



Bullitt County Public Schools

1040 Highway 44 East
Shepherdsville, Kentucky 40165

502-869-8000
Fax 502-543-3608
www.bullittschools.org

MEMO

To: Keith Davis, Superintendent
From: Lisa Lewis, Director of Finance *Lewis*
Date: May 14, 2018
Re: Request to Lease Property for Agricultural Purposes

I request approval to enter into a lease agreement between the Board of Education of Bullitt County and Stout Brothers Farms, Inc. to lease the following described property for agricultural purposes:

Being an 18.702 acre tract per Retracement Survey by John A. St. Clair dated June 2, 2017 of record in Plat Cabinet 4, Slide 102, in the office of the County Clerk of Bullitt County, Kentucky.

Being the same property conveyed to the Board of Education of Bullitt County by deed dated December 21, 2017 in Deed Book 935, Page 645, of record in the Office of the Clerk of the Bullitt County Court.

The provisions of this agreement shall be in effect commencing on the 21st day of May 2018 and ending on the 31st day of May 2019.

I ask that the farm lease be approved with Stout Brothers Farm, Inc. and to authorize the execution of the lease agreement.

OK to May 14
Robertson

FARM LEASE

This lease entered into this ____ day of _____, 2018, between the BOARD OF EDUCATION OF BULLITT COUNTY, of 1040 Highway 44 East, Shepherdsville, KY 40165, hereafter known as the "Owner; and

STOUT BROS. FARMS, INCORPORATED, of P. O. Box 242, Mt. Washington, KY 40047 hereafter known as the "Operator"

I. Property Description

The landowner hereby leases to the operator, to occupy and use for agricultural and related purposes, the following described "Property":

Being an 18.702 acre tract per Retracement Survey by John A. St. Clair dated June 2, 2017 of record in Plat Cabinet 4, Slide 102, in the office of the County Clerk of Bullitt County, Kentucky.

Being the same property conveyed to the Board of Education of Bullitt County by deed dated December 21, 2017 in Deed Book 935, Page 645, of record in the Office of the Clerk of the Bullitt County Court.

II. General Terms of Lease

A. Time period covered. The provisions of this agreement shall be in effect commencing on the ____ day of May 2018 and ending on the ____ day of May, 2019.

B. Amendments and alterations. Amendments and alterations to this lease shall be in writing and shall be **signed** by both the landowner and operator. 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.

C. No partnership intended. It is particularly understood and agreed that this lease shall not be deemed to be, nor intended to give rise to, a partnership relation.

D. Transfer of property. If the landowner should sell or otherwise transfer title to the farm, such action will be done subject to the provisions of this lease.

E. Right of entry. The landowner, as well as agents and employees of the landowner, reserve the right to enter the Property at any reasonable time to: a) consult with the operator; b) make repairs, improvements, and inspections; and c) (after notice of termination of the lease is given) do tillage, seeding, fertilizing, and any other customary seasonal work, none of which is to interfere with the operator in carrying out regular farm operations.

F. No right to sublease. The landowner does not convey to the operator the right to lease or sublet any part of the Property or to assign the lease to any person or persons whomsoever.

G. Binding on heirs. The provisions of this lease shall be binding upon the heirs, executors, administrators, and successors of both landowner and operator in like manner as upon the original parties, except as provided by mutual written agreement.

H. Landowner's lien for rent and performance. The landowner's lien provided by law on crops grown or growing shall be the security for the rent herein specified and for the faithful performance of the terms of the lease. If the operator fails to pay the rent due or fails to keep the agreements of this lease, all costs and attorney fees of the landowner in enforcing collection or performance shall be added to and become a part of the obligations payable by the operator hereunder.

I. Additional provisions:

It is understood by Operator that Owner reserves the right to use a portion of the property (approximately one-quarter acre +/-), to install a fuel distribution facility for Owner's transportation division, but will not interfere with any crops planted on date of execution hereof until after the harvest.

III. Land Use

A. General provisions. The land described in Section I will be farmed according to best management practices in the region. Crops to be planted and harvested will be agreed upon in advance by the landowner and operator. Specific restrictions as to how the land is to be farmed are the following:

B. Pasture Restrictions. No livestock shall be permitted on the property.

Other restrictions related to pasture, grazing crops, and crop residues are:

C. Government programs. The extent of participation in government programs will be discussed and decided by both parties. The course of action agreed upon should be placed in writing and be

signed by both parties. A copy of the course of action so agreed upon shall be made available to each party. Any payments received as the result of participation in such programs shall be included in the calculation of rent owed to Landlord.

D. Crop Insurance Policies. The value of any payments received as the result of crop insurance policies that accrue to the operator of the land for the rental period for which the rent applies shall be included in the calculation of the rent as stated in IV-A.

IV. Farm Rent and Related Provisions

A. Rent. The Operator shall pay the Landowner a **Twenty-five percent (25%) share of actual net revenue** generated from the farming operation (crops, hay, etc.) on the Property during the rental period, which the Landowner has determined to represent the Fair Rental Value of the premises.

B. Verification of revenue. The Operator must provide the Owner with production information about crops harvested during the rental period and receipts or other documents relating to sale.

V. Operation and Maintenance of Farm. To operate this farm efficiently and to maintain it in a high state of productivity, the parties agree as follows:

A. The operator agrees:

1. **General maintenance.** To provide the labor necessary to maintain the Property and its improvements during the rental period in as good condition as it was at the beginning, normal wear and depreciation and damage from causes beyond the operator's control are exceptions.

