

CITY COMMISSION SPECIAL MEETING AGENDA

City Hall Commission Chambers

Thursday, January 25, 2024

8:00 a.m.

MEETING #5270

Public is welcome although seats are limited for social distancing; or you can view as follows:

1. Watch live on our Facebook page at www.facebook.com/cityofdodgecity

2. Or watch it on our Vimeo page at www.vimeo.com/cityofdodgecity.

The meeting will be archived on both sites to be viewed after the live video has ended.

CALL TO ORDER

ROLL CALL

NEW BUSINESS

1. Approval of Agreement with Kwik Trip. Report by Ray Slattery, Director of Engineering and Tanner Rutschman, City Engineer.
2. Approval of Real Estate Contract to purchase land from Kansas International DDC, LLC. Report by Nick Hernandez, City Manager.

EXECUTIVE SESSION

Privileged Consultation with the City's Attorney/Client Matters

ADJOURNMENT



Memorandum

To: Nick Hernandez, City Manager and City Commissioners
From: Tanner Rutschman, PE, City Engineer
Date: January 25, 2024
Subject: Approval of Renegotiated RNG Transaction Confirmation with Kwik Trip
Agenda Item: New Business

Purpose: The approval of this renegotiated sales agreement with Kwik Trip will enable the City to monetize its D3 RINs at market value for the next three years.

Recommendation: Approve the transaction confirmation with Kwik Trip to replace the existing transaction confirmation that expires January 31st, 2024.

Background: The City monetizes its two biogas streams through sales contracts. The industrial biogas stream is under a fixed rate (\$19/MMBtu + Market NG price + 1.5% annual escalator) contract until August 2026. The municipal biogas stream generated at the WWTP qualifies for D3 RIN generation and can be of higher value based on the market. The City's current sales contract with Kwik Trip is set to terminate on January 31, 2024. Under the current terms of the contract, the City has a minimum volume obligation (MVO) of 500 MMBtu/day to which Kwik Trip receives 8% of the monetized RIN value. If minimum volumes are not met, the City is still obligated to pay Kwik Trip deficiency payments to make up the difference in unmet volumes. Over the previous five years we have never met our MVO and Kwik Trip will not be requesting those deficiency payments. With this new 3-year transaction confirmation, Kwik Trip is removing the MVO and is asking for the same 8% share of monetized D3 RINs.

City Commission Options:

1. Approve Transaction Confirmation
2. Disapprove both Transaction Confirmation
3. Table for further discussion

Financial Considerations: N/A

Legal Considerations: By approving the Transaction Confirmation with Kwik Trip, the City will be legally bound and obligated to sell its D3 renewable natural gas to Kwik Trip and remit 8% of the monetized value of D3 RINs sold for the duration of the contract period.

Mission/Values: The completion of this project aligns with the City's Core Value of Ongoing Improvement by preparing for the community's future.

Attachments: Transaction Confirmation.

Approved for the Agenda by:

