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**MEC Annual General Meeting Minutes, April 29, 2010**

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**Meeting Minutes  
Mountain Equipment Coop  
2010 Annual General Meeting  
SFU – Segal School of Business, Vancouver, BC  
April 29, 2010**

The 39<sup>th</sup> Annual General Meeting of Mountain Equipment Co-operative (MEC) was held on Thursday, April 29, 2010 in the event room of the SFU Segal School of Business, Vancouver, BC.

The meeting began at 6:00pm PDT and adjourned at 7:30pm PDT.

**Wildsight Presentation**

A presentation on the Flathead River Valley was given by Casey Brennan, the Southern Rockies Program Manager for Wildsight, a non-profit charitable organization dedicated to maintaining biodiversity and healthy human communities in Canada's Columbia and Rocky Mountain eco-region.

Casey played an instrumental leadership role in the efforts that led to the B.C. government's recent decision to permanently prohibit mining and oil and gas activity in the entire Flathead watershed. The Flathead was also featured on MEC's Big Wild website.

**Call to Order**

Denise Lawson (Chair, MEC Board of Directors)

**Quorum, Welcome, Introductions**

Denise Lawson called the meeting to order at 6:15pm PT with a quorum present. Members in the meeting were welcomed. The Chair noted that Karen Miner would serve as the Secretary for the meeting, and that there were three meeting scrutineers from PricewaterhouseCoopers in attendance. Directors in attendance were introduced: Denise Lawson, Chair (Bowen Island, BC); Karen Miner, Vice-Chair (Halifax, Nova Scotia); Shauna Sylvester, Treasurer (Vancouver, BC); Shawn Mitchell (Vancouver, BC); Sara Golling (Rossland, BC), Colin Campbell (Victoria, BC); Chris McNeill (Delta, BC); Bill Gibson (West Vancouver, BC), Drew Anderson (Ottawa, Ontario).

The Chair also introduced David Labistour, MEC CEO, Garry Mancell, Parliamentarian of Davis LLP and Auditor Leo Smyth of PricewaterhouseCoopers LLP.

**Adoption of Rules of Order**

The revised Rules of Order were reviewed as circulated.



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### **Motion Regarding the Rules of Order**

Casey Brennan (#5841820) moved, Tim Southam (#226522) seconded that the amended Rules of order be approved as circulated.

Motion Carried.

### **Adoption of AGM Agenda**

The AGM Agenda was reviewed and will stand as circulated.

### **Adoption of the 2009 AGM Minutes**

The 2009 AGM minutes were reviewed as circulated.

### **Motion Regarding the 2009 AGM Minutes**

Emilie Plante (#2922938-2) moved, Robert Brusse (#42) seconded that the 2009 AGM Minutes be approved as circulated.

Motion Carried.

### **Reports**

#### **Chair's Report**

Denise Lawson presented the Chair's Report.

The complete report can be found in MEC's *2009 Annual Report*.

#### **CEO's Report**

David Labistour presented the CEO's Report. He also acknowledged the MEC Senior Management Team and the Senior Managers in attendance: Alan Fitterer (Distribution Centre and Logistics); Cathy Smith (Senior Manager, Human Resources); Gary Faryon (Senior Manager Operations); Georgette Parsons (Senior Manager, Information Systems); Jeff Crook (Senior Manager, Buying and Design); Naomi Ozaki (Senior Manager, Production); Nathalie Baudoin (Senior Manager, Communications and Marketing); Sandy Treagus (CFO); and Esther Speck (Director of Sustainability).

The complete report can be found in MEC's *2009 Annual Report*.

#### **Sustainability Report**

Karen Miner, Sustainability Committee Chair, presented the Sustainability Report.

The complete report can be found in MEC's *2009 Annual Report*.

#### **Audited Financial Statements and Treasurer's Report**

Shauna Sylvester, Treasurer, presented the Audited Financial Statements and Treasurer's Report.

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The Treasurer remarked that the auditor, appointed by the membership at last year's AGM, PricewaterhouseCoopers LLP, has completed the audit. The auditor's opinion is that the 2009 financial statements for MEC represent fairly in all material respects the financial position of MEC as of December 27, 2009, and the results of its operations and its cash flows for the fiscal year then ended are in accordance with Canadian generally accepted accounting principles. Detailed copies of the financial statements were circulated to members attending and were reviewed.

