

**POUDRE VALLEY COMMUNITY FARMS, A LAND COOPERATIVE**  
**CLASS I PREFERRED STOCK SHAREHOLDER AGREEMENT**

**THIS CLASS I PREFERRED STOCK SHAREHOLDER AGREEMENT** (the “*Agreement*”) is made and entered into as of this << \_\_\_ >>, 2015, by and among **POUDRE VALLEY COMMUNITY FARMS, A LAND COOPERATIVE**, a Colorado cooperative, with a principal place of business located at PO Box 26, Laporte, CO 80535 (the “*Cooperative*”), and the individual holders of the Cooperative’s Class I Preferred Stock, as set forth on **Exhibit A** attached hereto, as may be amended from time to time by the Cooperative as new individuals become Preferred Shareholders (each a “*Preferred Shareholder*” and collectively the “*Preferred Shareholders*”)

**WHEREAS**, the Articles of Incorporation authorized a total of two thousand (2,000) shares of voting Class I Preferred Stock (“*Class I Preferred Stock*”), which have been issued, sold, pledged or are outstanding as set forth in **Exhibit A**;

**WHEREAS**, the purpose of this Agreement is to (a) restrict the transferability of the Shares; and (b) provide for the redemption or purchase of the Shares;

**WHEREAS**, the Preferred Shareholders have acquired shares of Class I Preferred Stock with the primary motivation to gain access to and support a community and market, and to support long-term, market-rate access for local food producers to agricultural and ranching land;

**WHEREAS**, the parties intend that this Agreement shall incorporate by reference in all material respects the terms and conditions set forth in the Cooperative’s Bylaws, as may be amended from time to time, which is attached hereto as **Exhibit B**; and

**NOW, THEREFORE**, in consideration of the promises, mutual covenants, and the agreements herein set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties to this Agreement agree as follows:

**ARTICLE 1**  
**ISSUANCE OF SHARES**

1.1 **ISSUANCE OF SHARES.** (a) Subject to the terms and conditions of this Agreement and the Cooperative’s Bylaws, simultaneously with the execution and delivery of this Agreement by the parties or on such other date as the Cooperative and Preferred Shareholder shall agree (the “*Purchase Date*”), the Cooperative will issue and sell to Preferred Shareholder, and Preferred Shareholder agrees to purchase from the Cooperative, << \_\_\_ >> shares of the Cooperative’s Class I Preferred Stock (the “*Shares*”) at a purchase price of << \_\_\_ >> per share for a total purchase price of << \_\_\_ >> (the “*Aggregate Purchase Price*” or the “*Original Purchase Price*”). On the Purchase Date, Preferred Shareholder will deliver the Aggregate Purchase Price in cash, a promissory note or some combination of both to the Cooperative and the Cooperative will enter the Shares in Preferred Shareholder’s name as of such date in the books and records of the Cooperative or, if applicable, a duly authorized transfer agent of the Cooperative. The Cooperative will deliver to Preferred Shareholder such evidence as provided for in the Bylaws of ownership of the Shares as soon as practicable following such date. As used elsewhere herein, the term “Shares” refers to all of the Shares purchased hereunder and all securities received in connection with the Shares pursuant to stock dividends or splits, all securities received in replacement of the Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other property to which Preferred Shareholder is entitled by reason of Preferred Shareholder’s ownership of the Shares. By Preferred Shareholder’s signature and the signature of the Cooperative’s representative below, Preferred Shareholder and the Cooperative agree that this acquisition of Shares is governed by the terms and conditions of this Agreement and the Member’s Media Restricted Stock Plan, which is made a part of this Agreement.

(b) Payment of the Aggregate Purchase Price shall be made by immediately available funds, by promissory note or in some combination of both, as authorized and agreed to by the Cooperative.

