



FREQUENTLY ASKED QUESTIONS

Amalgamation 2022

Why are we asking for approval to make this change? What's the benefit for members?

As co-operatives, and as neighbours, we already share several common goals. We exist to serve our members; we are owned and controlled by the people we serve, and we strive to provide the best agricultural and rural services in our market territories.

Together we now serve the farmers and rural residents of Huron, Bruce, Wellington, Grey, Perth, and Dufferin Counties. We have a combined membership of more than 9000 farmers and rural residents and more than 75 years of experience serving our local communities. Our co-operatives are both shareholder-owners of GROWMARK, Inc. and we market our products and services under the FS retail brand.

We are looking at ways to position our co-operative to be more competitive, as we are facing larger competitors. We currently occupy a lot of common trade territory and have limited space to grow geographically. This step will allow us to work within a larger geography in a coordinated and efficient way. We also want to create an organization that can attract talent as it will be able to offer specialized roles for administrative and management purposes as well as expertise at the farm gate, like precision agriculture.

Our vision is a stronger, more competitive and profitable co-operative, that provides core products and services to our member owners.

What will be the name of the amalgamated co-op?

The proposed name is Midwest Co-operative Services Inc., or Midwest Co-op for short. Members were polled for suggestions. Staff and directors were then asked to pick their top choices. The name was selected and is recommended by both boards of directors.

What is an amalgamation?

An amalgamation is a legal process that allows co-operatives to combine their memberships, assets, and liabilities together into a new co-operative. In this situation, there is no buyer or seller. It is a democratic decision to combine the two entities. In our case, we are coming together as equals. This is not a takeover by any one of the co-operatives. An amalgamation can only take effect when the members of each co-op approve the proposal with a 2/3 majority.

Is this decision to amalgamate ours to make?

Yes, your directors are unanimous in making this recommendation to the membership, and your approval is required for this amalgamation to proceed.



When will the members vote on this?

We are planning to hold a special meeting of members of both co-operatives for approvals. An official notice of meeting will be sent to all members eligible to vote. This meeting will be held in person, on April 7, 2022, at the Mildmay Community Center. The meeting will be called to order at 7:30 PM.

When will this transition be complete?

We are proposing that the amalgamation will become effective September 1, 2022. The boards feel this is a reasonable timeline and allows time to prepare staff and systems to be ready. This date is efficient given our business cycle and relationships.

How big will this new co-op be in revenue, capacity, and territory?

Our projected combined sales will be over \$86 million, with service revenues of \$3 million. Our combined assets are projected at \$55 million at book value. The territory includes members in Grey, Bruce, Wellington, Huron, Perth, and Dufferin Counties.

Will there be job loss with this re-structuring process?

No, there will be no job loss associated with the amalgamation process. We expect to require additional staff as member demand for specialized services increases. Growth and anticipated retirements in the next 5 years will provide continuing employment opportunities within our co-operative.

Why would the head office be in Teeswater?

Huron Bay Co-op renovated the Hillcrest site into office space after the store moved to the main street location in 2018. It makes sense to utilize the Teeswater facility given the lack of space in Harriston. The Harriston office will continue to provide administrative support.

Membership

How does this affect my membership with my co-operative now?

All members of the cooperatives will continue to be members of the amalgamated cooperative. This does not require additional investments.

Will we maintain two boards of directors or move to one?

We will move to one board of 10 directors (down from 19 currently) elected by the membership. Initially each cooperative will appoint 5 directors. After that, the membership will elect directors on a rotation basis at the regular annual meeting.



Who will be on the initial board of directors?

Each board has appointed 5 directors to the initial board of directors.

From Huron Bay Co-op

Andrew Black	jablack@hotmail.ca	519-373-1638
Dave Kuntz	dfarmer1955@hotmail.com	519-889-0386
Ron De Visser	ron@bbfarms.ca	519-379-8853
Abe Versteeg	dverstee@wightman.ca	519-510-9978
Sam Luckhardt	skluckhardt@gmail.com	519-372-4870

From North Wellington Co-op

Ron Ross	ronanddeb@sonicwaves.ca	519-323-8139
Jeff Koehler	jjk@pensbyjeff.ca	519-604-8496
Jon Eckhardt	eckhardt.jonmarg@gmail.com	519-493-8131
Mike Oberle	Michael.p.oberle@gmail.com	519-373-4175
Tim Summers	Tim.summers.tax@gmail.com	519-369-4633

Will my patronage be consolidated into the new business structure?

Yes, your patronage entitlements will be consolidated into the new structure. In the future members will continue to qualify for patronage based on their purchases.

What services will the new co-op offer me?

The same services you have received from your local co-op will continue. We have the same core business, supplied by the same supplier partners.

How many locations or facilities will the new co-op operate?

We will operate from the current 16 locations in Huron, Grey, Bruce, and Wellington Counties.

Do you plan to close my local branch?

There are no immediate plans to close any of our locations.

Why would I invest in this new co-op?

The larger amalgamated co-op will continue to offer investment opportunities to members to generate the required capital to sustain its asset base and grow the business. The Co-operative will disclose all its business factors in future Offering Statements, providing you with all the information you need to make sound decisions. We offer competitive rates to our members for their investment, and it has been a beneficial program.



What about my existing investments with my local co-op? What happens to that money?

Your current investments will be part of the new co-operative capital structure, on the same terms and conditions, for all member, special, and demand loans.

What will change in the way I do business with my co-op now?

You will be served by the same employees and locations. There may be some slight changes in internal processes, but we plan to streamline and make the transition as seamless as possible, eliminating all duplication of efforts and enhancing customer service.

As a member/customer you will be able to shop at all locations in the territory and qualify those purchases for patronage purposes.

Why would I want to be a member of such a large co-op? I liked the community feel of my existing co-op.

We will remain a local presence for our member-owners in the communities we serve. We live and work where you do!

How do you see this amalgamation benefiting us, the members?

We will have the opportunity to specialize our work force and to improve service and product offerings. Facility maintenance, and improvements will remain a priority along with the care and updating of our technology, equipment, and fleet. For example, we just finished installing tank monitors on all automatic propane tanks, vastly increasing our delivery efficiencies. Our larger volumes will improve our buying power and profitability will be passed on to members as patronage is declared.

Are you looking at any more expansion in the future as far as territory/facilities?

If it is of benefit to our member-owners, we will always be open to new opportunities to expand and grow our business.

What other changes do you perceive in the next five years?

We plan to grow with current and new customers and through acquisitions. For example, both co-operatives have recently purchased GROWMARK's shares in our energy joint ventures. A sound investment in a business we know and already manage. Our larger capital base will allow us to add new facilities throughout the geography.

Who will manage this new co-operative?

We have had the opportunity to share Kelly Boyle as general manager for the past 3 years. Kelly has successfully managed North Wellington Co-operative since 2003.

We plan to appoint Kelly Boyle as the general manager for the amalgamated co-operative.

The boards of North Wellington Co-op and Huron Bay Co-op encourage all members to attend the Special Meeting of Members. This is an important decision regarding the future of your local co-operative and it is essential for all members to participate.

Both boards unanimously recommend this amalgamation.