



DRAFT Minutes of the 42nd Annual General Meeting of Mountain Equipment Co-op Held April 25, 2013 at the Roundhouse Community Centre, Vancouver BC

The 42nd Annual General Meeting of Mountain Equipment Co-operative (MEC) was held on Thursday, April 25, 2013 at the Roundhouse Community Centre in Vancouver BC.

The meeting began at 6:00pm PDT and adjourned at 8:00pm PDT.

Guest Speaker Presentation

Storyteller, adventurer, and MEC Envoy Leanne Allison presented "Growing up with MEC", an inspiring story of pictures and anecdotes representing the role MEC has played in her life and the lives of her husband Karsten Heuer and their son Zev. The presentation included insights gained from her *Being Caribou* and *Finding Farley* adventures and emphasized the importance of growth, community, and the sense of belonging achieved in journeys such as these.

Call to Order

Quorum, Welcome, Introductions

Bill Gibson (Chair, MEC Board of Directors) called the meeting to order at 6:30pm with a quorum present. Members in attendance were welcomed.

The Chair introduced Jennifer Archer of BLG as the meeting's parliamentarian, noted that Shona McGlashan, MEC's Chief Governance Officer, would serve as secretary, and that there were five meeting scrutineers in attendance, including MEC's Auditor, Brandi Wingrove from MEC's external audit firm, KPMG LLP.

The CEO and Directors in attendance were introduced:

David Labistour, MEC CEO; Jonathan Gallo, Finance and Audit Committee Chair (Edmonton, AB); Margie Parikh, Board Vice-Chair (Victoria, BC); Lucy O'Driscoll, Sustainability Committee Chair (St Philips, NL); Chris McNeill, Governance Committee Chair (Delta, BC); Carole Dobson (Paradise Valley, AB); Shauna Sylvester, Election and Member Communications Committee Chair (Vancouver, BC); and Drew Anderson, Human Resources and Compensation Committee Chair (Ottawa, ON).

Bill Gibson announced that Mike Wearing (Mahone Bay, NS) had tendered his resignation from the Board and was not in attendance.

Adoption of the Agenda

The Agenda was adopted as circulated.

Adopt of the Rules of Order

Anders Ourom (#224) proposed an amendment to the Rules of Order. Following consultation with the parliamentarian, the Rules of Order were adopted as circulated.

Adoption of the 2011 AGM Minutes

The 2011 AGM minutes were reviewed as circulated. One minor amendment was suggested and the minutes were amended and approved.

Reports

Chair's Report

Bill Gibson presented the Chair's Report.

Highlights from the report can be found at mec.ca/annual_report.

CEO's Report

David Labistour presented the CEO's Report.

Highlights from the report can be found at mec.ca/annual_report.

The CEO acknowledged the MEC Senior Management Team: Alex Buhler (Information Technology), Jeff Crook (Product), Anne Donohoe (Communications and Marketing), Gary Faryon (Operations), Shona McGlashan (Governance), Naomi Ozaki (Production), Cathy Smith (Human Resources), and Sandy Treagus (CFO).

Sustainability Report

Lucy O'Driscoll, Sustainability Committee Chair, presented the Sustainability Report.

Highlights from the report can be found at mec.ca/annual_report.

Audited Financial Statements and Treasurer's Report

Jonathan Gallo, Finance and Audit Committee Chair, presented the Audited Financial Statements for the fiscal year ended December 30, 2012.

The 2012 Audited Financial Statements, and highlights from the report, can be found at mec.ca/annual_report.

Questions and Discussions on Reports

Mark Latham (#16311) asked the Chair whether MEC members realized that the special resolution put forward in the 2012 would give the Board an opportunity to reject possible board candidates for the 2013 election. The Chair responded that the communication pertaining to the 2012 special resolution was clear and he had faith in the intelligence and understanding of the membership.

