

**AIRPORT LEASE AGREEMENT
BETWEEN
YAKIMA AIR TERMINAL-McALLISTER FIELD AND
DOUG HARTSHORN
dba HARTSHORN RANCH, LLC
AGRICULTURE LEASE AGREEMENT**

THIS LEASE, executed this _____ day of _____, 2017, between the YAKIMA AIR TERMINAL – McALLISTER FIELD, a department of the City of Yakima, Washington, hereinafter referred to as "LESSOR," and DOUG HARTSHORN, a married man dba HARTSHORN RANCH, LLC, hereinafter referred to as "LESSEE":

WITNESSETH:

WHEREAS, LESSOR operates the Yakima Air Terminal - McAllister Field, hereinafter referred to as "Airport," and,

WHEREAS, LESSOR has approved property available for lease as provided by this Lease, and LESSEE desires to occupy and use such property in accordance with this Lease,

NOW THEREFORE, in consideration of the mutual promises contained herein and the benefit to be derived by each party, the parties agree as follows:

1. PREMISES:

LESSOR does hereby lease and let unto LESSEE, and LESSEE does hereby lease and take from LESSOR, approximately 89.0 acres of Grazing land including any buildings or improvements on said land in the City of Yakima, Yakima County, Washington, as that property is depicted on the drawing marked Exhibit "A" attached hereto and by this reference made a part hereof, together with the right of ingress to and egress from the leased premises and the public use areas/facilities used in connection therewith, over designated Airport property and roadways, subject to rules and regulations governing the use of the Airport and as the same may be promulgated by LESSOR from time to time. The LESSOR may, at any time hereafter, provide a legal description of the premises and such description shall become a part of this lease.

2. TERM:

The tenancy created by this Lease shall commence on October 1, 2017, shall have an initial term of one (1) year and three (3) month, to wit, December 31, 2018, and shall renew on a year-to-year basis until terminated by either party, unless otherwise terminated as provided for herein. LESSOR reserves the right to terminate this lease at any time with 30 days advance notice.

3. RENT:

A. LESSEE promises and agrees to pay rent to LESSOR at the rate of \$275.00 per quarter for the leased premises, paid in advance on or before the 1st day of the quarter. As used herein, "quarter" is defined as a three-month period beginning on October 1, January 1, April 1, or July 1. Payments shall be made to the City of Yakima, Accounts Receivable, 129 N. 2nd St, Yakima, WA 98901. Any rental payments/fees past due shall accrue a delinquency charge of twelve percent (12%) per annum.

B. The lease rental rate as provided for above shall be subject to review and modification on January 1 yearly and shall be set at a mutually agreeable agriculture rate.

4. ARBITRATION SECTION

In the event the parties are unable to agree upon the fair market rental rate for the succeeding periods, upon written notice of either party to the other, but no later than thirty (30) days prior to the expiration of the then current rental period, the matter of establishment of fair market rental shall be referred to arbitration. Within thirty (30) days of such notice, each party shall select one arbitrator. The two arbitrators shall jointly select a third arbitrator who shall be a Washington State licensed and certified general real estate appraiser with at least five (5) years' experience in sale or leases and appraisals of commercial property in the Yakima Valley. The decision of a majority of the arbitrators as to the fair market rental value for the property shall be made within forty-five (45) days of said written notice and shall be binding. Each of the parties shall bear the cost of its designated arbitrator. The parties shall share equally the expense of the third arbitrator. The arbitration decision shall be binding upon both parties and shall be enforceable in accordance with the laws of the State of Washington. The arbitrator's decision shall relate back to the beginning of the new rental period.

5. TAXES AND LIENS:

In addition to the rent payable above, LESSEE promises and agrees to pay, as the same become due and payable, all licenses, fees and taxes, including but not limited to the State leasehold excise, required to be paid by LESSEE by reason of this Lease and by reason of LESSEE's use and occupancy of the leased premises and by reason of LESSEE's construction or ownership of improvements to the leased premises. LESSEE shall neither suffer nor permit the attachment of any lien or other encumbrance on the leased premises by reason of LESSEE's occupancy thereof. LESSEE agrees to indemnify LESSOR and shall hold LESSOR harmless from any such taxes and liens.

