

AGREEMENT TO PERFORM AGRICULTURAL OPERATIONS

This agreement regarding performance of agricultural operations at the Perry Reuse Site is made and entered into on this 11th day of August, 1994 (hereinafter referred to as the "AGREEMENT") by the CITY OF OCALA, FLORIDA a municipal corporation existing under the laws of the State of Florida (hereinafter referred to as "CITY" and PERRY CATTLE COMPANY (hereinafter referred to as the "LESSEE").

BASIS FOR AGREEMENT

CITY owns and operates a slow-rate land application site (hereinafter referred to as the "Perry Reuse Site") for the expressed purpose of beneficially recycling reclaimed water produced by Water Reclamation Facility No. 2, a City-run wastewater treatment facility. The primary goal of the Perry Reuse Site is the final treatment of reclaimed water in an environmentally-sound manner to meet regulatory requirements for discharge to groundwater. The primary role of the cropping systems and management practices used on the Perry Reuse Site is the removal of nutrients (primarily nitrogen and phosphorous) from the reclaimed water as it percolates through the soil profile. LESSEE understands that, to maintain the capacity to treat and store necessary reclaimed water volume, CITY may be required to irrigate at times when good farming practices do not call for additional water.

TERMS AND CONDITIONS

In consideration of the commitment of CITY to grant LESSEE access to the Perry Reuse Site to perform agricultural operations and the commitment of LESSEE to lease the Perry Reuse Site from CITY at the rate established in this AGREEMENT, both parties agree to the following terms and conditions:

1. Duration of Agreement and Renewal Requirements

This AGREEMENT shall be effective for a term of five (5) years following the date of execution. The terms of this AGREEMENT shall be renewed automatically beyond the initial 5-year term unless terminated by CITY or LESSEE by written notice not less than one (1) year prior to the expiration of said contract. Based upon stipulations in the land purchase agreement made between CITY and LESSEE, LESSEE has the right of first refusal to negotiate terms and conditions to maintain use of the land for agricultural purposes.

2. Rental Fee

For the initial term of this agreement, LESSEE shall pay CITY an annual rental fee of Fifteen (15) Dollars per acre for the right to use the Perry Reuse Site for agricultural operations. The rental fee for future terms shall be reviewed by the CITY and may be renegotiated with LESSEE prior to both parties signing a new agreement for the next 5-year term.

3. Notices

- a. Any notice or authorization pertaining to the duration, termination, rental fee, or the interpretation of the AGREEMENT shall be given in writing and shall be delivered by mail to the parties at the addresses listed below:

LESSEE Perry Cattle Company
 7547 S.E. 110th Street Road
 Belleview, FL 34420

CITY Office of the City Manager
 P.O. Box 1270
 Ocala, FL 34478

- b. All other notices or authorizations including fertilizer, pesticide, soil testing, crop testing, crop rotation, and agricultural operations shall be given to the Site Manager on site.

4. CITY's Responsibilities

In performance of its obligations under this AGREEMENT, CITY agrees to manage, operate, and maintain all facilities for irrigation of reclaimed water on the Perry Reuse Site to ensure compliance with the terms of the Florida Department of Environmental Protection operating permits and the Leeward Air Ranch Property Owners Association agreement. CITY's responsibilities will include, but are not limited to the following:

- a. Labor and parts necessary to operate and maintain the center pivot irrigation and the fixed-gun sprinkler systems;
- b. Operation and maintenance of site access roads, exterior site fencing, operations building, electrical equipment, groundwater monitoring wells, and all other on-site facilities owned by CITY;

- c. Sampling of and data reporting for on-site groundwater monitoring wells;
- d. Provide a Site Manager who's responsibilities will be to operate the facility and to coordinate scheduling of irrigation, haying, and grazing operations with LESSEE;
- e. Final approval of proposed plans by LESSEE to apply supplemental fertilizers and pesticides to the Perry Reuse Site as part of LESSEE's agricultural operations.

