



April 23, 2017
WV Farmers Cooperative Inc.
902 29th St. Vienna WV 26105
wvfarmerscoop@gmail.com

To Whom It May Concern:

The West Virginia Farmers Cooperative is excited to beginning the second year of research cultivation with industrial hemp. We have much to share and still to learn about our first year cultivating and processing this plant. The purpose of this letter is to encourage you to join us in this cooperative effort to diversify our state's economy and bring more profitability to your existing farming operations.

Please see the following *Overview of Industrial Hemp Pilot Program and Farmer Application* to gain a general understanding of the pilot program requirements and membership with our cooperative. This is a general layout of the program and tentative dates for membership, permitting, licensing, inspection, testing, reporting, and evaluation. This guidance document is subject to change according to any updated policies or procedures that are put forth by the West Virginia Department of Agriculture.

Thank you for your interest in joining our cooperative effort to develop industrial hemp as a cash crop in West Virginia. Our goal is to assist all farmers interested to grow hemp with access to information and infrastructure that will help to make your pilot license profitable. We look forward to working with you!

Very truly yours,



J. Morgan Leach
Chief Executive Officer
(304) 834-2822

Overview of Industrial Hemp Pilot Program¹

I. Applications for Membership with the WV Farmers Cooperative: May – July

The West Virginia Farmers Cooperative is taking additional membership to prepare for the 2018 growing season. Our organization assists new hemp farmers with permitting, seed sourcing, farming techniques, equipment, and contracts for processing and ultimately sales of hemp crops and value added materials.

New membership is limited at this time. If you are interested, please review these materials and submit a FARMER APPLICATION to wvfarmerscoop@gmail.com to be considered for new membership. We are offering a free initial consulting meeting with our CEO for those who are interested to apply.

Farmer Membership cost for 2018 is \$1,250.00.

II. Provisional Permitting: July – August

Begin taking applications in July and issue permits by mid August. It costs \$100 to apply and an additional \$5 an acre.

III. Seed Sourcing: September – February

Once permitting is closed and provisional permits are issued, require farmers to secure seed contracts over the next four months and submit a Notification Report to WVDA. DEA Importer permits will need to be obtained and transferred prior to seed being imported to the states. Industrial hemp seed costs about \$5 per lb and takes an average of 35lbs per acre to plant.

¹ Drafted in accordance with 61-CSR-29.

IV. Background Checks: Need approved before license issued.

Provisional permit holders begin the process to complete background check once permit is received. Passing a background check is necessary in order to be granted a license to cultivate hemp in West Virginia.

V. Notification Reports: Before planting and after harvest.

1. Seed varieties to be planted with certification.
2. Distribution of any industrial hemp grown.

VI. Licensing: After background check submitted and approved.

Licenses issued once background check is received and approved by the Commissioner.

VII. Planting / Harvest: Year-round.

Hemp will be planted as seedlings in greenhouses beginning as early as February and traditional field sowing in late April to mid May. Harvest may range from August to December if two crops are grown and weather permitting. Some portions of the crop may be left standing or lying in the field for some period of time to ret the fiber. Fresh product will be harvested and processed immediately after for best results.

VIII. Inspection and Testing:

The WVDA will have rights to test after providing notice at any time during the growth and harvest. There will be costs associated with inspection and testing.

IX. Reporting and Evaluation:

The Commissioner must maintain data relating to all licenses. Applicants must be ready to retain and submit data related to farming hemp in the pilot program. A report will be submitted to the House and Senate Committees on Agriculture to show the progress of the program after five years.

FARMER APPLICATION

West Virginia Farmers Cooperative Inc.

Introduction

Thank you for your interest in becoming a member of the West Virginia Farmers Cooperative (WVFC Inc.). To begin the application process, please complete the form below. All applications are reviewed by the Board of Directors and will be given due consideration based on qualifications and level of sophistication of farming experience. If your application is approved, a staff member of the cooperative will contact you once your application has been processed to begin finalizing membership. Please note that submitting a membership application does not guarantee membership. **Please read through the entire application, initialing each page in the space provided at the bottom to confirm.**

WVFC Inc. requires a \$1250 minimum, \$10,000 maximum investment for membership that includes (1) \$750 voting member share and (1) preferred stock share. Investing \$25,500 or more will ensure advanced entry into growing innovative crops over the next three years: 2017 – 2020. Preferred shares are non-voting shares intended to capitalize the cooperative's operations. Preferred shares are redeemable when the co-op is solvent and financially able to do so. WVFC Inc. is strategically expanding into several agricultural sectors, which include emerging commodity markets as well as sustainable and/or regenerative growing methodologies/technologies. All members will have full access cooperative services including crop consultation, seed breeding, and market development. Through these and other services, the Cooperative will strategically position its members for emerging agriculture sectors that emphasize both sustainable practices and regenerative design by ensuring that the wealth generated by representative crops stays local.

