



Better Information. Better Decisions.

Member Questions & Answers

How will Borderland & Hometown be Better Together?

Co-ops were built on the concept of working together to help serve their communities better. That founding principle remains at the heart of this partnership, even as the world around us continues to change. By partnering together, our two Co-ops will be more resilient to increasing competition, and we will have more resources and talent to pool together in order to innovate. Most importantly we will offer our members the ability to use their Co-op number across a much broader geographic area—offering them even greater opportunity to realize their Lifetime Member Benefits.

What was the process that led to the decision to amalgamate?

Arriving at the decision to amalgamate was not a short-term process. Following the restructuring Hometown underwent to achieve renewed stability the Board sought out leadership support to provide the wide degree of services that were not affordable to Hometown as a stand-alone entity. Following research and discussions, it was determined that the services Borderland could provide best served the interests of Hometown. Over the course of the past year, it was discovered that both Co-op's work together well and that more could be accomplished together than as individual Co-op's. Our analogy has been "dating before getting married" and we feel we are ready to get hitched!

Why do the Boards feel that they need to amalgamate?

Today's retail landscape continues to get more complex; our competitors are continuing to expand and consolidate. Adding value for current and future members was at the forefront of this decision, but this also positions our Co-ops to remain competitive, relevant, and successful in an ever-changing market. By partnering together with a neighboring Co-op with shared values, our Co-ops will become Better Together.

Financially, how much are our Co-ops going to save by amalgamating?

Creating a Win/Win partnership which was a benefit to all members of each Co-op was the only priority at each stage of the feasibility studies and partnership talks. This process revealed that there would be a savings of \$100,000 per year because of increased efficiencies. Beyond the basic, easy to calculate savings, the real benefits come from being able to grow and provide services across a wider geographic area that each Co-op has not traditionally had access to. This has the potential to result in more sales which will create more jobs and further strengthen our communities.

Will I be able to keep my existing Co-op Number?

With the merging of two membership lists, there will be some duplication amongst membership numbers. To make this process as easy on all of our members as possible, we will add prefixes to duplicate numbers.

Example:

Hometown member John Smith # 3567

Borderland member John Smith # 803567

In some instances, there may be individuals that hold memberships in both Co-ops. In this case, the member would be asked which number they wish to keep, and any equity would be combined into the assigned number.

Will I lose any of my equity in either Borderland or Hometown?

Equity that has been accumulated in either Co-op will not be lost. Individual member equity will automatically be carried forward. If you are a member who holds membership at both Co-ops, any and all equity would be combined to your preferred number. Co-op members are owners too, and this is an important aspect of what makes cooperatives so unique.

Does the amalgamation benefit members from both Co-ops?

Absolutely. All members will benefit as a result of this partnership through amalgamation. By partnering to form one unified Co-op, we will realize benefits from increased sales, increased margins and greater net savings. We will be able to offer all members a wider range of products and services, some of which are not currently available in either retail. This will also provide some communities with products and services that might not have been available in their communities previously.

The biggest benefit to members from both Co-ops by far would be the ability to use one (1) Co-op number in 8 communities and at 20 different locations.

Borderland Co-op would have 6 Cardlocks, 5 Gas Bars, 1 Car Wash, 6 Food Stores, 5 Home Centers, 3 Liquor Stores, 1 Agro Center and 4 Bulk Petroleum trucks that service a trading area along the Trans-Canada Highway 200 kilometers long and 50 kilometers to the north and south.

Will there be any lost jobs because of the amalgamation?

No, there will be no jobs lost as a result of this partnership through amalgamation. If the partnership through amalgamation is approved by the members, all Employees of Borderland and Hometown will continue to be employed by Borderland Co-op.

We strongly feel that if the amalgamation is voted in by the members, the proposed amalgamation will result in long-term job creation and enhanced career opportunities for our team members.

Will my cash refund from patronage or equity programs change?

The feasibility study shows that the amalgamated Co-op will be in a strong financial position to continue our emphasis on our Equity and Cash Back program to our members. Borderland's Equity program is in a strong position and would be expected to continue following an amalgamation.

Under the bylaws all members over the age 66 are entitled to apply to withdraw their equity. This means that Members over the age of 66 (after making the necessary application) shall be paid out 100% of their equity to a minimum of \$100.00 worth of shares left in the Co-op. The Co-op will also adopt the \$10,000 equity cap that has been in place at Borderland for several years.

Why have you chosen Borderland as a name?

This is simply due to brand recognition and cost of renaming. Borderland as a name has been in use since 1973 with significant investment in branding across many communities over the years. The cost to convert all brand assets would be around \$170,000. To rebrand Hometown assets alone would only be \$38,000. It was decided that the money would be better put to use investing in projects and initiatives that make a tangible difference in our communities.