2. **Land use.** Not to: a) plow pasture or meadowland, b) cut live trees for sale or personal use, or c) pasture new seedlings of legumes and grasses in the year they are seeded without consent of the landowner. No livestock shall be permitted on the property. Other restrictions to be observed as follows:

3. **Restrictions.** Not to house automobiles, trucks, or tractors in barns, or otherwise violate restrictions in the landowner's insurance policies without written consent from the landowner. Restrictions to be observed are as follows:

4. **Noxious weeds.** To use diligence to prevent noxious weeds from going to seed on the Property. Treatment of the noxious weed infestation and cost thereof shall be handled as follows: _

5. Addition of improvements. Not to: a) erect or permit to be erected on the Property any unremovable structure or building, b) incur any expense to the landowner for such purposes, or c) add electrical wiring, plumbing, or heating to any building without written consent of the landowner.

6. Conservation. Control soil erosion according to an approved conservation plan; keep in good repair all terraces, open ditches, inlets and outlets of tile drains; preserve all established watercourses or ditches including grassed waterways; and refrain from any operation or practice that will injure such structures.

7. Damages. When leaving the Property, to pay the landowner reasonable compensation for any damages to the farm for which the operator is responsible. Exceptions are any decrease in value due to ordinary wear and depreciation or damages outside the control of the operator.

8. Costs of operation. To pay all costs for labor, material and services related to the production of agricultural products including the raising and harvesting of crops.

9. Repairs. The operator shall not buy materials, tools or equipment for maintenance which is not reasonably necessary for the efficient and profitable operation of the Property. In no event shall the operator make repairs in an amount in excess of \$1,000.00 within the rental period without written consent of the landowner.

10. Recreational use. Use of the property for recreational purposes of any type (hunting, camping, ATV, bird watching, sports, etc.) must be approved in writing by the landowner in advance.

11. Efficiency. Operator must manage and prepare the land in a steward-like manner and operate the Property to the maximum profitable extent. The operator shall carefully manage all growing crops and to harvest all crops in a timely fashion as weather permits.

12. Nuisance. Operator agrees to not undertake any farm activities which could, in any way, negatively affect/impact school related activities, functions or operations. Prior to the undertaking of such farm activities, the operator shall coordinate with the principal of any affected school to ensure that no school activity, function, or operation is scheduled which could be affected/impacted negatively by the farm activity (e.g., generating dust or allergens during sporting events or practice, inhibiting school traffic, generating unreasonable noise, etc.).

C. Both agree:

1. Not to obligate other party. Neither party hereto shall pledge the credit of the other party hereto for any purpose whatsoever without the consent of the other party. Neither party shall be responsible for debts or liabilities incurred, or for damages caused by the other party.

2. Mineral rights and wind/solar development. The landowner shall have the right to enter into agreements for the development of petroleum, wind, solar, or other resources on the Property, and may also authorize third parties to enter the property to survey, construct, and/or operate the facilities reasonably necessary to develop those resources. The landowner agrees to reimburse the tenant for any actual damage suffered for crops destroyed by these activities and to release the tenant from obligation to continue farming this property when and if development of such resources interferes materially with the tenant's opportunity to make a satisfactory return.

3. Environmental issues. The operator shall conduct all operations on the Property in a manner consistent with all applicable local, state, and federal environmental codes, regulations, and statutes and shall bear sole responsibility for any violations thereof. The operator shall be solely responsible for securing any permits or approvals necessary for his or her activities on the property. In the event of any legally- prohibited release of materials to the environment, the operator will indemnify the landowner for any costs of environmental cleanup and restoration as well as any penalties, fines, judgments, other amounts incurred by landowner as a result of such release.

VI. Insurance. Both the Operator 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 with 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 \$1.0 million, naming the Owner as "Additional Insured".
- c. Automobile Liability Insurance on all owned, non-owned, hired, or leased automotive equipment in conjunction with operations in amounts not less than \$300,000.00 for bodily injury and \$100,000.00 for property damage and liability.
- d. Operator shall provide Owner with copies of Declaration Pages to verify the above coverages.

Both Owner and Operator hereby release the other from claims for recovery for any loss or damage to any property owned by either party which is insured under valid insurance policies to the extent of any recovery collectible under such insurance. It is further agreed that waiver shall apply only when permitted by the applicable policy of insurance.

VII. Mediation of Differences

Any differences between the parties as to their several rights or obligations under this lease that are not settled by mutual **agreement** after thorough discussion shall be submitted to mediation with any unresolved issues to be subject to the jurisdiction and venue of the Bullitt Circuit Court.

VIII. Real estate and personal property taxes.

The Owner agrees to pay all taxes, assessments, or other public charges levied or assessed by lawful authority against the Property. The Operator agrees to pay all personal property taxes, assessments, or other public charges levied or assessed by lawful authority against the Operator's personal property on the premises, during the term of the lease.

IX. Indemnification. The Operator shall take possession of the Property subject to the usual hazards of operating a farm and assume all of the risks of accidents to the Operator 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 Operator agrees 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 Property, beyond that covered by insurance due to Operator's negligence or failure to perform the terms of this lease.

Executed in duplicate on the date first above written

OPERATOR
AUTHORIZED OFFICER
STOUT BROTHERS FARMS,
INC

BULLITT COUNTY BOARD OF
EDUCATION

BY: _____
BOARD CHAIR

ATTEST:

SUPERINTENDENT