

**FARM LEASE BETWEEN THE BOARD OF EDUCATION OF
MERIDIAN COMMUNITY UNIT SCHOOL DISTRICT NO. 223
OGLE COUNTY, STILLMAN VALLEY, ILLINOIS
and
HINES FARMS (Winston Hines & Kim Kruse)**

This Farm Lease is entered into on this 9th day of September, 2022, between the Board of Education of Meridian Community Unit School District No. 223, Ogle County, Stillman Valley, Illinois (hereinafter "Board"), and Hines Farms (hereinafter, collectively, the "Tenant") (collectively, the "Parties").

WITNESSETH:

WHEREAS, the Board is the owner of a certain parcel of real estate described on Exhibit A attached hereto and incorporated herein (hereinafter, the "Real Estate"); and

WHEREAS, pursuant to Section 10-22.11(c) of the *School Code*, the Board may lease school land to suitable lessees for any purpose which serves the interests of the community when such land is declared to be unnecessary, unsuitable, or inconvenient for the uses of the Board during the term of the lease; and

WHEREAS, pursuant to Section 10-22.13 of the *School Code*, the Board has the power and authority to determine when a site has become unnecessary, unsuitable, or inconvenient for a school; and

WHEREAS, pursuant to Section 10-22.11(c) the Board has determined that farming serves the best interests of the community; and

WHEREAS, the Board, by entering into this agreement ("Farm Lease"), hereby determines that it has no immediate need or use for the Real Estate, that the best interests of the residents of the school district will be enhanced by entering into the Farm Lease, and that for the term of this Farm Lease, the Real Estate is unnecessary, unsuitable, and inconvenient for use by the Board.

NOW, THEREFORE, in consideration of the terms and conditions contained in this Farm Lease, the parties hereto agree as follows:

1. **Consideration.** For an annual cash rent payment of two hundred ninety and no/100 dollars per acre (\$290.00) payable on August 1st of each year of the term, Tenant shall maintain the Real Estate in accordance with the terms of this Farm Lease, and in return, Tenant shall be entitled to farm the Real Estate in accordance with the terms hereof. The Parties agree that the acreage of the Real Estate is 138.4 acres, resulting in an annual rent payment of forty thousand one hundred thirty-six and no/100 dollars (\$40,136.00).
2. **Permitted Use.** Tenant accepts the Real Estate on an "AS-IS" basis. Tenant may use the Real Estate for agricultural purposes only and shall be entitled to keep the proceeds from the sale of any crops harvested on the Real Estate. The Tenant shall make all necessary repairs to the Real Estate at the Tenant's expense during the Lease term. This includes repairing all defects with any building or structure on the Real Estate due to damage or wear and tear. Should the Tenant wish to make any improvements to the Real Estate, the Tenant must receive the written consent of the Board which it may withhold in its sole discretion.

3. **Term.** The term of this Farm Lease shall be from January 1, 2023, to December 31, 2025, and the Tenant shall surrender possession at the end of this term or at the end of any extension thereof. TENANT WAIVES ANY RIGHTS IT MAY HAVE TO RECEIVE A WRITTEN NOTICE TO QUIT OR A WRITTEN NOTICE OF NONRENEWAL OF THIS FARM LEASE FROM THE BOARD.
- 3.1 **Board's Right to Reclaim Real Estate.** Notwithstanding anything in this Farm Lease to the contrary, the Board shall have the right during the term of this Farm Lease to reclaim any or all of the Real Estate for its own use. The Board shall provide at least twelve (12) months advanced written notice to Lessee of its intent to exercise its right under this Paragraph 3.1 and reclaim a portion or all of the Real Estate. The aforementioned notice shall contain a description of the Real Estate that the Board desires to reclaim. Upon Tenant's receipt of the notice, the Parties shall negotiate in good faith to determine the exact size and location of the reclaimed Real Estate, as well as any reduction of rent as a result thereof. If the Parties are unable to reach mutual agreement on the exact size and location of the reclaimed Real Estate and a reduction in rent within the twelve (12) month notice period required herein, then Tenant and the Board shall each have seven (7) days from the expiration of the twelve (12) month notice period to terminate this Farm Lease, which termination shall be effective upon the earlier of the following: (i) the Tenant harvesting the crops on the Real Estate for the growing season subsequent to the twelve (12) month notice required in this Paragraph; or (ii) upon such date as a reasonable farmer would harvest the same type of crops in the same location for the growing season subsequent to the twelve (12) month notice required in this Paragraph. Further, if this Farm Lease is terminated under this Paragraph and the Tenant has prepaid any rent, the Tenant shall be entitled to a refund, on a prorated basis through the date of termination, for the prepaid rent.
4. **Extension.** Extensions must be agreed to by the Parties in writing. Additionally, the Parties agree that the failure to execute an extension at least two (2) months before the end of the current term shall be constructive notice of intent to allow the Farm Lease to expire.
5. **Tenant's Duties in Operating Farm.** The Tenant agrees that he/she/it will perform and carry out the stipulations below:
- A. Activities required:**
1. To cultivate, plant and harvest the farm faithfully and in a timely, thorough, and businesslike manner using sustainable crop management methods; and
 2. To prevent noxious weeds from going to seed on said Real Estate and to destroy the same and keep the weeds and grass cut; and
 3. To keep open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair; and
 4. To preserve established watercourses or ditches and to refrain from any operation that will injure them; and
 5. To take proper care of all trees, vines, shrubs, and other foliage and to prevent injury to the same; and

