

Frequently Asked Questions about the Keweenaw Co-op 2022 Re-Incorporation/Merger Vote

Why does the Keweenaw Co-op need to change its incorporation from Ohio to Michigan?

This change will open up a funding option that is a vital part of making our proposed relocation and expansion possible. In planning how to pay for the necessary construction and remodeling of our new Quincy Street location, the Board and General Manager have determined that financing the project would be greatly improved if the Co-op is incorporated in Michigan. Remaining an Ohio corporation would prevent us from raising capital in Michigan under the “Michigan Invests Locally Exemption” (MILE) Act.

Why is this change being called a “merger” rather than a “re-incorporation?”

Under corporate law, neither the Board nor Management can simply change the state under which a corporation is formed and governed. The only way that the Co-op can become a Michigan corporation is by having the Board form a brand new corporation (a consumer cooperative) under Michigan law and then asking membership to merge our current corporation (an Ohio cooperative association) with that new Michigan corporation. According to the terms of the merger, the Michigan corporation will fully absorb the Ohio corporation and the Ohio corporation will then cease to exist.

Why am I being asked to vote on this merger/re-incorporation?

By law, only our members can authorize this change by means of a vote. The Board has approved this merger/re-incorporation, but membership must vote for it to take effect. The Board of Directors strongly recommends you vote “yes” to approve the merger so that we can continue to make progress toward relocation and expansion of the Co-op.

Do I need to attend the special meeting?

No. You can vote electronically ahead of time, and the Board encourages you to do so. Attendance at the special meeting is only necessary if you would like to ask questions or voice concerns that cannot be addressed ahead of time. The meeting should be relatively short and will be “hybrid” in format, allowing for participants to attend either via Zoom or in person in the Co-op Community Room.

Why is the Keweenaw Co-op currently incorporated in Ohio?

When the Co-op last re-organized 12 years ago, the corporate statutes for cooperatives in Ohio were far more robust than those available to us in Michigan. It was the right choice at that time, and that corporate structure has helped our business to thrive. Since then, Michigan has overhauled its statutes for consumer cooperatives and our internal organization can remain largely the same under Michigan law. Had the current statutes in Michigan existed in 2010, we would not have had to incorporate in Ohio.

What will stay the same?

Pretty much everything you value about the Co-op will stay the same, only we plan to offer more of it. You can continue to expect the same high-quality customer service and, with successful completion of this relocation project, more efficient operations, a larger selection of goods, and a far more convenient shopping experience. Owners will still continue to receive patronage refunds in good years, build their equity investment in the Co-op, and elect their representatives to the board.

Even the name will be the same after the merger. Because the name “Keweenaw Cooperative, Inc.” is currently reserved in Michigan by our Ohio-based corporation, the Board did have to establish the new Michigan Corporation under a unique name, “Keweenaw Food Co-op, Inc.” But immediately after the merger is approved by membership, the Michigan corporation will take on the name of the Ohio-based corporation, “Keweenaw Cooperative, Inc.”

What will change?

Really, not much. But you will see a few changes in terminology and procedures that are related to requirements under Michigan Law. For example, while we will all still be called “owners” as well as “members,” the membership requirement of purchasing a \$200 “common share of stock” will now be called our \$200 “Initial Owner Investment.” In addition to such changes required by Michigan, the Board has also taken this opportunity to make some long-needed changes to our Bylaws, allowing for things like greater flexibility in electronic communications, joint ownership of memberships and equity, and similar improvements. We will be announcing those improvements as we put policies and processes into place for them.

What if I don't like any of the Bylaws changes?

With a very tight timeline but a lot of sound legal advice, the Board worked hard to keep the Michigan-based bylaws largely equal to our current Ohio Bylaws and minimized improvements to just those items which have been creating problems. The Board recognizes, however, that there could be differences of opinion among our membership. The Board encourages membership feedback so that we can put any further improvements up for membership vote at next year's annual meeting.

How can I find more information?

Copies of the Agreement and Plan of Merger, the Michigan-based Articles and Bylaws, and other supporting material are available on our website, www.keweenaw.coop/reincorporation. Members can also stop in to read these documents (copies are being kept in a binder in the Co-op's 2nd floor meeting space). You can also contact our General Manager, Curt, at the Co-op at (906) 482-2030 or email curt@keweenaw.coop or board@keweenaw.coop.

Who stands to gain from the merger?

YOU!! (and our whole community)!! Michigan incorporation will position the Co-op to move forward with our exciting plans to serve you better with a new store!