

What are Class A shares?

When you became a member, you purchased four Class A shares of stock at \$20 each. Class A shares represent our members' equity in the co-op.

What are Class B shares?

Class B shares are also a form equity in the co-op. However, Class B shares are not associated with members' voting rights. Examples of Class B shares include other co-ops' memberships (i.e. the Wedge does not have voting rights at LHC; therefore, all of their stock is categorized as Class B); the Class A shares of inactive members who have not requested a refund; and, the retained portion of patronage rebates.

20,000 to 200,000? Why such a big increase?

With the help of our accountant, we've determined that by setting the new limit at 200,000 for both Class A and B shares, we will not need to revisit this issue for roughly the next 10 years. We believe that by setting a realistic limit for the next decade, we'll be in a better position to conserve our limited staff resources and prepare for routine voting on the bylaws during our regularly scheduled annual meetings.

What does my patronage rebate have to do with this?

In profitable years, the board of directors may determine to refund some of that profit back to the membership in the form of a delayed discount on purchases, commonly known as a "patronage rebate." The rebate amount is divided up between store vouchers (which members may use to purchase goods at the co-op) and Class B shares which are retained as equity in the co-op. Any limit to Class B shares also limits the amount that the co-op may return to members in the form of a store voucher.

What's the big deal? Can't we just limit membership to our current 7000 members?

If we do not increase Class A shares, we'd need to discontinue issuing co-op memberships. By limiting co-op membership to our current 7000 members, the co-op can no longer grow. That might be okay for an isolated co-op in a town with little competition. But, in order for LHC to survive, we must remain at least as financially strong as our competitors. More members = more equity = a healthy business that can continue its good work in the community. And, since membership is not transferable, limiting Class A shares to the current amount would mean that your children and their children would not be able to join our co-op—putting an end to a 35 year tradition of community ownership.

More Questions?

Please refer to the "Frequently Asked Questions" on the reverse side. Or, feel free to contact the following:

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