



**Hornby Island Co-op AGM – Minutes**  
**Sunday, May 26, 2019; 10:30AM at the Community Hall**  
**Celebrating 64 Years!**

**Call to Order**

Jim Garton acknowledges that the meeting is on the unceded traditional territory of the K'omoks First Nation. The meeting was called to order at 10:35AM. Jim introduced the board and Team Leader and expressed regrets from Jill Candlish and Al Dickie. Jim Garton gave the membership a few moments pause to review the minutes and the resolutions prior to proceeding. Jim welcomed Doug Potentier of FCL and Corey Vanderhorst of Meyers, Norris, and Penny (MNP).

**Business Meeting**

Presentation and approval of R.1 Procedural Items. Discussion on why remuneration was so late on the agenda. Jim answered that the flow of the agenda was designed to help have better understanding of the resolution being made.

**MOTION:** Jim Garton asked for a motion to approve R.1 and asked for a seconder. M/S Eleanor Laffin /Reina LeBaron. The motion passed unanimously.

**Reports**

**President's Report – Jim Garton** spoke to his report. He noted the hard work done by staff, managers and the board and highlighted the strong financial results. Building renovations were touched upon. Jim welcomed Lisha Scott as our new Team Leader and discussed how the manager bonus would be tied into performance. This is the first-year post bylaw changes where there would be no nominations from the floor. Overall, the Co-op's results exceeded expectations for the past year.

Questions:

- Sheila Macpherson: Is bonus based on profit share or performance? It is profit share (based on gross wages). A general bonus applies to all staff and is based on total savings generated.
- Sue Horner: has union be consulted. No, will be if it comes up.
- Donna Tuele: Based on her experience performance bonuses worked well the first year but had a negative effect over the long range.
- Judith Walmsley: Unions don't look favourably on performance bonus.
- Rachelle Chinnery: Define performance bonus, elaborate. FCL has been looking at compensation for different levels. Past year was on the manager level. Performance piece is just for management now, not for unionized staff. With careful consideration we can find more ways of compensating staff, this is just one way we are looking at.
- Melissa Lampman: Who decides on the performance parameters: The management team decides with the Team Leader.
- Daniel Siegal: Starting pay for staff less than \$15/hr. Upping the min wage is an easy way to compensate staff.

**Team Report – Lisha Scott** Thanked the members for attending and participating in the AGM. She noted that it is her job to carry out board policy and manage the Coop as outlined by the board of directors. It was a successful year. Lisha

thanked staff and management, the most important part of our organization. Lisha called out and acknowledged each manager by name. She also thanked the board for all the work they do. Lisha noted that she is always available for questions or comments.

**Auditor's Report – Corey Vanderhorst** thanked the board/members for their welcome. He outlined the process whereby Lisha and her team put the numbers together and MNP performs checks. Cory walked through the income statement and then reviewed the balance sheet with the members. Explained that “Other” on the Balance Sheet looks odd compared to last year due to a timing issue with FCL. MNP is satisfied that the audit did not reveal any material issues with the financial statements of the Co-op for the year ending January 31, 2019.

- Net Savings: \$514,025 vs \$334,457 prior year
- Sales: \$7,592,050 vs \$7,024,912 prior year
- Gross Margin: \$2,247,174 vs \$2,071,856 prior year
- Expenses: \$1,789,989 vs \$1,765,825 prior year
- Patronage Refund: \$82,680
- Current Assets: \$3,791,216. Liabilities: \$273,961. Members Equity: \$3,791,216.

The following questions were posed and answered:

- Reina LeBaron: term deposits went down? Due to capital expenses like parking lot expansion and upgraded refrigeration.
- Reina LeBaron: Reserves and retained savings: This is amounts not returned to members in equity and also physical assets. Will not match due to accruals.
- Donna Tuele: any points back / concerns? No major concerns, and we had the lowest noted issues since Rob has been on the board. Controls in place with both the Co-op and FCL.
- Sheila Macpherson: Savings from operations – before or after profit share with staff? After. Profit share for staff included in wages. Profit share plan comes out of local savings.
- Tony Law: reserves and retained savings – includes capital assets vs cash assets
- Tony Law: Statutory vs general reserves – per page 10 of the report, most dollars in general reserves. Difference? Not sure what statutory means, not often used, a legacy item. **Action:** Provide a definition of statutory reserves.

**MOTION:** To appoint the auditor of Meyers, Noris, and Penny for the 2019/2020 Fiscal Period. M/S Rob Lewis/Margot Bushnell carried unanimously. Be it resolved that Meyers, Norris and Penny be appointed Auditors of the Association, to hold office until the close of the next Annual General Meeting or until their successors are duly appointed and the Board of Directors be authorized to fix the remuneration of the auditors.

