

Armstrong Regional Co-operative 92nd AGM

Minutes of the ARC 92nd AGM held at the Odd Fellows Hall, Armstrong May 7st, 2014. Recorded by M. Beck.

Meeting called to order @ 7:03 pm by Vice President Nain Von Hahn welcoming all in attendance including: ARC members, staff and GM, board members present and past along with Auditor Chris Henderson and Dustin Stadnyk.

Notice of meeting: Vice President Von Hahn stated that all requirements were met for the Notice of Meeting and we had a quorum.

Minutes of the 92nd AGM were read. Motion: S.Gunner/M.Martin to adopt the minutes CARRIED.

Business Arising: none

Directors Report: VP Von Hahn addressed members and guests by welcoming them to the 92nd AGM and explained that president Paterson was unable to attend. She read a statement prepared by President Paterson which outlined ARC's formula for success in a competitive market including a positive 7.5% patronage return. She mentioned that many things happened over the last year. Growth in membership – for \$10 you're more than just a member you get a part of ownership; employees and GM worked hard throughout the year and were cost effective and there is a dedicated board. ARC's formula contributes to our community. Sales growth to \$58 million! Truck fleet growing. Competitive market yet positive growth. GM Jeff and staff managing a tight ship. The Vice President thanked all contributors, members, staff and board.

GM Report: GM Payne welcomed everyone and commented on value of membership @ \$10. He articulated that his staff are a HUGE part of ARC success – the heart and soul. He said they are not only behind the scenes but out front making a difference. He recognized several staff for their number of years of service and asked those staff present to stand and be recognized. Staff were creative with prepared food programs. 2013 presented challenges and opportunities. Challenges included regional price variations; dropping litre sales down 5.8% from previous year; in total North Okanagan gas bars down 4.6% in 2012 and 2.2% in 2013. Core business remains strong. 40 EnviroTanks a success – safer – no ladders. Trucks are now fitted with satellite tracking system which improves efficiency and safety. Look forward to retail, data and delivery unit computer system upgrades as they become available. We were receiving fuel from Vancouver but current fuel supply is from Edmonton and this should be coming from Carseland sometime late this year. Despite challenges ARC posted local savings and combined with FCL rebate were able to return 7.5% - over \$4 million to members. . 688 new members last year with total membership at 14,000 of which 11,000 active.

Q&A GM was asked about expansion opportunities. Explained that 2 opportunities are at the feasibility stage and 1 at conception. R Burr asked what happens if fuel supply is delayed from Carseland because of road closure? Explained that we can draw from alternate supply and also be creative with tank capacities by adjusting diesel/gas loading which helps in the short run. Also asked what delay was with Carseland coming on stream. Best understanding was that there were weather and environmental delays. Asked if SA getting 2 more pumps? Yes 2nd stage should get underway in the fall. Although the SABA 1st upgrade is complete ARC has delayed some new projects and will revisit in the future. Asked why diesel is so high? Tight supply? No real answer!

Auditor's Report: Chris Henderson and Dustin Stadnyk of Rossworn Henderson LLP provided audit services. Chris acknowledged financials are good and accurate. He reviewed the document highlighting that revenues were up while litres were down. Gross margin to 6.5% similar to last year. Patronage good same as last year. Asked about policies/procedures on credit files in light of KPR loss. Jeff answered that more due diligence and follow up on receivables has been implemented. It was noted that KPR loss was a little less than their total

purchases over 7 years. Their pattern always paid till the very end. Expenses were up as insurance increases along with repairs and maintenance as well as salaries also were up. There has been a good job with accounts receivables and interest. Bottom line is overall financials in good shape.

Motion to accept auditor's report: Pardell/Burr CARRIED

Appointment of Auditor; B.Seed addressed AGM explaining that GM solicited tenders for audit. KPMG, BDO & Rossworn Henderson applied. Low bid was BDO. Motion to accept low bid B.Seed/Gunner – discussion. Motion defeated. Motion to appoint Rossworn Henderson Burr/Pardell CARRIED

New Business – none.

Nominations for directors: three 3 year terms. N. Von Hahn, A. Laird, P. Holman and H. Chalmers let names stand. GM Payne called floor 3 times for nominations. None were forthcoming so ballots were cast to determine election. Results were: Von Hahn, Laird and Chalmers won 3 year terms.

Motion to destroy ballots: Burr/Richards CARRIED

Several prize draws were conducted through the meeting.

Motion to Adjourn: Marilyn Williams @ 8:30pm