

January 2022

Dear Buffalo Mountain Food Coop Supporter,

Thank you for requesting an Investment Packet. We are very pleased that you are investing in our co-op. We can only achieve our goal of renovating and moving into our new location with strong financial support from our members and generous supporters like yourself. Your investment is much appreciated.

Our new store will be a larger version of the Co-op's Main Street store you love, with more fresh produce, meat, cheese and deli; more parking; and even an indoor eating area. With your help, our new store will quickly become Hardwick's Market of Choice.

In order for us to raise \$500,000 by March 1st, we need to achieve an average investment of at least \$5,000. In order for us to reach this goal we will need some of our members to invest more than this average. It will be a great help to our campaign and our co-op if you are able and willing to invest more than the average.

This packet includes our investment memorandum, subordinated promissory note, note purchase agreement, this cover letter and a stamped, self-addressed return envelope. Please read the Memorandum carefully before filling out and returning the two Notes to us.

When you are ready to proceed with your investment please fill and sign in the following places:

1. Note purchase agreement:

- Pg 1: Principal Amount of your loan
- Pg 1: Term in Years: 7, 10, 13 or 16
- Pg 1: Interest rate 1%, 1.5% or 2% (interest will be paid out annually)
 - i. Loans between \$1,500 - \$9,999.99 = 1%; Loans between \$10K - \$49,999.99 = 1.5%; Loans \$50K+ = 2%
- Pg 3 : Initial 2.8 if you are investing more than \$10K and you meet the stated criteria; Initial 2.9 if you are investing more than \$25K and you meet the stated criteria. If you are investing less than \$10K, leave blank.
- Pg 4: Fill and sign all information in the appropriate (person or entity) section.

2. Subordinated promissory note:

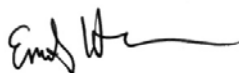
- Date: date you are making your loan, ie. today's date
- Maturity Date: your loan will be paid back with interest by Dec. 31 of the term year.
 - i. 7 years = 12/31/2029 ; 10 years = 12/31/2032 ; 13 years = 12/31/2035 ;
16 years = 12/31/2038
- Loan Amount
- Fill all information in the first paragraph
- You do not need a Witness: the BMFC will have a witness when the Duly Authorized Agent completes the Promissory Note

Please contact us at CapitalCampaign@bmfco.coop to request assistance with the paperwork or have any questions. Please identify if you'd like a return call and when's a good time, or call Lydia at (802) 522-8068.

Once we receive your paperwork and a check (made out to Buffalo Mountain Co-op, memo: Capital Campaign) we will send you a thank you and return a copy of the completed Subordinated Promissory Note to you.

Again, thank you so much for requesting a packet and supporting our co-op. Thank you for helping us grow!

Sincerely,



Emily Hershberger
General Manager

| Investors may select and must spread across loan terms of 7, 10, 13 or 16 years | All VT Residents | VT Residents who qualify* | VT Resident who qualify* |
|---|----------------------|---------------------------|--------------------------|
| Loan Amount | \$1,500 – \$9,999.99 | \$10K - \$49,999.99 | \$50K+ |
| Interest Rate | 1% | 1.5% | 2% |

Accrued interest shall be paid annually, on or before December 31 of each year starting in 2022. All accrued interest and outstanding principal will be due and payable together on the Maturity Date. (eg. 7 years = 12/31/2029; 10 yrs = 12/31/2032; 13 yrs = 12/31/2035; 16 yrs = 12/31/2038)

*Vermont Qualified Investors qualify to invest between \$10,001 and \$25K; Accredited Investors qualify to invest more than \$25K.

*Details can be found on page 18-19 of the Offering Memorandum. Request a copy from CapitalCampaign@bmfco.coop

**VERMONT CROWDFUNDING
OFFERING MEMORANDUM**



Promissory Note Offering

Minimum Offering Amount: \$250,000
Maximum Offering Amount: \$1,000,000

Dated 12.20.2021

Neither the United States Securities and Exchange Commission nor the Vermont Department of Financial Regulation Securities Division or any other state securities commission has approved or disapproved of these securities or determined if this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

Buffalo Mountain Co-op Inc.

Offering Memorandum

Overview

Buffalo Mountain Co-op Inc., a Vermont consumer-owned nonprofit cooperative corporation (the “Co-op” or “BMC”), is offering to eligible residents of the State of Vermont (the “Offering”) up to a maximum of \$1,000,000 (the “Maximum Offering Amount”) of promissory notes (the “Securities” or the “Notes”). The funds raised pursuant to this Offering will be used to finance the relocation to and fit-up of the Co-op’s new location at 75 Mill Street, as well 91 Mill Street, in Hardwick, Vermont.

The Offering will commence on December 20, 2021 and is scheduled to expire on the one-year anniversary of the commencement date, unless the Offering is terminated sooner by the Co-op or extended by the Co-op in accordance with the Vermont Crowdfunding securities regulations. All funds received by the Co-op in connection with the Offering will be held in escrow until the Offering has met the minimum Offering amount of \$250,000 (the “Minimum Offering Amount”), or otherwise until the termination of the Offering period. If the Offering has met or exceeded the Minimum Offering Amount prior to the termination of the Offering period, all investor funds received by the Co-op will be released to the Co-op for the uses described herein. However, if upon the termination of the Offering period, the Co-op has not obtained aggregate investor purchases that equal or exceed the Minimum Offering Amount, the Offering will be cancelled and all funds received from investors in connection with the Offering will be returned to such investors without interest.

The Co-op has set a minimum purchase amount per investor of \$1,500, except for Co-op staff. For investors who are Co-op staff, the minimum purchase amount is \$500. Investors who wish to purchase Notes in excess of \$10,000 must satisfy certain additional financial and suitability requirements, described in Section 8 (Investor Suitability) of this Offering memorandum (this “Memorandum”). The Co-op may also in its sole discretion grant waivers on a case-by-case basis to the minimum purchase requirement.

The Securities offered under this Memorandum are being offered without registration under the Securities Act of 1933, as amended (the “Securities Act”), and applicable state securities laws in reliance upon an exemption from registration afforded by Section 3(A)(11) of the Securities Act, and applicable state securities laws.

Investing in the Securities involves a high degree of risk. See Section 5 (Risk Factors) of this Memorandum.

The Securities are being offered by the Co-op only to residents of the State of Vermont who meet certain requirements. See the discussion under Section 8 (Investor Suitability) of this Memorandum for information as to whether you qualify and an explanation of other suitability requirements. The Co-op has the right to approve or reject any investor.

Buffalo Mountain Co-op Inc.

Offering Memorandum

Important Regulatory Notices

This Memorandum has been prepared solely for the benefit of those Vermont residents interested in the proposed offering of the Securities. If you are not a Vermont resident, this Offering is not open to you. The information provided in this Memorandum may be used only for the purpose of evaluating whether or not to invest in the Securities.

This Memorandum is summary in nature and should only be read in conjunction with the attached exhibits – including the Co-op’s financial statements, which are attached as Exhibit A and the Co-op’s Articles of Incorporation and Bylaws, which are included in Exhibit B. No one should purchase any Securities in this Offering without careful review of this Memorandum, including all exhibits.

The information in this Memorandum was prepared solely by the Co-op and contains information the Co-op believes to be reliable as of the date of the Memorandum. None of this information can or should be relied on as a promise of future performance of the Co-op. Circumstances may change at any time, and the Co-op’s business plans or proposed operations may change without any notice to you. Neither the delivery of this Memorandum nor any sale to you shall under any circumstance create an implication that there has been no change in the affairs of the Co-op after the date of this Memorandum or any exhibit. The Co-op also strongly advises you to consult with an investment professional and your personal financial and legal advisors before making any decision to invest.

The Securities have not been registered under the Securities Act or the securities or “Blue Sky” laws of any state and may not be transferred or resold without (i) registration under the Securities Act and applicable state registration or qualification, unless, in the opinion of the Co-op’s counsel, an exemption from registration under applicable federal and state securities laws is then available under Rule 144 or otherwise and (ii) compliance with all other restrictions on transfer, if any, contained in this Memorandum and applicable documentation.

All funds received from accepted note purchase agreements will be available for use by the Co-op only upon the Co-op’s determination that the Minimum Offering Amount has been achieved. The Co-op has the right to reject any prospective investment in whole or in part or to allot to any prospective investor less than the principal amount such investor desires to purchase. This Memorandum constitutes an offer only to the prospective investor to whom this Memorandum is first delivered, or with the prior written consent of the Co-op, to a subsequent investor, and does not constitute an offer to sell to or a solicitation of an offer to buy from anyone in any state or other jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation.

In making an investment decision, you must rely on your own examination of the information the Co-op provides in this Memorandum and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended by any federal or state securities commission or regulatory authority, nor has any commission or authority confirmed the accuracy or determined the adequacy of any of the information, materials or terms of this Offering or this Memorandum. Any representation to the contrary is a criminal offense.

These Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, and the applicable state securities laws. If a qualified buyer of your Securities cannot be found, you may not be able to sell or transfer any Securities purchased by you, and therefore you may be required to bear the financial risks of this investment for an indefinite period of time.

This Offering of the Securities is being made in reliance upon the availability of exemptions from the registration provisions of the Securities Act and in reliance upon the availability of an exemption from the qualification or registration provisions of the securities laws of the State of Vermont.

You are not to construe the contents of this Memorandum as investment, tax, or legal advice. This Memorandum and the exhibits, as well as the nature of the investment, should be reviewed by each prospective investor and each prospective investor’s professional advisor (attorney, accountant and/or investment advisor).

Buffalo Mountain Co-op Inc. Offering Memorandum

This Memorandum contains summaries of certain provisions of documents relating to the Co-op's business and the purchase of the Securities. These summaries do not purport to be complete. Please contact us to review the original documents.

