

**DRYLAND FARM LEASE**

**THIS LEASE** is entered into between the City of Loveland, Colorado and the City of Fort Collins, Colorado (referred to herein as "Owners") and Sauer Dryland, LLC ("Tenant") whose address is 1530 West Shore Drive, Loveland, CO 80538.

**WHEREAS**, the City of Loveland and the City of Fort Collins ("Owners") own approximately 925 acres of land, more particularly described in **Exhibit "A"** and **Exhibit "B,"** known as Prairie Ridge Natural Area (the "Property"); and

**WHEREAS**, the Owners and Tenant entered into a Dryland Farm Lease commencing August 1, 2023 for 560 farmable acres of a portion of the Property ("Original Lease"),

**WHEREAS**, the Owners entered into two Intergovernmental Agreements ("IGAs"), dated, March 22, 2000 as subsequently amended, and dated \_\_\_\_\_ regarding their joint ownership of the Property and related rights and responsibilities; and

**WHEREAS**, the IGAs provided that the Owners would use their best efforts to negotiate a lease with a tenant for farming the Property; and

**WHEREAS**, the IGAs further provided that the City of Loveland ("Managing Entity") is responsible for the management of the Property; and

**WHEREAS**, the parties desire to terminate the Original Lease; and

**WHEREAS**, the Owners desire to enter into a lease agreement with Tenant for dryland agricultural production of the Property.

**NOW THEREFORE**, the parties agree as follows:

1. Agricultural Crop Production. Tenant agrees to farm a portion of the Property, approximately 700 acres, located in Sections 21 and 28 of Township 6 North, Range 69 West, more particularly described on **Exhibit "C"** attached hereto and made a part hereof (the "Leased Property"). Tenant shall only utilize the Leased Property for agricultural crop production. Tenant agrees to use all reasonable efforts to keep the land in a neat and clean condition, free of noxious weeds and otherwise in accordance with local dryland crop production customs, free of trespassers, and to prohibit any impermissible uses of the Property under this lease. During the term of the Lease, Tenant agrees to cooperate with the Managing Entity to restore portions of the Lease Property, which portions shall be mutually agreed upon by Tenant and Managing Entity, to its natural state by, where applicable, ceasing agricultural crop production and seeding or planting the appropriate native wetland or short grass prairie vegetation.

2. Rent. On or before December 1<sup>st</sup>, 2024, Tenant shall pay the Managing Entity rent in the amount of Thirteen Dollars (\$13.00) per acre for the acreage planted into crop the preceding fall on the portion of the Leased Property. Tenant shall pay the rent without any other demand or notice, by December 1<sup>st</sup> of each subsequent year during the first five (5) years of this Lease. In the subsequent five years, beginning December 1<sup>st</sup>, 2029, until the termination of the term of this Lease, on or before December 1<sup>st</sup>, 2029 and on or before December 1<sup>st</sup> each subsequent year until the terminate of this Lease, Tenant shall pay the Managing Entity rent

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without any other demand or notice in the amount of Twenty Dollars (\$20.00) per acre of the acreage planted into crop the preceding fall on the portion of the Leased Property.

3. Term. The term of this Lease is for a period of ten (10) years, commencing on October 1, 2024 and terminating on the 30<sup>th</sup> day of September, 2034.

4. Income and Expenses. Tenant shall receive 100% of the crop and the Production Flexibility payments from the Farm Service Agency. Tenant shall be solely responsible for any and all costs associated with crop production, insect control, and perennial weed control on all cultivated areas of the Leased Property, whether in active production or fallow.

5. Termination By Tenant. Tenant shall have the right to cancel this Lease upon giving ninety(90) days prior written notice to the Managing Entity and, in this event, Tenant shall pay cash rent in the amount per acre that was set by the Owners for that year's crop, for any growing crop, Tenant's obligations hereunder shall continue and Tenant shall have the right to harvest that crop until July 31st the following year. Tenant shall not be entitled to damages or reimbursement of any expenses associated with the crop production.