1.2 **CHANGE OF CONTROL.** As used herein “*Change of Control*” shall mean any of the following events:

(a) an acquisition of any Shares by any “person” (as the term “person” is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the “*1934 Act*”)) other than another then-current Preferred Shareholder immediately after which such person

has “beneficial ownership” (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of fifty percent (50%) or more of the combined voting power of the Cooperative’s then- outstanding Shares without the approval of the Board;

(b) a merger or consolidation that results in more than fifty percent (50%) of the combined voting power of the Cooperative’s then-outstanding Shares of the Cooperative or its successor changing ownership (whether or not approved by the Board);

(c) the sale of all or substantially all of the Cooperative’s assets; or

(d) the approval of a plan of complete liquidation of the Cooperative in accordance with the Bylaws.

## ARTICLE 2 RESTRICTIONS ON TRANSFER

2.1 **GENERAL RESTRICTION.** Preferred Shareholder shall not Transfer (as hereinafter defined) his/her/its Shares except as expressly permitted in this Agreement and the Bylaws. For purposes of this Agreement, “*Transfer*” shall mean, with respect to the Preferred Shareholder and his or her Shares, any sale, gift, conveyance in trust, transfer by request, assignment, pledge, mortgage, exchange, hypothecation, grant of a security interest or other direct or indirect disposition or encumbrance of an interest (whether with or without consideration, whether voluntarily, involuntarily or by operation of law). Any Transfer of Shares in violation of the terms and conditions set forth in this Agreement shall be null and void, unless consented to in writing by the Board.

2.2 **ESTATE PLANNING TRANSFERS.** Notwithstanding anything to the contrary set forth in Section 2.1 above, Preferred Shareholder may Transfer all or any of his or her Shares (a) by way of gift to any member of his or her family or to any trust for the benefit of any such family member or such Preferred Shareholder; or (b) by will or the laws of descent and distribution; provided, in each case, that any such Transferee shall agree in writing with the Cooperative, as a condition to such Transfer, to be bound by the terms and conditions set forth in the Bylaws and this Agreement to the same extent as if such Transferee were such Founding Preferred Shareholder.

2.3 **THIRD PARTY OFFER.** (a) Notwithstanding anything to the contrary set forth in Section 2.1 above, and not including any Transfer of Shares consummated in accordance with the terms and conditions set forth in Section 2.2 above, if subsequent to the fifth (5<sup>th</sup>) anniversary of the date hereof Preferred Shareholder desires to Transfer all or any part of his or her Shares pursuant to a *bona fide* offer (a “*Third Party Offer*”) in writing received from a third party who is not an existing stockholder of the Cooperative (the “*Proposed Transferee*”), Preferred Shareholder (the “*Selling Preferred Shareholder*”) shall submit a written offer (the “*Redemption Offer*”) to the Cooperative to redeem such Shares (the “*Offered Shares*”) at the Original Purchase Price plus any declared but unpaid dividends accruing thereto and upon the payment terms set forth in Section 2.3(d) below. In addition, the Redemption Offer shall disclose the identity of the Proposed Transferee, the number of Offered Shares, the total number of Shares owned by the Selling Preferred Shareholder and any other material facts relating to the proposed Third Party Offer.

(b) For a period of sixty (60) days after its receipt of a Redemption Offer, the Cooperative shall have the first right of refusal to redeem the Offered Shares of the Selling Preferred Shareholder (the “*Transferred Shares*”), for a redemption price determined in accordance with Section 2.3(c) below and upon the payment terms set forth in Section 2.3(d) below.

(c) If the Cooperative elects to exercise its option to redeem the Transferred Shares, as determined by the Cooperative’s Board of Directors (the “*Board*”), the redemption price (the “*Redemption Price*”) therefor shall be equal to the Original Purchase Price plus any declared but unpaid dividends.

(d) Redemptions of Transferred Shares to be consummated pursuant to this Section

2.3 shall be completed at the offices of the Cooperative within fifteen (15) days after the Cooperative's acceptance of the relevant Redemption Offer. At the closing of any such redemption (i) the Selling Preferred Shareholder shall deliver to the Cooperative the certificate or certificates evidencing the relevant Transferred Shares, duly endorsed for transfer to the Cooperative; and (ii) the Cooperative shall pay to the Selling Preferred Shareholder the Redemption Price, at the election of the Cooperative in its sole discretion, either (A) in full in cash at closing; or (B) in ten percent (10%) in cash at closing and the balance thereof payable on or before the two-year anniversary of such closing with interest thereon accruing at the cumulative average of the prime rate as set forth in the "Money Rates" column of the Wall Street Journal, Eastern Edition (or its successor) for the thirty (30) day period immediately preceding the date of closing (the "*Prime Rate*"), such payment obligation to be evidenced by a negotiable promissory note or notes made by the Cooperative payable to the order of such Selling Preferred Shareholder, secured by the Transferred Shares being redeemed and containing a right of prepayment without penalty.

