

Shareholder's Meeting Minutes
Monday, March 23, 2015
South County Regional Center, Arroyo Grande

I. Ice Cream Social began at 5:30 pm, prior to meeting opening.

II. Meeting called to order CEO, Greg Steinberger at 6:05 pm.

73 Shareholders were in attendance. Contact Doc Burnstein's Corporate Office for Shareholders in attendance.

III. Invocation - Pastor Dave Vasquez, Executive Pastor, New Life Church

IV. Mission Statement Review

- a. **Create Enduring Memories** for Guests.
- b. **Develop in our Staff** work values and job skills that can serve them well throughout their lives.
- c. Be a success that benefits **Investors, Staff and the Community**.

V. Doc's Long-Term Goal:

Become #1 in Hearts and Minds of Americans for ice cream!

To get there:

1. **Be the Best Ice Cream** (voted **Best of** SLO County, Santa Maria, & Cal Poly)
2. **Serve Guests Extraordinarily** (create Enduring Memories)
3. **Communicate the Beneficial Corporation** concept (may also inspire other businesses)

VI. Management Team Introductions:

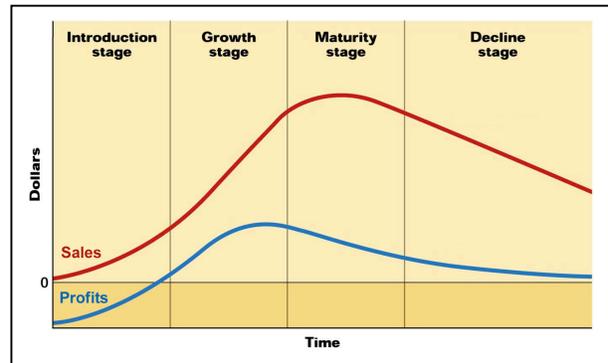
1. **Gwen Wisler** - Manager, Training & Guest Experience, 4.5 years at Doc's
2. **Lacey Stewart** - Arroyo Grande Parlor Manager, 3.8 years at Doc's
3. **Cat Keith** - Office Manager / HR Dept., 2.5 years at Doc's
4. **Valerie Robles** - Orcutt Parlor Manager, 1.5 years at Doc's
5. **Emily Mitchell** - Cake & Novelty Production Manager, 1.5 years at Doc's
6. **James Simonaro** - San Luis Obispo Parlor Manager, 1.3 years at Doc's
7. **Adam Briley** - Production & Wholesale Manager, 6 months at Doc's

VII. Stock Grants to Staff

Employees are granted shares once they have completed 1,000 hours as a Shift Lead or Manager within the company. The nine employees who received 2014 stock grants through the program were recognized.

VIII. Life Cycle of a Business

Greg presented graphic of the life cycle of a business. Doc Burnstein's is currently in the transition stage from Introduction to Growth stage. In the past year, the transition has been much like a "cocoon" stage of growth, with non-visible internal changes which will allow us to spread our wings and grow.



Last year we changed our POS to a system with multi-unit reporting and inventory control. A new time-clock and scheduling software was implemented, reducing administration time on payroll plus adding staff communication and training features.

IX. 2014 - Year in Review

1. Stock Sales Price: Four transactions in 2014 brought the market price to \$80./share, representing a 60% increase over the \$50 offering price.
2. SLO - the First Year: There were some missteps in the build-out, resulting in opening delays and cost over-runs. The Grand Opening on Jan. 24, 2014 was immensely successful, with live KSBY coverage throughout the night. A year later, we have learned the market is very Cal Poly dependent, and summer tourism only slightly exceeded winter sales due to the loss of Cal Poly students. This year we are increasing our presence on campus, including a giant ice cream cake serving 1,000 students at Open House in April.
3. Kettleman City - Doc Burnstein's first fully licensed store was opened in April 2014. The location is helping spread our brand to the travelers between LA and SF, as well as Valley to the Central Coast.
4. Labor prices rose due to the minimum wage increase to \$9.00/hour (from \$8.00), in July 2014. The price of a Single Scoop increased 4% to \$4.25 at the time to offset the labor cost increase.
5. Price of Ice Cream Mix rose to \$9.00/gallon by the end of 2014, (from \$7.00 in 2013). Since that time the price has stabilized back to \$6.80/gallon in Feb. 2015.
6. In July 2014 all parlors received a new point of sale (POS) from Revel Systems. This system is a much more robust register system, and will allow for growth in the company and better tracking of costs at multiple locations over the long term.
7. Doc's had its first annual Staff Enrichment Day at Fort Hope in Huasna Valley in October 2014. The Staff spent a day to learning more about their teams, as well as treated to a BBQ and fun. Fort Hope is a non-profit youth development program that Doc Burnstein's has supported over the years.