6. To prevent all unnecessary waste, loss, or damage to the property of the Board; and
7. To comply with rules and regulations of the Illinois Pollution Control Board, and other governmental agencies or rules, regulations, or laws applicable to farming and the application of fertilizer and pesticides; and
8. To engage an agronomist, at Tenant's expense, to perform soil testing of the Real Estate in accordance with reasonable farming standards and to promptly undertake such remedial actions as recommended by the agronomist as result of such tests. The Tenant shall provide the Board with a copy of each soil testing report promptly upon Tenant's receipt thereof and shall provide the Board with a copy of the receipt or invoice detailing the products applied to the Real Estate as a result of the soil testing. Nothing in this Paragraph 5.A.8 relieves Tenant of his/her/its obligations under Paragraph 5.B.1.h below.

B. Activities restricted:

1. The Tenant further agrees, unless he/she/it shall first have obtained the written consent of the Board, which may be withheld in its sole discretion:
 - a. Not to assign this Farm Lease to any person or entity or to sublet any part of the Real Estate; and
 - b. Not to erect or permit to be erected any structure or building or to incur any expense to the Board for such purpose; and
 - c. Not to permit, encourage, or invite other persons to use any part or all of the Real Estate for any purpose or activity not directly related to its use for agricultural production; and
 - d. Not to plow permanent pasture or meadowland; and
 - e. Not to cut live trees, shrubs, or foliage for sale purposes or personal uses; and
 - g. Not to permit the erection of any commercial advertising signs on the farm; and
 - h. Not to use any fertilizer, chemicals, pesticides, or any non-organic substances on the Real Estate that may adversely affect the future use of the Real Estate as a school site. Prior to using any fertilizers, chemicals, pesticides, or non-organic substances, Tenant shall notify the Board in writing of the nature of the substance contemplated to be used on the Real Estate. If the Board objects to Tenant's use of said substance, Tenant may not introduce said substance to the Real Estate.

6. **Environmental Compliance.** Upon the termination of this Farm Lease or vacation of the Real Estate, Tenant shall, at his/her/its sole expense, remediate and clean up any Hazardous Substances (as defined in 42 U.S.C. §9601(14), as amended) used or authorized by Tenant during the term of this Farm Lease that may affect the Board's use of the Real Estate as a school site. Tenant shall

provide the Board with copies of all records, documents, and invoices relating to any substance placed on the Real Estate.

Without limiting any other indemnity rights of the Indemnities (defined in Paragraph 11 below) included in this Farm Lease, Tenant shall also indemnify and hold harmless the Indemnities, as defined in Paragraph 11, from and against any and all liabilities, damages, suits, penalties, judgments, costs, including attorneys' fees, and environmental cleanup, removal, response, assessment, or remediation costs arising from or related to contamination of the Real Estate or the release of any Hazardous Substance during the term of this Farm Lease.

7. **Default.** In the event the Tenant fails to comply with any of the terms hereof, the Board may, upon demand, notify Tenant that he/she/it is in default of this Farm Lease and terminate this Farm Lease. In the event the Board terminates this Farm Lease as a result of a breach by Tenant, all rental payments due hereunder shall be accelerated and shall become immediately due and payable. Moreover, Tenant shall immediately vacate the Real Estate upon notification of a termination by the Board. In the event of a default, the Tenant shall be responsible for all costs and expenses whatsoever incurred by the Board as a result of such breach, including, but not limited to, attorneys' fees.
8. **Board's Lien.** The Board's lien provided by law on crops grown or growing shall be the security for the consideration herein specified and for the faithful performance of the terms of the Farm Lease. If the Tenant fails to keep any of the agreements of this Farm Lease, all costs and attorneys' fees of the Board in enforcing collection or performance shall become obligations payable by the Tenant hereunder.
9. **Board's Right of Entry.** The Board reserves the right of itself, its agents, employees, or assigns to enter upon the Real Estate at any reasonable time for the purpose of viewing the same or of working or making repairs or improvements thereon as long as such right does not impair the Tenant's agricultural activities on the Real Estate. Further, upon constructive notice of the Parties' intent to allow the Farm Lease to expire and after the Tenant's harvesting of that year's crops, the Board or its agents, employees, or assigns may enter upon the Real Estate.
10. **Extent of Agreement.** The terms of this Farm Lease shall be binding on the heirs, executors, administrators, and assigns of both the Board and Tenant in like manner as upon the original parties.
11. **Insurance.** Tenant shall obtain commercial general liability insurance insuring against any liability and property damage or loss arising from or related to Tenant's use or occupancy of the Real Estate with liability limits of not less than one million dollars (\$1,000,000) per occurrence and in the aggregate. All policies must be on an occurrence basis, not a claims-made basis. The Board, its individual Board members, agents, and employees ("Indemnities") shall be named as additional insureds on such policy. Tenant shall keep such insurance in continuous force and effect throughout the term of this Farm Lease and any extensions thereof. Tenant shall provide a certificate of insurance upon the execution of this Farm Lease. Additionally, upon request by the Board, the Tenant shall provide the Board with a copy of the insurance policy and all endorsements thereto. To the fullest extent permitted by the applicable insurance policy, Tenant waives any rights of subrogation it or any of its insurers may have against the Indemnities
12. **Indemnity and Hold Harmless.** Tenant covenants and agrees to hold the Indemnities harmless and to indemnify them from all losses, damages, liabilities, and expenses of any kind, including

