she'll give a realistic vision.

VP Houston: We are mandated to do it by the long-term financial plan. Significant projects are there. Any more questions about salaries? If none, he has a few more things: for the legal budget, Kathleen budgeted for \$90k but keep in mind that we had quite a bad year for legal last year; we cut to \$55k, which is combined expenses: we pay for the auditor and legal expenses.

Director Pervez: How'd you cut that down?

VP Houston: He's hoping we don't get sued again.

President Ibrahim: Good times.

VP Houston: It could go up, there is always someone looking to sue us but when it happens we will be very proactive. It's not super risky but we'll be very careful about how to handle it. The General Manager will give ExCom regular updates.

GM Varkonyi: Anytime I get a legal bill, ExCom is updated, with a tally on it.

VP Rourke: MOA negotiations are this year, so there is potential for a significant expense.

President Ibrahim: And the review of the internal regulations will incur a bit.

VP Houston: Thankfully, the by-law review commissioners do most of the legwork or we'd be in trouble.

VP Houston: Most other changes are to reflect actuals; reduced daycare revenue because they have new software and have changed their structure to do more accounting and administrative work themselves. They are paying less to SSMU because we are not doing as much. The only other big one is the 4th to last line, group insurance, Kathleen budgeted based on year's



actuals, \$23k for us to be paying for the insurance provided to employees; however, we have to be a bit more conservative at the beginning of the year and budgeted the full potential amount, \$56k, but he doesn't expect it to be that high. That's if everyone enrolls and opts in, which hasn't happened historically. Mine is high, hers was low, and so we'll meet in the middle. For now a conservative estimate is necessary because the budget is expensive and there is not a lot of room to take risks. He's gone through all of the budgets he made changes to but if there are any questions about other areas, he is happy to answer them.

Director Satterthwaite: You are projecting a slight deficit?

VP Houston: He will go over the bottom line, good call: if you look at the bottom line under 2016 April column, it shows in Kathleen's April budget revision that they've projected a \$52k surplus. I truly don't know why she did \$52k; the by-laws call for a \$50k surplus, which is one that rolls into CERF, so the \$50k surplus funds CapExes like repairs to building or routine capital like the occasional computer. Or if there are unspent funds, they go into the investment portfolio. Which allows us to generally revise, that's what 1999 is. Variance between those numbers is \$1,999. It's a rounding error but adds up properly!

Director Satterthwaite: How often do we come pretty close? Is it a fairly new target?

VP Houston: We always vary from it because we budget for the services to break even, all departments. That starts with a 7 budgeted for 0, fee-funded, revenue from student fees and spending it, but in reality we often run surpluses to fund big services. A lot of them have big capital to buy so not uniform expenses from year to year. Sometimes we have a surplus because it's well managed. Services can run collectively over a \$100k surplus, so our surplus won't meet the target usually. Services are our money.

VP Rourke: Not money we transfer to CapEx.

VP Houston: We can take the money, but only after 3 years. The short answer is that we never meet that because of the services. He will add that it's complicated enough to justify a separate conversation beyond this. Not all departments roll into CERF so if we have a \$100k surplus, it rolls into another fund where we save any money generated by services, and all the rest for the most part goes into CERF. We're currently looking at maybe a deficit, the amount he doesn't know. He will know at the next board meeting, likely. There may be an overall surplus but deficit in departments that go into CERF, and a surplus in services. Overall surplus but draw from CERF to cover the transfer we have to do into the SLF. There is a report that shows this a lot better than he can explain verbally, once the financial statements are drawn up.

VP Rourke: \$50k is supposed to go into CERF, but it didn't happen this year because most likely there will be a deficit when we take out parts from the services. The variance is anywhere between \$50k over and \$50k below.

VP Houston: That's what he knows from this year. It's still very much up in the air as we are closing the year, he wouldn't say it's necessarily true historically.

VP Rourke: Also possible if overly conservative budgeting, overestimate expenses and usually a surplus, but not this year.



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VP Houston: He will say we very rarely run, even adjusting for weird services, that we run a deficit historically. We have come below our \$50k target transfer into CERF, but there were not many years where we had to take money out of CERF over the years to cover an operating deficit.

VP Rourke: Services are not part of our operating budget. They are a part of SSMU but not operating.

VP Houston: Any further questions?

Director Pervez: No.

VP Houston: He will re-iterate; this is not instead of the October budget revision; what he focused on here was adjusting for errors made in salaries and building, and making up for them. He didn't focus on examining resource allocation and do we want to be spending this amount of money on this area. He focused on accounting forecasting for now, which is all the budget is supposed to be. But he will be more thorough in October, when almost every department will change. You will see a more detailed revision there.

Director Pervez: Do you have actuals from last year, proper actuals from each department?

VP Houston: Not yet; the audit starts Monday. It is scheduled to only take a week. We should have them soon. They will be there at the next board meeting.

Director Pervez: Ok.

VP Rourke: Even though the IR's are changing, they are definitely worth reading if you are a board member, especially the financial by-laws. It's better to know what the previous ones are to see changes, too.

VP Houston: He agrees that the financial by-laws are good to read.

VP Rourke: Skip Lola's, they're not worth reading.

President Ibrahim: Do we have approval? Motion to approve revision?

All in favour.

Upon motion duly made by VP Houston and seconded by President Ibrahim, it was unanimously RESOLVED to approve the June revision to the 2015-2016 budget.

Motion to adjourn by VP Houston.

TERMINATION OF THE MEETING

There being no further business to transact, the meeting was terminated at 6:32pm.

Kareem Ibrahim, Chairperson

Amy Skjerseth, Secretary