

PRELIMINARY AGREEMENT

PRELIMINARY AGREEMENT, dated as of _____, 20____, between Colorado Agricultural Development Authority (the "Authority") and _____ (the "Borrower"), provides as follows:

1. Preliminary Statement. Among the matters of mutual inducement which have resulted in this Preliminary Agreement are the following:
 - (a) The Authority is authorized and empowered by the provisions of article 75, title 35 of C.R.S. 1973, as amended (the "Act"), to issue revenue bonds to defray the costs of land, improvements and equipment to be used in connection with an "agricultural enterprise" as defined in the Act.
 - (b) The Borrower has proposed that the Authority, pursuant to the Act, issue its revenue bonds to defray the costs to be incurred in connection with the acquisition of certain properties to be used by the Borrower as an agricultural enterprise (the "Project"), and that the Authority and the Borrower enter into a Financing Agreement (the "Financing Agreement") satisfying the requirements of the Act with _____ (the "Lender").
 - (c) Subject to due compliance with all requirements of law, the Authority by virtue of such statutory authority as may now or hereafter be conferred by the Act, will issue and sell its revenue bond in an amount not exceeding \$_____ (the "Bond") to pay the costs of the Project.
 - (d) The Bond shall be a special, limited obligation of the Authority and the principal of and interest on the Bond shall be payable solely out of revenues derived from amounts payable to the Authority by the Borrower pursuant to the terms of the Financing Agreement and pursuant to such other security documents as may be agreed upon by the Borrower and the Lender and approved by the Authority. The Bond shall not constitute the general debt or indebtedness of the Authority within the meaning of the Constitution and the statutes of the State of Colorado, and shall never constitute a debt or liability of the State of Colorado or a charge against its general credit or taxing powers.
2. Undertakings on the part of the Authority. Subject to the conditions stated in (c) of paragraph 1 hereof, the Authority agrees as follows:
 - (a) That it will authorize the issuance and sale of the Bond, pursuant to the terms of the Act as then in force.
 - (b) That if it issues and sells the Bond, it will enter into the Financing Agreement with the Borrower and the Lender. The Payments by the Borrower under the Financing Agreement will be sufficient to pay the principal of and interest on the Bond as and when the same shall become due and payable.
3. Undertakings on the part of the Borrower. The Borrower agrees as follows:
 - (a) The Lender has agreed to purchase the Bond.
 - (b) That contemporaneously with the delivery of the Bond the Borrower will enter into the Financing Agreement with the Authority and the Lender under the terms of which the Borrower will agree to pay to the Authority for payment of the Bond amounts sufficient in the aggregate to pay the principal of and interest on the Bond as and when the same shall become due and payable.
4. General Provisions.
 - (a) All commitments of the Authority under paragraph 2 and of the Borrower under paragraph 3 are subject to the condition that within three months from the date hereof (or such other date as shall be mutually satisfactory to the Authority and the Borrower), the Authority and the Borrower shall have agreed to mutually acceptable terms and conditions of the Financing Agreement, the Bond and of the other instruments and proceedings relating to the Bond.
 - (b) If the events set forth in (a) of this paragraph do not take place within the time set forth or any extension thereof and the Bond is not sold within such time, the Borrower agrees that it will reimburse the Authority for all reasonable and necessary expenses which the Authority may incur arising from the execution of this Preliminary Agreement and the performance by the Authority of its obligations hereunder, including but not limited to out-of-pocket expenses and legal fees, and this Preliminary Agreement shall thereupon terminate.

IN WITNESS WHEREOF, the parties hereto have entered into this Preliminary Agreement this _____ day of _____, 20_____.

COLORADO AGRICULTURAL
DEVELOPMENT AUTHORITY

By _____
(Vice) Chairman

By _____
Borrower's Signature