**Questions from the floor:**

- Colleen Works – is in favour of porta potties and would like a garbage bin placed adjacent to them. Colleen would like to sit on a committee to discuss toilets. Jim noted that we have been talking about toilets on the board for a long time. Lisha/Don thanked Colleen for all her hard work. Building committee has considered many options. Talked about incorporating flush toilets when renovating building but can our septic and water handle it?
- Tony Law - look out for lower income members of our community. Tight to live on a pension or a low wage and I question if I can continue to shop at the coop with their prices. That subject is on the table – how to keep pricing competitive and we are considering how to deal with that.
- Reina LeBaron - glad keeping old store and not sure we have appetite for new development. Consider climate change impact when doing the renovations and “green” building materials, etc. Secondary to profits in her mind.

Jim noted **correspondence by David Wiseman** as chair of emergency preparedness committee requesting the Co-op give thought to role it would play in a critical event on the island. Mary McKenzie would like to see the Coop to install more water storage tanks in gas bar parking lot.

**Presentation by Doug Potentier.** Doug is the District Representative on the FCL Board but will retire in March. FCL exists to supply goods and services to members. Vision: Building sustainable communities together. 4 commodities:

Energy/Food/Agriculture/Home & Building Supplies. Margins are low in food. Growth and significant investment in high throughput fertilizer initiatives. Testing E-85 gasoline (up to 85% ethanol in the fuel) in BC for flex vehicles. Cannabis shop in Calgary, both regular and CBD. FCL year-end is Oct 31/18. Sales up to 10.7 billion from 9.8B due to energy sales. Profit \$575M to 1.1B! \$789M of profit returned to local coops.

- Sheila Macpherson: energy anything other than petroleum? Getting out of the business of drilling but still have some active wells. All petroleum but installing solar and looking at wind turbines, reduction of water use in refineries. There is a push to reduce packaging/plastics.
- Sheila Macpherson: what do we as HI to encourage investment in alternate sources of energy? March annual meeting in Saskatoon, delegates spend day with senior management team. Your voice is through the board. Judith Walmsley: award for water reduction, where did the award come from? It was a couple of years ago. Google FCL wastewater recovery project. \* Award was from The Wastewater Improvement Project at the Co-op Refinery Complex was named Industrial Water Project of the Year at the annual Global Water Awards held in Madrid, Spain, on April 24. The award recognizes the project, commissioned in 2016, that represents the most impressive technical or environmental achievement in the field of industrial water. <https://www.fcl.crs/news-reports/news/article/refinery-wins-global-water-award>.

Jim paid tribute to Doug and his years of community service. He noted that Doug never failed to serve Hornby and presented him with a gift of appreciation.

#### **Prizes were drawn:**

In lieu of the Fuel up to Win, we ran a local contest called 3 Wheelbarrow and a BBQ. Ian Walmsley, Liz Earle, Scott Townsen each won a wheelbarrow. Doug Potentier drew the name for the BBQ: Suzy Long, member 1383.

Door prizes: \$50 gift certificates: Mette Wullum. Doug Shaw. Jim Garton passed and Barbara Baird won. Holly Morgan. Jan Bevan. Dick & Heather Goldman.

**Election of Directors** – Bill Havens chaired the nomination committee this year and he thanked the other members of the committee. Bill noted the resolution to eliminate nominations from the floor was passed by the membership last year. We have four candidates for the four available slots: Claire Burke, Judith Fletcher Elkins, Jennifer Fletcher, Jim Garton. Candidates are elected by acclamation.

**MOTION: Bill Havens requested a motion for election by acclamation. M/S Donna De Plessis / Reina LeBaron, carried unanimously.**

#### **Resolution of Remuneration Policy:**

Claire noted that this issue has been raised at past board meetings over the years and this year we found that many of the young people approached for the board may have said yes if there was compensation. This board is unique as it is a for-profit organization. We would still be volunteers for most of the work we do, as compensation proposed would not include any honorariums or retainers commonly used to value the time board members spend outside of formal board meetings. Estimate it will run about \$25K annually based on 9 board members going to 10 board meetings per year, and some committees meet quarterly, some monthly. (Rob: assuming we work 5000 person hours per years.)

- The money would come from savings, not wages.
- Does this include administration costs? Not. Judith Walmsley estimates it would be more like \$34K. Includes board and committee meetings. Finance Chair Rob Lewis confirmed the estimation is closer to \$25,000.
- How will this be voted on? Bonita Wexler asked for secret ballot.
- Where show on income statement? Directors and Meetings – treated like a per-diem. Cory said it is different from T4A.
- What is staff wages range? Wages are tiered and increase by different percentages by tier and by seniority. 34 employees. Wages can range from \$12.49/hr (one employee) to long term staff making in the \$19/hr range. Cannot speak to the manager wages. Union dues paid by staff. All employees get benefits and 10% off in-store. It was noted that not all benefits are in the union contract like 10% off. RRSP contributions 6.25%, 50% MSP premiums, sick compassion and holiday leave paid. Group health insurance. How many junior clerks have 24 hrs/wk?
- Judith Walmsley asked the board to raise wages. They are too low.

- Peter Huron: Where can we have access to the signed Union contract? Please let us know where to view it.  
**Action:** Get back to members on where/how they can view the collective agreement.
- Claire noted that compensating the board doesn't come out of staff wages.
- How long are the meetings? Tend to be around 3 hours.
- Claire noted that this is an important discussion, but these are separate issues, and living wage has been discussed at the board level, especially over the last two months, board minutes are available online.

