

**Ozark Natural Foods
Board Meeting Minutes
July 26th, 2011**

Board Members Present: Linda Ralston, Garrett Brown,
Tuesday Eastlack, Sue Graham, Colleen Pancake,
Kathryn Scherer

Board Members Absent:

Staff Members Present: Alysen Land, Gary Cook, Mike Anzalone,
Alexa McGriff, Amber Secrest, Jerry Huddleston

Owner(s) present: Nancy Starr, Jim Roughton, Susanna Brinnon, David
Orr, Lorraine Markum

Owner Comments: Nancy offered feedback on Policy Governance. She
stated that it is a good tool that the board can modify
and use just try not to be too rigid with it.

Consent Agenda:

June Minutes

The board voted unanimously to approve June's minutes after a correction under the AOM Program Committee.

New Business

GM Monitoring Report B3: Alysen presented the GM Monitoring Report B3 and the Board reviewed it. Colleen made a motion to accept the report with a second from Garrett. The motion carried unanimously.

Board Monitoring Reports C3 and D4: Currently the board is not submitting the monthly report(s).

Nominating Committee: The committee submitted dates for timelines to insure a successful election. The board discussed timelines necessary to have candidates listed in the Nutshell, have packets submitted etc. The committee offered ideas to improve on developing candidates. Garrett moved to approve dates/deadlines as submitted. The motion carried unanimously.

Linkage Committee: The linkage committee would like to focus on event attendance and how events can have more owner involvement.

Policy Committee: Sue has a wording change under Conflict of Interest.

Board Retreat: The board discussed possible dates for a Board Retreat. This will

possibly occur in September or October.

Board Budget: Linda expressed interest in having a Treasurer to manage the board's budget. The board discussed whether or not it would be possible to get a specific breakdown of each expense. Colleen proposed that this matter be discussed further in the Policy Committee and everyone agreed to that plan.

Debt-free Program Presented by Mike Anzalone: Mike presented a report on the importance of being free from debt and how debt free companies can leverage that in this economy. He presented "worst case scenarios" and what ONF would have to do in order to survive those. He also presented the "Pros and Cons" of being a debt free co-op. Some of the Pros included Less risk and greater odds of surviving hard economic times as well as being in a better position to take advantage of opportunities. The Cons included it taking longer to reach goals. Mike presented the "Transition to Debt Free" and what that means for ONF. It would:

- *Reduce vulnerability
- *Better Defense against competitors
- *Survival in tough economic times
- *Lower Prices
- *Improved Price Perception
- *Increase ability to save

The board had been presented with a proposal to pay off the building in the June meeting. Alysen asked that the board review the proposal and be prepared to move on it at this meeting. Alysen had brought up the fact that the recent owner survey showed that owners' number one concern was prices. Alysen had said earlier that if she lowered prices with the money on hand, it would only be a short-term solution. She posited that if ONF were debt-free, she would be able to sustain lower prices. She assured the board that she would make sure there was at least \$400,000.00 in reserve. The proposal also assured the three main projects under discussion would be completed before the loan was paid off. Those projects are the generator, the parking lot lights and the point of sale equipment the store needs. The pay off would include a pre-payment penalty, but that would be far less than the interest that would be paid if the loan were carried the full twenty years. Alysen had asked the board not to discuss the proposal with anyone but to call her and meet with her with any questions.

Sue asked for a discussion and Alysen said she wanted the board to discuss it. Colleen said that this just was not a difficult decision. She reminded the board of our first meeting at The Taste of Thai and when she walked in, Alysen was in the middle of answering a question from Sue on what it would take to lower prices and ultimately her answer was that as soon as we pay off the building, we can lower prices. Sue said she thought paying off the building was a good idea, but was worried about having such a low reserve. Tuesday reminded her of the 'never touch account' that was to always have \$400,000.00. Sue wanted to postpone the action until there would be more money. Kathryn noted that with decreasing property values, now would be the time to buy. Linda wanted to discuss the possibility of a third approach, a Plan C, as she called

it. She said she felt she could not vote for this with a clear conscience that night without researching other possibilities and without the advice of a financial expert. Linda also said there were other considerations when one talks about competition and expressed concern about the projects that could not be done if all of our money were in the building. She asked if we could please hold off on the vote at least a month. She also wanted to be able to talk with some owners about the plan. Garrett and Colleen both told her we are not allowed to talk to owners about it.

Colleen said it was a timing issue and it needed to be brought to the owners before the birthday celebration in October. Tuesday reminded everyone that Alysén had told us we needed to vote in the July meeting. Sue said she thought the timing of a vote should be a board decision. Alysén said she needed the board to vote that night.

Garrett brought up patronage refunds and asked where they fit in with all of this. Alysén said these are in an interest bearing account with other savings. These funds could be used to help pay off the building.

Kathryn said she hears folks complaining about prices all the time and we have to get the prices down. She said this would do that. Colleen said we can do this and then we can lower prices. Sue said she loved the lower prices but was still worried about having a small reserve. She asked why the vote had to be taken that night and Alysén told her she needed to get it in the Nutshell and work on the capital budget.

At 9:32 Colleen moved to accept the proposal to buy the building with a second from Kathryn. The motion carried 3 in favor, two opposed.

Meeting adjourned at 9:40 p.m.

Executive Session: During an executive session, the board discussed potential candidates to fill the board vacancy. The board returned to open session. Colleen made a motion to nominate Jim Roughton and was seconded by Garrett. The motion passed unanimously.