

**BILL OF SALE**  
Undivided Interest in Dairy Herd  
October, 2006 Version

Paul Schmitmeyer (Seller), whose address is 5564 York Road, Versailles, Ohio 45380, for and in valuable consideration of the sum of Fifty Dollars (\$50) per share and valuable consideration received upon execution of this instrument by \_\_\_\_\_ (Buyer), whose address is \_\_\_\_\_, has bargained and sold, and by these presents does sell, grant and convey unto the Buyer the following property, goods, and chattels, to wit:

An undivided interest of \_\_\_\_\_ (\_\_\_\_\_) shares in a herd of dairy cattle located at 5564 York Road, Versailles, Ohio 45380 which presently consists of approximately one hundred (100) cows and all replacements and increase or decrease of the dairy cattle in the herd with the exception of dairy bull calves which constitutes the herd and shall constitute all of the dairy cattle producing or dry at that location (the Herd). Buyer understands and agrees that in accepting this Bill of Sale, the number of cattle in the herd may increase or decrease in which event the Buyer's percentage interest in the herd may decrease or increase, as the case may be, but in no case will the number of Buyer's shares in the herd be increased or decreased. To protect the interest of the Buyer, animals may be removed from or culled from the Herd when such removal or culling to be necessary.

TO HAVE AND TO HOLD the same unto the Buyer forever, or until Seller buys back Buyer's share under the condition listed herein. Should Buyer wish to sell his or her shares in the Herd, Seller agrees to purchase them at the going rate at which Seller is selling herd shares. The Seller covenants and agrees to and with the Buyer to WARRANT AND DEFEND the sale of the undivided interest in the property, goods and chattels against all and every person or persons whomever.

Buyer's interest in the herd also includes a share of the milk production from the herd. The amount of milk production attributable to Buyer's undivided interest shall be an amount that is equivalent to the percentage interest in the herd. No sooner than 12 hours after execution of this Agreement, Buyer shall be entitled to receive milk production from Buyer's undivided interest in the Herd. Buyer's duties for receiving share of milk production from the herd shall be in accordance with a Ohio Herd Boarding Agreement that is being executed between buyer and seller simultaneously with the initial Bill of Sale.

Buyer acknowledges that milk from the Herd is not pasteurized and may contain disease-producing organisms. Buyer understands and is knowledgeable regarding the alleged risks of consuming raw dairy and related products, for both adults and minor children. Specifically, Buyer represents and warrants that it has read additional information about raw milk and milk pasteurization from the following websites of the United States Food and Drug Administration and the Center for Disease Control:

[www.fda.gov/fdac/features/2004/2005](http://www.fda.gov/fdac/features/2004/2005), [www.cdc.gov/search.do?action=search&queryTest=raw+milk&x=13&y+5](http://www.cdc.gov/search.do?action=search&queryTest=raw+milk&x=13&y+5).

Buyer insists and demands that the milk from its interest in the herd not be pasteurized and that the milk from its interest in the herd preferably contain microbes. The milk from Buyer's interest may also include but not be limited to manure, dirt, salmonella, E.coli, campylobacter, Listeria, gangrene and parasites. **Buyer's Initial** \_\_\_\_\_

Buyer agrees that any unpasteurized milk produced by the Herd in which the Buyer has an interest and received by the Buyer under this Agreement will be for the personal use of the Buyer and Buyer's immediate family only. Buyer agrees not to allow anyone to unknowingly consume the unpasteurized milk or related products. Further, Buyer certifies that unpasteurized milk produced under this Agreement will not be consumed by minor children without the consent of their parents. **Buyer's Initial** \_\_\_\_\_

Except for the shares previously sold to other shareholders, Seller warrants that he has full legal and equitable ownership of the herd. Said herd may be subject to a lien and a security interest of Seller's secured lender. If such lien exists, Buyer agrees to subordinate its interests in the herd to the interest of Seller's secured lender. Buyer also acknowledges and agrees that Seller may need to secure additional financing and, in that event, Buyer authorizes Seller to place an additional lien on Buyer's interest in the herd.