5. LESSEE's Responsibilities

In performance of its obligations under this AGREEMENT, LESSEE agrees to perform all agricultural operations on the Perry Reuse Site. LESSEE's responsibilities will include, but are not limited to the following:

- a. Providing adequate materials, labor, and equipment to plant, maintain, and harvest all agricultural crops and cattle management;
- b. Providing and maintaining all interior fencing required for cattle grazing operations;
- c. Conducting agricultural operations in general compliance with the initial crop management plan and good farming practices;
- d. Coordinating agricultural and grazing operations with CITY's site manager as needed;
- e. Renovation of all grazed pasture areas as needed to distribute cattle manure more uniformly across the grazing area;
- f. Applying supplemental fertilizers, chemicals, and pesticides according to product labelling and proposed plan. LESSEE shall notify CITY's site manager prior to application of any supplemental fertilizers, chemicals, or pesticides;
- g. Supplying material label data for all chemicals and pesticides to be used on the Perry Reuse Site to CITY's site manager.

- h. Conducting soil and crop testing and supplying a copy of laboratory results to CITY's site manager at the end of each year along with the annual agricultural operations report discussed in Article 6 below;
- i. Restricting the concentration of cattle on the CITY's property within 200 feet of all background and compliance monitoring wells. Restricting the parking of fertilizer, pesticide, or chemical storage and application equipment within 200 feet of all background and compliance monitoring wells and immediately notifying the site manager of any chemical, fertilizer, pesticide, fuel, or oil spill that occurs as part of LESSEE's operations;
- j. Preventing cattle from grazing on or trampling down stormwater retention berms and, if required, installing additional interior fencing to restrict cattle from these areas.

6. LESSEE's Insurance and Liability

LESSEE shall provide the insurance coverage designated hereinafter and pay all costs. LESSEE shall not commence work under this AGREEMENT until all insurance required in this article has been obtained. LESSEE is responsible at all times for precautions to achieve the protection of all LESSEE's employees and property. Specific insurance and liability requirements are as follows:

- a. LESSEE shall maintain during the term of this AGREEMENT the statutory amount of Workmen's Compensation Insurance, in addition, Employer's Liability Insurance in an amount as specified in Article 6b, for each occurrence, for all of LESSEE's employees to be engaged in work on the Perry Reuse Site. If any such work is subcontracted, LESSEE shall require the Subcontractor to provide similar insurance coverages for all of the Subcontractor's employees to be engaged in such work;
- b. LESSEE shall maintain during the term of this AGREEMENT such general liability and automobile/equipment liability insurance as well as provide coverage for claims for damages for personal injury, including accidental death, as well as for claims for property damage, which may arise directly or indirectly from performance of work under this AGREEMENT. The amount of General Liability Insurance shall not be less than

\$1,000,000 for bodily injury for each occurrence, with coverage for property damage not less than \$1,000,000. Comprehensive automobile/farm equipment liability shall not be less than \$1,000,000 for each person and \$1,000,000 for each occurrence. Contractual liability shall not be less than \$1,000,000 for bodily injury per each occurrence with coverage for property damage not less than \$1,000,000 for each occurrence;

- c. These insurance requirements shall not relieve or limit the liability of LESSEE. CITY does not in any way represent that these type or amounts of insurance are sufficient or adequate to protect the LESSEE's interests or liabilities, but are merely minimums. No insurance is provided by CITY under this AGREEMENT to cover LESSEE.

7. Annual Agricultural Operations Report

LESSEE shall provide an annual report to CITY by February 1st of each year that summarizes farm management practices and operations for the previous year (January-December). LESSEE's annual report to CITY shall include, but shall not be limited to, the following information:

- a. Date, amounts, and types of commercial fertilizers and pesticides applied to each center pivot and fixed-gun sprinkler area;
- b. Tillage practices used, dates of planting, dates of harvest, crop variety, yields per acre;
- c. Total number of cattle grazed and the approximate dates they were on site;
- d. Agricultural management schedule and fertilized plan proposed for the ensuing year.

8. Severability

If any part of this AGREEMENT is found invalid or unenforceable by any court, such invalidity or unenforceability, shall not affect the other parts of this AGREEMENT if the rights and obligations of the parties contained therein are not materially prejudiced and if the intentions of the parties can continue to be achieved. To that end, this AGREEMENT is declared severable.

9. Applicable Law

This AGREEMENT and the provisions contained herein shall be understood, controlled, and interpreted according to the laws of the State of Florida.