Will my patronage change because of the Co-op's financial position?

Both Co-ops are proud to be investing in our future to set up our organizations for success, and to provide long-term, stable career opportunities. Borderland has gone through a wide range of facility improvements over the past

10 (ten) years. Hometown is also planning to invest in facilities, but a shared future makes it possible to accelerate priority projects.

These investments, paired with the current state of the economy will have an impact the financial operations of the Co-op, but we will remain in a strong position to continue our patronage program.

As a united Co-op:

- We will be able to provide a wider variety of products and services across all the communities we serve.
- We will create a stronger balance sheet that provides us with the strength and stability to invest in our rural communities and return more to our members through patronage, cash back and community support initiatives that improve the quality of life in the communities we all live and work in.
- Both retails will be stronger through increased efficiencies in management, accounting, marketing and operations.

Will either Co-op be required to adapt their procedures to the other Co-op's ways?

This is in no way one Co-op taking over another. For these partnerships to truly work, the best of both Co-op's need to be utilized. Over the past year of the management agreement some procedures have changed for both Co-op's that are the result of sharing best practices.

Will expectations of employees change?

After a year of working together I feel we have a very good understanding of the expectations of leaders and our team members. I believe fully that we need to be a strong and stable rural Co-op that is a leader in the communities we serve and a voice for rural Co-op's in the CRS. To achieve this "good enough" is not good enough. That means all of us, frontline team members to the CEO, need to be constantly striving to improve our own skills so our communities have the essential services we provide long into the future.

What is the timeline for the amalgamation?

Each Co-op will hold their AGM's and the amalgamation resolution will be part of the agenda. The dates for the meetings of the members are:

Hometown Member Meeting Date: June 7 th , 2021 Time: 6:30 PM Location: Broadview Community Hall	Borderland Member Meeting Date: June 8 th , 2021 Time: 6:30 PM Location: Moosomin Legion Hall
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The proposed starting date of the new Co-op will be October 10th, 2021.

How will the Boards of Borderland or Hometown merge?

As part of the discussion and in the spirit of true partnership the provisional Board was selected without allocation of specific positions. It was decided that the Board would consist of 11 members for the first year and then go to 9 following the expiry of the first term.

Out of the 17 eligible Board members, 13 chose to stand to be part of the new Board. Following an election, 6 Board Members from Borderland and 5 Board Members from Hometown were successful in their candidacy. In selecting the Board Executive, Lawrence Swanson (Hometown) was elected President with Chris Ashfield (Borderland) elected Vice President and Astrid Van 't Westeinde (Hometown) elected as Secretary. If the merger vote is successful, the new Board effective Oct. 10, 2021 will be as below.

Proposed Directors of Borderland Co-op:

Lawrence Swanson – President (Hometown)
Chris Ashfield – Vice President (Borderland)
Astrid Van 't Westeinde – Secretary (Hometown)
Rob Hill – Director (Borderland)
Dallas Laroche – Director (Hometown)
Ray Donald – Director (Borderland)
Brad Kearns – Director (Hometown)
John Thiessen – Director (Borderland)
Dave Sefton – Director (Hometown)
Stan MacMillan – Director (Borderland)
Sandra Logan – Director (Borderland)

Executive Management of Borderland Co-op:

Jason Schenn – Chief Executive Officer
Shannon Arnold – Chief Financial Officer
Jeff Haubrich – Chief Risk Officer
Darren Ottenbreit – Home & Agro Ops Director
Michelle Somerville – C-Store Ops Director
Duane Hanna – Food Ops Director
Michael Bugg – IT Director

SPECIAL RESOLUTION - BE IT RESOLVED THAT:

1. The draft Amalgamation Agreement, effective the 23rd day of February 2021, between Borderland Co-op and Hometown Co-op providing for the terms and conditions of their amalgamation and their continuance as Borderland Co-operative under The Co-operatives Act of the Province of Saskatchewan, be and is hereby approved, confirmed, and adopted.
2. The Directors and Officers of Borderland/Hometown be and are hereby authorized and directed to do such acts and things and execute such documents as may be necessary or desirable to implement the said amalgamation.

QUESTIONS?

Jason Schenn
CEO Borderland/GM Hometown
O: 306-435-4655
C: 306-434-7344
E: jason.schenn@borderland.crs

Rob Hill
President
Borderland Co-op
P: 306-646-7990
robert.hill@borderland.crs

Lawrence Swanson
President
Hometown Co-op
C: 306-735-7649
lawrence.swanson@hometown.crs