Buyer acknowledges that it is not entitled to any share of the profits (or the losses, if applicable) from the management of the herd by Seller.

Seller shall meet with the Buyer at least once annually to mutually agree upon the procedures for management of the Buyer's interest in the dairy herd. Such meeting should be conducted in accordance with the terms and conditions of the Boarding Agreement entered into by the parties of today's date.

This agreement shall be construed exclusively in accordance with and governed by the laws of the State of Ohio.

When used herein, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

The receipt and sufficiency of this agreement is hereby acknowledged,

IN WITNESS WHEREOF,

The Seller has executed this Bill of Sale on this date \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller

Paul Schmitmeyer

**OHIO HERD BOARDING AGREEMENT**

October, 2006

THIS AGREEMENT is made and entered into by and between

\_\_\_\_\_, whose address is \_\_\_\_\_  
\_\_\_\_\_ (herein called "Boarder") and Paul Schmitmeyer (herein called "Herd Manager").

**RECITALS**

WHEREAS, Boarder is a joint and several owner ("Herdshare Owner") of an undivided interest in a herd (herein called the "Herd") of dairy cows (female bovines) located at the Herd Manager's facilities which interest is dedicated for the exclusive right, use and interest of Boarder and other Herdshare Owners, and which interest includes all replacements and increase of the dairy cows, with the exception of dairy bull calves; and

WHEREAS, Boarder does not have the facilities, equipment, expertise or knowledge necessary to properly tend to, take care of and milk the Herd; and

WHEREAS, Herd Manager is the owner or lessor of dairy facilities at 5564 York Road, Versailles OH 45380 ("Dairy facilities"), for the holding, caring, handling and milking of dairy cows (female bovines) and has the requisite training, experience, education and skills to provide boarding services for dairy animals; and

WHEREAS, Boarder wishes to contract with Herd Manager for the management, care and milking of the Herd; and

WHEREAS, Herd Manager is willing to provide these services to Boarder; and

WHEREAS, Boarder has arranged with Herd Manager to use Herd Manager's facilities for the boarding and milking of the Herd in which the Boarder has an interest by the Herd Manager on behalf of Boarder and other Herdshare Owners who are also joint and several owners of an interest in the Herd; and

WHEREAS, Boarder (together with the other Herdshare Owners who are each entering into or who have already entered into an agreement with Herd Manager substantially similar to this one) desires to board the Herd in which Boarder has an interest with Herd Manager and to have Herd Manager care for and milk the cows in the Herd in which Boarder has an interest, and Herd Manager desires to take on the boarding obligation;

NOW, THEREFORE, for and in consideration of the recitals and the mutual obligations contained in this Agreement, the parties agree as follows:

**AGREEMENTS**

1. **Delivery of Herd Interest for Boarding.** Upon execution of this agreement, possession of the Herd in which Boarder has an interest for and on behalf of the Boarder shall be deemed transferred to Herd Manager.

2. **Boarding Fees.** For boarding the Boarder's undivided interest in the Herd, the Herd Manager shall be paid by Boarder a uniform monthly fee of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per share. The first month's boarding fee is being paid with the execution of this Agreement. Thereafter, the uniform boarding fee shall be paid by Boarder to the Herd Manager on or before the twentieth (20th) day of the month preceding the month in which the services are provided. The parties agree the amount of the uniform boarding fee is a fair and reasonable charge equal to the actual average costs to be incurred by the Herd Manager for its services to be provided to Boarder under this Agreement. Herd Manager, at its sole discretion, may increase the boarding fees providing that Herd Manager first gives Boarder at least 60 days written notice of an increase in boarding fees prior to said increase going into effect. Boarder has the option of not agreeing to the increase in fees, at which time this Agreement with this Boarder shall terminate on the first day of the next month the increased fee would have gone into effect. In the event this Agreement terminates under this provision, Boarder agrees all shares it owns in the Herd will be re-sold to the Seller referred to in the Bill of Sale at the going rate in which shares are being sold.