Anders Ourom (#224) asked about board performance assessment at MEC and the Chair provided an overview of the current evaluation process for the board, its committees and individual directors, as well as plans to integrate 360° assessment in the future.

Barry E. Weinbaum (#3610052) asked about any impacts to MEC's financial position as a result of the recent GST / HST changes. The CFO confirmed that the change had had minimal operational impacts. The Chair further noted that MEC's expenses might increase a little as a result but not to the extent that it would be a substantial concern.

From the webcast, Emmanuel Prinnet (#6368567) questioned the 2012 sales philosophy and asked whether MEC had too much inventory. The CEO responded that MEC did not have sales but clearances to move product. He confirmed MEC was in a heavy inventory position in 2012, and as a result had a number of clearances.

Rob Brusse (#4) thanked the CEO and the Directors for their reports, and asked whether the new product initiatives of 2011 and 2012 resulted in a decrease in gross margin. The CEO commented that 2011 had been an experimental year and the Co-op had learned from the results. Senior Management now had a better understanding of the performance of new products, allowing for a tighter control of margin.

From the webcast, Jim Byers (#3) asked how many shares he must hold before he was eligible for a refund. The Chair explained MEC's patronage return and share redemption process in more detail with the Finance and Audit Committee Chair providing further background as to decision process undertaken by the Board in determining whether shares will be redeemed each year.

Penelope Hetherington (#17802364) questioned MEC's growth and the retention of surplus for capital expenditures, and expressed her concern that MEC was departing from its co-operative roots. The CEO explained the need for MEC to remain relevant in an increasingly competitive retail environment and acknowledged the philosophical debate that large co-ops were facing in response to market forces. Despite the need to remain competitive, the CEO confirmed that MEC could remain a co-op, be true to its co-operative principles, and deliver value to members.

Barry E. Weinbaum (#3610052) asked if MEC bought carbon offsets. The Chair confirmed that MEC did not.

Appointment of the Auditor

The Finance and Audit Committee Chair put forward the motion to appoint the auditor for 2013:

Motion Regarding the Appointment of the Auditor

Jonathan Gallo moved, and a member seconded, that KPMG be appointed as the auditors for Mountain Equipment Co-op for the 2013 fiscal year, and that the Board be authorized to fix the remuneration for the auditors. Members voted on the motion. **The motion was carried.**

2013 Board of Directors Election

The Chair invited Brandi Wingrove of KPMG LLP to present the results of the 2013 election and special resolutions.

2013 Election Results

Brandi Wingrove reported that KPMG LLP, in their capacity as election auditor, monitored the 2013 election process, and the results of the election were as follows:

Member participation:

- Total votes: 21,515
- 20,764 votes registered online, 719 via telephone, and 32 delivered via mail.

The election results by candidate were as follows:

- Margie Parikh received 11,423 votes and was re-elected for a three year term
- Shawn Mitchell received 8,542 votes and was elected for a three year term
- Rob Campbell received 6,590 votes and was elected for a three year term

The remaining candidates received the following votes:

- David Wartman: 3,438 votes
- Edward Balcewich: 2,541 votes

- Bob Brent: 2,591 votes
- Dale Mills: 4,501 votes
- David Goldsmith: 3,154 votes
- Ellen Pekeles: 6,322 votes
- Judy Martin: 3,746 votes
- David Wexler: 2,850 votes
- Colleen Fleming: 3,917 votes

2013 Special Resolution Results

Brandi Wingrove presented the results of the special resolutions, noting that MEC Rules specified that 75% of the vote was required for a resolution to pass. The results were as follows:

- Special resolution one, proposed by the board to modernize MEC's Rules in full, received 19,226 votes in favour and 1,870 votes against. The resolution passed.
- Special resolution two, proposed by members to require proof of identity for membership applications, received 11,369 votes in favour and 9,610 against. The resolution did not pass.
- Special Resolution three, proposed by members to set a minimum and maximum number of candidates on election ballots, received 6,963 votes in favour and 13,967 votes against. The resolution did not pass.

