

## CASH FARM LEASE

**DATE AND NAMES OF PARTIES:** This lease is entered into on December 9, 2025 between

**LESSOR (Landowner or Landlord):** City of Rochelle at

(address): Martin, Goodrich and Waddell, Inc., 2020 Aberdeen Court, Sycamore, IL 60178 and

**LESSEE (Tenant):** Kevin Herrmann at

(address): 14453 Bastian Road, Hinckley, IL 60520.

**THE PARTIES TO THIS LEASE AGREE TO THE FOLLOWING PROVISIONS.**

**DESCRIPTION OF LAND:** The Lessor rents and leases to the Lessee, to occupy and to use for agricultural purposes only, the following real estate located in the County(s) of Lee and Ogle and the State of Illinois, described as follows: See Exhibit "A" attached hereto, commonly known as the City of Rochelle/East Farm and consisting of approximately 37.12 acres, together with all building and improvements thereon belonging to the Lessor, except none.

**LENGTH OF TENURE:** The term of this lease shall be from March 1, 2026 to the Last day of February, 2027, and the Lessee shall surrender possession of the farm at the end of this term or at the end of any extension thereof.

**WAIVER:** To the maximum extent permitted by law, Lessee waives all statutory requirements of notice or demand to terminate the lease.

## SECTION 1: AMOUNT OF RENT AND PAYMENT TERMS

**BASE Rent:** The Lessee agrees to pay the Lessor annual Base Rent for the above-described farm in the amount determined by the following method:

The annual Base Rent shall be the sum of \$15,330.00. This represents 36.5 acres of cropland at \$420.00 per acre. The Base Rent shall be payable as follows:

*In installments due on or before:*

January 10, 2026\* \$ 1,533.00 payable to City of Rochelle

March 1, 2026 \$13,797.00 payable to City of Rochelle

**TOTAL BASE RENT DUE:** \$15,330.00

**BONUS Rent:** In addition to the Base Rent described above, the Lessee agrees to pay the Lessor annual Bonus Rent for the above-described farm in the amount determined by the following method:

For cropland acres planted to corn and all other crops EXCEPT soybeans:

For every \$0.01 (one cent) that the average corn price exceeds \$5.25 per bushel, the Bonus Rent shall be \$0.85 per cropland acre for every acre planted to corn and all other crops EXCEPT soybeans. The average corn price will be determined by taking the average closing price of the nearby (closest) December corn contract (ZCZ - the DEC contract for the current crop year) at the Chicago Board of Trade (CBOT) on March 10, June 10, and September 10 of the lease year. If the markets do not trade on any of these days, the closing price on the next day of trading will be used.

For cropland acres planted to soybeans:

For every \$0.01 (one cent) that the average soybean price exceeds \$13.00 per bushel, the Bonus Rent shall be \$0.33 per cropland acre for every acre planted to soybeans. The average soybean price will be determined by taking the average closing price of the nearby (closest) November soybean contract (ZSX - the NOV contract for the current crop year) at the Chicago Board of Trade (CBOT) on March 10, June 10, and September 10 of the lease year. If the markets do not trade on any of these days, the closing price on the next day of trading will be used.

The maximum annual Bonus Rent is not to exceed \$100.00 per cropland acre.

For examples of Bonus Rent calculations, see **Exhibit "C"** attached.

The Bonus Rent shall be payable annually as follows: due on or before December 1 of the lease year and payable to City of Rochelle

**EXCEPTION:** Bonus Rent shall not be in effect for any year in which the county in which the farm is located is named as a primary federal disaster county as determined by the United States Secretary of Agriculture. This determination needs to be made before December 1st of the crop year and includes the period from April 1 to Oct 31.

**\*No prepayments will be allowed prior to January 1 of the lease year without prior written approval of Lessor or Lessor's Agent. Rent payments shall be dated January 1 or later of the lease year.**

In the event Lessee does not make any rental payment set forth above in this Lease on or before the date when due, Lessor shall have the unilateral right, in the addition to all rights and remedies provided at law or equity, notwithstanding anything otherwise provided in this lease, to immediately terminate this Lease without notice to Lessee and retain all deposits made previously by Lessee without any offset to Lessee should Lessor rent the farm to another party after such termination.

