

**VALLEY FOODS COOPERATIVE  
LYNCH, NEBRASKA  
MEMBER INFORMATION STATEMENT**

**INTRODUCTION**

This Information Statement was prepared for the purpose of informing prospective members of Valley Foods Cooperative about the organization of the Cooperative for the purpose of creating and maintaining a grocery store in Lynch, Nebraska and how interested parties may become common stockholders, preferred stockholders and equity holders in the Cooperative.

The purpose of Valley Foods Cooperative is to:

To buy, sell, handle, ship, manufacture, process, grade, market, store and warehouse food products, and related grocery store items, and to carry on any related activity or business and to act as agent, broker, or representative for its stockholders and patrons; and

To obtain and disseminate information to its stockholders and patrons concerning the Cooperative, more efficient product marketing, the use of food products, supplies and implements, and other matters relating to the Cooperative; and

To generally pursue any course of conduct and activity which cooperative corporations organized under the laws of the State of Nebraska can lawfully pursue.

**THE PROJECT**

Valley Foods Cooperative was incorporated on April 27, 2021 as a Nebraska cooperative corporation. It is a consumer cooperative formed for members and patrons to purchase food products and will operate a retail grocery store handling food and grocery store related products as well as a deli counter for prepared foods. Membership is not a requirement for purchasing food and related products from the Cooperative.

Lynch has approximately 212 residents. The current owner of the grocery store decided to transition out of the business, which would leave the community without a local and convenient grocery store. Lynch is a community with an elderly demographic, and a majority of the residents prefer to shop locally. In a market survey, 75.6% of respondents rated a grocery store in Lynch as important or very important.

Community leaders held a meeting and formed an exploratory committee to discuss options for retaining a grocery business within the community. Since then, interested community members engaged in an effort to formulate and adopt a business plan, identify facility and equipment needs, conduct additional surveys to determine customer priorities for goods and services, and organize a business entity. The Committee conducted a market research analysis that generated positive responses. Nearly 70% of the survey respondents indicated they would do more than half of their grocery shopping in the local store.

The Committee prepared an estimate of startup expenses and capitalization requirements based upon certain assumptions, as well as consultations with the current grocery store owners. Expected start-up costs for the project are \$100,000, and not less than \$75,000 of equity capitalization is necessary for the project to proceed.

The exploratory Committee prepared a pro-forma financial statement on which it projects, based upon certain assumptions, the financial viability of the Cooperative's grocery store operations. At this time, Members of the Cooperative will not be charged an annual membership fee; however, the By-Laws of the Cooperative authorize the Board of Directors to establish an annual required membership fee as a qualification for ownership of capital stock.

### **SUMMARY OF THE OFFERING**

The Cooperative plans on offering its shares of common stock (300 shares authorized for issuance) at the par value of \$250.00 per share. Each subscriber desiring to be a voting member of the Cooperative may subscribe for one (1) share of common stock. Holders of shares of common stock will each have only one (1) vote in the affairs of the Cooperative. Payment of dividends on capital stock is subject to the provisions of the Articles of Incorporation, By-Laws and applicable law.

In addition, the Cooperative plans to issue its shares of preferred stock (500 shares authorized for issuance) at a par value of \$250.00 per share. Subscribers may purchase more than one share of preferred stock, subject to the limitations set forth in the Cooperative's Articles of Incorporation and Bylaws. Holders of preferred stock shall have no voting rights. However, holders of preferred stock may be paid a dividend, at the discretion of the Board of Directors of the Cooperative, on an annual basis, that may not exceed 8% per annum.

If an interested party is ineligible to hold capital stock in the Cooperative, the Cooperative plans to issue its Certificates of Participation at \$250.00 per Certificate. Subscribers may purchase more than one Certificate, subject to the limitations set forth in the Cooperative's Articles of Incorporation and Bylaws. Holders of Certificates shall have no voting rights. Dividends are not paid on the Certificates.

Purchasers of common stock, preferred stock, and Certificates of Participation must be fully paid at the time that they are issued. The remainder of each member's respective equity, earned in the form of patronage rebates based upon business done each year by the stockholder and the savings generated by the Cooperative, will be shown on the books of the Cooperative in the form of Members' Equity Credits.

All shares of stock and the rights and obligations of the shareholders will be governed by the Articles of Incorporation and Bylaws attached hereto.

In the event of dissolution of the Cooperative, after all the debts and liabilities of the Cooperative are paid, any property remaining will be distributed to stockholders and participating patrons. If there is any capital accumulated as the result of deferred patronage, the holders thereof shall be paid before the holders of the capital stock and Certificates of Participation are paid. If funds are not sufficient to pay the holders of equity in full, it shall be distributed on a pro-rata basis without regard to time of investment. The remainder of the property shall be distributed among the patrons on the basis of their

respective patronage as shown on the records of the Cooperative insofar as practicable. Preferred stockholders would have priority for redemption of the par value of their preferred stock over the common stockholders.

