

LEASE AGREEMENT

THIS LEASE is entered into this 23 day of April, 2003, by and between the City of Lawrence, Kansas (OWNER), and Pine Family Farms Ptn., a Kansas General Partnership, (OPERATOR).

1. The OWNER hereby leases to the OPERATOR, to occupy and use solely for agricultural purposes, a tract of land in the City of Lawrence, Douglas County, Kansas located in the Southwest Quarter of Section 20, Township 12 South, Range 20 East of the 6th Principal Meridian and comprising approximately 40 acres, more particularly described as follows:

17.67 ACRES AND 5.47 ACRES WEST OF AIRPORT ROAD; 16.02 ACRES EAST OF AIRPORT ROAD (SEE ATTACHED MAP AS REFERENCE), ALL IN DOUGLAS COUNTY, KANSAS.

of which approximately 40 acres are tillable for agricultural purposes.

2. The term of the lease shall commence January 1, 2003 and shall remain in effect until either OWNER or OPERATOR provides written notification to the other party by August 15th, of any changes in the Lease Agreement or termination of rental of this property for the coming year.
3. OPERATOR, by taking possession of the property accepts it in that condition existing at the time of occupancy. The OPERATOR, by taking possession waives any claim that OPERATOR may have concerning the condition of the property.
4. For the use of said premises for the term described in paragraph numbered 2 of this Lease Agreement, Operator hereby covenants and agrees to annually pay \$65.00 per acre to Owner as cash rent for use of the premises. The rent is due and payable on November 1st of each year. The number of acres farmed each year will be based on US Department of Agriculture, Farm Service Agency (FSA) measurements during the crop year.
5. In exchange for rent, Operator is entitled to 100% of crop value, revenue, and any related government payments associated with the agricultural uses of said property.
6. Amendments and alterations to this lease shall be in writing.
7. This lease shall not be deemed to give rise to a partnership relation, and neither party shall have authority to obligate the other without written consent, except as specifically provided in this lease.
8. The OPERATOR shall hold OWNER, its agents, officials, and employees free and harmless, and shall indemnify OWNER from loss from each and every suit, liability, expense, damage or claim, or demand of whatever nature, made on behalf of or by any person or persons, for any wrongful act or omission on the part of the OPERATOR, its employees, agents, officials, contractors, guests, licensees, and

invitees. OWNER shall hold OPERATOR, OPERATOR'S agents, officials, and employees free and harmless, and shall indemnify OPERATOR from loss from each and every suit, liability, expense, damage or claim, or demand of whatever nature, made on behalf of or by any person or persons, for any wrongful act or omission on the part of the OWNER, its employees, agents, and officials.

9. At all times during the term of this Lease Agreement, and during any use, occupancy, or possession of the premises before such term commences, OPERATOR shall, at OPERATOR'S own expense, maintain comprehensive general liability insurance protecting and indemnifying the OWNER against any and all claims and liabilities for injury or damage to persons or property or for the loss of life or property occurring upon, in or about the premises caused by or resulting from any act or omission of the OPERATOR, OPERATOR'S employees, agents, contractors, guests, licensees, and invitees. Such insurance shall provide for coverage of not less than \$500,000.00 for injury or death to any one person, and not less than \$1,000,000.00 for injury or death occurring to more than one person as a result of one accident, and not less than \$1,000,000.00 for property damage. OPERATOR further shall, at OPERATOR'S expense, take out and maintain at all times all necessary workers' compensation insurance covering all persons employed by OPERATOR in and about the premises.

Before OPERATOR'S use, occupancy, or possession of the premises, OPERATOR shall obtain all such insurance and deliver to the OWNER policies of such insurance, or certificates evidencing the issuance of such policies, during the initial terms of such insurance and all renewals thereof. Certificates of insurance shall be provided annually, and no later than July 15th of any year.

All insurance required hereunder shall name as an additional insured, the OWNER, its employees and agents.

All insurance required hereunder shall be effected under valid and enforceable policies issued by insurers of recognized responsibility authorized to do business in the State of Kansas, and shall contain a provision whereby the insurer agrees not to cancel the insurance without thirty (30) days prior written notice to the City Manager, 6 E. 6th Street, Lawrence, KS 66044.

