

LEASE AGREEMENT

This Agreement (“Agreement”) is between Juab School District (hereinafter referred to as “District”) and Bar W Cattle Company (hereinafter referred to as “Tenant”).

RECITALS

WHEREAS, District is the owner of certain real property located in Juab County which consists of approximately 70.02 acres identified as Parcel Numbers XB00-2279-1 and XB00-2310 (hereinafter the “Subject Property”);

WHEREAS, District is the owner of 49.5 water shares with Nephi Irrigation Company (hereinafter “Water Shares”);

WHEREAS, Tenant desires to lease the Subject Property & Water Shares for the purpose of conducting agricultural activities; and

WHEREAS, District desires to lease the Subject Property & Water Shares to Tenant for the purpose of conducting agricultural activities on the Subject Property.

TERMS

NOW THEREFORE, in consideration of the mutual promises and agreements, covenants, and representations set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

Section 1 – Leased Premises

- 1.1 District hereby leases to Tenant and Tenant hereby leases from District the Subject Property & Water Shares.
- 1.2 Tenant is entitled to use the Water Shares for irrigation and/or livestock watering purposes.

Section 2 – Compensation/Rent

- 2.1 Tenant shall pay District Eighty-five Hundred Dollars (\$8,500.00) as rent (“Rent”) for the first year of this Agreement. For every year of the Term of this Agreement thereafter, the Rent payment to the District shall increase annually for inflation from the previous year using the percentage set forth in the Consumer Price Index (CPI). Notwithstanding the previous sentences, the annual rent amount shall not drop below \$8,500.00 regardless if there is a drop in the CPI.

- 2.2 Tenant shall timely pay all Nephi Irrigation Company water assessment fees associated with the Water Shares.
- 2.3 Tenant has extended utilities (power, water, & gas) from the Nephi City connection point to its property located approximately one-half mile to the east of the Subject Property. Within six (6) months of District requesting, Tenant will extend the utilities to Airport Road. As part of extending the utilities from the Nephi City connection point to Airport Road, Tenant is establishing a Reimbursement District. Tenant agrees to waive any and all monies District, and/or District's successor-in-interest to the Subject Property, would be required to pay Tenant, and/or Tenant's successor-in-interest, under the Reimbursement District. Notwithstanding the previous information, the parties understand that District will not be able to connect to Nephi City power and water until it is annexed into Nephi City.

Section 3 – Term

- 3.1 The Term of this Agreement shall be for a period of ten (10) consecutive years commencing on January 1, 2023 and terminating on December 31, 2032.
- 3.2 At any time during the Term and any renewals of the initial Term, District may terminate this Agreement upon providing Tenant written notice of its intent to terminate. If District provides Tenant notice of its intent to terminate this Agreement prior to the end of the Term, then this Agreement will terminate at the end of the calendar year in which District notified Tenant of its intent to terminate the Agreement. District shall provide Tenant notice of its intent to terminate at least thirty (30) days prior to December 31 of any calendar year during the Term.
- 3.3 Either party may terminate this Agreement upon thirty (30) days written notice to the other party in the event the other party materially breaches this Agreement.

Section 4 – Use of the Subject Property

- 4.1 Tenant shall only conduct agricultural activities on the Subject Property. Tenant shall not use the Subject Property or Water Shares for any purpose other than agricultural activities without the prior written consent of District.
- 4.2 Tenant will not engage in any activities or place any chemical or material on the Subject Property that is damaging to the property.
- 4.3 Tenant shall not sublet all or any portion of the Subject Property or Water Shares without the prior written consent of District.

Section 5 – Additional Responsibilities of Tenant

- 5.1 Tenant is responsible for any and all equipment, sprinklers, farm implements, and personal property necessary or desirable to conduct agricultural activities on the Subject Property.
- 5.2 Tenant is responsible for all seed and other substances necessary or desirable to grow crops on the Subject Property.
- 5.3 Tenant is responsible for all labor, fuel, fertilizer, feed, and any other costs or expenses associated with conducting agricultural activities on the Subject Property.
- 5.4 Tenant is responsible for all costs associated with farming, harvesting, cultivating, and selling crops from the Subject Property.
- 5.5 Tenant is responsible for any and all costs associated with maintaining and harvesting livestock on the Subject Property.
- 5.6 Tenant shall maintain the Subject Property in a state of good repair and not commit any waste or destruction on the Subject Property.
- 5.7 Tenant shall maintain the Subject Property's perimeter fences in a state of good repair.
- 5.8 Tenant shall prevent the growth of noxious weeds and will keep the Subject Property free of nuisances of any kind.
- 5.9 Tenant shall not engage in any activities or place any chemical or material on the Subject Property that is damaging to such property or the Water Shares.

