



President's Message

AGM, January 21, 2013

Introduction



Good evening Members and welcome to our Annual General Membership Meeting. On behalf of myself, my fellow directors, the management team and staff, I would like to thank you all for coming tonight. Your attendance and participation at the AGM are of great importance as we review the past year, the Budget for 2012/2013 and your co-op's strategies for the upcoming year.

Fredericton Direct Charge Co-op continues to be an important part of our community, serving over 8500 member families, representing 25,000 people in the greater Fredericton area, an indication of the store's continuing success and the value of co-operation.

Fredericton Co-op continues to remain a major player in the local market place and remains the largest locally owned retailer in the city.

Operations

As we near completion of the first quarter of our current fiscal year, sales continue to be a challenge but margins are close to budget.



This past year, as well as this one to date and into the future, have been a challenge for retailers in the Fredericton and surrounding areas and no different for our Co-op. The competition is strong with more and more retailers venturing off into the grocery market. As you have probably already noted by the financial results for this year, the impact of these additional retailers trying to grow their market share has had an effect on our margin results as we repositioned our strategies to deal with these changes. Collectively we believe the Board, Management and Membership have made FDCC the success it is today and together we can ensure our presence in our community remains strong for many, many years to come. With the full support of the Board Sr. Management have initiated an aggressive plan which is reviewed weekly and we have every confidence that with your continued

support and loyalty we will overcome these challenges. In anticipation of this you will see that we have budgeted for a break even result this year.

Based on our sales volume, Atlantic Progress magazine once again listed Fredericton Direct Charge Co-op in their annual report of 101 top companies in Atlantic Canada.

In October of this year an independent survey initiated by NB Common Front for Social Justice was completed on grocers within the Maritimes. The survey teams went to 31 New Brunswick grocery stores from north to south and east to west. Co-op was identified as the best value grocery basket among all the other grocers surveyed. This is a significant accomplishment and is much in part to loyal members like those of you attending this evening and Management and staff who work hard on our behalf every day to deliver excellent value and great products.

Our goals as a Direct Charge Co-operative are to continue to make sufficient income on sales to offset operational costs and we continue to work with our business partners to buy product that allows us to provide a savings to our membership, while maintaining a break even budget.

Volume at the North Side gas bar location remains consistent, providing a great service to our members who live on the Northside of the river, while at the same time having minimal impact on our volume at the Doak Road location.

Membership levels have continued to grow as well and we have experienced a consistent increase in membership numbers throughout the past year. I'm very happy to report it was one of our better years for membership growth.

New in 2012

Since inception in 1973 FDCC has had only one General Manager. For some time now Mr. Palk has advised the Board of his wish and intention to retire. As a result we are fortunate to have the opportunity to acquire the services of Mr. Murray Hatchard to assume the General Manager role. Murray brings with him more than 25 years of experience with Co-op Atlantic, has successfully managed a number of retail operations within Co-op Atlantic and most recently held the position of Director of Retail Operations. We are very pleased to have an individual with his Co-op background, talent and experience at this important time in our history. Our retiring General Manager and our new General Manager will work together to ensure a smooth transition during this time of change.



Mr. Murray Hatchard

We've watched as Chippin's Limited has created a new subdivision just above us off Allison Boulevard for the sale of land home packages. The construction and opening of the Grant Harvey Centre, indoor tennis courts, a new soccer field and Elementary School have all been constructed in our area within the last two years – we believe all of these additions close to our location will bring new opportunities to market our Co-op and increase our young family membership.

The Board, Management and Medicine Shoppe Pharmacy have been working together on the concept of adding a walk-in clinic to our facility. We believe this would be an opportunity to service our membership in an additional way as well as a way to attract new members. All elements of the plan are in place and we are just waiting for the medical community to respond to our search for a doctor who has an interest in our concept. We are looking for membership support in this area as we have not yet been successful in acquiring a retired physician or new physician who has expressed an interest in this option.



Your Co-op hosted two open houses in 2012, one in June in celebration of our Anniversary, Community days and in conjunction with the International Year of the Co-op, and one in October to coincide with Co-op Week. Staff, Management and Board partnered together to make these events a huge success. You the membership supported these efforts as well – bringing your friends, neighbors and relatives for a visit while shopping and participating in the special activities during the day. As a result we saw approximately 75 new members join the Co-op.

Following a period of thorough research on members shopping practices the decision was made to adjust the store evening hours which has resulted in a closing time of 8:30 p.m. rather than 9:00 p.m. This adjustment has now been in place for almost 4 months and members have adjusted well – this small change will result in close to \$80,000 savings per year.

Due to the fact the previous ATM, which was the property of OMISTA, was antiquated and no longer met compliancy regulations, OMISTA was forced to make a tough decision to remove this ATM and chose not to replace it. Where members made it very clear to us that they appreciated having an ATM on site, we partnered with our Point of Sale company to be able to provide members with a solution that offered this service at a very reasonable transaction fee of only .50 cents. To make this new ATM viable and at the same time, improve security at the cash registers, cash back at the time of purchase was eliminated. Although there was a bit of a transition period for Credit Union members who enjoyed having no fee transactions before, the new ATM is being well received and we are averaging almost 30 transactions a day.