Buffalo Mountain Co-op Inc.

Offering Memorandum

Summary of Key Terms of the Offering

You should read the following summary of the key terms of the Offering together with all other information contained in this Memorandum. The following summary is qualified in its entirety by reference to the complete text of the other information and documents described herein.

- Issuer:** Buffalo Mountain Co-op Inc., a Vermont nonprofit cooperative corporation.
- The Offering:** We are offering up to \$1,000,000 of the Securities, and we must sell at least \$250,000 of the Securities.
- The Project:** Expansion and relocation of the Co-op to 75 Mill Street and 91 Mill Street, Hardwick.
- Risk Factors:** The Securities offered hereby involve a high degree of risk. See [Section 5 \(Risk Factors\)](#).
- Eligible Investors:** The Securities will be sold only to Vermont residents whom we reasonably believe meet certain suitability standards. Each investor must be a Vermont resident. See [Section 8 \(Investor Suitability\)](#).
- Minimum Purchase:** Unless waived at our discretion, the minimum investment for each investor, other than Co-op staff, is \$1,500. For investors who are Co-op staff, the minimum investment amount is \$500.
- Maximum Purchase:** The amount of the Securities that may be purchased will be limited to \$10,000 unless such investor either qualifies as an “accredited investor” as that term is defined in Regulation D under the Securities Act, in which case no limit will apply, or as a “Vermont Certified Investor,” in which case the purchase will be limited to \$25,000.
- Interest Rate:** Notes having an original principal amount of less than \$10,000 shall accrue simple interest at a rate of 1.0% per year. Notes having an original principal amount of between \$10,000 and \$49,999.99 shall accrue simple interest at a rate of 1.5% per year. Notes having an original principal amount of \$50,000 or more shall accrue simple interest at a rate of 2.0% per year. Accrued interest shall be paid annually, on or before December 31 of each year starting in 2022. All accrued interest and outstanding principal will be due and payable together on the Maturity Date.
- Maturity Date:** Investors may select a loan term equal to 7, 10, 13 or 16 years.
- Resale:** The sale of Securities will not be registered under the Securities Act or any state securities laws, and the Securities may not be resold without such registration unless an exemption is available under the provisions of the Securities Act and applicable state securities laws.
- No Voting Rights:** The Securities will have no voting rights or rights to participate in management of the Co-op.
- Prepayment:** There is no penalty for prepayment or early payment of the Notes by the Co-op.
- Unsecured; Subordinated:** The Notes are unsecured and subordinate to loans from secured lenders.

Buffalo Mountain Co-op Inc.

Offering Memorandum

1. Overview of the Co-op

Buffalo Mountain Co-op was founded in 1975 in Hardwick, VT as a Vermont nonprofit corporation organized as a consumer-owned cooperative to meet the grocery needs of residents seeking natural or organic products that were widely unavailable at the time. Since its founding the Co-op has moved twice, purchasing its current location at 39 South Main Street in 1991. The Co-op is governed by a volunteer board of member-owners (see below for information about the current board).

As of 2021, the Co-op has approximately 1,400 member-owners from Hardwick and the surrounding communities. To become a member-owner, individuals are asked to make an equity payment of \$12 each year for 10 years, at which time they are fully vested (\$24/year for family memberships). The Co-op's Articles of Incorporation and Bylaws are attached as [Exhibit B](#).

In 2019, the Co-op shifted from a member discount model to an equity dividend model. In years where the Co-op operates with a profit, the board of directors may decide how profits shall be reinvested into the business and/or redistributed to the Co-op's member-owners.

Mission, Value and Goals.

The purpose and mission of BMC is to develop within its area of influence a community-owned and operated, health-oriented, thriving enterprise;

- To continually educate the community as a whole in regard to food politics, health issues, and our socio-cultural activities;
- To demonstrate alternative approaches to structuring our work environment so that it is more decent and compassionate;
- To offer healthy, pro-active choices; and
- To open our doors to, and develop all aspects of, our community

BMC's values and goals are:

- To integrate and support local, sustainable food enterprises, in particular small-scale organic farming
- To promote fair business practices, starting at the Co-op
- To have an inviting, expanding, educational atmosphere that promotes community and cultural interaction
- To provide healthy food choices at sustainable prices, and to be vigilant and informed as to the economic and political impact of those choices
- To be a leader in promoting health-education in all venues available to us: personal, political, and global
- To welcome all people without cultural, economic, racial, or moral bias
- To view ourselves as not only selling food but offering health, not only developing our store but the whole community

Since the Co-op's inception, Hardwick has grown into a community known for successful agro-entrepreneurs and a passion for local foods. The Co-op's role and location helped plant the seeds for this agricultural renaissance. At its core, the Co-op remains committed to its cooperative principles and the values that support local foods and the surrounding community.

Board and Management.

The Co-op has an elected, volunteer Board of Directors (the "Board") that oversees the long-term operations of the business. The Board consists of 7-9 members, including one seat for an appointed staff representative. The Board is responsible for the hiring and evaluation of the General Manager, who is responsible for the internal operations of the

Buffalo Mountain Co-op Inc.

Offering Memorandum

store. The General Manager presents a monthly report to the Board reporting on current developments. The Board is responsible for decisions regarding expansion and investment opportunities. Member-Owners elect board members annually. The Co-op has adopted Policy Governance which defines the Co-op's global ends and includes regular monitoring reports. Board members hold a two-year term with a limit of 3 consecutive terms.

The Co-op's current General Manager is Emily Hershberger, who has a degree in Business Management with a focus in Human Resources. Her background includes being a part of Jasper Hill Farm's growth from 10 to 80 employees and being part of a collectively run coffee shop and music venue. She has led the Co-op through the pandemic and supply chain issues, leaving the Co-op in a strong position to make an expansion move. Emily lives with her son in the village of Hardwick, where she can easily walk to work.

At the time of this Offering, the Board of BMC is made up of the following member-owners:

- **Katharine Arnold** (Staff Representative) - Katharine Arnold has worked at the Co-op since 2002 and has been involved in the cooperative movement since the early 70s. She was an essential part of the collective management structure. Currently, she is a buyer and manages social media outreach. Her knowledge of the people and systems of the co-op community help guide daily operations at the store. She has served on the board as a staff liaison for the past 6 years. Katharine also serves on the board of the Neighboring Food Co-ops Association.
- **Heather Davis** (Secretary) - Heather is a 19-year Hardwick resident, with an M.A. in Sustainable Development. She has worked on community projects with the Center for an Agricultural Economy, the Hardwick Farmers' Market, and the Hardwick Zoning/Development Review Board. She describes community development, and economic justice and empowerment as long-term passions, and is dedicated to working toward a world where every person has access to their basic needs so that they can not only survive, but also thrive. Heather joined the Board in 2019.
- **Chris Duff** - Chris has been a member of the BMC since 1989 and has served on the Board of Directors 3 times over those years for a total 15 years. He has been involved with some significant changes for the Co-op over his Board terms including adopting new Bylaws, adoption of Policy Governance, long term visioning for the Co-op, purchase of the current store front, transitioning to member owner equity and transitioning through 2 different management structures. Chris and his family have homesteaded in Cabot that entire time and steward a small farm on 30 acres. He has managed several different compost facilities in the area, works with stone, makes maple syrup, gardens, oversees other local properties and is a backcountry ski guide in the winter.
- **Annie Gailliard** (President) - Annie has been a member of Buffalo Mountain Co-op since 1975. She has worked at the Co-op since 1985 and has served on the Board since 2016. Her love of the cooperative business model led her to get her master's degree in Cooperative Business Management through St. Mary's University in 2018. Her hands-on experience working at the Co-op and the technical knowledge learned from her degree program make her a great addition to the Board team. Annie co-owns Surfing Veggie Farm with her partner Loui in Walden. One of the first certified organic farms in Vermont, they are now semi retired but still haying, tending their large garden and flock of laying hens, and enjoying life. Annie loves to ride her horses, x-c ski, hike, knit, make art and spend time in nature.
- **David Ludt** (Vice President) - David has served on the Board for 6 years. He has helped steward significant changes at BMC. These include helping to craft the Policy Governance for the Co-op, paving the way for the transition from collective management to having a general manager, and leading the vision for a market that serves the whole community. A carpenter by trade, he lends this expertise to the physical assets of the Co-op. David lives off the grid in his Cabot home.
- **Bruce Kaufman** (Treasurer) After moving to the community to start an organic vegetable farm, Bruce Kaufman has been a member of Buffalo Mountain Co-op since 1989. He has served on the board for 20 years and has been the Treasurer for many of those years. His farm, Riverside, is a 20 acre organic vegetable farm focused on feeding the community. As a major supplier of organic veggies to the Co-op, he brings knowledge of working within the local food system to the Board. He also has an entrepreneurial spirit and understands what it takes for an organization to change and grow. Bruce and his wife, Judy, live at Riverside Farm in East

Buffalo Mountain Co-op Inc.

Offering Memorandum

Hardwick.

