

# LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 2025, by and between the **SANTAQUIN CITY**, a municipality and political subdivision of the state of Utah ("Landlord") whose mailing address is 110 South Center Street, Santaquin, UT 84655 and **OLSON'S GREENHOUSE GARDENS, INC.**, a Utah corporation ("Tenant") whose address is 1876 N 460 W, Salem, Utah 84653.

**WHEREAS**, Landlord is the owner of a parcel of real property located in Utah County, Utah, which is described more particularly in attached Exhibit "A" which is incorporated as part of this Lease Agreement by reference consisting of approximately 15.37 acres (the "Subject Property");

**WHEREAS**, Tenant operates and has operated one or more Greenhouse Nurseries facilities, and sells nursery plant products; and

**WHEREAS**, the parties are entering into this Lease Agreement to enable Tenant to lease the Subject Property for the purpose of growing nursery plant products for sale through its wholesale and retail businesses;

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## **WITNESSETH:**

**1. Lease of Property.** Landlord, in consideration of the rents to be paid and the covenants to be performed by Tenant, demises and leases to Tenant, and Tenant leases and takes from Landlord, for the lease term, upon the covenants and conditions herein set forth, the Subject Property described on attached Exhibit "A" which is incorporated by reference as part of this Lease. The effective date of this Lease Agreement is July 1, 2025.

**2. Term of Lease.** This Lease shall commence as of the effective date and shall terminate five (5) years from January 1, 2026 (the "Initial Term") (I.e. termination date is

December 31, 2030) unless earlier terminated or extended as provided herein. Upon expiration of the Initial Term, this Lease shall automatically renew for successive one (1) year periods (each, a "Renewal Term") on the same terms and conditions unless either party provides written notice of non-renewal to the other party prior to August 1, 2030 or August 1 of the then current Renewal Term. This Lease may otherwise be terminated earlier in accordance with the provisions herein. By mutual written agreement, at any time during the original Initial Term or a Renewal Term, Landlord and Tenant may terminate or extend the term of this Lease.

In the event that the Landlord needs to terminate this lease as to the northerly 4 to 5 acres of the Property prior to the end of the term of this agreement, Tenant agrees to make that northerly 4 to 5 acres of the Property available to the Landlord within 180 days of a written request by the Landlord. However, due to Tenant's operation needs and crop production cycles, Landlord may not require possession of any portion of the Property between February 1 and July 31 of any Calendar year. Accordingly, if Landlord's notice requests possession of said 4 to 5 acres between January 1 and July 31 of any calendar year, the effective date of said possession shall automatically be deferred to August 1 of that same year.

Notwithstanding the foregoing, Tenant may in its sole discretion, assess whether accommodating the requested possession prior to August 1 would cause any material disruption to its operations. If Tenant reasonably determines that no such negative impact would occur, it shall use good faith efforts to accommodate Landlord's request earlier than August 1. In this event of early need by the Landlord, the rental amount will be adjusted and prorated annually and accordingly on a per acre of early use by Landlord and as agreed to by the Parties.

**3. Rental.** Tenant shall pay to Landlord the sum of Five Thousand Dollars (\$5,000.00) within ten days of the Effective Date as rents for the period from the Effective Date through December 31, 2025. Thereafter, Tenant shall pay the sum of Twenty Thousand Dollars

(\$20,000.00) per year, payable on the first day of each year (beginning January 1, 2026), during the entire term of this Lease, including any extended term as provided in paragraph 2 above, without prior demand or any right of offset or deduction. In the event this Lease commences on a date other than the first day of a calendar year, then rent shall be prorated for the balance of that year and for the year of the Lease term, including any renewal, based upon the actual number of days the Lease is in effect during said calendar year. After the expiration of an initial partial year, rent payments shall thereafter fall due on the first of each succeeding year throughout the term of this Lease, including any extended term. Tenant shall pay all rents to Landlord in lawful money of the United States of America at the address stated at the beginning of this Lease or to such other persons or at such other places as Landlord may designate in writing.

A late fee equal to five percent (5%) of the rent payment shall accrue if any payment of rent is not paid within ten (10) days from the due date. Thereafter, interest shall accrue at the rate of 10% per annum until paid in full. On all other amounts due from one party to the other, interest shall accrue at ten percent (10%) per annum commencing thirty (30) days following the due date.