Jim explained that remuneration is not about paying this board, it is about the future. CAST meeting showed that there isn't one organization who is not struggling to find board members overall but younger board members in particular. These are the ones we want on our boards for the future. This isn't an expense; it is an investment in our future. It is not setting a precedence. This is a step to draw in the right people in to run the board of the Coop.

**MOTION: The following remuneration of the directors of Hornby Island Co-operative be approved:**

1. Remuneration for attendance at meetings, either in person or by electronic means;
  - a. Any scheduled Board or committee meeting will receive a per diem of  $\frac{1}{4}$  the FCL director daily per diem rate (FCL day rate currently \$512;  $\frac{1}{4}$  = \$128)
  - b. In recognition of the extra time put in by the President and Board Secretary, those offices will receive  $\frac{1}{2}$  the FCL director day rate for board meetings (regular  $\frac{1}{4}$  rate for Committee Meetings).

Fee is to be indexed to  $\frac{1}{4}$  ( $\frac{1}{2}$  for offices of President and Secretary) of the Federated Co-op rate for regular meetings and automatically adjusted whenever Federated Co-op changes its rate.

M/S Casey Doss/Rachelle Chinnery, 31 No, 18 Yes, resolution did not pass.

**57 members attended the meeting but only 53 members present for the vote on remuneration**

Discussion:

- Casey Doss: thanked the Co-op for providing child care. Was approached to join the board. If there was compensation, it would help – currently working 5 jobs, boards take up a lot of time, and believe a good cross section of the community should sit on the board.
- Helen Onorah: volunteers keep business afloat and should not expect anything in return. Noted that the board works incredibly hard but can't support decision to reward with money. Does this lead to other organizations demanding payment? Many of our 100 or so volunteers have grey hairs and can't accept the resolution
- Donna Duplessis: grew up volunteering but know that financial times are different than when she grew up. Noted the time when a past fire chief asked for remuneration. Struggling with this motion.
- Tony Law: Board has taken a long time considering this. As past secretary he witnessed the work that is done on the Co-op board. Look at standards elsewhere when high level of fiscal responsibility. On nominating committee – looking for skills/knowledge and they are in short supply and high demand and also should the board not represent the community? Community built on volunteerism but young people are struggling to make ends meet. Which job do you not do so you can attend a meeting? Who do we want on the board in the future?
- Rudy Rogalsky: Was a board member when the bottom line was not as good as it is now. Board had to work very hard and never discussed remuneration of any sort. Every organization is having trouble recruiting younger people but are recruiting people. HIRRA who has many volunteers, and none are remunerated other than the satisfaction of serving the community. If we pay, then upping the ante for when other organizations recruit people. A part time resident lawyer said don't do it – people would sit on the board just for the money. The proposed amount is high relative to what staff is paid. Not opposed to some honorarium so what about the 10% everyday?
- Reina LeBaron: served on boards and works, considered younger since under 50. Reina gets about \$50/meeting – move to amend to  $\frac{1}{8}$ <sup>th</sup> the FCL rate. Many are shocked by the number and too much to be paid right off the bat. For profit dealing with millions of dollars, dealing with bigger stakes. **MOTION to amend the resolution to half the rate recommended by the board. M/S Reina/Judith Walmsley. 53 members present for the amended motion. 21 for. The amendment failed.**
- Peter Huron: The amount of money recommend for the amount of work is chump change. It's a lot of work and the compensation recommended does not cover it. You are getting a deal.

- Donna Tuele: we have had young people on the board in the past. That isn't the only reason not serve on the board. Encourage daycare, 10% shopping, and directors get benefits after putting in 520 hours. In the past, the president/secretary are elected either by members or by board every time.
- Chris Aikman: keep one thing in our minds, the long-term prosperity of our coop. We can lose things easily and it is hard to get them back. This is a tough time for retail and margins are thin. Don't want our Co-op to vanish.
- Jan Bevan: against the resolution. Badly worded. Per person and per meeting? Way too high as a starting point. Was in favour of Reina's modification sorry it didn't pass.
- Judith Walmsley: thanked all past board members. 30 years a member and a 10-year employee. Times are changing and suggest we have one more year to look at this change. Wording was lacking. Let's clarify things. Ceiling on these meetings and hard to vote for it if we don't know the total amount. Community involvement and willingness to learn make good board members. Staggered terms and FCL training. May be worth a lot more but this is not a good start. Vote against.
- Three members requested a closed vote.
- Jim noted that this would be controversial and would require a lot of discussion. A confidential vote not required as Jim feels the board is open to the discussion. Find the right way forward. We've had a good discussion. Look for alternate ways to compensate board. Membership engagement meeting in the fall.
- Consider committee to look into this including non-board members and have these types of resolutions earlier in the meeting.

**Recognition of Departing Director:** Jim noted that Al Dickie is not running for the board again and thanked him for his contribution. Suzie La Rose's position was also vacant.

**Motion to adjourn meeting at 1:01PM**