- **Maia Mencucci** - A recent high school graduate, Maia works with her family's landscape design and build business based in Walden, VT. Maia was raised on a small permaculture farm on the Stillaguamish River in Washington state, where a Waldorf education was centered around growing, eating, and understanding the importance of whole, organic, and seasonal foods. Maia joined the Board in 2021.
- **Katrina Razionale** - Katrina joined the Co-op as a member in 2011, when she moved to Vermont with her family. She's spent 9 of those 10 years in Hardwick, where her two young kids are now students at Hardwick Elementary School. She is passionate about local foodsheds and ways that a community can feed and sustain itself, and do so with care for each other and the earth. She has a professional background in nonprofit administration and fundraising, small business bookkeeping, as well as retail specialty food sales. She also operates a small ceramics business based in Hardwick. Katrina joined the board in 2019.
- **Jaquelyn Rieke** - Jaquelyn brings to the board a background in co-op expansions, the local food chain, finance and practices for effective collaboration. She lives in Marshfield, VT, where she stewards 23 acres of public-use lands at Onion River Campground, the developing home of an inclusive, multi-family work/live community. Jaquelyn founded Nutty Steph's Vermont Granola in 2003, which blossomed over 18 years to become Rabble-Rouser Chocolate & Craft Co, a worker-owned cooperative with an inclusive staff of 28 people. Jaquelyn joined the Board in 2021.

Changes to the store management structure over the past three years have the Co-op positioned for success based on the strengths of the new management structure and the dedication and experience of former collective members. The new management format consists of a General Manager, an assistant manager, and team members, and with this structure the most significant revenue engines of the store have exceeded expectations. Buyers oversee the other store departments. Two buyers have been with the Co-op for 20 and 30 years and bring experience and historical perspective to the team. As employees change, these other departments with buyers will adopt the new management structure. The management change has been gradual and organic to cause minimal disruption to the organization's operations. We are assessing other areas of store operations that could benefit from having a department manager.

Currently, our management is employing new marketing strategies, including a new website, increased social media presence, and a more straightforward and consistent sales program. Customer and member engagement is an identified place to leverage our value proposition as a co-op.

The Co-op now utilizes a quarterly budget that the managers and buyers review and includes sales goals. The quarterly budget also shows sales per labor hours so operations can be adjusted as needed to meet those goals. This budgeting format incorporates some open book finance concepts of transparency, looking forward, and engagement of employees to help us collectively assess and meet our year-end goals.

Buyers and department managers can review sales fluently, respond to customer purchasing patterns changes, and leverage top-selling items. It also allows them to discontinue less popular items as needed. This leveraging of popular goods is balanced with the Co-op's values to retain things that create the store's atmosphere as the community market of choice.

The changes in management structure have clarified the approximately 30 employees' roles with an employee handbook and the creation of a wage scale. The wage scale provides for pay increases based on the scope of work and length of employment. A review process is in the implementation phase to assist in the communication between employees and management to encourage employee retention. Clarity and communication improve the employee experience, with the ultimate goal of retaining employees. Another goal of leadership is to create more full-time positions and reduce dependence on part-time and casual labor, which would result in fewer employees and lower labor costs. Creating incentives that reward employees who work more hours support that goal. A significant incentive for employees would be health insurance, which we currently are not able to offer. Achieving our ambitious plans with the expansion will position us to provide this benefit and others soon.

2. The Offering

Buffalo Mountain Co-op Inc.

Offering Memorandum

A. Overview.

The Co-op intends to raise a minimum of \$250,000 and a maximum of \$1,000,000 in this Offering. Each participating investor, other than Co-op staff, must purchase a Note having a minimum principal amount of \$1,500. Investors who are on the staff of the Co-op must purchase a Note having a minimum principal amount of \$500. The amount of the Notes that may be purchased by an investor will be limited to \$10,000 unless such investor either qualifies as an “accredited investor” as that term is defined in Regulation D under the Securities Act, in which case no limit will apply, or as a “Vermont Certified Investor,” in which case the purchase will be limited to \$25,000.

The Securities will be offered pursuant to the intrastate offering exemption to the registration requirements of the Act, set forth in Section 3(a)(11) of the Act, and the Vermont Crowdfunding Exemption to the registration requirements of the Vermont Uniform Securities Act (as amended, the “State Act”), set forth in regulation V.S.R. § 5-12 of the Vermont Department of Financial Regulation, Securities Division. **This means that the Notes in this Offering will only be available to residents of Vermont.** The Offering is made in reliance upon the representations and warranties of each of the subscribers, including that they are purchasing the Securities for investment purposes and not with a view to any resale or distribution thereof. The Securities are not currently traded or expected to be traded on any public market, and therefore, there can be no assurances that they will ever be publicly traded. If you invest in these Securities, you should expect to hold them for an indefinite period of time.

B. Material Terms of Notes.

The interest rate payable under the Notices will vary depending on the original principal amount of the Note: Notes having an original principal amount of less than \$10,000 shall accrue simple interest at a rate of 1.0% per year. Notes having an original principal amount of between \$10,000 and \$49,999.99 shall accrue simple interest at a rate of 1.5% per year. And Notes having an original principal amount of \$50,000 or more shall accrue simple interest at a rate of 2.0% per year. Accrued interest will be paid to investors annually, on or before December 31 of each year starting in 2022. And all accrued interest and outstanding principal will be due and payable together with the outstanding principal balance on the maturity date.

Each investor will choose a loan term for the Note from the following options: The maturity date for an investor’s note can be either the 7-year, 10-year, 13-year or 16-year anniversary of the Note. The Co-op may prepay any or all of the Notes prior to their maturity date without premium or penalty.

The Notes will be unsecured and subordinate to loans from secured lenders. That means that there is no collateral supporting the Notes, and that, in the event the Co-op’s liquidation or insolvency, the Co-op’s secured lenders, if any, would be paid in full before holders of the Notes would receive any payment. The Notes will have no voting rights or rights to participate in management of the Co-op.

The sale of the Notes will not be registered under the Securities Act or any state securities laws, and the Notes may not be resold without such registration unless an exemption is available under the provisions of the Securities Act and applicable state securities laws.

C. Purpose of Offering and Use of Proceeds.

The purpose of this Offering is to raise funds that will be used to finance the relocation to and fit-up of the Co-op’s new location at 75 Mill Street, as well 91 Mill Street. 75 Mill Street is an existing grocery store that needs some renovation to make it work as the community market for everyone in Hardwick. By moving the cafe space to the back of the store there will be more space for products on the sales floor. An accessible bathroom will be installed on the main floor. The basement workspace will be updated to be used as a work space for produce and offices. A new floor and paint will improve the main floor. There are some minor repairs to be done to keep the building operational for many years. 91 Mill St. doubles the parking space available for the new location. The lot includes an open greenspace that allows space for future expansion. BMC intends to use the outdoor space for seating and outdoor sales, which can be done with minimal upgrades to the grounds.

Buffalo Mountain Co-op Inc.

Offering Memorandum

The cost for the purchase and renovations of the new locations is approximately \$1,030,000. The Co-op has \$100,000 of cash available to invest in the project. It intends to obtain a \$500,000 secured commercial loan from Mascoma Bank and a \$180,000 secured commercial loan from the Vermont Economic Development Authority (“VEDA”) (or, in the Board’s discretion, other commercial lenders) for the purchase of the new locations. Proceeds from the member loan campaign will be used to fund the planned renovations to the Co-op’s new home and relocation costs, and potentially to pay down the secured loans, to reduce the Co-op’s debt load.

3. Business Plan.

Narrative Summary

Buffalo Mountain Co-op’s potential move to a larger location downtown and broadening the product offerings positions us to be Hardwick’s community market of choice. The BMC Board of Directors has been assessing the feasibility of moving throughout the last year. Using the Cooperative Development Institute’s (CDI) Financial Feasibility study results, we have decided to move forward with these relocation plans. A Co-op member vote to approved the plan to move, with 552 members voting with 85.9% in favor of purchasing the new location.

Buffalo Mountain Co-op has been an integral part of the Hardwick community since 1975, and our presence has helped cultivate a vibrant food culture in the town. Nutritious food and positive community involvement are central to the Co-op’s mission. With a larger storefront with outdoor space, adequate parking, and accessibility to the entire community, we intend to welcome more of our community into the Co-op. Including lower cost and conventional items will make us less of a niche market and more affordable to our town.

Integral to becoming the community market of choice is creating a workplace culture that embraces the employees of both markets, a marketing plan that cultivates community, and improving the accessibility of the building. Creating a shopping experience where everyone in Hardwick feels welcome begins with carefully integrating two different work cultures. Our marketing efforts will leverage the cooperative values to create an engaging place to shop where you feel connected to the community. Store renovations include creating an ADA accessible bathroom and entrance, and a café where everyone can comfortably eat. In addition to offering lower-cost items, the new location for the Co-op provides multiple opportunities to welcome everyone in our community.

As noted above, the cost for the purchase and renovations of the HVM is approximately \$1,030,000. The Co-op has \$100,000 of member equity to invest in the project. We are working with Mascoma Bank to secure a \$500,000 secured, commercial loan and with VEDA to secure a \$180,000 secured, commercial loan. Our goal is to raise at least \$250,000 from private investors through this Offering to fund renovations to the Co-op’s new space, to pay for relocation costs and to reduce our loan payments to the commercial lender. We also hope to raise capital via donations from our members. Furthermore, the Co-op intends to pursue grants, as well as Hardwick’s revolving loan fund which offers loans on favorable financial terms, that could potentially help us offset some of the transition expenses and lower the Co-op’s secured debt load.

“SWOT” Analysis

Outline of Strengths, Weaknesses, Opportunities, and Threats (SWOT)

The longevity of Buffalo Mountain Co-op and the support of the surrounding community are inherent strengths. The Co-op has been a thriving food cooperative and community center for over 45 years and has over 1400 loyal community member-owners demonstrated by consistently strong sales. Sales, however, have possibly reached a peak at \$1100 per square foot. The Co-op staff has been reliable and consistent in a tight labor market, with some employees working at the Co-op for 30 years. The love that the team has for their work is evident in the vibrant displays throughout the store. The downtown community is dynamic, and Hardwick recently created a Downtown Commission

Buffalo Mountain Co-op Inc.