**NOTE: All rental payments are to be sent or delivered to:  
c/o Martin, Goodrich & Waddell, Inc., 2020 Aberdeen Court, Sycamore, IL 60178.**

## **SECTION 2: LESSOR'S INVESTMENT AND EXPENSES**

The Lessor agrees to furnish the use of the property and to pay the items of expense listed below:

- A.** Materials for necessary repairs and improvements to buildings and permanent fences at the sole discretion of Lessor except as agreed to in Section 7: and any amendments to this lease.
- B.** Skilled labor employed in making and repairing improvements and all labor for painting buildings.
- C.** Taxes on land, improvements, and personal property owned by the Lessor.
- D.** Fire and wind insurance for farm improvements. In the event of the loss or destruction of the buildings or improvements in whole or in part, by fire or other casualty, there is no obligation upon the Lessor to restore or rebuild, and such restoration, if any, shall be at the Lessor's option as to the time, manner and extent thereof.
- E.** Ground limestone: Lessor is to furnish 0 (zero) percent or share of total cost, including hauling and spreading. See also Sections 5 D and 7 C.
- F.** ~~A water supply adequate for household use and \_\_\_\_\_ animal units of livestock.~~
- G.** Other items See Section 7 - Additional Agreements.

## **SECTION 3: LESSEE'S INVESTMENT AND EXPENSE**

The Lessee agrees to furnish the following and to pay the items of expense listed below:

- A.** All the machinery, equipment, labor, fuel, and power necessary to farm the premises properly.
- B.** The hauling to the farm, except when otherwise agreed, of all material which the Lessor furnishes for making repairs and minor improvements, and the performing of labor, except skilled, required for such repairing and improving.
- C.** All seed, inoculation, disease-treatment materials, and fertilizers, except that which the Lessor agrees to furnish in Section 2 above.
- D.** The following described items and all other items of expense not furnished by the Lessor as provided in Section 2: See Section 7 - Additional Agreements.

## **SECTION 4: LESSEE'S DUTIES IN OPERATING FARM**

The Lessee further agrees to perform and carry out the stipulations below. (Strike out any not desired.)

### **A. Activities required:**

1. To cultivate the farm faithfully and in a timely, thorough, and businesslike manner.
2. To prevent noxious weeds from going to seed on said premises and to destroy the same and keep the weeds and grass cut.
3. To haul and spread all manure on appropriate fields at times and in quantities consistent with environmental protection requirements.
4. To keep open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair.
5. To preserve established watercourses or ditches, and to refrain from any operation that will injure them.
6. To keep the buildings, fences (including hedges), and other improvements in as good repair and condition as they are when he or she takes possession or in as good repair and condition as they may be put by the Lessor during the term of the lease-- ordinary wear, loss by fire, or unavoidable destruction excepted.
7. To take proper care of all trees, vines and shrubs, and to prevent injury to the same.
8. To keep the farmstead neat and orderly.
9. To prevent all unnecessary waste, or loss, or damage to the property of the Lessor.
10. To comply with pollution control and environmental protection requirements, and to implement soil erosion

control practices to comply with the soil loss standards mandated by local, state and federal agencies.

11. To use prudence and care in transporting, storing, handling, and applying all fertilizers, pesticides, herbicides, and other chemicals and similar substances; to read and follow label instructions for the use of such materials in order to avoid injury or damages to persons or property or both on the leased premises and adjoining areas; and to comply with state pesticide training, licensing, storing, and usage.
12. Any chemicals for weed or insect control or other use, when used, should be applied at levels not to exceed the manufacturer's recommendation for the soil types involved. The Lessee agrees to provide to the Lessor, annually, a written report indicating the product name, amount, date of application and location of application of all pesticides, fertilizers, and seed used on the farm.
13. No chemicals will be stored on the property for more than one year. When chemicals or petroleum products are stored on the farm, they will be only those planned to be used on the farm and they will be in closed, tight containers above ground and clearly marked. No chemicals or chemical containers will be disposed of on the property.
14. To generally follow Natural Resource Conservation Service and Farm Service Agency recommendations and to maintain all other requirements necessary to qualify current and future farm operators to participate in federal farm programs.

