
Prepared by:

Return to:

_____,
() -

_____,
() -

STATE OF MISSISSIPPI

COUNTY OF _____

FARM RESIDENTIAL LEASE
16TH SECTION PUBLIC SCHOOL TRUST LAND

THIS 16TH SECTION PUBLIC SCHOOL TRUST LANDS FARM RESIDENTIAL LEASE AGREEMENT, (hereinafter "Lease Agreement"), is made and entered into this the _____ day of _____, 2_____ by and between the LESSOR,

_____,
() -

and LESSEE,

_____,
() -

INDEXING INSTRUCTIONS:

WITNESSETH:

That, for the term and in consideration of the rentals hereinafter set forth, and the covenants, conditions, and obligations to be observed and performed by LESSEE, and by the authority and under the direction of the LESSOR, as recorded in Minute Book _____, Page _____, LESSOR does hereby lease and rent unto LESSEE the following described land (hereinafter the "Leased Premises") to-wit:

Section _____ Township _____ Range _____

MORE PARTICULARLY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND INCORPORATED BY REFERENCE AS IF COPIED FULLY HEREIN.

1. Term. Subject to the other provisions herein contained, the term of this Lease Agreement shall be for _____ (____) years, beginning the _____ day of _____, 2____, and ending on the _____ day of _____, 2____ (called the "primary term"). For purposes of this Lease Agreement the Anniversary Date shall be _____ of each year.

It is expressly agreed and understood by all the parties hereto that part of the consideration given for the execution and delivery of this instrument is the option hereby granted to LESSEE to renew this Lease Agreement for an additional or "secondary term" of twenty-five (25) years from, _____, 2____, under the same terms, conditions, and stipulations set forth herein, except the annual rental shall be based upon the fair market value of the land, excluding buildings and improvements not then owned by LESSOR, as determined by a qualified appraiser selected by LESSOR hereto who performs his appraisal not more than twelve months and not less than three months prior to the expiration of the primary term. LESSEE shall exercise said option to renew for the secondary term of twenty-five (25) years by notifying LESSOR in writing no less than twelve (12) months in advance of the expiration of the primary term and by tendering the determined annual rental to LESSOR at its above-stated address prior to the expiration of the primary term as may be required by statute. The cost of the new appraisal shall be borne by LESSEE. A new lease shall be executed to effectuate the secondary term.

2. Annual Rent. LESSEE covenants and agrees to pay as rent to LESSOR the sum of

(\$ _____) for the first year of this lease which shall be due at the time of approval by the Board of Education. Subsequent payment of annual rent shall be due on or before the anniversary date of this Lease Agreement. The obligation of LESSEE to pay rent under this Lease Agreement is unconditional, and the rent shall not be subject to set off for any reason or cause. LESSOR and LESSEE agree that in the event of termination or cancellation, any rental payment made during the term of this Lease Agreement is not refundable, and LESSEE waives any right or claim it may have to refund of rent paid. Rents shall be adjusted annually pursuant to the rent adjustment clause contained in Paragraph 3 of this Lease Agreement. In the event LESSEE is delinquent in the payment of rent, LESSEE shall pay a late charge equal to fifteen percent (15%) of the amount of rent past due for more than 30 days and thereafter shall pay interest on any rent past due at an annual rate (the "Default Rate") equal to the

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maximum rate then allowed by law or, if there is no maximum rate, then a rate equal to five percent per annum above the discount rate, excluding any surcharge thereon, on ninety-day commercial paper in effect at the Federal Reserve Bank in the Federal Reserve district in which LESSOR is located, calculated according to the actuarial method.

3. Rent Adjustment. The eighth and every subsequent eight year Anniversary Date of the commencement of this Lease Agreement shall be the effective dates of rental adjustments, and on such dates the amount of annual rental due and payable hereunder shall be adjusted in the manner hereafter described to reflect the current fair market rental value of the Leased Premises.

