

**FARM MANAGEMENT AGENCY AGREEMENT**

**THIS AGREEMENT**, made between Shelby County Airport, as Owner, and THE SHELBY COUNTY STATE BANK, as Agent, WITNESSETH:

DESCRIPTION OF PROPERTY AND PURPOSE:

Owner hereby appoints THE SHELBY COUNTY STATE BANK, and THE SHELBY COUNTY STATE BANK hereby accepts appointment as AGENT to enter into possession of and to manage, supervise and operate the following farm land of Owner, to-wit:

The West ½ of the Southwest ¼ of section 11, The East ½ of the Southeast ¼ of section 10 and the West ½ of the East ½ of the Northeast ¼ of section 10 and 16 acres in the Northwest ¼ of the Northeast ¼ of the Northeast ¼ of section 15, Township 11 North, Range 3 East of the third principal meridian.

All in Shelby County, State of Illinois containing 208 acres more or less.

TERM:

The term of this agreement shall be for one (1) year from April 1, 2006, and from year to year thereafter until terminated by either Owner or Agent for any reason by giving written notice to the other party not later than September 1st in any year of intention to terminate the agreement, whereupon this agreement shall terminate upon the 31st day of December next following.

AGENT'S POWERS:

Agent is hereby given express power and authority:

- (a) To enter into possession of and to superintend, manage and oversee the operation of the above described farm lands.
- (b) To make and execute Leases of the above described farm lands with tenants for a term of one (1) year.
- (c) To contract for and superintend such improvements and repairs as from time to time may be needed and to pay for such repairs and improvements from Owner's funds in the possession of the Agent or advanced by Owner.
- (d) To pay from funds of the Owner in possession of the Agent, insurance insuring any and all buildings in such amounts as the Agent deems appropriate, to insure the crop or crops as may be growing from time to time and to obtain liability insurance as may be determined appropriate to protect both the Owner and the Agent from all claims that might or could be brought against either by the tenant, its agents, servants or employees.
- (e) To pay from funds of Owner in the possession of the Agent or advanced by Owner general and special taxes and assessments levied upon and against the above described lands, including drainage assessments or if funds are unavailable in the account of the Owner, to notify the Owner who shall be responsible for the payment of any such tax or assessment.

- (f) To collect rentals and the proceeds of sales of and loans on crops, livestock and all other agricultural products from said farm land. Should the Owner execute a master note, the Agent shall and is hereby granted the power to draw from such note or notes or the proceeds from such crops, including government crop loans as are available.
- (g) To pay such sums as may be necessarily incurred and as are incidental to the necessary, proper or efficient operation of the farm, including but not being limited to, such items as seed, fertilizer, drain tile, fence and building repairs, freight, trucking and marketing expense, soil tests, threshing, shelling, drying, livestock costs, feed and forage costs, breeding and/or veterinary fees, etc.
- (h) To participate in any applicable agricultural conservation, soil conservation or governmental program designed to aid or promote agriculture and by the execution of this agreement to make and empower the Agent as their true and lawful power of attorney to execute any and all documents that may be required to participate in any such program.
- (i) To sell, mortgage and pledge the crops, whether growing and unharvested or harvested, livestock and products of said land at the prices and times fixed by the best judgment of the Agent and to execute and deliver any and all documents necessary or incidental thereto and to further grant the Agent the power and right as a marketing device any one or any combination of the following: **(Those items marked below authorize the Agent to use)**.

- 1) Commodity credit loan;
- 2) Use of futures;
- 3) Options;
- 4) Cash sale;
- 5) Forward contract sale;
- 6) Basis contract sale;
- 7) Delayed price contract;
- 8) Cash rent.

- (j) To endorse for deposit and deposit checks, drafts, bills of exchange and other instruments payable to the Owner or to the Owner's order and deposit all moneys, rents or other proceeds from the operation of the above-described lands for the Owner in a farm department account for the benefit of the Owner which said account may be utilized and may be comingled and create a common fund although the Agent shall at all times keep a segregate accounting of such participation. Said common fund may be placed through the SHELBY COUNTY STATE BANK by the farm department. In addition, the Owner specifically authorizes investment in any financial vehicle by way of description and not by way of limitation, including certificate of deposit, bank repurchase or other investment arrangement that may be offered by the SHELBY COUNTY STATE BANK.
- (k) To take action to prevent any hazardous wastes from being placed on the property and to remove any conditions affecting the property or which may contribute to any condition which may violate any Federal or State statute (such costs exceeding \$1,000 to be authorized by Owner) and otherwise use management practices which comply with EPA regulations and soil conservation recommendations. If deemed necessary, Agent

shall have an environmental audit conducted and will follow the recommendations of the audit at the Owner's expense. No such audit shall be without notice to the Owner.

