

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Airport Farming Lease
DATE: March 2, 2010

NEEDS: For the City Council to adopt Resolution No. 10-XX approving a property lease for farming operations on portions of the Municipal Airport.

- FACTS:**
1. The total airport facility is 1300 acres. Net acreage after aircraft operating areas (runways, taxiways, safety areas, etc.) and long-term industrial leased areas are subtracted is approximately 830 acres. This remaining acreage requires ongoing maintenance for weed/varmint control and general appearance.
 2. The City has engaged a local farming contractor since 1986 to conduct a dry-land farming operation on all restricted and/or non-leased portions of the airport. The farming is conducted in accordance with established agricultural practices, generally focusing on hay and grain production.
 3. All existing lease agreements with the farmer have expired. The farmer desires to enter into a new agreement to continue the operation as in the past.
 4. The extent of the active farmable areas would continue to be reviewed annually with the Airport Manager to avoid any conflict with future potential lease agreements or changes in operational needs.
 5. The term of the proposed lease is eight years, with the City receiving 10% of the total crop share and 25% of any government subsidy payments received.
 6. The proposed lease agreement contains all the standard language of other City lease agreements. All other provisions from previous agreements remain.

**ANALYSIS
AND**

CONCLUSION: The proximity of the farmable property to aircraft operation activities makes it subject to Federal safety and security considerations, thereby limiting allowable uses and activities. Farming is a logical solution to the maintenance needs and operational restrictions inherent to this portion of the airport. The City derives appropriate revenue from the activity. The impacts and liabilities to airport operations are minimal. The current operator has been very effective and beneficial to the Airport.

POLICY

REFERENCE: Airport Leasing Policy

FISCAL

IMPACT: Continued revenues are estimated at \$15,000 - \$20,000 per year.

- OPTIONS:**
- a. For the City Council to adopt Resolution No. 10-XX approving the Airport Farming Lease with Lahargou Farming.
 - b. Amend, modify or reject the above option.

Attachments:

1. Resolution
2. Lease Agreement

RESOLUTION NO. 10-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING A LEASE FOR FARMING OPERATIONS ON
THE MUNICIPAL AIRPORT

WHEREAS, the City of El Paso de Robles continues to operate the Paso Robles Municipal Airport for the benefit of the public; and

WHEREAS, the airport facility contains significant land which is limited in allowable use, but necessary to be maintained, and;

WHEREAS, a dry land farming operation has proven to be effective and beneficial to the airport, and;

WHEREAS, the current farmer has proven effectiveness over many years of successful operation and desires to continue under a new lease agreement,

THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. That the City Council of the City of Paso Robles does hereby approve the Airport Farming lease with Lahargou Farming for the prescribed term;

Section 2. That the City Council of the City of Paso Robles does hereby authorize the execution of the subject documents as required.

PASSED AND ADOPTED by the City Council of the City of Paso Robles, this 2nd day of March, 2010, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Lonnie Dolan, Deputy City Clerk

**CITY OF PASO ROBLES
AIRPORT FARMING LEASE**

This Farming Lease (this "Farming Lease") is made and entered into on the 1st day of March 2010 (the "Commencement Date"), by and between the **City of El Paso de Robles**, a political subdivision and one of the cities of the State of California, (the "Landlord") and **Lahargou Farming**, (the "Tenant"), who agree as follows:

BACKGROUND

- A. On or about January 1, 1986, the parties entered into a Master Farming Lease wherein Tenant leased approximately eight hundred (800) acres of undeveloped area on the Paso Robles Airport (the "Airport") for dry-land farming purposes.
- B. Through subsequent amendments and extensions to the lease agreement, Tenant has diligently continued to conduct said farming operations in a safe and efficient manner, to the benefit of the Airport and the City.
- C. All lease agreements and associated amendment documents have now expired.
- D. Landlord and Tenant now desire to enter into a new Farming Lease.