The Treasurer also highlighted the fact that a new store was opened in Longueuil in October 2009, and that a new store is under construction in Barrie and scheduled to open in the fall of 2010.

Refer to *Mountain Equipment Co-operative 2009 Consolidated Financial Statements* for full details.

### **Compensation Report**

Shauna Sylvester, Treasurer, presented the Compensation Report.

The Treasurer noted the Director compensation framework for 2009, as follows:

- Meeting honorarium of \$300/meeting
- Meeting honoraria capped at \$22,500/Board year/Director
- Stipends for Chairs per Board year: Board Chair: \$8,000, Vice-Chair and Treasurer: \$4,000 each and Committee Chairs: \$2,000 each.

The Treasurer presented the Director compensation for 2009, as follows:

- Total Director Meeting Honoraria: \$130,250
- Total Director Travel honoraria: \$6,675
- Total Director Stipends: \$24,000

The significant decrease in travel honoraria awarded was explained by the fact that in the past year, only 2 directors were based in Eastern Canada, as well, one Board meeting was replaced by a video conference.

No Directors exceeded the maximum set by the members.

### **Questions and Discussions on Reports**

Charles Steele (#201426) asked about the 60 day requirement of advance notice in regards to Ordinary Resolutions. The member was concerned that if a resolution is put to the Board as an ordinary resolution, that the Board will supervise the content of the resolution and will not allow it to come forward in its original state.



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The Chair clarified that the resolution surrounding 60 days notice was not a resolution passed at the previous AGM, but that it is a rule within the Co-op Act that MEC was not in line with. This rule is meant to give all members advance notice of ordinary resolutions coming forward, and thus the opportunity to engage in the conversation at the AGM. Furthermore, as the resolution has passed, this gives the Board the ability to vet resolutions and refuse to accept some coming forward. However that would only be done if the resolution was not in the best interest of MEC.

Charles Steele asked for an example of a resolution that would not meet with the Board's approval.

The Chair replied that in the past when MEC changed its Special Resolutions requirement to necessitating a 60 day advance notice, competitors were taking advantage of this by putting forward resolutions that we had to post that were, false, defamatory and that ridiculed MEC. At that time, the Board put forth a Special Resolution giving them the ability to refuse vexatious resolutions coming forward. Because we are once again posting resolutions, we would like to prevent this incident from occurring again.

Josh Workman (#18883470) asked about the Key Performance Indicator in relation to the Community Investment area. Is there any consideration for the outcomes of the community investment and does follow-up occurs with the different organizations that MEC collaborates with? Specifically is there a general approach to considering the impact of the money spent rather than measuring the money itself.

The Chair of the Sustainability Committee replied that there is a solid policy at the Board level and operational programs to ensure that money going out is in line with MEC's charter and long-term goals.

Esther Speck, Director of Sustainability commented that there are two types of funding, one is strategic funding to a small group of organizations for a larger sum of money, and the other is applicant driven grants for smaller sums of funding, but to a larger group of organizations. In terms of the checks in place for strategic funding, we ensure that specific goals are set that align with our community program goals, and we follow progress on an ongoing basis. For applicant driven grants, we require project reports. We intentionally do not require over-reporting because we know that this can be a drain on an organization. We ensure that our requirements are clear and that we have a strong process for selecting the projects that have a high likelihood of achieving impactful outcomes.

### **Appointment of the Auditor**

Denise Lawson asked for the appointment of the Auditor Motion. The Treasurer put forward the motion:

### **Motion Regarding the Appointment of the Auditor**

Denise Lawson moved, Casey Brennan (#5841820) seconded that PricewaterhouseCoopers LLP be appointed as the auditor for Mountain Equipment Co-op for the 2010 fiscal year, and that the Board be authorized to fix the remuneration for the auditors.

### **Discussion on the Appointment of the Auditor:**

Reva Dexter (#25685926) asked how many years PricewaterhouseCoopers has been the auditor for MEC, as there is a cautionary note in the world of auditing and finance about auditors and Boards becoming too familiar.

The Treasurer replied that MEC is entering into its ninth year of a ten-year audit engagement with PricewaterhouseCoopers. The Finance and Audit Committee for the new Board year will be address the audit tender process.

Members voted on the motion.  
The motion was carried.

### **Board of Directors Election**

The Chair invited Leo Smyth, PricewaterhouseCooper LLP, Election Auditor to present the results of the 2010 election and Special Resolutions.

