

FREQUENTLY ASKED QUESTIONS

This FAQ is provided for informational purposes only, and is not a solicitation or advertisement for the offer or sale of securities.

What is Poudre Valley Community Farms? Poudre Valley Community Farms (PVCF) is a land cooperative. Its mission is to harness the power of cooperative ownership and donor capital, combine it with creative financing techniques such as conservation easements and community partnerships, in order to buy and own farmland. The cooperative will then provide long-term leases to local farmers and ranchers at competitive market rates.

What is a cooperative? A cooperative, or coop, is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs, and aspirations through a jointly-owned and democratically-controlled enterprise based on the 1 person, 1 vote principle. Cooperatives are classified and taxed under Sub-chapter T of the Internal Revenue Code; they are not 501c3 non profits. Learn more at <http://ica.coop/> about the [7 cooperative principles](#). PVCF is a multi-stakeholder coop.

How does cooperative ownership work? What does being a member mean? A multi-stakeholder cooperative has different memberships based on the way people interact economically with the organization. These are further defined by the type of shares one purchases. All members are owners of the coop's assets (in this case, farmland). PVCF has two main categories of "memberships" divided into 4 types of shares, depending on one's role:

- **Patron member-owners:** these are members that are economically active within the coop (i.e. buy or sell products). Dividends are based on patronage (see next question for definition of patronage dividend).
 - M-shares (member-owners or households); For these people dividends are based on the household's patronage of the producer-owners. ***Most people will purchase M-shares and fall into this membership category.***
 - P-shares (for producer-owners who lease PVCF land and sell to other Patron member-owners)
 - C-shares (for commercial or institutions who want to join the coop and will also patronize the producers)
- **Investor-owners, or I-share owners:** these shares can be purchased by Patron member-owners as a way to contribute more capital and are only available for purchase when the PVCF opens an offering. Due to securities regulation, this FAQ is provided for informational purposes only, and is not a solicitation or advertisement for the offer or sale of securities. Please contact a representative of PVCF for more information about I-shares.



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What are patronage-based dividends? The first producers on the first piece of land will be Native Hill Farm. As M-share owners purchase products from PVCF producers, their “account” will accrue value and serve as the basis for determining the patronage dividend (similar to how the REI dividend works). The vision is for the number and variety of producers to grow over time as PVCF’s portfolio of land and leases expands and as more households become part of the coop. A dividend may be distributed once the coop has sufficient net margins. All dividends are at the discretion of the Board.

What is a preferred target dividend? A preferred target dividend is what I-share owners may receive once the coop has sufficient net margins. It is estimated to be around 1 - 2% of investment starting in year 4 or 5. All dividends are at the discretion of the Board. Please contact a representative of PVCF for more information about I-shares.

What is the main difference between an M-share and an I-share? The main differences lie in the nature of the voting rights, representation on the board and the way dividends are calculated. M-share owners receive patronage dividends, will vote for 3 Board member seats and will vote on anything to do with the M-share as well as on major coop decisions such as new property purchases and new fundraising drives. I-share owners have 1 seat on the Board, receive preferred target dividends and vote on issues specific to the I-share members.

Who makes the decisions for Poudre Valley Community Farms? The Board, which represents all members, makes many of the day-to-day decisions such as selecting insurance providers, negotiating leases, and membership management. Ultimately, the M-share owners, P-share owners and C-share owners are the decision-makers as they have the largest representation on the Board of Directors. Initially, the start-up team will assume the [founding Board roles](#) and serve until 2018 - at which time elections will be held. The Board will ultimately consist of 7 seats: 3 representing M-share owners, 1 representing I-share owners, 1 representing C-share owners (commercial/ institutional entities e.g. restaurants), 1 representing P-share owners (producers), and 1 external at-large seat.

Why are the first Board elections in 2018? The process of making the initial purchase, establishing the lease, preparing for organic certification, ramping up production, and preparing to calculate and issue dividends (starting in year 4) on the initial property is lengthy. The first Board will sit through 2018 to ensure that these processes are in place and preparations are made for smooth functioning of PVCF long into the future.

What food products will I receive as a member? Membership in PVCF doesn’t include any food products. You may purchase food from PVCF producers, and doing so enriches the coop’s economic impact and increases the value of your patronage



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dividend. Your membership in PVCF guarantees that the producers have long-term, stable access to land.

What if I typically buy from or already have a CSA share with another farm?

The goal of the coop is not to limit where one can purchase food. The goal is to bring the community's financial resources together to solve the problem of land access for food producers so that our community can sustain a viable local food system. We are starting with one piece of land and one leaseholder-producer but plan to add more properties and producers. We encourage you to support all local farmers. If you don't plan to purchase from PVCF leaseholder-producers, but want to contribute to the coop, we recommend a donation or that you wait for an offering of investor shares.