Ray Slattery, PE

Ray Slattery, PE, Dir. of Engineering Services

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

Dodge City, Kansas	Effective Date : February 1, 2024			
<p>This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated March 15, 2017. The terms of this Transaction Confirmation shall be binding upon execution by the parties and replaces the Transaction Confirmation between the parties executed by Kwik Trip March 23, 2017.</p>				
<p>SELLER: Dodge City, Kansas P.O. Box 880, 806 N. 2nd Ave Dodge City, KS 67801 Attn: Phone: Fax:</p>	<p>BUYER: Kwik Trip, Inc. 1626 Oak Street P.O. Box 2107 La Crosse, WI 54602-2107 Attn: Ray Robey Phone: Email: rrobey@kwiktrip.com</p>			
<p>Contract Price: The price per MMBtu shall be equal to the First of the Month Index Price for Monthly Deliveries into Northern Natural Gas (NNG) as published by the McGraw-Hill Companies, or any successor-in-interest thereto, in the Platt publication, <i>Inside FERC Gas Market Report</i>, first of month publication, under the table "Prices of Spot Gas Delivered to Pipelines", for the delivery Month under the column "Index", under the table Northern Natural Gas Co., in the row labeled Demarcation, less transportation costs from Dodge City's NNG interconnect to NNG demarcation, less 8% of RIN revenues) associated with the MDV. RIN revenue each month will be the sum of gross revenue from the sale of Renewable Identification Numbers ("RINS") generated from the RB sold hereunder pursuant to the Federal Renewable Fuel Standard 2 ("RFS2") as amended</p>				
<p>Delivery Period: The "Delivery Period" shall be, with respect to RB deliveries from the Project, for a term of three (3) years from the date of commercial production.</p>				
<p>Performance Obligation and Contract Quantity: Subject to the Special Conditions set forth below, Buyer shall purchase all RB produced from the Project for each Day of the Delivery Period up to the MDV (as defined below):</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <p>Firm (Fixed Quantity): ___ 0 ___ MMBtus/day</p> </td> <td style="width: 33%; vertical-align: top;"> <p>Firm (Variable Quantity): x (Subject to the Special Provisions) <input type="checkbox"/> EFP</p> </td> <td style="width: 33%; vertical-align: top;"> <p>Interruptible:</p> </td> </tr> </table>		<p>Firm (Fixed Quantity): ___ 0 ___ MMBtus/day</p>	<p>Firm (Variable Quantity): x (Subject to the Special Provisions) <input type="checkbox"/> EFP</p>	<p>Interruptible:</p>
<p>Firm (Fixed Quantity): ___ 0 ___ MMBtus/day</p>	<p>Firm (Variable Quantity): x (Subject to the Special Provisions) <input type="checkbox"/> EFP</p>	<p>Interruptible:</p>		
<p>Delivery Point(s): RB being sold hereunder from the Delivery Points shall be Seller's interconnection with NNG at the Project or NNG storage points for RB that is generated and stored. Buyer and Seller agree that Seller is solely responsible for all transportation and related pipeline charges, if any, for the transportation of RB to the Delivery Point(s) and Buyer is solely responsible for all transportation and related pipeline charges for the transportation of the RB at and from the Delivery Point(s), if any.</p>				
<p>Special Conditions:</p> <p>Product: Renewable Biogas (RB)</p> <p>Purpose of Transaction Confirmation</p> <p>The purpose of this Transaction Confirmation is to sell and purchase RB derived from the Dodge City, KS Waste Water Treatment Plant (WWTP) as produced by Seller at the Project (s) in order to generate RINS in compliance with EPA rules and regulations.</p> <p>Definitions and General Terms and Conditions:</p> <p>Seller agrees to sell to Buyer at the Delivery Point, and Buyer agrees to purchase from Seller at the Delivery Point and sell for utilization as a transportation fuel, 100% of the available volumes up to the MDV of RB as described herein.</p>				

“Project(s)” means the WWTP gas processing facilities owned and operated by the City of Dodge City, Kansas in Dodge City, Kansas (the “WWTP”).

Maximum Daily Volume (“MDV”): MDV is 500 MMBtu. Buyer has the right to purchase additional volumes produced by the WWTP gas processing facility up to 750 MMBtu per day. Buyer is not required to buy the additional volumes.

Seller shall have no firm or interruptible minimum quantity requirements.

If additional volumes of RB from the Project becomes available not otherwise committed to another party and Buyer has determined a need for additional RB to be utilized as a transportation fuel, the parties agree to work in good faith to discuss mutually available terms for additional volumes of RB to be supplied to Buyer.

Buyer shall arrange for the use the RB as a transportation fuel in compressed natural gas and/or liquefied natural gas form.

“Renewable Biogas” (“RB”) means Gas production from the Project that:

- (i) is pipeline quality gas meeting the standards of 40 CFR 72.2 generated from the conversion of raw WWTP biogas (being a mixture of hydrocarbons that is a gas at 60 degrees Fahrenheit and 1 atmosphere of pressure that is produced through the conversion of organic matter present in the WWTP) at biogas processing facilities located at the WWTP compressed to more than 1 psi and injected into a commercial distribution system at the pressure required for injection by the distribution system; and
- (ii) contains all the environmental attributes associated with the use of a pipeline quality WWTP gas-derived fuel for transportation use, but excluding (a) any federal or state tax credits associated with the collection, production, transfer or sale of such WWTP gas, (b) any emission reduction credits required or available for the operation of a WWTP gas processing facility at the WWTP to convert collected raw WWTP biogas to pipeline quality gas standards, and (c) any credits or payments associated with the capture and destruction of methane or the reduction in or avoidance of Greenhouse Gas emissions at the WWTP, including emission reduction credits, verified emission reductions, voluntary emission reductions, offsets, allowances, voluntary carbon units, avoided compliance costs, emission rights and authorizations, and CO2 reduction and sequestration. For purposes hereof, “Greenhouse Gas” means carbon dioxide (CO2), methane (CH4), nitrous oxide (NO2), hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, or any other substance or combination of substances that may become regulated or designated as Greenhouse Gases under any federal, state or local law or regulation, or any emission reduction registry, trading system, or reporting or reduction program for Greenhouse Gas emission reductions that is established, certified, maintained, or recognized by any international, governmental (including U.N., federal, state, or local agencies), or non-governmental agency from time to time, in each case measured in increments of one metric ton of carbon dioxide equivalent. For avoidance of doubt if any of the above excluded environmental attributes are deemed to be associated with the creation of a Renewable Identification Number (RIN) under the Federal Renewable Fuel Standard 2 (“RFS 2”) as amended, such attributes shall instead of being excluded will be included in RB.