10. The OPERATOR shall be responsible for performing all labor necessary for the planting, care, and harvesting of all crops grown on the land and shall abide by all restrictions, policies and guidelines of the Federal Aviation Administration, hereafter, FAA, regarding the leasing of airport property for agricultural purposes.
11. The OPERATOR agrees to comply with the following FAA requirements regarding the leasing of airport property for agricultural purposes:

A. SETBACK REQUIREMENTS FOR CROPS.

- i. No crops shall be planted 400 feet from the centerline and 1000 feet from the threshold of Runway 15/33. No crops shall be planted 250 feet from the centerline and 300 feet from the threshold of Runway 1/19.
- ii. There shall be no crops in any localizer or glide scope critical areas or light lanes.
- iii. There shall be no crops in the Runway Visibility Zone.

B. WILDLIFE RESTRICTIONS.

- i. If, in OWNER'S opinion, wildlife presents a hazardous condition, the OWNER reserves the right to take immediate remedial action to ensure aviation safety. The remedial action may include, but shall not be limited to the following: restriction of the type of crops to be grown, changing farming techniques, possible termination of the agricultural operation.
- ii. Attached is FAA Advisory Circular No. 150/5200-33, dated 05/01/97. The standards, practices, and suggestions contained in this circular are hereby incorporated into the terms of this lease agreement.

- 12. The OWNER reserves to itself, its agent, employees, or assigns, the right to enter the farm at any reasonable time for purposes of a) consultation with the OPERATOR; b) making repairs, improvements and inspections; and c) after notice of termination of the lease is given, performing customary seasonal work, none of which is to interfere with the OPERATOR in carrying on regular operations.
- 13. To improve the premises, conserve its resources, and maintain it in a high state of cultivation, the two parties agree as follows:
 - A. The OPERATOR will maintain the premises during the tenancy in as good a condition as existed at the beginning of the tenancy, normal wear and depreciation, and damage from causes beyond the OPERATOR'S control excepted.
 - B. The OPERATOR will not, without oral consent of the OWNER, 1) plow permanent pasture or meadow land; 2) cut live trees for sale or for personal uses, but may take for fuel or use on the premises only dead or unmarketable timber designated by the OWNER.
 - C. The OPERATOR will spread the manure, straw or other crop residues on the premises, as appropriate.
 - D. The OPERATOR will use diligence to prevent noxious weeds from going to seed on the premises. The OPERATOR agrees to control noxious weeds, mow or cut weeds and sprouts in waterways and along roadsides and field edges, to keep all hedges trimmed in the manner provided by law. It is also agreed that in the event of any noxious weeds in such areas, OWNER, by giving prior approval, will furnish materials and OPERATOR will apply said materials for control.

- E. The OPERATOR agrees not to allow livestock to be pastured or wintered on the premises.
 - F. The OPERATOR will not, without written consent of OWNER, 1) erect or permit to be erected on the premises any non-removable structure or building; 2) incur any expense to the OWNER for such purposes; or 3) add electrical wiring, plumbing or heating to any buildings. If consent is given to undertake any of the items identified in this paragraph, OPERATOR will make such additions in compliance with all applicable laws. All alterations, additions, or improvements to the premises made by the tenant shall become the property of the OWNER upon termination of the lease. The OWNER shall have the right to require the OPERATOR to remove all alterations, additions, or improvements at OPERATOR'S cost, upon termination of lease.
 - G. The OWNER shall pay one-half of all lime treatment for soil treatment on the above-described land. Any lime treatment recommended by soil tests shall not exceed one-third of the described property farmed by the OPERATOR in any one year without prior consent of the OWNER.
 - H. The OPERATOR will control soil erosion as completely as practicable and in the event of soil blowing, the OPERATOR shall take care to remediate blowing soil promptly at the OPERATOR'S expense. No stubble is to be burned from the ground in the leased area.
 - I. The OPERATOR will keep in good repair, terraces, open ditches, inlets and outlets of tile drains, preserve all established water courses or ditches including grass waterways when seeded by the OWNER, and refrain from any operations or practices that will incur them.
 - J. Before any new conservation practices or measures are carried out, the parties will agree between themselves as to the nature and cost of such improvements.
 - K. It is also understood and agreed that the rights granted hereunder will not be exercised in such a way as to interfere with or adversely affect the use, operation, maintenance, or development of the OWNER'S Municipal Airport.
14. OPERATOR agrees that all farming activities shall be in compliance with applicable regulations and/or guidelines, if any, set forth by the United States Environmental Protection Agency, United States Department of Agriculture, the United States Food and Drug Administration, and the Kansas Department of Health and Environment and the Federal Aviation Administration.
15. This lease shall be binding upon the heirs, executors, administrators and assigns of both the OWNER and OPERATOR, and should the OWNER sell or otherwise transfer title to this property, OWNER shall do so subject to the provisions of this lease. The Lease Agreement signed by the parties on February 14, 1991 is null and void.

