Farm Lease, Version 2
Forest City Community School District - Operator 1
Heritage Park of North Iowa - Operator 2
City of Forest City - Owner

This lease agreement is made this 1st day of February, 2024, between

OPERATOR 1: **Forest City Community School District, Forest City FFA Chapter**
145 S Clark Street
Forest City, IA 50436
641-585-2323

Represented by:
Troy Thompson, Board President, tthompson@forestcity.k12.ia.us
Sara Meinders, Board Secretary, smeinders@forestcity.k12.ia.us
Ryan Faught, FFA Chapter Advisor, rfaught@forestcity.k12.ia.us

OPERATOR 2: **Heritage Park of North Iowa**
PO Box 27
Forest City, IA 50436
641-430-0178

Represented by:
Jim Oulman, jnoulman@wctatel.net

OWNERS: **City of Forest City**
305 N Clark Street
PO Box 346
Forest City, IA 50436
641-585-3574

Represented by:
Ronald Holland, Mayor, mayor@forestcityia.com
Daisy Huffman, City Administrator, administrator@forestcityia.com

RECITALS

WHEREAS the Owner has real estate here after described held for development which requires continual maintenance, including but not limited to mowing, and;

WHEREAS, Operator 1 has a Future Farmers of America chapter and is seeking to improve its educational and training opportunities for FFA students, and;

WHEREAS, Operator 2 operates a historical venue within the City of Forest City, Iowa which promotes tourism in the Forest City, Iowa area, and;

WHEREAS the Parties hereto are committed to the belief that partnerships drive growth, and;

WHEREAS the City has been presented a proposal in the form of a farm lease from Operators to farm the real estate which relieves the Owner of the burden of continual maintenance, promotes the education and training of a new generation of agricultural workers and assists in the promotion of tourism in the Forest City, Iowa area, said activities support and enhance economic development in the Forest City, Iowa area, and;

WHEREAS the Council has determined that the Agreement is in the best interest of the City and the residents thereof and that the performance by the City of its obligations thereunder is a public undertaking and purpose and is in furtherance of appropriate economic development activities and objectives of the City within the meaning of Chapter 15A of the Iowa Code particularly the policies in the dispensing or use of the funds should be targeted toward businesses that generate public gains and benefits, which gains and benefits are warranted in comparison to the amount of the funds dispensed.

THE PARTIES AGREE AS FOLLOWS:

1. **DESCRIPTION OF FARMS.** The Owner, in consideration of the terms specified herein, leases to the Operators for agricultural purposes the following legally describe property (REAL ESTATE):

   Farm 1: The Real Estate is located in Nerem Ind Park Subdiv, Outlot C 02 97 24, Forest City-Corp Lnd in Hancock County, Iowa recognized as Parcel Number 3840000050 containing 10.880 Acres, more or less, and subject to all easements now existing or which the Owner may grant in the future, such that the usefulness of the property to the Operator is not reduced.

   Farm 2: The Real Estate is located in Nerem Ind Park Subdiv, Lot 4, 02 97 24, Forest City-Corp Lnd in Hancock County, Iowa recognized as Parcel Number 2846000040 containing 2.0 Acres, more or less, and subject to all easements now existing or which the Owner may grant in the future, such that the usefulness of the property to the Operator is not reduced.

   Farm 3: The Real Estate is located in Nerem Ind Park Subdiv, Lot 1, 02 97 24, Forest City-Corp Lnd in Hancock County, Iowa recognized as Parcel Number 2846000010 containing 2.0 Acres, more or less, and subject to all easements now existing or which the Owner may grant in the future, such that the usefulness of the property to the Operator is not reduced.

2. **TERM OF LEASE.** The term of the lease shall be for a period of one (1) year, beginning March 1, 2023. After expiration of the initial term, the lease shall continue from year to year, unless terminated by a separate written agreement or by statutory termination notice served by either party on or before September 1, as directed by Iowa law, effective the following March 1.

3. **PURPOSE OF THE LEASE.** The Operator shall have the right to use the property for the production of crops.

4. **CASH RENT.** There will be no cash rent paid to the Owner for the use of part of all the Real Estate.

5. **CROP-SHARE** Operators agree to share in payment of all expenses and shares of crop as shown in the following schedule with no payment to or from the Owner:

	Operator 1 and Operator 2 Share of Expenses—%			
Expense	Corn	Soybeans	Oats	Hay
Seed	50%	50%	50%	50%
Commercial Fertilizers	50%	50%	50%	50%
Herbicides	50%	50%	50%	50%
Insecticides, fungicides	50%	50%	50%	50%
Custom applications	50%	50%	50%	50%
Drying fuel or charges	50%	50%	50%	50%
Hauling	50%	50%	50%	50%
Lime	50%	50%	50%	50%
	Operator 1 and Operator 2 and Owner's Share of Crops—%			
Operator 1 Share of Crops	50% minus two (2) loads of picked corn and one (1) load of corn bundles	50%	50%	50%
Operator 2 Share of Crops	50% plus two (2) loads of picked corn and one (1) load of corn bundles	50%	50%	50%
Owner's Share of Crops	0%	0%	0%	0%

All other expenses related to the production of crops shall be paid for by the Operators at 50% for Operator 1 and 50% for Operator 2.