(a) LESSOR shall use its best efforts to cause the Leased Premises to be reappraised and a redetermination made of the annual fair market rental amount within six months before any adjustment date. In the event LESSOR shall fail to instigate reappraisal within the six months preceding any rent adjustment date, LESSOR shall not be deemed to have waived this provision requiring rent adjustment, and in such event (at any time after a rent adjustment date), LESSOR may proceed to have the Leased Premises reappraised and an adjusted rent determined for any such readjustment period. The adjusted rent shall be effective on the required adjustment date and LESSEE shall pay any deficiency to LESSOR within fifteen (15) days of the determination of the adjusted rent. The reappraisal shall be made pursuant to the Mississippi Code of 1972, § 29-3-69, or pursuant to the statute then in effect governing such leases and procedures for determining fair market rental value. The reappraisal shall establish the fair market value of the property unencumbered by this lease and shall reflect the market rate of return at the time but shall be no less than the minimum acceptable percentage provided by the statute in effect. Unless altered by the procedures described below, the amount of rent so determined as of each rental adjustment date shall be paid until the next rental adjustment date or for the balance of the lease as the case may be. The appraisal process described in this subparagraph (a) may be referred to hereafter as the Statutory Procedure. The cost of the reappraisal shall be borne by LESSEE, using an appraiser selected by LESSOR.

(b) Should the Statutory Procedure result in an increase in rent over the amount previously due, LESSEE, by notice in writing given to LESSOR within 15 days after receiving notice of the increase, shall have the right to elect an alternate method of determining the current fair market rental value of the Leased Premises (the "Alternate Procedure") as follows:

(1) LESSEE may provide an appraisal by a Mississippi licensed appraiser having the qualifications hereafter described giving an opinion of current fair market annual rental value based on the (i) the fair market value of the land unencumbered by this lease and (ii) a reasonable percentage of return on comparable land investments as of the rental adjustment date. The written report of LESSEE'S appraiser shall be delivered to LESSOR within 45 days after the date on which LESSOR gave notice of an increase in rent under the Statutory Procedure. UPON FAILURE TO PROVIDE AN ALTERNATE APPRAISAL WITHIN THE TIME ALLOWED, LESSEE SHALL FORFEIT THE RIGHT TO PURSUE THE ALTERNATE PROCEDURE, AND ANNUAL RENT DETERMINED UNDER THE STATUTORY PROCEDURE SHALL BECOME DUE AND PAYABLE.

(2) The two appraisers shall make a good faith effort to reconcile their differences. If they have been unable to do so within 10 days after delivery of the report of LESSEE'S appraiser, the two appraisers within such 10 day period shall each submit the names of

three appraisers having the qualifications hereafter described who practice in Mississippi to serve as a review appraiser, and they shall select the review appraiser from names in common on the two lists. If there is no name in common on the two lists, or if the person selected shall decline to serve, then each appraiser shall submit another list of three names of persons meeting the same criteria.

(3) The review appraiser shall review and analyze the two appraisal reports, and if needed, inspect the land, consult with the two appraisers, review their assumptions and source information and request corrections, revisions, and additions to the appraisal reports. The review appraiser may also consider relevant information from his own files, conduct such independent investigation as he deems appropriate and may consider comparable transactions which occurred after the rental adjustment date.

(4) The review appraiser shall report his opinion of annual fair market rent and such amount shall be accepted by LESSOR and LESSEE as the current fair market rental value of the Leased Premises.

(c) If LESSEE requests the Alternate Procedure, LESSEE shall pay all fees and expenses of LESSEE'S appraiser, the review appraiser and any additional charges of LESSOR'S appraiser. The review appraiser, however, shall perform his duties in an independent and impartial manner irrespective of the source of payment of his fees and expenses.

(d) The annual rentals on any adjustment date shall not be reduced below the amount established upon the initial date of this lease except upon determination by the Statutory Procedure.

(e) The amount of rent determined in the above manner shall be remitted on or before the rental adjustment date or, if the rental adjustment procedures are concluded after such date, then promptly upon conclusion of such procedures effective as of the rental adjustment date.

(f) The rent adjustment procedures will not delay the due date of rent at the existing annual rate and will not affect LESSOR'S right to declare a default if such rent is not timely paid.