### **SPECIAL CONSIDERATIONS**

The common stock, preferred stock, Certificates of Participation and Members' Equity Credits may only be redeemed, in cash, to the holder thereof pursuant to the terms, conditions and restrictions set forth in the Articles of Incorporation and By-Laws of the Cooperative.

### **THE OFFERING AND MEMBERSHIP COMMITMENT**

No salesman or broker will be involved in the sale of the common stock, preferred stock and Certificates and no commissions or other remuneration will be paid. The Board of Directors of the Cooperative, who are community members involved in organizing the effort to keep a grocery store in Lynch, Nebraska will inform other eligible members about the Project and will be involved in making presentations about the Project.

Each eligible individual or entity desiring to purchase the common stock, preferred stock or Certificates of Participation of the Cooperative will be required to execute a subscription agreement in the form of a Membership Agreement, a copy of which is attached hereto.

The Membership Agreement sets forth the offer of the person or entity to subscribe to the shares of stock or Certificates in the Cooperative under the terms set forth therein. At the time of subscription, each subscriber must make a \$100.00 down payment **WHICH SHALL BE NON-REFUNDABLE** in the event the offering is not successful. If the offering is successful the down payment will be applied to the total subscription price. The remainder of the subscription price shall be due and payable according to the terms of each respective Membership Agreement after notice to the subscriber that the offering has been filled at \$75,000.

The Offering shall be considered complete upon the receipt of Membership Agreements subscribing the amount of authorized equity capital in the Cooperative.

### **INVESTMENT RISK**

There is a material risk that the start-up venture in a rural community may fail. While it is the goal of the Board of Directors to have the initial operations show financial results that are consistent with the pro-forma financial statements attached hereto, there is no guarantee of the financial results of the operations of the Cooperative. To the extent the Cooperative incurs debt and trade liabilities, those liabilities and debts would be satisfied first in the event of dissolution of the Cooperative before a determination could be made as to whether there are sufficient assets to redeem to the stockholders the par value of their stock, Certificates, and Members' Equity Credits, if any. To the extent sufficient assets would exist to allow redemption of the stockholders' equity interests, the common stockholders will be the last in priority of payment. **The return or redemption of common stock, preferred stock, Certificates of Participation and Member's Equity Credits are not assured.**

THE STOCK, CERTIFICATES OF PARTICIPATION AND MEMBERS' EQUITY CREDITS OF VALLEY FOODS COOPERATIVE HAVE NOT BEEN REGISTERED FOR SALE UNDER ANY FEDERAL OR STATE LAWS REGULATING THE ISSUANCE OF SECURITIES, BUT ARE BEING OFFERED AND SOLD IN RELIANCE UPON SECURITIES AND TRANSACTIONAL EXEMPTIONS FROM THE REGISTRATION PROVISIONS OF SUCH LAWS. NO FEDERAL OR STATE AGENCY HAS APPROVED OR RECOMMENDED PURCHASE OF THE COMMON STOCK, PREFERRED STOCK, CERTIFICATES OF PARTICIPATION OR MEMBER'S EQUITY CREDITS, PASSED UPON THE FAIRNESS OF THE TERMS OF THIS INFORMATION STATEMENT OR THE ACCURACY OR ADEQUACY OF THE MATTERS SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

As stated in the By-Laws, there is no right to transfer common stock, preferred stock, Certificates of Participation or Members' Equity Credits of Valley Foods Cooperative. Redemption of common stock, preferred stock, Certificates of Participation and Members' Equity Credits is solely at the discretion of the Board of Directors of the Cooperative and subject to the restrictions set forth in the Articles of Incorporation and By-Laws.

**READ ALL OF THE DOCUMENTS CAREFULLY.**

If you have questions, you may contact any of the following Board of Directors and Officers:

Name: Frank P. Fisher  
Address: P O Box 122  
Lynch, NE 68746  
Telephone: 402.583.0092

Name: David R. Barnes  
Address: P O Box 53  
Lynch, NE 68746  
Telephone: 402.569.2460

Name: Martha Nelson  
Address: 505 W Hoffman St  
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Telephone: 402.569.2323

Name: Frank J. Fisher  
Address: P O Box 13  
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Telephone: 402.336.8991

Name: Jannelle Micanek  
Address: P O Box 165  
Lynch, NE 68746  
Telephone: 402.569.3050

Name: Michelle Hansen  
Address: P O Box 44  
Lynch, NE 68746  
Telephone: 402.569.2681

Name: Norma J. Fisher  
Address: P O Box 113  
Lynch, NE 68746  
Telephone: 402.569.2107

DATED: MAY 12, 2021.

VALLEY FOODS COOPERATIVE  
BOARD OF DIRECTORS

By: *Frank P. Fisher*  
Print: FRANK P. FISHER  
Title: President