DELAWARE COUNTY IOWA
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DEBORAH L. PEYTON
DELAWARE CO. RECORDER
26.00

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909 W. Main, Manchester, IA 52057
Dorothy A. Palmer

WASTE DISPOSAL LEASE AGREEMENT

THIS IS AN AGREEMENT entered into this 25 day of October, 2000, by and between Nicklos J. Andersen and Leandra M. Andersen, husband and wife (hereinafter "Operators"), who operate or will operate a swine facility located at 1252 - 220 Ave Greeley Iowa and James C. Funke and Kathleen E. Funke, husband and wife (hereinafter "Owners") with an address of 103 Woods Edge Drive, Edgewood, Iowa 52050.

In consideration of the mutual covenants and promises herein contained, the parties agree as follows

1. Grant of Lease. Owners do hereby grant unto Operators, their successors and assigns, a lease for a period of twenty (20) years from and after the date hereof for the purposes of depositing animal waste products, excluding animals and animal parts, from livestock operations conducted on the above described premises owned or operated by Operators, together with the right of entrance and exits at convenient points for such purposes and including the right to bring and maintain all equipment for the period necessary to deposit and disseminate said animal waste products on, over, across, and through the premises now owned by Owners, which are described as follows:

   See attached Exhibit "A" for legal description of Owners' real estate

   The legal description of Operators' facility is as follows:

   See attached Exhibit "B" for legal description of Operators' real estate

2. Right of Access. Owners, their agents, successors and assigns, shall have the right at all reasonable times to enter onto the Operators' property, as described herein for the purpose of obtaining the animal waste products at the Operators' facility. Operators shall provide at least one high capacity centrifical pump sufficient to pump manure and Operators shall maintain said pump in proper working condition. Owners agree that they or any manure hauler acting as Owners' agent, must clean any equipment before entering Operators' property to guard against the spread of disease. Operators shall have the right to enter onto the real estate of Owners in order to deposit and disseminate any animal waste products over and across the Operators' premises in the event that Owners fail to or refuse to remove and spread said manure as provided in this agreement. Operators shall be limited in time to the time following the harvest of the crop grown on the Owners', its lessees, successors and assigns, up to and not later than May 15th of the next crop year, or such other dates as agreed upon by the Owners and Operators.

3. Reimbursement to Operators. In the event that Owners or their agents fail or refuse to spread animal waste products such that Operators or its agents are required to spread animal waste products on the Owners' property, the Owners shall be obligated to reimburse the Operators, its successors and assigns, reasonable compensation for the cost of the spreading and applying said animal waste products herein before described. The cost of said reasonable compensation will be determined by the parties depending on the circumstances and the local agricultural economy at the time. If the parties are unable to mutually agree upon the reasonable compensation for any certain year then the parties agree to submit the question to the Iowa State University, Ames, Iowa, and to abide by its recommendation of the fair compensation. Further, in the event Iowa State University is not able to render said advice, then each party shall select an expert and the two (2) experts shall select a third expert and then, the three (3) experts shall make a recommendation concerning the reasonable compensation for the year and the parties agree to abide by said recommendation. Finally, if the three (3) experts cannot agree, then the reasonable compensation for the year shall be the average of the three (3) expert opinions.

4. Minimum – Maximum Application. The fact that this Agreement has been granted to the Operators in no way obligates Operators or commits Operators to deposit any waste whatsoever upon the above described land. Owners shall not be obligated to accept for distribution on their property said animal waste products if the dissemination of said animal waste products on the Owners' property would exceed that amount allowed by the Manure Management Program approved by the Department of Natural Resources of the State of Iowa, but in no event shall Owners be obligated to accept application and dissemination of animal waste products on their property which exceeds 4,500 gallons of product per acre in any twelve (12) month period. In addition, the parties agree that animal waste products will not be deposited or disseminated on the Owners' property in any manner or in any amount which shall violate any Federal ,State or Local Law, Resolution or Ordinance.

5. Benefit. It is agreed that the Lease herein conveyed and granted shall inure to the benefit of Operators, its successors and assigns and shall pass automatically with a conveyance or transfer of possession of Operators. Owners represent that they have the full right and power to enter into the Lease granted herein.

6. Operators Discontinuance of Business. In the event the Operators or their successors and assigns ceases to raise livestock on its premises for a continuous period of two (2) years, this Lease shall terminate.

7. Covenant Running with the Land. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives and shall be deemed as a covenant running with the land.

IN WITNESS WHEREOF, the parties hereto have executed this Waste Disposal Lease Agreement the year and date first above written.

OPERATORS

Nicklos J. Andersen

Leandra M. Andersen

OWNERS

James C. Funke

Kathleen E. Funke

STATE OF IOWA)
) ss:
COUNTY OF DELAWARE)

The foregoing was acknowledged before me this 25 day of October, 2000, by Nicklos J. Andersen and Leandra M. Andersen, husband and wife, to be known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Notary Public in and for the State of Iowa

STATE OF IOWA)
) ss:
COUNTY OF DELAWARE)

The foregoing was acknowledged before me this 25 day of October, 2000, by James C. Funke and Kathleen E. Funke, husband and wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Notary Public in and for the State of Iowa

EXHIBIT "A"

The North one half (N½) of the Southwest Quarter (SW¼) and the South one half (S½) of the Northwest Quarter (NW¼) of Section Seven (7), Township Ninety (90) North, Range Four (4), West of the 5th P.M., Delaware County, Iowa.

James C. Funke

Kathleen E. Funke

EXHIBIT "B"

Parcel "A" of the Northwest Quarter of the Southwest Quarter of Section 18, Township 90 North, Range 4 West of the Fifth P.M., Delaware County, Iowa, described as follows: Beginning at the West Quarter Corner of said Section 18; thence South 90 Degrees 00 Minutes 00 Seconds East (assumed bearing), along the North line of the Southwest Quarter of said Section 18, a distance of 1376.44; thence South 00 Degrees 35 Minutes 58 Seconds West 350.00 feet; thence North 90 Degrees 00 Minutes 00 Seconds West 600.00 feet; thence North 00 Degrees 35 Minutes 58 Seconds East 290.00 feet; thence North 90 Degrees 00 Minutes 00 Seconds West 777.03 feet to theWest line of the Southwest Quarter of said Section 18; thence North 01 Degrees 09 Minutes 43 Seconds East along said West line 60.01 feet to the point of beginning

Said Parcel "A" contains 5.90 acres, more or less, and includes 0.05 acres of county road easement across the Westerly 33.0 feet thereof, subject to easements, reservations, restrictions and rights-of-way of record and not of record.

Nicklos J. Andersen

Leandra M. Andersen