A security deposit is not required.

**4. Payment of Insurance and Taxes.**

- (a) Except as provided in (b) immediately below, Landlord shall timely pay any and all real estate taxes and assessments levied against the Subject Property.
- (b) Tenant shall timely pay any and all personal property taxes and assessments levied against equipment, fixtures and/or improvements located upon the Subject Property and any such taxes levied upon Tenant's Leasehold Estate. Furthermore, if Landlord is assessed any tax on the real property described in Exhibit A, or additional taxes as a result of any value placed on Tenant's leasehold, fixtures or furnishings, or goods and services, then immediately upon demand Tenant shall pay to landlord the amount of said additional tax, or the amount of the increase.

- (c) Tenant shall maintain liability insurance providing coverage of not less than one million dollars (\$1,000,000.00) combined bodily injury and property damage liability naming Landlord as a co-insured. Insurance required to be obtained hereunder shall be in companies rated A or better in "Best's Insurance Guide" and licensed to do business in the state where the policy is written. Tenant shall furnish proof of the insurance policy within ten (10) days after the execution of this Lease. Such policy shall provide that coverage may not be canceled or reduced without at least ten (10) days written notice first being given to both parties.
- (d) Should Tenant so desire, Tenant may insure any structure or improvement located upon the Subject Property, with the proceeds of such insurance to be paid to Tenant in the event of a covered loss. In the event of the destruction, through fire or otherwise, of any improvement located upon the Subject Property, Tenant shall have the right either to terminate this Lease or to continue the Lease and utilize insurance proceeds and other funds available to Tenant to restore the said improvements to a condition which will enable Tenant to continue to operate on the Subject Property. Any such notice of termination shall be effective only if delivered to Landlord within forty-five (45) days after the event that caused the destruction of or damage to the said improvements. Upon delivery of such notice, the termination shall be effective as of the last day of the month during which the notice of termination was received by Landlord. Landlord shall have no duty, liability or responsibility whatsoever for any improvement located upon the Subject Property and, in the event of any destruction or damage to the same, Landlord shall have no duty or responsibility whatsoever to restore, repair or replace the same.

**5. Use of Subject Property.** Tenant may use the Subject Property to plant, cultivate, and harvest, plants that are intended for removal from the Subject Property and sold annually, and for no other purpose. Tenant shall have the right to access Subject Property from Tenant's adjacent property easement and Landlord shall not restrict such access. This right is subject only to any easement, restriction, or limitation that is outside Landlord's control. Tenant shall not construct any building, structure, or permanent improvement of any kind on the Subject Property. Notwithstanding the foregoing, Tenant may, with written consent of Landlord, construct a small, temporary, removable, non-permanent, shed type structure or structures to cover and enclose equipment etc. with the understanding that Tenant will remove said structure(s) at the close of the Lease. Tenant shall obtain, at its own expense, all necessary

governmental licenses and permits for such use and shall fully comply with all applicable federal, state and local governmental laws and regulations with respect to Tenant's occupancy and use of the Subject Property.

**6. Improvements.** Tenant shall be solely responsible for all costs and expenses incurred in making and/or maintaining any improvements to the Subject Property for purposes of Tenant's use thereof. Provided that Tenant shall have fully and punctually paid all amounts due under this Lease and otherwise performed Tenant's obligations hereunder, Landlord agrees and acknowledges that all of the equipment, fixtures and personal property of Tenant shall remain the personal property of Tenant and Tenant shall have the obligation to remove the same prior to the end of the Lease Term, including any agreed to extended term if applicable.

**7. Acceptance of Property.** Tenant acknowledges that Tenant has full knowledge concerning the condition of the Subject Property and accepts the Subject Property "as is" without warranty as to condition.

**8. Maintenance.** Tenant shall solely be responsible, at Tenant's sole expense, to maintain, repair and replace, as appropriate, the Subject Property and all improvements located thereon throughout the entire term of this Lease, including any extended term.

**9. Utilities.** Tenant shall make application for, obtain, pay for and be solely responsible for all utilities required, used or consumed on the Subject Property, including, but not limited to, culinary and/or secondary water, electricity and similar service.

