

FINANCIAL PROPOSED CHANGES TO THE CONSTITUTION AND BYLAWS
SOCIETY COUNCIL NOVEMBER 12 & 13, 2017
(approved at the September 12, 2017 Executive Board Meeting)
(additions appear in red)

Item	Document Reference	Existing Language	Proposed Language	Comments
CONSTITUTION				
1	13.5.2	13.5.2 it may not invest Society reserve funds nor the Society Training Account in securities other than those authorized by law for the investment of Trust Funds and in Credit Unions; and	13.5.2 it may not invest Society funds in securities other than those authorized by the Investment Procedure(s) .	<p>No longer reflects current legislation. Legislation simply provides that a “trustee may invest trust property in any form of property in which a prudent investor might invest”.</p> <p>The current Investment Procedure and the proposed revisions would include guidelines for both short and long term investments which are quite specific, more conservative, and has more stringent risk management guidelines.</p> <p>Remove “Reserve” Remove “nor the Society Training Account” Remove “by law for the investment of Trust Funds and in Credit Unions; and”</p>
BYLAWS				
2	11.1 a.	11.1 Contracts and Agreements a. The Executive Board shall have power to enter into contracts and agreements in the name of and on behalf of The Society.	11.1 Contracts and Agreements a. The Executive Board or its designate shall have power to enter into contracts and agreements in the name of and on behalf of The Society.	From time to time the Directors of 2332356 Ont. Inc (for the building), or the Directors of the various Trusts are required to act as a designate of the Executive Board and as such may be required to enter into contracts and agreements in the name of and on behalf of The Society.

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3	11.2 a.	<p>11.2 Signing Authority</p> <p>a. The signature of at least one Principal Officer and either another Principal Officer or one of the Local V.P.s shall be required on all cheques issued by The Society.</p>	<p>11.2 Signing Authority</p> <p>a. The signature of at least one Principal Officer together with the signature of either another Principal Officer or a duly authorized member of the Executive Committee shall be required on all cheques issued by The Society. The signature of three signing officers shall be required for all cheques over \$100,000. The signature of 2 Principal Officers (acting as Directors of the numbered companies and Trusts) shall be required on all cheques issued by SEP on behalf of its numbered companies and Trusts.</p>	<p>Remove “and either”</p> <p>Remove “one of the Local V.P.s”</p>
4	11.2 b.	<p>b. Any expenses of The Society shall be reviewed by the Staff Director or designate before authorization by the signing authority.</p>	<p>b. Any expenses of The Society shall be reviewed by the Staff Director or their designate before authorization by the signing authority. Any expenses of SEP’s numbered companies or Trusts shall be reviewed by the Staff Director or their designate before authorization by the EVP Finance.</p>	<p>The proposed amendment would be consistent with current administrative practice and would ensure that expenses of the numbered companies and Trusts would be reviewed by the Staff Director or his/her designate prior to authorization by the EVP Finance as per current administrative practice.</p>
5	11.3 a.	<p>11.3 Reserve Policy</p> <p>a. The Society target for reserve funds (cumulative excess of income over expenses) shall be 50% of annual expenses.</p>	<p>11.3 Reserve Policy</p> <p>a. The Society target for reserve funds (cumulative excess of income over expenses) shall be a minimum of 50% of SEP’s annual operating expenses.</p>	<p>From time to time, the balance in the Reserve fund is greater than 50% of SEP’s annual Operating expenses. Inserting the word minimum allows the Reserve balance to exceed 50% of Operating expenses.</p>

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6	11.4	11.4 Investment Policy Preamble NEW	11.4 Investment Policy Based on The Society's needs, all of its funds and those of its related numbered companies and Trusts must be invested according to the Investment Procedure(s).	The amendment to By-law 11.4 would be to delete all of By-Law 11.4 current language and to add a statement highlighting that based on The Society's needs, all of its funds and those of its related numbered companies and Trusts must be invested according to the Investment procedure(s) such as Short Term procedure which includes Investment Management Guidelines and Permitted Fixed Income Investments; Investment Management Guidelines; Time Horizon; Decision Making; Reporting and Portfolio Review.
7		a. At least 80% of Society reserve funds are to be invested, subject to the constraints of the Constitution, to obtain the highest possible return through utilization of a mix of low-risk investment instruments. Upon approval by the Executive Board and with annual review, up to 20% of the reserve funds may be invested in other than low-risk investments, always subject to Article 13.5.2 of the Constitution.	Delete	Investment procedures are dynamic documents which require frequent updates as financial markets and conditions change. Having the investment guidelines spelled out in the By-laws restricts The Society's ability to adapt to an ever-changing financial landscape in a timely manner. It is preferable and advisable to include the investment guidelines in a procedure, which provides the flexibility to amend the actual Investment procedure document consistent with the financial landscape and The Society's current investment strategy.

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8		b. Low-risk investment instruments shall be defined to include the following: federal or provincial government bonds, Government backed debt instruments, Crown Corporation bonds, Treasury bills, Guaranteed Investment Certificates from Schedule A Chartered banks, and commercial paper. All non-government instruments must be issued by an organization having a minimum bond rating of AA (as rated by McGraw Standard and Poor's or other established bond rating agency using the same bond rating system in the event that McGraw Standard and Poor's are no longer in operation) or equivalent.	Delete	<p>At the time the guidelines were input to the current draft of the By-Laws, the Society had modest financial resources. The current guidelines as highlighted in By-Law 11.4 can no longer accommodate the magnitude of funds currently being managed, does not reflect changes to the Society's current investment landscape, or changes to the interest rate environment which has occurred over the last 20 years.</p> <p>The current draft of the guidelines contained in the by-laws is focused entirely on the meeting short term goals and does not provide for achieving The Society's long term goals.</p>
9		c. At least 70% of low risk investments shall be invested in instruments backed by either the federal or provincial governments, or the Canadian Deposit Insurance Corporation (CDIC). CDIC insurance limitations are to be considered with all eligible investments.	Delete	

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10		d. Low risk investment terms shall be set at the discretion of the Executive Vice President-Finance based on current interest rates and cash flow needs of the society; however, no term shall exceed 36 months (three years) for The Society reserve funds and 60 months (five years) for the Society Training Account.	Delete	
11		e. At least 80% of the Society Training Account shall be invested in low-risk investment instruments. Upon approval by the Executive Board and with annual review, up to 20% of the Society Training Account may be invested other than in low-risk investments, always subject to Article 13.5.2 of the Constitution.	Delete	
12		f. Investments, other than investments relating to the society reserve funds and the Society Training Account, made pursuant to letters of understanding (LOU) under collective agreements shall be invested as appropriate to the terms of each LOU, as approved by the Executive Board.	Delete	
13		g. The services of an investment firm may be accessed at the discretion of the Executive Vice President - Finance in consultation with the Audit Committee of the Executive Board.	Delete	

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14		h. The Executive Vice President - Finance shall provide a report on all investments to the Executive Board (after review by the Audit Committee) at least twice per year. This report shall be provided to any Member on request.	Delete	