

DRAFT
CALGARY CO-OPERATIVE ASSOCIATION LIMITED
59TH ANNUAL MEETING
THURSDAY, APRIL 7, 2016
CARRIAGE HOUSE INN

1. INTRODUCTION

Board Chair Peggy LeSueur welcomed members and guests to the 59th Annual General Meeting and thanked them for attending today's meeting and for their support and interest in Calgary Co-op. Ms. LeSueur also thanked the Board, CEO, Executive Leadership Team and Calgary Co-op team members for their on-going commitment and dedication to the success of our association.

Following the National Anthem, Ms. LeSueur introduced the current Board of Directors: Roy Goodall, Board Vice Chair, Elaine Smith, Board Secretary, Lori Ell, Bettina Pierre-Gilles, Rick Smith, Myra D'Souza, Lisa Wise and Terry Geib. Ms. LeSueur also introduced Brenda Whitter; Executive Assistant to the Board and CEO, who will be recording today's meeting proceedings, as well as Ken Keelor, CEO and Pat Knoll, our parliamentarian who will be facilitating, new business and question period.

Handheld voting units were handed out to all registered members and instructions as to the use of the units were provided and a trial test was conducted.

Ms. LeSueur noted that as we have a full agenda with 13 resolutions that our time will be tight and this may reduce the time allowed for the question period. She encouraged members to use the comment cards that were provided in the member's kit so that questions not addressed during tonight's meeting management would be answering in the coming weeks, either in writing or by telephone.

2. CALL TO ORDER

Ms. LeSueur called the meeting to order at 7:16 p.m.

The Chair noted that as there were more than fifty members present, in accordance with By-law 4.09, the meeting was duly constituted.

Ms. LeSueur sought general consent from the assembly that quorum be declared. No objections were offered. **QUORUM DECLARED**

Ms. LeSueur asked the assembly if there were any amendments to be made to the proposed agenda.

MOVED by Alan Holt and **SECONDED** by David Usherwood to approve the agenda, as presented.

MOVED by Paul Hughes that the Agenda be amended and the meeting, as to proceeding on the agenda, go directly to the subject of New Business. As no second was offered – the motion to amend did not go forward.

**AMENDMENT LOST
MAIN MOTION CARRIED**

Ms. LeSueur sought general consent from the assembly that the Rules of Order be declared in force. No objections were offered.

RULES OF ORDER DECLARED

3. MINUTES OF 58th ANNUAL GENERAL MEETING

Ms. LeSueur asked the assembly if there were any corrections to the minutes of the 58th Annual Meeting.

It was **MOVED** by Barry Ashton to accept the minutes from our 58th Annual Meeting as presented. **MOTION CARRIED**

4. ANNUAL REPORT

◆ Report from the Board of Directors

Board Chair, Peggy LeSueur, provided a look back on the accomplishments and shared some of the highlights that the Board has worked on over the past year.

The Board focused on governance and oversight for the continued success of Calgary Co-op. A strong and solid long-term strategic plan was created. Board members diligently monitored financial performance, and assessed the Co-operative's social responsibility while adhering to high standards in its process and decisions.

Audit Committee

The Audit Committee maintained oversight over financial reporting, internal controls, risk, and internal and external auditing within Calgary Co-op.

Co-operative Relations Committee

The Co-op Relations Committee focused on enhancing relationships with other co-operatives and strengthening Calgary Co-op's ability to provide a positive contribution within our communities.

Governance Committee

The Governance Committee was mandated to ensure a high standard in all processes and actions of the Board. The committee guided implementation of the association's first online voting system for the 2016 Director Election.

Also created this past year through the Governance Committee was an ad hoc Board Compensation Committee. The committee will consist of 3 member owners, one independent compensation expert and one current Board member. The recommendations from this committee will be presented at the next Annual Meeting.

Nominations Committee

The Nominations Committee added increased depth and transparency to the overall process of Board candidate nominations, assessment and endorsement.

Performance and Compensation Committee

Focusing on programs for the Co-op employee, this past year the PAC Committee reviewed and brought forward recommendations on matters relating to remuneration, compensation and benefits for Calgary Co-op employees.

Ms. LeSueur thanked everyone for supporting Calgary Co-op and introduced Ken Keelor, Chief Executive Officer.

◆ **Report on Business**

Ken Keelor, Chief Executive Officer, introduced the executive leadership team: Paul Harrison, Chief Financial Officer; Jeff Ambrose; Vice President, Petroleum, CWSB, HHC, Travel and Business Development; Lee Gonsalves, Vice President, Human Resources; Danielle Bussieres, Vice President Marketing and Member Relations; Doug Stone, Vice President Facilities Development and Real Estate; and Doug Newstead, Vice President Food Centre Operations and Merchandising.

Mr. Keelor referenced three key areas:

- a. The successful year Co-op delivered in 2015

- b. The recently developed long-term strategy
- c. The current business and consumer climate in Calgary along with the impact on Calgary Co-op

Mr. Keelor highlighted Calgary Co-op's support of our community and Calgary Co-op's efforts to reduce its overall carbon footprint.