Additional Representations, Warranties and Covenants:

In addition to the representation and warranties set forth in the Base Contract, and notwithstanding any disclaimers of warranties set forth therein, Seller represents and warrants that (i) all Gas delivered to Buyer for purchase hereunder shall be RB; (ii) Seller has not sold or agreed to sell and will not during the term of the Base Contract sell or agree to sell the environmental attributes associated with the RB to any other party nor agreed to sell and will not agree during the term of the Base Contract to sell any RB from the Project up to the MDV actually sold to Buyer to any third party who would use the RB for transportation use or the creation of Renewable Identification Numbers issued pursuant to under the EPA’s RFS 2 or any state program of similar nature; and (iii) it holds the right to all RB and environmental attributes hereunder prior to delivery.

Each party covenants not to enter into a contract with a third party that will create RINs which would be duplicative to RINs created herein or otherwise double count RINs produced as part of the Project.

Each party agrees to indemnify, defend and hold harmless the other party and its affiliates from all Claims arising out of such party’s breach of the representations and warranties set forth in this Confirmation

The parties agree, at their own cost, to provide, produce and/or file such internally generated reports, generation and usage reports, information and affidavits and to retain all records for audit and inspection as may be required by any applicable state or federal program related to the use of RB for that program including without limitation the RFS2.

Additional Event of Default:

For the purposes of this Transaction Confirmation only, the failure of a party to perform a material obligation hereunder or the breach of a representation or warranty hereunder, shall constitute an additional Event of Default under the Base Contract, and any termination rights arising therefrom shall be in addition to any other remedies hereunder available to the Non-Defaulting Party.

RIN Credits:

Buyer hereby assigns to Seller all rights, title and interest to all RINs produced or generated as a result of utilization of RB as transportation fuel in return for Seller remitting to Buyer 8% of the monetized value of RINs sold by Seller. Seller shall be responsible for registering, aggregating, and marketing RINs through the applicable avenues required by the RFS2. By the 25th day of the month following the sale of the RINs, Buyer will receive an accounting of the RB sold by Seller, RIN credits generated, registered and sold as well as any RB held in storage. Buyer will receive its applicable share as set forth above by the 25th day of the month following the month in which said RINs are sold by Seller.

Additional Termination Rights:

- **By Either Party:**

Either party may terminate this Transaction for a breach of any provisions stated in this Confirmation or the Base Contract that is not cured after 30 days written notice provided to the breaching party.

Either party may terminate this Transaction due to a change in law or regulations that render the RB sold hereunder ineligible to generate RINs.

Change in Law:

In the event the Environmental Protection Agency issues any regulations or rules that alter a party's responsibilities under this Transaction, then the parties agree to work in good faith for a period of 45 days (if allowable by law) to amend this Transaction to reflect such changes; provided, however, that the economic terms of the Transaction shall remain the same; and provided further that in the event the parties are unable to amend this Transaction to accomplish the same economic result for Seller, Seller may terminate this Transaction without penalty and such termination shall not be considered an Event of Default.

Seller: City of Dodge City, KS

Buyer: Kwik Trip, Inc

By: _____

By: Ray Robey _____

Title: _____

Title: _____

Date: _____

Date: _____



Memorandum

To: City Commissioners
From: Nick Hernandez, City Manager and Paige Gilmore, City Attorney
Date: January 25, 2024
Subject: Real Estate Purchase Contract – Kansas International DDC, LLC
Agenda Item: New Business

Purpose: Approve real estate sale contract whereby the City agrees to purchase real estate from Kansas International DDC, LLC

Recommendation: Approve Purchase Contract.

Background: Approval of this agreement will allow the City to own the land described within the contract and utilize such land for public purposes and development.