6. USE:

LESSEE agrees to use the leased premises only for grazing livestock and growing crops. The use of the property for any other purpose not expressly approved by the LESSOR in writing shall be deemed a material breach of this Lease constituting grounds for its termination.

LESSEE agrees not to place cattle feed areas in the runway approach areas and not to plant and grow grain type crops that attract birds and other wildlife.

Agriculture operations have a potential for attracting birds and other wildlife which may pose a hazard to aircraft. If birds or other wildlife become a problem because of agriculture operations on the airport, LESSOR may initiate remedial action as required by FAR Part 139.337.

7. UTILITIES:

LESSEE shall be responsible for all utility services including, but not limited to, power, natural gas, water, sewer, and garbage.

8. PREMISES CONDITION:

LESSEE has made a full inspection of the premises, is fully aware of its condition except with respect to environmental conditions and accepts the premises on an "AS-IS" basis. LESSEE agrees to pay for any improvements, repairs and/or modifications necessary to the operation of LESSEE's business.

9. IMPROVEMENTS:

LESSEE agrees to do all repair, remodeling, alterations, upkeep, and replacement of the leased premises and facilities therein at LESSEE's expense. All repair, remodeling, alterations, trade fixtures and improvements to the leased premises by LESSEE shall conform to applicable rules, regulations and codes, and LESSEE shall procure all building and other permits therefor. All repair, remodeling, alterations, trade fixtures and improvements shall be designed with a view toward aesthetic considerations and installation shall not commence until plans and specifications therefor have been submitted to and approved in writing by the Airport Director, which approval shall not be unreasonably withheld.

LESSOR makes no representation or guarantee as to the suitability of the leased area for construction of buildings, roads, ramps, etc., and is not responsible for the costs of excavation and/or removal of any object found either above or below ground level except for hazardous materials and archaeological artifacts existing prior to tenancy.

10. REVERSION OF IMPROVEMENTS:

Upon termination of this lease for any reason Lease, LESSOR may, at its option, either accept ownership of the improvements constructed or installed on the Premises, except for trade fixtures, or require LESSEE to remove such improvements within one hundred twenty (120) days of such termination. Such removal shall include removing the foundation, utilities and other land improvements and restoring the land to grade level, unless otherwise directed by LESSOR. LESSOR shall notify LESSEE of its intent within sixty (60) days of the cancellation or expiration.

Prior to the expiration of this Lease, LESSEE shall remove all such trade fixtures and repair any damage to the premises caused by removal of trade fixtures to the reasonable satisfaction of the Airport Director. Fixtures not removed within sixty (60) days after termination become the property of the LESSOR unless other arrangements have been previously approved in writing by the Airport Director. Any fixtures or "junk" unusable by the LESSOR will be removed at the expense of the LESSEE.

LESSEE shall, as additional consideration for grant of this Lease, insure that all liens, security interest and other encumbrances against said improvements and structures except those created or suffered by LESSOR, whether consensual or involuntary, shall be paid, discharged or satisfied prior to time for reversion thereof to LESSOR; and, in any event, the parties acknowledge that LESSOR

shall not, by virtue of termination of the leasehold interest nor reversion of the structures or other improvements, be liable for any debt or encumbrance associated therewith, whether now existing or hereafter incurred, levied or attached.

11. CARE OF PROPERTY

LESSEE agrees to remove all unsightly and noxious weeds now growing on the leased premises and prevent the growing of such weeds during the term of this Agreement. LESSEE is responsible for the maintenance of the leased premises and all improvements, existing and future, and shall do so in a good and responsible manner during the entire term of the Agreement.

LESSEE further agrees to use all reasonable means to prevent hunting or fishing, including the posting of signs upon the leased premises, and to prevent any other use by any other person.

LESSEE further agrees to keep all fences on the leased premises in good repair and to keep any livestock grazing upon the leased premises from straying off the leased premises. All such repairs shall maintain or improve the quality and usefulness of the fence compared to its quality and usefulness prior to the needed repair. LESSOR may at its option make necessary repairs to fences; however, LESSEE shall reimburse LESSOR for all expenses incurred by LESSOR for repairs to fences if said repairs are necessary for airfield security and safety or, if LESSEE fails to keep the fences in good repair.