Offering Memorandum

to strengthen the community and business environment and the BMC general manager is a founding member of the Commission. Buffalo Mountain Co-op has a solid foundation on which to grow.

There are some weaknesses present with the current location of the Co-op. We utilize all three floors of our building, which makes work inefficient. According to our market feasibility study, parking is in the top five areas in need of improvement. The store shares parallel parking on the main street with other businesses, with no designated parking lot for the Co-op. Two years ago, the Co-op transitioned from a collectively run management structure to a centralized leadership structure with a general manager. The transition has gone well, demonstrated by increased sales and a commitment to cooperative values, but the business structure is still evolving. Changes to the management have been organic to date, happening without forced input, but with the transition to a new location and business model, a more structural approach will be instituted. A change of location and product mix represents another significant change to the organization in a short timeframe. These could all be considered weaknesses of the current Co-op.

The purchase of and move to a different location provides new opportunities for the organization. The Co-op currently represents 4% of the grocery market share in its catchment area. A recent member survey showed that many loyal Co-op customers are shopping elsewhere in addition to the Co-op. By creating a one-stop grocery experience, we can capture more sales while better serving the community. The layout and ergonomics of our current location make it difficult to move a shopping cart between the aisles. The more expansive aisles and larger shopping carts allow customers to navigate the store and bring groceries to their cars easily. The new location will give the Co-op greater visibility in the Hardwick community to continue as an anchor for the downtown business sector. Adding a café and the adjoining greenspace at the HVM creates a gathering place for community gatherings, meetings, and entertainment. Another advantage to the location is increased capacity for sustainability through performing an energy audit and the Co-op could also help the town of Hardwick fulfill its Town Plan of having a DC fast EV charging station. There is the potential use of alternative energy sources, such as a rooftop solar array. Purchasing the HVM would create opportunities for both our organization and the community.

Moving to the new location presents several potential threats. The HVM building was built in the 1940s and could potentially require maintenance. It also may not be energy efficient. The sale of the business includes the store inventory, which are conventional products and outside the scope of the co-op's current offerings. By expanding the product mix to have a conventional line of products, we hope to create a more inclusive market that will attract community members who do not currently shop at the Co-op. There is the possibility that our vision of a market for the whole community doesn't draw in more shoppers. The expansion scenario in the financial feasibility study does not increase our labor needs significantly, but that may not prove valid. With the current challenges to the labor market, this could be a threat. The current labor market is tight. Many local businesses are having a difficult time finding workers. The housing market is equally challenging for workers to find homes. The impacts of COVID continue to influence the grocery industry, with gaps in the supply chain and our ability to keep the shelves stocked. The co-op has responded by focusing on local products and utilizing all avenues of distribution. The threats of the older building, change in product mix, the uncertainty of labor, and COVID can impact Co-op's decisions.

Strengths

1. Member loyalty and community support
2. Sales record
3. Staff commitment and experience
4. Downtown location and community

Weaknesses

1. Facility infrastructure
2. Difficult parking
3. Recent change in business structure

Buffalo Mountain Co-op Inc.

Offering Memorandum

4. Continued change is stressful to employees

Opportunities

1. Market share in Hardwick
2. Increased accessibility means increased sales
3. Parking
4. Greater visibility and increased presence as a community center
5. Energy audit, alternative energy, and EV charging station for the town of Hardwick

Threats

1. Facility infrastructure
2. Will expanding our product mix have a broader appeal and draw more customers?
3. Doing more with the same labor
4. Tight labor and housing market
5. Impacts of COVID

4. Selected Financial Information and Discussion.

The Buffalo Mountain Co-op has operated as a Hardwick community center since 1975. It tends to break even, prioritizing reinvestment in staff and the local community over profits. The Co-op's balance sheets, income statements and statements of cash flow for the previous three (3) fiscal years are attached as Exhibit A.

The Co-op's gross sales were \$2,279,233 in 2020 and the Co-op has had average gross sales of \$2,226,980 over the last three years. For the same period, gross profit was \$780,146 in 2020 and \$703,715 over a three-year average. 2020 was a very high sales year, but payroll expenses were \$580,233, roughly \$95,000 or 20% higher than in 2019, and represent the increased costs and pressures consequential to the pandemic. Net Income after expenses was -\$8618 in 2020, including \$7,000 of depreciation.

Our cash flow position has benefitted in the last two years as a result of COVID PPP funding, as well as by member equity investment. Members pay in approximately \$20,000 in equity payments annually. We expect this will continue in the future at about this level. While we will enjoy some increase in this amount due to expanded access to the local marketplace via the acquisition of the Hardwick Village Market space, we will also soon see certain members hit their "10-year" mark," at which point their equity payments will cease.

The comfortable cash flow level this year has facilitated the Co-op's plans for expansion, and we have deposited \$65,000 into escrow upon the signing of a Purchase and Sales Agreement with the Hardwick Village Market.

Assuming we acquire the expanded market space, we will purchase approximately \$70,000-\$110,000 worth of new inventory. The new store will carry almost the entire selection of products from both markets, and the increased inventory level will likely continue thereafter as the new baseline inventory value.

If all goes as planned, and (a) we raise \$250,000 from our Offering, and (b) the new store performs as projected, and (c) we sell our existing building in 2023 for \$125,000, then we project that the Co-op could pay down approximately \$200,000 of the secured loans in 2023. This would leave us with \$130,000 in Operating Capital, and reduce bank liability from \$680k to \$480k at 3.75%. If any of those three factors do not go as expected, then there is leeway to pay down more or less of the secured loans in 2023.

Accounting for both the interest and principal portions of our debt service in the coming years, we can expect to pay, at first, approximately \$36,000 to the secured lenders and \$7,500 in interest-only payments to members, or \$43,500 total. Assuming a significant paydown in 2023, this debt service could reduce to approximately \$31,500/year. In any

Buffalo Mountain Co-op Inc.

Offering Memorandum

case, we will prepare to pay between \$31,500k-45k/year of debt service following the expansion. Our cash flow model demonstrates the viability of addressing our liabilities as such.

It is safe to imagine that the Co-op may be in a position with the expansion to maintain and increase dignified staff wages while sourcing high-quality local foods and selling them at a reasonable margin, *and also* eventually finish the year with a profit of 1% net, or \$40,000-50,000. Establishing this precedent of this profitability would allow us to begin making equity payments to members.

It is possible for the Co-op to invest in the pending expansion, and move to profitability within just a few years, allowing us to preserve healthy cashflow levels throughout the transition, and then begin to issue 10%-30% of net profits to members annually.

Investors can expect that the current liquidity of approximately \$400,000 (\$336,491 plus the \$65,000 deposit to the HVM) combined with the \$1.03M in financing will provide for a healthy cash flow situation for the Co-op for the long term. The low-interest-rate, interest-only-payment debt that will result from this Offering should help the Co-op maintain a stable financial footing throughout and following its expansion.

The Buffalo Mountain Co-op's current net worth is \$553,072. Our existing building is valued at \$125,000, and we plan to sell this real estate at some point in a two-year timeframe. Additionally, we have \$100,000 of cash on hand available to direct toward our capital investment in the coming year.

The Co-op currently does not have any existing loans or mortgage on its current property, and its occupancy expenses at its existing location (Building maintenance/repair, utilities and property tax) average \$38,500 annually. However, as described above, the Co-op does intend to finance the acquisition and fit-up of the new location with secured commercial loans from Mascoma Bank and VEDA. Our initial loans are intended to be \$500,000 from Mascoma and \$180,000 from VEDA but the Co-op may pay down some of these loans with Offering proceeds and potentially other low-cost supplemental funding sources in the form of donations, grants, and additional debt funding from the Hardwick revolving loan fund. Our projected project funding sources and uses are as follows:

| | |
|-----------------------|---------------------|
| Sources: | |
| Mascoma Loan: | \$500,000 |
| VEDA Loan: | \$180,000 |
| Cash: | \$100,000 |
| Member Loans: | \$250,000 |
| Total: | \$1,030,0000 |
| Uses: | |
| Purchase Property | \$650,000 |
| Inventory | 100,000 |
| Closing Costs | \$17,500 |
| Property Transfer Tax | \$2,000 |

Buffalo Mountain Co-op Inc.

Offering Memorandum

| | |
|-----------------------|--------------------|
| Renovations | \$200,000 |
| Moving and Misc Costs | \$60,500 |
| | |
| Total | \$1,030,000 |

Financial Projections and Discussion

The following is a discussion of the Co-op's projected financial performance following the transition to the new location. In connection with the transition, we expect to assume ownership of Hardwick Village Market (HVM) inventory and project to sell existing inventory in addition to the Co-op's inventory with the goal of being the market of choice for the whole community.

We will continue existing bakery sales produced at the HVM and add our cafe offerings in a new location within the new store. We project cafe sales to increase 100% in 2022 and with inflation after that. Cafe sales growth projections are attributed to improved ergonomics and higher production efficiency of staff, an articulated interest in more cafe offerings from CDI's member survey, adding outdoor seating, increased cold storage, and counter space.

We project sales of our existing grocery mix to increase 50% in 2022, with 4% growth in Years 2-3 and 3% growth in Years 4-5.

We project bulk sales, including coffee, to increase 70% with the move; attributed to increased space, additional offerings, and easier access for customers. While the trend in bulk sales is not growing nationally, our member survey reflected a demand for increased bulk sales and products.

The total projected sales growth is a 66% increase to \$2,237,003 in 2022 or the first full year post-transition. There are strong reasons to believe that basket size and total foot traffic will both increase in the new location in the first 2 years.

We are assuming our Gross Margins in each department will remain constant after the move. Our storewide gross margin is 31.19%, which aligns with the industry standards.