6. Property Management.

- a. The Tenant shall manage cultivation of the Leased Property to prevent soil erosion, control weeds, and enhance the visual attributes in a manner consistent with local farming practices and any management plan adopted by the Owners for the Prairie Ridge Natural Area (the "Management Plan").
- b. Tenant shall execute any adjustments required by the Managing Entity with respect to farming operations that have a negative impact on natural resources. The Tenant shall execute any adjustments required by the Managing Entity within the time period required by the Managing Entity. The Tenant shall be held responsible and accountable for any damage to the Leased Property and ecological integrity of the area as a result of failure to adhere to any of Managing Entity's requirements. Such failure by the Tenant shall be grounds for termination of the Lease pursuant to paragraph twenty-two (22) of this Lease.
- c. Tenant shall farm the Leased Property in a manner that conforms to current best practices for dryland wheat production as established by USDA and NRCS which may include strip cropping with alternating production and fallow strips across the field of a typical width, with approximately 50% of the farmable acreage in fallow each year. Specific management practices to be determined by Tenant at Tenant's discretion to allow for an adaptive management approach on the site.

7. Use

- a. Tenant shall use the Leased Property only for the purpose of farming, except as otherwise provided in this Agreement. The type of crops produced and any use of the Leased Property by the Tenant other than crop production must be approved by the Managing Entity.

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- b. The Tenant must not make alterations, additions, improvements, land treatment, or changes to the Leased Property, or the improvements located thereon, without the prior written approval of the Managing Entity. Any such alterations, additions, improvements, land treatment or changes approved by the Managing Entity must be completed by the Tenant in a good and workmanlike manner.
- c. The Managing Entity reserves the right to perform management activities at any time during the year. Any management activity that Managing Entity determines has the potential to influence the Tenant's use of the Leased Property will be coordinated with the Tenant.
- d. The Tenant shall not, nor permit any person to engage, in hunting, trapping, shooting, harassing of wildlife, or recreation activities upon the Leased Property.
- e. The Tenant shall not use the Leased Property in a manner so as to violate any applicable law, statute, ordinance, rule, or regulation of any governmental entity or body.
- f. There are no water rights associated with this Lease.
- g. The Managing Entity, in its sole discretion, will resolve any conflicts between use of the Property for agricultural purposes and use of the Property for any other purpose. Tenant acknowledges and agrees their use of the Leased Property may be reduced or restricted in order to accommodate such conflicts.
- h. Agreements and resolution of issues with adjacent property owners shall be the sole responsibility of the Owners.

8. Maintenance and Repairs

- a. The Tenant shall maintain and keep in orderly condition and in a good state of repair all of the Leased Property and improvements located thereon, whether existing as of the date of this Lease or added thereafter.
- b. The Tenant is only responsible for maintenance and repairs on the Leased Property that are ordinary and routine in nature. Tenant will promptly notify Owners of needed maintenance and repairs to the Leased Property that are extraordinary or major in nature. Responsibility for materials and labor costs of needed construction, reconstruction, or major maintenance and repair shall be by mutual agreement of Owners and Tenant. The Tenant shall confer with the Owners annually on capital improvements needed for the Leased Property as well as scheduling routine maintenance.
- c. Tenant shall be responsible for the application of herbicide for control of noxious weeds and any needed insect control on the cultivated portion of the Leased Property. In using any herbicides or other materials to control noxious and toxic plants or using pesticides for the control of insects on the Leased Property, the Tenant shall comply with all applicable federal, state, and local laws, rules, and regulations regarding the application and storage of such

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herbicides, pesticides, and materials, and shall be in accordance with any applicable provisions of the Management Plan. The Tenant shall be responsible for the costs of any herbicides or other material necessary to control such plants on those portions of the Leased Property.