12. REGULATIONS:

LESSEE agrees to comply with all applicable laws, ordinances, rules, regulations and policies of all governmental authorities having jurisdiction over the Airport, including policies adopted by LESSOR, as such laws, ordinances, rules, regulations and policies apply to the use and operation of Airport property, facilities and operations as those laws, ordinances, rules, regulations and policies now exist or may hereafter become effective. LESSEE further agrees to accept responsibility for not allowing unauthorized persons access to the Airport Operations Area (AOA).

13. SUBLETTING:

LESSEE shall not sublet any part of the premises.

14. ASSIGNMENT:

LESSEE shall not assign this Lease.

15. SIGNS:

No signs or other advertising matter or devices shall be used or displayed in or about the leased premises or upon any portion of the Yakima Air Terminal without the prior written approval of the Airport Director. LESSEE shall post and maintain in legible condition NO TRESPASSING/NO HUNTING signs around the perimeter of the leased property and the distance between signs shall not be greater than 150 feet.

16. MISCELLANEOUS PROVISIONS:

A. The parties agree that LESSOR, through its Airport Director or other person authorized by the Airport Director, may enter upon the leased premises at any reasonable time to make such inspections as LESSOR may deem necessary to the proper enforcement of any term, provision or condition of this Lease. No such entry or inspection by LESSOR is required by this provision, and the failure of LESSOR to enter and make inspection shall not alter the relationship of the parties and their respective rights and duties provided by this Lease. LESSEE shall be granted the right of quiet enjoyment upon performance of all terms of this Lease.

B. LESSOR may further develop or improve Airport property and facilities, regardless of the desire or views of LESSEE regarding any such development or improvement, and without interference or hindrance on the part of LESSEE and without liability to LESSEE, provided the operations of the LESSEE are not unreasonably interrupted.

C. LESSOR reserves the right, but shall not be obligated to LESSEE, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of LESSEE in that regard.

D. LESSOR reserves the right to take any action necessary or desirable by LESSOR to protect the operations of the Airport against obstruction, or any other

activity interfering with the efficient operation of the Airport, together with the right to prevent LESSEE from erecting, or permitting to be erected, any building, crane, or other structure on the Airport which, in the opinion of the Airport Director, would limit the usefulness of the Airport or constitute a hazard to aircraft.

E. During time of war or national emergency, LESSOR shall have the right to lease the landing area or any part thereof to the United States of America for military use, and, if any such lease is executed, the provisions of this Lease shall be suspended insofar as they are inconsistent with the provisions of the lease agreement with the United States of America.

F. This Lease shall be subordinate to the provisions of any existing or future agreement between LESSOR and the United States of America relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition to the expenditure of federal funds for the development of the Airport.

G. If the leased premises or any interest therein is taken as a result of the exercise of the right of eminent domain, this Lease shall terminate as to such portion as may be taken. If the portion taken does not feasibly permit the continuation of the LESSEE's operations, LESSEE shall have the right to terminate this Lease. Such termination shall be effective as of the date LESSEE's operations cease. LESSEE shall be entitled to a portion of the award representing its interest in the premises. LESSOR shall be entitled to the remainder of the award.

17. INDEMNITY/DUTY TO DEFEND:

A. At no expense to LESSOR, LESSEE shall defend against and indemnify fully and save harmless the Yakima Air Terminal - McAllister Field, the City of Yakima and its elected and appointed officials, employees and agents, from any and all liability, damages, suits, claims, actions, judgments or decrees, made against the Yakima Air Terminal - McAllister Field, the City of Yakima and its elected and appointed officials, employees and agents, including all expenses incidental to the investigation and defense thereof, including reasonable attorney fees, based on or arising from the occupancy or use of the leased premises by LESSEE or as a result of LESSEE'S operations at the Airport or from any other act or omission of LESSEE, its servants, employees, agents, invitees, independent contractors or any other entity, person, firm or corporation acting on behalf of LESSEE or under its direction, whether such claim shall be by LESSEE or a third party; provided, however, that LESSEE shall not be liable for any injury, damage or loss occasioned solely by the sole negligence of LESSOR, its agents or employees.

