

**TOWN OF HOLLIS
WOODMONT ORCHARD
FARM LEASE AGREEMENT**

THIS AGREEMENT made and entered into this 21st day of February 2011 between **Lavoies Farm, LLC**, with a principal place of business at 172 Nartoff, Hollis, NH 03049, (hereinafter referred to as the **LESSEE**) and the Town of Hollis, by its Governing Body, the Board of Selectmen, with a principal place of business at 7 Monument Square, Town of Hollis, New Hampshire, 03049 (hereinafter referred to as **LESSOR**). The **LESSEE** and **LESSOR** acknowledge that the **LESSOR** owns property in said Hollis, which property the **LESSOR** is desirous of leasing to the **LESSEE** on the terms and conditions set forth herein and the **LESSOR** has been authorized to enter into this lease by virtue of the passage of Article 13, at the Town of Hollis annual meeting in March of 2009.

SECTION 1 - PROPERTY DESCRIPTION

The transaction contemplated under this agreement relates to the following described parcel of land as depicted on a map, hereto attached as "Appendix A," created in 2008 by the Hillsborough County Service Center, of the USDA Farm Service Agency and labeled "Hillsborough County Farm 1276 Tract 1594 'Town of Hollis Property'" (hereinafter "Property"). On this map the Property referred to is identified as follows:

USDA FARM SERVICE AGENCY PROPERTY DESIGNATIONS			
FARM	TRACT	PRODUCTION #	ACRES
1276	1594	Field 1	14.8
1276	1594	Field 2	13.3
1276	1594	Field 3	17.8
1276	1594	Field 4	56.9
1276	1594	Field 5	13.0
1276	1594	Field 6	10.0
1276	1594	Field 7	16.0
1276	1594	Trail Head	2.1
TOTAL			143.9

UNRECORDED

SECTION 2 – GENERAL TERMS AND RIGHTS OF LEASE

The LESSOR leases to the LESSEE, to occupy and use for agricultural and related purposes, as defined in Section 4 below, the Property listed above, expressly including any and all buildings and improvements (except as noted at Section 2.14, below), and only those specific rights expressly provided herein or as otherwise subsequently authorized in writing by the Lessor. In addition to rights and obligations specified elsewhere in this agreement, this lease shall be subject to the general conditions and is given together with the general rights set forth below:

1. Purpose - the primary purpose of this lease is to protect the agricultural soils, agricultural viability, and agricultural productivity of the Property in perpetuity. No activity which shall significantly impair the actual or potential use of the Property for agricultural production shall be permitted.
2. Amendments and alterations – amendments and alterations to this lease shall be in writing and shall be signed by both the LESSOR and LESSEE.
3. No partnership created - this lease will not be deemed to give rise to a partnership relationship, and neither party will have authority to obligate the other without written consent, except as specifically provided in this lease.
4. Transfer of Property - the LESSOR may transfer title to the Property subject to the provisions of this lease and to the restrictions applicable to the Property as more particularly set forth elsewhere herein.
5. Right of entry - the LESSOR reserves the right, by and through its agents, employees, or assigns, to enter the Property at any reasonable time for purposes of (a) consulting with the LESSEE; (b) making inspections; (c) developing and executing conservation and forest management plans relating to the Property or (d) (after notice of termination of the lease is given) perform tree pruning, tilling, seeding, fertilizing and other customary seasonal work, none of which is to interfere with the LESSEE in carrying out regular farm operations.
6. Assignment/sub-leasing – this lease shall not be assignable by the LESSEE without the written consent of the LESSOR.
7. Heirs and successors - the terms of this lease will be binding upon the heirs, executors, administrators and successors of both LESSOR and LESSEE in like manner as upon the original parties, except as provided by mutual written agreement.
8. Rent and performance - if the LESSEE fails to pay the rent due or fails to keep the agreements of this lease, all costs and attorney fees of the LESSOR in enforcing collection or performance shall be added to and become a part of the obligations payable by the LESSEE hereunder.
9. Willful neglect - willful neglect, failure, or refusal by either party to carry out any substantial provision of this lease will give the other party the benefits of any proceedings provided by law.