- d. The Managing Entity shall be responsible for controlling all noxious and toxic plants found in the non-cultivated portion of the Property and upon any other portions of the Property in use by the Managing Entity for the management of natural resources or recreation. The Managing Entity shall be responsible for the costs of any herbicides or other material necessary to control such plants on those portions of the Property.
- e. The Tenant shall keep records of all fertilizer, pesticide, and herbicide applications, which records shall be accessible and available to the Owners upon reasonable notice for their review and copying.
- f. Tenant may manage prairie dogs on the Leased Property with the methods and to the degree Tenant sees fit provided that such methods are humane, conform to local regulations, and follow the best management practices as outlined by the Colorado State University Extension fact sheet 6.506 "Managing Prairie Dogs."
- g. The Managing Entity shall be responsible for any maintenance or repairs necessitated as a result of the Managing Entity, their officers, employees, agents, or permittees entering upon and using the Property as permitted by the Lease.
- h. All maintenance and repairs to the Leased Property required of the Tenant must be made promptly and when necessary. In addition, all such maintenance and repairs must be done in a good and workmanlike manner.
- i. If the Tenant fails to perform any maintenance or make any repairs required under this Lease, the Managing Entity may, but is not required to, make such maintenance and repairs on the Tenant's account, and the Managing Entity may add its costs and expenses for such repairs or replacements as additional rent due to the Managing Entity under this Lease. Tenant will then pay such amount to the Managing Entity within thirty (30) days after receiving written notice from the Managing Entity of the costs and expenses paid by the Owners for such maintenance and repairs.
- j. At the end of the Lease term, or upon termination under paragraph five (5) or paragraph twenty-two (22) of this Lease, the Tenant shall re-deliver the Leased Property and the improvements located thereon in a condition and state of repair comparable to the condition which existed at the time of original delivery, ordinary wear and tear, as determined by Managing Entity, excepted.

### 9. Tenant Covenants and Responsibilities

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- a. Tenant shall allow Owners access to the Leased Property at all times. Tenant shall allow public access for a trail head facility in the southeast corner of the Leased Property with the capacity for approximately 20 vehicles and approximately 2 miles of soft surface trail.
- b. Tenant shall only allow odors, fumes, vibrations, and noise on and from the Leased Property, which are commensurate with the normal conduct of agricultural operations.
- c. Except as otherwise specifically provided in the Lease, all costs of crop production, including machinery, equipment, fuel, labor, seed, fertilizer, herbicides, pesticides, and soil supplements on the Leased Property shall be the responsibility of and provided by the Tenant.
- d. Tenant shall not take, collect, gather, remove, alter, sell, possess, damage, or destroy any cultural or historic artifacts or natural objects on the Leased Property.
- e. Tenant shall keep its farming operations in a neat and clean condition, and free from trash or litter.
- f. Tenant shall not place, store, use, or dispose upon the land of the Leased Property, temporarily or permanently, any substances, including fuel products that are hazardous, toxic, dangerous, or harmful or which are defined as a hazardous substance by the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") 42 USC 9601. These substances shall be referred to collectively as "hazardous substances." Tenant shall immediately notify Owners by phone or email and in writing, of all spills, releases, inspections, correspondence, orders, citations, notices, fines, response and/or cleanup actions, and violations of law, regulations, or ordinances which affect the Property.
- g. Tenant agrees that Tenant shall not permit any mechanic's lien to be perfected or remain against the Property. Tenant shall not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Property.
- h. Tenant agrees that Tenant shall not assign, sublet, pledge, or mortgage any of Tenant's interest herein without the prior written consent of the Owners thereto, which consent shall be in the absolute discretion of the Owners. This shall not preclude Tenant from using Tenant's share of the crops for collateral for an operating loan.
- i. Tenant agrees to deliver up and surrender to the Owners, possession of said Leased Property at the expiration or termination of this Lease, by lapse of time or otherwise.
- j. The Tenant's vehicular access on the Property shall be only for crop

management purposes. The Owners retain the right to implement vehicle access restrictions if vehicle access abuses or conflicts occur that may impact natural resources.

- k. No public access, hunting, or recreational use of the Property can be authorized by the Tenant.
- l. The Tenant and Tenant's guests, invitees and employees must not use the Property in any way that violates any applicable law, statute, ordinance, rule, or regulation of any governmental entity or body.

