

FARMING LEASE

THIS FARMING LEASE ("Lease) made and entered into this _____ day of February, 2021 by and between the City of Craig, Colorado, a home rule municipal corporation, (the "City") 300 West 4th Street, Craig, Colorado 81625, Owner, and Doyle Moon, Moon Farms, 41380 North Highway 13, Craig, Colorado 81625, Lessee.

WHEREAS, the Owner owns certain real property in Moffat County, Colorado, consisting of approximately 158.49 acres and legally described as follows: T6N, R91W of the 6th P.M. Section 23: Lots 1, 2, 7 and 8.

Also described as Farm Serial No. 298 in the Moffat County Farm Service Agency ("FSA") and incorporated herein by reference (the "Property"); and

WHEREAS, the City owns such property for the purpose of land applying sludge from the adjacent City wastewater treatment lagoons as permitted by law;

WHEREAS, Lessee desired to use the Property for the purpose of grain farming;

WHEREAS, Owner and Lessee desire to execute an agreement giving the Lessee the right to farm the Property under the conditions and limitations herein contained;

NOW, THEREFORE, for and in consideration of the mutual covenants contained in this Lease, Owner and Lessee agree as follows:

1. Demise and Term: Owner lease, demises and lets to the Lessee the Property for a period of five growing seasons commencing upon the date of signing and ending December 31st, 2026 (the "Term"). Upon mutual agreement of Owner and Lessee, the term will extend another five years and such lease will be reduced to writing.
2. Rental: Lessee hereby covenants to pay a rental fee for the Property, a cash payment in the sum of \$1660.00 per growing year commencing in the year 2021 and continuing each year for the duration of the lease. The first annual payment shall be payable on or before September 15th, 2021 and each September 15th thereafter until the end of the lease.
3. Use of the Lease Premise: Lessee shall use the Property for grain farming in accordance with his independent judgment. Owner shall have the right to apply sludge application so that such application does not interfere with the planting cycle of Lessee. Lessee shall cooperate with the Owner by working with City staff in all respects concerning the sludge application. Lessee shall not commit waste or damage to the Property.
4. Noxious Weed Control: Owner will be responsible to control noxious weeds on the Property, except that Lessee will control weeds in the crop once it is planted each year.
5. Sludge Application by Lessee: When the sludge can be dried, the lessee shall apply dry sludge at the application rate specified by the City of Craig. The Lessee will supply the tractor and manure spreader to complete this job, while the City will dry the sludge and loan the manure spreader. For this service, the lessee shall be paid a total of \$6820.00 per year. The Lessee shall apply the sludge within two weeks of the sludge being ready. If the Lessee fails to apply the sludge within the two-week timeframe, the sludge application fee should be reduced by \$100.00 per day. The two-week period shall be extended in the event of poor weather conditions.

6. Payment: For each year that dry sludge is applied (either in August or September), the City will pay the lessee a sum of \$5160.00 (\$6820.00 less the \$1660.00 rental fee) within twenty days following the completion of the sludge application.
7. Termination by Owner: It is essential to this Agreement that the Owner be able to apply sludge to the Property on an annual basis at their discretion. In order to do so, there must be adequate crop growth on the Property to properly utilize the sludge fertilizer and allow for further application the following year. In the event that the Lessee fails to adequately farm the Property to allow for annual sludge application by the City, the City may terminate this agreement upon 90 days written notice to the Lessee, except that Lessee shall be entitled to harvest any crops planted prior to the receipt of such notice to terminate.
8. Owners Right of Entry: Owner and its employees have the right to enter upon the Property and use the Property in accordance with the provisions contained herein.
9. No Sublease: Lessee does not have the right to sublease the Property or any part thereof and shall not assign this Lease to another without the prior written consent of Owner.
10. Surrender Upon Termination: Lessee agrees to surrender peaceably the Property upon termination of earlier cancellation of this Lease. Owner has the right to sell the Property during the term of the lease. In the event of a sale of the Property during the term, Lessee shall surrender possession of the Property to the Owner or purchaser, retaining the right to any crop then planted and growing.
11. Indemnification: Lessee hereby agrees to indemnify and hold harmless and defend the City of Craig, its City Council and employees, for any accidents or injuries to the Lessee or his agents/employees. Such indemnification shall also extend to injury to any third party as a result of negligence of Lessee or his agents/employees. Nothing herein shall be construed to limit the ability of the City to claim governmental immunity as the City is a municipal government.
12. Lessee Liability Exposure: The City of Craig requests the following insurance with general liability coverage with coverage of up to \$1,000,000.00 for each incident. The Lessee shall provide insurance on its inventory, equipment, and all other personal property located on the Property. The Lessee agrees the insurance policy secured for purposes of coverage on the Property will name and cover the City as an additional insured entity. With respect to general liability, the Lessee agrees to be self-insured in accordance with the provisions of the Colorado Governmental Immunity Act set forth at C.R.S. 24-10-101, *et seq.*, and the Colorado Risk Management Act C.R.S. 24-30-1501, *et seq.*
13. Limitation of Owner as a Governmental Entity: Lessee acknowledges the Owner as a governmental entity has certain limitation in the exercise of its authority. Lessee accepts the Lease subject to any and all limitations as identified by the City now or in the future.
14. This Lease shall be binding upon and inure to the benefit of all heirs, assigns, personal representatives and successor-in-interest of the parties and shall superseded all prior lease agreements.
15. Choice of Law: Colorado law, and rules and regulations issued pursuant thereto shall be applied in the interpretation, execution, and enforcement of this Lease. Any provision included or incorporated herein by reference which conflict with said laws, rules and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of compliant, defense, or otherwise. Any provision rendered null and void by the

operation of this provisions shall not invalidate the remainder of this contract, to the extent capable of execution. The City shall strictly adhere to all applicable federal and State laws, rules, and regulations that have been or may hereafter be established, including those dealing with discrimination and unfair employment practice, in performing its obligations under the Lease.

16. **Entire Understanding:** This Lease represents the complete integration of all understandings between the parties and all prior representations and understandings, oral or written, are merged herein. Prior or contemporaneous additions, deletions, or other changes hereto shall not have any force or effect whatsoever, unless embodied herein.
17. **Jurisdiction and Venue:** All suits or actions related to this Lease shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City of Craig and County of Moffat.
18. **CORA Disclosure:** To the extent not prohibited by federal law, this Lease and the performance measures and standards are subject to public release through the Colorado Open Records Act C.R.S. 24-72-101 *et seq.*

IN WITNESS WHEREOF, the parties have executed this Lease and agreement on the date set forth opposite their respective signatures, intending that it is valid and effective from the date that all parties have heretofore signed.

CITY OF CRAIG

LESSEE

Jarrod Ogden, Mayor Date

Doyle Moon	Date
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Attest:

Liz White, City Clerk Date