

AGREEMENT FOR LEASE OF LAND FOR AGRICULTURAL USE

Parties

This is a Farm Lease Agreement (“Agreement”) between the following parties:

Landlord(s) (hereafter collectively referred to as “Landlord”)

City of Hermiston
180 NE 2nd Street
Hermiston, Oregon 97838

Tenant(s) (hereafter collectively referred to as “Tenant”)

Background

WHEREAS, City of Hermiston desires to lease certain tillable land that is owned, controlled and operated by the City of Hermiston; and

WHEREAS, the primary function of this land is to serve as a buffer around the Hermiston Municipal Airport (“Airport”) and as such, it is not actively used by the Airport; and

WHEREAS, this land can and has been used for agricultural purposes without impairing its function as a buffer for Airport operations; and

WHEREAS, by leasing this land for agricultural use the Airport can generate revenues that support Airport operations; and

NOW THEREFORE, in consideration of the rental payments and commitments of the parties hereafter set forth, the parties agree to the following:

Terms

1. Lease.

Landlord agrees to lease to Tenant, and Tenant agrees to lease from Landlord, the Property described in Section (2) for the uses set forth in this Agreement on the terms and conditions stated in this Agreement and the attached Exhibit(s).

2. Description of Real Property to be Leased.

2.1 Property Description

The Property shall consist of 140 acres of irrigated farm land, the land more particularly described in Exhibit A, which is attached and incorporated herein.

2.2 Future Property Development

Should the Landlord determine, during the period of this lease, that airport expansion, development, or other airport requirements would be best served by adding or removing certain fields from the provisions of this Agreement, the Landlord shall be entitled to take such action without penalty or termination of this lease. It being understood, however, that the Tenant's payments would be adjusted according to the number of acres added to or removed from the terms of this lease, and that the Landlord shall reimburse the Tenant for any unharvested crops remaining on the fields removed from the Agreement. Compensation for adjustments shall be at the applicable annual rent rate in accordance Section (5). Compensation for unharvested crops on fields removed from the Agreement shall be at an amount mutually determined to be sufficient to cover Tenant's costs in planting and tending to those crops.

3. Other Property To Be Leased

3.1 Equipment.

Irrigation infrastructure to include handlines and center pivot irrigation systems

4. Term, Renewal, Termination, and Surrender

4.1 Initial Term.

The term of this Agreement shall run for 12 months, beginning on January 1, 2026 and ending on December 31, 2026 (the "Termination Date").

4.2 Renewal.

The parties may renew this Agreement for an additional 3 year period ("Renewal Term") as set forth in this paragraph. To renew this Agreement, Tenant shall deliver written notice of Tenant's intent to renew this Agreement ("Renewal Offer") to Landlord on or before 90 days prior to termination. Upon Tenant's delivery of a Renewal Offer, Landlord shall have 15 days to provide Tenant with written notice of Landlord's acceptance or rejection of Tenant's Renewal Offer. If Landlord fails to provide a written response to Tenant's Renewal Offer, this Agreement shall not terminate on the Termination Date and instead shall automatically renew for the additional 3 year Renewal Term. If Tenant fails to deliver a Renewal Offer on or before 90 days prior to termination, the Termination Date shall remain as set forth above unless the parties mutually agree otherwise.

4.3 Early Termination.

The Landlord and Tenant shall each have the power to terminate this Agreement with at least 180 days written notice to the other party. If 180 days written notice is properly provided to the other party, the lease shall terminate 180 days after the notice was received by the other party, or on a later date set forth in the notice.

4.4 Surrender.

Upon termination of this Agreement, unless otherwise mutually agreed upon by the parties, Tenant shall surrender possession of all land, equipment, structures, and other assets related to the Property on or before December 31, 2026. Tenant shall have the right of entry for the purpose of harvesting crops seeded before termination of the lease in accordance with normal farm practices, or to sell the interest in such crops either to the Landlord or to the succeeding Tenant. If the Tenant, in view of the approaching termination of this Agreement, fails to plant crops in accordance with accepted farming practices, the Landlord or the designated agent shall have the right of entry to plant such crops.

5. Rent

5.1 Rent Amount.

The Lessee shall pay to the Owner the sum of sixty-three thousand and one hundred seventy five dollars (\$63,175.00) annual rent for the use of the fields referred to in Section 2. This annual rent is calculated per acre.

5.2 Timing of Rent Payments.

Prompt and full payment of rents due is the essence of this contract. The annual cash rent shall be paid in 12 equal installments, amounting to \$5,264.00 dollars each.

The first payment is due 10 days following execution of this Agreement to Lease and monthly thereafter of each contract year remaining.