10. Tenants Having Agent or Manager Relationships. The Tenant may make legal arrangements with a third party to operate the Tenant's agricultural business under an agent or manager relationship. The Tenant retains full responsibility for compliance with the provisions and requirements specified in the Lease. Under an agent or manager relationship Owners must approve in advance an agreement made between a Tenant and manager or agent. Copies of the agreement must be filed with the Owners. The agreement must state the scope of authority conferred on the manager or agent.

11. Contacts. The Tenant shall provide a list of persons, including addresses and phone numbers, which may be contacted in the case of emergencies. The level of responsibility of each contact shall be noted. The Owners shall keep the list on file.

12. Assignment and Subletting. Tenant shall not assign any portion of this Lease nor sublet any portion of the Property without the prior written approval of the Owners, which shall not be unreasonably withheld. This Lease shall bind all successors and any permitted assigns of the parties.

13. Insurance. Owners and Tenant, in their discretion, shall each be independently responsible to maintain and pay for their own crop damage insurance.

General Liability Insurance. The Tenant shall procure and keep in force during the duration of this Lease a policy of comprehensive general liability insurance insuring the Tenant and naming the Owners as an additional insured against any liability for personal injury, bodily injury, or death arising out of its use of the Property with at least One Million Dollars (\$1,000,000) each occurrence. The Tenant shall furnish to the Owners a certificate of insurance evidencing insurance coverage required by this Lease.

Workers Compensation Insurance. If applicable, the Tenant shall pay and maintain workers compensation insurance.

14. Indemnity. Tenant shall indemnify and save harmless Owners from and against any and all claims, suits, actions, damages, and causes of action arising during the term of this Lease for personal injury, loss of life, or damage to property sustained in, or upon the Property, and from and against all costs, attorneys fees, expenses, and liabilities incurred in and about any such claims, the investigation thereof or the defense of any action or proceedings brought thereon, and from any judgments, orders, decrees, or liens, resultant therefrom by virtue of the use of the Property by Tenant's or their agent's negligence or willful and wanton conduct. By requiring this right to indemnification, the Owners in no way waive or intend to waive the limitations on liability which

are provided to the Owners under the Colorado Governmental Immunity Act, C.R.S., Sections 24-10-101, et seq.

15. Release. Tenant hereby releases the Owners from any claim for personal injury or property damage suffered by Tenant as a result of any activity occurring on the Leased Property pursuant to this Lease.

16. Notices. Written notices required under this Agreement and all other correspondence between the parties shall be directed to the following and shall be deemed received when hand-delivered or three (3) days after being sent by certified mail, return receipt requested:

**If to Owners:**

City of Loveland: Open Lands and Trails Manager  
City of Loveland  
500 E. 3<sup>rd</sup> Street  
Loveland, CO 80525

City of Fort Collins: Natural Areas Department Director  
City of Fort Collins  
P.O. Box 580  
Fort Collins, Colorado 80522

**If to Tenant:** Jake Sauer  
Sauer Dryland LLC  
1530 West Shore Drive  
Loveland, CO 80538

17. Condition of Property. Prior to signing this Lease, Tenant has inspected or caused to be inspected the Leased Property and takes the Leased Property in the condition "AS IS." No additional representation, statement, or warranty, express or implied, has been made by or on behalf of Owners as to such condition. In no event shall the Owners be liable for any defect in such Leased Property or for any limitation on its use for crop production.

18. Joint and Several Liability. If this Lease is signed on behalf of Tenant by more than one person, then the liability of the persons so signing shall be joint and several. (The language "joint and several" means that if more than one person has signed the Lease, then each of these persons individually and all of these persons collectively are fully responsible for fulfilling all of the obligations of this Lease, except where expressly otherwise agreed between Owners and Tenant. For example, one person signing the Lease may be liable for any or all damages to the Property, even if caused by another person signing the Lease; and one person signing the Lease is liable for the total amount of rent due, even though other persons have also signed the Lease.)