(g) LESSEE'S appraiser and the review appraiser must be members of the same organization of appraisers as LESSOR'S appraiser, or an organization having higher requirements for admission, and must have the same or higher designation (such as, for example, Member, Appraisal Institute). If LESSOR'S appraiser belongs to more than one organization, the other appraisers must belong to the organization having the highest standards and qualifications for membership. If the organization has multiple designations for appraisers, the review appraiser and LESSEE'S appraiser must hold the same or a higher designation as held by LESSOR'S appraiser.

4. Taxes. LESSEE covenants and agrees to pay any and all general and special taxes and assessments, including drainage taxes, if ever any there be, applicable to the subject property and LESSEE'S interest therein; further, LESSEE covenants and agrees to pay any and all survey costs and recording fees in connection with this Lease Agreement or any other fees so determined by law. All payments for general and special taxes and assessments, including drainage taxes, shall be made directly to the governmental authority responsible for collecting

such taxes and assessments. During the final year of the lease term, LESSOR or the governmental authority responsible for collecting taxes and assessments may require payment of any such taxes or assessments in advance or require that other security be given to insure that taxes will be paid when due. In the event it becomes necessary for the County Tax Collector or any other authority responsible for collecting general and special taxes or assessments to retain the services of attorneys to collect any taxes or assessments due from LESSEE under this lease, then LESSEE agrees to pay all costs and expenses of such actions or collections, including a reasonable attorneys' fee for the County Tax Collector or such other authority responsible for collecting said taxes or assessments.

5. Default. The parties herein expressly agree that if DEFAULT shall be made in the payment of any tax assessment or rent due made pursuant to this lease, then and in any such event of DEFAULT it shall be lawful for LESSOR to enter upon said premises, or any part thereof upon LESSOR'S thirty (30) days written notice to LESSEE, either with or without process of law, to re-enter and repossess the same, and to distrain for any rent or assessment that may be due thereon, at the election of LESSOR, but nothing herein is to be construed to mean that LESSOR is not permitted to hold the said LESSEE liable for any unpaid rent or assessment to that time. As to all other conditions, covenants and obligations imposed on LESSEE herein, enforcement shall be by proceeding at law or in equity against any person violating or attempting to violate said conditions, covenants or obligations to restrain violation and to recover damages, if any, including reasonable expenses of litigation and a reasonable attorney's fee, which LESSEE expressly agrees to pay. Such enforcement by proceedings at law or in equity may be instituted at any time after thirty (30) days written notice.

6. Remedies. In the event that any FORFEITURE, DEFAULT OR CANCELLATION of this lease or termination of the term therefore as aforesaid, said LESSEE shall quit, deliver up and surrender possession of the Leased Premises, and all LESSOR-owned structures and improvements thereon to the said LESSOR, and thereupon this lease and all agreements and covenants on LESSOR'S behalf to be performed and kept, shall cease, terminate and be utterly void, the same as if the lease had not been made. In addition thereof, LESSOR shall be entitled to whatever remedies it may have at law, or equity for the collection of any unpaid rental hereunder, or for any other sums, for damages or otherwise, that it may have sustained on account of LESSEE'S non-fulfillment or nonperformance of the terms and conditions of this Lease Agreement.

Immediately upon the termination of this Lease Agreement, whether by DEFAULT, CANCELLATION or FORFEITURE, the LESSOR shall be entitled to take possession of said Leased Premises and all LESSOR-owned improvements thereon absolutely, notwithstanding custom, usage, or law to the contrary. Any removal of property from the Leased Premises shall be accomplished so as to leave said Leased Premises in a condition satisfactory to LESSOR. The LESSEE shall remove all of LESSEE'S property within thirty (30) days of LESSOR'S repossession.

7. Curing Default. Notwithstanding any DEFAULT provisions of this Lease Agreement, any present or future holder of a mortgage or deed of trust representing money loaned on these facilities, shall have the right of a thirty (30) day notice of default within which to cure any DEFAULT which may be cured by the payment of money. In addition, for any other DEFAULT

for which a forfeiture of said lease may be invoked, such holder of such mortgage or deed of trust shall be entitled to a notice in writing of the claimed DEFAULT and shall have a reasonable time, which shall not be less than thirty (30) days to either require the correction of such DEFAULT or in lieu thereof to protect and correct such DEFAULT. LESSEE hereby covenants and agrees to notify LESSOR of the existence of all such mortgages, deeds of trust or other secured encumbrances, and further agrees that, in the absence of such notice, LESSOR has no obligation whatever to notify any such holder of said encumbrance.