**10. Pressurized Irrigation/Culinary Water.** Landlord agrees to tap into and install a pressurized irrigation meter and stub into the Subject Property at Landlord's expense. Landlord shall determine the required meter size based on projected needs; however, if Tenant desires a larger meter and/or line size than Landlord determines necessary, Tenant shall be responsible for the cost difference to upsize the meter.

Likewise, Landlord agrees to tap into and install two 2" culinary water meters and stub them into the Subject Property at Landlord's expense. Tenant and Landlord shall cooperate to determine the location and placement of the irrigation/culinary meters and service lines, with Landlord agreeing to GIS map them at time of installation at Landlord's expense, to serve Tenant's operational needs while aligning, to the extent reasonably possible, with Landlord's anticipated future use of the Subject Property. Tenant shall install any underground lines that Tenant needs on the Subject Property at its expense, and upon the expiration or earlier termination of this Lease, such lines shall remain on the Subject Property and become the property of Landlord, without additional compensation to Tenant. except that Landlord shall, at its expense, GIS map the underground pressurized/culinary lines installed by Tenant on the Subject Property for both parties use.

**11. No Liens.** Tenant shall suffer or allow no liens or encumbrances of any kind to be placed upon the Subject Property. If any lien is placed upon the Subject Property as a result of any work done on behalf of Tenant, or as a result of any goods or services sold or rendered to Tenant, then Tenant shall, within ten (10) days of the imposition of the lien, cause said lien to be removed, at Tenant's sole expense. At any time Tenant either desires to or is required to make repairs or alterations in accordance with this Lease, Landlord may require Tenant, at Tenant's sole cost and expense, to obtain and provide to Landlord a lien and completion bond (or such other applicable bond as determined by Landlord) in an amount equal to one and one-half times the estimated cost of such improvements to insure Landlord against liability including, but not limited to, liability for mechanics' and materialman's liens and to insure completion of the work.

**12. Surrender of Property.** Upon termination of this lease, Tenant shall surrender the Subject Property to Landlord.

13. **Assignment.** Tenant will not in any way assign or encumber this Lease, in whole or in part, without the prior written consent of Landlord.

14. **Default of Tenant.** In the event of Tenant's default at any time with respect to any of the provisions of this Lease or Tenant's obligations under this Lease, including the payment of rent, Landlord shall give Tenant written notice of such default. After receipt of such written notice, Tenant shall have fifteen (15) days within which to cure any monetary default and thirty (30) days within which to cure any non-monetary default, provided Tenant shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and Tenant commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion. Landlord may not maintain any action or effect any remedies for default against Tenant unless and until Tenant has failed to cure the same within the time periods provided in this paragraph. Upon Tenant's failure to correct that default within the time frame stated above, Landlord shall have the right, at its option, to terminate this Lease and to retain all monies theretofore paid by Tenant as liquidated damages or pursue any other remedy available at law or in equity including the option to continue specifically to enforce the terms of this Lease.

15. **Access by Landlord.** Landlord or Landlord's agent shall have the right to enter the Subject Property during usual business hours to examine the same.

16. **Quiet Enjoyment.** As long as Tenant timely pays the rents provided herein, and upon the observance and performance of all the covenants, conditions and terms on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Subject Property for the Lease term without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord, subject nevertheless to the terms and conditions of this Lease.

**17. Indemnification.** Tenant shall defend, indemnify and hold Landlord free and harmless from and against any claim of liability or loss from personal injury or property damage resulting from or arising out of the use and occupancy of the Subject Property by Tenant, its servants or agents, excepting, however, such claims or damages as may be due to or caused by the acts or omissions of Landlord, or its servants or agents. Furthermore, Tenant shall defend, indemnify and hold harmless Landlord and all of Landlord's Trustees, agents, and employees, and each of them, from and against any and all obligations, debts, loss, damage, claims, demands, suits, controversies, costs, fees and liabilities whatsoever, including attorney's fees, resulting from or arising out of any failure by Tenant to abide by all of the terms of this Lease or any negligent or intentional act or omission by Tenant or any of its agents, employees, invitees, licensees, or contractors relating to the Subject Property or any portion thereof. Tenant shall use and occupy the Subject Property at its own risk, and hereby releases Landlord, to the fullest extent permitted by law, from all claims of every kind or nature, including claims for loss by fire, personal or bodily injury, or property damage.