10. Exhibits

This AGREEMENT incorporates the following exhibits which are specifically made a part hereof:

Exhibit A - Crop Management Plan

This written AGREEMENT constitutes the entire agreement between both parties and has been entered into voluntarily and with independent advice and legal counsel and has been executed by the authorized representative of each party. Modifications to and waivers of the provisions herein shall be made in writing by the parties hereto.

ATTEST:

CITY OF OCALA

DATE:

DATE:

Mary Jane Milam
Mary Jane Milam
City Clerk

BY: Lorenzo J. Edwards
Lorenzo J. Edwards
City Council President

Witnesses:

Deborah C. Bullock

Approved as to Form and Legality
Patrick G. Gilligan
Patrick G. Gilligan,
City Attorney

Witnesses:

LESSEE: Perry Cattle Company

Leis Larchmont

Juddy A. Perry
Juddy A. Perry

Accepted by City Council on the
5th day of April, 1994.

Deborah C. Bullock
Deborah C. Bullock
Senior Deputy City Clerk

Exhibit A

CROP MANAGEMENT PLAN

General

The City currently irrigates approximately 604 acres of pastureland with center pivot irrigators (536 acres) and fixed gun-type sprinklers (68 acres). The initial cropping plan calls for growing bermudagrass hay 6 to 8 months of the year over the entire irrigated area and then grazing cattle on oats or ryegrass during the winter months over the same area. With an irrigated area of 604 acres and a design hydraulic loading rate of 2.1 inches per week, approximately 4.92 million gallons per day (mgd) of reclaimed water may be applied to the Perry Reuse Site. The need for additional area or the ability to increase irrigation rates will be assessed during the initial years of operation. Approximately 44 acres of oak scrub area that was not cleared as part of the initial construction could be used in the future for additional irrigation area, as well as approximately 15 acres of pastureland that is located in the southeast and southwest corners of the site.

As described in the Agreement, the Lessee will perform all farming, livestock management, and marketing tasks on the Perry Reuse Site. However, management of the operations as a reclaimed water treatment site must always take precedence over agricultural or economic interests, which must complement rather than compromise treatment efficiency. The protection of groundwater quality through efficient reclaimed water treatment and site operation is the first priority. The Lessee and City's site manager must work closely together to ensure that the Lessee's management practices are integrated with the reclaimed water applications to the greatest extent possible.

Hay Production

The Lessee will be responsible for establishing coastal bermudagrass on all irrigated areas that are not currently vegetated by bermudagrass during the first one to two years of operation. After establishment, coastal bermudagrass must be fertilized for high yield and to maintain the long-term viability of the grass. Most fertilization requirements for nitrogen and phosphorous will come from the applied reclaimed water. Nitrogen loading rates in the 250 to 500

pounds per acre per year (lb/ac/yr) range should be sufficient for a high quality haycrop. If the nitrogen concentration of the reclaimed water is less than 10 milligrams per liter (mg/l), then supplemental nitrogen fertilizer may be required to produce a high quality haycrop. Supplemental nitrogen should not be required if nitrogen concentrations are above 10mg/l. The City will monitor the nitrogen concentration of the reclaimed water so that accurate nitrogen loading data can be maintained. This data will be supplied to the Lessee on a monthly basis. Also, the Lessee shall consult with the City's site manager before applying any additional nitrogen fertilizer.

A minimum range of 40 to 75 lb/ac/yr of phosphorus expressed as P₂O₅ (17 to 32 lb/ac/yr of elemental phosphorous) is required for coastal bermudagrass. The reclaimed water should supply adequate amounts of phosphorous without the need for supplemental phosphorous applications. The City will also monitor phosphorous concentrations and loadings from reclaimed water and supply this information to the Lessee.

Since reclaimed water is low in potassium and other micronutrients, supplemental potassium and micronutrient applications will be required to maintain the proper nutrient balance. Fertilizer recommendations should be based on soil samples collected in each field. The Lessee will be responsible for soil sampling and analysis.

Cattle Grazing

During the last week of October and the first week of November, oats or ryegrass will be conventionally tilled into the bermudagrass sod. Around the end of November, approximately 1,200 head of cattle will be brought onsite to graze the oats or ryegrass. The stocking rate will be approximately 2 head per acre. The cattle will be broken up and rotated across the site to optimize grazing and distribute manure more uniformly across the site. The cattle will be removed from the site as the bermudagrass breaks dormancy and begins to grow in early spring. All cattle will be removed from the site by June 30.