NOW THEREFORE the parties agree as follows:

1. Term. This Farming Lease shall have a term of four (4) years, commencing on the Commencement Date and expiring on December 31, 2014, unless earlier terminated as provided herein, or later extended as provided in Section 2 hereof.
2. Renewal Option. Tenant shall have the option to request an extension of the Term of this Farming Lease for one (1) additional term of four (4) years by providing written notice ("Tenant's Request") to Landlord at anytime during the Term of this Farming Lease, so long as Landlord receives Tenant's Request no later than January 15, 2014, and provided that Tenant is not in default under this Farming Lease. Landlord shall notify Tenant, in writing, of its decision ("Landlord's Decision) to either accept or deny Tenant's Request by no later than February 1, 2014. Landlord's failure to notify Tenant of Landlord's Decision by February 1, 2014, shall be deemed Landlord's denial of Tenant's Request, and the expiration date of this Farming Lease shall remain December 31, 2014.
3. Premises and Farming Area. The area to be leased (the "Premises") includes all farmable land within Airport property not currently included in industrial lease agreements or designated for other Airport purposes. Due to the changing needs and policies of the City of El Paso de Robles, Landlord shall retain the right to determine the actual areas of the Premises to be farmed. During the Term of this Farming Lease on January 1 of each year, Landlord and Tenant shall provide a map, signed by both parties, identifying the specific areas to be farmed for the coming year, which shall be attached as **Exhibit A** and incorporated herein by this reference.
4. Rent. Tenant agrees to pay Landlord, as rent, ten percent (10%) of gross revenue of the sale of all crops produced on the Premises. Upon completion of the harvest, Tenant shall diligently pursue the sale of the crop at a reasonable and fair market price. At the completion of the sales transaction, Tenant shall submit to the Landlord, full payment of the Landlord's share, together with a complete accounting of the crop, its quantities and weights, as verified by certified weigh slips, in a manner verifiable and acceptable to the Landlord.
5. Federal Government Subsidy. It is agreed that Landlord, as land owner, shall receive one-fourth (25%) of all subsidies received from the U.S. Department of Agriculture and set aside payments applicable to the Premises. Upon receipt of said payments, Tenant shall submit payment of the Landlord's share, together with copies of supporting documentation as provided by the paying agency.

6. Real and Personal Property Taxes. Tenant agrees to pay all applicable property and possessory interest taxes levied against the Premises. This shall include personal property taxes levied upon equipment, property, or inventory owned or under the control of Tenant.

7. Records. Tenant agrees to maintain crop records and rotations so as to achieve maximum benefit and yield from available Government subsidy programs.

8. Maintenance, Repairs and Alterations.

A. Tenant's Obligations. Tenant, at Tenant's sole cost, shall keep the Premises in good order and condition during the Term of this Farming Lease. All operations incident to this use of the Premises shall be carried on according to the best course of agricultural practices in the vicinity. On default of Tenant to use the Premises as required by this Farming Lease, Landlord reserves the right, after having given ten (10) days' notice, to take reasonably necessary remedial measures at the expense of Tenant, for which Tenant shall reimburse Landlord on demand. Tenant will make reasonably diligent efforts to prevent the spread of all noxious weeds on the Premises and will take commercially reasonable measures in accordance with customary good farming practices to protect the Premises from infestations of pests. Tenant will make reasonably diligent efforts to prevent infestations of organisms that may produce disease in crops grown on the Premises during and after the Term of this Farming Lease.

B. Surrender. On the last day of the Term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in reasonably the same condition as when received. Tenant shall remove any equipment on the Premises.

C. Landlord's Obligations. Landlord shall have no obligation, in any manner whatsoever, to repair and maintain the Premises. Tenant expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Farming Lease because of Landlord's failure to keep the premises in good order, condition and repair. Notwithstanding the foregoing, it is agreed that if any Airport activity under the control or responsibility of Landlord causes damage to or renders Tenant unable to harvest or derive full benefit from an existing crop or soil preparation or treatment, Tenant shall be compensated for such loss at the current price of such treatment.

8. Utilities. Tenant shall pay for power, telephone or other utilities provided to the Premises at Tenant's request or for Tenant's use.