Calgary Co-op completed the opening of the Edgefield Store located in Strathmore and the opening of a Wine Spirits and Beer located in the downtown core.

Upcoming will be the opening of a new food, gas, and wine, spirits, beer centre in Auburn Bay which will be completed by the end of 2016.

Calgary is experiencing a massive change in the economic climate. Calgary Co-op is under pressure but is also confident in the approach and strategic plan moving forward.

Mr. Keelor welcomed Mr. Paul Harrison, Chief Financial Officer to present the financial report.

◆ **Finance Report**

Paul Harrison highlighted the 2015 financial results.

Total sales were \$1.228 billion compared to \$1.236 billion in 2014.

The decrease in revenue is reflective of the deflationary impact of the collapse in global oil prices on the gas bar operation.

The patronage refund in 2015 was \$30.9 million. This compares to \$35.9 million received in 2014 and this reduction was due to the lower earnings from Federated Co-operative's refining operation. 2015 earnings before patronage return and income taxes totalled \$43.6 million versus \$49.9 million generated in 2014.

There was an \$18 million growth in property and equipment which reflects the continued investment in new and improved facilities.

Members' shares and retained earnings increased by \$13.8 million or 3.5% in 2015. Of the \$35.1 million returned to members, \$24.3 million was paid in cash and \$10.8 million was

paid in share equity.

Member patronage return included 2.5% based on purchases at the food centres, convenience stores, home health care centres and wine, spirits and beer locations, 1% based on travel purchases and 6 cents per litre based on petroleum purchases.

Net earnings are forecast to be down in 2016 which means that the member patronage return could be lower.

Mr. Harrison then introduced Mr. Scott Olsson, partner with KPMG, to present the Independent Auditor's Report.

◆ **External Auditor's Report**

Scott Olsson, partner with KPMG LLP, presented the External Auditor's Report.

MOVED by Laura Garrick and **SECONDED** by Glenn Davies that the External Auditor's Report be adopted as presented by KPMG.

MOTION CARRIED

5. Appointment of Auditors

Ms. LeSueur introduced Lori Ell, Audit Committee Chair.

Ms. Ell, speaking on behalf of the Board of Directors, recommended the appointment of KPMG as auditors for the financial year 2015-2016.

MOVED by Craig Garrick and **SECONDED** by Alan Holt that KPMG be appointed as auditors for the Calgary Co-operative Association for the financial year 2015-2016.

MOTION CARRIED

6. NEW BUSINESS – SUBMITTED RESOLUTIONS

Parliamentarian Pat Knoll referred the members to the twelve resolutions which were submitted in advance of the meeting - 11 provided in the Annual Meeting kits and resolution 12 to be screened, as well a 13th resolution that will be read as it was provided just prior to the start of the Annual Meeting.

◆ **Board Resolution #1– Nominating Procedure**

That Bylaw 5.06 Nominating Procedure deadline be changed from December 1 to November 1. The amended bylaw will read as follows:

“A candidate to become Director must be nominated in writing on the form provided by the Directors for this purpose. Nominations must be signed by a minimum of five Member-Owners and be received by the Board Secretary of the Co-op, or designate of the Board, no later than 4:00 pm on a date to be determined by the Directors prior to the annual meeting, but not earlier than November 1”.

MOVED by Roy Goodall

MOTION CARRIED

◆ **Board Resolution #2– Bylaw 4.10**

That Bylaw 4.10(b) be amended to require all proposals seeking a decision at an Annual Meeting be submitted 15 days in advance of the Annual Meeting.

The amended bylaw will read as follows: Except as otherwise provided in the these Bylaws, notice in writing of a proposal shall be submitted to the Board Secretary of the Co-op, or designate of the Board, 15 days prior to commencement of an annual meeting.

MOVED by: Roy Goodall

MOVED by Gregory Lang that the resolution be amended to strike out the words “15 days” and insert the words “11 business days” As no second was offered – the motion to amend did not go forward.

**AMENDMENT LOST
MAIN MOTION CARRIED**

◆ **Member Resolution #3 – Bylaw 5.01**

BE IT RESOLVED That Bylaw 5.01 be amended to read that:

The Board will consist of 12 Directors. Nine elected Directors, 3 of those elected each year, and 3 Directors appointed by the Board for a term of 3 years, which appointment may be renewed.

This resolution was modified by David Usherwood to the following:

BE IT RESOLVED that the Board will consist of 12 Directors. Nine elected Directors, 3 of those elected each year, and 3 Directors appointed by the Board for a term of 3 years, and such appointment may be renewed.

MOVED by David Usherwood and **SECONDED** by Kirk Schmidt

MOTION DEFEATED

◆ **Member Resolution #4 – Bylaw 5.18**

BE IT RESOLVED that Bylaw 5.18 (a) & (b) be repelled and replace with:

The Board of directors shall consult/retain one or more recognized independent compensation consultants to develop and have passed a motion of the Board to establish an on-going compensation policy for the compensation for all Board of Directors positions. The effective date of such motion to be effective date of the AGM and would be reviewed annually thereafter.