16. OPERATOR shall not, at any time during the term of this lease or any renewal or extension thereof, in any manner, either directly or indirectly, assign, sublease, or transfer this lease or any interest therein, without the prior written consent of the OWNER.
17. It is further agreed between the parties that in case said OWNER shall require immediate possession of the premises, or any part thereof, for any purpose whatsoever, the OWNER shall be entitled to the same, and said OPERATOR shall surrender to the OWNER the premises herein rented, or any such part thereof, on payment of the value of any crops which may be growing and immature and a prorated share of crop rental revenues received. If the OWNER and OPERATOR cannot agree as to such value, it shall be left to three arbitrators whose decision shall be final; one to be chosen by the OWNER, one by the OPERATOR, and the two arbitrators to choose a third.
18. The laws of the State of Kansas shall govern the validity, performance, and enforcement of this lease agreement.
19. In the event a court of competent jurisdiction shall declare any portion of this lease agreement invalid, the parties agree that the remaining terms and provisions of this lease agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date first above written.

The City of Lawrence, Kansas

Mike Wildgen

Mike Wildgen, City Manager
OWNER

Pine Family Farms Ptn.

Roger C. Pine

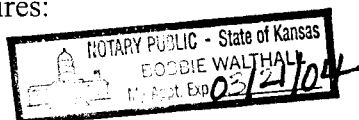
Roger Pine
OPERATOR

STATE OF KANSAS)
COUNTY OF DOUGLAS)

COMES NOW a Notary Public in and for the State and County last set forth above, and states upon their oath, that Mike Wildgen, City Manager, City of Lawrence, Kansas, did execute this Agreement, and acknowledge the same to be his voluntary act, on the 25th day of April, 2003.

Bobbie Wallhall
Notary

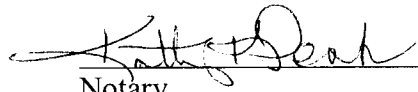
My Commission Expires:



STATE OF KANSAS)
COUNTY OF DOUGLAS)

COMES NOW a Notary Public in and for the State and County last set forth above, and states upon their oath, that Roger Pine did execute this Agreement, and acknowledge the same to be his voluntary act, on the 23rd day of April, 2003.

Notary Public State of Kansas
Kathryn K Peak
My Appt Exp 3/8/06



Notary

My Commission Expires:



MIKE WILDGEN, CITY MANAGER

City of Lawrence KANSAS

CITY OFFICES 6 EAST 6th
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TDD 785-832-3205 FAX 785-832-3405
www.lawrenceks.org

CITY COMMISSION

MAYOR
SUE HACK

COMMISSIONERS

DAVID M. DUNFIELD
JAMES R. HENRY
MARTIN A. KENNEDY
MIKE RUNDLE

April 21, 2003

Mr. Roger Pine
Pine Family Farms Ptn.
1783 E. 1500 Rd.
Lawrence, KS 66044

Dear Roger:

Enclosed please find the new lease for the City property at the airport, amended per our discussions on March 31st. As I understand it, you were contacted by City staff when the subject property was surveyed and staked and are now aware of the appropriate crop restriction lines. Additionally, the acreage referenced in the lease is noted on a new map that will serve as an attachment to the lease for property identification purposes.

Thank you for working with me on updating this lease. If you have no further comments or questions, please sign and have notarized this original and return to me. Once I get Mike's signature, I'll send you a copy along with a map.

Sincerely,

Debbie Van Saun
Asst. City Manager/Airport Manager

c: Mike Wildgen, City Manager

enc. (1)