9. Use Restrictions. The following restrictions are agreed:

A. Tenant shall not use or permit the use of the Premises for any purpose other than the growing of agricultural crops, in accordance with accepted dry-land farming techniques common to the local area, and Tenant shall comply promptly with all applicable laws, rules and regulations regarding the use of the Premises, including, but not limited to, all rules and regulations promulgated by the Federal Aviation Administration ("FAA").

B. Tenant shall not use or permit the use of the Premises in any manner that will (a) tend to create or permit any waste or nuisance, (b) tend to disturb other Tenants or users of the Airport, (c) invalidate or cause cancellation or be in conflict with fire or other hazard insurance policies covering the Airport (d) increase the rate of fire insurance for the Airport or of property located therein, over that rate in effect on the Commencement Date hereof.

10. Insurance.

A. Liability Insurance. Tenant shall procure and maintain at all times during the Term of this Farming Lease, at its sole cost and expense, a policy or policies of Commercial General Liability ("CGL") coverage by the terms of which both Landlord and Tenant shall be "Named Insured" and are indemnified against liability for damage or injury to property or person, including death, of any person entering upon or using the Premises or any part thereof, with limits of coverage in an amount of not less than One Million

Dollars (\$1,000,000.00) combined single limit and annual aggregate coverage applying to injury to or death of any one or more persons arising from the same occurrence and for damage or injury to property. If Landlord's reasonably exercised judgment determines that the liability insurance amounts set forth herein become inadequate, then Landlord may, by written notice, require a reasonable increase in coverage commencing with the next policy anniversary date. Such public liability insurance policy or policies shall be stated to be primary and noncontributing with any insurance which may be carried by Landlord and shall contain a provision (provided such provisions are available without increased premium) that the Landlord, although named as an insured shall nevertheless be entitled to recover under that policy for any loss, injury or damage to the Landlord, its agents and employees or the property of such persons by reason of the negligence of Tenant. Worker's compensation insurance shall be in the amounts required by law.

The following endorsements shall be attached to the liability insurance policy:

- (i) If the insurance policy insures on an "accident" basis, it shall be changed to an "occurrence" basis.
- (ii) The policy must cover personal injury, as well as bodily injury.
- (iii) An endorsement shall be attached which states that the coverage is primary insurance and that any insurance or self-insurance fund maintained by or available to Landlord or any of its officers, agents, employees or volunteers shall be in excess of Tenant's insurance and shall not be called upon to contribute to a loss covered by the policy.
- (iv) The policy must provide that it shall not be canceled or changed or made the "retroactive date" of the policy or any renewal or replacement policy be changed without thirty (30) days' prior written notice to Landlord.
- (v) A cross-liability endorsement must be included to the effect that each insured is covered as if separate policies had been issued to each insured.
- (vi) The liability coverage may be either on a blanket basis or a policy which specifically identifies this Agreement with a contractual liability endorsement.
- (vii) Any deductibles or self-insured retention must be declared to and approved by Landlord. At the option of Landlord, the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Landlord, its officers, agents, employees and volunteers or the Tenant shall procure a bond guaranteeing payment of losses and related investigation, claims administration and defense expenses.

B. Additional Requirements - Claims Made Policies.

- (i) Statement of Coverage. If the policy or policies are written on a "claims made" basis, the insurer shall provide Landlord with a statement specifically describing (a) the date coverage began under the policy and the retroactive date for claims received, (b) the reporting period(s) applicable to the policy, and (c) the incident, event and claims notice procedures applicable to the policy and the name and address of the person to whom notice of incidents, events and claims may be given.
- (ii) Notice of Events and Claims. If the policy or policies are written on a "claims made" basis, Tenant shall give its insurance carrier and Landlord written notice of each and every event or incident occurring during the Term of this Farming Lease that may ripen into a claim. Notice shall be given no later than ten (10) days after such event or incident.

C. Certificates or Policies of Insurance. All policies of insurance procured and maintained by Tenant hereunder shall be issued by companies authorized to do business in California having not less than Best's A rating. Executed copies of all insurance policies or a certificate thereof shall be delivered to Landlord on the Commencement Date and shall contain a provision that not less than thirty (30) days'

written notice shall be given to Landlord prior to the cancellation, reduction of coverage, expiration or any material change in any such policy.