LESSOR shall give to LESSEE prompt and reasonable notice of any such claims or actions and LESSEE shall have the right to investigate, compromise and defend the same to the extent of its interest.

B. LESSOR agrees to defend, indemnify and hold LESSEE harmless against and from any claim or liability arising from or alleged to arise from the presence of hazardous material or toxic waste on the subject leased premises at the inception of this Lease and the introduction to the premises of such materials due to LESSOR'S activities or under its control.

C. LESSEE shall keep and hold the Yakima Air Terminal - McAllister Field, the City of Yakima and its elected and appointed officials, agents and employees, free and harmless from any and all claims and actions, loss, damage, expense or cost, including reasonable attorneys fees, incidental to the investigation and defense thereof, resulting from, arising out of, or caused by LESSEE resulting in any liability under the Federal Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq.; Hazardous Materials Transportation Act, 49 U.S.C. 1801 et seq.; Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq.; the Clean Water Act, 42 U.S.C. 1251 et seq.; the Washington Environmental Policy Act, RCW Ch. 43.21C; the Washington Water Pollution Control Act, RCW Ch. 90.48; the Washington Hazardous Waste Management Act, RCW Ch. 70.105; the Washington Model Toxic Control Act, RCW Ch. 70.105D, and the regulations promulgated there under, or under any applicable local or state environmental ordinance, statute, law, rule or regulation. The provisions of this Sub-section shall survive the termination of this Lease.

18. INSURANCE:

LESSEE shall file with LESSOR a certificate of insurance, or other proof of insurance acceptable to LESSOR, evidencing an insurance policy with the Yakima Air Terminal -McAllister Field, the City of Yakima and County of Yakima as additional insureds providing:

1. Comprehensive general liability insurance coverage in amounts of not less than \$1,000,000 Combined Single Limit for bodily injury and property damage covering LESSEE's occupancy of and activities pertaining to the leased premises.

19. DAMAGE OR DESTRUCTION:

In the event of damage or destruction of Airport property caused by the LESSEE, its agents, employees, animals or equipment, LESSEE agrees to repair,

reconstruct, or replace the affected property to the condition which existed prior to such damage or destruction, to the extent that same is not covered by insurance required under this Lease. LESSEE further agrees to cause such repair, reconstruction or replacement of affected property with due diligence.

20. DEFAULT, TERMINATION & FORFEITURE

A. The failure by LESSEE to pay rent in the amounts and at the times specified herein, or the failure by LESSEE to otherwise comply with any term, provision or condition of this Lease, shall constitute grounds for termination of this Lease and forfeiture of all rent paid by LESSEE to the time of termination. This Lease and tenancy shall terminate and rent paid shall be forfeited for cause as specified above on written notice by LESSOR to LESSEE stating the amount of rent in default or otherwise stating accurately the manner in which LESSEE fails or has failed to comply with this Lease. LESSEE shall make full payment or otherwise comply with this Lease in the manner specified in the notice within thirty (30) days (except three (3) days for payment of rent) from LESSEE's receipt of such notice, otherwise this Lease and tenancy shall be terminated and rent forfeited. Such notice shall be given in writing and served on LESSEE by personal delivery or mailed by certified mail with return receipt requested addressed to LESSEE at its address stated below LESSEE's signature to this Lease or such other address as the parties may advise each other in writing. It is further agreed that after receipt of notices and as an additional condition to avoid forfeiture, LESSEE shall pay LESSOR's costs and expenses, including attorney's fees, for the preparation and service of such notice. Nothing contained herein shall release or diminish LESSEE's obligation to pay rent for the full term of this Lease save such amount as LESSOR recovers as rent from any subsequent lessee during the term of this Lease. Notices shall be deemed received three (3) days after mailing to LESSEE at the address below LESSEE's signature to this Lease or such other address as the parties may advise each other in writing.

B. As additional and not alternative remedy, optional with LESSOR and upon thirty (30) days written notice to LESSEE, should LESSEE be in default hereunder other than default in the payment of rent, LESSOR may cure or correct the same and the cost of such action by LESSOR shall immediately become due and payable from LESSEE, together with late fees on said sum at a rate of twelve percent (12%) per annum, and the non-payment of said sum by LESSEE shall be adequate grounds for LESSOR to invoke the other remedies as provided in this Lease.