10. Debts and accidents - each party agrees that the other party shall in no way be responsible for the debts of, or liabilities for accidents or damages caused by, the other party.
11. Crop ownership - all crops or products from the Property are owned by the LESSEE.
12. Vehicles - motorized vehicles, except those needed for farming purposes by the LESSEE or required by the LESSOR to perform maintenance work and conduct inspections, are prohibited. Provided, however, that the LESSOR reserves the right, at its discretion, to establish recreational trails and permit, subject to such regulations and restrictions as it deems appropriate and necessary, the use of such trails by hikers, horses with riders, bicycles and similar non-motorized recreational uses. Such uses, however, shall not interfere with nor in any manner impede or conflict with the agricultural use of the property as herein indicated. Construction of any new paths or trails shall not take place, to the extent possible, on any important agricultural soils. Notwithstanding any prohibition to the contrary, motorized vehicles will be allowed to be used on the Property for maintenance of trails or as required to conduct farming operations. Snowmobiles are permitted. No other motorized recreational vehicles are permitted.
13. Public access - public access is allowed on trails to be marked by the LESSOR, in buildings to be marked by the LESSOR, and other areas that do not interfere with ongoing farming operations. LESSOR reserves the right to construct, manage, use, and maintain unpaved trails as public foot paths and signs associated with such trails and to the extent possible will be located off of important agricultural soils. LESSOR further reserves the right to continue to use, maintain, and/or repair existing structures on the Property for historical, educational, or cultural purposes so long as the same do not interfere with or are inconsistent with the purposes of this lease.
14. Existing structures - all of the existing structures on the Property are owned by the LESSOR and shall not be used the LESSEE, excepting the following structures, which may be used at the Lessee's option:
 - a. White barn,
 - b. Foundation for cold storage at corners of Fields 5, 6, and 7,
15. Chemical use and pesticide storage - both the LESSOR and LESSEE acknowledge that they are aware that the LESSEE intends to apply, in the management of the Property, pesticides and other chemicals commonly used in the management and maintenance of such a farming operation. The production, storage and spreading of pesticides, feed, compost, manure, or other fertilizer under sound agricultural practices; the storage of pesticides; the storage of feed; or leaving of slash after harvested timber, are permitted in accordance with any and all label requirements, an approved Conservation Plan and with the then-current scientifically based practices recommended by the UNH Cooperative Extension, U.S. Natural Resources Conservation Service, New Hampshire Department of Agriculture, Markets and Food and those recommendations (in addition to any and all label requirements) of the U.S. Environmental Protection Agency, or other government or

private, nonprofit natural resource conservation and management agencies then active. The LESSEE shall maintain records of pesticide and chemical usage, including the names and state certification of the officers, employees, or agents of the LESSEE who apply such pesticides and chemicals.

16. Dumping - there shall be no dumping, storage, injection, burning or burial of man-made materials, building demolition or construction debris, trash, tires, vehicle bodies or parts or similar materials, solid or hazardous waste or any other material known to be hazardous to human health or the environment including construction or demolition debris. No man-made materials of any kind will be disposed of on the Property. Additionally, no natural materials of any kind will be disposed of on the Property unless they originated on the site.
17. Hunting and fishing - LESSOR reserves the right to post against hunting and fishing as LESSOR may from time to time desire. The LESSEE may not independently post against hunting or fishing. The LESSEE or LESSEE's agent may hunt or trap wildlife that is damaging agricultural crops as allowed under applicable state law.
18. Term and additional agreements regarding Property rights - The Term of this lease shall be twenty-five years from March 1, 2011 and the within lease shall expire on February 28, 2036, unless sooner terminated for cause. The LESSEE'S continued right to utilize said Property under this lease is completely contingent upon the timely and complete compliance with all conditions of farm operation, land use conservation and maintenance, more particularly set forth herein.