D. Failure to Provide Insurance. If Tenant fails or refuses to procure or to maintain insurance as required by this Farming Lease or fails or refuses to furnish Landlord with required proof that the insurance has been procured and is in force and paid for, Landlord shall have the right at Landlord's election, without notice, to procure and maintain such insurance. The premiums paid by Landlord shall be treated as added rent due from Tenant with interest at the Bank of America prime rate, to be paid within thirty (30) days of demand. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers.

E. Waiver of Subrogation. The parties hereby release each other, and their respective representatives, from any claims for damage to any person or to the Premises and the improvements which may be located upon the Premises and to the fixtures, personal property, Tenant's improvements and alterations of Tenant in or on the Premises and the improvements which may be located upon the Premises that are caused by or result from risks insured under any insurance policies carried by the parties hereto and in force at the time of any such damage. Each party hereto shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy, provided obtaining such a waiver in each such policy is then available at a reasonable charge. Neither party hereto shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Farming Lease.

11. FAA Requirements. In connection with the ownership and use of the Airport by Landlord, Tenant hereby agrees as follows:

A. Landlord reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or views of Tenant, and without interference or hindrance.

B. This Farming Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Landlord and Tenant relative to the development, operation or maintenance of the Airport.

C. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of any exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. Section 1349).

D. There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause within the said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operating on the Airport.

E. Tenant shall not erect or permit the erection of any structure or object on the Airport in violation of federal height restrictions and obstruction criteria. In the event the aforesaid covenants are breached, Landlord reserves the right to remove the offending structure or object, all of which shall be at the expense of Tenant.

F. Tenant shall not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Airport, or which might otherwise constitute a hazard. In the event the aforesaid covenant is breached, Landlord reserves the right to enter upon the Premises and cause the abatement of such interference, at the expense of Tenant.

G. This Farming Lease and all the provisions hereof shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport, or the exclusive or nonexclusive use of the Airport, by the United States during the time of war or national emergency or otherwise.

H. Tenant shall use reasonable precautions to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas.

I. Tenant is responsible for maintaining security in and around the Premises or any other area adjacent to or upon the Airport which Tenant has possession or control. Tenant is further responsible for maintaining security with respect to entry upon the airfield or other portions of the Airport designated by Landlord from time to time as security areas (the "Airport Operating Areas") by employees, sublessees, contractors, invitees or customers of Tenant or any other person who enters the Airport Operating Areas at Tenant's invitation, direction or authority, whether through or from the Premises or otherwise.

J. Tenant shall comply with Part 107 of the Federal Aviation Regulations requiring that all persons who have unescorted access to the airfield side of the Airport security fence have background checks, including references and prior employment history. Tenant agrees to maintain records of employee background checks and to make such records available to the FAA and Landlord as may be requested from time to time.

K. Tenant shall not cause or permit any hazardous materials or toxic substances to be brought upon, kept or used in or about the Premises or the Airport by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord. Landlord shall not unreasonably withhold such consent as long as Tenant demonstrates to Landlord's reasonable satisfaction and covenants to Landlord that such hazardous materials or toxic substances are necessary or useful to Tenant's business and will be used, kept and stored in a manner that complies with all laws relating to any such hazardous materials. Without limiting the foregoing, Landlord acknowledges Tenant's permitted use and application of various hazardous materials or toxic substances ("Tenant's Permitted Uses") on the Premises during Tenant's normal course of farming operations. Tenant's Permitted Uses shall be limited to such uses as identified on Tenant's Restricted Materials Permit issued by the County of San Luis Obispo Department of Agriculture/Weights and Measures for the applicable year. For example purposes only, a copy of Tenant's Restricted Materials Permit for the 2008 calendar year is attached hereto as **Exhibit B** and incorporated herein by this reference.