City Commission Options:

1. Approve
2. Disapprove
3. Table for further discussion

Financial Considerations: This will result in lease payments being made from the Community College to the City. Amount \$580,000:

Fund: _____ Dept: _____ Expense Code: _____
 Budgeted Expense Grant Bonds Other

Legal Considerations: This contract has been reviewed by counsel for the City and has also been reviewed and approved and signed by Kansas International DDC, LLC. Approving this agreement will obligate the City to move forward toward closing on this real estate purchase.

Mission/Values: This aligns with the City's Core Values of Ongoing Improvement, Safety, and Working Toward Excellence.

Attachments: Real Estate Sale Contract

Approved for the Agenda by:

Paige Gilmore, City Attorney

REAL ESTATE SALE CONTRACT

THIS AGREEMENT, made and entered into this 22nd day of January, 2024 by and between, **Kansas International DDC, LLC**, a Kansas limited liability company, hereinafter referred to as "Seller," whether one or more, and **City of Dodge City, Kansas**, a municipal corporation, hereinafter referred to as "Buyer," whether one or more, (hereinafter collectively referred to as "the parties").

WITNESSETH: That for and in consideration of the mutual promises, covenants and payments hereinafter set out, the parties hereto do hereby contract to and with each other, as follows:

Seller: the Seller of the Property is Kansas International DDC, LLC (hereinafter "Seller") and may be contacted as follows:

Kansas International DDC, LLC
Attn: Christopher Reedy
One Aero Plaza
New Century, KS 66031
E-mail: creedy@butlernational.com
Phone: 913-780-9595

Buyer: the Buyer is the City of Dodge City, (hereinafter, "Buyer") a municipal corporation with contact information as follows:

City of Dodge City
Attn: Paige Gilmore
100 Chaffin Rd.
Dodge City, KS 67801
E-mail: paigeb@dodgecity.org
Phone: 620-471-4648

1. The Seller does hereby agree to sell and convey to the Buyer by a good and sufficient general warranty deed the following described real property, situated in Ford County, Kansas, with a legal description attached and made part hereof and illustrated in attached Exhibit A, subject to easements and restrictions of record (hereinafter "the Property"), Seller does hereby agree, that subject to the Exceptions currently shown by High Plains Land & Title of Dodge City, this conveyance of the Property shall include:
 - a. all Seller's rights, title and interest in all appurtenant and released water rights and water rights related property, including, without limitation, all of Seller's right, title and interest in the following interests free and clear of rights of first refusal, other agreements and encumbrances of any kind, except any exceptions duly recorded and any to which Buyer consents in writing;
 - b. all Seller's rights in surface, mineral, and geothermal estates and/or interests in the Property, together with and including all and singular the tenements hereditaments, easements, rights-of-way and appurtenances belonging or in anywise appertaining or relating to the aforesaid real property, together with and including all improvements and fixtures of any kind located on the aforesaid real property and/or on any of the

foregoing and together with and including any rents, income, profits, proceeds, and products of and from any of the property described herein;

- c. All Seller's rights in water, water courses, water riparian, and flood rights, and related property, whether appurtenant or otherwise, and whether or not appurtenant to the Property, and whether now or hereafter existing or acquired, including, but not limited to any and all adjudicated, licensed, permitted, certificated, dedicated, perfected, unperfected, and any other water rights and/or flood rights, and claims to and applications for any such water rights and/or flood rights, appurtenant to or with a point of diversion and/or place of use on the aforesaid Property.
2. Buyer hereby agrees to purchase, and pay to Seller, as consideration for the conveyance to it of the Property, the sum of Five Hundred Eighty Thousand dollars (\$580,000) ("the sale price") in the manner following to-wit: cash at closing.
3. The parties acknowledge the existence, at the time of sale, of a lease contract by and between Seller and Samuel B. Thompson (hereinafter, "Tenant"). This lease contract (hereinafter "the Lease") is attached hereto as Exhibit B whereby Seller rents and leases to Tenant real estate included in the Property. The parties understand the Lease term is for one year from March 15, 2023, and shall expire March 15, 2024. The parties hereby agree, Seller's rights under the Lease as landlord shall transfer to Buyer upon closing should Closing occur prior to March 15, 2024. Seller is providing notice to Tenant of termination of the Lease Effective March 15, 2024.
4. Seller agrees to furnish to Buyer a title insurance company's commitment to insure, to the Property, showing a merchantable title vested in Seller, subject to easements and restrictions of record. The Title Evidence shall be sent to Buyer for examination by Buyer as promptly and expeditiously as possible, and it is understood and agreed that Seller shall have a reasonable time after said Title Evidence has been examined in which to correct any defects in title.
5. A duly executed copy of this Purchase Agreement shall be delivered to the parties hereto.
6. Seller further agrees to convey the Property with all the improvements located thereon and deliver possession of the same in the same condition as they now are, reasonable wear and tear excepted.
7. It is agreed by the Parties that the closing of this transaction (the "Closing") shall take place within sixty (60) days from date of execution of this Purchase Agreement during which time Buyer shall conduct such due diligence as it deems necessary and appropriate. The parties agree the Closing shall take place on or before April 30, 2024, unless the closing date is extended by mutual written agreement. The Closing may be extended by mutual agreement of the parties. At the Closing, Buyer shall pay to Seller the balance of the sale price. Seller shall deliver to Buyer the deed of conveyance, and all other documents and things to which Buyer shall be entitled. Upon the payment of such sale price monies and delivery of such documents, this transaction shall be deemed closed. The parties will share the costs of closing and the closing agent will be High Plains Land & Title of Dodge City.