We are basing utility expenses on existing actuals shared with us by the HVM since existing infrastructure will remain in place and usage will be similar. Occupancy expenses will significantly rise in the new building compared to the current location, both in terms of utility expenses and mortgage interest expenses, but will remain consistent with relevant income.

5. Risk Factors.

Investment in the Co-op's Securities involves a substantial degree of risk and should be regarded as speculative. You should consider investing in the Co-op's Securities only if you can afford the loss of your entire investment. Accordingly, you should consider carefully the following factors, in addition to the other information concerning our Co-op and our business contained in this Memorandum, before purchasing the Securities offered hereby. The following factors are not to be considered a definitive list of all the risks associated with an investment in our Securities.

Buffalo Mountain Co-op Inc.

Offering Memorandum

Business Operations and Competition.

The Co-op is subject to general economic and business conditions both nationally and regionally which are presently in an unstable and uncertain state. Changes in economic conditions, including changes in employment levels, housing costs, interest rates, tax rates, and energy costs could reduce consumer spending or cause consumers to shift their spending to lower-priced items or shifting to other competitors for lower cost products. The Co-op is also subject to a number of risks inherent in the nature of its business operations and the character of its organizational structure. Such risks include: highly competitive conditions within the retail foods industry, and the potential for competitors having far greater financial resources than the Co-op to enter the Co-op's market area; the unpredictable character of the natural foods market; and being consumer controlled, democratically governed, and having a mutual benefit purpose may place the Co-op at a competitive disadvantage with respect to investor-controlled, hierarchically-structured, and profit-driven competitors. Competitors of Co-op include but are not limited to supermarkets and warehouse membership clubs, natural food stores, specialty stores, and online retailers. Such businesses compete with the Co-op not only in the sale of products but also for purchases of products. Some competitors may be aggressive in increasing their range of natural and organic foods and local foods. Competing businesses may have greater financial resources than the Co-op and may be able to devote greater resources to the sourcing of products and marketing them for sale.

Availability of Products.

The Co-op promotes a strong and sustainable community by supporting local growers and producers. We work to support the local economy and strengthen the local food system. The Co-op works with many local vendors to feature a wide selection of locally-made products. Adverse changes in the local agricultural community, including changes as the result of natural disasters, could reduce the availability of quality natural and organic local products. Reductions in the source of such local and high-quality products could adversely impact our business. There can be no assurance that quality local products will be available to meet the Co-op's needs. The availability and price of such goods will depend on factors beyond our control, such as climate change, seasonal variation, shifting weather patterns including lengthened or shortened rainy seasons, soil erosion, and pests and diseases.

COVID-19 Risk.

In December 2019, the 2019 novel coronavirus (COVID-19) surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020. The outbreak has spread throughout the world, including across the United States, causing companies and various jurisdictions to impose restrictions, such as quarantines, lock-downs, closures, cancellations and travel restrictions. COVID-19 has had and likely will continue to have significant negative impacts on businesses, including significant business disruptions, supply chain problems, inflation and related financial impacts that will likely continue to have direct and indirect impacts on the Company's business. The future impacts of the COVID-19 outbreak continue to be unknown.

Inflation.

The Co-op, like other food retailers in the United States, is subject to the general economic conditions and risks, throughout the United States. Currently, the United States is experiencing concerns relating to inflation, which, if the trend continues, will lead to higher costs for the Co-op in many critical areas, including labor, inventory and supplies. These inflationary pressures may harm the Co-op's financial performance and execution of its business plan.

Relocation and Expansion Risks.

The planned relocation and expansion may not be successful or may create financial difficulties for the Co-op if the actual costs exceed the estimate, the Co-op's ability to complete the relocation and expansion is significantly delayed, or the expansion does not operate as expected. In addition, expansion includes market risks, as moving includes changing our product mix to include non-organic items as we become a community market. The Co-op expects that it will largely retain its customer base, including members, and add new customers from the HVM to meet its goal of

Buffalo Mountain Co-op Inc.

Offering Memorandum

increasing its market share, but it is possible that offering more conventional products may alienate some existing co-op customers or that the Co-op may not attract the new volume of shoppers that it expects.

Building Maintenance and Efficiency.

The HVM building was built in the 1940s and could potentially require maintenance. It also may not be energy efficient, which could lead to higher than anticipated operating and capital expenses.

Dependence on Key Personnel.

The operations of the Co-op are dependent upon the Co-op having qualified personnel, to run its store, serve the Co-op's members and the general public. If the Co-op were to lose the services of a significant number of its key employees, or had difficulty recruiting new employees to run its operations, there could be an adverse impact on its operations. There is no guarantee that the Co-op will be able to recruit and retain qualified personnel with the skills and experience that might be needed by the Co-op, particularly given the competitiveness of the current job market.

Moreover, the relocation will involve combining two groups of workers coming from different work cultures - Co-op employees and legacy HVM employees. The Co-op will need to be attentive to the demands of merging the two work cultures successfully. While combining the two staffs will help mitigate the risk of the current tight labor market, if merging the two workforces does not go smoothly and leads to larger than expected attrition, it could be difficult to hire new employees to fill the needed positions.

Financing Risk.

Assuming that the Co-op obtains the commercial loan outlines in Section 2.C and 4, we believe that that the Co-op will have sufficient funding to complete the relocation and expansion and meet working capital requirements in the near term. If the proceeds of this Offering are not adequate to fund the Co-op's capital needs or other planned funding sources are not secured, then the Co-op will bear a higher cost debt burden than currently projected, which could strain the Co-op's finances. In the event of a liquidation of the Co-op, holders of the Securities would not be paid any amount except to the extent that the Co-op has sufficient assets to do so after paying off all of its debts to creditors. No claims are made that the Co-op would have sufficient asset value to provide for any payments to the holders of the Securities in the event of liquidation of the Co-op.

Subordinated, Unsecured and Unfunded Obligation.

The Notes offered by the Co-op are not secured by any property pledged as collateral and are subordinate to other lenders. The Co-op could default on senior secured debt and would not be permitted to repay the Notes at maturity. The Notes are unsecured so the holders of the Notes would have a lower priority versus any senior and/or secured creditors. The Co-op is not obligated to put money into a sinking fund towards principal repayment. If the Co-op does not have sufficient assets at liquidation, investors may only receive a portion of the purchase price or not receive anything at all.

Imputed Interest.

Under Section 7872 of the Internal Revenue Code of 1986, as amended (the "Code"), the Internal Revenue Service may impute interest with respect to certain below market loans. The Co-op has not investigated whether any Note would be classified as a below market loan subject to the Code's imputed interest rules. The investor should consult with his or her tax adviser to confirm whether and how the Code's imputed interest rules might apply to the investor loan and to understand the potential tax implications.

Nonliquidity of the Loan.

Buffalo Mountain Co-op Inc.

Offering Memorandum

The Member Notes cannot be sold, assigned, or transferred to another person. The Member must be prepared to hold the Member Note at least until its maturity.

The Securities are Restricted and Holding the Securities Indefinitely May be a Possibility.

No present market for the Securities, public or otherwise, exists and there are general restrictions on the resale of the Securities. The ability of any investor to resell the Securities will be significantly restricted. The Securities have not been registered under the Securities Act or registered or qualified under the securities laws of any state. As a consequence, their transferability is restricted, and no transfer of such Securities may be effected unless the Co-op has received an opinion of counsel reasonably satisfactory to the Co-op to the effect that exemptions from the registration requirements of the Securities Act of 1933, as amended, and all applicable state securities laws, are available.

No market, public or otherwise, for the Securities is likely to develop in the future. Accordingly, any investment in the Co-op cannot be expected to be readily liquidated, if at all, even in an emergency. Further, an investor might be unable to sell their Securities for a price approaching their original investment. An investment in the Securities should therefore be considered a long-term investment. There is no guaranty that the Co-op will elect to redeem the Securities at any point.

Projections may not be relied upon by Investors.

The Company has made certain financial projections concerning the future performance of the Company which have been provided to the potential investors. These projections are based on assumptions of an arbitrary nature and may prove to be materially incorrect. No assurance is given that actual results will correspond with the results contemplated by these projections. Investors should satisfy themselves as to the plausibility of the Company's assumptions.

The Notes Have No Voting or Management Rights.

The Notes are subordinated, unsecured debt instruments. The purchase of Notes will not give the purchaser rights to vote or participate in the management of the Co-op.

Legal and Tax Advice is Not Provided by the Co-op to Investors.

Prospective investors are not to construe the contents of this Memorandum or any prior or subsequent communication from the Co-op or its agents as legal or tax advice. Each prospective investor should consult her or his own counsel and accountant as to legal, tax, and other related matters concerning their purchase and ownership of the Notes.

Rescission Risk.

The Notes will be offered and issued pursuant to exemptions from registration requirements for intrastate offerings pursuant to Section 3(a)(11) of the Act and for Vermont crowdfunding offerings pursuant to V.S.R. § 5-12 of the Vermont Department of Financial Regulation, Securities Division. If the Co-op should fail to comply with the requirements of such exemptions, some or all of the Co-op's members could have the right to rescind their investment. If a number of investors were successful in seeking rescission, the Co-op would face severe financial demands which could adversely affect the Co-op and the non-rescinding members.

Forward Looking Statements. This Memorandum contains forward-looking statements that are based on our current expectations, assumptions, estimates, and projections about our business, our industry, and the industry of our clients. When used in this Memorandum, the words "expects," "anticipates," "estimates," "intends," "believes," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The cautionary statements made in this Memorandum should be read as being applicable to all related

Buffalo Mountain Co-op Inc.