19. Removal of Personal Property. Tenant shall have the duration of the Lease term to remove all of Tenant's personal property from the Leased Property, unless Owners terminate this Lease as provided in either paragraph five (5) or paragraph twenty-two (22) of this Lease. Tenant agrees that any personal property of Tenant remaining on the Leased Property after the end of the Lease term, or termination of the Lease, shall be deemed abandoned by Tenant and Owners shall have the right to dispose of any such personal property in any manner Owners deem appropriate. Tenant will be liable for any disposal costs incurred by Owners.

20. No Partnership Created. This Lease shall not be deemed to give rise to a partnership relation, and neither party shall have authority to obligate the other without written consent, except as specifically provided in the Lease.

21. Miscellaneous Provisions

- a. Time is of the essence of this Lease and of all provisions herein.
- b. If any provisions of this Lease shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect.
- c. Notwithstanding anything to the contrary contained herein, Owners' liability under this Lease shall be limited to Owners' interest in the Property.
- d. Subject to the provisions hereof, the benefits of this Lease and the burdens hereunder inure to and are binding upon the parties hereto and their respective heirs, administrators, successors, agents, and permitted assigns unless this Lease is otherwise terminated as provided in either paragraph five (5) or paragraph twenty-two (22) of this Lease.
- e. The Owners reserve the right to grant to any third party such easements and rights-of-way as it desires over, across, and under portions of the Property and to lease all or any portion of the Property to any other third party so long as such easements, rights-of-way, and leases do not unreasonably interfere with the Tenant's continuing use of the Leased Property as provided in this Lease.
- f. This Lease will not be recorded. However, at the request of the Tenant, the Owners and the Tenant will execute a memorandum of lease for recording, containing the names of the parties, the legal description of the Leased Property, the term of the Lease and such other information as the parties mutually agree upon.
- g. Notwithstanding anything herein to the contrary, no term or condition of this contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protection, or other provisions of the "Colorado Governmental Immunity Act", Section 24-10-101, et. seq. CRS, as now or hereafter amended. The parties understand and agree that the liability of the Owners for claims for injuries to persons or property arising out of negligence of the Owners, its departments, institutions, agencies, boards, officials, and employees is controlled and limited by the provisions of Section 24-10-101, et. seq., CRS, as now or hereafter amended. Any liability of the Owners created under any other provision of this contract, whether or not incorporated herein by reference, shall be controlled by, limited to, and otherwise modified so as to conform with, the above cited laws.

22. Default.



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- a. The Tenant agrees to observe and perform the conditions and agreements herein set forth to be observed and performed by the Tenant. If Tenant defaults in the payment of rent, or any part thereof, or if the Tenant shall fail to observe or perform any conditions or agreements set forth in this Lease, Owners shall give Tenant written notice that Tenant has fifteen (15) days to cure such breach. If Tenant fails to commence within said fifteen-day period, a course of performance to cure such default and thereafter to diligently pursue the work required to correct it, then, and in that event, and as often as the same may happen, it shall be lawful for the Owners, at their election, to terminate this Lease and obtain a court order for the re-entry and repossession of the Leased Property, using such force as may be necessary, and for removal therefrom of crops and any personal property belonging to the Tenant without prejudice to any claim for rent or for the breach of covenants hereof. Tenant agrees to indemnify and hold harmless the Owners from and against any costs for the removal and storing of crops and personal property elsewhere incurred by the Owners under the provisions of this paragraph.
- b. If the Owners shall commence an action for collection of rent or other sums payable under this Lease, or to compel performance of any of the terms or conditions of this Lease, or for damages for failure of Tenant to perform under this Lease, the Owners shall collect from the Tenant and Tenant shall pay to the Owners all reasonable attorney's fees in respect thereof, unless the Owners shall lose such action.

23. Venue. This Lease shall be governed by the laws of the State of Colorado. Venue for any action brought under this Lease shall be in Larimer County, Colorado.