L. Notwithstanding Section 11.K hereof, if the presence of hazardous materials or toxic substances on the Premises or the Airport caused or permitted by Tenant results in contamination of the Premises or the Airport, or if contamination of the Premises or the Airport by hazardous materials or toxic substances otherwise occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises or the Airport, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Airport, damages arising from any adverse impact on marketing of space in the Airport, and sums paid in settlement of claims, actual attorneys' fees, consultant fees and expert fees), which arise during or after the term of the Lease as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions, including regular inspections, or any clean up, remedial, removal or restoration work required or recommended by any federal, state or local governmental agency or political subdivision because of hazardous materials or toxic substances present in the soil or ground water on or under the Premises and/or the Airport. The indemnity, defense and hold harmless obligations of Tenant hereunder shall survive any termination of this Farming Lease. Without limiting the foregoing, if the presence of any hazardous materials or toxic substances on the Premises or the Airport caused or permitted by Tenant results in any contamination of the Premises or the Airport, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises and the Airport to the condition existing prior to the introduction of any such hazardous materials or toxic substances; provided that, Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions, in Landlord's sole and absolute discretion, would not potentially have any material adverse long-term or short-term effect on the Premises or the Airport.

M. Tenant, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land: (A) that no person on the grounds of race, color or national origin shall be excluded from participation in, denied the

benefits of or be otherwise subjected to discrimination in the use of said facilities; (B) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or otherwise be subject to discrimination; and (C) that Tenant 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, Nondiscrimination 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.

N. That in the event of breach of any of the above nondiscrimination covenants, Landlord shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including expiration of appeal rights.

O. Tenant, by accepting this Farming Lease, agrees for itself, its successors and assigns that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Landlord reserves the right to enter upon the Premises hereby leased and cause the abatement of such interference at the expense of Tenant.

P. This Farming Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States of America during the time of war or national emergency.

12. Defaults; Remedies.

A. Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Farming Lease by Tenant:

(i) The vacating or abandonment of the Premises by Tenant.

(ii) The failure by Tenant to make any payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant.

(iii) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Farming Lease to be observed or performed by Tenant, other than described in paragraph (ii) above, where such failure shall continue for a period of thirty (30) days after written notice hereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced cure within such thirty (30)-day period and thereafter diligently prosecutes such cure to completion.

(iv) (a) The making by Tenant of any general arrangement or assignment for the benefit of creditors; (b) Tenant becomes a "debtor" as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (c) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Farming Lease, where possession is not restored to Tenant within thirty (30) days; or (d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Farming Lease, where such seizure is not discharged within thirty (30) days. Provided, however, in the event that any provision of this paragraph 11.A.(iv) is contrary to any applicable law, such provision shall be of no force or effect.

B. Remedies. In the event of any such default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Farming

Lease and all rights of Tenant hereunder. If Landlord shall elect to terminate this Farming Lease, then Landlord may recover from Tenant any amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligation under this Farming Lease or which in the ordinary course of things would be likely to result therefrom.

(i) Re-entry. In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Farming Lease, to re-enter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this paragraph 11.B.(i) shall be construed as an election to terminate this Farming Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(ii) Cumulative Rights. All rights, options and remedies of Landlord contained in this Farming Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Farming Lease.

(iii) Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30)-day period and thereafter diligently prosecutes the same to completion.

13. Condemnation. If the whole or any part of the Premises shall be condemned or taken by any public authority under the power of eminent domain, then the terms of this Farming Lease shall cease as to the parts taken, from the day that possession of such portion shall vest in the condemner. If in excess of 50% of the Premises shall be so taken, Tenant may, at its option, upon ten (10) days written notice, declare this Farming Lease terminated.

14. Indemnification of Landlord. Notwithstanding anything to the contrary contained in this Farming Lease, Tenant agrees to protect, indemnify and hold the Landlord and the Premises harmless from any and all damages and liabilities at any time occasioned by or arising out of (A) any act, activity or omission of Tenant, or of anyone holding under Tenant, or (B) the occupancy or use of the Premises or any part thereof, by or under Tenant, or (C) any state or condition of the Premises or any part thereof.