Offering Memorandum

6. Important Legal Information.

>>> The maximum investment permitted pursuant to this offering is \$10,000 per investor, unless the investor is an Accredited or Certified Investor, as described in Section 8 (Investor Suitability). <<<

>>> This offering has neither been registered with the United States Securities and Exchange Commission nor the Vermont Department of Financial Regulation. The United States Securities and Exchange Commission and the Vermont Department of Financial Regulation have neither approved nor disapproved of this offering. <<<

>>> This offering has been prepared pursuant to the offering exemption from registration provided under the federal Securities Act of 1933 and the Vermont Crowdfunding Exemption under the Vermont Securities Act, and as such is only available for Vermont residents. <<<

Investment in the Securities involves significant risks and is suitable only for persons who have no need for immediate liquidity in their investment and who can bear the economic risk of a loss of their entire investment. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

All investors must possess such knowledge, either alone or through a representative, to be able to understand the Co-op's proposed plan of business, to evaluate the merits and risks of the investment and to make an informed business decision regarding whether to invest in the Co-op.

In making an investment decision, investors must rely on their own examination of the Co-op and the terms of the Offering, including the merits and risks involved. The Securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representations made to the contrary is a criminal offense.

The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Act and the State Act pursuant to registration or exemption therefrom.

Except as otherwise provided herein, no offering literature in any form is authorized for use in connection with the offering of these securities except for this Memorandum. No person is authorized to make representations regarding this offering other than those listed in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any state other than Vermont or to any person other than those described herein. If you have any questions about the Co-op, this Memorandum or the Offering, please contact: Emily Hershberger, General Manager, 802-472-6020

7. How to Invest.

If you decide to invest in the Co-op, you must read, agree to and complete the note purchase agreement providing for the purchase of the Notes for cash. The note purchase agreement contains representations you must make to the Co-op concerning, among other things, your residence and financial condition, in accordance with the Act and the State Act.

The Co-op intends to raise at least \$250,000 in order to consider this Offering a success. If the Co-op does not receive purchases in this Minimum Offering Amount by expiration of the Offering period, the Offering will be cancelled and all funds received from investors in connection with the Offering will be returned to such investors without interest. The Offering period is scheduled to expire on December 20, 2022 but the Co-op may extend the deadline in accordance with and subject to the Vermont Crowdfunding securities regulations. If the Co-op receives the Minimum Offering Amount prior to the expiration of the Offering period, the Offering will be considered a success and Notes will be issued to each participating investor and recorded in the books and records of the Co-op. Until such time as the Co-op receives the Minimum Offering Amount, all funds will be held in escrow until the Offering is a success or otherwise

Buffalo Mountain Co-op Inc.

Offering Memorandum

until the fundraising deadline noted above.

Any subscriber who wishes to purchase the Notes should deliver the following to: Buffalo Mountain Co-op, P.O. Box 336, Hardwick, VT 05843.

1. One completed and executed note purchase agreement; and
2. A check payable to Buffalo Mountain Co-op for the full amount of the Notes being purchased.

Upon submitting the above-listed materials to the Co-op, an investor will NOT have a right to withdraw the purchase for any reason. The Co-op may reject any purchase in whole or in part or allot to any investor less than the principal amount purchased for by the investor. If the Co-op rejects a purchase, in whole or in part, any funds received with respect to the rejected purchase amount will be returned to the investor without interest.

8. Investor Suitability.

All investors who participate in the Offering must be bona-fide residents of the State of Vermont, and must be making the investment for their own account and not for resale. The Securities are only suitable for, and should only be considered by, those persons who understand the nature of the risks involved and who can afford to assume such risks and to sustain a loss of their investment and who have adequate financial means and no need for liquidity in any funds invested. Consult your financial advisor with questions for your personal situation.

Any investor making an investment in excess of the \$10,000 maximum investment amount must satisfy certain additional suitability standards. Specifically, such investors must qualify as either an Accredited Investor under 17 C.F.R. 230.501(a) or a Vermont Certified Investor under the Vermont Crowdfunding Exemption from registration requirements under the Vermont Uniform Securities Act.

To qualify as an “Accredited Investor” under 17 C.F.R. 230.501(a), a natural person must EITHER:

1. Have an individual net worth, or joint net worth with that person's spouse, of more than \$1,000,000. For purposes of calculating net worth, (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

OR

2. Have an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts Trust or similar business trust, partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000 also qualifies as an accredited investor.

To qualify as a “Vermont Certified Investor” under the Vermont Crowdfunding Exemption, a natural person must EITHER:

Buffalo Mountain Co-op Inc.

Offering Memorandum

1. Have an individual liquid net worth, or joint net worth with that person's spouse, of more than \$500,000. For purposes of calculating net worth, (i) the person's primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability, or
2. Have an individual income in excess of \$100,000 in each of the two most recent years or joint income with that person's spouse in excess of \$150,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

A "Vermont Certified Investor" may also be an organization described in 26 U.S.C. § 501(c)(3), a corporation, a Massachusetts Trust or similar business trust, or a partnership, in any case not formed for the specific purpose of acquiring the Securities offered, with total assets in between two million five hundred thousand dollars (\$2,500,000) and five million dollars (\$5,000,000).

For other types of investors or questions about investor suitability, please contact the Co-op at 802-472-6020 to confirm the investor requirements that apply to you.

9. Additional Information.

As a prospective investor, you and your professional advisors are invited to review any materials available to us relating to our Co-op, our plan of operation, our management and financial condition, this Offering and any other matter relating to this Offering. We will afford you and your professional advisors the opportunity to ask questions of, and receive answers from, our officers concerning such matters and to obtain any additional information (to the extent we possess such information and can acquire it without unreasonable expense) necessary to verify the accuracy of any information set forth in the Memorandum. All such information and materials may be requested from gm@bmfco.coop or by calling us at 802-472-6020.

10. Certification.

I, Priscilla Anne Gailliard, President of the Board of Directors of the Co-op, hereby certify that the Co-op has made reasonable efforts to verify the material accuracy and completeness of the information contained in this Offering Memorandum.



Thank you for your consideration.

Buffalo Mountain Co-Op

Buffalo Mountain Co-op Inc.
Offering Memorandum

Exhibit A
Selected Financial Documents

Buffalo Mountain Coop
Balance Sheet Summary

| | 2018 | 2019 | 2020 |
|---------------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Checking/Savings | 110,360 | 137,831 | 230,393 |
| Accounts Receivable | 1,577 | 1,937 | 6,819 |
| Other Current Assets | 134,478 | 126,127 | 141,889 |
| Total Current Assets | 246,415 | 265,895 | 379,101 |
| Fixed Assets | 82,484 | 75,986 | 83,154 |
| Total Assets | 328,899 | 341,881 | 462,255 |
| LIABILITIES & EQUITY | | | |
| Current Liabilities | | | |
| Accounts Payable | 5,744 | 2,863 | 107 |
| Credit Cards | 0 | 544 | 3,746 |
| Other Current Liabilities | 1,834 | -1,393 | 107,392 |
| Total Liabilities | 7,578 | 2,014 | 111,244 |
| Equity | 321,321 | 339,867 | 351,010 |
| TOTAL LIABILITIES & EQUITY | 328,899 | 341,881 | 462,255 |

Buffalo Mountain Coop

Profit & Loss Summary

January through December

| Account | 2018 | 2019 | 2020 |
|--------------------------------|--------------|-------------|---------------|
| Net Sales | 2,199,807 | 2,201,902 | 2,279,233 |
| Cost of Goods Sold | 1,545,139 | 1,525,568 | 1,499,087 |
| Gross Profit | 654,668 | 676,334 | 780,146 |
| Total Expenses | 647,768 | 680,177 | 799,408 |
| Net Ordinary Income | 6,900 | -3,843 | -19,262 |
| Other (Income) Expenses | | | |
| EIDL Grant | 0 | 0 | 10,000 |
| Energy Incentive | 0 | 2,000 | 0 |
| Friends Feeding Friends | 0 | 0 | 325 |
| Fundraising | 690 | 0 | 0 |
| Dividends | 2,327 | 1,708 | 540 |
| Misc. Income | 195 | 22 | 174 |
| Uncashed paychecks/adjustments | 119 | 18 | 0 |
| Tax penalty | -270 | 0 | -3 |
| Taxes paid to IRS | | | -394 |
| Net other income | 3,061 | 3,748 | 10,643 |
| Net Income | 9,961 | -94 | -8,619 |

Buffalo Mountain Co-op

Cash Flow Statement

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Estimated | Projected | Projected | Projected |
| Net Income | 9,961 | (466) | (8,618) | 43,000 | 2,000 | 10,000 | 40,000 |
| Adjustments | 7,002 | 2,144 | 88,585 | 107,000 | 70,000 | - | - |
| Net Cash from Operating Activities | 16,963 | 1,678 | 79,967 | 150,000 | 72,000 | 10,000 | 40,000 |
| Investing Activities | 8,451 | 6,498 | (7,167) | (63,900) | (1,100,000) | - | (12,000) |
| Financing Activities | 18,826 | 19,013 | 19,761 | 20,000 | 930,000 | (243,500) | (31,500) |
| Sale of Existing Building | | | | | | 125,000 | |
| Net cash increase | 44,240 | 27,189 | 92,561 | 106,100 | (98,000) | (108,500) | (3,500) |
| Cash at beginning | 66,401 | 110,641 | 137,830 | 230,391 | 336,491 | 238,491 | 129,991 |
| Cash at end | 110,641 | 137,830 | 230,391 | 336,491 | 238,491 | 129,991 | 126,491 |

Exhibit B

Corporate Documents

Buffalo Mountain Co-op Articles of Association dated December 22, 1975

NP-1

21771
ARTICLES OF ASSOCIATION

N00514-0

The name of the corporation shall be Buffalo Mountain Co-op Inc.
 The initial registered agent shall be Thomas Borrup
 with registered office at Main St. Hardwick (Green Mountain Gazette)
 The period of duration shall be (if perpetual so state) Perpetual
 This corporation is organized for the purpose of Being a Non-profit corporation
voluntarily associating ourselves as a cooperative association
under Vermont law.

