

## Armstrong Regional Co-operative 94<sup>th</sup> AGM

Minutes of the Armstrong Regional Cooperative 94<sup>th</sup> AGM held at the Odd Fellows Hall  
May 4, 2016

Call to Order: Meeting called to order at 7:05 pm by President Nairn VonHahn

Notice of Meeting: President VonHahn stated that all requirements were met for the notice of meeting, we have a quorum and are able to continue.

Minutes of the 93<sup>rd</sup> AGM: Minutes of the previous AGM were circulated. **Motion to accept minutes as circulated Andrew Laird, seconded Barrie Seed. CARRIED**

Business Arising: None

Directors Report: President thanked everyone for making time to attend the annual meeting. She introduced members of the board in attendance and thanked Mike Beck for his 3 plus years of service. She stated that we that had another successful year which will be reported in more detail by Jeff and the auditor. She recognized the staff in attendance and asked for a round of applause to thank them for their efforts in providing excellent service. President VonHahn spoke to the progress at the Vernon Gas Bar site; now that we have overcome a number of challenges it is full steam ahead. The upgrade at Canoe is substantially complete, as is the expansion to the Salmon Arm gas bar. A grand re-opening celebration is in the works. The cardlock in Scotch Creek is in early stages of its facelift. She also touched on future expansion opportunities and if the membership had any ideas for diversification to bring the ideas to the board. Thanked everyone for continued support of YOUR co-op.

Manager Report – GM started his report noting that 94 years ago today the ARC was 3 months old and would have been busy with the issues facing a new business venture; not unlike the issues facing businesses today. With the ground breaking at the Vernon Gas bar site a few days ago, the ARC is now expanding on the co-operative spirit first exhibited 94 year ago. GM thanked everyone for attending and exercising their rights as member owners. GM discussed how events in BC and the rest of the world had an impact on operations for 2015. The overall litre sales were up somewhat due to the return home of oil patch workers while our sale dollar were down due to the drop in fuel prices. Also saw what appears to be more stress in our customers as they are past due on accounts or ``angry`` when dealing with staff. GM thanked staff and complimented them on their efforts. Our core staff continue to perform in an exemplary manner providing customer service levels that have earned the appreciation of our customers and have solidified our reputation as the go-to fuel supplier.

GM discussed upgrades at Salmon Arm gas bar with 4 new vehicle fueling positions and the Canoe Cardlock with new storage tanks, a DEF dispenser and relocation of the gasoline dispensers. Both sites were updated with the new CRS branding. The Vernon site should be completed by mid-October 2016.

Overall sales for the ARC last year were down 12.3% from \$56.8 million to \$49.8 million while litres for the same period are up 6% from 45.1 million to 47.8 million. The ARC posted a record local savings of \$1.7 million representing 3.4% of sales which compares to \$1.2million and 2.1% last year. Lower FCL patronage this year resulted in 6.1% decline of profit before taxes. We are pleased to announce a patronage equity rebate of 6.75% allowing us to repay just over \$3 million to our members. Dustin Stadnyk of Rossworn Henderson LLP will provide further details of the financial results.

As for the future, the ARC continues to develop and improve our offerings to our customers and explore efficiencies while doing so. One of those offerings is a tank upgrade program which last year placed about 30 enviro tanks in customer yards, with strong sales continuing. Additionally there are gas bar sites to the south and west being evaluated and we are optimistic that an offer to purchase for at least one of them will go forward in 2016. Electronic dispatch system development continues with dispatch calendar slated for completion in 2016.

The ARC fuel supply is now primarily from the FCL terminal in Carseland providing us with a much higher and more consistent quality of fuel.

687 new memberships were sold this past year, down from 759 the previous year. With 1000 existing members in Vernon we anticipate a rather large influx of member owners in 2016 and have been continuing to invest in advertising to attempt to educate the citizens of our communities that the co-op model is the most fair and equitable way to purchase fuel.

GM closed by thanking everyone for attending and their continued support.

Auditors' Report: Dustin began with the report stating the Auditor opinion on page 4. The financial statements present fairly the financial position of the ARC. He highlighted changes income statement with the decrease in patronage paid out resulting in increased income taxes. On the statement of retained earning he highlighted the patronage paid is current year was 82% of equity compared to 90% in the prior year. The Balance Sheet shows the ARC in better financial position at the end of current fiscal year.

Questions from the floor:

S. Gunner – clarify Due to Related Party – this would be FCL.

B. Richards – Lease in Vernon over 20 years, will amortization be same period. Lease can be extended out to 30 years so buildings will be amortized over 30 years.

R Burr – Cost of Canoe tank replacement shared with FCL. No, but will not have throughput charges in future.

S. Gunner – Clarify note 12 loan repayment – will be 3 annual payments.

**Motion J Gooch seconded S. Gunner to accept financial statements CARRIED**

Appointment of Auditors: **Motion S Kershaw seconded B Burr to appoint Rossworn Henderson LLP auditor for 2017 fiscal year. Carried.**

Other Reports Doug Potentier our representative on the FCL Board gave a report highlighting FCL results. FCL is 43<sup>rd</sup> largest company in Canada with 200 retail cooperatives with 2500 retail locations. The Fuel up to Win promotion was a successful program.

FCL was recognized as 2015 Business of the Year in SaskBusiness magazine. It was named as one of Canada's Greenest Employers for recognition of reducing their environmental footprint through Earth-friendly initiatives.

Finances for year end – Sales were down from \$10.8 billion to \$9.1 billion which resulted in profit reduction; down from \$665m to \$539 million. FCL returned \$375 million back to the retail members.

So far for this year first quarter results are close to the prior year as all commodities except for fuel are up.

Doug commented on amalgamation in the retail system which resulted in \$11 million of equity being returned to the cooperatives.

New Business: none

Elections: two, three year terms available. Three candidates; Chuck Bulmer, Ken Earl and Patti Paterson. Ballots counted by Doug Potentier and Dustin Standyk. Results: Successful – Paterson and Earl

**Motion to destroy the ballots: B Burr seconded M Martin CARRIED**

Service Awards: two employees in attendance, Elaine and Matthew were given a gift and a certificate for recognition of five years of service. Not in attendance, Sharon and Debra were also recognized for five years and will receive a certificate and gift.

Questions from the floor:

Employee questions on the VGB facilities and customers using fleet cards.

Comment from S. Kershaw thanking Dave for keeping Canoe spotless.

B Richards questioned the lock on dyed fuel dispensers. GM explained that we will be campaigning to have dyed fuel removed in BC.

C Bulmer question relationship between crude price and FCL cost. Doug replied no relationship, only one element of the total cost.

B Richards – question re hedging – would need crystal ball at this point

Effect of Fire at Fort McMurray – expect to see impact.

S Kershaw – cardlock card not compatible with gas bar – GM explained technology not able to integrate yet.

Adjourned: Motion to Adjourn M. Martin 8:30