8. Possession to be given to Buyer at closing.
9. All closing agent costs will be shared equally by Buyer and Seller.
10. All fixtures and all personal property remaining on the Property at the time of the Closing shall pass to and become the property of the Buyer.
11. Seller will be responsible for and shall pay all taxes and special assessments, if any, assessed against the Property for the year 2023 and all prior years. The taxes and special assessments for 2024 will be prorated on the basis of the number of months, or fraction thereof, which each party shall be in possession of the Property. At the Closing, Seller shall pay to Buyer a sum equal to a prorated share of the 2024, taxes and special assessments, if any, said prorated share to be based upon the amount of taxes and special assessments assessed for the preceding year. Buyer will be responsible for and shall pay all taxes and special assessments for its prorated share of the 2024 year when the same become due and payable, and all taxes and special assessments for subsequent years Buyer owns and possesses the Property.
12. The parties covenant and agree that except for closing, title insurance and commissions referenced elsewhere herein, each is solely responsible for the payment of any fee for brokerage, technical or other professional services relating to the execution and performance of this Purchase Agreement incurred by such party.
13. Seller makes no warranty or guarantee as to the suitability of the Property for the intended use of Buyer. Therefore, Buyer covenants and agrees that Buyer at Buyer's own expense, shall examine the Property in order to determine such suitability including but not limited to:
 - A. Soils data and geology, drainage, hydrology and topographical features that would affect any present or future intended use;
 - B. The presence or absence of any contamination by any hazardous substance;
 - C. The nature, extent, and cost of public utilities needed to serve all or a portion of such real property;
 - D. The extent and cost of compliance with subdivision regulations, building codes and other applicable rules and regulations involving public improvements, private improvements, access, building setbacks, public dedications, platting and replatting requirements of such real property;
 - E. The nature and extent of zoning and subdivision statutes, laws, ordinances, and regulations affecting the present use, and the ease or difficulty involved in the zone-change and subdivision approval procedures necessary or desirable to allow for the Buyer's intended use or uses.
14. The parties agree this Purchase Agreement embodies the complete agreement and understanding among the parties and supersedes and preempts any prior understandings, agreements, or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. This Purchase Agreement may not be amended orally and may only be amended by a subsequent written agreement executed with the same formalities of this agreement.

15. In the event Closing is not completed by April 30, 2024 and the parties have not mutually agreed to extend the closing date in writing, this Purchase Agreement shall automatically terminate and neither party shall be bound thereby.

SIGNATURE PAGE TO FOLLOW

WITNESS OUR HANDS AND SEALS the day and year first above written.

SELLER



Kansas International DDC, LLC

Christopher J. Reedy, President and CEO



Kansas International DDC, LLC

Tad M. McMahon, CFO

BUYER

By Direction of the City Commission

Chuck Taylor, Mayor

ATTEST:

Connie Marquez, City Clerk

APPROVED AS TO FORM:

Paige B. Gilmore, City Attorney

LEGAL DESCRIPTION

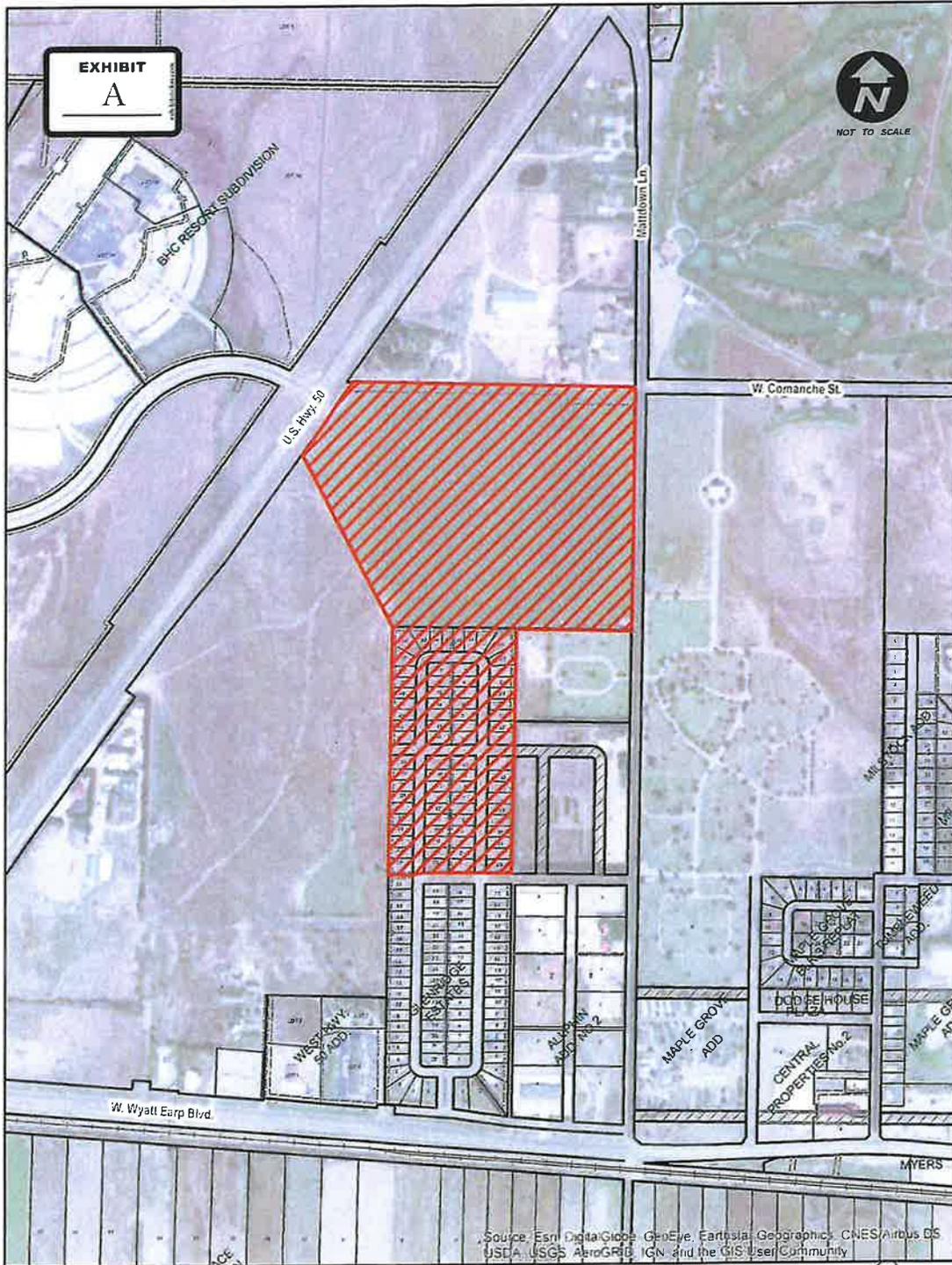
A tract of land located in Section Twenty-eight (28), Township Twenty-six (26) South, Range Twenty-five (25) West of the Sixth Principal Meridian in Dodge City, Ford County, Kansas, more particularly described as follows:

Beginning at the Northeast Corner of Section 28, Township 26 South, Range 25 West; thence South $1^{\circ}03'06''$ West, along the East line of the Northeast Quarter (NE/4) of said Section 28, a distance of 1318.05 feet; thence North $88^{\circ}57'43''$ West, along the North line of Greencrest Cemetery, filed in Book 197, Page 543 in the Register of Deeds Office in Ford County, Kansas and the North line of Glenridge Estates, a subdivision of land in Dodge City, Ford County, Kansas, a distance of 1326.64 feet; thence North $27^{\circ}50'06''$ West, a distance of 1054.55 feet, to a point on the Easterly right-of-way line of U. S. Highway 50, as said Highway now exists; thence North $35^{\circ}46'39''$ East, along said East right-of-way line, a distance of 488.14 feet, to a point on the North line of said Northeast Quarter (NE/4) section; thence South $88^{\circ}43'18''$ East, along said North line, a distance of 1558.01 feet, to the Point of Beginning of the herein described tract of land. Less that part take for road right-of-way. Contains 49.03 acres more or less.