Here set out purposes clearly and briefly, using separate paragraphs to cover each separate purpose.

To provide good food at reasonable cost due to no profit motive

To provide our services and try to reach people of all social classes and age groups.

To educate people about food, where it comes from and what it does.

To encourage local self sufficiency by supporting, as much as possible, local growers and producers.

To provide a community center for the members and friends of the Buffalo Mountain Cooperative Inc.

The initial board of directors shall have 3 members (must be at least 3) with the following serving as directors until their successors be elected and qualify:

| Name | Post Office Address |
|--|---------------------------------------|
| <u>Rita Rubin</u> Rita Rubin President | <u>Box 30, Craftsberry, Vt. 05826</u> |
| <u>Lindsay J. Colson</u> Lindsay J. Colson V. President | <u>Box 77 Greensboro (Vt. 05841)</u> |
| <u>Thomas Borrup</u> Thomas Borrup | <u>Box 24 Greensboro</u> |

Incorporated at Hardwick in the County of Washington
 his 22nd day of December, 1975

| Incorporators | Post Office Address |
|------------------------|-------------------------|
| <u>Stuart J. Weiss</u> | <u>RD1 Hardwick Vt.</u> |
| <u>L. Lyme Uretsky</u> | <u>RD1 Hardwick Vt.</u> |

Names must be Printed or Typed under all signatures, No. 101 Acts of 1965

**BYLAWS
OF
BUFFALO MOUNTAIN FOOD CO-OP**

Revised: April 28, 2019

Article I: Organization

1. **Name.** The name of the organization shall be the Buffalo Mountain Food Co-op, Inc. (henceforth “The Co-op”). The Co-op is a cooperative formed under the Vermont General Corporation Law.
2. **Ownership and Purpose.** The Co-op shall be owned by its members and shall operate for the mutual benefit of its members.

Article II: Membership

- 2.1 **Eligibility.** Membership in the Co-op shall be open to any individual who is in accord with its purposes and is willing to accept the responsibilities of membership.
- 2.2 **Nondiscrimination.** Membership shall be open without regard to any characteristic that does not directly pertain to a person’s eligibility.
- 2.3 **Admission.** Any eligible person may be admitted to membership upon submitting an application and investing equity in an amount and on such terms as determined by the Board of Directors (henceforth “the Board”).
- 2.4 **Rights.** Members have the right to elect the Co-op’s Board, to attend meetings of the Board, to receive notice of and participate in membership meetings, to review minutes of general membership and board meetings, to petition as described in these bylaws, to approve amendments to these bylaws, and to vote on all matters presented to the general membership. Each member shall have one vote and no more on all matters submitted to members. The rights of members shall be understood to apply only to active members in good standing. All rights and responsibilities of members are subject to the bylaws as they may be amended from time to time, and to policies and decisions of the Co-op or the Board.
- 2.5 **Responsibilities.** Members shall keep current in equity investments due to the Co-op, shall keep the Co-op informed of any changes in name or current address, and shall abide by these bylaws and the policies and decisions of the Co-op or the Board. A member who upholds these responsibilities is considered an active member in good standing.
- 2.6 **Termination of Membership.** A member may terminate his or her membership voluntarily at any time by written notice to the Co-op.
- 2.7 **Return of Equity.** Equity shall be returned upon termination of membership in the Co-op, under terms determined by the Board, provided that the Board has determined that the equity is no longer necessary.

2.8 [Repealed]

2.9 **Non transferability:** Membership rights and member equity may not be transferred in any manner.

Article III: Member Meetings

3.1 **Annual Meeting.** A membership meeting shall be held each year at a time and place to be determined by the Board. The purpose of such meetings shall be to hear reports on operations and finances, to review issues that vitally affect the Co-op, and to transact such other business as may properly come before the meeting.

3.2 **Special Meetings.** Special meetings of the membership may be called by the Board, either by decision of the Board or in response to a written petition of 5% of the active members. Notice of special meetings shall be issued to members. In the case of a petition, notice of the special meeting will be issued within ten (10) days after a presentation of the petition to the Board. No business shall be conducted at that special meeting except that specified in the notice of meeting. Decisions made at any special meeting are advisory only if quorum cannot be attained.

3.3 **Notice of meetings.** Notice of the date, time, place and purpose of each meeting of the membership shall be posted in a conspicuous place at the Co-op and communicated to members not less than four (4) weeks prior to the date of the meeting.

3.4 **Voting.** Voting shall be accomplished through methods and means established by the Board. Notice of the vote shall be posted in a conspicuous place at the Co-op and communicated to members not less than four (4) weeks prior to the end of the election period. Unless otherwise stated in the articles of incorporation, or these bylaws, or required by law, all questions shall be decided by a vote of a majority of the members voting thereon. Proxy voting is not allowed.

3.5 **Quorum.** At any meeting of the members, or for any vote of the members, a quorum necessary for decision-making shall be 5% of the total number of active members in good standing.

ARTICLE IV: Board of Directors

4.1 **Directors.** The Board will consist of at least seven directors and no more than nine, including one Board position reserved for the staff of the Co-op. Board members must be members of the Co-op, in good standing, who are not associated with any interests adverse to the Co-op.

4.2 **Powers and Duties.** Except for matters for which member voting is required, the Board shall have full power to govern the Co-op, including, but not limited to, determining management structure, delegating responsibility to management, evaluating its performance, establishing compensation, if any, for the Board, and assuring that the mission of the Co-op is carried out.

- 4.3 **Terms and Elections.** Elections shall occur annually, in a manner prescribed by the Board. Directors shall serve a term of two (2) years and shall serve staggered terms so that approximately one-half (1/2) of the Board is elected each year. No Director may serve more than three (3) consecutive terms.
- 4.4 **Officers and Elections.** The Board will have a President, Vice-President, Secretary, and Treasurer. Officers will be elected from the Board at the first Board meeting following the election of Directors. The Board will designate officers according to the requirements of state law and as necessary for the effective conduct of Board business.
- 4.5 **Vacancies.** Any vacancy among Directors may be filled by appointment by the Board. A Director so appointed shall complete the pertinent term.
- 4.6 **Termination.** Board members may terminate their Board membership voluntarily. Board membership will terminate automatically upon expiration of the two-year term or if the member misses three consecutive or five total meetings within one year. A Director may be removed by unanimous decision of the remaining Directors for conduct contrary to the best interests of the Co-op or failure to follow Board policies.
- 4.7 **Meetings.** The Board shall hold regular and special meetings at such time and place as it shall determine, and all Directors shall be notified in writing of said meeting at least ten (10) days in advance. The time and place of all meetings shall be posted in a conspicuous place at the Co-op not more than one day after calling of the meeting. Meetings shall be open to all members unless the Board decides to go into executive session regarding confidential or proprietary matters such as: labor relations or personnel issues; negotiation of a contract; discussion of strategic goals or business plans, the disclosure of which would adversely impact the Co-op's position in the marketplace; and/or discussion of a matter that may, by law or contract, be considered confidential. Board members may participate by remote connection either voice or video as agreed by the board.
- 4.8 **Decision-Making Process.** The Board shall attempt to make all decisions by consensus. If consensus can't be reached, the Board may act by majority vote.
- 4.9 **Action without a Meeting.** Any action required or permitted to be taken at a meeting of the Board may be taken by written action affirmed by all of the Directors. The action is effective when affirmed by all of the Directors, unless a different effective time is provided in the action. A written action includes communication by email, text message, and remote participation.
- 4.10 **Quorum.** The quorum of the Board will be a majority of the active Directors. No decisions will be made without a quorum.
- 4.11 **Conflicts of Interest.** Directors shall be under an obligation to disclose their actual or potential conflicts of interest in any matter under consideration by the board. Directors having such a conflict shall absent themselves from discussion and decision of the matter unless otherwise determined by the Board.
- 4.12 **Indemnification.** The Co-op shall indemnify and reimburse each present, past and future Director for any claim or liability (including expenses and attorneys fees actually and

reasonably incurred in connection therewith) to which such person may become subject by reason of being a Director. Such indemnification shall be made only if it is determined by the Board that the Director acted in good faith in the reasonable belief that his or her action was in the best interests of the Cooperative, or as otherwise allowed by law.

ARTICLE V: Dissolution

- 5.1 **Asset Distribution:** The Co-op may be dissolved upon a decision of the Board and a two-thirds (2/3) vote of the members who participate in the vote. Upon dissolution of the Co-op, its assets shall be distributed in the following manner and order: (i) by paying or making provision for payment of all liabilities and expenses of liquidation; (ii) by redeeming any equity accounts which, if they cannot be paid in full, shall be paid in equal proportions to their investment; (iii) by distributing any remaining assets in a way that furthers the Co-op's mission, as determined by the Board.

ARTICLE VI: By-laws

- 6.1 **Amendments.** These by-laws may be amended by a majority of the members who participate in the vote. An amendment may be proposed by decision of the Board or by petition of at least five percent (5%) of active members. The proposed amendment shall be publicized to the membership not less than four (4) weeks prior to the voting process, which shall be held at a time and in a manner determined by the Board.

