

Minutes of the Armstrong Regional Cooperative (ARC) AGM held via virtual means on-line.

Call to Order: Meeting called to order at 7:02 pm by President Hugh Chalmers.

General Manager Jeff Payne remarked that he would be performing the technical hosting of the meeting on the Webex platform and detailed the voting procedure. It was noted the process of asking questions was indicated by “raising” a virtual hand in the comments section. All votes would allow 2 minutes for members to indicate their vote and would be tabulated automatically. He further noted that there was an indication of interest from 63 members and 62 had registered for the meeting. At the time there was 43 members actually on- line.

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. President Chalmers introduced Paul Hames as our FCL Board of Directors representative and Angela Spencer as the representative from BDO, our auditors.

Minutes of the 98th AGM: Minutes of the previous AGM(s) had been circulated. Motion to accept the minutes as circulated, moved by C. Holden seconded by N. Van Hahn. CARRIED

Business arising from the Minutes: Nil.

Directors Report:

As circulated. There were no questions.

GM Report:

As circulated. There were no questions.

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 assets totalled almost 37 million, that members equity now comprised 19.5 million and that net income for the year totalled 3.5 million.

One question from the floor queried what the reason for the large drop in the FCL patronage repayment to ARC. The drop was from 6.2 million the previous year to 60,000. The answer was that FCL had restructured their loyalty program to allow for quarterly loyalty payments to retail co-operatives instead of an annual dividend payout.

Motion to accept the financial statements as presented. Moved by B. Kirkpatrick, seconded by M. Martin. CARRIED

Appointment of Auditors:

Motion to Appoint BDO Vernon as the auditors for the 2022 fiscal year, moved by N. Van Hahn, seconded by B. Martin. CARRIED

New Business:

SPECIAL RESOLUTION:

Policy Committee Chair Dustin Griffith presented a special resolution to change our rules to restrict directors to a maximum of 4 terms of 3 years each. This is recommended good governance practise that ensures some turn over of board directors on a regular basis.

Motion:

Be it Resolved that the following amendment be added to the ARC Rule 87 (4) Individual directors may not serve more than four consecutive terms of office. After their fourth term, a director must allow one year to elapse before being eligible to serve again as a director.

Moved by K. Wolbaum, seconded by N. Wightman. CARRIED

ORDINARY RESOLUTION:

An ordinary resolution was introduced by the Chair from the Board of Directors.

Background 1. In December of 2020, an administrative error was identified in the remuneration paid to directors since financial period 7 in 2018. 2. The total value of the overpayments across all years and all directors does not exceed \$40,000.00. 3. Directors who have received overpayments include active directors and directors who are no longer serving on the board. 4. If the membership ratifies the past payments, recovery of the overpayments will not be sought. 5. Changes in policy and procedure to prevent a recurrence of this error have already been enacted.

Resolution: Therefore, be it resolved that the Armstrong Regional Cooperative ratify the accidental overpayments made to directors of the co-operative since 2018.

Moved by H. Chalmers, seconded by N. Van Hahn.

N. Van Hahn spoke to the resolution, stating that she was in favour of passing this resolution. She noted that the directors do not serve for the monetary compensation and that the actual return was quite small for the effort exerted by directors. She further noted that the error was uncovered by staff and was not pointed out by the auditors as it did not exceed their materiality limits. MOTION WAS DEFEATED.

Elections: Two three-year positions available. Candidate Regina Scott withdrew her candidacy at the last minute due to personal concerns. Geoff Maile and Larry Hill were elected by acclamation.

Other New Business:

GM remarked that the staff service awards would be posted later on the ARC website.

The Chair entertained various questions from the floor.

The first question was why the ARC patronage rate dropped from 7% to 4%. It was noted that there were several reasons for this change. One was that FCL had dropped their own rebate rate, also the Board had entered into a planned stage of diversifying income streams by concentrating on storage lots on 25th Avenue in Vernon and at our Canoe location. We also had purchased the old Liquor Depot outlet in Vernon. These are capital intensive projects that are an investment in the future. Also there are investments made at the FCL refinery and efforts to reduce green house gases.

Comments were made about other competitor rebates being very competitive. The response was that ARC is local and makes considerable investment in community causes which the larger competitors do not. It was noted that we had donated 54,200 currently to local community groups and that the budget is currently 65,000.

The question came, would we consider increasing the dividend rate if the FCL patronage rate went back up. The Chair responded in the affirmative.

A question arose regarding the possibility of ARC expanding into grocery and hardware product lines. The Chair responded that while this had never been completely ruled out, the current return on grocery is about 2-3 percent versus 7-8 percent on fuel and liquor sales.

A suggestion came from the floor that collecting the over-payments made in error to the directors might not be legal. The Chair thanked the commentor and mentioned that legal advice had already been sought on the issue.

Questions arose regarding the possible construction of a gas bar on the 25th Avenue property towards Okanagan Landing. While this project was not yet ruled out, it was noted that we did not see it prudent to invest 4.5 million in a new project at the current time.

CLOSURE:

The Chair thanked the members for their attendance and reminded them that if other questions arose, they could send them to the Board via the website.

The Chair then thanked ex-Director Dustin Griffin for his 3 years of contributions to the success of the Board.

Adjournment: Moved by B. Kirkpatrick at 8:02 p.m.

APPROVED:

DIRECTOR

DIRECTOR