(e) If, after the expiration of the Cooperative's right of refusal, the Offered Shares have not been redeemed by the Cooperative pursuant this Section 2.3, such Selling Preferred Shareholder may proceed to Transfer the Offered Shares to the Proposed Transferee, which price per share shall not exceed the Original Purchase Price plus any declared but unpaid dividends, and provided that (i) the closing of such sale occurs within ninety (90) days after the date of such Third Party Offer; and (ii) such Proposed Transferee has delivered to the Cooperative evidence reasonably satisfactory to the Cooperative, as determined by the Board, that such Proposed Transferee has agreed in writing to be bound by the terms and conditions of this Agreement.

(f) In the event for any reason any Offered Shares are not: (i) redeemed by the Cooperative in accordance with the terms and conditions set forth in Sections 2.3(a)-(d) above; or (ii) sold to such Proposed Transferee pursuant to such Third Party Offer within the ninety-day period in accordance with the terms and conditions set forth in Section 2.3(e) above, for a period of sixty (60) days thereafter, the Cooperative shall have the first right of refusal to redeem the Shares of the Selling Preferred Shareholder in accordance with the terms and conditions set forth in Sections 2.3(g) below.

(g) The Cooperative shall pay to such Selling Preferred Shareholder a redemption price (also the "*Redemption Price*") which shall be equal to the Original Purchase Price plus any declared but unpaid dividends for the Shares of such Selling Preferred Shareholder and shall be payable in accordance with the payment terms set forth in Section 2.3(d) above.

**2.4 INVOLUNTARY TRANSFERS.** (a) In the event that (i) a petition in bankruptcy is filed by or against Preferred Shareholder; (ii) Preferred Shareholder's Shares are involuntarily Transferred, which Transfer may include without limitation attachment, levy, divorce, foreclosure, or sale by virtue of any judicial order of any court of record; (each a "*Defaulting Preferred Shareholder*") for a period of one-hundred and eighty (180) days after the date any such petition in bankruptcy is filed, the effective date of any such involuntary Transfer, the Cooperative shall have the first right of refusal to redeem the Shares of the Defaulting Preferred Shareholder in accordance with the terms and conditions set forth in Sections 2.4(b) and (c) below. In accordance with the Bylaws, in the event that the Cooperative, at any time hereafter exercises its right to repurchase the Preferred Shareholder's Shares ("*Call Option*") and terminate Preferred Shareholder's interest in the Cooperative, which shall be in the sole discretion of the Board ("*Called Preferred Shareholder*"), for a period of one-hundred and eighty (180) days after the date of the Cooperative's exercise of its Call Option, which shall be evidenced by a written consent of the Board, the Cooperative shall have the right to redeem the Shares of the Called Preferred Shareholder in accordance with the terms and conditions set forth in Section 2.4(b) and (c) below.

(b) In the event the Cooperative exercises its right to redeem the Shares of the Defaulting Preferred Shareholder, the Cooperative shall pay to such Defaulting Preferred Shareholder a redemption price (also the "*Redemption Price*") which shall be equal to the Original Purchase Price plus declared but unpaid dividends less a discount of twenty-five percent (25%). The discount for Shares is intended, among other things, as liquidated damages to compensate the Cooperative for redeeming the

Shares of such Defaulting Preferred Shareholder at a time which may be disadvantageous to the Cooperative and as an equivalent to broker's commissions, closing costs, price reductions to obtain a prompt sale and the like that would have been paid or made had all of the Cooperative's assets been sold on the open market at a price necessary to obtain a prompt sale.