SECTION 3 - RENTAL RATES, PROPERTY IMPROVEMENTS, LAND MAINTENANCE, AND OTHER CONDITIONS

1. Rent - Pursuant to RSA 72:23 (I)(b), the LESSEE shall pay annually a sum equal to the properly assessed real estate taxes tax that a property owner would pay, were the Property still privately owned. This sum shall be paid, annually no later than the last day or February 28 of the current rental year. Failure of the Lessee to pay the duly assessed personal and real estate taxes when due shall be cause to terminate said lease or agreement by the Lessor. Such taxes shall also apply to any buildings or improvements added by the Lessee.
2. Years 1 through 15 - for each the first fifteen years of this lease, the LESSEE shall make property improvements to the land of a value equivalent to \$10,000 each year:
 - a. Property improvements for the purpose of this lease are defined as making changes to improve the Property, increase its useful life, or add to the value of the Property, and which have a useful life of five (5) or more years.

- b. Examples of “property improvements” include, but are not limited to, (1) clearing of land to make it available for new crops; (2) planting of new plant stock with useful life of five or more years; (3) improvements to water supply such as dredging and/or expanding of ponds; and (4) repairs or improvements to existing permanent structures, or building of new permanent structures.
 - c. Examples of changes that would not qualify as “property improvements” include, but are not limited to, (1) expenses related to planting, cultivating, and harvesting annual crops such as corn, tomatoes, etc.; (2) annual maintenance such as fertilizing, spraying of insecticides and herbicides, mowing or pruning; and (3) addition of temporary structures.
 - d. The value of property improvements shall be determined by reference to the current version of the EQIP Standard Payment Schedule as published by the Natural Resources Conservation Service of the United States Department of Agriculture.
 - e. In any year that the value of the LESSEE’s property improvements exceeds the amount of the annual “Capital Improvement” part, the balance shall be carried forward from one year to the next. Balances may not be applied retrospectively.
3. Years 16 through 25 - for each the last ten years of this lease, the LESSEE shall make improvements to the Property of a value equivalent to \$15,000. For the purposes of this clause, “improvements” explicitly include, in addition to “property improvements” as defined in paragraph 2 above, the following annual maintenance: 1.) fertilizing perennials, Christmas trees and fruit trees, 2.) spraying perennials, Christmas trees and fruit trees with insecticides and herbicides, 3.) pruning perennials, Christmas trees and fruit trees, and 4.) mowing.
4. Annual Review – the LESSEE shall make an accounting of his land stewardship for the preceding lease year no later than February 28. LESSEE shall at that time present records of his property improvements and land maintenance from the preceding year. This meeting shall take place in person, between the LESSEE and the LESSOR’S designated representative.
5. Breach –the LESSEE’s repeated failure after timely notification, in any given three year period, to satisfy each and every one of his obligations as specified in subsections 1-5 above, shall constitute breach of this contract. LESSEE shall not be entitled to any recovery of any expenses made.

6. Continuous occupancy - the LESSEE agrees that only the LESSEE or LESSEE'S employees, officers, or servants will possess and occupy the Property continuously during the term of the lease. The LESSEE'S duly authorized sub-LESSEE and his employees, officers, or servants may also possess and occupy the Property continuously during the term of the lease; provided, nevertheless, that it is acknowledged and agreed that this lease is NOT intended to and shall NOT be interpreted to allow the use of the Property by anyone for residential occupancy. No permanent or temporary structure or improvement which constitutes a dwelling shall be constructed, placed or introduced onto the Property.
7. Surrender of possession - the LESSEE agrees to surrender possession and occupancy of the Property peaceably at the termination of the lease.

