

Board of Directors' Meeting Notes

for November 20, 2017

Board of Directors Present: Ofelia Alvarado, Stephanie Mood, Derek Casady, Andre' Andersen, Jamie Decker, Andi Briceno, Tasha Dewey, and Steve Myrick. Staff: Jim Kase and Gloria Isselhard. Guests: Chris Doupis, Paul Maschel, and Phillip Gianopulos.

New Business

Jamie made a motion that James Kase, General Manager, Jamie Decker, Chief Financial Officer, and Ronald Maggard, O.B. Garden Cafe' Manager, be authorized to sign all documents for the O.B. Garden Cafe' operating checking account at North Island Credit Union, a division of California Credit Union. Derek seconded. Vote: passed unanimously.

Board Study - Online Voting: Tasha reviewed the present method used by Co-op owners for voting in the Board of Directors (BOD) annual election, as well as her research results on the topic of online voting. A discussion followed regarding how to increase voter turnout during the BOD election.

Outreach and Education Committee

Jim read a thank you note from the San Diego River Park Foundation for the gift card the Co-op donated to 16th Anniversary Celebration of the San Diego River Park Foundation and the San Diego River Coalition.

Andi reviewed the information Tasha had researched on the possibility of using online voting for the Co-op's 2018 BOD election. Discussion followed regarding the use of paper ballots and the expense of integrating the voting results. Andi asked Tasha to compile a list of pros and cons for online voting as it pertains to People's. Voting in the 2018 BOD election begins March 1, 2018 and continues until the end of the Annual Meeting, which is typically held on the first Saturday of April. Andi suggested that the proposal be considered as the Board Study topic at the next BOD meeting.

Planning Committee

Stephanie suggested that a policy be established to ensure an orderly rotation of board leadership by requiring that the officers (President, Vice-President, Secretary, and Treasurer) be elected from incumbent board members. It was suggested that this procedure also be used for nominations.

Jim reported that the staff of the O.B. Garden Café has been hired and are being trained. He expects that the café will have a soft opening at the end of this month. Jim circulated a copy of the menu, which was still being finalized.

Jim reported that the Co-op's Customer Service Desk is usually staffed only in the evenings, but in response to concerns raised by the board, he will try to increase the staffing time.

Stephanie asked whether the annual board calendar is considered useful by the members. She circulated a copy of the previous year's calendar and asked for comments.

Jim reported that People's Produce Manager, Mike Barry attended the Southwest California

Certified Organic Farmers' symposium and sat on a panel. Benjamin said he attended a meeting of local farmers, and they had questions regarding People's merchandising policy.

Finance Committee

Steve reviewed the October 2017 financial reports. Total revenue was down 6% for October 2017 compared to October 2016 and down 2.8% year-to-date. Total cost of sales was -4% for the month and -2.5% year-to-date with gross profit -8.7% and -3% respectively. Sales per paid labor hour was \$86.54 compared to \$88.32 last year. Labor to sales ratio for October 2017 was 26.64% compared to 24.45% in 2016; year-to-date it was 25.36% compared to 24.28% in 2016. Utilities were up in cost but usage has gone down. Total cost for the month of October was up 4.66% and year-to-date it is up by 0.26%.

The Co-op's duplex property showed the usual expenses, including taxes and insurance, etc., with rental income constant. The Voltaire East property, the location of the future O.B. Garden Café, had property taxes and insurance expense with no income.

Jim reported that a recent proposal he received for sealing the roof indicated that the present reserve of \$60,000 should be adequate, but he emphasized that this would cover only sealing of the roof, not replacement.

Nominating Committee

Andi reported that the committee has received one completed "2018 Board of Directors Candidate Application" as of November 20. There are four seats to fill. The deadline for submitting applications is 6 p.m. on December 1, 2017.

General Manager Operation Report

Sales in November of 2017 were down about 3% from November 2016 and are down 2.8% year-to-date compared to last year. The Owner Appreciation days in November this year slightly outpaced those of November 2016. Due to the response from more than a few owners, we are looking to find a compromise between Owner Appreciation days and an Owner Appreciation month. Several options are being considered.

Our new fresh cut produce program began the week after Thanksgiving, with organic butternut squash, organic pineapple, an organic onion and pepper mix, along with other seasonal organic fruits and vegetables available pre-cut in tubs. They are located in the Produce Department and in the grab-and-go case by the first two registers. Look for this program to expand in 2018 with more variety and the introduction of other items, including People's house-made organic salsa and organic hummus. Our goal is to combine quality with convenience, making eating an organic diet easier for those on the go. November was also the month that we met with our insurance broker to negotiate employee health coverage. Due to the increase in staff for the O.B. Garden Café, we now qualify for large group coverage rather than small group. This has several advantages including a lower cost for the Co-op and reduced co-pays for participants. Health care costs have been one of our labor expenses that has continually been increasing, and even a small decrease is welcome.

Planning has begun to refresh People's merchandising and shopping experience in the New Year. Product mix and placement, signage consistency, and an increased focus on customer service and the in-store shopping experience are areas where we intend to raise the bar.