**B. Activities restricted:** The Lessee further agrees, unless the *written* consent of the Lessor has been obtained:

1. Not to assign this lease to any person or persons or sublet any part of the premises herein leased.
2. Not to erect or permit to be erected any structure or building or to incur any expense to the Lessor for such purposes.
3. Not to add electrical wiring, plumbing, or heating to any buildings. (If consent is given, such additions must meet standards and requirements of power and insurance companies.)
4. Not to permit, encourage, or invite other persons to use any part or all of this property for any purpose or activity not directly related to its use for agricultural production.
5. Not to plow permanent pasture or meadowland.
6. Not to allow any stock on any tillable land except by annual agreement.
7. Not to burn or remove cornstalks, straw, or other crop residues grown upon the farm.
8. Not to cut live trees for sale purposes or personal uses.
9. Not to erect or permit to be erected any commercial advertising signs on the farm other than seed variety signs.
10. Not to enter into any agreement, contract, or other farming or business arrangement that alters rights in the Lessor's security interest, right of entry, default or possession.
11. Lessee will not permit any mechanic's lien or liens to be placed on the real estate or any building or improvement thereon during the term of the lease, and in the case of the filing of such lien, Lessee will promptly pay it. If default in payment of such a lien continues for thirty (30) days after written notice of it from Lessor to Lessee, the Lessor is entitled to pay the lien or any portion of it without inquiry as to its validity. Any amounts so paid, including expenses and interest, will be so much additional indebtedness due under this lease from Lessee to Lessor and will be repaid to Lessor immediately on rendition of a bill for it.
12. Additional agreements: see Section 7.

## SECTION 5: MANAGEMENT AND BUSINESS PROCEDURES

The Lessor and Lessee agree that they will observe the following provisions. (Strike out any not desired.) The decision making by the Lessor implied in Clause A below, or in any other part of this lease, does not contemplate material participation by the Lessor or the Lessor's heirs.

**A. General Cropping System.** Except when mutually decided otherwise, the land use and cropping system shall be approximately as follows:

36.5 cropland acres

0.62 acres in permanent pasture, non-grazed woodland, buildings, lots, and other.

37.12 TOTAL Acres

**B. Insurance.** Lessee shall secure and maintain during the entire term of this lease or any extension thereof, comprehensive public liability insurance with a reputable insurance company insuring the Lessor as an additional insured from loss due to accident resulting in bodily injury, death or property damage in amounts of no less than **\$1 Million** per occurrence. Lessee shall further secure and maintain Workers Compensation insurance as required by statute.

**Lessee shall furnish Lessor with a Certificate of Insurance naming the owner as an additional insured on the policy by March 1 of the lease year. Lessor shall be notified by Lessee's insurance broker no less than thirty (30) days prior to any changes or cancellation of such coverages.**

Additional Insured is to be named on the policy as follows:

**City of Rochelle**  
**c/o Martin, Goodrich & Waddell**  
**2020 Aberdeen Court**  
**Sycamore, Illinois 60178**

**C. Financial and production records.** The Lessee agrees to keep financial and crop records of the farm business and to furnish such to the Lessor, on such forms as the Lessor may provide. The Lessee agrees to furnish a crop summary report to Lessor on or before **August 1 of the lease year**. The crop summary report shall include information on crops planted, and all chemicals and fertilizers applied to the farm. The Lessee also agrees to keep production records of the farm business and to furnish a report of final yields to the Lessor on or before **December 15 of the lease year**.

**D. End of lease reimbursement.** At the end of the lease, if the lease has not been renewed or extended, or upon its earlier termination as provided herein, the Lessor agrees to reimburse the Lessee for the Lessee's unamortized cost of limestone applied to the real estate. The Lessee's remaining unamortized cost shall be calculated by depreciating the Lessee's net cost at the rate of **33 1/3% percent** per crop year from the date of application of the limestone. Lessee shall furnish Lessor with copies of the actual receipts showing the date and rate of application or other acceptable proof of application and the cost thereof.

**E. Land Usage Prior to Renewal of Lease.** In any year of the lease, if the lease has not been renewed or extended in writing prior to the date for extensions as set forth at the beginning of the lease, the Lessee shall not thereafter apply fertilizers, plant seeds or perform any field preparations in anticipation of the lease being renewed or extended without the express written consent of the Lessor or Martin, Goodrich & Waddell, Inc. ("Lessor's Agent"). Failure on the part of the Lessor to require his consent in writing on any occasion shall not be deemed a waiver of this requirement in any subsequent year if the lease is renewed or extended. If the Lessee applies fertilizers, plants seeds or performs field preparation in anticipation of the lease being renewed or extended without obtaining the express written consent of the Lessor or Lessor's Agent, and the lease is not subsequently renewed or extended, Lessor shall have no liability to Lessee to reimburse him for such application of fertilizer, seed planted or field work, and Lessee shall have no right to assert a lien of any kind against the real estate for the value of the services furnished, crops planted or materials provided. If the Lessor or Lessor's Agent consents in writing to the application of fertilizers, etc., and the lease is not subsequently renewed or extended, then, in the absence of any contrary agreement, the Lessee shall be reimbursed for any fertilizers applied, crop planted or work performed based on his actual substantiated cost of the same, except all machine operations, including fuel, lubrications and labor shall be reimbursed on the basis of the most recent machinery cost estimates published by the Department of Agriculture and Consumer Economics of the University of Illinois College of ACES.