In the event the Cooperative exercises its right to redeem the Shares of the Called Preferred Shareholder, the Cooperative shall pay to such Defaulting Preferred Shareholder a redemption price (also the "*Redemption Price*") which shall be equal to the Original Purchase Price plus declared but unpaid dividends of such Called Preferred Shareholder's Shares determined as of the effective date of such involuntary Transfer plus a premium of five percent (5%). The premium for Shares is intended, among other things, as a disincentive for the Cooperative to exercise its Call Option without proper purpose or good cause and to compensate Preferred Shareholder for the risk of having his Shares redeemed unilaterally

(c) Redemptions of Shares to be consummated pursuant to this Section 2.4 shall be completed at the offices of the Cooperative within fifteen (15) days after the Cooperative elects to redeem the Shares. At the closing of any such redemption (i) the Defaulting or Called Preferred Shareholder shall deliver to the Cooperative the certificate or certificates evidencing the relevant Shares, duly endorsed for transfer to the Cooperative; and (ii) the Cooperative shall pay the Redemption Price to the Defaulting or Called Preferred Shareholder, at the election of the Cooperative, either in or some combination of (A) cash at closing; or (B) on or before the two-year anniversary of such closing with interest thereon accruing at the cumulative average of the Prime Rate, such payment obligation to be evidenced by a negotiable promissory note or notes made by the Cooperative payable to the order of such Defaulting or Called Preferred Shareholder, secured by the Shares being redeemed and containing a right of prepayment without penalty.

(d) In the event that the Cooperative does not exercise its option to redeem the Shares, the Defaulting or Called Preferred Shareholder shall remain the owner of his or her Shares and have the same rights as a Prohibited Transferee in Section 2.6 below.

## 2.5 SUBSTITUTED PREFERRED SHAREHOLDERS.

(a) A Third Party Purchaser shall have the right to become a Preferred Shareholder in place of his or her predecessor in interest with respect to such Shares purchased by such Third Party Purchaser, provided such Third Party Purchaser is eligible to become a Class I Investor-Member and agrees to become bound by the Cooperative's Bylaws. Upon satisfying such conditions precedent, then the Third Party Purchaser shall be admitted as a Preferred Shareholder and referred to herein as a "*Substituted Preferred Shareholder*."

(b) As a condition to admission as a Substituted Preferred Shareholder, such Third Party Purchasers shall execute and acknowledge such instruments, in form and substance satisfactory to the Board, as the Board shall deem necessary or desirable to effectuate such admission and to confirm the agreement that such Substituted Preferred Shareholder is to be bound by all of the terms and provisions of this Agreement, a Membership Agreement and the Bylaws, as the same may have been amended from time to time, with respect to the Shares acquired from or through such predecessor in interest; and such Substituted Preferred Shareholder shall pay all reasonable expenses in connection with such admission as a substituted Preferred Shareholder, including without limitation, the cost of preparing and having executed any amendment to this Agreement necessary or desirable in connection therewith. As a further condition to admission as a Substituted Preferred Shareholder, such Third Party Purchaser shall qualify, apply and satisfy all terms and conditions to become a Member of the Cooperative, as defined by the Bylaws.

## 2.6 RIGHTS OF PROHIBITED TRANSFEREES AND TRANSFEROR PREFERRED SHAREHOLDERS.

(a) Any purported Transfer of Shares occurring other than as permitted in accordance with the Bylaws and this Article 2 shall be null and void and of no effect whatsoever; provided, however, in

the event the Cooperative is required to recognize a prohibited Transfer (or if the Cooperative, in its sole discretion, elects to recognize a prohibited Transfer), a person who acquires Shares through such prohibited Transfer (a “*Prohibited Transferee*”) shall (i) be entitled only to allocations and distributions associated with such Shares, which such allocations and distributions may be applied by the Cooperative (without limiting any other legal or equitable rights of the Cooperative or the other Preferred Shareholders) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Shares may have to the Cooperative or the other Preferred Shareholders; (ii) have no right to information or accounting of the affairs of the Cooperative; (iii) not be entitled to inspect the books or records of the Cooperative; (iv) not be entitled to exercise any voting rights associated with such Shares; and (v) not have any of the rights of a Preferred Shareholder under the Act or this Agreement.

