



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

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MINUTES of a meeting of the directors of **Students' Society of McGill University / Association Étudiante de l'Université McGill** (the "Corporation"), held at 3480 McTavish, Room Lev Bukhman, Montréal, Québec at 11:00 AM on the 29<sup>th</sup> day of April, 2016.

**There were present:**

Kareem Ibrahim, President  
Zacheriah Houston, Vice President  
Emily Boytinck, Vice President  
Kimber Bialik, Vice President  
Chloe Rourke, Vice President  
Dushan Tripp, Director  
Sean Taylor, Director  
Kahli Douglas, Director

**And also:**

Ryan Hughes, General Manager

**Call to Order**

Meeting called to order at 11:13 AM by the Speaker.

**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 adopted 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 7<sup>th</sup> day of April at 12:00 PM.

**RESOLUTION 2016-04-29.01 / Ratification of the Legislative Council Decisions from September 17th, 2015 to April 29th, 2016**



Upon motion duly made and seconded, it was unanimously RESOLVED to ratify the Legislative Council Decisions from September 17th, 2015 to April 29th, 2016.

## TERMINATION OF THE MEETING

There being no further business to transact, the meeting was terminated at 12:41 PM.

## Agenda

- 1.0 Call to Order: 11:13 AM
- 2.0 Adoption of the Agenda
- 3.0 Approval of the Minutes
- 4.0 New Business

### 4.1 Approval of the 2016-2017 Budget – approved

VP F&O: Ok, this is the global budget. You can get the 18 pages 2016-2017 global budget summary report on Vibe. Basically, in this report, it details all the changes so I'm not going to talk about them now, but the bottom line is that we have \$100,000 surplus in budget for the next year, which is 50,000 more than what we were required to run. However, we are accepting and are already seeing a higher than usual repair and maintenance cost, so the surplus can definitely help. Now I'm going to skim through the report with you to show you will we bound all the money. On the very first page, in the second biggish paragraph, is the outline of the general basis of where the money came from. So it was primarily due to cuts in operational areas, we saved \$242K, a \$17K increase in student fees, an increase of \$129K to administrative expenses, a \$9K reduction in spending for governance and executive portfolios, a \$13K reduction in the deficit from programming, a \$27K increase in profits from publications, a \$3K reduction in the deficit from services, and a \$47K cut to student group- related expenses. Ok, that's a lot of things, before I actually go through more, does anyone have any questions?

No questions.

VP F&O: Ok, Cool. I'm sorry that this has to come to the board, it took so long. Basically, the cuts that were made to save these money, the operational area cuts, took a lot of time and a lot of meetings. We've also brought this issue back to the board for a thousand times. But I'm really happy about the final product. We are looking at the budget more long-term, instead of only look at the next year when we were going through the savings, because it basically will screw you over in the Fall. Basically what you see in this budget are more-or-less sustainable. In fact, there are certain things in this budget that we are planning to pay for the next year are unlikely to be paid in future years, which means that we are trying to plan out sustainably and maintain the \$100,000 surplus for the next two to three years by planning for future reductions and spending. So on page 6 of the document, basically these are the areas of operations that we had. The \$100K in cut came from security, we were able to significantly downsizes our security expenses for afterhours and security at Gerts. We were trying to spread out our overhead and make our staff more flexible so there are other areas such as having a security manager, bar staff porters.



