

In time-chronological order (not reverse email reply order)

Date: 8/15-16/2014

From: Brent/Kim (DNF Staff internal)

To: Kim/Brent (DNF Staff internal)

Subject: Discussion string between Brent, DNF staff, and Kim, DNF-Co-GM, on proposed merger—Both deciding it's a bad idea

On Aug 15, 2014, at 1:22 PM, Brent DuBois wrote:

Hi Kim here my email with feelings and comments about the merger. I would love to get this information out to the community, as well as everyone else's input, I would like to know what your opinion is on this is.

Anyway, here is my input:

First I will say that I, and I feel most of my co-workers, are not vehemently opposed to the merger with La Montañita. We are open to the idea, but we feel very strongly that this process needs to be **slowed way down to give our staff ample time to educate ourselves fully** in what the consequences, (good and bad) will be for us as staff, and to fully inform our owner base of the many pros and cons of this merger.

Our anxiety and apprehension is rooted in the approach our board took. Although they told us there will be a vote, I know that I personally feel there is a conscious effort to push this through as fast as possible. Although there are plenty of reasons this could be a great move for our community, There is no reason this has to take place in October, there is no reason this has to happen quickly, and there is no reason this HAS to happen at all.

It also seems to me that talks have been going on behind the scenes for some time, (is this perhaps the reason we still do not have a general manager almost a year after we lost our last one)?

The board has expressed frustration that our front end staff is informing people that we will lose some of our employees in this process, but that is the truth, does the board not want our owners to know both sides of the story, the full truth?

A board member also stated that this resistance is the reason most corporations do these kinds of mergers behind the scenes. Well this is not a corporation, this is a co-op. We are owned by over 1500 members, who are all entitled to be aware of the big picture, regardless of whether they are able to make it to the meeting.

The whole reason our business model exists is for COOPERATION, to do things in a democratic and transparent manner, instead of the old model of secrecy and coercion, and ultimately the "my way or the highway" approach. Our employees and members need to have a chance to be FULLY informed, and especially a chance to voice our opinions and concerns in the decision making process.

I feel this whole process has been tainted by the seeming intent to make decisions, (including signing a letter of intent), without input or support from the staff and owners. I feel that it has also been tainted by the seeming effort to fast track the process without time for ample INFORMED input and dialogue from our owners.

I could be wrong about all of this, these are just my feelings.

So here are the pros and cons as I see them:

Pros

Ability to immediately fix broken equipment such as freezers and juicers when they go down, and the ability to have our equipment on a maintenance schedule so they do not break in the first place. This would be great for us as this has been an ongoing issue. [Root's note: Upon hearing of this directly from Brian Gaddy and Kim (Co-GMs), with the four of us talking together, right after the August 18th massively attended standing room only board meeting at RMR, Pat Blair wrote a donation check on the spot to DNF for \$2,000 to deal with the equipment issues. In the meantime, as this entire exposé brings out, throughout this process the board had spent several thousand dollars to this point on legal fees, accountant fees, and consulting fees preparing to sell DNF to LMC without the membership or staff being aware of it. — This is all born out in the internal evidential documents accompanying the exposé.]

Much increased access to funds for upgrades and improvements, as well as money to keep us afloat in possible economic downturns.

Possible higher wages for staff, though nobody knows this for sure. Also a great benefits package.

Cons

Loss of our identity

Loss of completely local ownership

Our owners will have to pay increased fees to become life members, another 100\$ on top of the hundred they have already paid, or are in the process of paying. Or they can pay 15\$ a year, every year, forever, as this does not accrue toward the total 200\$ fee

We will NOT have much increased buying power to lower our prices and make us more competitive with our non-locally owned competition. The estimated numbers I have seen were around 5 or 6 percent. Because of this, in my opinion we will not increase our sales as a result of this merger.

At least 3 of our valued co-workers will lose their jobs, or be offered low level positions.

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In closing I would like to say that these opinions and expressions are mine and mine alone, based on conversations and observations since the original announcement.

If I have misstated one or more topics in this email, please let me know, and especially let me know if there is anything I have missed that should be added.

Although I am personally dedicated to DNF and its success as a cooperative business in this wonderful community, I am also dedicated to helping the world become a more compassionate, transparent, and cooperative place as a whole.

Just as a responsible community is made up of responsible individuals, a responsible economy is made up of responsible business practices. This begins with honesty, transparency, communication, and most importantly, COOPERATION!!!

On Aug 15, 2014, at 5:30 PM, Kimberly Wiggins wrote:

Hi Brent,

Overall I agree, thank you for your time, energy and detailed thoughts on the merger. For me the biggest cons are losing our local voice, the hard work lifetime members have put in and positions that if redundant will no longer be necessary. I agree with your pros, however I feel we do have options with donation drives, member loans, NCGA loans and NCBA loans that could assist in the equipment cash concern area. We are very close to the point where running the coop would be easier. Most coops over \$2.5 million are able to run a smooth ship.

The biggest piece most people are misunderstanding is that we will not be our own entity if the merger goes through. We will not be able to one day become our own coop again. If we end up making large profits at DNF they will not be distributed to our members; they will go to all La Montañita members and 17,000 members plus our membership would not provide a large dividend.

I too am truly concerned the board never looked for a GM and if the merger goes through the ceiling for advancement will be much lower at DNF. I myself had hopes of applying for GM as Durango is my birthplace and I intend to live here the rest of my life. Under a strong board and with advice from members, staff and other cooperative GMs I feel I could be the platform upon which DNF grew. Or there could be someone else who would help DNF soar. We just need a patient good listener, who is consistent, fair and a strong leader as GM.

Thank you for your email and detailed thoughts. With your permission I will pass your email on to the members, board and other staff.

Kimberly Wiggins
Co-General Manager
Durango Natural Foods Co-op

On Aug 16, 2014, at 12:42 PM, Brent DuBois wrote:

Hi Kim, Thank you for your response and thoughts.

Honestly, at this point I have decided that I am personally against the merger. After reading your words, and seeing that we are so close to being where we need to be financially, I think that all we need is a good GM, a board that does their job and are passionate about working on community outreach and relations, and I believe we can get over the this hurdle.

Again, my biggest concern is being able to immediately fix or replace equipment. We have so much competition, (like with not having a juicer for a few weeks, and a juice bar right down the street), that we can lose a lot of business fast if we cannot quickly get things repaired.

Anyway, thank you again, and yes please share my email with our members if you think it's relevant.

Brent