Farewell to Outgoing Directors and Introduction of New Directors

The Chair congratulated newly elected Directors, Margie Parikh, Shawn Mitchell, and Rob Campbell.

The Chair also announced that the Board had appointed Ellen Pekeles, who came fourth in the election, for a one-year term to fill the vacancy left by former Director Mike Wearing. This was in accordance with the Board's responsibilities under MEC's Rules of Co-operation.

Departing Directors Chris McNeill and Lucy O'Driscoll were acknowledged by Bill Gibson and thanked for their contribution to the Co-operative.

New Business

The Chair advised the membership that this segment of the Annual General Meeting was to include the consideration of an ordinary resolution proposed by a member and for general questions from the floor.

The Chair reminded the membership that the purpose of the meeting was to transact the business of the general membership of the co-op and that issues of a personal or political nature were requested to be addressed through the question card provided in each attendee's package.

Ordinary Resolution

The Chair introduced an ordinary resolution, proposed by Murray Levine (#22903710). Because the proposing member lived in Montreal, the Board had accepted a video submission for the resolution. The video played, which included the following motion:

THAT MEC, Canada's foremost supporter of environmental organizations, create the Mountain Equipment Co-op Environmental Charity Challenge, a simple webpage that would invite any and all members of MEC, to enter any existing primarily non fundraising mass participation running, cycling, x-c skiing, triathlon, rollerblading, etc., etc event in the world*

(or climb a mountain/canoe a river), and raise funds directly for their favourite environmental charity in Canada, just as if the event were staged by their own favourite environmental charity.

THAT MEC welcome all Canadian environmental charities to link to the site, and promote it as a vehicle for which to raise funds directly for their own organizations, so that not only MEC members would be so invited, but the public as well.

**The cost of such a web page has been placed at "from \$600-\$3,000" depending on whether MEC wishes to depend on the environmental organizations to advise them how much each one raises via the effort, OR MEC wishes to be able to track (add up) the donations for each organization as they are made.*

The motion was moved by Murray Levine (#22903710) and seconded by Malcolm McDell (#5611223). Discussion was held concerning the resolution including response from MEC CEO, David Labistour explaining MEC's community involvement program, which, in the last five years, had contributed \$11 million in grants to community and environmental projects across Canada. The CEO also acknowledged MEC's continued partnership support to Canadian Parks and Wilderness Society (CPAWS) and their peer-to-peer fundraising campaign, The Big Wild Challenge.

Martin Kafer (#1404) commented that the motion proposed was vague, and without further definition, imposed some risk to MEC. Additionally, Mr. Kafer thanked MEC for its grant in assisting him, and his wife, to climb Mt. Kilimanjaro to raise funds for the Alzheimer's Society.

Barry E. Weinbaum (#3610052) asked what peer-to-peer fundraising was, and the CEO provided an explanation.

Members voted, and with no votes in favour **the motion was defeated.**

New Business

The Chair opened the meeting to new business, which included general questions or comments from the floor.

Mark Latham (#16311) asked the Board if they had any response to the MEC members who signed an open letter "The C is for Cooperative, Not Corporation" asking for a more democratic MEC, including the introduction of a year-round member forum. The Chief Governance Officer responded, confirming the Board was reviewing the results of the special resolution-specific forum used during the 2013 election and would consider how to build on this for future years.

Anders Ourom (#224) commented that he believed MEC was developing an increasingly democratic deficit and asked how the Board intended to address this. The Chair responded, confirming the Board afforded significant time to discussing member engagement and democratic principles. Initiatives in this area were ongoing, and would be explored further in 2013.

Adjournment

Bill Gibson thanked members in attendance and called for a motion to adjourn.

Motion Regarding Adjournment

Mary Simmonds (#2891869) moved, John Restakis (#1120252) seconded that the 2013 AGM be adjourned. **Motion Carried.**

The meeting ended at 8:00pm PDT