On the one hand we had \$100K reduction in security areas but Gerts is going to incur an expense of \$25K a year for external security agents during its busiest time. We are eliminating after-hours, so they don't just watch TV by the front door. There were not significant changes to the rent budget, some of the changes we've been making in this year could make us expect higher revenue, but it didn't happen because of the construction on McTavish. So we were not budgeting for the increasing revenue just to be safe. Also I want to let you know is that it's just the room booking fee, any profits we are making that come along with the events, e.g., catering, sales, go into other departments. We reduced the debt of SRC from 130K to \$100K, that include a 30% decrease in revenue due to the McTavish street construction. We don't know exactly how they are going to do it or how the access to the building is gonna be, but the way we could still reduce the cost was by mostly spreading the overhead across the board and have one employee to do things for all departments, so we are able to have an employee to manage Gerts and events and the building, etc. For Gerts, we are budgeting a significantly higher profit for the next year much due to more operational efficiency in terms of staff, a reduction in salaries/labor costs of \$~50K, and an increase in security costs of \$25K. An effort to reduce expenses such as rentals, cleaning costs, clothing, repairs and maintenance, food costs, alcohol costs, and materials and supplies also saved around \$10K. This resulted in a total increase in profits by \$~35K. We are not budgeting for the increase in revenue due to the McTavish street closure. The Shatner building deficit has been reduced by around \$70K. This was achieved by reducing building hours (the building will be closing on Sundays), which resulted in \$11K in savings, increasing rent revenue, reducing contract expenses, and reducing porter hours. A \$15K provision is also included in the contracts budget for costs related to the McTavish construction. Follows next is that I've been listing the budget for departments individually including all the operational departments. In 2014-2015, the total operational budget was \$~310K. Current year 2015-2016, the total budget was \$~457K because the building was really expensive this year. For the next year, the budget is \$~215K. Next is the student fee, this one is pretty simple, to be conservative we adjusted it by 1% for inflation. And it is definitely gonna be higher than 1%, so we are being very conservative. We are also predicting an increase in enrollment. These are non-allocated student fees. For administration, this one is fairly long and complicated. It's complicated because we made major accounting change that we are going to incur student staff expenses into each executive instead of from individual departments, which allows the executives to manage their staff more efficiently by having the budget under their own departments. But it means you can't really tell what happened to their salary expenses. Overall, the administrative expenses are, by far, the largest section of the Operating Budget. This category includes items such as salaries for the permanent staff that assist with the administration of the Society (e.g. accountants, IT support staff), student staff salaries, bank charges, legal fees, auditor fees, insurance fees, and office supplies costs. These types of costs are reflected in General Administration (Dept. 3021). This section also includes IT (Dept. 2000), and Executive Administrative Departments, which primarily include telephone costs, printing costs, and student staff salaries. Our administrative expenses are predicted to be \$1.5 M per year putting all of it, this can be roughly divided into permanent staff salaries (72.6%); student staff salaries (9.1%); IT costs (2.3%); professional, legal, and insurance fees (9.5%); and printing, office supplies, postage, telephones, photocopying, automobile, and bank fees expenses (6.5%). So the vast majority is the permanent staff. From 2015-2016, the total net administration expenses have increased by approximately \$130K. However, a large part of this increase (approx. \$80K) was due to salaries shifting from non-administrative departments into General Administration due to operational restructuring. Thus, the "real" increase in expenses to the Society coming from the administration departments is closer to \$50K. And about 30% to half of that was due to inflation. Although they are increasing this year, the amount of the increase is significantly lower than the initial draft of the budget. We were able to reduce