6. **OPERATOR DUTIES AND CONDITIONS.** Operators agree to:
   a. Prepare the land and plant such crops as agreed on in a timely fashion, as weather conditions permit.

   b. Manage carefully all growing crops and to harvest all crops in a timely fashion as weather permits. In the event Operators fail to do so, Owner reserves the right, personally or through designated against, to enter upon the Real Estate and property care and harvest all growing crops, charging the cost of the care and harvest to the Operators equally. In the case of termination of this agreement, the Operators shall not perform any fall tillage nor incur any other expense for the Owner for the following year's crop without prior written consent of the Owner. No hayland is to be mowed or grazed after September 1 without prior consent of the Owner.

   c. Farm the land in an efficient and steward-like manner. Land planted to corn, soybeans or other row crops shall not exceed fifteen (15) acres each year, unless by mutual agreement.

   d. Not assume any right to take any part of the harvested crop's above ground plant (including burning or removing any crop residues from the property) except as stated

herein: Two (2) loads of picked corn and one load of corn bundles **when corn is available.**

e. Do what is reasonably necessary to control soil erosion including, but not limited to, providing labor and normal farm equipment for the maintenance of existing watercourses, waterways, ditches, drainage areas, terraces and tile drains, and abstaining from any practice which will cause damage to the Real Estate. The Operators' responsibility does not include major reconstruction of such improvements made necessary by normal wear and tear or other natural causes.

f. Investigate broken and inoperative tile lines and report them to the Owner. Operators shall be responsible for repairing anything they break.

g. Use reasonable efforts to control weeds in fields, fence rows, road ditches, building lots, and all other areas of the farm and mow ditches only during periods permitted by Iowa law.

h. Protect all desirable vegetation, such as grass field borders, grassed waterways, wildlife cover, shrubs and trees.

i. Follow a mutually acceptable tillage program for each of the crops planted. Such plan shall meet soil conservation and surface residue requirements as prescribed by the Natural Resources and Conservation Service (NRCS) conservation plan.

j. Refrain from allowing livestock to pasture without permission of the Owner.

k. Comply with all local, state and federal laws and regulations governing all activities related to the application of pesticides, commercial fertilizers, and the cultivation of crops. Follow label directions in the handling and application of all chemicals used on the Real Estate, and follow all applicator's licensing requirements. Comply with local, state, and federal laws and regulations pertaining to groundwater contamination, manure disposal, and hazardous waste storage or disposal.

l. Not allow any recreational use, including hunting, of the Real Estate.

7. EXPENSES.

a. Except as specified in Section 6 of this lease, all materials and services related to the production of agricultural products shall be acquired and paid for by the Operators.

b. No expense shall be incurred for or on account of the Owner without first obtaining written permission from the Owner. The Operators agree to take no actions that might cause a mechanic's or other lien to be imposed upon the Real Estate and agree to indemnity the Owner if actions are taken by the Operators that result in such a lien being imposed.

8. **COMPENSATION FOR IMPROVEMENTS.** The Operators may make improvements to buildings, fences, or water systems and other items at the Operator's own expense and consistent with the terms of the lease, provided consent of the Owner has been given and provided these improvements shall not be removed when the Operators leaves the farm. Examples of improvements include but are not limited to buildings, fences, tile lines, agricultural lime applications, terraces, and forage seedings. Operators shall receive no compensation for any improvements.

9. **COMPENSATION FOR CROP EXPENSES.** The Owner shall not reimburse the Operators at the termination of this lease for fieldwork done or for other costs incurred for future crops to be harvested.

10. **WELL AND WATER SYSTEMS**. Both parties agree to the following terms relative to the repair and replacement of wells, water lines, well pumps, septic tanks and related equipment:

11. **INSURANCE.** Both the Operators and Owner will keep their respective property interests reasonably insured against hazards and casualties. In the event of any damage to crops, buildings, or improvements by any natural or man-made disaster, the Operator shall inform the Owner within 48 hours. The Operator shall carry the following types and minimum coverage of insurance:
    a. Workers' Compensation Insurance (if applicable).
    b. Comprehensive General Liability with limits of not less than $1 million.
    c. Automobile Liability Insurance on all owned, non-owned, hired, or leased automotive equipment in conjunction with operations in amounts not less than $1million for bodily injury and $1million for property damage and liability.
    d. If crop insurance is available, it will be solely at the cost of the Operators.

