



**Special National Executive Committee Meeting  
Tuesday, February 22<sup>nd</sup>, 2022  
Via Zoom Videoconference**

**MINUTES**

**In Attendance:** G. Phillips (*Chair*), C. Awada, A. Butler, M. Collins, S. Crawford, H. Delnick, M. English, J. King, R. Kossick, C. Lonmo, K. Mansfield, A. Kurikshuk Nemec, A. Picotte, E. Tremblay, A. Okladov

**Staff:** J. Courty, A. Lizotte, S. Salter, K. Thériault and J. Ouellette

**Regrets:** J. Brulotte, G. Kopytko, P. Ives, D. Monafu, S. Rehman, A. Trau, J. George, J. Lafontaine

**1. Call to Order**

The SNEC meeting was officially called to order at 9:06 am and it was confirmed quorum was achieved.

*\*At this time, CAPE's Statement on Harassment was read aloud. J. Ouellette was identified as the Anti-Harassment resource person for the meeting and concerns should be directed to his attention via email.*

**1.2 Approval of SNEC Agenda**

There were no requested additions or amendments to the SNEC agenda.

Motion to adopt the agenda as presented.

**Moved by:** C. Lonmo

**Seconded by:** C. Awada

**Abstentions (2)**

***By show of hands: Carried unanimously***

**2. Defense Fund**

In an attempt to clarify any misunderstanding based on comments raised at the previous NEC meeting, it was confirmed that while a review of the Defense Fund should be

performed every 2 years, the motion for the approval of the review of the Defense Fund is unnecessary as the authority lies with the Finance Committee as outlined in the TORs. Having reached that juncture, the Finance Committee will proceed with a review of the Defense Fund and will report to the NEC on proposed amendments and recommendations. The timeline for undertaking the review has yet to be determined but completion is targeted to happen prior to the AGM.

It was inquired as to whether the clause in the Defense Fund allowing the use of some reserves to address internal conflicts has ever been invoked since its inception. It was confirmed that no funds have been withdrawn from the Defense Fund, only contributed to. In addition, it was confirmed that the Defense Fund's Terms of Reference along with all the other Committees/Subcommittee TORs provided to the National Office are posted on the CAPE website.

### **3. Investments**

The Finance Committee, alongside Cumberland's Portfolio Manager, held lengthy discussions on the Association's investments and performed a comprehensive analysis of the portfolio. Considering bond markets are currently low and there's a better return on equity now, a recommendation was put forth to seek approval from the NEC to increase the allocation equity by 10% (*i.e.: from 25 to 35%*) in order ensure a proper equity ratio and maximize ROI. It was noted that the initial recommendation by Cumberland was to consider a higher percentage increase (50%).

Motion to approve that an additional 10% (from 25% to 35%) be transferred into CAPE's equity investments

**Moved by:** H. Delnick

**Seconded by:** C. Awada

**Discussion:**

- In response to the total dollar value equating the 10% increment, it was stated current value of the Defense Fund is \$10M in assets with \$2M in equity, which represents 18% and the restricted fund has \$7.1M in assets with \$1M in equity.
- It was inquired as to whether consideration was given to target ESG (Environment, Social & Governance) investments. It was stated that while not being aware of the particular stocks within the portfolio, the portfolio is a diversified mutual fund/flag ship fund comprised of domestic and international investments fully managed and controlled by Cumberland. Although there were discussions about socially responsible and ethical investing during the initial development of the Investment Policy, there were no discussions at the Finance Committee meeting on the proportional allocation of the 10%, however a request for a holdings analysis along with a synopsis of their performance will be put forth to Cumberland.

- A concern was raised on the lack of information provided ahead of time on the recommendation put forth prior to making a decision. In addition, the current volatile political climate in Russia/Ukraine coupled with uncertainties of the economy must be taken into consideration prior to moving forward with the proposed recommendation. The concern was noted and it was reiterated that the Association has retained the services of Cumberland as financial experts to ensure the best interest of the Association. To date, the investment income has yielded a significant growth of \$60K to \$600K/year since the establishment of the Investment Policy and transferring from bonds to equities.
- A review of the Investment Policy by the Finance Committee is warranted to reflect new signatories. In addition, a recommendation was put forth to defer the approval of the motion, subjected to be re-introduced once the Investment Policy is updated, reviewed by the Finance Committee and subsequently approved by the NEC.
- It was inquired as to whether the rationale for the transfer of investment/equity percentage was based on perceived lack of return seeing that the budget has projected lower revenues from investment interest in comparison to this year. The Finance Director confirmed as such and stated that following discussions with Cumberland, bond markets are typically viewed as risk averse investments and consequently yield a low ROI, hence the recommendation to shift to diversified equity.
- A comment was raised to consider striking a balance between seeking to pursue ethical investments vs. generating the most amount of income intended to finance resources towards supporting and fulfilling the needs of the membership through optimal strategies put forth by Cumberland based on the risk assessment performed.

Motion to defer the approval of the proposed recommendation

**Moved by:** E. Tremblay

**Seconded by:** A. Nemeč

**Discussion:** The overall premise for tabling the motion is to provide the NEC with additional information from Cumberland in order to be well-informed and be able to provide input prior to making a final decision.

**In Favour (8), Opposed (7) Abstentions (1)**

***Motion Deferred***

The original motion will be re-introduced at a future NEC meeting for consideration.