8. Assignment. This lease SHALL NOT BE ASSIGNED OR SUBLEASED. Assignment or sublease of this Lease Agreement or any rights hereunder shall automatically terminate this lease without any further notice or action by LESSOR. In the event LESSEE owns improvements on Leased Premises, any purchaser of said improvements or any person or entity holding a contract to purchase said improvements shall have the right of first refusal to negotiate a new lease agreement with LESSOR.

9. Breach of Lease Agreement. If LESSEE breaches any of the provisions of this instrument and fails to cure the same after thirty (30) days written notice from LESSOR, then LESSEE, in addition to any other damages for which it may be responsible, shall pay LESSOR its reasonable costs and expenses in enforcing the Lease Agreement, including but not limited to fees charged by attorneys, expert witnesses, surveyors and appraisers.

10. Notices. All notices specified by this Lease Agreement shall be in writing and sent by registered or certified mail, postage prepaid to the following addresses or hand-delivered in person, delivered by facsimile or otherwise to the following persons. By written notice, either party may change the persons or addresses to whom notice shall be given.
16th Section Manager

_____, Mississippi _____
() - _____

To LESSEE:

_____, _____
() - _____

11. Indemnification. LESSEE shall protect, indemnify, defend, save, and hold harmless LESSOR, the State of Mississippi, and the Secretary of State, their officers, board members, employees and agents, from and against all claims, demands, liabilities, suits, injuries, and any and all losses or damages and cost of every kind and nature whatsoever ("loss"), including but not limited to all court costs and attorneys fees and all personal injury or death and/or damage to any person or entity including, but not limited to, LESSOR and its property or other loss arising out of any alleged noncompliance with laws or caused by LESSEE'S exercise of its rights under this Lease Agreement and/or resulting from the actions or omission of LESSEE in connection with its presence on or any use of the Leased Premises by LESSOR, its officers, agents, subcontractors, employees or invitees. Provided, however, it is understood that the indemnity provided by LESSEE as described in this paragraph shall not extend to intentional or negligent acts of LESSOR, its officers, or agents. In the event the intentional or negligent acts

of LESSOR, its officers or agents, are not the direct and sole proximate cause for one hundred percent (100%) of the loss or claim, LESSEE shall be responsible to fulfill its obligations under this paragraph for the percentage of liability not attributable to LESSOR, its officers or agents.

12. Waste. LESSEE shall be responsible for any damage that may be caused to LESSOR'S property by the activities of LESSEE, its employees, agents, contractors, and invitees under this Lease Agreement, and, shall exercise reasonable care in the protection of all improvements, timber and other property of LESSOR, which may be located on the Leased Premises or in the vicinity thereof, against fire or damage from any and all other causes. LESSEE, its employees, agents, contractors, and invitees shall exercise reasonable care in conducting the activities permitted under the Lease Agreement, and shall not, in any event, commit waste or allow waste to be committed.

13. Quiet Possession. LESSEE shall have quiet and peaceful possession of said property so long as compliance is made by LESSEE with the terms of this agreement.

14. Bankruptcy or Judgments. LESSEE hereby covenants and agrees that if an execution or process is levied upon the said Leased Premises or if a petition of bankruptcy be filed by or against LESSEE in any court of competent jurisdiction, LESSOR shall have the right, at its option, to cancel this Lease Agreement. LESSEE further covenants and agrees that this Lease Agreement and the interest of LESSEE hereunder shall not, without the written consent of LESSOR first obtained, be subject to garnishment or sale under execution or otherwise in any suit or proceeding which may be brought by or against LESSEE.

