

AGREEMENT

This AGREEMENT ("Agreement") is made and entered into by and among C & H Hog Farms, Inc., to include each of its shareholders (singularly and collectively "C & H"), the Parties of the first part, and the Department of Arkansas Heritage, with the consent and approval of the Office of the Governor of the State of Arkansas ("Governor"), by and through the Office of the Governor of the State of Arkansas ("Governor"), (collectively, the "State"), Parties of the second part. The Parties of the first part and the second part are collectively referred to as the "Parties."

WITNESSETH:

WHEREAS, C & H is part of a family farm that has been engaged in agricultural operations in the watershed of the Buffalo National River, Newton County, Arkansas for several generations;

WHEREAS, C & H has operated a confined animal waste management system pursuant to the authority of NPDES Permit No. ARG590000 (the "CAFO"), which includes lagoon storage, as well as land application of liquid animal waste land upon lands located in the watershed of the Buffalo River, pursuant to Permit 5282-W and Permit 3540-WR-7 (the "Land Application");

WHEREAS, the State of Arkansas has issued a moratorium which prohibits the siting of new large CAFOs in the Buffalo National River watershed due to the historical, cultural, and recreational significance of the Buffalo National River as the nation's first national river, the public interest in preserving the water quality of the Buffalo National River and its watershed tributaries including Big Creek, the ecological issues within the watershed of the Buffalo National River, and other issues of public interest to the citizens of the State of Arkansas;

WHEREAS, the State has requested that C & H terminate its existing CAFO operations in the Buffalo National River watershed;

WHEREAS, C & H has a substantial investment in the ongoing CAFO operations, which includes not only land and improvements, but also debt service, permitting costs, mobile equipment with extended lifetimes, a long term integration agreement with a major swine production company, all of which have value and generate substantial income that will be lost if ongoing CAFO activities are terminated;

WHEREAS, the Parties have agreed to a consideration and procedure for implementing the State's request;

WHEREAS, C & H is exempt from the CAFO moratorium, and has offered to donate a conservation easement to the State of Arkansas in the property owned by C & H which will permanently prohibit CAFO operations on its property located in Newton County, more particularly described as follows:

Parts of the Northwest Quarter of the Southeast quarter, the Southwest Quarter of the Northeast Quarter, the Southeast Quarter of the Northwest Quarter, and the Northeast Quarter of the Southwest Quarter of Section Twenty-six (26), Township Fifteen (15) North, Range Twenty (20) west, Newton County, Arkansas, described as follows: From the Northwest corner of the said Northwest of the Southeast, go along the North line South 89°04'03" East 696.59 feet to the center of an existing road, Point of Beginning of Tract Being described, then go along the road with the following; North 40°02'36" East 387.16 feet, North 28°41'11" West 62.61 feet, North 28°31'44" West 325.00 feet, North 36°41'32" West 234.54 feet, North 28°19'58" West 489.72 feet, then leaving the road go South 34°15'24" West 287.86 feet, South 10°43'49" West 30.17 feet, South 02°16'31" East 71.55 feet, South 21°20'46" West 226.97 feet, South 17°10'11" West 204.66 feet, South 85°23'07" West 169.69 feet, South 14°01'12" West 552.27 feet, South 52°11'43" East 679.05 feet, North 40°02'36" East 595.30 feet to the Point of Beginning, containing 23.43 acres.

(the "Property" or the "Protected Property");

WHEREAS, the conservation easement will restrict certain current uses of the land and improvements, the economic loss of which is being substantiated by a qualified professional appraiser;

NOW THEREFORE, in consideration of the premises and the terms and conditions hereinafter set forth, the Parties agree as follows:

1. As consideration for entering into this Agreement, C & H will terminate existing CAFO operations per the terms set forth herein and, upon approval by the State, which approval will not be unreasonably withheld, will donate to the Arkansas Natural Heritage Commission ("ANHC"), a Division of the Department of Arkansas Heritage or, in the alternative, to another state agency or body as may be later agreed between C & H and the State, a conservation easement that prohibits future CAFO activities upon the Protected Property.

2. As consideration for entering into this Agreement, the Governor will direct the Arkansas Department of Environmental Quality ("ADEQ") to assume all responsibility for the activities required to terminate the CAFO and liquid animal waste storage and Land Application operations and terminate the permits authorizing such activities in a manner protective of human health and the environment, including any necessary remediation of the waste storage ponds as consistent with ADEQ's Waste Storage Pond Closure Guidelines. ADEQ will develop and implement a closure plan to implement the Governor's directive, and provide opportunity for public input and comment upon the closure plan (the final closure plan is referred to as the "Closure Plan"). ADEQ will certify to C & H in writing when all items required to complete the Closure Plan are completed. As additional consideration, and upon approval by the Arkansas Legislative Council of the expenditure of the negotiated amount, the State of Arkansas will pay SIX MILLION TWO HUNDRED THOUSAND DOLLARS (\$6,200,000), with said amount to be deposited into an Escrow Account in accordance with paragraph 4. It is understood and agreed by the Parties that interest, which may accrue upon said deposit, shall be paid to C & H as shall be provided in the escrow agreement (as defined below).