(b) Any Preferred Shareholder who has Transferred some or all of his or her Shares (whether or not such Transfer is permitted hereunder) shall, as of the date of such Transfer or attempted Transfer: (i) automatically cease to have any rights as a Preferred Shareholder with respect to the relevant Shares; and (ii) with respect to any ineffective Transfer, have only the rights of a Prohibited Transferee as set forth in Section 2.6(a) above; provided, however, that Preferred Shareholder shall not be relieved of any of his or her liabilities or obligations hereunder with respect to such Shares.

### **2.7 REDEMPTION REQUEST; PUT OPTION.**

(a) Subject to this Agreement, Preferred Shareholder may exercise a put option with respect to the Shares, which shall have redemption priority relative to prior outstanding Class I put options and or requests for redemption. Preferred Shareholders shall have no right of redemption (as herein defined) prior to the seventh anniversary of the date the Shares were initially purchased. Beginning seven (7) years from the initial date the Shares were purchased Preferred Shareholder may request that the Cooperative redeem some or all of the Shares at a price per share equal to the Redemption Price (as defined in Section 2.3 hereof)

(b) The Board of Directors shall have the right from time to time to modify the above timing. In the event the price per share at the Cooperative’s most recent sale of Class I Preferred Stock (the “*Sale Price*”) exceeds the Original Purchase Price of the Shares acquired by the Preferred Shareholder, the Board of Directors shall have the right, but not the obligation, to modify the Redemption Price to an amount equal to the number of Shares held by Preferred Shareholder multiplied by the Sale Price per share. The Cooperative shall redeem the shares of Class I Preferred Stock at the Redemption Prices described above in accordance with Section 2.4(c) hereof.

(c) Requests for redemptions shall be made in writing, and delivered to the Board of Directors.

(d) The Cooperative shall have the right to postpone, suspend, condition or modify redemption made pursuant to this section in accordance with the Bylaws.

(e) If at any time the Board of Directors determines that the payment of the aggregate Redemption Price payable pursuant to this section will otherwise impair the ability of the Cooperative to operate effectively, the Board of Directors shall have the discretion to limit, postpone or refuse requests for redemption.

## **ARTICLE 3 MISCELLANEOUS**

**3.1 DIVIDENDS.** Subject to the Bylaws, Preferred Shareholder shall be entitled to receive dividends in proportion to the Shares held by Preferred Shareholder only at such times as the Board may, in its sole discretion declare and distribute. Preferred Shareholder expressly consents to the tax treatment of the Shares and any dividends declared thereupon. Preferred Shareholder expressly acknowledges, understands and accepts that dividends declared upon the Shares are not guaranteed, not cumulative target dividends declared in the sole discretion of the Board. Notwithstanding the declaration of dividends upon the Shares, the Board reserves the right, in its sole discretion, to defer payment of dividends until such time as the cash flows of the Cooperative support such a distribution.

Notwithstanding the foregoing, the Preferred Shareholder shall be solely responsible for any tax consequence arising from the declaration or distribution of dividends upon the Shares.

**3.2 ADDITIONAL SHARES.** The terms of this Agreement shall apply to any additional Shares of Class I Preferred Stock issued to or received by any Preferred Shareholder for any reason, including, without limitation, Shares issued in connection with a stock dividend, dividend reinvestment, stock split or other distribution. All certificates representing any such additional Shares hereinafter issued to any Preferred Shareholder shall bear the legend set forth in Section 3.5 below.

**3.3 PREFERRED SHAREHOLDER'S INVESTMENT REPRESENTATIONS.** Preferred Shareholder hereby represents, warrants and acknowledges to the Cooperative that:

3.3.1 Upon the consummation of such purchase and issuance of the Shares, Preferred Shareholder shall be a stockholder of the Cooperative and his or her rights and obligations as a stockholder of the Cooperative and with respect to the Shares shall be governed by this Agreement, such certain Membership Agreement, and the Cooperative's organizational documents, including the Bylaws. Preferred Shareholder acknowledges that Preferred Shareholder has received copies of and read the same and fully understands Preferred Shareholder's rights and obligations as a stockholder of the Cooperative, including without limitation, the limitations and restrictions regarding transfer and redemption of the Shares as set forth herein and in the Preferred Shareholder Agreement.