The subject of our current refund policy has been mentioned at a number of previous AGM's. Coming within the next several weeks you will see positive adjustments to our refund policy as a result of member requests and suggestions. This

new policy will make it easier for members to return and/or exchange items at the store whenever necessary. Your co-op is always mindful of member requests and member comments are reviewed on a consistent basis by the management team. New products are added on a regular basis and operations geared towards best meeting the evolving needs of the membership.

Fredericton Co-op continues to work with local suppliers towards our commitment of promoting local products whenever possible. The Environment Committee has also been active in developing a 'buy local' theme at the store with our own symbol promoting local, NB grown products.

Member Appreciation Week

Our biggest event of the year is our annual Member Appreciation Week Sale held in late November. Fredericton Direct Charge Co-op is able to offer the Annual Member Appreciation week sale because of the volume of sales generated throughout the year due to member's loyalty. From this volume, staff is able to negotiate special pricing from suppliers to be able to offer additional savings to our members.

This year's event was again very successful, with sales reaching 2.5 million dollars for the week. Members appreciate that ample inventory is kept on hand throughout the week and that most non-food sale items, if required, can be reordered at the sale price. Staff and management have also taken great care to merchandise the store and arrange department cash line-ups to make the week as organized as possible, and improve on this planning each year. The result of all this is that the Members Week event has a comfortable atmosphere and members are able to shop with ease and maneuver through the aisles with reduced congestion.



Community Involvement

Fredericton Direct Charge Co-op continues to play a significant role in your community through our involvement with numerous community events, which helps provide funds for a number of charitable, non-profit organizations.

Throughout the year premiums that are received through volume buying have been provided to members submitting requests for various schools, sport and community related efforts, along with funds allocated to member relations to assist with charity causes and non-profit groups.

The Staff fundraising committee, which was initiated and motivated by the staff and supported by our suppliers, has become a focal point of much of the co-operatives community giving. Again this past year the committee has been busy with applications for assistance. At Christmas time alone, the committee provided for a number of needy families, many of which required aid of \$300 or more. To date over \$130,000 has been given to staff and members in crisis, people in the community, local charities, and community events over the past number of years.

Fredericton Co-op once again partnered with the non-profit organization Fredkids with a commitment as one of their Community sponsors. We continue to look at opportunities to grow our membership and bring in young families.



Your co-op also continues to offer its post-secondary awards program for students within the membership. Each year academic awards are presented to students in the membership based on financial need, academic achievement and involvement in the community. The scholarship winners for 2012 were:

- Emily Hazlett
- Carrie Culligan-Yeamans
- Christina Moore
- Kathleen Gorey-McSorley

The Board offers their congratulations to these young people and wishes them continued academic success. The Board would also like to recognize and thank the scholarship committee members who spent many volunteer hours to determine the recipients of our scholarship awards in 2012.

Board Activities



Your Board has attended a number of co-operative meetings, such as Co-op Atlantic's Zone Conference and Co-op Atlantic's Annual General Membership Meeting. One of the Board's responsibilities is to provide input and leadership to Co-op Atlantic which we exercise through these meetings and additional correspondence with Co-op Atlantic on issues that affect not only the future of Fredericton Co-op, but also the co-op system throughout Atlantic Canada.

The Belton Group has been hired to explore and provide more social media opportunities for Fredericton Direct Charge as a way to communicate and attract younger families who are more in tune with this type of social interaction. You may have already noticed that our Facebook page has been revamped. Feedback indicates that we have received more hits on our new Facebook page in the past month than another comparative store over the past year. We plan to use this new way of communication and advertising to enhance

our President's letter, special sales events and future open house activities.

The Environment Committee has been very active this year by hosting a presentation on organic products, promoting healthy food choices and erecting an in-store Green Board for the purpose of educating and highlighting member's environmental practices.

The Member Relations Committee continues to work on behalf of the Membership. This Committee communicates with members through the Board newsletter, by participation in upcoming home shows and the Fredkid Fair and has implemented exit surveys for resigning members. They are now exploring the option of a weekly 50/50 draw at the store in support of community non-profit organizations.

The Property Development Committee has been gathering information for on-site business opportunities in regards to our unused land, and continues to work with Sr. Management and our partners in the Medicine Shoppe in an attempt to bring the walk-in-clinic concept to reality.

For many years now, we have had a committee of Board and Staff in place at Fredericton Co-op to develop strategies and action plans to ensure the continued success of your co-op.

Board Goals for this year include:

- Marketing our Co-operative Advantage to FDCC, Members and the Community
- Promote environmental practices
- Investigate existing property development
- Promote and enhance communication between Board and Staff

In Closing

We strongly believe that one of the benefits of being independently owned (by the members) is that Fredericton Co-op's member-elected Board of Directors and the management team are able to act very quickly to make changes that will improve the store in the best interest of our member/owners. The members' pride in their store is a result of the fact that they have a say in how it is operated; that pride and the ensuing positive word of mouth of the members in the community has played a strong role in the success of Fredericton Co-op.

The Board would like to thank the staff and management for their hard work on our behalf over the past year. The unique and positive things our operational staff does to make our Co-op a success speaks to their commitment to us as members. They are to be



congratulated for their efforts and results.

I would also like to acknowledge the directors who have been so supportive over the past year and who have volunteered their time to ensure your co-op remains strong.

Finally, on behalf of the Board of Directors, I want to thank you, the membership...the families who own Fredericton Co-op. As we have just completed our 39th year of operation, we look forward to many more successful years serving you, the member and our community, as we aim to continue our success in the future and to remain an important part of our community and committed to the co-operative movement.