### **2010 Election Results**

Leo Smyth reported that PricewaterhouseCoopers LLP monitored the current year's election process as Election Auditor, and in their opinion the election was completed in accordance with the rules of the Co-operative and is to be considered valid. The results of the 2010 Board of Director's Election were as follows:

Member participation:

- o Total Votes: 32,758

The election results by candidate were as follows:

- o Lucy O'Driscoll received 12,210 votes and was elected for a three-year term.
- o Chris McNeill received 9,356 votes and was elected for a three-year term.
- o Margie Parikh received 9,237 votes and was elected for a three-year term.

The remaining candidates received the following votes:

Bill Gibson: 9,224 votes  
Geoffrey White: 8,083 votes  
Charlie Blair: 8,005 votes  
Dave Poulton: 7,572 votes

Morrie Schneiderman: 5,739 votes  
Ronald Factor: 4,851 votes  
Jonathon Holt: 3,916 votes  
Shane Kramer: 3,720 votes  
Sanford Osler: 3,640 votes  
George Pinho: 3,573 votes  
Jeffery Hansen-Carlson: 1,258 votes

### **2010 Special Resolution Results**

#### Special Resolution #1:

Provides for written notice of ordinary resolutions to MEC at least 60 days before AGMs. Passed with a result of 91% in favour.

#### Special Resolution #2:

Clarifies an existing rule that ordinary resolutions are only binding if they are required under the B.C. Co-operative Association Act. Passed with a result of 91.2% in favour.

#### Special Resolution #3:

Empowers the Board of Directors to disallow an ordinary resolution if at least 75% of the directors agree that accepting the ordinary resolution is not in MEC's best interest. Passed with a result of 89.2% in favour.

#### Special Resolution #4:

Extends from one year to three years the period between employment by MEC and the eligibility to run for the Board of Directors. Passed with a result of 76.6% in favour.

#### Special Resolution #5:

Strengthens the Board of Directors ability to protect MEC from rare instances in which a Director fails to fulfill his or her legal and ethical duties to members. Passed with a result of 95.1% in favour.

### **Farewell to Outgoing Directors and Introduction of New Directors**

Denise Lawson congratulated the newly elected Directors, Lucy O'Driscoll, Chris McNeill and Margie Parikh. Departing Directors Bill Gibson and Colin Campbell were acknowledged and thanked for their significant contributions to the cooperative during their terms. Bill Gibson served as Treasurer for many of his years on the Board, and he most recently chaired the Human Resources and Compensation Committee. During the 1990s, he was also MEC's CEO, and has made an enormous contribution to what MEC is today. Colin Campbell was the architect and leader of the Future's project which resulted in the MEC charter and long-term goals. He was also the chair of the Governance Committee for the past several years.

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### **Questions and Comments**

Denise Lawson reminded the membership that this section is to transact the business of the general membership of the Co-op, and that issues of a purely personal or a political nature are requested to be addressed through the question card provided in the AGM package.

#### **Question or Comment #1**

Anders Ourom (#224-6) suggested that to liven up the AGM, the Board consider for the next year, picking a topic that is of interest to the Board and the members in terms of MEC's direction and to try and present it in a way that is going to stimulate discussion. Then set aside 20 minutes or half an hour to have a discussion of the issue.

#### **Question or Comment #2**

John Little (#1326595-4) wanted to thank MEC for donating grant money to the Nanaimo Area Lands Trust to buy Mt. Benson. He also wanted to bring it to the membership's attention that MEC has passed policies in the past that at first may not have been well received by everyone. But in the end, by passing these policies, other co-operatives, such as the one in Nanaimo that he is the Director of, can use as guidelines for implementing their own.

#### **Question or Comment #3**

Colin Lochhead (#280933-3) asked what the route will be if a resolution is deemed not in the interest of MEC. Is MEC planning on notifying the membership as to what resolutions are not being brought forward?

Denise Lawson reiterated that a 75% vote against a motion is quite significant, and that the members of the Board are interested in maintaining the Democratic process. If a motion is not accepted, the Board will provide reasons, and will be very transparent.

### **Adjournment**

Denise Lawson thanked the members in attendance and called for a motion to adjourn.

### **Motion Regarding Adjournment**

Sandy Treagus (#2192722-3) moved, Casey Brennan (#5841820) seconded that the 2010 AGM be adjourned.

Motion Carried.

The meeting ended at 7:30pm PDT

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