Any unpaid rent and interest shall bear interest at the rate of 1.5 percent per month, or part thereof, from the date due until paid. It is noted that interest is compounded.

The Lessee agrees to pay any and all cost and expense associated with the collection of past due rent or interest due thereon.

The Lessee understands and agrees that failure to make payments when due may be considered sufficient cause to immediately terminate this lease, negotiate and contract with any other person to fulfill as closely as possible the terms and remaining period of this lease, and to collect all unmitigated damages and monies owed by the Lessee, including damages resulting from the termination of this lease.

6. Permitted Use and Use Restrictions

6.1 Permitted Uses.

Landlord agrees that Tenant is permitted to use the Property for the following permitted uses:

- All normal activities associated with agricultural purposes
- Planting, cultivating and harvesting of annual crops

- Planting, cultivating and harvesting of perennial crops
- Application of soil amendments
- Pest and weed management
- Use, routine maintenance and storage of tools and equipment
- Post-harvest washing, cooling, sorting, and packing
- Keeping of bees
- Management of brush, field edges and roads
- Erect any signs on the Property (for example, Do Not Spray signs, or farm identification signs)
- Other common activities associated with cultivating crops and/or raising livestock
- On-farm events
- Erection and management of temporary structures
- Establish and maintain a compost pile on the Property

6.2 Prohibited Uses.

Landlord and Tenant agree that the following activities are prohibited on the Property: Cutting trees, erecting permanent fencing or structures, storing vehicles or farm equipment not essential to the farm operation, storage of gasoline/diesel fuel or other toxic substances, dump or store trash on the property, and violating any rules established by the FAA relating to Runway Protection Zones.

6.3 Consent To Engage in Prohibited Uses.

Tenant may request Landlord's consent to engage in prohibited uses or to engage in uses not clearly permitted under this Agreement. Tenant may submit a written description of the proposed use including the location and scope of the proposed use. Landlord may approve, disapprove, require more information, or require certain modifications to the proposed improvement. A written document clearly indicating Landlord's consent to the proposed use shall constitute an amendment to this Agreement.

7. Maintenance and Repairs

7.1 Maintenance.

Tenant will conduct routine maintenance in order to maintain the Property in good condition. Tenant is responsible for the following routine maintenance activities:

- Cultivating the farm faithfully and in a timely, thorough and businesslike manner;
- Applying fertilizer in an appropriate type and manner to maintain the fertility of the soil;
- Using reasonable efforts to control noxious weeds and prevent soil erosion;
- Keeping open ditches, tile drains, tile outlets, grass waterways, and terraces in good repair;

- Preserving established watercourses or ditches, and refraining from any operation that will injure established watercourses or ditches;
- Keeping any building, fences, hedges, and other existing improvements in good repair;
- Taking proper care of, and preventing injury to, all trees, vines and shrubs;
- Using prudence and care in transporting, storing, handling and applying all fertilizers and pesticides;
- Keeping the farm reasonably free of excess trash, debris, and unused equipment;

7.2 Repairs.

Tenant is responsible for performing all minor repairs related to the Property unless mutually agreed upon otherwise by the parties. Landlord shall be responsible for major repairs unless mutually agreed upon otherwise by the parties.

Minor repairs shall be defined as any repairs that cost less than 250 dollars. Major repairs shall be defined as any repairs that cost 250 dollars or more.

8. Improvements

8.1 Process For Requesting Improvement.

Landlord and Tenant shall discuss additions, alterations, replacements and improvements to the Property ("improvements") as needed. The party requesting the improvement shall make the request in writing. The request should include the following information:

- Description of the proposed improvement;
- Location of the proposed improvement;
- Estimated cost of improvement, and proposed allocation of cost between Landlord and Tenant;
- Who will be responsible for constructing the improvement;
- Whether Landlord or Tenant will be responsible for maintaining the improvement;
- Whether Landlord or Tenant will be responsible for repairing improvement;
- Whether Landlord or Tenant will own the improvement;
- Whether the Tenant has the right to remove or shall be required to remove the improvement upon termination of the lease;
- Whether Landlord shall pay Tenant the depreciated value of any non-removable improvements;

8.2 Time to Respond To Improvement Request.

The party that receives an improvement request under paragraph titled "Process For Requesting Improvement" above shall respond to the request in writing within fourteen days.

8.3 Good Faith.

The parties agree to discuss any improvement request in good faith. The parties further agree to negotiate an improvement request in good faith. The party that receives an improvement request shall not unreasonably deny the request.

9. Stewardship

9.1 Purpose.

The purpose of these stewardship standards is to embody Landlord and Tenant's mutual commitment to protecting and enhancing the natural resources of the Property. Both parties agree to review and discuss these standards annually.

