

Testimony of Alfred A. Plamann

**President and Chief Executive Officer
Unified Western Grocers, Inc.
Los Angeles, CA**

**On
Nomination to be a Member of the Board of Directors of the
National Consumer Cooperative Bank**

**Before the
Committee on Banking, Housing and Urban Affairs**

United States Senate

March 25, 2003

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Chairman Shelby, Ranking Member Sarbanes, and distinguished Members of the Committee, I am honored to appear here today as a nominee to become a member of the Board of Directors of the National Consumer Cooperative Bank.

I actively sought this nomination in order to again serve on the Board of Directors of NCB. I served as an elected board member for six years and as chairman for two of those years. During my tenure, the bank made over \$800M in low-income loans, which represents a substantial increase, and the bank's commitment to low-income housing was improved.

I am president and CEO of Unified Western Grocers, a cooperative wholesale grocery company in Los Angeles serving six western states. My background is financial, and I have worked in diverse companies such as Unified, ARCO and U.S. Financial. I am a graduate of the University of Colorado where I earned my B.S. in accounting and I received by MBA from University of Pennsylvania (Wharton) with an emphasis in finance.

As you may know, the National Cooperative Bank was established in 1978 to address the unmet financial needs of an underserved market – those people who join together cooperatively to achieve their personal, social and business goals. And in 1982, NCB was privatized as a member-owned financial institution. Today, the Bank provides a broad array of financial services to cooperatives across the country. These businesses are large and small, and they serve both rural and urban communities.

NCB -- in partnership with its nonprofit affiliate, NCB Development Corporation -- plays a vital role meeting the underserved financial needs of America's communities. Over the course of its 20-plus year history, NCB has loaned or invested more than one billion in the areas of education, affordable housing, health care, small business ventures, affordable assisted living, worker ownership, and economic and community development ventures.

The cumulative impact is considerable. NCB loans and investments have created approximately:

- ◆ 25,000 units of affordable housing;
- ◆ 10,000 jobs for low income individuals;
- ◆ School facilities for more than 4,500 students;
- ◆ Nearly 1 million square feet of community health center space serving 100,000 patients annually; and
- ◆ More than 1,000 units of affordable assisted living.

In 2002 alone NCB provided or arranged more than \$191 million in financing for low-income and at-risk communities, and over the past six years it has originated over \$1 billion of critically needed financing. It is obvious that the National Cooperative Bank has accomplished much. And I know it has the potential to do even more, not only as a lender and valued financial resource, but also as an exceptional example of the type of collaborative and innovative venture we need to respond to today's challenging problems and changing times.

If confirmed by the Senate, I will bring to the Board of Directors of the National Consumer Cooperative Bank extensive experience in the cooperative field in support of low-income communities and low-income borrowers. My low-income experience is in three areas: as the CEO of Unified Western Grocers, as a board member of the Weingart Center for the Homeless in Los Angeles, and as an elected director of the NCB for six years.

Fifty-five percent of Unified Western Grocers' business is in Southern California heavily weighted to the Los Angeles area. Within the LA area, our retailers have catered to the central urban population, which is predominately lower income Hispanic (41.7%) and African American (36.08%), with a per capita income of \$10,800. In that base, our retailer members control an estimated 87% market share.

Most of the members in that market have been financed from inception by the corporation through working capital or facility loans. As CEO (and former CFO), I am

intimately involved with the approval process and details of the unique issues involved in financing retailers. Many, if not most, of these loans are sold to NCB or are completed in participation with NCB.

One example is a company named KV Mart doing business as Top Valu and Valu Plus, headquartered in Carson, California, a leading independent grocery chain serving inner-city communities across Southern California. Over the past twenty-four years KV Mart has developed a unique business model designed to cater to the needs of different ethnicities residing in inner-city neighborhoods by offering a wide range of culturally specific products and services. The Company's approach to serving inner-city communities has been successful partially as a result of its hiring practices that center on employing residents from each of the local areas in which the company operates stores.

In 1992 KV Mart had nine stores with sales volume totaling \$81,000,000 and 590 employees. Today the company operates twenty-two stores with sales volume totaling \$250,000,000 and employs 1,400 individuals. Under my direction as CFO, and subsequently as CEO, Unified Western Grocers (UWG) and its subsidiary, Grocers Capital Company (GCC), have been instrumental in providing financial assistance to help KV Mart achieve this level of growth. Over the past ten years, GCC has provided KV Mart with over \$18,000,000 in long-term loans for store purchases, store remodels and capital stock investments. UWG has also provided numerous short-term inventory loans to support new stores, and GCC has supplied guarantees in support of \$8,000,000 in loans from National Cooperative Bank. Finally, UWG has provided lease guarantees/sublease arrangements in support of four of KV Mart's locations.

During the Los Angeles riots, thirty-six of our members' stores were destroyed, twenty experienced delayed openings and twenty were subjected to looting. With our assistance, sixteen stores were totally rebuilt in these lower income communities. The corporation helps people who want to get started and have staying power so low-income people have continuing service.

Unified Western Grocers, under my leadership, actively supports low-income communities. In fact, our bakery and dairy divisions are located in low-income areas in south LA where we provide employment for 109 in the bakery and 148 in the dairy. As a member of the Weingart Center Board of Directors, I serve on the finance committee. The Weingart Center, one of the largest and most comprehensive facilities of its kind in the country, is breaking the cycle of homelessness in Los Angeles. They provide individual housing for 630 clients.

The Center also assists its clients by giving them the basic skills necessary to stabilize their lives, secure a stable income and find permanent housing within four months. Follow-up shows thirty percent are still free from addictive substances six months after completing the program and reside in their own homes with steady employment. Additionally, Weingart presents service referrals for 6,000 people a year and offers high school and English classes to 200 students per day. As a member of the Finance Committee, which meets monthly, I assist with allocating a \$10,000,000 budget, requests for grants and other significant funding activities.

As a board member of the NCB for six years, two of which I served as Chair of the Board, I strongly supported the bank's efforts to expand its low-income business. I was elected to the NCB board in 1995, during which NCB originated \$82.3 million of low-income loans. During the two years I served as Chair of the Board, 1997 and 1998, NCB originated a total of \$361.8 million of low-income loans. The significant growth of NCB's low-income business speaks volumes about the efforts of the Board and staff to serve low-income communities and to carry out the public policy mission of the bank.

These activities give me a strong understanding of low- and no-income individuals and issues. I'm committed to making a difference in low-income areas, not only through monetary assistance in my professional capacity, but also in personal time commitment.

I would be proud to serve on the Board of Directors of the National Consumer Cooperative Bank, and I appreciate your consideration.

Allow me to answer any questions you may have at this time.