



Finance Committee Meeting Minutes
May 24 2016
Ten Pin Conference Room

Committee Members: Mary Ella Anderson, Chris Cople, Dave Feral, Colin Fiske, Peggy Leviton, Leah Stamper and Cheri Strong

Staff: Melanie Bettenhausen, Lauren Fawcett, Kristina Harris, Ron Sharp, and Bella Waters

Members: none present

Meeting started at 5:32pm by Peggy Leviton at the Ten Pin Conference Room. Introductions were made and new CFO Kristina Harris welcomed.

Agenda Review. No discussion.

2015-2016 Fourth Quarter and Year End Presentation. Kris Harris presented the fourth quarter and year end, unadjusted financials. Discussion included:

- Balance Sheet. Long term and member debt has been fully paid off. Other accrued expenses are expenses that are recognized by not paid such as health and liability insurance. Increase in investments was planned, as were the increase in lease hold improvements. C share balance slowly decreasing, but should start going up in this first quarter. Co-op allowed to sell a certain amount of C shares and will need permission from State of California to issue more than the 2.5 million shares. Kris will get that information and provide it to Ron. Ron will research the NCG equity fund.
- Income statement. Q4 - Arcata exceeded projections while Eureka fell slightly short. Budget had anticipated Eureka Natural Foods opening in McK, which has been delayed. YTD – Arcata exceeded budget by over one million dollars and Eureka fell short by over a hundred thousand. Committee discussed what the plans are for Eureka store and Ron noted that staff has some plans for boosting sales. Important to market our differentiation as a Co-op. The Safeway marketing model of sale prices for card holders was discussed. Further discussion will happen at the Big Idea Gathering on June 9th. Kris will also look at trends for G&A and Occupancy to share at the next Finance meeting. Income before taxes exceeded projections by 1.86%, though auditors will go through and final numbers will be available after that.
- Reviewed the relationship between warehouse margin and store margin. Staff will look into what the earthquake insurance covers and if there's any negotiation options with the Eureka store owner.

FY17 2nd Quarter C share dividend rate recommendation. Committee discussed the current rate, upcoming financial needs, cap on C shares, and why the Co-op offers preferred shares.

MOTION: Move to recommend to the Board for approval of the C share dividend rate (whole shares) to continue current interest rate of 2.00% APR for quarter ending September 24, 2016.

Strong/Anderson

MOTION PASSES

7/0/0

Member Input on Reports: no discussion

Next Meeting: Tuesday, August 23 5:30-7:00pm in the 10 Pin Conference Room. Meeting adjourned at 7:03pm

Minutes submitted by Bella Waters

Recommendation for Board: Recommend to the Board for approval of the C share dividend rate (whole shares) to continue current interest rate of 2.00% APR for quarter ending September 24, 2016.