3. **Duties of Boarder**

- A. Boarder or Boarder's designee shall pick up Boarder's share of milk production at the Dairy facilities at such reasonable times as agreed to by the Herd Manager and Boarder.
  - B. Boarder or Boarder's designee shall provide all necessary jugs, containers and caps necessary for bottling their milk. Boarder or Boarder's designee shall be responsible for bottling their milk. Boarder or Boarder's designee shall be responsible for transporting their milk from the Herd Manager's Dairy facilities to Boarder's destination. In no event shall the Herd Manager be held liable for any loss or damage associated with bottling or transportation activities under this paragraph.
  - C. In the event that the Boarder or Boarder's designee does not pick up his share of his milk production at the dairy facilities within a three (3) day period, Boarder agrees that the Herd Manager may dispose of the milk as appropriate.
4. Duties of the Herd Manager. In addition to any other duties provided in this Agreement, the Herd Manager shall have the following duties in connection with the boarding of the Herd in which Boarder has an interest.
- A. To receive for boarding at its Dairy facilities the Herd in which Boarder has an interest and to provide any other reasonable services required for in this Agreement or requested by the Herd Owners. The Herd Manager shall have the authority to remove any dairy cattle from the Herd when, in the Herd Manager's judgment, such culling is necessary.
  - B. To maintain and care for the Herd in which Boarder has an interest using sound practices in accordance with the Herd Health Protocols and the Operating Standards attached to this Agreement and incorporated herein by reference and, whether applicable to the other operations of the Herd Manager or not, as closely as reasonably possible to the requirements of Ohio Department of Agriculture laws and regulations applicable to the caring of female bovines and the handling of milk production from them.
  - C. To cool the milk to a temperature of 45° F, 7° C, or lower, within two (2) hours after completion of the milking.
  - D. To meet with the Boarder at least once annually to mutually agree upon the procedures for management of the Boarder's interest in the Herd.
  - E. To pay all ordinary expenses for maintaining and caring for the Herd in which Boarder has an interest as required above. Extraordinary veterinary expenses, which include all test conducted in accordance with the Herd Health Protocols shall be paid pro rata by boarder on a per share basis.
  - F. To provide reports to Boarder as shall be appropriate to apprise Boarder of the condition of the Herd in which Boarder has an interest and any other information which the Herd Manager believes will be useful to Boarder in monitoring the health and performance of the Herd with respect to Boarder's interest in the Herd.
  - G. To pay all payroll taxes, workers compensation FICA and FUTA arising from Herd Manager's use of hired labor at the Dairy facility.
5. No Sales of Milk.
- A. Boarder and the Herd Manager acknowledge that ODA is of the opinion that the sale of raw milk by a raw milk retailer is prohibited by the State of Ohio. Under no circumstances shall Boarder or Herd Manager transfer the ownership or possession of any milk production from the Herdshare Owners' interest in Herd in any transaction which would constitute a sale of raw milk in violation of the statutes of the State of Ohio or the regulations of the Ohio Department of Agriculture and the Ohio Milk Sanitation Board. Boarder and the Herd Manager each agree to indemnify and hold the other harmless for any liability, loss, damage, expense or penalties which are incurred by the other because of a breach of the provisions of this Section 5 by the indemnifying party.
6. Liability
- A. The Herd Manager shall not be liable to Boarder for any loss of or damage to the Herd in which Boarder has an interest or for anything resulting from the care, maintenance, handling and production of the Herd in which Boarder

has an interest by the Herd Manager so long as the Herd Manager shall have substantially complied with the requirements of this Agreement and the attached Operating Standards.

- B. The Herd Manager shall not be liable to Boarder for any sickness, death, loss or damage from the production of raw milk produced and delivered to Boarder from Boarder's share of the Herd so long as the Herd Manager shall have substantially complied with the requirements of this Agreement and the attached Operating Standards and the sickness, death, loss or damage shall have resulted directly from the failure of the Herd Manager to so substantially comply.
- C. Notwithstanding the foregoing, the Herd Manager shall indemnify and hold Boarder harmless for any loss, damage, liability or expense caused by any animal in the Herd in which Boarder has an interest to the person or property of Herd Owners or third parties because of the gross neglect or intentional act or omission of the Herd Manager.