SECTION 4 – OPERATION, MAINTENANCE, AND PERMITTED USES

The within lease is being given exclusively for conducting the agricultural use contemplated hereunder and implies no right to use the Property for any other purpose. If such agricultural use ceases on the Property, the LESSOR may revoke this lease. Further, in order to operate this farm efficiently and to maintain it in a high state of productivity, the parties agree as follows:

1. Permitted Uses – LESSOR permits, authorizes, and consents to LESSEE undertaking all activities incident to farming on the premises and agree that the farming practices shall be conducted within the meaning of NHRSA 21:34-a and in conformity with the conservation documents referenced at Section 6, below. It is expressly understood that activities permitted under RSA 21:34-a but not permitted under the terms of the referenced conservation documents shall not be permitted on the Property. The LESSEE shall maintain an adequate record of farm operations.
2. Maintenance – LESSEE agrees to provide the labor and equipment necessary to maintain the farm and its improvements during the lease period in as good condition as it was at the beginning, including, for example, maintaining existing crops or replacing with new agricultural products, removing diseased or dying crops and replacing with new agricultural products, preventing various types of diseases and infestation of noxious weeds, controlling soil erosion by planting cover crop, repairing and maintaining ditches, tile drains and waterways, maintaining soil fertility by applying fertilizer, lime or other commonly used nutrients and performing other prudent activities. Additionally, LESSEE further agrees to mow, to a depth of at least 50 feet, all orchard land abutting NH Route 122, expressly including land not currently under agricultural use, to the same degree as LESSEE mows those parts of the orchard under cultivation.
3. BMPs – LESSEE'S agricultural management activities shall be in accordance with the then-current scientifically based practices recommended by the University of New Hampshire Cooperative Extension, U.S.D.A. Natural Resources Conservation Service, or other government or private, nonprofit natural resource conservation and management agencies then active.

4. Management Plan – LESSEE shall develop a conservation management plan for the sites and soils of the Property, defining as best as is reasonably possible the agricultural activities. This conservation plan will be updated at least every five years if not sooner. It will be developed in consultation with the LESSOR, the State of New Hampshire Department of Agriculture, Markets and Food, and the U.S. Natural Resources Conservation Service. Management activities shall not materially impair the scenic quality of the Property as currently viewed from public waterways, great ponds, public roads, or public trails.
6. Government programs - the farm shall be operated in compliance with government programs as follows: USDA NRCS Woodmont Orchards-FRPP Conservation Plan, dated 23 May, 2005, on file at the Hillsborough County Service Center, 458 Route 13 S, Milford, NH 03055, and its successor plans, as required.
7. Bid proposal – the farm shall be operated in compliance with the LESSEE’S bid proposal, attached as “Appendix B”, or as amended by Lessor and Lessee’s mutual agreement during the Annual Review (Section 3, para 4).
8. Termination - Failure of the LESSEE to adhere to the above operation, maintenance and permitted use requirements shall be grounds for termination of the lease.

SECTION 5 - PROPERTY OPERATING AND CAPITAL EXPENSES

1. Operating Expenses – all operating expenses are to be borne by the LESSEE.
2. Non-capital improvements – the costs of non-capital improvements shall be borne by the LESSEE.
3. Capital improvements – the LESSOR shall be under no obligation to provide for any capital improvement, nor to perform any construction, maintenance, repair or other act on the Property. LESSEE shall be expected to provide property improvements in accordance with the plan submitted with the LESSEE’s bid proposal, attached as “Appendix B”, or as amended by Lessor and Lessee’s mutual agreement during the Annual Review (Section 3, para 4).