15. Condemnation. If the whole of the Leased Premises, or such portion thereof as will make the Leased Premises unsuitable for LESSEE'S permitted activity, should be condemned for any public use or conveyed under threat of condemnation, then this Lease Agreement shall terminate on the date possession is acquired by the condemning authority, and rent shall be apportioned as of that date. All compensation awarded or paid upon such total or partial taking of the Leased Premises shall belong to LESSOR without participation by LESSEE except to the extent the award fairly represents the value of improvements which are the property of LESSEE. It is provided, however, that nothing herein shall preclude LESSEE from prosecuting any claim directly against the condemning authority for loss of business, cost of relocation or any other damages to which a tenant may be entitled provided that no such claim shall diminish or otherwise adversely affect the amount of LESSOR'S award.

16. Residence/Agricultural Purpose. LESSEE certifies that he lives on the Leased Premises or within one and one-half (1½) miles of the Leased Premises. LESSEE further certifies that there are no other dwellings on the Leased Premises other than LESSEE'S dwelling. In the event LESSEE lives off the Leased Premises (but within one and one-half (1½) miles of the subject property) LESSEE certifies that there are no dwellings on the Leased Premises. LESSEE also certifies that the Leased Premises is being used for agricultural purposes, being row crops, pasture or livestock grazing.

17. General Duties of LESSEE. LESSEE agrees:

- (a) To comply with all laws and ordinances applicable to the use of the Leased Premises.
- (b) To allow inspection of the Leased Premises during normal business hours by any persons responsible for management or supervision of the Leased Premises or this Lease Agreement in their official capacity.
- (c) To perform all obligations herein expressed in a prompt fashion, without notice or demand.
- (d) To surrender the Leased Premises upon termination or expiration of this Lease Agreement, with improvements to be in the condition as herein specified.
- (e) To provide LESSOR, at each Anniversary Date, written certification by LESSEE of compliance with the provisions of this lease.
- (f) To maintain the Leased Premises at all times in a clean, neat and orderly manner, free of waste materials, to keep grass and other vegetation clipped, and to keep all levees and ponds, if any, in a well maintained condition.
- (g) To use and apply good and husbandlike agricultural practices in the use of the Leased Premises.
- (h) Notwithstanding any provision of this Lease Agreement at LESSOR'S option LESSEE shall be required to fill and grade all ponds and/or destroy and grade all levees on the leased premises upon forfeiture, default, cancellation, or termination of this lease agreement.

18. Alteration. It is expressly agreed by and between the parties that LESSEE will not make any alteration upon the Leased Premises without the express prior written consent of LESSOR and that LESSEE will not occupy or use, nor permit to be occupied or used, the Leased Premises, for any business deemed extra-hazardous on account of fire or otherwise; nor will LESSEE permit the same to be used for any immoral or unlawful purpose. LESSEE also covenants and agrees to maintain the Leased Premises in a neat and orderly manner and to refrain from creating or maintaining any eyesores, unattractive nuisances, or other nuisance.

19. Reservations. LESSOR reserves title to all oil or gas, coal, lignite or other minerals in, on, or under the Leased Premises, together with the right to enter and remove the same, but not in a manner which interferes with LESSEE'S operations on the subject property.

20. Timber. LESSOR reserves and excepts from said lease all timber now or during the term, being situated on the Leased Premises with right of ingress and egress to remove same, and with the right to sell all or any part of said timber without breach of any right of LESSEE hereunder.

21. Rights-of-Way. LESSOR reserves the right to grant or sell rights-of-way across the Leased Premises for roads, highways, railroads, fiber optic cables or any public utility line, provided that any such roads, highways, railroads, fiber optic cables or public utility lines be constructed in a manner so as not to interfere with LESSEE'S operations.

22. Recording. LESSOR will deliver this Lease Agreement to the Chancery Clerk of _____ County for recording, and LESSEE has herewith delivered to LESSOR a check in the sum of _____ (\$_____) payable to such Chancery Clerk as recording fees.

23. Immunity. No provision of this Lease Agreement, whether requiring LESSEE to maintain insurance or to indemnify LESSOR or otherwise, shall be construed as a waiver by LESSOR of any provision of law related to governmental immunity.

24. Interpretation. The parties to this Lease Agreement acknowledge that they have freely entered into this Lease Agreement and any ambiguities shall not be construed against a single party.