7. Damage Claims/Liability Insurance.

- A. In the event Boarder seeks to assert any claim against the Herd Manager for any reason in connection with this Agreement or the activities of the Herd Manager under it, Boarder must file a written claim with the Herd Manager stating the nature of the claim and the amount of relief sought within sixty (60) days after Boarder becomes aware of the circumstances giving rise to the claim. Unless Boarder files the claim within the prescribed time, Boarder waives any and all rights that Boarder may have against the Herd Manager for any liability arising under this Agreement.
- B. Boarder and Herd Manager both certify that they have discussed the issue of liability insurance, and wish to proceed with the Agreement, whether or not the actions of the parties are covered by liability insurance. It is additionally stated that Boarder will not hold Herd Manager and or the owner(s) of the farm where the Herd in which Boarder has an interest is kept for any damages for any injury to any or part of the Herd in which Boarder has an interest.

Arbitration of Disputes.

All disputes, claims, and questions regarding the rights and obligations of the parties under the terms of this Agreement are subject to arbitration. Either party may make a demand for arbitration by filing a demand in writing with the other party within ninety (90) days after the dispute first arises. Thereafter, the arbitration shall be conducted by three arbitrators (one appointed by Boarder, one by the Herd Manager, and a third by the other two arbitrators) in accordance with the rules of commercial arbitration of the American Arbitration Association. Each party shall pay the party's own costs in connection with the arbitration and the costs of the arbitrators shall be paid in equal amounts by the parties.

8. Effective Date: Termination.

- A. This Agreement shall be effective immediately upon its execution. Since boarding fees are paid on a monthly basis, a prorated boarding fee may be collected by the Herd Manager based on the date this Agreement becomes effective.
- B. This Agreement shall continue so long as all other Boarding Agreements for the entire Herd in which Boarder and others have an interest are in effect. If any one of the Boarding Agreements, other than this one, are terminated for any reason, this Agreement shall continue in effect for an additional one hundred and eighty (180) days during which time the Herd Manager and the remaining Boarders may seek to obtain one or more Boarding Agreements covering that portion of the Herd in which Boarder and others have an interest which was covered by the terminated Boarding Agreement(s). If a replacement Boarding Agreement is not obtained within the specified time period, this Agreement may be terminated by the Herd Manager pursuant to Paragraph C below. If a replacement Boarding Agreement is obtained, this specific Agreement shall continue to remain in full force and effect unless terminated pursuant to Paragraph C below.
- C. This Agreement may be terminated by the Herd Manager upon thirty (30) days written notice to Boarder. In the event the Herd Manager terminates this Agreement under this paragraph, the Herd Manager shall buy back all of Boarder's shares at the current price for which Herd Manager is selling shares in the Herd. In addition, the Herd Manager shall return all outstanding boarding fees on a pro rata basis.

- D. This Agreement may be terminated by Boarder upon thirty (30) days written notice to the Herd Manager. In the event the Boarder terminates this Agreement under this paragraph, the Herd Manager shall buy back all of Boarder's shares at the current price for which Herd Manager is selling shares in the Herd. In addition, the Herd Manager shall return all outstanding boarding fees on a pro rata basis.
- E. In the event the Boarder's interest in the herd is extinguished due to a force majeure event, this agreement shall be automatically terminated upon the occurrence of the event. In the event this Agreement is terminated under this paragraph, the Herd Manager is under no obligation to buy back any or all of Boarder's shares. However, the Herd Manager shall return all outstanding boarding fees on a pro rata basis.