9.2 Standards.

Tenant will cultivate the Property in a timely, diligent, thorough, and farmer-like manner in accordance with good farming practices.

9.3 Duty of Care.

Tenant will take care to not cause waste or damage to the Property or create a nuisance.

9.4 Stewardship Plan.

Tenant agrees to :

- Use best efforts to minimize soil erosion;
- Use best efforts to build soil life;
- Use best efforts to conserve water;
- Use Integrated Pest Management techniques to manage pests;

10. Easements

Landlord agrees to provide Tenant with notice of any easements on the Property and the terms of any easements on the Property. Tenant agrees to comply with the terms of any easements on the Property.

11. Communication and Inspection

11.1 Meetings.

Tenant and Landlord agree to meet at least once a year to discuss use of the Property, modifications to land use patterns, and any other issues that may have arisen.

11.2 Landlord Entry Onto Property.

Landlord reserves the right to enter the Property for the purposes of reasonable inspection with 48 hours prior notice to the Tenant.

11.3 Joint Inspections.

In the interests of fostering frequent communication and a positive working relationship between the parties, Landlord and Tenant shall conduct a joint inspection of the Property at least once every year.

12. Storage

Tenant may store farming equipment and other personal property used for normal farming operations on the Property.

Tenant may not store any materials that may be hazardous or that may cause damage to the Property (other than fuel for equipment or necessary agricultural chemicals).

Tenant is responsible for the security of equipment, supplies or any other personal property stored on the Property. Landlord will not be liable for any claims arising from theft, loss, or damage of farming equipment or personal property left or stored on the Property.

Unless otherwise mutually agreed by the parties, Tenant may store harvested crops, agricultural products, and value-added products on the Property.

13. Farm Management

Unless otherwise mutually agreed by the parties, Tenant is responsible for and has sole discretion related to the planning, management, and carrying out of Tenant's operations on the Property.

Unless otherwise mutually agreed by the parties, Tenant is responsible for procuring necessary tools and equipment, seeds, and fertilizers, and for hiring, monitoring, and paying for any labor Tenant uses on the Property.

14. Liens and Encumbrances

Tenant will not incur, create, or assume any lien or encumbrance on any portion of the Property, including any mechanic's or materialmen's liens, except any liens or encumbrances created under this Agreement.

Nothing in this Section will prevent Tenant from entering into customary crop financing and other financing arrangements (including crop insurance) and granting security interests in Tenant's crops, inventory, equipment, supplies, and other assets.

15. Sublease and Assignment

Tenant may only assign or sublease all or part of the Property if Landlord's written approval is obtained.

16. Sale of Leased Premises

The terms of this Agreement shall remain with the land; sale of the Property or portions thereof shall not invalidate the terms of this Agreement. However, Tenant agrees to abide by terms of any conservation or agricultural easement placed upon the Property or portions thereof. Such easement terms shall not unduly restrict agricultural activities anticipated under this Agreement.

If Landlord should sell or otherwise transfer title to the Property, Landlord will require the transferee (e.g., buyer) to recognize and take the Property

subject to this Agreement. Tenant will recognize the transferee as the new Landlord subject to the term of this Agreement.

17. Utilities

17.1 Tenant Responsibilities.

Tenant will arrange and pay for all utility costs relating to:

- Electric; and
- Water

17.2 Landlord Responsibilities.

Landlord will arrange and pay for all utility costs relating to: None.

17.3 Utility Access.

Landlord will cooperate with Tenant in order to facilitate Tenant's access to utilities related to the Property.

18. Water Use

Landlord and Tenant agree to work together to address the use of water and water related infrastructure on the Property.

19. Real Estate

Landlord agrees to pay all taxes, assessments, or other public charges levied or assessed by lawful authority against the Property.

20. Indemnification

Subject to the Oregon Constitution and Oregon Tort Law, each party agrees to indemnify the other party against any claim or action (including reasonable attorney fees, legal costs and expenses) brought by any third party against a party arising from a party's negligence, intentional misconduct, or failure to comply with the terms of this Agreement. Each party agrees to notify the other party in writing within thirty (30) days of the date on which it becomes aware of any grounds for any claim against the other party related to this Agreement. Each party's obligation to indemnify under this Section shall survive termination of this Agreement.

21. Insurance

21.1 Tenant Insurance Obligation.

Tenant agrees to obtain and/or maintain an insurance policy related to the Property. The following reflects the Landlord and Tenant's agreement related to the policy: \$1 million general liability policy and listing the landlord as additional insured.

21.2 Evidence of Insurance.

Upon request, Tenant shall provide Landlord with evidence of any insurance coverage related to the Property.

21.3 Insurance Required By Law.

Tenant will also maintain such other insurance as required by law.