C. Upon termination of this Lease for any reason, LESSEE shall immediately surrender the premises to the LESSOR in good condition and repair, ordinary wear and usage excepted; and LESSEE shall remove all of LESSEE'S personal

property, trade fixtures, equipment or improvements removable by prior agreement with LESSOR from the premises and shall repair any damage to the premises caused by such removal. Any personal property of LESSEE, or anyone claiming under LESSEE, which shall remain upon the premises at the expiration or termination of this Lease shall be deemed to have been abandoned and may be retained by LESSOR as LESSOR'S property or disposed of by LESSOR in such manner as LESSOR sees fit without compensation to any party and any expense of said disposal will be paid by LESSEE.

21. INSOLVENCY

In the event LESSEE is declared bankrupt by a court of competent jurisdiction or in the event LESSEE makes an assignment for the benefit of creditors, or if a receiver otherwise is appointed for LESSEE, or in the event LESSEE's leasehold estate is subjected to execution to satisfy any judgement against LESSEE, then in that event LESSOR may immediately or at any time thereafter without notice or demand enter into and upon the premises or any part thereof and repossess the same and expel LESSEE or any person upon the premises and remove their effects, and thereupon this Lease and the tenancy hereby created shall absolutely terminate, without prejudice to any remedies which might otherwise be available to LESSOR for collection of past due or future rent.

22. VENUE, ATTORNEY FEES:

In the event of litigation to enforce the rights and obligations hereunder, venue shall lie in Yakima County Superior Court, and the prevailing party shall be entitled to its reasonable attorney fees in addition to court costs.

23. NON-DISCRIMINATION CLAUSE:

To the extent required by law, LESSEE, for itself, its personal representative, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as follows:

A. No person, on the grounds of race, color, religion, sex, age, marital status, handicap or national origin, shall be unreasonably excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in LESSEE's personnel policies and practices or in the use or operation of LESSEE's services or facilities.

B. LESSEE agrees that in the construction of any improvements on, over or under Airport land and the furnishing of services thereon, no person, on the grounds of race, color, religion, sex, marital status, handicap, age or national

origin, shall be unreasonably excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.

C. LESSEE shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49. Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

D. It is the policy of the Department of Transportation that minority business enterprise as defined in 49 CFR Part 23, i.e., firms owned and controlled by minorities; firms owned and controlled by women and firms owned and controlled by financially disadvantaged persons; shall have the maximum opportunity to participate in the performance of leases as defined in 49 CFR Section 23.5. Consequently, this Lease is subject to 49 CFR Part 23 as applicable.

Lessee hereby assures that no person shall be excluded from participation in, denied the benefits of or otherwise discriminated against in connection with the award and performance of any contract, including leases, covered by 49 CFR Part 23 on the grounds of race, color, national origin or sex.

Lessee hereby assures that it will include the above clauses in all sub-leases and cause sub-lessees to similarly include clauses in further sub-leases.

24. INTEGRATION:

This document embodies the entire Lease between the parties with respect to the subject matter herein contained. No amendments or modifications hereof shall be enforceable unless in writing, signed by the party to be charged.

Time is of the essence of this entire Lease.

LESSOR:

YAKIMA AIR TERMINAL - McALLISTER FIELD

2406 W. Washington Avenue, Suite B

Yakima, Washington 98903

(509) 575-6149 – phone

(509) 575-6185 – fax

CLIFF MOORE

Date

City Manager

STATE OF WASHINGTON

County of Yakima

I certify that I know or have satisfactory evidence that CLIFF MOORE signed this instrument, on oath stated that he is authorized to execute this instrument and acknowledged it as the City Manager to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Date _____

By: _____

Notary Public

Appointment Expires _____

LESSEE:

DOUG HARTSHORN
Dba HARTSHORN RANCH, LLC
15320 AHTANUM RD
YAKIMA, WA 98903
509-949-5661 – cell phone

Douglas R Hartshorn
Signature

8-24-17
Date

STATE OF WASHINGTON, County of Yakima

I certify that I know or have satisfactory evidence that DOUG HARTSHORN signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

Date 8-24-17
By: Kristy Galovich
Notary Public
Appointment Expires Nov 1, 2019



EXHIBIT A