12. **RIGHT OF ENTRY AND INSPECTION.** The Owner may enter the Real Estate at any reasonable time for the purpose of consulting with the Operators, viewing the property, making repairs or improvements, or for other reasonable purposes that do not interfere with the Operators' ability to carry out regular farming operations. Upon properly served notice of termination of the lease and permission of the Operators (provided that such permission shall not be unreasonably withheld), the Owner reserves the right to enter the Real Estate and perform fall tillage, seeding, fertilizing or other customary seasonal operations after the Operator has completed the harvesting of crops.

13. **OWNERS' LIEN AND SECURITY INTEREST**. The Operators acknowledge that a statutory Landlord's Lien exists in favor of the Owner. The Operator also grants to the Owner a security interest on, but not limited to, all growing or mature crops on the Real Estate as provided in the Iowa Uniform Commercial Code. The Operator shall sign security agreements and financing statements as requested by the Owner to perfect the Owner's security interests.

    At Owner's request, the Operators shall provide the Owner a list of potential buyers for the crops grown on the farm. The Owner may deliver a Notice of Security Interest to those buyers and only those buyers listed. The Operator shall not deliver or sell such crops to any buyer not listed without first obtaining written consent of the Owner.

14. **TRANSFER OF INTEREST.** The Operators agree not to lease or sublet any part of the Real Estate nor assign this lease to any other person or entity, nor sublease any or all of the property described herein without prior written permission of the Owner. This lease shall be binding upon the heirs, assignees, or successors in interest of both parties. If the Owner should sell or otherwise transfer title to the Real Estate, the Owner will do so subject to the provisions of this lease.

15. **CHANGES IN LEASE TERMS.** The conduct, representation, or statement of either party, by act or omission, shall not be construed as a material alteration of this lease until such provision is reduced to writing and executed by both parties as an addendum to this lease.

16. **ARBITRATION**. Any disputes between the Owner and Operators not covered by the terms of this lease may be submitted by either party for arbitration by three disinterested persons, one of whom shall be selected by the Owner, one by each of the Operators, and a third by the previously named two. If, and when, disputes are submitted, a majority decision of the arbitrators shall be binding upon the parties to the lease.

17. **ATTORNEY FEES AND COURT COSTS**. In the event a judgment is granted to either party as a result of legal action related to the terms of this lease, the payment and discharge of all costs and attorney fees or other expenses incurred to enforce the terms of this lease shall be handled as follows. If the Operator is awarded a judgment against the Owner, the Owner shall pay all attorney fees and legal expenses. If the Owner is awarded a judgment against the Operators, the Operators shall pay all attorney fees and legal expenses.

18. **CONTRACT CONSTRUCTION.** Words or phrases herein, including acknowledgment, are construed as in the singular or plural and as the appropriate gender, according to the context.

19. **NOTICES**. Any notice contemplated in this lease shall be made in writing and shall either be delivered in person (with signed acknowledgment of receipt from the intended recipient), or be mailed by certified U.S. mail, return receipt requested, to the last known mailing address. The notice provisions of this section shall not apply to the notice of termination as set forth in Section 2 of this lease agreement.

20. **INDEMNIFICATION**. The Operators shall take possession of the premises subject to the usual hazards of operating a farm and assume all of the risks of accidents to the Operators and the Operator's family or agents, in pursuance of the farming operation, and in performing repairs or improvements or other actions pursuant to this lease. The Operators agree to indemnify, defend, and hold harmless the Owner against any liability and/or pay for any and all damages, losses, or expenses incurred by the Owner in connection with leased premises, beyond that covered by insurance due to Operators' negligence or failure to perform the terms of this lease.

21. The Owner agrees to disclose in writing to the Operators the existence of all known wells, underground storage tanks, hazardous waste sites, and solid waste disposal sites on the Real Estate.

22. **MINERAL RIGHTS.** The Owner reserves all rights to any minerals on or underlying the farm.

23. **YIELDING POSSESSION**. The Operator agrees that on termination of the lease, the Operator will yield possession to the Owner without further demand or notice. The premises shall be in as good order and condition as when the same were entered by the Operators. Loss by fire, tornado or other forces beyond Operators' control and ordinary wear and tear are expected. If the Operators wrongfully withhold possession of the premises after the date of termination, the Operators shall pay to the Owner $100 for each day the Operator remains in possession thereafter as liquidated damages.

24. **NO PARTNERSHIP**. It is understood and agreed that this lease shall not be deemed to be nor intended to give rise to a partnership relation.

25. SIGNATURES. We agree to the terms and conditions of this lease.

Operator 1 - Forest City CSD
Board President, Troy Thompson

2.12.2024
Date

Operator 2 - Heritage Park
Jim Oulman

Date

Sara Meinders
Operator 1 - Forest City CSD
Board Secretary, Sara Meinders

2-12-24
Date

Operator 1 - Forest City CSD
FFA Chapter Advisor, Ryan Faught

Date

Owner - City of Forest City
Mayor, Ronald Holland

Date

Owner - City of Forest City
City Administrator, Daisy Huffman

Date