15. Miscellaneous.

A. Severability. The invalidity of any provision of this Farming Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

B. Time of Essence. Time is of the essence.

C. Additional Rent. Any monetary obligations of Tenant to Landlord under the terms of this Farming Lease shall be deemed to be additional rent.

D. Incorporation of Prior Agreements; Amendments. This Farming Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Farming Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Farming Lease, Tenant hereby acknowledges that neither Landlord nor any of its employees and or agents have made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of the Premises and Tenant acknowledges that Tenant shall materially comply with all applicable laws and shall be responsible for the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the Term of this Farming Lease except as otherwise specifically stated in this Farming Lease.

E. Covenants and Conditions. Each provision of this Farming Lease performable by Tenant shall be deemed both a covenant and a condition.

F. Succession and Choice of Law. This Farming Lease shall bind the parties, their personal representatives, successors and assigns. This Farming Lease shall be governed by the laws of the State of California.

G. Attorney's Fees. If either party herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court.

H. Landlord's Access. Landlord and Landlord's agents shall have the right to enter on the Premises at reasonable times for any reasonable purpose. Landlord shall defend, indemnify and hold Tenant harmless from all liability relating to such entry, except for liability which results solely from Tenant's negligence or willful acts.

I. Waiver of California Code Sections. Tenant waives the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to the destruction of the Premises, Civil Code Sections 1932(1), 1941 and 1942 with respect to Landlord's repair duties and Tenant's right of repair, and Code of Civil Procedure Section 1265.130, allowing either party to petition the Superior Court to terminate this Farming Lease in the event of a partial taking of the Premises for public or quasi-public use by statute, by right of eminent domain, or by purchase in lieu of eminent domain, and any right of redemption or reinstatement of Tenant under any present or future case law or statutory provision (including Code of Civil Procedure Sections 473, 1174(c) and 1179 and Civil Code Section 3275) in the event Tenant is dispossessed from the Premises for any reason. This waiver applies to future statutes enacted in addition or in substitution to the statutes specified herein, and this waiver shall apply even though Tenant may be the subject of a voluntary or involuntary petition in bankruptcy.

IN WITNESS WHEREOF, the parties hereto have caused this Farming Lease to be fully executed on the date first mentioned above.

TENANT: Lahargou Farming

LANDLORD: City of El Paso de Robles

Pierre Lahargou, Partner

James L. App, City Manager

John Lahargou, Partner

Attest:

Approved as to form:

Lonnie Dolan, Deputy City Clerk

Iris Yang, City Attorney

EXHIBIT A
Farming Area

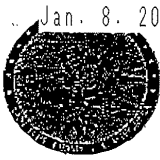


Landlord: _____

Tenant: _____

EXHIBIT B

Restricted Materials Permit



Jan. 8. 2009 5:55PM PASO ROBLES AIRPORT: 1 AGRICULTURAL DIV. No. 8674-UP. 2
350 N. MAIN STREET
TEMPLETON, CA 93465-
E-mail: AgCommSLO@co.slo.ca.us Web: www.sloag.org
Office: 805/434-5950 Fax: 805/434-5953

RESTRICTED MATERIALS PERMIT

LAHARGOU, PIERRE
2627 ADOBE RD.
PASO ROBLES, CA 93446-

04750

Permit Number: 40-08-4020163
County District #: 2P
Expiration Date: December 31, 2008
Effective Date: January 1, 2008

PIERRE LAHARGOU
2627 ADOBE RD.
PASO ROBLES, CA 93446-

Home Phone: (805)238-0313
Shop Phone: () -
Mobile Phone:
Fax:

Permittee Type: Private Applicator
Permit Type: Seasonal
Possession: Possession & Use

NOI Method of Submission:
Phone: Fax: X Box: X
In Person: X Modern: Web:
NOI required 24 hours prior to application.

N/A

Conditions: 000A,001,002A,002B,003A,005A,005B,011,011B,022

See end of permit for code descriptions.