This resolution was modified by David Usherwood to the following:

BE IT RESOLVED that section 5.18 (a) & (b) be repelled (repealed) and replaced with:

The Board of Directors shall consult/retain one or more recognized independent compensation consultants to develop and have passed a motion of the Board to establish an on-going compensation policy for the compensation for all Board of Directors positions. The effective date of such motion to be effective date of the AGM and would be reviewed annually thereafter.

MOVED by David Usherwood and **SECONDED** by Alexander Ingram

MOTION DEFEATED

◆ **Member Resolution #5 – Governance Committee**

BE IT RESOLVED that the Governance Committee of the Board review on an ongoing schedule all such fiduciary policies of the co-operative and recommend appropriate changes.

This resolution was modified by David Usherwood to the following:

BE IT RESOLVED that the Governance Committee of the Board review on an annual basis all fiduciary responsibilities of the Co-operative's Board of Directors and to recommend appropriate changes.

MOVED by David Usherwood and **SECONDED** by Alexander Ingram

MOVED by Chris Jost and **SECONDED** by David Usherwood to amend by striking out the words "on an annual basis" and inserting the words "the compliance of".

AMENDMENT DEFEATED

MAIN MOTION DEFEATED

◆ **Member Resolution #6 – Ballot Numbers**

BE IT RESOLVED that ballots not include membership numbers.

MOVED by Terry Vulcano and **SECONDED** by Alexander Ingram

MOTION DEFEATED

◆ **Member Resolution #7 – Independent Firms**

BE IT RESOLVED that the Calgary Cooperative not use an independent firm (accounting or otherwise) to count the ballots for board of directors.

MOVED by Terry Vulcano **SECONDED** by Alexander Ingram

MOTION DEFEATED

◆ **Member Resolution #8–Consultants for Pre-Screen of Candidates**

BE IT RESOLVED that a consulting firm not be used to pre-screen candidates.

MOVED by Terry Vulcano **SECONDED** by Alexander Ingram

MOVED by Alan Holt and **SECONDED** by Barry Ashton to close debate on member resolution #8.

MOTION TO CLOSE DEBATE CARRIED

MAIN MOTION DEFEATED

◆ **Member Resolution #9 – No Bias on Ballots**

BE IT RESOLVED there be no bias in presenting candidates' name on the ballots.

MOVED by Terry Vulcano **SECONDED** by Craig Garrett

MOVED Alan Holt and **SECONDED** by Barry Ashton to close debate on resolution #9.

MOTION TO CLOSE DEBATE CARRIED

MAIN MOTION DEFEATED

MOVED by Chris Jost and **SECONDED** Gregory Lang that in accordance with the bylaws that the meeting be extended by 30 minutes from 10:00 pm to 10:30 pm.

MOTION DEFEATED

7. ATTENDANCE REPORT

Ms. LeSueur announced the attendance for today's meeting.

A total of 186 people were in attendance at today's meeting. Of those present, 170 were members and 16 were guests.

8. **DIRECTOR ELECTION RESULTS**

Ms. LeSueur congratulated all sixteen candidates who ran in this year's director election and introduced the candidates to the assembly.

Cindy Andrew
Doug Cameron
Myra D'Souza
Mike Dalton
Brian Dojcinovic
Sue Frerichs
Marian Hanna
Brian Hinton
Alexander Ingram
Gael MacLeod
Patricia McLeod
Dennis Niebergal
Elaine (Bereziuk) Smith
Rick Smith
Laura Sullivan

Ms. LeSueur then introduced Justine Ignacz from the election firm Grant Thornton to report on the director election results.

The three candidates elected to the Calgary Co-op Board of Directors to serve a three-year term are:

Cindy Andrew	2,162
Patricia McLeod	2,282
Mike Dalton	2,453

Ms. LeSueur thanked all of the candidates in the director election on behalf of the Board, and congratulated and welcomed the Directors that Co-op members had chosen to serve on the Calgary Co-op Board. Ms. LeSueur then asked for a resolution to have the ballots destroyed by Grant Thornton after June 30, 2017 should there be no disputes regarding the outcome of the election.

MOVED by Barry Ashton and **SECONDED** by David Usherwood that Grant Thornton will retain all ballots cast in the 2016 director election

until June 30, 2017, after which time they will destroy the ballots if there are no outstanding disputes regarding the director election.

MOTION CARRIED

9. QUESTION PERIOD

Due to the time limit of the meeting having been reached there was no question period held.

10. OTHER BUSINESS

No other business was discussed.

Members were asked to return voting units to the attendants at the door, and to recycle meeting kits by leaving them on the table in the lobby.

A draw was conducted earlier in the meeting for door prizes. Winners were asked to come forward to claim the prizes.

11. TERMINATION

The meeting automatically terminated at 10:00 p.m. by operation of time.

CHAIR

SECRETARY