Risks of Membership

Becoming a member of WVFC Inc. is like participating in any business venture in that it carries certain financial risks as well as the potential benefits. As a member, you acknowledge and agree to these risks as part of your participation. These risks include, *but are not limited to*: the possibility of bad weather, climate change, disease, pests, crop failure, and other threats that are common to agricultural ventures; the possibility of increased government regulation or prohibition of growing or selling certain crops, particularly hemp; the possibility of market volatility, unexpected competition, embargo, or other conditions that could limit the supply of seed, agricultural chemicals, motor fuel, or other inputs necessary for production and sale of crops. While the Cooperative's leaders believe that market and financial prospects for its crops and business are extremely good, there is always the risk that these or other factors could cause that business to suffer or fail completely, and the loss of each member's financial investment in the Cooperative.

About WVFC Inc.

WVFC Inc., a WV State Licensed Farming Cooperative and Public Benefit Corporation, has a vision to develop and activate the agricultural supply chain from seed to end-customer through regenerative design and innovation with the end goal of engaging local, regional and global stakeholders in implementing the initial framework for a robust production and use

environment of innovative crops in West Virginia. Diverse participation in the development of these markets will stimulate vital economic growth and improve social conditions including health, wealth, and wellbeing across West Virginia – a fundamental component of our regenerative design and innovation model. Leveraging the opportunities within the emerging regenerative agriculture sector, our cooperative model is designed to identify synergies across the agricultural sector in order to accelerate profitable opportunities within the emerging regenerative economy.

Shared-Value Creation is central to our company's innovation model. The premise behind creating shared-value is that the competitiveness of our cooperative and the health of the communities across the state are mutually dependent. In recognizing and taking advantage of these connections between societal and economic progress, our innovation model will unleash the next wave of global growth and redefine how market systems operate and evolve. Our cooperative model has developed a unique shared-value model linking farmers, breeders, industry leaders and equity investors into a cooperative-platform designed to optimize innovation spill-overs and in turn increase profit margins. These non-traditional linkages within the agriculture sector represent the unique nature of our cooperative-innovation model.

About Cooperatives

A cooperative, or co-op, is a business that is owned and controlled by its users or members and that distributes benefits to its members based on use, often in the form of patronage earnings or dividends. Cooperatives are typically governed by a member-elected Board of Directors that represents the interests of the membership in decision-making. Cooperatives are based on the values of self-help, self-responsibility, democracy and equality, equity and collaboration and abide by seven cooperative principles:

- 1) Voluntary and open membership** - Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
- 2) Democratic member control** - Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. All people - men, women, and others - serving as elected representatives are accountable to the membership.
- 3) Member economic participation** - Members contribute equitably to, and democratically control, the capital of the cooperative. The economic benefits of a cooperative operation are returned to the members, reinvested in the co-op, or used to provide member services.
- 4) Autonomy and independence** - Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
- 5) Education, training, and information** - Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public about the nature and benefits of cooperation.

- 6) Cooperation among cooperatives** - Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
- 7) Concern for community** - While focusing on member needs, cooperatives work for the sustainable development of their communities through policies approved by their members.

Qualifications for Membership

Any person, firm, partnership, corporation, association, to qualify for membership, must be a producer of agricultural products intended for market, and be a purchaser of supplies and/or services offered by this cooperative association.

