

Minutes of the Armstrong Regional Cooperative 97th AGM at Oddfellows Hall 08 May 2019

Call to Order: Meeting called to order at 7:00 p.m. by President Nairn Von Hahn.

Notice of Meeting: The President noted that all requirements were met for the notice of meeting and since we have a quorum, we can continue.

Minutes of the 96th AGM: Minutes of the previous AGM were circulated. Motion to accept the minutes as circulated, moved by H. Petersen seconded by P. Paterson. CARRIED

Business arising from the Minutes: Nil.

Directors Report:

The President thanked all members for taking the time to attend this AGM. She especially thanked the administration staff for organizing the event and all staff members for their hard efforts through out the year. The fact that all members present were fellow owners was a powerful concept. Not only has ARC been functioning as a business entity for 97 years, it continued to be a very successful one as was demonstrated by the award for corporate achievement in Armstrong by the Chamber of Commerce. The past year was an exceptionally good one on all fronts.

Next, she thanked her fellow directors for their efforts and dedication. It was a pleasure and a privilege to work with such a group of talented staff and directors. During the year, the Board of Directors had re-worked the mission statement and implemented a vision statement. This work was headed by Dustin Griffin. The previous statement was outdated and verbose. Director training remained a priority and continued through the year. Ken Earl has now completed the entire program, previous graduates include Nairn, and Hugh. Looking to the future, diversity of revenue streams is a must and the Board continues to evaluate possible business enterprises. However, cannabis does not appear to be a viable solution at the present time. Other events attended by directors included various donation presentations, parades, light-ups and the patronage cheque distribution to members.

Finally, she thanked Patti Paterson for her 12 years of exemplary service to ARC. Patti had served as president and secretary over this time. Her financial expertise has proven invaluable over these years. The President then presented Patti with a small gift to show ARC's gratitude.

GM Report: Jeff Payne then gave his report for the fiscal year ending February 2, 2019. Crude oil pricing has continued to be unpredictable ranging from \$ 43.00 to \$ 76.00 per barrel over the entire year. This volatility has brought about unexplainable price changes and the onslaught of armchair fuel industry experts giving their input on what the fuel companies are supposedly doing to the consumer. During this time frame it has been challenging to remember and implement all of the Co-operative principles and to adhere to our mission and value statements. At the same time these principles seem to impress the public as we experience increases in growth of member numbers and see the rise in the number of positive responses to the ARC's co-operative business and community support models throughout the year.

The changing face of retail business has also impacted our year with the resignation of our auditors in October. This firm stated that their concern was staff shortages during tax season. Other audit clients (approximately eight in total) were also dropped including the Municipality of Coldstream. Other factors were the increasing pressure from competitors with their disruptor fuel supply models, the marketplace's increasing emphasis on loyalty programs as well as the ever-present impact of non-traditional retail models.

One thing he noted had not changed and that was that much of ARC's success was a direct result of the staff some of whom were attending as they were also member/owners as well. He remarked that retail co-operative system was now at 170 across western Canada in comparison to 180 last year at the same time, mostly due to amalgamations. This trend was likely to continue into the next few years.

Local sales increased drastically (about 24%) from \$ 62.6 million to \$ 77.6 million, however increased pressure on margins has driven local savings from \$ 1.4 million to \$.8 million. In a fortuitous turn of events, the patronage from Federated Co-operatives Ltd. was extremely generous in the current year and the total net income increased to \$ 7.6

million from \$ 4.3 million for a 76% increase. The litres sold grew at about 5.8% from 57 million to 60 million. It is worth noting that ARC has the number one gas bar site sales by litre for Armstrong and Salmon Arm and is in second place in Vernon (only in the second year of operation).

As many members present were aware, staff and directors recently spent a weekend handing out over 3,200 patronage cheques representing a 50% increase over the previous year. During the year membership grew by 2,579 to reach almost 20,000. There have been a number of technological improvements over the past year with the result that we now are sending about 50% of our monthly statements by email saving time, resources and the sanity of our staff. The statement processing time has dropped from 16-18 hours to under 9 hours and also saving about \$ 11,000 in postage costs. We have also enrolled a good number of members in our on-line and preauthorized debit payment systems.

The GM then informed the membership on the latest information on the Alberta governments proposed bill C-12. This bill is the so-called turn off the taps to B.C. bill in retaliation for what is perceived to be moves by the B.C. government to delay or cancel improvements in the pipeline to the west coast to distribute petroleum products to the Asian markets. The good news is that the Co-op distribution system to B.C. would not be affected since the fuel does not originate in Alberta but comes almost exclusively from our Saskatchewan refinery. Bill C-12 has the ability to block the transport out of Alberta via pipeline of any crude oil, refined petroleum products and natural gas that solely originates from any Alberta facility.

He closed with the statement that ARC continues to investigate and pursue any growth opportunities both inside and outside our traditional markets in order to ensure that it remains relevant today and well into the future. He thanked all those present for participating in the ongoing governance process of the local Co-operative and in the continued support of ARC.

Auditors report: The President introduced Angela Spencer, C.P.A. representing our new auditors BDO Vernon. Ms. Spencer began with the auditors' report page noting that it was indeed a "clean" report with no significant variances nor concerns. She noted that the balance sheet as of February 02, 2019 totalled almost 32 million, that shareholders equity now comprised 23 million and that net income for the year totalled 7.6 million.

Questions from the membership:

Was there adequate E & O insurance? The GM noted that there was 50 million in liability for directors and executive officers.

Did the office expense include salaries? No, just stationary and general office.

What was in the professional fees? Auditor and legal expenses

The GM noted that the new auditor team had quoted fees on a three year basis to insure that they did not "low ball" the first year expenses.

What was in the repairs and maintenance? Mostly canopy repairs for the gas bars.

Why was auto expense so high? Mostly to fitting the new truck with required equipment.

Motion to accept the financial statements as presented. Moved by J. Kies, seconded by P. Paterson. CARRIED

Appointment of Auditors:

Motion to Appoint BDO Vernon as the auditors for the 2019 fiscal year, moved by T. Hallstrom seconded by K. Happel. CARRIED

New Business: Ideas to increase membership attendance

President Nairn lead a discussion on AGM Attendance. Some member thoughts:

Try to avoid conflict with the AGM of other co-operatives (Vantage one etc.)

Move the AGM around on a rotation basis

Change the day of the week to a Sunday

Give out patronage cheques after the AGM

Better advertising was needed (at the pumps, at cheque distribution)

Inform young users directly – use Stow card

Arrange for a news story rather than advertising

Use focus groups in each community

Use a charity fund raiser in conjunction with the AGM

Need the GM report in writing to add to AGM package

Need some “excitement” in leadership

Elections: Two three year positions available. Candidates Ken Earl, Hans Petersen and Keith Thompson.

Successful candidates – Ken Earl and Hans Petersen. Motion to destroy the ballots moved by W. Burr and seconded by T. Edgar. CARRIED

Service Awards:

Kayla Wolbaum	Salmon Arm	5 year
Louise Vliet	Armstrong	10
Rick Clendenning	Bulk plant	10
Wes Wilson	Salmon Arm	10
Marilyn Williams	Salmon Arm	10

Door prizes: Various door prizes were awarded

Adjournment: Moved by T. Edgar.

APPROVED:

DIRECTOR

DIRECTOR