

Joint Venture Agreement Checklist*

1. The name of the joint venture and the stated type of entity (JV, LP, LLP, LLLP, LLC, etc.) must match. The name or initials of the general partner should appear first in the joint venture's name.
2. LP's, LLP's, LLLP's, LLC's, and corporations should be properly registered with the State in which they are located.
3. The joint venture must provide a Federal Tax I.D. number.
4. The agreement must cover at least the current crop year and the term must not be expired.
5. All joint venture participants must be at risk for the production of the sugarbeet crop.
 - There may be no advance payments to any partner by the joint venture or another partner.
 - Payments to partners may only come from the proceeds of the beet payment or crop insurance.
 - The amount of the payment to each partner may be fixed or variable, but there can be no guaranteed payment to any partner.
 - The first payment to a partner must occur after the date of the first beet payment.
 - There can be no fixed payment date prior to the November beet payment.
 - There can be no form of guaranty (i.e. letter of credit, indemnification, guaranty agreement, etc.) to assure a payment to a partner.
 - There can be no provision that is deemed to negate a participant's "risk" in the sugarbeet crop.
 - The payment to any partner may not exceed the sum of the beet payment and the crop insurance proceeds received by the joint venture.
6. There can be no separation of "legal" and "equitable" ownership of the preferred shares held by the joint venture.
7. There can be no automatic reversion of preferred shares to any partner (the shares may only be transferred through a formal stock transfer).

* Please note that this checklist applies to all types of joint ventures, whether organized as a general partnership, limited partnership, limited liability partnership, limited liability limited partnership, limited liability company, or any other type of entity.

Sample Joint Venture Language

Most problems with joint venture agreements revolve around the distributions to limited partners and the requirement that the distributions come from the proceeds of the sugarbeet crop. The following examples offer sample language that will comply with ACSC's requirements. Other language may comply as well. The sample language will need to be modified to fit the context of your joint venture agreement, including the type of entity being used for the joint venture.

- “Any payment to a partner under this Agreement shall be made exclusively from (1) the proceeds of the beet payment made to the [joint venture] by American Crystal Sugar Company; and/or (2) the proceeds of any crop insurance procured by the [joint venture] with respect to the sugarbeet crop.”
- “The payment to the [limited partner] shall be made on the later of [date], or the date the beet payment is received by the [joint venture] from American Crystal Sugar Company. The amount of the payment to the [limited partner] shall not exceed the sum of the beet payment and the crop insurance proceeds received by the [joint venture].”
- “The payment to the [limited partner] shall be made [_____] days following the [joint venture's] receipt of the beet payment from American Crystal Sugar Company. The amount of the payment to the [limited partner] shall not exceed the sum of the beet payment and the crop insurance proceeds received by the [joint venture].”