- Applicant should own or lease land that could generally be recognized as being used for the production of agricultural products.
- Applicant should own, produce, and market crops; particularly oil seed and fiber crops, agricultural products, natural materials & products, and other crops using regenerative practices.
- Applicant should receive regular income from their farming operation, as a result of the marketing of these commodities.
- The members of this cooperative shall be the holders of its voting common stock who are qualified to hold the same in accordance with the provisions of the Articles of Incorporation and of the Bylaws, and who patronize and cooperate with this co-op.
- Any person, partnership, corporation or association who or which is a producer of agricultural products, or who or which, by virtue of being a landlord or tenant, shares or has an interest in the production of agricultural products, and any association of such producers may become a member by patronizing this co-op and acquiring at least one share of its voting common stock as well as one share of preferred stock, and may remain a member of this co-op so long as he or it is a producer, has an interest in the production of agricultural products or is an association of such producers and continues to patronize this co-op and accepts all responsibilities and rights of membership as outlined in the bylaws.

Process for Completing Membership Application

Pre-Membership

- Fully complete Applicant Information section.
- Complete "Qualifications for Membership" section (Explained below).
- Return completed applications to WVFC Inc. (by email preferred).
- Upon approval by executive team, we will set up interview.

Upon Approval of Membership

- Include your \$750.00 membership purchase. This is a one-time share purchase fee.
- Include your preferred stock purchase. Minimum is one share for \$500.00 with a maximum of \$10,000.00.
- Sign the membership declarations on the last page of the application.
- Initial each page of this application.
- Sign Farmer Agreement.

Member Rights

- Vote in board elections or on ballots
- Attend annual and special meetings
- Run for a position on the board of directors or serve on committees

Member Responsibilities

- Contribute to the Co-op's capital by purchasing membership shares
- Patronize the Co-op
- Know and understand the criteria for participation, product standards, bylaws, and policies of the Co-op
- Participate in educational activities mandated by the board of directors or product committees
- Keep current on the activities and actions of the coop, attend annual and special meetings, vote in elections, and respond to surveys
- Participate in committee work
- Share experience and provide member-to-member education as requested
- Promote the Co-op and encourage others to become members
- Contact local, state, and federal representatives on issues related to the Co-op's mission

Applicant Information

Full Name _____

Date of Birth _____

Mailing
Address _____

City/State/Zip _____

County _____

Farm Location(s) _____

Phone _____

E-mail _____

SSN or I.D.# _____

Acreage Owned _____ Acreage Rented _____

Years of Farming Experience _____

Occupation (other than
farming) _____

Farm Information

I am engaged in the production and sale of the following items:
(Please check all applicable items):

- Soybeans
- Cotton
- Hay
- Corn
- Tobacco
- Forage
- Small Grain
- Dairy
- Beef
- Swine
- Vegetables
- Poultry
- Greenhouses
- Orchards
- Organic Crops
- Specialty Crops / Other: _____

Common Membership Agreement

Application for membership in the **WEST VIRGINIA FARMERS COOPERATIVE INC.** of West Virginia is hereby submitted as provided for in the Bylaws.

By applying for membership with the cooperative, I agree to the following:

- To comply with the regulations and requirements of the Bylaws, the policies established by the Board of Directors and any action passed by the membership in special or regular meetings.

- I acknowledge receipt of a current copy of the Bylaws.

MEMBERSHIP DECLARATIONS and TAXPAYER CERTIFICATION

I have read the Bylaws and Qualifications for Membership and do hereby attest that I meet the requirements for the membership class designated in this application. It is understood that if the Board of Directors of Producers Cooperative Association acts favorably upon this application, I will be issued one share of Voting Common Stock along with _____ share(s) of preferred stock. These shares of common and preferred stock cannot be transferred to anyone other than the Association.

By signing this instrument, I hereby agree to comply with the Bylaws of the Association and do further understand and consent that the amount of my distribution of patronage refunds, which are made in written notices of allocations, and which are received from this Association, will be taken into account by me and their stated dollar amounts in the manner, as now or hereafter provided in the Federal Tax Laws in the taxable year in which such written notice of allocation is received.

Further, under the penalties of perjury, I certify that: (1) The number shown on this application is my correct taxpayer identification number; and (2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding (does not apply to real estate transactions, mortgage interest paid, the acquisition or abandonment of secured property, contributions to an Individual Retirement Account (IRA), and payments other than interest and dividends)

I hereby certify that I meet the qualifications for membership in this cooperative, as set forth above, and submit herewith, in payment in full for one (1) share of cooperative voting common stock to be issued in my name, the sum of \$750.00 as well as _____ preferred stock in the amount of \$_____.00. Cash accepted. If you pay by check, please anticipate that your check will not clear until after the next Board of Director’s meeting.

Signature

Date

Printed Name