

2007 DFC Election: Argument AGAINST the loan ballot measure

We urge you to vote against approving the proposed loan. Our reasons are:

- As per the March '07 Board meeting, the Remodel-Phase I is to begin this June; a "no" vote will NOT stop the remodel process. We do not oppose a remodel.
- We still owe on the 1997 remodel. The General Manager (GM) tells us that grocery stores remodel about every 7-10 years. A realistic projection should be based on this ten-year industry cycle. Instead, by departing from the 7-10 year norm with a *30-year mortgage secured by our store*, the appearance of a *positive* monthly cash flow is created – on paper, anyway.
- A thirty-year debt of this magnitude leaves no room to respond to other opportunities arising in the future.
- There is no strategic plan that addresses the long range. How will customer growth be generated in a no-growth city? Owners deserve assurances beyond the proposition that current shopper will spend more in a prettier store offering more products.
- Core DFC goals include providing products at prices as close to cost as possible while staying profitable. DFC *profits* are derived from the premium allowed for cash reserves for the store after the costs of doing business are calculated. A 30-year loan at 7% interest considerably increases those costs over the long term; because more than 80% of our shoppers are owners, we will carry the financial burden of this loan in the form of higher grocery prices.
- The Audit report (all owners are entitled to review) presents a clearer picture of indebtedness. We owe the National Cooperative Bank. And this year, the Board added \$356,000 to our debt in deferred patronage refunds for FY2005-06. This *overcharge* is being held as an interest-free loan from the owners without a repayment plan and without their consent.
- DFC, Inc. does not yet own the entire building; prudence dictates that the purchase (of the "northern 20 foot strip) precede remodel.

This is a millstone of indebtedness. Please vote no.

Joan Randall, Member/Owner 1972
DFC, BOD 2001-2006
President, 2004-2006

Graham Freeman, Member/Owner 1993
DFC, BOD 2004-05

Nate Mason
DFC, BOD, 2004-06
Secretary, 2005-06

Jeff Lefkoff, Owner 1999

Bernadette "BE" Murray, Owner 1995
DFC, BOD 2003-2006
Vice President, 2004-2006

Jack Young, CPA, Owner 1988
DFC BOD, 1990-93
Treasurer 1991-93
(during building purchase)

Chuck Kamire, Owner 1977
DFC BOD Staff Rep 1982-83
Staff: GM & Produce Mgr, 1978-83