9. Force Majeure.

Notwithstanding anything to the contrary in this Agreement, the Herd Manager shall not be responsible for any delay or failure of performance under this Agreement if the delay or failure is caused by any matter beyond the control of the Herd Manager including, but not limited to, an illness in the Herd in which Boarder has an interest not caused by a breach of the Herd Manager's duties under this Agreement and which the Herd Manager has promptly taken steps to have treated or corrected, death of cows in the Herd in which Boarder has an interest which does not result from a breach by the Herd Manager of its duties under this Agreement, government regulations, public emergency or necessity, legal restrictions, labor disputes and actions related thereto, riot, war, insurrection, windstorms, rainstorms, snowstorms, floods, droughts or other acts of God.

10. Miscellaneous.

- A. Not a sale of raw milk. The parties agree and state it is their intention that this Agreement is not intended to be construed as the sale of raw milk as referred to in R.C. 917.04.
- B. No Consumer Transaction. The parties agree and state it is their intention that the acquisition of milk by the Boarder is not a "consumer transaction" as that term is defined in the Ohio Consumer Sales Practices Act, R.C. § 1345.01 *et seq.*
- C. Boarder Not Entitled To Profits Or Losses. The parties agree that the Boarder is not entitled to any share of the Herd Manager's profits (or losses, should they occur) as a result of this Boarding Agreement.
- D. Creation of Lien Pursuant to R.C. Section 1311.48. The parties agree and state it is their intention that the Herd Manager shall have a lien in the Boarder's interest in the Herd in order to secure Boarder's payment for services furnished by the Herd Manager under this Agreement. The parties agree that the lien shall be in an amount that is at least equal to the price paid by the Boarder for Boarder's number of shares purchased. The parties also agree and understand that, pursuant to R.C. Section 1311.49, the Herd Manager may sell the Boarder's interest in the Herd in which Boarder has an interest to satisfy such lien, provided that before the interest is offered for sale the Herd Manager shall give ten days' written notice to the Boarder. The parties agree that the Herd Manager may exercise this option to satisfy the lien upon Boarder's failure to pay for two consecutive months of boarding fees. If the Boarder's interest in the Herd is sold for a price which exceeds the amount of the lien, plus costs incurred by the Herd Manager in satisfying the lien, the remaining balance shall be paid by the Herd Manager to the Boarder or to such other person as may be legally entitled to receive same.
- E. Lien Not Subject To R.C. Chapter 1309. The parties agree and state it is their intention that any liens created under this Agreement are not subject to the provisions of Ohio Revised Code Chapter 1309 governing commercial transactions and the perfection thereof.
- F. No Agricultural Product Lien Created. The parties agree and state it is their intention that the Boarder is not an "agricultural product handler" as that term is defined at R.C. § 1311.55(A)(3), and that any transactions arising hereunder are not subject to the provisions of R.C. Section 1311.55 through 1311.59.
- G. Legal Relationship. No partnership, joint venture or contractor relationship is intended to be created by the parties to this agreement.
- H. Construction. When necessary for proper construction, the masculine of any word used in the Agreement shall include the feminine and neuter gender, the singular, the plural, and vice versa.

- I. Governing Law. This Agreement is being executed and delivered in the State of Ohio and shall be construed in accordance with and governed by the laws of such state.
- J. Captions. The captions of sections and subsections contained in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.
- K. Entire Agreement. This Agreement constitutes the entire contract between the parties and may not be modified or amended except in writing signed by both parties.
- L. Waiver. No assent or waiver, expressed or implied, to any breach of any one or more of the covenants or agreements hereof shall be deemed or taken to be a waiver of any succeeding breach.
- M. Incorporation by Reference. All schedules, exhibits and attachments referred to in this Agreement are incorporated by reference and made a part of this Agreement.
- N. Assignment. This Agreement and each of its provisions shall inure to the benefit of and be binding upon the parties, their successors and permitted assigns.
- O. Superseding. This Agreement supersedes any and all prior boarding agreements entered into by herd manager and boarder.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**BOARDER:**

**HERD MANAGER:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Phone no.)

\_\_\_\_\_  
(Phone no.)

\_\_\_\_\_  
(Email)

\_\_\_\_\_  
(Email)