**F. Conservation.** Both Lessor and Lessee affirm the goals of minimizing soil erosion losses and preserving the productivity of the land in ways that are consistent with their needs and desires for acceptable current returns to their individual inputs on the leased premises. To these ends they agree to implement as far as possible the best management practices recommended by the Natural Resources Conservation Service and to cooperate with that agency's soil and water conservation programs.

**G. Tenant responsible for hired labor.** The Lessee shall be solely responsible for all employer obligations on hired labor including but not limited to safety requirements, payroll taxes, insurance, social security and workers' compensation contributions, and the Lessor shall have no responsibilities therefore.

## **SECTION 6: DEFAULT, POSSESSION, LESSOR'S LIEN, RIGHT OF ENTRY, MINERAL RIGHTS, EXTENT OF AGREEMENT, LIABILITY**

The Lessor and Lessee agree to the following provisions. (Strike out any not desired.)

- A. Termination upon default.** If Lessee fails to carry out the terms of this lease within the timeframe set forth in this lease, the lease may be terminated by the Lessor by serving a written notice (except as provided in Section 1 of this lease when the default is non-payment) citing the instance(s) of default and specifying a termination date not less than 10 days from the date of such notice. Settlement shall then be made in accordance with the provisions of Clause B of this section, the reimbursement agreements of Section 5, and any amendments to this lease.
- B. Yielding possession.** The Lessee agrees at the expiration or termination of this lease to yield possession of the premises to the Lessor without further demand or notice, in as good order and condition as when they were entered upon by the Lessee, loss by fire, flood or tornado, and ordinary wear excepted. If the Lessee fails to yield possession, the Lessee shall pay to the Lessor a penalty of **\$84.00** per day or the statutory double rent, whichever is less, for each day he or she remains in possession thereafter, in addition to any damages caused by the Lessee to the Lessor's land or improvements, and said payments shall not entitle the Lessee to any interest of any kind or character in or on the premises. In the event Lessor takes possession of the leased premises by reason of the Lessee's breach as provided in paragraph A above or Section 1 of this lease, the Lessor shall have the right (but not the obligation) to cultivate the growing crop, harvest it and apply the sale proceeds of the crop to the cost or expense related to the cultivation, harvest or selling of the crop, and all other amounts then due the Lessor, including Lessor's reasonable attorney's fees and costs incurred in enforcing the terms of the lease.
- C. Landlord's lien.** The Landlord's lien provided by statute on crops grown or growing, together with any other security agreement(s) created by Lessee in favor of Lessor, shall be the security for the rent herein specified and for the faithful performance of the terms of the lease. The Lessee shall provide the Lessor with the names of persons to whom the Lessee intends to sell crops grown on these premises at least 30 days prior to the sale of such crops. A lesser period may be allowed by mutual written agreement. Lessee consents to any filing required by law to perfect the statutory landlord's lien upon crops and will cooperate in any manner as required by Lessor to carry out the effect and intent of this subsection. If the Lessee fails to pay the rent due or fails to keep any of the agreements of this lease, all costs and attorney's fees of the Lessor in enforcing collection or performance shall be added to and become a part of the obligations payable by the Lessee.
- D. Lessor's right of entry.** The Lessor reserves the right personally or by agents, employees, or assigns to enter upon the premises at any reasonable time to view them, to work or make repairs or improvements thereon, to care for and dispose of the Lessor's share of crops, to develop mineral resources as provided in Clause E. below, or, after constructive notice has been given that the lease may not be extended, and following severance of crops, to plow and prepare a seed bed, make seedings, glean corn, apply fertilizers, and any other operation necessary to good farming by the succeeding operator, these operations not to interfere with the Lessee in carrying out the regular farming operations.
- E. Mineral rights.** Nothing in this lease shall confer upon the Lessee any right to minerals underlying the land. Such mineral rights are hereby reserved by the Lessor together with the full right to enter upon the premises and to bore, search, excavate, work, and remove the minerals, to deposit excavated rubbish, to pass over the premises with vehicles, and to lay down and work any railroad track or tracks, tanks, pipelines, powerlines, and structures as may be necessary or convenient for the above purpose. The Lessor agrees to reimburse the Lessee for any actual damage the Lessee may suffer for crops destroyed by these activities and to release the Lessee from obligation to continue farming this property when development of mineral resources interferes materially with the Lessee's opportunity to make a satisfactory return.