X. What is in Store for the Future

1. Novelties and So-Goods have been re-introduced into Central Coast hotels, local businesses & all Doc's Parlors. We ceased most So Good distribution outlets in early 2014 due to concerns about keeping up with production, but improvements in our making processes has allowed us to re-enter this market. A listing of current locations carrying our products is available on our website.
2. Custom Ice Cream Mix – We are working with our local cream supplier to develop a custom ice cream mix for Doc's, maintaining the same high-cream content and flavor, but possibly adding some health benefits such as high protein.
3. The next major step in growth is a Production Plant that can deliver high-volume output and automated filling equipment that will allow us to move into grocery stores. A location is being explored that would be near the cream sources in the Central Valley, to reduce shipping costs and thus improve margins on large-scale production.

XI. Stock Sale Website

There are currently 86 interested buyers, registered on the Doc Burnstein's website. If a Shareholder is interested in selling their shares, they need to register as a seller on the Doc Burnstein's website under the "Invest" menu. After registering, you will receive an email with information on the process, and emails of interested buyers. You then contact buyers directly to negotiate a sale before registering the sale with our Corporate office. Shareholder information is never released to interested buyers.

For more information, visit: www.docburnsteins.com/stock-sales

The most recent sale in September 2014 was for \$80/share.

XII. Board of Directors

The current Board of Directors are all up for re-election for the 2015 term. Shareholder votes were taken through proxy voting sent out to Shareholders in advance of the meeting. Votes were reviewed after the meeting, and all ballots received voted in favor of the current slate for the Board of Directors.

Board of Directors Members:

1. **Greg Steinberger**, CEO/Founder
2. **Jim Richardson**
3. **Pauline Malysko**
4. **Ted Malley** (unable to attend Shareholder Meeting)
5. **Chuck Anders** (unable to attend Shareholder Meeting)

XIII. Shareholder Q & A

Q. What is the projected timeline for growth into the Valley?

A. No projections at this time, though we are open to adding a Valley location. Doc's Team is still focused on ensuring our production capacity is ready for any added demand.

Q. Has there been discussion on the use of a Food Truck or Mobile Ice Cream unit?

A. Doc's made a conscious decision to not move forward with selling at events last year, as many events were not profitable and took resources away from the more profitable catering events and parlor sales. Catering sales have steadily increased and are consistently profitable.

Q. How are the sales for Bravo Farms (Kettleman City)?

A. Bravo Farms is continuing to grow in orders. Sales have nearly doubled over the year prior as they have just reached a full year being open, and is projected to continue growing during the summer months.

Q. Has the company been impacted by the "Obamacare" (Affordable Healthcare Act)?

A. Due to our size of company, (less than 50 Full Time Employees), we have not yet been impacted too badly. When we roughly double our current staffing the added requirements will be placed upon our company.

Q. Has the growth in frozen yogurt stores across the county impacted business?

A. We haven't been too negatively impacted by the growth of the frozen yogurt stores in San Luis Obispo, though with 4 stores in a 2 block area they likely are dividing up the yogurt sales in a way that will hurt them all. Though it does have some impact, our premium ice cream product is not directly viewed as a substitution by many consumers. Industry wide, the yogurt sales are typically a fraction of ice cream sales.

Q. Does Doc's plan on raising the prices further?

A. Our current price is \$4.25 for a single scoop, and was raised to that in July 2014 to combat the rise on cream prices as well as labor costs due to the minimum wage increase. We do not see a need to raise the price any further at this time, with cream mix prices back down. Efficiencies in production should allow us to maintain prices through the next wage increase in 2016.

XIV. Meeting adjourned by CEO, Greg Steinberger, at 6:45 pm.