24. Entire Agreement. This Lease contains the entire agreement of the parties and may not be altered or amended except by mutual written agreement signed by both parties. This Lease shall supersede any prior agreements between the parties and shall specifically terminate the Original Lease between the parties.

(Remainder of page left intentionally blank.)

**IN WITNESS WHEREOF**, the parties have executed this Dryland Farm Lease as of the date last written below.

**TENANT:**

\_\_\_\_\_  
**Jake Sauer**

\_\_\_\_\_  
**Matt Sauer**

The foregoing instrument was acknowledged before me this \_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_.  
Notary's official signature

\_\_\_\_\_  
SEAL

\_\_\_\_\_  
Commission expiration date

**OWNERS:**

**CITY OF LOVELAND**

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Rod Wensing, Acting City Manager

Date: \_\_\_\_\_

Approved As To Form:

\_\_\_\_\_  
Assistant City Attorney

**CITY OF FORT COLLINS**

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Kelly DiMartino, City Manager

\_\_\_\_\_  
(Print Name)

Date \_\_\_\_\_

Approved As To Form:

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
(Print Name)

**Exhibit A – Legal Description**

Legal Description of a parcel of land being portions of Sections 21 and 28, Township 6 North, Range 69 West of the 6<sup>th</sup> Principal Meridian, Larimer County, Colorado being more particularly described as follows:

Beginning at the Southwest Corner of said Section 28 and considering the West line of the Southwest Quarter of said Section 28 as bearing South 00°03'32" West and with all bearings contained herein relative thereto; thence along the South line of the Southwest Quarter of said Section 28 North 89°36'54" East 50.00 feet; thence departing said South line North 00°03'32" East 1013.51 feet; thence North 89°50'35" East 2626.58 feet to a point on the North-South centerline of said Section 28; thence along said North-South centerline North 00°05'42" West 1153.00 feet; thence departing said North-South centerline North 89°50'35" East 2674.10 feet to a point on the East line of the Southeast Quarter of said Section 28; thence along said East line North 00°14'02" West 529.32 feet to the East One Quarter Corner of said Section 28; thence along the East line of the Northeast Quarter of said Section 28; North 00°14'13" West 2651.15 feet to the Northeast Corner of said Section 28; thence along the East line of the Southeast Quarter of said Section 21 North 00°12'58" West 2626.00 feet to the East One Quarter Corner of said Section 21; thence along the East-West centerline of said Section 21 South 89°53'47" West 2660.74 feet to the center One Quarter Corner of said Section 21; thence continuing along said East-West centerline South 89°53'38" West 2708.47 feet to the West One Quarter Corner of said Section 21; thence along the West line of the Southwest Quarter of said Section 21 South 01°00'49" East 2636.00 feet to the Southwest Corner of said Section 21; thence along the West line of the Northwest Quarter of the Northwest Quarter of said Section 28 South 00°03'02" West 1335.90 feet to the Northwest Corner of the Southwest Quarter of the Northwest Quarter of said Section 28; thence along the West line of the Southwest Quarter of the Northwest Quarter of said Section 28 South 00°00'43" West 1335.51 feet to the West One Quarter Corner of said Section 28; thence along the West line of the Southwest Quarter of said Section 28 South 00°03'32" West 2670.98 feet to the POINT OF BEGINNING.

