

Keweenaw Cooperative, Inc. - Hancock, Michigan
2022 Securities Offering - Non-Voting Investment Certificates

Capital Campaign FAQs

Frequently Asked Questions

Q So what exactly is a Non-Voting Investment Certificate?

A Non-Voting Investment Certificates (NVICs) are a way for Michigan residents to invest in the co-op and earn an annual dividend. NVICs do not give additional voting rights and you can invest as much as you want. Investments over \$10,000 require you to be an accredited investor. Redemption of the face value of the certificate is at Board discretion, but the intent of these NVICs is that redemption may be possible 8 years after the opening of the new location.

In other states they are referred to as Preferred Shares, Investment Shares, C-Shares and other terms. They are a very popular method of co-op owner financing. In Michigan, we've got NVICs!

Q How do I know if I am an accredited investor?

A Check with your banker, accountant or financial advisor. Generally, it is someone whose net worth (with their spouse, if applicable) exceeds \$1,000,000 or has earned \$200,000 each year for the last two years. Those interested in investing more than \$10,000 can contact our campaign coordinators at invest@keweenaw.coop or at (906)299-2030. We have more info in our investment packet.

Q Can I invest separately from my spouse?

A Yes, you can! If you are both unaccredited, you and your spouse can both separately invest up to \$10,000. We have more info in our investment packet. Request one [here](#).

Q Isn't my ownership enough? Why are NVICs needed?

A Finding the money for a major project is challenging. Offering NVICs is a way for us to bring in capital while paying our co-op owners the dividends. More money stays in our community, working hard. Less goes to the banks. NVICs also show support for our project and the reduced loan debt service makes our business stronger. Also, anyone in the community is welcome to invest in the co-op. It's not just for owners!

Q Where will the new store be located?

A We will be located at 612 Quincy Street, the old Bruno's Motors building that can be seen from both Quincy and Hancock streets in downtown Hancock.

Q When will the new store be opening?

A Our current plans have us opening as early as summer 2023. Like any major construction project, though, things can change.

Q Will you have [SPECIFIC PRODUCT] at the new store?

A We'll have space for more products, and staff and management will decide what to stock and your opinion and requests help them. Please click [here](#) to make suggestions for products you'd like see in the new store.

Q That is a lot of money to raise—why so much?

A There are a lot of expenses to opening a new grocery store. If you would like a more detailed breakdown, please click [here](#) to request an investment packet/offering memorandum.

Q What is this money being used for?

A The money will be used for all the expenses required to build a new store. Design, legal, construction, consulting, new equipment, new inventory, staff, operating capital, there is more info in the Offering Memo.

Q What will you do with my NVIC investment until the project starts?

A We will hold funds in an escrow account at Superior National Bank until we meet the offering minimum of \$600,000. Should we not meet the minimum in 12 months, we will return your investment. If you are investing after we meet the goal, your investment will go directly to Keweenaw Co-op to support the project.

Q Do you think you will be able to raise this much money?

A Yes! Co-ops around the country have been raising money from their owners and the community to expand or build new stores. We think our owners and community will be motivated to invest to get a bigger, better grocery store in a great location as well as earn a modest return on their investment.

Q Are you using sustainable and green building practices?

A We intend to, as much as our local codes and budget will allow.

Q Do I have to take an Offering Memo packet? I don't want all that paper!

A Yes, we are legally required to give you the detailed information and risks involved in buying NVICs. Once you have looked it over, you can return it and we can re-use most of it.

Q How big will the new store be?

A We plan to expand into a 14,000 square foot building with approximately 7,000 square feet for retail. This is an increase of 3,000 square feet of sales floor that will allow us to increase our product selection and bring us to a size similar to our recently-expanded neighboring co-ops in Marquette, MI and Ashland, WI.

Q How do I know how much return I can earn?

A

Investment	Dividend Rate
\$50,000 or more	4.0%
From \$20,000 to \$49,999	3.5%
From \$10,000 to \$19,999	3.0%
From \$5,000 to \$9,999	2.5%
From \$2,000 to \$4,999	2.0%

These are good rates and they are investments in something you know, trust and use. All the money invested goes to the project, not to supporting a brokerage like conventional investments.

Q How will the bigger store benefit the community?

A Our new store will provide additional jobs and tax revenues, provide opportunities for more local farmers and vendors to offer a wide variety of the freshest and highest quality food, and serve as a model for other cooperative businesses. We expect to have a larger impact on the health of our entire community.

Q There is a lot happening in the world and our country. Is this a good time to do a project like this?

A You are right, there is a lot going on here and around the world! The grocery industry is very competitive and always changing. Our co-op has been experiencing steady growth, and this move will allow us to continue to grow for a long time to come and will be a nicer place to shop and work, along with being more energy efficient and allowing us to carry more products our owners and community want. There is never a time without some challenges, and we're working with great architects, designers, planners and other experts to make this project as successful as it can be.

Q How will investing in Keweenaw Co-op affect my taxes?

A You will need to consult your tax advisor to learn how investing in the co-op might affect your taxes. Keweenaw will send out the appropriate forms to investors each year they receive a dividend.