- F. Extent of Agreement.** The terms of this lease shall be binding on the heirs, executors, administrators, and assigns of both Lessor and Lessee in like manner as upon the original parties.
- G. Lessor liability.** The Lessee takes possession of the leased premises subject to the hazards of operating a farm, and assumes all risk of accidents personally as well as for family, employees, or agents in pursuance of farming operations, or in performing repairs on buildings, fences, tile, and other improvements.
- H. Exemption from Liability.** Except as prohibited by law, Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income there from or for damage to the equipment or machinery of Lessee, Lessee's employers, invitees, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by the result from fire, wind, rain, snow or other conditions existing on the Premises. Lessee shall indemnify and hold Lessor harmless for all injuries or property damage.
- I. Relationship of Parties.** Nothing in this Lease is intended, and no provision of this Lease shall be construed, to make Lessor, or Lessor's Agent, a partner of or a joint venturer with Lessee, or associated in any other way with Lessee in the Lessee's operation of the real estate (other than the relationship of landlord and tenant), or to subject Lessor to any obligation, loss, charge or expense resulting from or attributable to Lessee's operation or use of the real estate.
- J. Condemnation.** (a) If the whole of the leased premises shall be taken for any public or quasi-public purpose or use under any statute, or by right of eminent domain, or by private purchase by any public authority in lieu of the exercise of the right of eminent domain or if any part of the leased premises is so taken and the part not so taken is insufficient for the reasonable operation of Lessee's operation, then, in either of such events, this lease shall cease and expire on the date when possession shall be taken thereunder of the leased premises or part thereof.
- (b) In the event that only part of the leased premises is so taken and the part not so taken shall be sufficient for the reasonable operation of the Lessee's operation, this Lease shall remain unaffected and in full force and effect.
- (c) In case of such taking, whether of all or any part of the leased premises, and regardless of whether this Lease survives, Lessee shall be entitled to the fair market value of any crops damaged or destroyed by the taking. The remaining entire award shall belong solely to the Lessor, and the Lessee hereby assigned such award to the Lessor.

## SECTION 7: ADDITIONAL AGREEMENTS

- A. Soil Testing:** Lessee agrees to obtain a soil test on the farm every 3 years and agrees to deliver the soil test report to the Lessor or Lessor's Agent as soon as practical thereafter, and by no later than **December 15 of the lease year.** ~~Lessor and Lessee agree to share equally the cost of the soil test.~~ The soil sampling sites shall be laid out in grids of a maximum size of 3.3 acres, or if not in grids the sampling sites may be laid out by soil type. At a minimum, the test shall provide the levels in pounds per acre for pH, P1 (or Mehlich-3 P), K, CEC and OM for each sampling site.

Next Soil Test Due: 2028

- B. Fertility and Lime:** Lessee agrees to provide all maintenance fertilizers and limestone, including costs of application, for all crops grown on the farm. Lessee agrees to maintain soil pH and fertility levels of P (phosphorus) and K (potassium) during the term of this lease and will replace P and K fertilizers at a minimum of the rate the harvested crops remove these nutrients from the soil (maintenance levels) as follows, based on the most recent soil test available:

For pH: Lime shall be applied to maintain pH levels of 6.1 or higher by adding limestone as follows:

Soil Test	Soil pH value											
CEC level	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9	6.0	6.1
Tons of typical limestone to apply per acre												
>24	8.0	7.8	7.0	6.3	5.5	4.8	4.0	3.3	2.5	1.8	1.0	0
15-24	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0
8-15	4.8	4.4	4.0	3.6	3.3	2.9	2.5	2.1	1.8	1.4	1.0	0
<8	3.0	2.8	2.6	2.4	2.2	2.0	1.8	1.6	1.4	1.2	1.0	0

*Source: Illinois Agronomy Handbook, 24<sup>th</sup> Edition*

It is recommended that no more than 4.0 tons per acre of limestone be applied in any given year.

For Phosphorus (P) & Potassium (K) Fertilizers: At a minimum, maintenance amounts of P & K fertilizers shall be applied as follows:

For Corn: 127 # DAP (18-46-0 analysis) per acre or equivalent; plus  
67 # Potash (0-0-60 analysis) per acre or equivalent.

For Soybeans: 91 # DAP (18-46-0 analysis) per acre or equivalent; plus  
116 # Potash (0-0-60 analysis) per acre or equivalent.

For Wheat: 84 # DAP (18-46-0 analysis) per acre or equivalent; plus  
23 # Potash (0-0-60 analysis) per acre or equivalent.