And

A tract of land located in the County of Ford in the State of Kansas, to-wit:

Lots 22 through 31 inclusive of Block 3; Lots 1 through 20 inclusive of Block 4; Lots 11 through 20 inclusive of Block 5; Lots 21 through 44 inclusive of Block 7; Lots 1 through 14 inclusive of Block 8 of Glenridge Estates a subdivision of land in Dodge City, Ford County, Kansas. Contains 20.08 acres more or less, recorded in Book D at pages 139 through 141



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EXHIBIT B



LEASE AGREEMENT



THIS AGREEMENT ("LEASE") is entered into this 15th day of March 2023 by and between Kansas International DDC, LLC, ("Landowner"), and Samuel B. Thompson, Tenant-Lessee ("Tenant").

IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Rental of Real Estate. The Landowner rents and leases to the Tenant, to occupy and to use for agricultural purposes only, the following real estate ("Property") located in the County of Ford and The State of Kansas, and described as follows:

A tract of land located in Section Twenty-eight (28), Township Twenty-six (26) South Range Twenty-five (25) West of the Sixth Principal Meridian in Dodge City, Ford County, Kansas more particularly described as follows:

Beginning at the Northeast corner of Section 28, Township 26 South, Range 25 West, thence South 1 degree 03 minutes 06 seconds West along the East line of the Northeast Quarter of said Section 28, a distance 1318.05 feet; thence North 88 degrees 57 minutes 43 seconds West along the North line of Greenerest Cemetery, filed in Book 197, Page 543 in the Register of Deeds office in Ford County, Kansas and the North line of Glen Edge Estates, a Subdivision of the land in Dodge City, Ford County, Kansas a distance of 1326.64 feet; thence North 27 degrees 50 minutes 06 seconds West, a distance of 1054.55 feet to a point on the Easterly Right-of-Way line of U.S. Highway 50, as said Highway now exists; thence North 35 degrees 46 minutes 39 seconds East along said East Right-of-Way line, a distance of 488.14 feet to a point on the North line of said Northeast Quarter Section; thence South 58 degrees 43 minutes 18 seconds East along said North line, a distance of 1558.01 feet, to the point of beginning of the herein described tract of land, less that part taken for road Right-of-Way, containing 2,135,954 square feet or 49.63 acres more or less. Shown on Exhibit A attached and incorporated by this reference.

Upon the terms and conditions contained herein:

1. Payment of Rent. Tenant agrees to pay to Landowner a cash rent of \$4,900 (four thousand nine hundred dollars) for the Term of this Lease. The Rent shall be paid in two (2) installments: (1) Payment of \$2,450 (two thousand four hundred fifty dollars) on March 19, 2023; and (2) Payment of \$2,450 (two thousand four hundred fifty dollars) on September 19, 2023. Time is of the essence.

2. Possession. Tenant shall have immediate possession of the Property described above.

Irrigation System: Samuel B. Thompson is the owner of the center pivot equipment for the irrigation system. All other parts of the irrigation system and well including the motor,

Handwritten initials and date: SBT, 3/13/23, 1974

pump, pump housing and well casing are the property of Landowner. Tenant shall maintain in good and workable condition parts of the irrigation system including the motor, pump, pump housing and well casing.

3. Term of Lease. The term of this Lease shall be for one year. Tenant warrants that he is fully aware that the subject Property may be developed for commercial enterprises at any time and that there could be a risk of crop loss and other damages. Landowner warrants that they will exercise a best effort to keep Tenant advised of future development that may interfere with, or damage, an existing crop prior to normal harvest and Tenant expressly agrees to hold harmless the Landlord for any such losses. Tenant shall not fertilize or plant without written agreement of Landowner any crop that shall be in the ground after March 19, 2024 without prior written agreement of Landowner. Should this Lease be terminated by the Landowner due to development opportunities, any rents due or paid by Tenant shall be prorated to the date of the termination. Should the Tenant terminate the Lease prematurely, there shall be no refund or proration of rents.