without limitation attorneys' fees and court costs incurred, suffered, or claimed by anyone whatsoever, or for any damage or injury to any persons or property from any cause whatsoever, by reason of the use or occupancy by Tenant, its agents, employees, invitees, or visitors on the Real Estate, or any breach of this Farm Lease.

The Board shall not be liable for any damage to, or loss of, property on the Real Estate belonging to Tenant, its employees, agents, visitors, licensees, or other persons in or about the Real Estate, or for damage or loss suffered by the business of Tenant, from any cause whatsoever, whether the damages or injuries result from conditions arising upon the Real Estate or from other sources. The Board shall not be liable in any manner to Tenant, its agents, employees, invitees, or visitors for any injury or damage to Tenant, Tenant's agents, employees, invitees, or visitors, or their property, caused by the criminal or intentional misconduct or by any act or neglect of third parties or of Tenant, Tenant's agents, employees, invitees, or visitors, or of any other Tenant. Tenant covenants that no claim shall be made against the Board by Tenant, or by any agent or servant of Tenant, or by others claiming the right to be on the Real Estate through or under Tenant, for any injury, loss, or damage, other than the gross negligence of the Board. In no event shall any of the Indemnities be liable to Tenant for any consequential damages, or lost profit sustained by Tenant arising out of the loss or damage to any property of Tenant.

13. **Assignment and Subletting.** Tenant shall not assign, transfer, mortgage, or encumber this Farm Lease or sublet the Real Estate without obtaining the prior written consent of the Board, nor shall any assignment or transfer of this Farm Lease be effectuated by operation of law or otherwise without the prior written consent of the Board; in any such case, such consent may be withheld in the sole and absolute subjective discretion of the Board.
14. **Waiver.** No waiver of any default of Tenant hereunder shall be implied from omission by the Board to take any action on account of such default, and no express waiver shall affect any default other than the default specified in the express waiver and then only for the time and to the extent herein stated.
15. **Severability.** If any term covenant or condition of this Farm Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Farm Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this lease shall be valid and be enforced to the fullest extent permitted by law.
16. **Applicable Law.** The laws of the State of Illinois shall govern the validity, performance and enforcement of this Lease. Any action to enforce the terms of this Lease shall be brought in the Ogle County Circuit Court.
17. **Compliance with Laws.** In utilizing the Real Estate, Tenant shall comply with all applicable laws, rules, regulations and ordinances, specifically including, but not limited to, the *Illinois Human Rights Act (775 ILCS 5/1-101 et seq.)*.
18. **Incorporation.** The recitals set forth on page one above are hereby incorporated in and made a part of this Farm Lease as if they were specifically set forth herein.
19. **Survivability.** Those paragraphs which are reasonably understood to impose obligations upon the Tenant shall survive the termination of this agreement.

EXHIBIT A

LEGAL DESCRIPTION

Part of the Fractional North Half (1/2) of Section twelve (12), Township Twenty-four (24) North, Range Eleven (11) East of the Fourth Principal Meridian, bounded and described as follows: Commencing at the Northeast corner of said Section 12; thence South 0 degrees 00 minutes 00 seconds West along the East line of said Section 12, a distance of 891.70 feet to the point of beginning of the hereinafter described tract of land; thence South 89 degrees 07 minutes 48 seconds West parallel with the North line of said Section 12, a distance of 2129.67 feet to the West line of Section 12; thence South 0 degrees 42 minutes 57 seconds East along said West line, a distance of 837.37 feet; thence North 89 degrees 07 minutes 48 seconds East, parallel with the North line of said Section 12, a distance of 2119.21 feet to the East line, of said Section 12; thence North 0 degrees 00 minutes 00 seconds East along said East line, a distance of 837.46 feet to the point of beginning; situated in the County of Ogle and State of Illinois.

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THIS FARM LEASE has been entered into as of the date set forth above.

BOARD:

**BOARD OF EDUCATION
MERIDIAN COMMUNITY UNIT
SCHOOL DISTRICT NO. 223
OGLE COUNTY, ILLINOIS**

By: 

Its: Board President

TENANT:

HINES FARMS

By: 

By: Kin D Huse

Its: Owners