I understand that this permit does not relieve me from liability for any damages to any persons or property caused by the use of these pesticides. I waive any claims of liability for damages against the County Department of Agriculture based on the issuance of this permit. I further understand that this permit may be revoked when pesticides are used in conflict with the manufacturer's labeling or in violation of applicable laws, regulations and specific conditions of this permit. I authorize inspection at all reasonable times and whenever an emergency exists by the Department of Pesticide Regulation or the County Department of Agriculture of all areas treated or to be treated, storage facilities for pesticides or emptied containers and equipment used or to be used in the treatment. I have considered alternatives and mitigation measures pursuant to Title 3, California Code of Regulations, section 6426. Taking into account economic, environmental, social, and technological factors, I have adopted those that are feasible and would substantially lessen any significant adverse impact on the environment.
[Form PR-ENF-125 (Rev. 11/06) Pesticide Enforcement Branch]

Permit Applicant: PIERRE LAHARGOU
(Please Print)

Signed: Pierre Lahargou

Title: OWNER
(Please Print)

Issue Date: 12/21/07

Issuing Officer: [Signature]

Issue Date: 12/21/07

Employees do not handle pesticides.

<u>Contact Name</u>	<u>License</u>	<u>Code</u>	<u>Exp. Date</u>	<u>Phone Number</u>	<u>Contact Type</u>
LAHARGOU, PIERRE	4020163			(805)238-0313	Grower-Permittee

PERMIT PESTICIDES

<u>Number</u>	<u>Pesticide</u>	<u>Pests</u>	<u>Forms</u>	<u>Methods</u>	<u>Applicators</u>
2000	DICAMBA	WEEDS	All Reg.	Other	Grower and/or PCO
4840	ALUMINUM PHOSPHIDE	RODENTS	Fumigant	Other	Grower
5540	STRYCHNINE	GOPHERS	Bait	Other	EG
9801	2,4-D AMINE	WEEDS	All Reg.	Other	Grower and/or PCO
16011	PARAQUAT	WEEDS	All Reg.	Other	Grower and/or PCO
99995	MCPA AMINE	WEEDS	All Reg.	Other	Grower and/or PCO

PERMIT SITES

<u>Site</u>	<u>Location/Site Narrative</u>	<u>District</u>	<u>Section</u>	<u>Town</u>	<u>Range</u>	<u>Meridian</u>
	<u>Crop</u>		<u>Quantity</u>	<u>Units</u>		
000000			0			
	BARLEY	29103	0	0.00	A	
	2000 (DICAMBA), 9801 (2,4-D AMINE), 99995 (MCPA AMINE),					
000000			0			
	FORAGE HAY/SLGE	22000	0	0.00	A	
	2000 (DICAMBA), 9801 (2,4-D AMINE), 99995 (MCPA AMINE),					
000000			0			
	UNCULTIVATED AG	66000	0	0.00	A	
	5540 (STRYCHNINE), 16011 (PARAQUAT),					
010001	SOUTH OF ADOBE RD. PRODUCTION AGRICULTURE.		2	11	26S	12E M
	UNDECLARED COMM	999999	0	120.00	A	
020002	AIRPORT RD & TOWER		2	12	26S	12E M
	UNDECLARED COMM	999999	0	320.00	A	
020004	N. OF DRY CREEK		2	13	26S	12E M
	UNDECLARED COMM	999999	0	551.00	A	

020005	S. OF DRY CREEK	2	24	26S	12E	M
	UNDECLARED COMM	999999	0	112.00	A	

Description of Conditions on this Permit:

<u>Condition ID</u>	<u>Description</u>
000A	SEE SLO RMP CONDITION PAGE
001	Compliance With Law
002A	Prevent Drift - Treatment Site
002B	Aerial Application Buffer
003A	Restr Mtl Adjacent to Schools
005A	Strychnine for Gopher Control
005B	Al Phosphide for Vert Ctrl
011	NOI/Pesticide Use Report
011B	Rodenticide Use Schedule
022	School within 500 feet of site

Description of Custom Site Conditions

<u>Condition ID</u>	<u>Long Description</u>
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*** LAST PAGE ***