25. Governing Law. This Lease Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Mississippi. Jurisdiction and venue for any actions arising from this Lease Agreement and any amendments hereto shall rest exclusively in the Chancery Court of _____ Mississippi.

26. Secretary of State. By virtue of the signature below, the Secretary of State of the State of Mississippi has approved this Lease Agreement in accordance with the Secretary's authority for general supervision of 16th Section Public School Trust Land. Approval of this Lease Agreement by the Secretary of State indicates that the LESSOR has exercised the care and skill of an ordinary prudent person to protect the beneficiaries of the 16th Section Public School Trust Land.

27. Supervisory Right. The Secretary of State, as supervisory trustee, shall have the right to institute any action to enforce the terms of this Lease Agreement in the event LESSOR fails to do so in a timely manner. In the event the Secretary institutes legal action to enforce the terms of this Lease Agreement, he shall have all rights as are conferred to LESSOR.

28. Additional Provisions. This Lease Agreement contains an Exhibit "B." Any additional or special provisions to this Lease Agreement are set forth in Exhibit "B" and incorporated by reference as if copied fully herein. If there are no additional or special provisions then Exhibit "B" shall state "NONE."

30. Entire Agreement. This Lease Agreement shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease Agreement shall not be binding upon either party except to the extent incorporated in this Lease Agreement. This Lease Agreement contains Exhibits "A" and "B." If Exhibits "A" and "B" are not attached to this Lease Agreement, then this Lease Agreement shall be null and void.

IN WITNESS WHEREOF, this Lease Agreement is executed by LESSOR and pursuant to order entered upon its minutes, is executed by LESSEE this the _____ day of _____, 2____.

Signed, Sealed and Delivered in the Presence of:

LESSOR:

School District

Superintendent: _____

Board President: _____

APPROVED:

County Board of Supervisors

President: _____

Secretary of State:
Michael Watson

LESSEE:

Printed Name: _____

ACKNOWLEDGMENTS

School District

STATE OF MISSISSIPPI

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this _____ day of _____, 2_____, within my jurisdiction, the within named _____, Superintendent of Schools and _____, school board President of the _____ School District Board of Education, who acknowledged that in said representative capacity as Superintendent of Schools and President of the Board of Education of the _____ School District, they executed the above and foregoing instrument for and on behalf of said Board of Education, after first having been duly authorized so to do.

Printed Name: _____
(Notary Public)

My Commission Expires: _____ (Affix official seal, if applicable)

Board of Supervisors

STATE OF MISSISSIPPI

COUNTY OF _____

Personally appeared before me the undersigned authority in and for the said county and state, on this the ____ day of _____, 2_____, within my jurisdiction, the within named _____, who acknowledged to me that he / she is the President of the Board of Supervisors of _____ County, Mississippi, and that in said representative capacity he / she executed the above and foregoing instrument for and on behalf of said Board of Supervisors, after first having been duly authorized so to do.

Printed Name: _____
(Notary Public)

My Commission Expires: _____ (Affix official seal, if applicable)

ACKNOWLEDGEMENTS

Lessee - Personal

STATE OF MISSISSIPPI

COUNTY OF _____

Personally appeared before me, the undersigned authority in and for said county and state, on this the ____ day of _____, 2____, within my jurisdiction, the within named _____, who acknowledged that he / she executed the above and foregoing instrument.

Printed Name: _____
(Notary Public)

My Commission Expires: _____ (Affix official seal, if applicable)

Lessee - Corporate

STATE OF MISSISSIPPI

COUNTY OF _____

Personally appeared before me the undersigned authority in and for said county and state, on this the ____ day of _____, 2____, within my jurisdiction, the within named _____, who acknowledged to me that he / she is the _____ of _____, and that in said representative capacity he / she executed the above and foregoing instrument, after first having been duly authorized so to do.

Printed Name: _____
(Notary Public)

My Commission Expires: _____ (Affix official seal, if applicable)

EXHIBIT "A": DESCRIPTION OF PROPERTY

EXHIBIT "B": ADDITIONAL PROVISIONS