#### **4. Budget Review and Approval**

Budget-related questions were submitted by NEC members in writing beforehand and addressed as followed:

## Q&A / Comments:

- With respect to salaries and benefits under budget line 2.1, the org chart highlighting the 6 management positions was previously circulated.
- In response to an inquiry on the highest annual salary paid to an Executive at the Association, for confidentiality purposes and privacy clauses within the employment contracts (NDA), the management team is precluded from disclosing this information. Information on the highest annual salary paid to a unionized CAPE employee can not be divulged, however the Collective Agreement provides the salary bands. In the case of the Association, this applies to a level 6 position (Sr. LRO) at \$124 458 to \$141 801.
- As for the number of staff positions and distinguishing new ones to be staffed, those approved and existing positions have all been coded and listed in the org chart.
- The specific functions of temporary CAPE staff under budget line item 2.6 pertains to temporary LROs staffing required for this year to assist with the backlogs, managing the finance inbox, as well as temporary help to alleviate the workload in the IT/IM department.
- In terms of severance pay, the liability calculation of what an employee is entitled to is based on the ability to cash out, or in the event of an employee's departure, to determine the eligibility. The amount reflected in the budget is in comparison to the cash out over prior years, thus a hybrid calculation.
- With respect to the RAND campaign, no funds have been allocated towards the outreach of Locals this year as no mail-outs or printing are anticipated.
- A professional translator/reviser has been hired on a full-time basis and is currently assisting the Communications Team to oversee all in-house translation requests. A system has been established to track incoming requests in order to better assess the volume of internal requests juxtaposed with those that are outsourced. Without being able to predict and categorize internal from external translation requests, an amount of \$50 000 has been allocated in the budget as a contingency should the need to outsource arise.
- The amount of \$785K reflected for the 'Professional Fees' under budget line items 7.1 to 7.3 pertaining to internal conflict vs. member representation was an estimation based on historical trends over the previous couple of years and may vary. The buffer is intended in the event higher amounts are required. A point of clarification was raised whereby the Professional Fees associated with representing members reflects a very specialized set of circumstances. The bulk of the cost of

representing members should be reflected under “Staff Salaries and Benefits” with the largest group of staff being the LROs. This was confirmed as accurate.

- The \$150K headhunting costs for LROs was founded on the assumption of hiring 6 LROs based on a \$100K salary for each, which also takes into account the recruiter fee which may not be used.
- The Association will no longer be using the services of Insite as of March 2022 and will be merging to Microsoft Dynamics.
- Higher amortization expenses (*e.g.: membership portal, software and maintenance, furniture etc.*) are anticipated as a result of the acquisition of the new office space and are based on the lease holds improvement budget of \$1.3M. With the increase of fixed assets, the balance sheet is anticipated to increase substantially.
- The allocated budget amount for Collective Bargaining was increased to \$320K this fiscal year in light of the need to re-negotiate all the collective agreements, in addition to the ESU collective bargaining.
- Calculations for the CLC were based on 23,000 members to allow for a conservative estimate. Conversely, assumptions on expected revenues to be generated were made using a lower number of members.
- In terms of local rebates under line item 16.3, an amount of \$50K in President’s travel was included, in addition to the \$30K for President’s travel under line item 12.3. Overall higher travel costs are anticipated mainly due to the extra fees associated with COVID, price of gas, airfare etc. Budget line item 16.3 is specific to the Locals whereas 12.3 is intended for business that must be undertaken as the President of the Association. A concern was raised on this matter whereby the President’s travel should not be included as it is not part of the money given to local rebates. It was previously discussed and agreed to instead roll it into budget line item 12.3 or separate line items under section 12. The management team will review earlier records to confirm the outcome of discussions and subsequently move it accordingly.
- In terms of the estimation of expenditures, a recommendation was put forth to further consider inflationary pressures towards expenditures, particularly related to travel expenses. Relying on historical data may not be the optimal strategy to predict the proposed increases as this may be too conservative. In response, it was stated that the budget was drafted in December and the information pertaining to the 5% inflation rate (the highest in 30 years) was released last week. As the budget is currently in draft form, amendments to include these factors will be taken into account and the budget line items will be amended accordingly.

- It was confirmed that the NDAs in employment contracts are drafted based on previous templates used following past practices, as well as on advice of external counsel. Certain aspects of the employment contracts are negotiated by the employee and then adjusted accordingly. *The remainder of the discussion was held in-camera.*
- A recommendation was put forth to review various line items to account for a larger contingency for the rate of inflation, including for projected salaries as certain contracts are currently under-inflated, travel, transportation, accommodations etc. In addition, it was requested to be provided with some basis for calculations.
- Given the proposed amendments put forth by the NEC, a recommendation was put forth to consider deferring the approval until a review of the budget line items is performed and re-presented to the NEC.

Motion to recommend the adoption of the 2022-2023 and 2023-2024 draft budget to the NEC as presented, subject to the review of the past decisions of the NEC pertaining to moving the President's travel expenses

**Moved by:** H. Delnick

**Seconded by:** C. Lonmo

**In Favour (14), Abstentions (3)**

***Motion Carried***

### **5. Audit Committee Chair**

With A. Butler no longer eligible to continue to serve as Chair of the Audit Committee, a new Chair must be appointed. A meeting of the Audit Committee will be called to select a Chair and the NEC will be subsequently informed.

**The SNEC meeting adjourned at around 10:00 a.m. EDT.**

\* \* \* \* \*

*The above minutes are accepted as a true representation of the Special National Executive Committee meeting held on February 22<sup>nd</sup>, 2022.*

**APPROVED by:**

---

Chairperson

---

Date