AGENT'S DUTIES:

The Agent shall:

- (a) Furnish all necessary plans and instructions to tenants to properly operate, till and farm said lands and supervise the tenants in farming said land.
- (b) Have the soil of said land tested, and treat the soils in accordance with said tests to develop a higher state of fertility, as approved by Owner.
- (c) Direct the selection of seed, proper rotation of crops, and the purchase and use of proper fertilizers.
- (d) In no instance, spend or contract to spend for repairs or improvements a greater sum than \$1,000 without the written consent of Owner, and submit to Owner estimates of necessary expenditures covering an amount greater than that stipulated above.
- (e) Make return of all rentals and profits to Owner at least annually, or more often as requested by Owner.
- (f) Furnish to Owner a complete, detailed report of the preceding year's account and operations as soon as possible after the end of each calendar year, which report shall include among other things, both a cash statement and a profit and loss statement suitable for use by Owner for Federal Income Tax purposes.
- (g) Use its best effort to organize, manage and operate said land by approved, modern, scientific and practical farming methods, in a good and husband-like manner, with a view to obtaining the largest net returns therefrom consistent with maintaining, improving and increasing the fertility and productive capacity of said land.

AGENT'S COMPENSATION:

Owner shall pay to Agent, as compensation for Agent's services, as follows:

Size ( <u>Tillable Acres</u> )	Landowner's <u>Gross Receipts</u>	Landowner's Net <u>Operating Income</u>
0 - 160 Ac.	7.5%	15.5%
161 - 320 Ac.	7.0%	14.5%
321 - 480 Ac.	6.5%	13.5%
481 - UP Ac.	7.0%	12.5%
Cash Rent <i>or Custom Lease</i>	5.0%	N/A (No Min.)

Note: Net income fee is based on gross sales less direct production costs and insurance. Capital improvements, debt payment, interest expense, and repairs are excluded from this calculation.

- (a) Fees shall be charged in accordance with the above schedule.
- (b) Should this agreement be terminated either by expiration or by notice of either party, the Agent shall be entitled to a fee determined in accordance above based upon the value of the crops on hand at the day of termination or if said crops are pre-sold, the price at which they are sold for subsequent delivery.
- (c) Agent shall notify Owner of any changes in fees on or before **August 1st** to become effective on the anniversary date of this agreement without necessitating termination of this agreement which said notice shall constitute a modification to this agreement as to the fees.

ADDITIONAL AGREEMENTS:

- (a) Owner shall furnish to Agent, upon request, such detailed information concerning said land and past operations, improvements and costs thereof as may be available.
- (b) Owner shall not assign, transfer, convey, mortgage or in any way dispose of the issues, rentals or profits arising out of said land without giving Agent prior written notice thereof.
- (c) Only upon written request of Owner and at Owner's expense shall Agent prosecute or defend any suits or proceedings affecting the above described lands or the issues, rents or profits arising therefrom or incidental to the operation thereof.
- (d) This agreement shall not be placed of record.
- (e) Agent assumes no liability and shall be held harmless by Owner for any such liability or loss sustained as a result of environmental contamination that may be present as of the date of this contract and/or may be discovered to be present at a point in time in the future which is not caused by the Agent.

EXTENT OF AGREEMENT:

This contract shall be binding upon the heirs, devisees, assignees, grantees and personal representatives of Owner and upon the successors in interest of Agent.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand and seals this 5<sup>th</sup> day of April 2006

*Shelby County Agent J. Young*  
*Shelby County* OWNER  
 By *John G. Schaefer* Secretary  
 THE SHELBY COUNTY STATE BANK

By James D. Schwerman  
 James D. Schwerman, A.F.M.  
 Farm Manager and Loan Officer