SECTION 6 - CONSERVATION PRACTICES

The parties agree that the Property will be operated according to a Conservation Plan filed with the Hillsborough County office of the NRCS. Further, the parties acknowledge that the acquisition of the leased Property by the LESSOR was accomplished, in part, using federally available grant monies through the federal Farm and Ranchlands Protection Program, (FRPP), which program, as a condition for the advancement of said funds, required the establishment and implementation of restrictions on the use of the Property which restrictions have been incorporated into several conveyancing instruments which create certain rights and responsibilities in several parties including the LESSOR, the United States of America, and a private Land Trust known as the Nichols-Smith Conservation Land Trust. The parties

acknowledge and agree that the terms and conditions set forth in said instruments are applicable to this lease and this lease is completely subject to the same, the said restrictions being more particularly set forth in the documents recorded in the Hillsborough County Registry of Deeds at Volume 7504, Page 0074, and Volume 7506, Page 1036, all of which documents are incorporated herein by reference. Copies attached as "Appendix C." It is agreed that any agricultural activity on the Property must be conducted in accordance with the conditions contained in the aforementioned documents and that failure of the LESSEE to comply with such conditions and restrictions shall constitute a breach of this lease. If any provision in this lease is determined to be inconsistent with said conditions and restrictions, the conditions and restrictions shall prevail and take precedence over and govern the conduct of the parties to this lease.

SECTION 7 – EFFECT OF PARTIAL INVALIDITY

The invalidity of any provision of this lease agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this lease agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

SECTION 8 – ENTIRE AGREEMENT

This lease agreement shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this lease agreement shall not be binding on either party.

SECTION 9 – LIABILITY AND INSURANCE

The LESSEE will be responsible for maintaining adequate insurance during the term of the Agreement, as annually required by the LESSOR'S liability coverage provider, which will include, but may not be limited to, General Liability coverage with a minimum limit of \$1,000,000, per occurrence, subject to an annual aggregate of \$2,000,000, Auto Liability coverage with a Combined Single Limit of not less than \$1,000,000 with an additional \$5,000 Medical Payment Coverage. Such coverage must list the LESSOR as an additional insured for the term of the lease. The LESSEE hereby agrees at all times to indemnify and hold harmless the Town; its board, officers and employees, to the fullest extent permitted by law, from any and all claims, damages, losses and expenses, including, but not limited to, reasonable attorneys' fees and legal costs, arising out of the LESSEE'S actions. The LESSEE will also maintain and show proof of both Worker's Compensation and Professional liability coverage for the life of the Agreement. The LESSEE will provide the Town with a Certificate of Insurance prior to the inception of activities on the site by the LESSEE and annually thereafter for the life of this agreement. The certificate shall name the Town as an Additional Insured for both General Liability and Auto.

ORIGINAL

SECTION 10 – NOTICE

Any notices that are required herein, or which either LESSOR or LESSEE shall hold or may desire to serve upon the other, shall be in writing and shall be deemed served when delivered personally, or when deposited in the United States mail, certified mail, postage-prepaid, return receipt requested, addressed to the respective party at the addresses listed above.

SECTION 11 – COMPLIANCES WITH LAWS

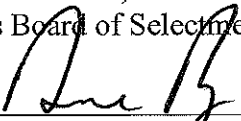
LESSEE agrees to comply with all Federal, State and local laws, ordinances, rules, and regulations that may pertain or apply to the Property and its use.

ORIGINAL

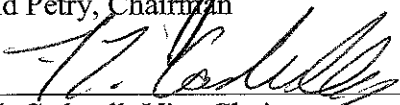
In witness, each party to this lease agreement has caused it to be executed at on the date and year first written above.

LESSOR

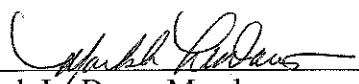
Town of Hollis,
By its Board of Selectmen,



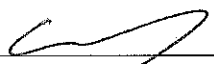
David Petry, Chairman



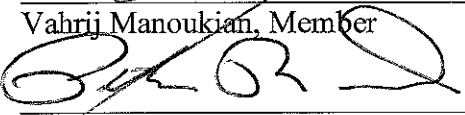
Frank Cadwell, Vice Chairman



Mark LeDoux, Member




Vahrij Manoukian, Member



Peter Band, Member

LESSEE

Lavoies Farm, LLC



Adrian Lavoie, President

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