

How will the relocation fulfill PFC's mission?

The owner loans will help finance PFC's relocation to a new and larger building, the renovation of this new location to suit its needs, and pay off existing PFC debt.

The relocation will allow PFC to ...

- ... continue its current focus on quality, consistency, and value.
- ... present customers with a larger, better-designed store.
- ... increase our commitment to the local farming community.
- ... deliver to customers a strong selection of natural and organic grocery products.
- ... provide a better shopping environment for PFC's customers and a better working environment for PFC's hard-working staff.
- ... strengthen PFC's position with its current customer and owner base by offering more of the products and services requested by shoppers from their community-owned grocery.
- ... service the projected growth in the natural and organic food market in the area of Kalamazoo, Michigan.
- ... attract new customers and owners.
- ... improve operational efficiencies.

The Owner Loan Program is an opportunity to expand your local grocery cooperative, to enhance the economic sustainability of the region, to support local farmers and food producers, and to contribute to the building of a thriving, strong, healthful community culture.

What can you do now?

Not an owner? Become one. There is a one-time ownership fee of \$250, which can be paid over time.

An owner wishing to lend money should obtain and read a copy of the Preliminary Prospectus.

Complete the Indication of Interest that is a part of the Preliminary Prospectus and return this to Chris Dilley, PFC's general manager.

If PFC decides to go through with the Owner Loan Program, it will provide a Final Prospectus to all owners who have completed an Indication of Interest and they will have 48 hours to decide if they wish to make a loan to PFC.

Owner loans will play a vital role in the growth of PFC and support the expansion of the cooperative movement.

A loan of \$1,000 or more will help PFC become a stronger and more prominent part of the Kalamazoo community.

For information and a Preliminary Prospectus, please contact

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OWNER* LOAN PROGRAM 2008

*A socially conscious
investment opportunity
in your community*



www.peoplesfoodco-op.org

*People's uses the term "owner" synonymously with "member."

What is an Owner Loan Program?

Natural food cooperatives throughout the country have initiated owner loan programs to fund start-ups and expansions.

The People's Food Co-op of Kalamazoo ("PFC") seeks to borrow a total of up to \$250,000 in loans from its owners.

An owner loan provides a critical component of PFC's fund-raising effort.

What is the fund-raising goal?

PFC's goal is to raise approximately **\$1 million** to finance the relocation and the renovation of the new store location, and pay existing debt. Money received by PFC from owner loans will be combined with other funds, including loans from a bank and the City of Kalamazoo and assistance from the landlord and ownership fees.



Our current beloved location, home for the past 30 years, has become stretched beyond its capacity to meet our current and future needs.

What are the terms of the Owner Loan Program?

1. The Owner Loan Program is open to all owners of PFC who are residents of Michigan.
2. Minimum loan size is \$1,000. There is no maximum loan size.
3. Owners lending \$1,000–\$9,999 may choose an annual interest rate of 0.0% to 4.0%. Owners lending \$10,000 or more may choose a maximum interest rate of up to 5.0% per year.
4. Owners will select maturity terms of 5–10 years for loans to PFC. Only a limited number of loans will be offered for each term length. Early lending insures that the term desired will still be available.
5. Owner loans will be evidenced by a Promissory Note that PFC will deliver to each owner. Interest will be paid annually, and the principal balance will be paid on maturity of the note.
6. Owner loans will be unsecured and will be subordinated to loans made to PFC by any bank and by the City of Kalamazoo. The bank or City will have the right to demand that PFC stop making payment under the owner loans.

Owners are encouraged to obtain and read a preliminary prospectus prepared by PFC regarding the making of loans by owners to PFC to finance the relocation of its grocery store. This brochure and the preliminary prospectus and the information contained therein are subject to completion of a final prospectus which will contain information about the making of loans to PFC by its owners. PFC shall not borrow any money from or deliver any promissory note to any owner except 48 hours following delivery to the owner of a final prospectus. Under no circumstances shall this brochure or the preliminary prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation, or sale is unlawful prior to registration or qualification under the securities laws of any such state.

PFC history

- The PFC has been in business at the same location for 30 years and in business a total of 35 years.
- Despite space limitations in the current location, sales grew from \$394,000 to \$787,000 between 2003 and 2007. These figures represent an increase of 15–20% each year from 2003-2007.
- PFC expanded in the current location in 2005 after a successful loan campaign raised almost \$50,000. The project had an immediate impact on sales growth and volume.
- In 2007, PFC returned \$65,000 to the local economy in the form of purchases from local farmers and producers.
- 13% of all food sold at PFC is locally grown or processed.

What are the risks?

Despite our successful history, lending money to the PFC should be considered a speculative investment that involves a high degree of risk. These risks are described in a Preliminary Prospectus, a copy of which can be obtained upon request from PFC.

Owner loans are investments in the quality of life of the Kalamazoo community. Loans contribute to the growth of the community, the growth of the Kalamazoo economy, and the promotion of healthful, natural, local food. Though the loan represents a possibility for financial growth, an owner should consider the fulfillment of the mission of the People's Food Co-op of Kalamazoo as the primary benefit of the loan.