Section 6 – Utilities & Taxes

- 6.1 Tenant shall pay for all utility expenses including, but not limited to, gas, water, electricity, power, and any other utilities used by Tenant on the Subject Property.
- 6.2 Tenant shall pay, before delinquency, all real property taxes for the Subject Property during the Term. Upon written request from tenant, District agrees to give written notice of the amount of such real property taxes to Tenant within forty-five (45) days after District receives the annual property tax notice for the Subject Property from the county.

- 6.3 Tenant shall pay, before delinquency, all personal property taxes, assessments, license fees, and public charges levied, assessed, or imposed upon or measured by the value of its business operation and other property of Tenant at any time situated upon or installed on the Subject Property by Tenant.

Section 7 – Improvements

Tenant shall have the right, at its own cost and expense, to make all such improvements as Tenant deems necessary to facilitate the use of the Subject Property, provided, however, that any such improvement shall (i) not diminish the value of the Subject Property, (ii) comply with all applicable laws and ordinances, and (iii) be made only upon the prior consent of District, which consent will not be unreasonably withheld, conditioned or delayed. Tenant shall indemnify, defend, and hold harmless Landlord from and against any and all liens, claims, and liabilities that may arise out of or be associated with any such improvements.

Section 8 – Insurance

Tenant shall 1) maintain during the Term, 2) give District appropriate written proof of, and 3) pay the premiums for all general public liability insurance protecting both Tenant and District from claims for personal injury, death, and property damage occurring about, upon or in the Subject Property resulting from Tenant's use of the Subject Property. Such general liability insurance shall be in an amount of no less than One Million Dollars (\$1,000,000.00) per incident and Five Million Dollars (\$5,000,000) in the aggregate. Tenant shall be named as an additional insured on all such insurance policies.

Section 9 – Revenue & Losses from Agricultural Activities

- 9.1 Tenant is entitled to all revenues and proceeds from agricultural activities it conducts on the Subject Property.
- 9.2 Tenant is liable and responsible for any and all losses it incurs from its use of the Subject Property.

Section 10 – General Conditions

- 10.1 It is expressly agreed that this Agreement includes the entire agreement of the parties.
- 10.2 This Agreement shall be binding upon the heirs, personal representatives, successors and assigns of both parties. Each person signing this Agreement specifically affirms that she/he is authorized to sign this Agreement and bind his/her respective entity to its terms.
- 10.3 This Agreement shall be interpreted and enforced in accordance with the laws of the State of Utah.

- 10.4 In the event a party enlists the services of an attorney or the court system to enforce the terms of this Agreement, then the prevailing party shall be entitled to recover the reasonable attorney's fees and costs it incurs in enforcing the Agreement.
- 10.5 No breach or default of any term, condition, obligation, of this Agreement shall be deemed waived, except by written consent of the party against whom the waiver is claimed. Any waiver of any covenant, term, condition, obligation, or the default or breach thereof shall not be deemed to be a waiver of any other covenant, term, condition, or obligation nor of any preceding or succeeding breach of the same or any other term, covenant, or condition.

Section 11 – Right of First Refusal

In the event District seeks to sale the Subject Property during the term or any extension of the term of this Agreement, Tenant shall have a right of first refusal to purchase the Subject Property for the highest amount offered to the District in a bona fide offer. If the District receives an offer to purchase the Subject Property and the District desires to sell the Subject Property, then the District shall provide the written offer to Tenant. Tenant shall then have thirty (30) calendar days to notify District of its intent to purchase the Subject Property on the same or better terms as the District received in the offer. If Tenant does not provide written notice to District of its intent to purchase the Subject Property within thirty (30) calendar days of receiving the notice of written offer from District, then District may sale the Subject Property to the party who made the offer. Tenant shall have fifteen (15) calendar days after providing notice of its intent to purchase the Subject Property to close and finalize the purchase of the Subject Property. If Tenant does not close and finalize the purchase of the Subject Property within fifteen (15) calendar days of providing District notice of its intent to purchase the Subject Property, then the District may sale the Subject Property to the party who made the initial highest offer.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates set forth below.

Dated this the ____ day of _____, 2022.

JUAB SCHOOL DISTRICT

By: Dale Whitlock
Its: Board President

Dated this the ____ day of _____, 2022.

BAR W CATTLE COMPANY

By: Korey Wright

Its: President