What liabilities pass through to coop members? To the maximum extent provided by law, no member shall be liable for the debts of PVCF in an amount exceeding their share value invested in PVCF. Note that PVCF will carry liability insurance on all of its properties and that the majority of capital contributed to PVCF will be backed by the properties PVCF owns.

Can I give memberships or shares a gifts? Can I purchase more than one for my household? There is only one M-share per household; however, if your household wants to purchase additional shares for other households you may do so. The purchaser must be over 18, and it will be up to the donor and recipient to manage the logistics, contract and tax consequences associated with the gift. If a minor is the gift recipient, they can appoint an agent or guardian of age to serve as his/her representative for any voting matters. If you would like to contribute more, please fill out the Application form and a Board member of PCVF will respond.

How can I make a larger contribution? Fill out the Application form and a Board member of PVCF will respond to questions about membership and shares. Larger contributions can also be made through tax deductible donations to the Rocky Mountain Farmers Union Foundation. These monies, donated through the RMFU Foundation for program-related projects, will come to the Coop and be used toward the purchase of PVCF farmlands.

If I move away, how do I get my money back? During the first five years of PVCF's operations (until 2021), redemption will be offered only if the member brings another member in as a replacement or if PVCF has interested parties on its membership waiting list. After 2021, PVCF intends to offer redemption at the time of withdrawal. All redemption timing and means are at the discretion of the Board.

Can I make a tax-deductible donation? Yes. PVCF can accept donations of \$50 or more through our fiscal partner, Rocky Mountain Farmers Union Foundation. Please contact us and we will send you more details about how to do this.



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What if I want to support PVCF but cannot afford to buy an entire membership at \$2,500? You have a few options:

1. You can purchase a membership on our 10-month installment plan. As long as your payments remain on schedule you will receive the benefits of membership in PVCF.
2. You can make a tax-deductible donation in any amount greater than \$50. See previous question.

What if PVCF raises more or less money than this initial goal? If PVCF raises more money than is required for the first property purchase, excess funds will be used as seed funding for PVCF's next property purchase. If PVCF raises less money than is required, PVCF will explore all reasonable opportunities to make up the gap. If none is found, and we are unable to make the purchase, then we will proceed as outlined in the next question.

What if the planned property purchase doesn't occur? This inaugural property purchase is complex and involves a number of parties and converging timelines. Should it fail to close for any reason, PVCF will seek an alternative property with similar characteristics to make another attempt. All members will be offered the opportunity to participate in the subsequent property or receive a refund for his/her membership/share(s) at the original purchase price.

Will PVCF hold mortgages on its property(ies)? PVCF intends to make a cash purchase of this first property. While cash purchases will always be favored, mortgages will be considered on future properties once PVCF has the cash flow to minimize the associated risk.

What is the relationship between PVCF and the leaseholder-producer? As the land owner and steward, PVCF will issue and monitor the lease, pay property taxes and professional fees, including lawyers and accountants, and approve (and sometimes pay for) any permanent infrastructure improvements including utilities and basic buildings. The leaseholder is a producer-owner of the coop (P-share owners) that produces food to meet local demand, practices sustainable farming or ranching practices and engages with PVCF via shared events, joint research and other activities that strengthen the coop and benefit the local food economy.

Does PVCF have paid staff? PVCF's projected operating budget includes a minimal administrative expense to manage the coop for the first property purchase. As additional properties are acquired, the cash flow will support an expansion of this manager's time and duties. Board members are not compensated for their efforts and are currently conducting all of the cooperative's business on a volunteer basis.



Why doesn't PVCF buy less expensive properties farther from town? PVCF believes that a vibrant local food economy is best served by producers who are part of the community - not living distant from it. Furthermore, the efficacy and sustainability of direct-to-consumer markets like farmers' markets and community supported agriculture are enhanced by close proximity. And finally, we like our farmers, we appreciate their efforts and the outcomes they produce, and we think they should be able to live and work in our community.

How is this different from crowdfunding? Cooperative ownership means all members have equity in the coop, have a vote (depending on what type of shares they own) in how PVCF is operated, and join a group of people who share the same goals and values for the organization. Although new laws allow for crowdfunding to include equity in the organization, crowdfunding doesn't engage the community in the same way that a cooperative does.

How is this different from a land trust? Land trusts typically work with existing landowners to purchase conservation easements or receive and hold easement donations. Land trusts then assure that the land is managed for its conservation values, but they do not own land. PVCF will consider partnership with land trusts on future projects.

What is a competitive market rate for land? PVCF intends to create the land base for smaller-scale, community-based agriculture but does not intend to subsidize agricultural businesses through its land holdings. Instead, PVCF will evaluate current lease rates for production agriculture in the area at the time each lease is established and set an annual rental rate (possibly with a small adjustment for inflation) that reflects what other producers are paying for similar land used for similar production (e.g. vegetables, pasture, orchard).

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