3. The conservation easement will be a permanent easement upon the Protected Property and will be in a mutually agreed form that is consistent with the following terms:

(a) Purposes. The purposes of this Conservation Easement are to ensure that the donation of the conservation easement qualifies as a “qualified conservation contribution” in accordance with Sections 170(h) and 2031 (c) of the Internal Revenue Code of 1986, as amended and the regulations thereunder, and to prohibit the CAFO, animal wastes, and Land Application operations as herein described.

(b) Prohibited Uses and Restrictions. The use of any building or combination of buildings on the Protected Property for the feeding, breeding, raising or holding of animals and specifically designed as a confinement area where manure may accumulate is prohibited. Any activity that is defined as a concentrated animal feeding operation under state or federal environmental law is specifically prohibited. Free grazing of swine is prohibited.

(c) Authorized Uses. Any uses not otherwise prohibited and consistent with the purposes of this Conservation Easement are authorized. Without limitation, the following uses are not prohibited and are consistent with the purposes of this Conservation Easement:

(i) Agricultural Land Management Activities. The cultivation of the soil, including the creation, restoration, and/or maintenance of fields, grasslands, pasture, coverts, or meadows for commercial and/or non-commercial farm, nursery, agricultural or wildlife management purposes including necessary structures;

(ii) Agricultural Activities. The cultivation, raising, production, harvesting, or sale of crops commonly found in the community surrounding the Protected Property.

(iii) Free Range Livestock. Grazing livestock, excluding swine; provided that livestock shall not be confined or maintained on the Protected Property for a total of 45 days or more in any 12-month period and the number of livestock shall be limited to less than 2 animal units per acre. Large animals (cows, horses and similar large animals) are 1 animal unit. Medium animals (sheep, goats and similar size animals, excluding swine) are 0.5 animal units. Small animals (all fowl and similar sized non-fowl animals) are 0.1 animal units.

(iv) Forestry and silviculture activities.

(v) Recreational activities including hunting and fishing.

(vi) Single family dwelling.

- (vii) Other uses that are not otherwise prohibited herein.
- (viii) Any use authorized by Grantee.

4. The Parties shall enter into a mutually agreed escrow agreement (the "Escrow Agreement") that incorporates the essential terms of this Agreement as soon as practicable after the execution of this Agreement. The essential terms of the Escrow Agreement shall include provisions for an interest-bearing account for holding escrow funds (the "Escrow Account") and for the ordering and review of a title opinion by the State to verify clear title is held by C & H as well as C & H's rights to convey a conservation easement on the Protected Property.

(a) The Parties agree that the conservation easement will be fully executed on or before the date that the \$6,200,000 is deposited into the Escrow Account and will be held in escrow under the terms of the Escrow Agreement;

(b) Upon the funding of the Escrow Account pursuant to this Agreement, C & H shall file motions, shall obtain, and shall maintain the stay of all legal proceedings for reasons of this Agreement and for settlement performance underway pursuant to this Agreement. Upon the funding of the Escrow Account pursuant to this Agreement, C & H shall cease insemination of sows and acquisition of swine and shall act as quickly as commercially reasonable, but shall have up to one hundred eighty (180) days, to fully shut down and allow for the regular grow-out cycle of piglets to be completed. C&H shall certify to the State in writing when all swine have been removed from the CAFO and then allow inspection of the CAFO by the State;

(c) Immediately upon the full execution of this Agreement, ADEQ shall begin development of its closure plans as described in paragraph 2 above;

(d) Upon C & H's certification that all swine have been removed from the CAFO, ADEQ shall promptly implement the Closure Plan as described in paragraph 2 above. C & H shall not unreasonably interfere with ADEQ's closure activities on the Protected Property and ADEQ shall certify to C & H in writing when the Closure Plan activities are complete;

(e) Upon ADEQ's certification of completion of the Closure Plan to C&H, or sooner at the option of C & H and upon one week written notice by C & H to the other Parties, C & H shall file motions to dismiss with prejudice all legal proceedings. Upon the dismissal by court order of all legal proceedings, the Escrow Agent will deliver the fully executed conservation easement to the designated grantee pursuant to the terms of this Agreement and will disburse the funds held in the Escrow Account, first to Farm Credit of Western Arkansas to pay C & H's indebtedness, with remaining funds to be paid to C & H. The conservation easement may then be concurrently recorded in the real estate records of Newton County, Arkansas.