3.3.2 Preferred Shareholder is acquiring the Shares solely for Preferred Shareholder's own account and not with a view to or for sale or distribution of the same, and not with any present intention of selling, offering to sell or otherwise disposing of or distributing the same in any transaction other than a transaction exempt from registration under the Securities Act of 1933, as amended (the "Act") and exempt from registration or qualification under applicable state and federal securities laws (collectively, the "Securities Laws"). Preferred Shareholder also represents that the entire legal and beneficial interest in the Shares shall be held for Preferred Shareholder's account only and neither in whole nor in part for any other person.

3.3.3 By reason of Preferred Shareholder's business or financial experience, Preferred Shareholder has the capacity to protect Preferred Shareholder's own interests in connection with the acquisition of the Shares.

3.3.4 Preferred Shareholder understands the risks involved in the Cooperative's business.

3.3.5 Preferred Shareholder is aware and agrees that acquisition of the Shares is predicated upon bona fide non-pecuniary motivations and objectives and that Preferred Shareholder is able, without impairing Preferred Shareholder's financial condition, to hold such Shares for an indefinite period, and even to sustain a total loss.

3.3.6 The sale, transfer and assignment of the Shares has not been registered under the Act, has not been registered or qualified under any applicable Securities Laws, and the Shares issued to Preferred Shareholder must be held indefinitely unless subsequently registered under the Act and registered or qualified under applicable Securities Laws, or an exemption from such registration and qualification is available.

3.3.7 The Shares may constitute restricted securities within the meaning of Rule 144 promulgated under the Act; the exemption from registration under Rule 144 will not be available in any event for at least one (1) year (or, under certain circumstances, three (3) years) from the date of Preferred Shareholder's acquisition of the Shares and unless other terms and conditions of Rule 144 are complied with; and any sale of the Shares may be made by Preferred Shareholder only in accordance with such terms and conditions, or otherwise in an exempt transaction under the Act.

3.3.8 The Cooperative has made no representations whatsoever to Preferred Shareholder regarding the tax effect of the transaction contemplated by this Agreement, or regarding Preferred Shareholder's past, present, or future federal, state, or local tax liability. Preferred Shareholder has assumed complete responsibility for obtaining competent tax advice to

determine such tax effect.

3.3.9 Preferred Shareholder has independently arrived at Preferred Shareholder's own opinion as to the value of the Shares. Preferred Shareholder understands and is aware that the Aggregate Purchase Price for the Shares is not necessarily based upon the fair market value for the Shares. There is no market for resale for the Shares and therefore the Aggregate Purchase Price per share is an arbitrary value, which may not reflect the actual value for the Shares.

3.3.10 Preferred Shareholder has no right to demand distribution or dividend from the Cooperative other than in accordance with the express terms and conditions set forth in this Agreement, the Cooperative's Bylaws or other Cooperative documents.

**3.3 PREFERRED SHAREHOLDER'S INCOME TAX REPRESENTATIONS.** Preferred Shareholder hereby acknowledges and understands that Preferred Shareholder shall be responsible for the payment of any and all taxes due or to come due with respect to the purchase or redemption of the Shares (the "Taxes"). The Cooperative has not made and does not make any representations about the tax consequences with respect to the Shares or other compensation Preferred Shareholder receives from the Cooperative or pursuant to this Agreement. Preferred Shareholder shall indemnify and hold the Cooperative harmless from any and all claims or penalties asserted against the Cooperative for any failure to pay such Taxes.

**3.4 RESTRICTIVE LEGENDS.** All certificates representing Shares shall have affixed thereto legends in substantially the following form:

- a. "THESE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE SHARES ISSUED HEREBY IS MADE BY COOPERATIVE, DULY FORMED UNDER COLORADO LAW."
- b. "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE NOTE MADE HEREBY IS MADE BY A COOPERATIVE, DULY FORMED UNDER COLORADO LAW."

**3.5 DOCUMENTS.** Preferred Shareholder shall execute such certificates, counterparts, instruments, documents and amendments thereto as may from time to time be reasonably required under applicable law in connection with the formation and corporate governance of the Cooperative.