For all other crops: Minimum amounts of P & K fertilizer to be approved in advance of application by Lessor or Lessor's Agent

Variable rate applications are allowed provided the average rate applied over the entire farm is not less than the required maintenance amount as determined above. It is recommended that no more than two times the maintenance rate of P or K be applied to any area in any given year.

Applications of manure are allowed provided the average rate applied over the entire farm is not less than the required maintenance amount as determined above. Lessee agrees to provide Lessor with a map showing gallons per acre applied and the estimated analysis (for P and K) of the manure applied.

If the average soil test level for P for the entire farm is above 70 lbs/acre, actual applied amounts of P may be decreased as agreed upon by Lessor or Lessor's Agent. If the average soil test level for K for the entire farm is above 400 lbs/acre, actual applied amounts of K may be decreased as agreed upon by Lessor or Lessor's Agent.

The above standards shall be used unless otherwise agreed to by prior written approval of the Lessor or Lessor's Agent.

**The Lessee agrees that proof of all phosphorus and potassium fertilizers made on the farm shall be provided to the Lessor or Lessor's Agent on or before August 1 of the lease year. The Lessee also agrees that proof of all lime applications made on the farm shall be provided to the Lessor or Lessor's Agent on or before December 15 of the lease year. Proof of application must be provided by the applicator or applicator's firm that applied the product. Such applicator or firm must be an independent third party in which the Lessee has no financial interest. Proof of application shall include all 3 of the following: (1) paid invoices for purchase of the product, (2) scale tickets, weight tickets or delivery tickets showing actual weights of product delivered to the farm, and (3) application maps showing actual rates of product applied in each area of the farm. Any variance to the above shall be made only with prior written approval of the Lessor or Lessor's Agent.**



- C. Lessee agrees to operate the farm in such a manner so as to maintain and preserve any and all acre and yield bases established for the farm by the USDA. Further, Lessee agrees to notify the Lessor of his intentions to participate in any federal government farm program prior to sign-up.
- D. Lessee agrees to certify to the appropriate County FSA Office the actual planted acres of all crops each year and to provide a copy of the FSA-578 certification to the Lessor or Lessor's Agent on or before **August 1 of the lease year.**
- E. In the event that Lessee is late for any payments due hereunder, said payments will bear interest at the rate of ten percent (10%) per annum, which shall be due Lessor commencing with the day said rent payment(s) is (are) due.
- F. Lessee agrees to provide labor, materials, and equipment to spray, mow or otherwise control weeds in fence rows, drainage ditches, road ditches and around farm buildings. Lessee agrees to mow road ditches and accessible waterways at least two times during the summer.
- G. **Hunting.** Lessor reserves and retains all hunting privileges and prohibits any hunting without the written permission of the Lessor. Lessee understands that the premises are or may be otherwise leased to another party pursuant to the terms of a Hunting Lease which will permit others to enter the land strictly for Hunting purposes. Lessee agrees not to interfere with any Hunter who possesses a valid Hunting Lease for the premises
- H. **Unharvested Crops:** In the event that the crops planted by the Tenant on the demised premises are not harvested by the end of the term of this lease the Landlord shall have the right to either:
- 1) Upon payment in full for the rent for the crop year (or upon presentation to the Landlord of security for the payment of Rent which is acceptable to the Landlord in the Landlord's sole discretion) allow Tenant to have access to the property to remove the crop and, in this event, the Tenant shall exercise good husbandry and do so in a careful manner so as not to interfere with or hinder the use of the land by the Owner or another tenant during the next crop year. In this event, it is understood that access shall be at a time designated by the Landlord in writing and Tenant shall notify the Landlord immediately after the crop is removed that the harvest is complete; or
  - 2) Notify the Tenant, in writing, that the Landlord will cause the crop to be harvested and, in the landlord's sole discretion, will either:
    - a. Make the harvested crop available to the Tenant upon the Tenant's payment of any unpaid rent for the crop year and reimbursement of the Landlord for all expenses incurred by the Landlord in removing the crop at the actual rate paid to 3<sup>rd</sup> parties by the Landlord or at a reasonable custom farming rate if removed by the Landlord or the Landlord's agents or employees; or
    - b. Cause the harvested crop to be sold and remit to the Tenant the net proceeds from the crop less any unpaid rent for the crop year, the costs of removing the crop as set forth above and any claims by third parties against the crop including claims by the Tenant's lender (if any).
- I. **Default:** In the event that either party defaults under the terms of this Agreement and it becomes necessary for the non-defaulting party to retain counsel to enforce the terms of this Agreement, the defaulting party agrees that, in addition to all other obligations undertaken in this Agreement, it will pay all expenses incurred by the non-defaulting party to enforce the terms of this Agreement including, without limitation, the non-defaulting party's attorney's fees, costs, and expenses.
- J. **Underground Utilities:** The parties recognize that there are or may be underground utilities installed on the property to be farmed under the terms of this Lease. The parties further understand that the Landlord does not have accurate information describing or depicting the exact location of any of said utilities or the depth at which such utilities are located. The parties further recognize that such utilities may include gas lines which, if ruptured, can cause significant damage and pose risks of personal injury or death to anyone who may rupture such line. While the Lessor has no reason to believe the farming of the land is not safe,