5. In entering into this Agreement, each of the Parties acknowledges and represents that it has consulted and relied on, or has had a sufficient opportunity to consult and rely on, the legal advice of an attorney of its own choice, and that the terms of this Agreement, including all documents and exhibits referred to herein, have been completely read and explained to it by its attorney, and that those terms are fully understood and voluntarily accepted by it.

6. This Agreement and all of the terms hereof have been freely negotiated and entered into by each of the Parties hereto without duress.

7. This Agreement and all of its terms have been mutually and jointly drafted by all of the Parties and any ambiguity shall not be interpreted either for or against any of the Parties.

8. Each person executing this Agreement represents and warrants that he or she is duly and fully authorized to do so on behalf of their respective Party.

9. All the terms, covenants, representations, warranties, and agreements contained in this Agreement, or in any other instrument, certificate, document, opinion, or other writing attached hereto or referred to herein, shall survive the execution and delivery of this Agreement and all other documents executed and delivered pursuant to or in connection with this Agreement.

10. Nothing contained in this Agreement shall be construed as giving any persons or entities, other than the Parties, any right, remedy, or claim under or in respect of this Agreement, except for the rights expressly granted herein.

11. All of the preambles and all of the recitals set forth in this Agreement are made a part of this Agreement. In addition, any and all exhibits to this Agreement are hereby specifically made a part of and incorporated into this Agreement.

12. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same agreement which shall be binding on all of the Parties, notwithstanding that all of the Parties are not signatory to the same counterpart.

13. This Agreement may be executed by facsimile signatures or electronic signatures, with original signatures to be provided promptly after facsimile or electronic transmission.

14. Each of the Parties shall have the right at all times to enforce any or all of the provisions of this Agreement in strict accordance with the terms hereof, notwithstanding any conduct, custom, course of dealing, delay, or failure of any of the Parties with respect to such right of enforcement. No conduct, custom, course of dealing, delay, or failure of any of the Parties with respect to exercising any rights, powers, or privileges under this Agreement shall operate as a waiver of any such rights, powers, and privileges.

15. All rights and remedies under this Agreement are cumulative and concurrent, and the exercise or partial exercise of any such right or remedy shall not be deemed a waiver, release, or preclusion of any subsequent exercise of that right or remedy which may now or hereafter exist at law or in equity.

16. This Agreement constitutes the entire agreement and understanding of the Parties as to the matters covered hereby and supersedes all prior statements, agreements, and understandings, whether written or oral, with respect to such matters.

17. No delay, waiver, omission, or failure of any party to exercise or enforce any of the terms, covenants, conditions, or other provisions of this Agreement shall affect or impair, or constitute a waiver of or estoppel concerning, the rights of that party with respect to any subsequent default of the same or different nature. Neither Party shall assign, or otherwise transfer, its rights or responsibilities under this Agreement without the prior written consent of the other Parties.

18. Each of the signatories to this Agreement represents and warrants that each has carefully read this Agreement, including all documents and exhibits referred to herein, and that he/it fully understands all its rights and obligations under this Agreement.

19. This Agreement may not be modified in any manner, except by written agreement signed by all Parties hereto and approved by the Parties' respective attorneys.

20. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions of this Agreement.

21. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas applicable to contracts made and to be wholly performed within such state.

22. This Agreement shall bind all of the Parties hereto and their respective heirs, personal representatives, successors and assigns.


23. Should any dispute arise under this Agreement, the Parties shall make reasonable and good faith efforts to resolve their dispute informally, including mediation if necessary, prior to the filing of any legal action.

IN WITNESS WHEREOF, the Parties have caused these presents to be executed on this 13th day of June, 2019.

Signature pages to follow

Agreement, signature page

DEPARTMENT OF ARKANSAS HERITAGE


By its Director
Title: *Director, Department of
Arkansas Heritage*
Date: *June 13, 2019*


JIM F. ANDREWS, JR.

*Attorney for The Department of
Arkansas Heritage*

Agreement, signature page

C & H HOG FARM, INC.:

Jason Henson
Its Authorized Representative

Title: President

Date: 6-13-19

Jason Henson
Jason Henson, Stockholder

Richard Campbell
Richard Campbell, Stockholder

Philip Campbell
Philip Campbell, Stockholder

Agreement, signature page

Accepted and approved:

A handwritten signature in blue ink, appearing to read "Asa Hutchinson", written over a horizontal line.

The Honorable Asa Hutchinson
Governor of the State of Arkansas

Date: June 13, 2019