the student staff budget by 40% and eliminated not-necessary positions, and got the salary roughly back to what they were this year. There were so many resignations this year, a huge increase in salaries, which are not being able to afford for the next year. The rest is details beyond what I want to talk about today, you could read it if you are interested. Overall, we have administrative expenses \$1.3M for next year plus the surplus salary for executives and the student staff. Moving on to Governance and Executive Portfolios. The Governance and Executive Portfolio departments are generally related to the governance of the Society (e.g. Elections, Legislative Council, General Assemblies) or are portfolios created as a result of a Policy passed at a governing body of the Society, for example at a General Assembly or the Legislative Council. In general, there were cuts to these departments across the board, reducing the total net expense from all governance/exec departments from \$~33,500 to \$~24,900, resulting in a savings of \$~8,600 for the Operating Budget. All the execs were willing to work with us on this. The largest reductions in spending have occurred for Communications, Campaigns, and Council and Committees because we spend a lot on Councils this year, partly due to the next council retreat location was more expensive than where we usually go. Next, Programming and Activities. This one is weird because every year there's a big chunk of the budget allocated to the Programming and Activities, if you look at 2014-2015, we have \$37K from Frosh, \$10K from Awards Banquets, \$5K from sponsorship, \$4K from Faculty Olympics, and \$8K from Hip Hop Week. They added up to a \$70K deficit from last year. For the 2015-2016 year, programming activities as a whole were budgeted to lose \$~12,600. This was primarily due to the Four Floors deficit of \$9,000, which is not expect to occur again. For the 2016-2017 year, the budget reflects a total \$800 profit from programming activities (total), due primarily to the surplus generated from Activities Night. Next is Communications and Publications, for the handbook is estimating to raise \$30K in net revenue which is significantly higher than what we did this year. This year was the first year we did an external sale with the help of an external ad agency. We were able to raise \$10K and now we have a marketing rep that's well-trained. I've looked into it and think \$30K is very realistic. We've also been contacting other agents to compare revenues. Also, the website department has been eliminated entirely, it's mostly insurance costs anyway, so we budgeted 0 for that. And we are eliminating for the yearbook, so there won't be any costs associated with printing the yearbook and we will have sales revenue from yearbooks that were printed this year and there ends up with a revenue for yearbooks next year. There won't be a deficit because we are not going to produce it until we find a way to be able to produce it in a financially sustainable way, so that means either we can find a budget that can subsidize it reliably, or a yearbook fee, or partnering with faculties to produce together and have more students to buy, or lastly, electronic publications. The services budget looking at the global budget isn't that interesting, mostly break-evened. Their fees equal their expenses. Only one of the four services was subsidized. Musicians collective will receive a somewhat big cut in subsidies, but at the same time it's not unreasonable because they can reduce the deficits, they just need to find a way. FYI, when you look at the budget from the global perspective, obviously it doesn't give you much info about the specific finances. But we do give you that info and you just need to go all the way down to Appendix B to look at the specifics detail budgets. We were also being able to cut a lot because Kimber agreed to cut the club funding fee. We are also not going to subsidize the clubs and services department anymore. Next, Funding Committees, this is the most important budget (0) across the board. There was no changes, it was zero last year as well. We have two new funds, the mental health fund and the club fund. It's not a new fund but a new department due to the creation of the mental health fee and the club fund fee. Then you have Appendix A, which is the global budget, if you'd like to see it holistically. Then Appendix B, the details.

**APPROVED.**





## 4.2 Report of the Investment Portfolio Researcher – approved

VP F&O: At the beginning of the year, last summer, I hired an Investment Portfolio Researcher and here is the end-of-the-year report about the research they did and what do they recommend looking forward. They looked at everything to do with the investment portfolio, such as whether the investments are financially responsible and/or if there is room for improvement; whether the investments are socially responsible and/or if there is room for improvement; whether the Investment Portfolio is following the SSMU's mandate; the feasibility of increasing student involvement in the Investment Portfolio, and whether the current structure of the Investment Portfolio makes sense for a Students' Society. So I'm not going to brief the whole report to you, if you want to read it in details you can read it on vibe. They talked about the performance bench mark, so they looked at like how our investment portfolio has done in relative to the market, in general it's done well comparing to the stock exchange, we are mostly above or a bit below the bench mark. We really did well during the 08 financial crisis. This year we are not doing so well, which is partially because of the oil crisis. We are only investing in Canadian Equity right now though. The US market is doing much better than the Canadian market, which is also relevant. They only looked at bonds, and didn't look at stock. Ethical investment plan has its positive and negative criteria for investment, e.g., we should be prioritizing carbon-neutral companies and we should be divesting from fossil-fuel companies. We did that. They adopted a retroactive approach. The goal of the Ethical Investment plan was that by the end of the year, 15% of our portfolio will be focusing on socially-responsible investments. The investment needs to meet the positive criteria. Then they looked at the alternatives to our current structures. They looked at the status quo, and considered changing the portfolio manager. The conclusion was that the portfolio manager was doing fine and there's no need to change the portfolio manager. Then they compared with 2 student society portfolios in Canada and USA about ethical issues, and it turned out to be fairly complicated, and we need to create a hedge fund to do that so that was passed, but it was done at Yale, Brown, UBC, Western, and Desautel Capital Management, so they also looked at the option of asking another student-run investment company to help with SSMU's portfolio. So the conclusion is that the current investment portfolio isn't quite following SSMU's mandate and is not providing student opportunities and is not following our Ethical plan, if we are going to move it to a student group like Desautel Capital Management it would allow DCM to create a socially responsible plan where SSMU will put the money in the plan and can have 100% of the investment in socially responsible projects. (It means companies that are actively doing socially responsible things, not just not doing the bad things). So at this point, when researchers got here, they started to look at the performance of DCM, which has very good returns in the past few years, much higher return than the market. They have \$3.5M that they manage. DCM is legally separated from the university but the university owns them, and they manage a few funds and they have major investors to put money into them. The portfolio is managed by financial advisors, professors, people in the industry, two junior analysts, and two senior analysts. The problem with that DCM doesn't do socially responsible investments. So if we put money into DCM, it's basically you use our money to buy their shares and they buy whatever they want to, but you can't just tell them to buy the socially responsible funds. But they are really interested in working with SSMU to create a socially responsible investment fund under DCM and SSMU will be the first investor. The researchers talked about Brown and Yale and how did they do about their own funds and they also talked about DCM. Basically, what they are recommending is that SSMU looking at the option and take some assets to work with DCM and create a student run socially responsible fund under DCM. I do not feel this is anywhere ready to make a decision on that, and I told the researchers that. But the researchers said to mandate the next year's VP Finance to work with Prof. Di Petro to continue look at the