the Lessee, with knowledge of the possibility that such underground utilities exist, assumes any and all risk associated with the farming of the property with regard to the possibility that such underground utilities exist on the property. Specifically, the Lessee releases the Lessor from any and all liability of any type, sort, or nature with respect to any damages or injuries that Lessee, or any of Lessee's agents or employees, may suffer as a result of the existence of any such underground utilities. Further, Lessee holds Lessor harmless with respect thereto and with respect to any damages to property,

or property owned by third persons, or injuries to third persons which may occur as a result of such underground utilities during the term of this Lease. Further, Lessor specifically grants to the Lessee the right to access the property for the purpose of determining the location of any and all such underground utilities and will reasonably cooperate with any efforts Lessee makes to locate said utilities, it being understood that such "reasonable cooperation" does not include the payment of expenses for such purpose by the Lessor.

It is understood and agreed by the Lessee that any documents received by the Lessee from the Lessor or Lessor's Agents (*i.e.* survey depicting utility easements) shall not be relied upon by the Lessee who has a duty to independently verify the existence and exact location of any and all utilities which are or may be in the area where the contemplated work is to be performed.

- K. Lessee agrees that no biosolids (the product generated from tertiary treatment of waste activated sludge), treated or untreated sewage sludge, municipal waste, or any byproduct of domestic or commercial sewage or similar product shall be applied to the leased property without the written permission of the Lessor. Lessor agrees, however, that Lessee is allowed to apply animal waste (manure) to the leased property.
- L. **Farm lease severance settlement schedule** (See **Exhibit "B"** attached) will be used in the event the Lessor must remove any portion of the tillable cropland from production during the term of this lease.
- M. Time is of the essence of this Lease.
- N. Any notice which is required to be given under this Lease shall be deemed given by placing said notice for delivery by first class mail in the United States Postal Services or otherwise as required by law, addressed as follows:

IF TO LESSOR:                    City of Rochelle  
   c/o Martin, Goodrich & Waddell, Inc.  
   2020 Aberdeen Court  
   Sycamore, IL 60178

IF TO LESSEE:                    Kevin Herrmann  
   14453 Bastian Road  
   Hinckley, IL 60520

- O. This agreement shall be construed under and in accordance with the laws of the State of Illinois.
- P. **NOTICE OF NO AGENCY RELATIONSHIP:** Martin, Goodrich & Waddell, Inc. has previously entered into an agreement with the property owner to provide certain property management and real estate brokerage services to the property owner. Martin, Goodrich & Waddell, Inc. **will not** be acting as your agent but solely as the agent of the property owner.
- Q. **Entire Agreement. This Lease and exhibits attached hereto constitute the entire agreement** between the parties concerning the subject matter of the Lease. All prior agreements, discussions and representations are merged herein. There are no agreements, discussions or representations, express or implied, between the parties except those expressly set forth in this Lease.

**In Witness Whereof**, the parties have executed this Lease Agreement effective to the date first above written.

**Signatures:**

**LESSOR:     City of Rochelle** \_\_\_\_\_

**By:** \_\_\_\_\_  
Signature

**LESSEE:     Kevin Herrmann** \_\_\_\_\_

**By:** \_\_\_\_\_  
Signature

## Amendments to the Lease

**Amendments, alterations, and extensions** to this lease may be made in writing in the space below at any time by mutual agreement. The written amendments should be noted on both the Lessor's and Lessee's copies of the lease (complete and sign two identical copies). If the parties fail to agree on a proposed alteration, the existing provisions of the lease shall control operations.

**A. Improvements made by the Lessee at the Lessee's own expense.** When the Lessor and Lessee agree that the Lessee may make all or part of an improvement (such as buildings, additions to buildings, major repairs, fences, bathrooms, water systems, etc.) to the farm at the Lessee's own expense and that the Lessee is to be reimbursed for any costs remaining at the end of the lease, the necessary information shall be recorded in one of the following blanks and, after being duly signed by both parties, it shall become a part of the lease above and obligate the Lessor and his or her heirs and assigns to make such reimbursement. Such improvements become the Lessor's property upon completion of the form below. The Lessor thereby assumes the responsibility for property taxes, insurance coverage, and risk of loss.

