



Membership Matters: Cast your Vote!

As a member of Linden Hills Co-op, it's your duty to ensure that the co-op's bylaws are kept current and are beneficial to the long-term health of the co-op. Our existing bylaws limit Class A and Class B shares (i.e. membership stock) to 20,000 shares each; the co-op has reached that limit. This limitation was last updated in 1999 when the membership voted to increase the allowable number of shares to the current 20,000 limit. We are asking the membership to vote on a proposal to amend Article V: Section I of the Articles of Incorporation that will increase the allowable limit to 200,000 shares each of Class A and B shares. Copies of the co-op's Articles of Incorporation are available at the customer service desk. The section in question currently reads as follows:

Article V. Section I. (Capital). The amount of the authorized capital stock of the association shall be One Million, Three Hundred Thousand Dollars (\$1,300,000)), and shall be divided into 20,000 shares of Class A Stock of the par value of Twenty dollars (\$20.00) each, and 20,000 shares of Class B Stock of the par value of Twenty dollars (\$20.00) and 1,000 shares of Class C Stock of the par value of Five Hundred Dollars (\$500.00) each.

How to Cast your Vote:

All members are invited to attend a special meeting of the membership regarding an amendment to Article V: Section I. If you are not able to attend, please fill out and return the absentee ballot on the reverse side by 9 p.m. on Wednesday, February 22nd.

Special Meeting of the Membership:
Article V: Section I (Capital)
Linden Hills Park Building
Thursday, February 23rd
6:30 – 7 p.m.

Questions?

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

Board of Directors (612-279-2451 or board@lindenhills.coop)

Luke Schell, General Manager (612-279-2461 or lschell@lindenhills.coop)

Allie Mentzer, Marketing & Member Services Manager (612-279-2450 or allie@lindenhills.coop)

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.

Member-Owner Ballot

Please return this ballot to the co-op's customer service desk by 9 p.m. on Wednesday, February 22nd.

Your last opportunity to vote will be during the official meeting held at the Linden Hills Park Building on Thursday, February 23rd from 6:30 – 7:00 p.m.

Your vote is NOT VALID unless you write your name & member number on the OUTSIDE of the envelope provided.

*/__ / **Yes.** I vote to amend Linden Hills Co-op's Articles of Incorporation to increase the allowable number Class A & B shares each to 200,000. The increase will permit the co-op to a) accept new co-op memberships and b) to distribute Class B shares in association with patronage rebates.*

*/__ / **No.** I vote not to amend Linden Hills Co-op's Articles of Incorporation. If Class A & B shares are limited to the current allowable amount of 20,000, a) the co-op will not be able to accept new memberships and b) the co-op will not be able to distribute Class B shares in association with patronage rebates.*