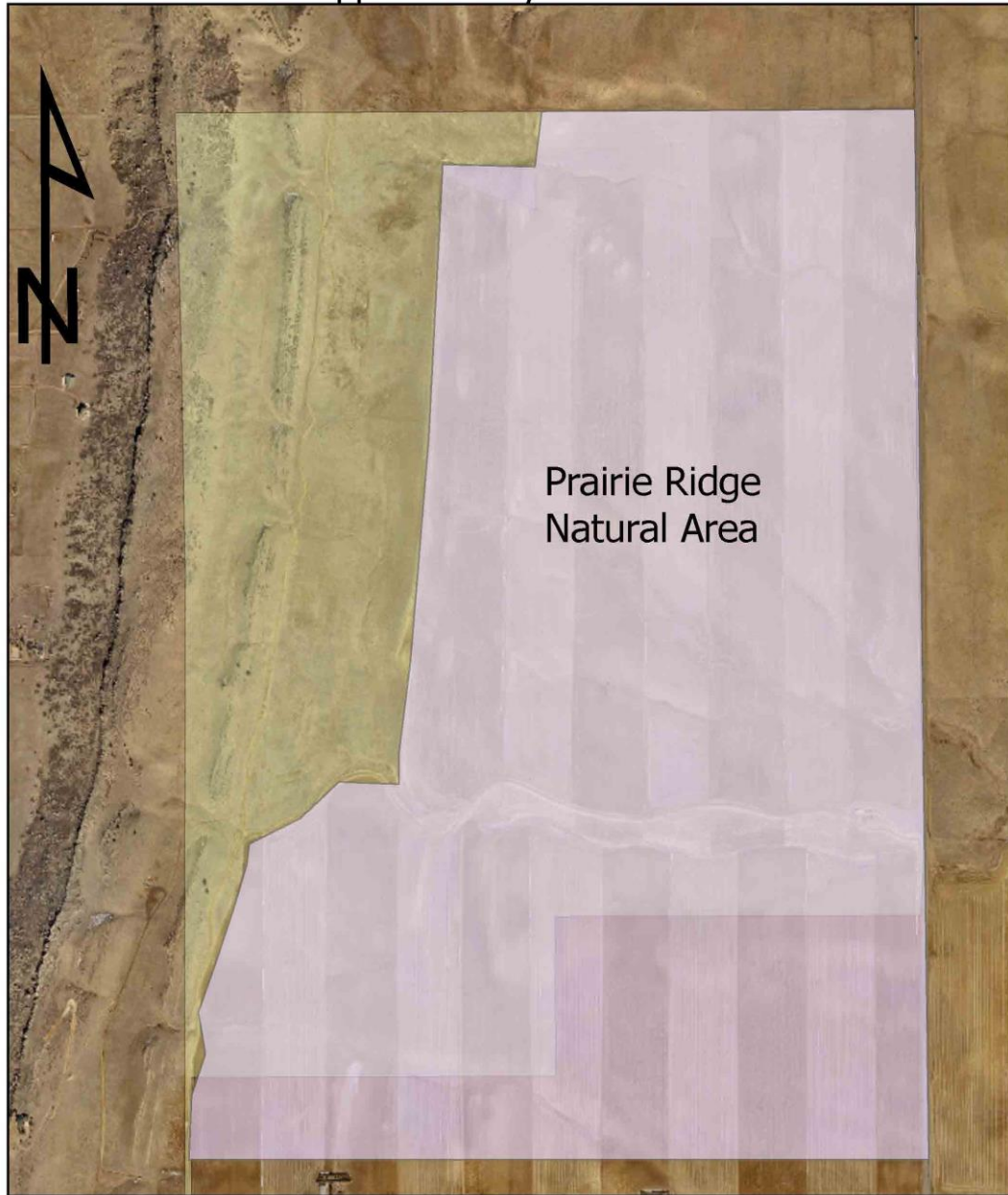
The above described tract of land contains 784.751 acres more or less and is subject to the right-of-way for Larimer County Road No. 19 and all other easements and rights-of-way of record.

**Exhibit B – Property Legal Description**

**THE S 1/2 OF SECTION 28, TOWNSHIP 6 NORTH, RANGE 69 WEST OF THE 6TH  
P.M., COUNTY OF LARIMER, STATE OF COLORADO**

**EXCEPT THOSE PARCELS DESCRIBED IN DEEDS RECORDED: MAY 31, 2000 AT  
RECEPTION NO. 2000035785 AND OCTOBER 19, 2016 AT RECEPTION NO.  
20160071291, AND EXCEPT ANY PORTION LYING WITHIN COUNTY ROAD 19**

Exhibit C  
Prairie Ridge Natural Area- Farmable Leased Area  
Approximately 700 Acres



**Legend**

 Leased Area

0 0.13 0.25 0.5  
Miles