**18. Holding Over.** Any holding over after the expiration of the Lease term (including any renewal term) shall be construed to be a tenancy from year-to-year and not as an extension of this Lease. During any such holdover, all appropriate terms and conditions of this Lease shall continue to apply; and the rental shall be at the rate then in effect.

**19. No Waiver.** Waiver by either party of the breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's



knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by either party unless such waiver is given in writing by such party.

**20. Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction; and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or to pursue any other remedy provided in this Lease.

**21. Entire Agreement.** This Lease constitutes the entire agreement of the parties concerning the subject of this Lease and supersede all prior agreements, negotiations and undertakings between the parties with regard to the subject of this Lease. This Lease may not be changed except by an agreement, in writing, signed by both parties hereto.

**22. No Partnership.** Landlord does not, in any way or for any purpose, by this Lease become a partner of Tenant in the conduct of its business or otherwise, or joint venturer or a member of a joint enterprise with Tenant, and vice versa.

**23. Force Majeure.** In the event that either party hereto shall be delayed or hindered in, or prevented from, the performance of any act required hereunder, by reason of strikes, lock-outs, labor trouble, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, natural disaster, or other reason of a like nature, not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

**24. Notices.** Any notices required to be sent to the parties hereunder may be sent to them by certified or registered mail at the addresses shown herein, or to such other addresses as may be specified in writing.

**25. Paragraph Numbers and Headings.** Headings and paragraph numbers have been inserted herein solely for convenience and reference and shall not be construed to affect the meanings, construction or effect of this Lease.

**26. Partial Invalidity.** Every provision of this Lease is and will be construed to be a separate and independent covenant. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid and unenforceable, shall not be affected thereby; and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**27. Attorney Fees.** If either party defaults in any of the covenants or agreements herein contained, the defaulting party shall pay all costs and expenses, including reasonable attorney's fees, incurred by the other party in enforcing its rights arising under this Lease, whether incurred through legal action or otherwise.

**28. Applicable Law.** The validity, performance and enforcement of this Lease shall be governed by the laws of the State of Utah and the courts of Utah shall have sole and exclusive jurisdiction over any dispute arising under this Lease.

**29. Notices.** Whenever, under this Lease, provision is made for any demand, notice or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other party, it shall be in writing and sent by certified mail, return receipt requested, postage prepaid, to the address set forth at the beginning

of this Lease, or to such other address as may be given by one party to the other by proper notice hereunder. The date on which the certified mail is deposited with the United States Postal Service shall be the date on which any proper notice hereunder shall be deemed given.

**30. Superior Law.** If any provision of this Lease is ever in conflict with any applicable law or regulation, either now in effect or hereafter adopted, said law or regulation shall control.

**31. Time Is Of The Essence.** Time is of the essence of this Lease.

**32. Interpretation.** This Lease has been negotiated at arm's length and each party has been represented or has had the opportunity to be represented by independent legal counsel in this transaction. Accordingly, each party hereby waives any benefit under any rule of law or legal decision that would require interpretation of any ambiguities in this Lease against the party drafting it. As used in this Lease, the masculine, feminine or neuter gender and the singular or plural numbers shall each be deemed to include the other whenever the context so indicates.

**33. Further Acts.** Each of the parties agrees to execute and deliver all such documents and perform all such acts as may reasonably be necessary, from time to time, to carry out the intent and requirements of this Lease.

**34. Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their agents, successors and assigns. Without the express written consent of the other party, Landlord may only assign Landlord's rights and obligations under this Lease to a successor-in-interest in the Subject Property, and Tenant may only assign its rights and obligations hereunder to a successor entity that takes over the ownership and/or operation of one or more of Tenant's greenhouse nursery operations.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first hereinabove written.

**LANDLORD:**

CITY OF SANTAQUIN  
a municipality of the State of Utah

By: \_\_\_\_\_  
Daniel M. Olson, Mayor

Attest:

\_\_\_\_\_  
Amalie R. Ottley, City Recorder

**TENANT:**

OLSON GREENHOUSE GARDENS, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

# **EXHIBIT "A"** (Legal Description of the Subject Property located in Utah County, Utah)

