

President's Message 2012 AGM

Introduction

Good evening Members and welcome to your 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 2011/2012 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 which represents 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 is the largest locally owned retailer in the city.

Operations

As we near completion of the first quarter of our fiscal year, sales and margins are close to budget.

Your co-operative remains in a strong financial position as you will see on the financial statements, and we continue to exceed most ratios required by our banks and suppliers. Membership levels are also consistently within budget.

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.

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.

A member survey was conducted in late November to determine how important credit card usage was to our members. Each year Fredericton Co-op pays out approximately \$800,000 in annual credit card costs, this survey was conducted to determine if this expense could be eliminated, depending on members' feedback. Based on the feedback provided by our Members, the Board has agreed to maintain our current credit card service to members and that members have been clear that this is not an alternative to removing Service Fees.

This past year your Co-op was involved in a wrongful dismissal case regarding a former employee which resulted in a favorable ruling for the plaintiff. After much discussion at

the Board level, and carefully considering the associated costs, it was agreed not to appeal this decision.

Volume at the North Side gas bar location continues to grow, providing a great service to our members who live on the northside of the river, while at the same time having no negative impact on our volume at the Doak Road location.

New in 2011

As part of our succession planning, with our General Manager Mr. Palk retiring at the end of this fiscal year, we are very pleased to announce that Tim Granter has been hired as Sheldon's replacement and incoming General Manager. Tim has many years of experience in management and began working in the retail sector after graduation. Tim has been busy meeting members, working with the staff and Board, and is committed to ensuring the continued success of Fredericton Co-op.

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.

Management and Board spent a significant amount of time this past year discussing the challenges and developing action plans to prepare for a new retailer opening in Fredericton. An information booth was set up for two weeks in the store this spring which provided our members an opportunity to ask questions and learn about the many programs Fredericton Co-op has to offer.

Members were also educated on 'smart shopping' when purchasing their weekly food baskets, such as weighing the pros and cons of buying bulk items elsewhere, versus taking advantage of the same items featured in our weekly flyer. From the comparison that we have completed, in most cases buying in bulk at your local supermarket when on sale will provide you with the best overall value.

Your co-op continues to market households in the surrounding communities as a way of letting them know about our programs and what Fredericton Co-op has to offer.

Fredericton Co-op has completed the majority of its renovation plans this past year and the newly renovated Produce Department along with the open space at the back of the store has resulted in positive comments by many of our members.

Our former video department has been converted into a specialty boutique called "Taste of Indulgence" that offers a selection of coffee, wine making supplies and other specialty items that have become popular with our members.

As a result of the energy audit that was conducted at the store last year, a number of upgrades have been made and as a result we received an energy rebate from the

government. These upgrades will also provide additional savings in the years ahead in terms of reduced energy consumption as a result of the installation of new dairy cases and new energy efficient lighting.

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 are 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 2.8 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.

One of our major donations this year was in providing financial support for the local YMCA new building fund.

Fredericton Co-op was proud to support the Oromocto High School Envirothon Team this past summer. The Oromocto team won the Provincial Envirothon and finished 4th in North America.

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 \$500 or more. To date over \$100,000 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 3 year 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 2011 were:

Jeremy Van Slyke
Hannah Hamilton
Cameron Duplessis
Jamila Belhadjsalah

The Board offers their congratulations to these young people and wish 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 2011.

Board Activities

Your Board has attended numerous co-operative meetings, such as Co-op Atlantic's Zone Conference, NB Co-op Council Meetings 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 Board component of our website has been updated and funds have been included in this year's Budget to explore additional social media opportunities as a way to attract younger families who are more in tune with this type of social interaction.

The Environment Committee has been very active this year and continues its efforts to reduce member reliance on plastic bags and encourages everyone to visit the 'green file' on our website.

The Member Relations Committee continues to work on behalf of the Membership and communicates with members through the Board newsletter, and by participating in several meet and greet sessions at the store over the past year.

The Property Development Committee has been gathering information for on-site business opportunities in regards to our unused land, and has met with government officials to discuss the possibility of a medical complex. The committee has also met with representatives from Co-op Atlantic to discuss the feasibility of satellite enterprise opportunities, similar to our Northside gas bar location.

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. Due to the importance of this topic, the Enterprise Planning Committee is now a standing committee and meets on a regular basis to discuss strategies and action plans for the upcoming year.

Board Goals for this year include:

- Marketing our Co-operative Advantage-increase communication between Board, Community and Members
- Reduce energy consumption and promote environmental practices
- Investigate existing property development
- Investigate satellite outlet operations
- Promote and enhance communication between Board and Staff

In Closing

In closing I am proud to announce that 2012 has been formally designated as the International Year of the Co-op. Stay tuned for special events associated with this recognition and a focus on Co-ops in the media throughout the year.

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 staff that you employ, many of whom are here tonight work diligently on your behalf to ensure your store is clean, well stocked and running efficiently. 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 38th 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.

Motion

I MOVE THAT THE REPORT FROM THE BOARD OF DIRECTORS FOR THE FISCAL YEAR 2010-2011 BE ADOPTED AS PRESENTED