

August 21, 2014

Dear Owners and Staff of Durango Natural Foods Co-op,

Thank you for your passion and support of the Co-op. It was truly wonderful to hear from so many of you at the recent Board meeting. The Board of Directors values your opinions and concerns. We are glad that the meeting offered a space for you to speak your minds.

We received word from the GM of La Montanita, Terry Bowling, on August 19th that he was no longer interested in our opportunity. In a phone conversation that same day he explained that the communication he had been receiving led him to believe that DNF would not fit into their culture nor would the staff be happy being a part of the La Montanita Co-op. The Board agreed it is in the best interests of Durango Natural Foods to proceed on its own path. He did express a willingness to continue their support and assist DNF in future needs, as they have done for many years. We appreciate his true passion for our business.

To say that the Board is disappointed with this turn of events is an understatement. Each of us has worked tirelessly around our family, work, and personal commitments to devote even more time than usual to this exciting possibility. We did not rush into this decision lightly. We met several times each month outside of regular Board meetings and spent countless hours on the phone with each other and our consultants and just personally thinking about what is best for the Co-op at this time and for the future. During this period we formulated the Letter of Intent. **To clarify, the Letter of Intent was only designed for the sole purpose of *discussing* a possible merger.**

The Board is truly saddened by the sudden turn of events. Above all, we are sorry for DNF, as we will not get an opportunity to compete in our community at the level of which we are capable. The Coop has provided much for many in this community in the past 40 years. Regularly throughout that time it has been a struggle for DNF to stay afloat. As a matter of fact, DNF would not even exist today if it were not for the help, encouragement and direction provided by La Montanita Coop, which has helped us through some very troubling times.

We feel it is the purpose of the Board of Directors to provide a consistent vision and recommend a direction for our membership. As it has been said, "Where there is no vision, the people perish". Unfortunately, at this point in time, we were not allowed to fully articulate that vision before short sightedness, on the part of relatively few, intervened in that process.

Unfortunately the communication plan the Board decided upon was bypassed and that simple occurrence ultimately brought the *discussion* to a premature and abrupt end. These actions prohibited the staff and membership from being able to fully discuss and understand the issues. The Board had no intention of pushing this idea on the Co-op Owners. The Board wanted an open *discussion*. We were planning to hold several open meetings with the Owners and staff including a few in which members of La Montanita Co-op would be present. After the meetings

and much discussion there would have been a vote on whether or not the merger should happen. That is the Cooperative way.

Perhaps an opportunity like this will surface again someday. Hopefully we will be in as strong a position as we are now to negotiate a favorable agreement. Until that time we will continue to put one foot in front of the other and be the best little Coop with the highest ideals that we can deliver on.

It is the duty of the Board of Directors to hire and manage a general manager and to review the mission statement yearly. Our mission statement was last modified on February 15, 2014 and reads:

DNF is a member-owned food cooperative committed to providing quality organic local products and educating our community on the value of healthful living. We will:

- Engage the community in cooperative principles
- Participate in a sustainable local economy
- Educate consumers about the broader impact of their choices
- Provide tools for healthy lifestyle choices
- Respect the environment through our actions

We feel that a merger with La Montanita Co-op would have helped us attain the desires laid out in the mission statement more completely. The Board will now move forward with a search for a permanent general manager to run the store. We ask for your support in the future and we will continue to lead in the best interest of the membership.

Yours In Cooperation,
The Durango Natural Foods Co-op Board of Directors