3.6 **CONFLICT OF INTEREST.** Preferred Shareholder acknowledges that:

3.6.1 This Agreement has been drafted by the Cooperative's Attorney;

3.6.2 Preferred Shareholder has been advised that a conflict of interest may exist between Preferred Shareholder's interests and the interests of the Cooperative, and with other Preferred Shareholders;

3.6.3 Preferred Shareholder has been advised to seek the advice of independent legal counsel; and

3.6.4 Preferred Shareholder has had the opportunity to seek the advice of independent counsel.

3.7 **BINDING AGREEMENT.** This Agreement shall survive the formation and dissolution of the Cooperative and shall be binding on the assignees and legal successors of Preferred Shareholder.

3.8 **NOTICES.** All notices or other instruments or communications provided for in this Agreement shall be in writing and signed by the party giving same and shall be deemed properly given if delivered in person, including delivery by overnight courier or if sent by registered or certified United States mail, postage prepaid, addressed to such party at the address set forth herein. Each party may, by notice to the other party, specify any other address for the receipt of such notices, instruments or communications.

3.9 **GOVERNING LAW; VENUE; JURISDICTION; JURY TRIAL WAIVER.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado including all matters of construction, validity and performance. The parties agree that any action or proceeding commenced under or with respect to this Agreement shall be brought only in the district courts of the County of Larimer, State of Colorado, and the parties irrevocably consent to the jurisdiction of such courts and waive any right to alter or change venue, including by removal. **THE PARTIES HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO OR IN CONNECTION WITH THIS AGREEMENT.**

3.10 **ENTIRE AGREEMENT; SEVERABILITY; WAIVER.** This Agreement together with the Series Seed Stock Purchase Agreement constitute the entire agreement between the parties hereto and thereto concerning the matters covered herein and supersede all prior agreements and/or understandings, between the parties, whether written or oral, concerning the matters addressed herein; and there are no understandings, agreements, representations or warranties, express or implied, which are not specified in writing and signed by the parties hereto. In the event that any of the terms of this Agreement are or become illegal or unenforceable, such terms shall be null and void and shall be deemed deleted from this Agreement, and all the remaining terms of this Agreement shall remain in full force and effect. No waiver of any provision of this Agreement, nor consent to any departure by either party therefrom, shall in any event be effective unless the same shall be in writing and signed by the party to be charged with the waiver or consent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

3.11 **LEGAL EXPENSES.** In the event of any legal action to enforce or construe any provision of this Agreement (including in any arbitration), the non-prevailing party or parties thereto shall pay the prevailing party the reasonable costs and expenses (including legal fees) incurred by such prevailing party therein.

3.12 **COOPERATIVE NAME.** The Cooperative shall have the exclusive ownership and right to use the Cooperative name as long as the Cooperative continues, despite the withdrawal (for whatever reason) of Preferred Shareholder. No value shall be placed upon the name or the goodwill attached to the Cooperative name for the purpose of determining the value of any interest in the Cooperative.



3.13 **RIGHTS UPON DEFAULT.** This Agreement may be enforced at law or in equity, including suit for damages or for specific performance. Any Preferred Shareholder who violates any of the terms of this Agreement shall hold the Cooperative and all other Preferred Shareholders harmless and indemnify them from any claims, actions, and losses, including reasonable attorneys' fees that may arise from such violation.

3.14 **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

**IN WITNESS WHEREOF,** the parties hereto have executed this Agreement effective as of the date first above written.

**THE COOPERATIVE: POUDDRE VALLEY COMMUNITY FARMS, A LAND COOPERATIVE**

**BY:** \_\_\_\_\_

**NAME:**

**TITLE:**

**THE PREFERRED SHAREHOLDER:**

\_\_\_\_\_

**EXHIBIT A**

**POST-CLOSING CAPITALIZATION TABLE – THE PREFERRED SHAREHOLDERS**

NAME & ADDRESS	CLASS I PREFERRED SHARES
[NAME] [Address] [Email]	
[NAME] [Address] [Email]	

**EXHIBIT B**

BYLAWS