

Board of Directors' Meeting Notes

for January 23, 2017

Board of Directors Present: Ofelia Alvarado, Andi Briceno, Stephanie Mood, Jamie Decker, Steve Myrick, Chris Young, Nate Bazydlo, and Panha Ouch. Staff: Jim Kase, Nancy Casady, Jessie Lamb, and Gloria Isselhard. Guests: Derek Casady, Bryan Pease, Oscar Bogoslaw, and Phillip Gianopulos.

Old Business

Jamie explained the details of changing the Co-op's line of credit for the café to a real estate loan. Jamie made a motion that the Board of Directors (BOD) pass a resolution authorizing Project Manager Nancy Casady is authorized to sign all documents required to convert the current two million dollar line of credit from the North Island Credit Union to a commercial real estate loan. The loan will be amortized over twenty-five years, maturing in ten years with a balloon payment, at a fixed rate of 4.5%. Andi seconded. Vote: passed unanimously.

Outreach and Education

Mel Lions reviewed recent activities at the Wild Willow Farm and Education Center. Andi made a motion that the committee recommend continued support of Wild Willow at \$1,000 per month for the first quarter of 2017. Stephanie seconded. Vote: passed unanimously.

Stephanie reported that Jim Kase spoke at the Ocean Beach Green Center on the topic of co-ops. Nancy reported that she attended the California State Board of Food and Agriculture's last meeting of 2016.

Andi reported that she contacted High Tech High and has mailed the People's Scholarship applications to them.

Andi read thank you notes from various recipients of Co-op donations, including the Ocean Beach Clean Up Group who collected 250 pounds of trash from the streets and alleys of Ocean Beach.

Planning Committee

Nancy gave an update on the Co-op's café project. Construction is expected to be completed by May 26. The target date for opening the café is June 2017.

Finance Committee

Steve reviewed the December financial reports. Total revenue was down 4% for the month and down 3% for the year. Total cost of sales was down 10% for the month and down 3.9% year-to-date. Gross profit is up 8% and minus 2% year-to-date. Financial ratios show that sales per paid labor hour was \$88.24 at year end 2016 compared to \$87.22 for 2015. Labor to sales ratio was 25.40% for the month compared to 24.73% for December 2015; it was 24.51% for the year 2016 compared to 23.89% for 2015. Total utilities were down 13.85% for the year.

The Co-op's duplex property showed an income of \$38,877.63 to date. Total expenses for the café property to date were \$13,704.60.

A resolution was passed to convert People's line of credit to a real estate loan. Approximately \$300,000 has been drawn from that line of credit.

Steve reported that the solar panel inverters—located on the Co-op's roof—have aged to the point that they will need to be replaced. The current estimate for replacement is \$10,000.

Steve made a motion that the BOD approve spending \$2,280 to purchase two new hand scanners, which are used to place product orders. Chris seconded. Vote: passed unanimously.

Jamie made a motion that the BOD vote to close our existing San Diego County Credit Union account and open an account with another credit union. Steve seconded. Vote: passed unanimously.

Nominating Committee

Nate reported that voting in the 2017 Board of Directors' election runs from March 1 – April 8, at 2 p.m. He asked

that all BOD members take 15 minutes before or after their shopping trips to greet People's owners at the Co-op entrance and encourage them to vote.

General Manager's Operations Report

January brought some much needed rain to Southern California, and while flooded streets made travel and parking more difficult than usual, sales were steady. January of 2016 had five full weekends compared to only four in 2017, and some rainy, windy days saw slightly slower sales. Organic produce prices have also fallen for some high volume items, which has also contributed to reduced revenue. That being said, monthly gross sales were only 3 % down compared to 2016.

The rain also showed the age of our building, now almost fifteen years old, with minor drips from the roof and some large puddles in the parking lot. The storm water drains were cleared this month which helped with the puddles, particularly in the disabled parking area. Roof leaks were mapped for sealing when the weather is clear. While the roof and parking lot are in fairly good shape, they will need some comprehensive care in the upcoming years.

Minor projects completed around the Co-op include: the partial covering of the service yard to protect staff and product from rain; replacement of worn treads on the employee's back staircase to improve safety; washing of interior and exterior windows; installation of pin pad mounts on two registers (in the Deli and the 1st floor express lane) which enables easier access by disabled persons; the replacement of several merchandising shelves due to wear and tear; and the replacement of three security cameras that had stopped functioning.

People's HR Manager has begun the process of complexity scoring for all positions in the Co-op. This is the first step of a formal wage audit. Four of our newer staff members attended Co-op Training where they learned about the history of People's including our mission, vision and values, as well as about the cooperative business model.

As the café project moves forward, several staff members have been very helpful by participating in the planning stages. From equipment recommendations to menu suggestions, our experienced crew is pitching in with enthusiasm to help make the new café a huge success.