<i>Description and location of the improvement</i>		<i>Tenant's net cost</i>		<i>Annual rate of depreciation (percent)</i>		<i>Date depreciation begins</i>		<i>Signatures and Date Signed</i>
1.								Lessor:
								Lessee:
2.								Lessor:
								Lessee:
3.								Lessor:
								Lessee:

**B. Lessor's written consent to Lessee's participation in items in Section 4, Clause B.**

1. Item: \_\_\_\_\_ Description and restrictions: \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_ Date: \_\_\_\_\_ Lessor's Signature \_\_\_\_\_

2. Item: \_\_\_\_\_ Description and restrictions: \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_ Date: \_\_\_\_\_ Lessor's Signature \_\_\_\_\_

**C. Other amendments:** To be dated, signed and attached to both Lessor's and Lessee's copies of lease.

**EXHIBIT "A"**

**LEGAL DESCRIPTION for CITY OF ROCHELLE/EAST FARM**

Located in Part of the East Half of the Northwest Quarter of Section 4 in Township 39 North Range 2 East (Alto Township) in Lee County, Illinois, consisting of 24.39 acres more or less,

AND

Located in Part of the South Half of the Southwest Quarter of Section 33 in Township 40 North Range 2 East (Dement Township) in Ogle County, Illinois, consisting of 12.73 acres more or less.

## EXHIBIT "B"

### FARM LEASE SEVERANCE SETTLEMENT SCHEDULE

Notwithstanding anything to the contrary, it is hereby acknowledged that Lessor shall be empowered on ten (10) days written notice to Lessee to enter upon and retake possession (thereby cancelling this Lease with respect to the applicable portion of the Property) of all or any portion of the Property during the term of this Lease. In such event, Lessee shall be paid damages for each tillable cropland acre removed from crop production by the Lessor for any purpose, including sale or land development activities, during the term of this Lease or any extension thereof as follows:

#### DAMAGE PAYMENTS (Per Tillable Cropland Acre Affected)

Subject to payment of rent in compliance with the terms of the Lease, during the period from the signing of lease and prior to harvest: Lessee to be reimbursed cash rent paid plus production costs\* to-date. The maximum crop damage payment shall be the reimbursement of cash rent paid plus a maximum of \$700.00 per acre for corn, \$450.00 per acre for soybeans and \$450.00 per acre for wheat.

Lessee hereby acknowledges and agrees that (A) this provision shall be fully enforceable against Lessee and Lessee's successors and assigns, (B) Lessee hereby forever waives any rights or remedies which may or may not be provided to Lessee by any law, statute, ordinance or regulatory act with respect to the termination of the Lease pursuant to provisions of this Paragraph and any and all actions of Lessor in connection therewith except as specifically provided for herein.

*\* Reimbursements will be paid by the Lessor on the basis of invoices of actual product applied and actual machine operation(s) using the mid-range of the most recent custom machine rates published by the University of Illinois College of Agriculture.*

## EXHIBIT “C”

### BONUS RENT CALCULATION EXAMPLES

Example for Corn and all other crops EXCEPT soybeans:

CBOT December corn closing price on March 10 = \$5.40

CBOT December corn closing price on June 10 = \$5.95

CBOT December corn closing price on September 10 = \$5.60

**Average corn price** =  $(\$5.40 + \$5.95 + \$5.60) / 3 = \$5.65$

**Average corn price - \$5.65** Bonus Rent begins over \$5.25 per bushel

$\$5.65 - \$5.25 = 40$  cent increase in corn price

The Bonus Rent is \$0.85 for every \$0.01 (one cent) that the average price exceeds \$5.25

**Bonus Rent** = 40 (cents) x \$0.85 = **\$34.00 per acre**

Example for Soybeans:

CBOT November soybean closing price on March 10 = \$12.95

CBOT November soybean closing price on June 10 = \$14.15

CBOT November soybean closing price on September 10 = \$13.25

**Average soybean price** =  $(\$12.95 + \$14.15 + \$13.25) / 3 = \$13.45$

**Average soybean price - \$13.45** Bonus Rent begins over \$13.00 per bushel

$\$13.45 - \$13.00 = 45$  cent increase in soybean price

The Bonus Rent is \$0.33 for every \$0.01 (one cent) that the average price exceeds \$13.00.

**Bonus Rent** = 45 (cents) x \$0.33 = **\$14.85 per acre**