

REINCORPORATION LET'S GET REAL!

We want to be a REAL CO-OP
We need to REINCORPORATE!



Reincorporation FAQs

How and when do I vote?

Voting by electronic and paper ballot will take place from February 18 – March 12.

Members with an email address on file by February 12 will receive an email later in the week with a link to a secure, electronic ballot.

Members without email addresses on file will receive voting instructions by the U.S. Mail, including the option to vote electronically or by paper ballot.

Paper ballots will also be available in the store.

Active, up-to-date and fully paid members with current contact info will each have one vote and will provide confirmation of membership to ensure the validity of the vote.

How many members need to vote?

Reincorporation must be approved under the terms of WFC's current bylaws which require at least 25 members to participate in the vote. At least 2/3 (two thirds) of those voting must approve the reincorporation merger for it to occur. Of course, we hope *many* more members will participate and will vote in favor of this exciting change!

Will the store change or move? How will item pricing be affected?

Reincorporation will not have any effect on the store's location, character, or how it is operated, nor does it relate to decisions about use of the Church Street property. The reincorporation process also has no impact on pricing. Management will continue to set prices and control margins with the same focus on the Co-op's benefit to the members and the overall health of the Co-op as in current practice.

Will current WFC members have to start over or pay new fees?

No; the equity of all WFC members will transfer directly to the new Cooperative. Those who have paid in full will have a full member share in the new Cooperative, and those who have made partial payments will owe the same balance and can continue making payments on the same terms.

How will reincorporation affect the staff?

Very little. The name and employer tax ID of the Cooperative will change slightly, and the staff member nominated by the staff to serve on the Board of Directors will be voted on by all Cooperative members, not just by staff members.

How much will reincorporation cost?

The exact figure is not yet known, but it will be a small proportion of the budget and carry no financial risk. The costs include legal consultation (most of which has already occurred), and fees to file documents with the Secretary of State and to obtain new operating licenses because of the required tax ID change.

What happens to the bylaws? Could this be done without changing them?

When WFC merges with the new Cooperative, the bylaws developed for the new Cooperative will take effect, replacing the ones we currently use. WFC's bylaws could not be used because the change to a true cooperative required adding new sections. The new bylaws include most of the content of the old ones, but in shorter and clearer language.

Will the Co-op remain non-stock? Will members become shareholders?

Our current business structure under Connecticut law is as a "private, non-stock corporation." In that sense, we will no longer be a "non-stock corporation" after merging with our new legal identity of the Willimantic Food Cooperative; we will instead truly be a "cooperative corporation" under Connecticut law. That is our main goal in carrying out the reincorporation. This step is necessary because the State does not allow a corporation to change from one type to another; we can't just "convert" our existing private non-stock corporation into a cooperative corporation.

The Cooperative's members could be considered "shareholders" because of our member capital investment, but we will still be referred to as "members." Under the new status and bylaws, the Cooperative could raise funds (if for example a new building were needed) by issuing "shares." But these would be different from both the member capital investment, and from traditional stock: purchasing them would not make someone a member, nor permit them a vote on Cooperative affairs, and someone acquiring more shares would not have greater control over the Cooperative. All members will still have equal ownership, and only members will have a vote.

Could the new Cooperative or people from outside the area "take over" and change the Co-op?

The "Willimantic Food Cooperative" that will be created in the next year will be an empty shell, with a Board of Directors consisting only of members of our current Willimantic Food Co-op. The bylaws of the new Cooperative will require it to meet the same goals as WFC, but until the merge occurs, the new Cooperative will have no members and no assets with which to do anything. After the merge, all WFC members will be the member-owners of and have the voting rights in the new Cooperative.

The bylaws have the same requirements for who can become a member, and who can vote: "any individual who is in accord with its purposes and willing to accept the responsibilities of membership" can join (regardless of where they live), and "each member shall have one vote per membership, and no more than one vote." But the new bylaws better protect the Cooperative from being taken over by "outside" interests, because they also state that the purpose of the Cooperative is to operate a grocery store for the benefit of its members and patrons "*in and around Willimantic, Connecticut, and the surrounding communities.*" (italics added) The Board is required to make decisions that support that goal, not to benefit people - even if they are members - outside the region.

And by becoming a true cooperative, there is even stronger protection under State law for the requirement that each member have only one vote, ensuring we can remain true to our values.