Article VII: Dividends

- 7.1 There shall be set aside annually not less than ten percent of the net profits of the corporation for a reserve fund until there is accumulated a fund of not less than 50 percent of the paid up capital stock.
- 7.2 The remainder of the earnings, or any part thereof, shall be distributed by a uniform dividend upon the amount of purchases or sales through the corporation by the shareholders, or the amount of raw material furnished to, or business done through, the corporation by the shareholders; and such profits or earnings shall be distributed as often as once in 12 months.
- 7.3 **Consent to Take Patronage Distributions Into Income.** Each person who hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative as of the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to its patronage which are made in written notices of allocation (as defined in 26 U.S.C. § 1388), and which are received by the member from this cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. § 1385(a) in the taxable year in which the written notices of allocation are received by the member.

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT (the “Agreement”) is by and between Buffalo Mountain Co-op Inc., a Vermont nonprofit cooperative corporation (the “Company”) and the undersigned investor (the “Investor”), a resident of the State of Vermont. This Agreement shall be dated as of the date that the Company accepts the Investor’s executed Agreement.

WHEREAS, the Company is offering Vermont residents the opportunity to purchase promissory notes issued by the Company on the terms described in that certain Vermont Crowdfunding Offering Memorandum (the “Offering Memo”) provided to the Investor;

WHEREAS, the Investor is a resident of the State of Vermont, and wishes to purchase a promissory note issued by the Company on the terms described herein and in substantially the form attached hereto as Exhibit A (the “Note”); and

WHEREAS, upon execution of this Agreement by the Company, the Company desires to accept the Investor’s offer to purchase a Note on the terms described herein;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, and in reliance on the representations and warranties contained herein, the parties hereby agree as follows:

SECTION 1. PURCHASE AND SALE OF SECURITIES

1.1 Note.

(a) Subject to the Company’s acceptance hereof, in whole or in part, the Investor by executing this agreement hereby purchase a Note issued by the Company on the following terms:

| Principal Amount | Term in Years | Interest Rate |
|------------------|---------------|---------------|
| \$ _____ | _____ | _____ |

(b) The Investor shall pay the principal amount of the Note to the Company simultaneously with executing this Agreement. If the Company receives and accepts offers to purchase an aggregate amount of at least \$250,000 in Notes from Vermont residents, the Company will issue a Note to the Purchaser reflecting the terms stated above. If such minimum is not received, the Company will return the principal amount to the Investor without interest.

(c) If the Investor wishes to purchase more Note(s) having an aggregate principal amount in excess of \$10,000, the Investor must read Sections 2.8 and 2.9 hereof carefully and initial these Sections as applicable.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

The Investor hereby represents and warrants to the Company as follows:

2.1 Resident. The Investor is a resident of the State of Vermont.

2.2 Knowledge. The Investor possesses such knowledge, either alone or through a representative,

to be able to understand the Company's proposed plan of business, to evaluate the merits and risks of the investment and to make an informed business decision regarding whether to invest in the Company.

2.3 Information. The Investor believes that s/he has received all the information s/he considers necessary or appropriate for deciding whether to purchase a Note from the Company. The undersigned Investor further represents that s/he has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the Note and the business, properties, prospects, and financial condition of the Company and to obtain additional information necessary to verify the accuracy of any information furnished to the Investor or to which the Investor had access. Without limiting the foregoing, the Investor has received copies of, and has read and understands, the Offering Memo, this Agreement, and the Note.

2.4 Restrictions on Transfer. The Investor understands that the Note shall be subject to restrictions on transferability and resale and may not be transferred or resold.

2.5 Economic Risk. The Investor understands that s/he must bear the economic risk of this investment in the Company for an indefinite period of time and is able to bear such economic risk.

2.6 Seniority; Subordination. The Investor understands that any Note issued to the Investor shall constitute unsecured indebtedness of the Company and shall rank *pari passu* with all other unsecured indebtedness of the Company. The Investor expressly agrees and acknowledges that the payment of interest and principal in respect of the debt evidenced by the Notes shall be subordinate and junior in right of payment to the prior payment in full of all secured indebtedness of the Company.

2.7 Risks. The Investor acknowledges and is aware of the following:

a. There are many risks associated with an investment in the Company and the Investor fully understands such risks, including the risks described under the heading "Risk Factors" in the Offering Memo.

b. The offering relating to the Note has not been registered with the Securities and Exchange Commission nor the Vermont Department of Financial Regulation. The Securities and Exchange Commission and the Vermont Department of Financial Regulation have neither approved nor disapproved of the offering.

c. No discussion or analysis of the tax aspects of an investment has been provided by the Company. Each prospective investor must rely on his or her own accountants, attorneys and advisors as to such matters. Without limiting the foregoing, the Investor understands and acknowledges that under Section 7872 of the Internal Revenue Code of 1986, as amended (the "Code"), the Internal Revenue Service may impute interest with respect to certain below market loans, and that the Company has not investigated whether the Note would be classified as a below market loan subject to the Code's imputed interest rules. The Investor should consult with his or her tax adviser to confirm whether and how the Code's imputed interest rules might apply to the Note and to understand the potential tax implications.

2.8 Vermont Qualified Investor Status. **If the Investor wishes to purchase a Note in the principal amount of more than \$10,000:**

An Investor that is a natural person must either:

a. Have an individual liquid net worth, or joint net worth with the Investor's spouse, of more than \$500,000; or

- b. Have an individual income in excess of \$100,000 in each of the two most recent years or joint income with the Investor's spouse in excess of \$150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

An Investor that is a corporation, limited liability company or partnership must:

- a. Not be formed for the specific purpose of acquiring the Notes, and
- b. Have total assets in excess of \$2,500,000.

By initialing immediately below, I certify that I satisfy the above criteria:

INITIAL HERE: _____ *(Must be initialed only if purchase amount exceeds \$10,000)*

2.9 Accredited Investor Status. If the Investor wishes to purchase a Note in the principal amount of more than \$25,000, the Investor must either:

An Investor that is a natural person must either:

- a. Have an individual liquid net worth, or joint net worth with the Investor's spouse, of more than \$1,000,000; or
- b. Have an individual income in excess of \$200,000 in each of the two most recent years or joint income with the Investor's spouse in excess of \$300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

An Investor that is a corporation, limited liability company or partnership must:

- a. Not be formed for the specific purpose of acquiring the Notes, and
- b. Have total assets in excess of \$5,000,000.

By initialing immediately below, I certify that I satisfy at least one of the above criteria:

INITIAL HERE: _____ *(Must be initialed only if purchase amount exceeds \$25,000)*

SECTION 3. PREPAYMENT OF INVESTOR PROMISSORY NOTES

3.1 Optional Prepayments. The Notes shall be subject to prepayment without penalty, in whole or in part, as provided for in the Notes. The Company reserves the right to prepay one or more of the Notes, to the exclusion of the other outstanding Notes.

SECTION 4. MISCELLANEOUS

4.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Vermont, without giving effect to such jurisdiction's principles of conflict of laws.

4.2 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally blank; signature page follows]

SIGNATURES

The undersigned hereby represents that the undersigned has read and agrees to the terms and conditions of this entire Agreement.

If the Investor is a natural person:

Printed Name of Investor:

Signature of Investor:

Printed Name of Joint Owner (If Any):

Signature of Joint Owner (If Any):

Address to Which Correspondence
Should be Directed:

Social Security Number:

Telephone Number:

E-Mail Address:

If the Investor is a trust, corporation, limited liability company, partnership or other legal entity:

Print Name of Entity:

Signature by Authorized Representative:

By: _____

Name:

Title:

Tax ID Number:

Address to Which Correspondence
Should be Directed:

Contact Telephone Number:

Contact E-Mail Address:

COMPANY SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT:

(For Buffalo Mountain Co-op Use Only)

This Note Purchase Agreement of _____ is hereby agreed to
and accepted as of _____, 2022. *Name of Investor*

BUFFALO MOUNTAIN CO-OP INC.

By: _____
Duly Authorized Agent

THIS SUBORDINATED PROMISSORY NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD.

SUBORDINATED PROMISSORY NOTE

| Date of Loan | Maturity Date | Loan Amount |
|--------------|---------------|-------------|
|--------------|---------------|-------------|

For value received, Buffalo Mountain Co-op Inc., a Vermont nonprofit cooperative corporation (the “Company”) hereby promises to pay to _____ (the “Lender”), whose address is _____, or his or her heirs, successors or permitted assigns, the principal sum of _____ Dollars (\$ _____) together with accrued interest thereon at the fixed rate of _____ Percent (_____ %) per annum.

Beginning on December 31, 2022 and continuing on each one-year anniversary thereafter until the Maturity Date, the Company shall make annual payments of accrued interest only. The entire outstanding balance of principal and interest hereunder shall be due and payable by the Company in full on the Maturity Date. There shall be no penalty for prepayment or early payment of this Note by the Company. All payments shall be made to the address of Lender set forth above or such other address as Lender may designate to the Company in writing. It is the responsibility of Lender to inform the Company of any change in address.

Interest on this Note is computed on an actual/360 simple interest basis; that is, by applying the ratio of the annual interest rate over 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

Lender understands that this Note is one of a series of Notes issued to Lenders by the Company pursuant to a Vermont Crowdfunding Offering. **This Note is unsecured. Lender’s right to payment pursuant to the terms of this Note is subordinate to current or future secured lenders of the Company.** This subordination is self-executing and shall not require any further action on the part of Lender or the Company, however, Lender agrees to execute such documents as are reasonably required by any secured lender of the Company.

The Company shall be in default if it fails to make prompt payment of any interest or principal when due. Lender may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to Lender under the law.

Lender may at his or her discretion waive any of the terms and conditions of this Note, including the final maturity date of this Note without the Company completing an amendment to this Note. However, no waiver of one part of this Note shall operate as a waiver of any other term or condition of this Note or of the same part of this Note on a future occasion.

This Note shall be governed by the laws of the State of Vermont.

BUFFALO MOUNTAIN CO-OP INC.

Witness

By: _____
Duly Authorized Agent