

General Manager's Report – Patronage Rebate System

In the middle of September, Owners will receive an important packet from the Co-op. This packet will include the voting materials for you to exercise your right to vote for two important decisions: 1. The election of Board of Director candidates and 2. A Board recommended bylaws amendment allowing for a Patronage Rebate System in lieu of the current daily owner discounts*.

A Patronage Rebate System (PRS) has been discussed considerably in the past several newsletters and we have been speaking with Owners in many other ways including forums, emails and in person. If you have not become familiar with the proposed Patronage Rebate System please refer back to past issues of our newsletter, or if you have general questions or comments you would like to share please consider attending one of our upcoming Patronage Rebate Forums hosted by the Board and General Manager. All forums will be held in the Co-op Community Room.

Forum Dates:

Saturday	September 27	1pm-3pm
Sunday	October 5	1pm-3pm
Wednesday	October 8	6pm-8pm

Under a PRS, Owners will still show their card every time they shop and our register system will track purchases made throughout the year. After the end of the fiscal year, after all costs have been accounted for, remaining income would be distributed back to Owners proportionate to their annual purchases. This system ensures the Co-op is not giving money back to the Owners until all of the business needs are met. In practical terms, instead of a discount at the register, Owners would receive a lump sum check at the end of each year the Co-op is profitable.

The Patronage Rebate System has been given careful consideration by your Board and staff of The Common Market. We encourage Owners to vote "yes" for the PRS because it is a more sustainable and responsible method in returning surplus to Owners and provides a fair rate of return on investment. A PRS is also considered a best practice in the cooperative industry because it: protects the Co-op against lean years due to losses from expansion or economic cycles, allows reinvestment of surplus to improve services, provides favorable tax treatment (a portion of our income would become non-taxable income) and encourages growth. Many Co-ops have moved to a PRS for these reasons. While we do recognize initially a PRS may seem to be a lesser economic benefit to Owners than a discount, it does support future viability of a business you own, improves store products, policies and services and allows the benefit to accumulate during the year.

Please support the future of your Co-op by considering the long-term viability a Patronage Rebate System offers. Voting for the Proposed bylaws amendment for Patronage Rebates will occur at our Annual Meeting/OwnerFest scheduled October 18th at the Lynfield Event Complex from 12-4pm. Owners who are unable to attend the Annual Meeting are able to vote via Proxy – please see your packet for more information.

**Please note, the Owner Appreciation Program (currently known as OAD) will continue, as will Special Order discounts. The Owner Appreciation Program is being reviewed to determine methods in which it can be more equitable for Owners and financially sustainable for the Co-op. More details will be available before launching in 2009.*

**For specifics about a Patronage Rebate System see the March/April, May/June and July/August newsletters available on our website www.commonmarket.coop.*