options of the fund and determine how much money we should put into this fund if we've decided to do this project. We need all the legal documentations as well to decide this. The new VP Finance will continue to work on this project during the summer. Specially, begin working with Professor di Pietro to determine what would be the specific details regarding a SRIF, look into recruiting someone, from the Special Projects Budget, to work as a liaison with DCM for all consultations and communications regarding the potential development of the fund, determine the amount of capital that would be extracted from the current Investment Portfolio and invested with DCM, if the project were to go forward, approach the University to discuss whether they would be interested in investing a small portion of their endowment in a potential SIF created by the SSMU, and report to Council in September 2016 regarding the status of the project and make a recommendation as to whether or not the project should go forward. This summer, starting in May, we will be focusing a lot on what are our capital needs in the next 10 years, we may need the entire investment portfolio and then we are not doing this. Or we may indeed want to invest the money into separate pools. This is really really long-term.

VP External: I think this is so cool. I'm so down for this. Especially if DCM is interested in doing this.

VP FO: Yes, I've talked to Prof. Di Pietro and he said that there are already students talking about doing a socially responsible investment project, but they cannot do it with the existing fund, which has a specific mandate. But now I'm just looking at the last part (recommendation part) for approval.

**APPROVED.**

#### **4.3 Reports of the Nominating Committee 2016-01-27 – approved**

GM: Jurisdictional board justices. Because of the constitution, we have a lot of restrictions on jurisdictional board. So they met certain requirements, but they set on 'associations'. So we are losing the restriction on that, and we are now bringing it back now. Right now the restriction is that they cannot be an executive from a faculty association.

VP CS: I know where you are coming from, but for something like a J-Board government, their responsibility is very related to applicability. So I don't know there are many opportunities for his political agenda to influence things.

**APPROVED**

#### **4.4 Reports of the Nominating Committee 2016-04-28 – approved**

GM: One is the new DEO, confirmation of Cameron Mckeich for the next semester.

VP External: APPROVE!

Everyone approved.

GM: He is gonna be here until January.

GM: Also, there's one additional resume for the jurisdictional board justice. We currently have 4. James Trougakos, I don't know if you know him. I put his resume on Vibe already. I did the



# Students' Society of McGill University

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interview, he is applying for the speaker, not the executive. His score is included in the document as well. Total score of 89.

## APPROVED.

### 4.5 Purchasing Policy – tabled

VP Houston: With the purchasing policy, I was planning to bring it to the meeting but I had issues with coordinating with my staff. At one point my staff had personal stuff going on and was suddenly unavailable so this was not done in this month. So I will either bring it to the summer board for approval or council next semester. It's really not urgent, I just want to finish. But now I have to pass it to the next VP Finance and accept that I cannot do everything.

### 4.6 Accountability Committee - tabled

### 5.0 Confidential Session

See confidential session minutes.

### 6.0 Adjournment: 12:41 PM

BoD 2016-04-29

Kareem Ibrahim, Chairperson

Jeffrey Wu, Recording Secretary