4. Tenant's Expenses. Tenant shall be solely responsible for paying all expenses crop management, irrigation, utilities, fence repairs as needed and any other land maintenance issues that may arise. Tenant shall keep Land free from defect and dangerous conditions.

5. Tenant Requirements.

- a. To prevent noxious weed from going to seed on said premises and to destroy the same and keep the weeds and grass cut.
- b. To keep open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair.
- c. To preserve established watercourses or ditches, and to refrain from any operation that will injure them.
- d. To comply with pollution control and environmental protection requirements as required by local, state, and federal agencies, as well as to implement soil erosion control practices to comply with the soil loss standards mandated by local, state, and federal agencies.
- e. 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.
- f. 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. No chemicals or chemical containers will be disposed of on property.
- g. 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 operations to participate in federal farm programs.
- h. To provide Landowner with a record of any irrigation or water usage and abide by all regulatory limitation related to water and irrigation systems.

ADD
3/13/23
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6. Insurance. For the term of the Lease, Tenant shall maintain insurance with a carrier acceptable to the Landowner, insuring Tenant employees while performing on these premises including, crop liability and property damage insurance. Tenant shall furnish Landowner with a Certificate of Insurance and give notice of termination of coverage.

7. Landowner Liability. The Tenant takes possession of the Property 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.

8. Amendments and Alterations. This Lease may be amended from time to time as the parties may mutually agree. Any amendment or alteration shall be in writing and shall be signed by both Landowner and Tenant.

9. No Partnership Intended. It is particularly understood that the parties are independent contractors and agreed that this Lease shall not be deemed nor intended to give rise to a partnership relation or joint venture.

10. Transfer of Property. If Landowner should sell or otherwise transfer title to the Land, it shall do so subject to the provisions of this Lease, except as may be the case in the event of a condemnation proceeding.

11. Right of Entry. Landowner reserves the right for themselves, their agents, their employees, or their assigns to enter the Property at any time.

12. Right to Sublease. Landowner does not convey to Tenant the right to lease or sublet any part of the Property or to assign the lease to any person or persons whatsoever.

13. Mineral Rights. In the event of the use of any portion of the surface estate of Property for mineral exploration or production, Tenant shall not receive any monies paid with respect to such exploration or Lease. Landowner shall receive all damages paid for bearing and damage to or taking of the surface or any part of the Property. Nothing in this Lease shall confer upon the Tenant any right to minerals underlying the Property, and such mineral rights are hereby reserved by the Landowner together with the right to enter upon the Property 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, tank, pipelines, power lines and other lines as may be necessary or convenient for the above purpose. The Landowner agrees to reimburse the Tenant for any actual damage the Tenant may suffer for crops destroyed by these activities and to release the Tenant from obligation to continue farming this Property when development of mineral resources interferes materially with the Tenant's opportunity to make a satisfactory return.

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14. and Management Practices. Tenant agrees to maintain the Property in a good and workmanlike manner, to observe all conservation practices common to the community to prevent erosion by wind and water in coordination with the Landowner's intended development of Property, and to observe and maintain all existing grades and terraces contained within the Property described in the Lease, excepting those instances wherein Landowner is responsible for contractors or other Land Owner's agents altering grades on Property. Both Landowner and Tenant affirm the goals of minimizing soil erosion losses and preserving the productivity of the Property in ways that are consistent with their needs and desire for acceptable current returns on the leased premises. To this end they agree to implement as far as possible, the best management practices recommended by the National Resource Conservation Service and to cooperate with that agency's soil and water conservation programs.

In the event that Tenant shall fail or refuse to carry out the requirements of this paragraph, Landowner shall be entitled to terminate this Lease.

15. No Binding Encumbrance. Tenant shall not perform any act or fail to perform any obligation that would create any license or encumbrance on the Property. Tenant shall immediately have discharged any lien or encumbrance that might arise from Tenant's activity on the Property.

16. Binding Effect. This Lease shall be binding upon the respective parties, their heirs, assigns, executors, administrators, personal representatives, and successors in interest.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

Tenant

Samuel B. Thompson
Samuel B. Thompson

Address 11944 102 Rd
Ensign, KS 62841

Landowner – Kansas International DDC, LLC

X Michael Schriner 2014489
Michael Schriner, Authorized Representative
Kansas International DDC, LLC
19920 W. 161st Street
Olathe, Kansas 66062

Clark Stewart, President & CEO 3-15-23

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