22. Compliance with the Federal Aviation Administration

Tenant will comply with all rules and requests by the Federal Aviation Administration and the City of Hermiston necessary for the proper, safe, and efficient operation of the Hermiston Municipal Airport and its associated facilities and activities.

23. Compliance With the Law

Landlord and Tenant will comply with all local, state, and federal laws, including, without limitation, environmental, contract, real estate, landlord-tenant, labor and employment, and occupational safety laws related to this Agreement.

24. No Joint Venture

Landlord and Tenant agree that the parties are acting in the capacity of independent contractors. Neither party is authorized by this Agreement to act on behalf of the other party, nor is one party liable for the acts or omissions of the other party. This Agreement does not form a joint venture, partnership, employer/employee relationship or a profit-sharing arrangement between the parties. None of the parties' oral communications shall be construed as making either party the agent, employee, partner, or co-venturer of the other party.

25. Dispute Resolution

The parties agree to make a good faith attempt to settle any dispute arising out of this Agreement prior to filing a lawsuit in connection with this Agreement. Upon mutual agreement of the parties, any dispute arising out of this Agreement may be addressed via mediation, arbitration or another mutually agreed upon alternative dispute resolution process.

26. Governing Law, Jurisdiction, and Venue.

This Agreement shall be governed by, interpreted, and enforced under the laws of the state of Oregon. Any litigation between the parties shall be conducted exclusively in the state and federal courts with jurisdiction in Oregon, and any mediation, arbitration, litigation or similar proceeding shall be conducted exclusively at a location within Umatilla County where the Property is located or the closest practicable location.

27. Attorney Fees and Costs.

In the event of a dispute between the parties related to the Agreement, each party shall bear its own attorney fees, costs, and other expenses.

28. Disaster

Neither party shall be liable for damages due to delay or failure to perform any obligation under this Agreement if such delay or failure results directly or indirectly from: acts of war; civil commotion; riots; strikes; lockouts; interference with telephone or internet communications; failure of the water supply; carrier delays; fire, flood, hail, frost, windstorms, hurricanes, tornadoes, or other extreme weather events or acts of God; delay or failure

to receive raw materials; or any cause of a like or different kind beyond the reasonable control of either party.

Should a circumstance discussed in this Section occur, Tenant shall promptly notify Landlord. Landlord and Tenant shall make best efforts to come to an agreement about how to proceed.

29. No Waiver

The failure of either party to require the performance of an obligation under this Agreement or the waiver by either party of any breach hereunder shall not prevent subsequent enforcement of such obligation or be deemed a waiver of any subsequent breach.

30. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

31. Severability

All provisions of this Agreement are fully severable. If any provision is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, this Agreement will be construed and enforced as if such provision had never comprised a part of this Agreement and the remaining provisions of this Agreement will remain in full force and effect. In lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

32. Additional Documents and Acts

The parties agree to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated herein.

33. Notices

Notices and consents under this Agreement must be in writing and delivered by mail, hand, fax, or e-mail to the addresses set out on the signature page of this Agreement or other addresses given by one party to the other in writing. Notices will be considered received by the receiving party two business days after deposit in the mail, or the first business day after delivery to a courier, fax, or transmission by e-mail.

34. Gender, Number, Headings and Titles

As used herein, unless the context clearly indicates the contrary, the singular number shall include the plural, the plural the singular, and using any

gender shall apply to all genders. All headings or titles are included for descriptive purposes and the convenience of reference only and shall not control or alter the meaning of this Agreement.

35. Successors

This Agreement shall be binding on and inure to the benefit of the heirs, executors, administrators and successors of the parties.

36. Corporate Action

Each of the parties has taken all corporate action required to duly authorize the execution, delivery and performance of this Agreement and this Agreement constitutes an obligation enforceable against each in accordance with the terms of this Agreement.

37. Entire Agreement

This Agreement contains the entire agreement between the parties and supersedes all prior understandings and agreements, whether oral or written. If there are any inconsistencies between this Agreement and any Exhibit(s), this Agreement will control.

38. Modification By Subsequent Agreement

Except as otherwise set forth herein, this Agreement may be modified by subsequent agreement of the parties only by a valid writing signed by both parties.

39. Joint and Several Liability

All persons who are listed as Tenant shall be jointly and severally liable for the Tenant's obligations hereunder.

All persons who are listed as Landlord shall be jointly and severally liable for the Landlord's obligations hereunder.

[SIGNATURE PAGE TO FOLLOW]

The parties to this Agreement have read, understood, and agreed to the foregoing terms.

Landlord: City of Hermiston

By: _____

Title: _____

Date: _____

Tenant:

By: _____

Title: _____

Date: _____