

## **FIRST AMENDMENT TO FARMING LEASE**

This First Amendment to Farming Lease entered into this \_\_\_ day of \_\_\_\_\_2025 (the “First Amendment”), by and between the City of Marshall (“City”) and Stan Popowski (“Tenant”).

WHEREAS, City and Tenant entered into a Farming Lease, dated October 10, 2023 (the “Farming Lease”), regarding approximately 359.70 acres of real property in Lyon County, Minnesota, identified on Exhibit A attached to the Farming Lease and made up of a 112.14 acre Parcel 5 lot, a 29.72 acre Parcel 6 lot (later reduced to 24.72 acres), a 8.36 Parcel 7 lot, a 107.10 acre Parcel 10, a 20.11 acre Parcel 11, and a 82.27 acre Parcel 12 (the “Property”); and

WHEREAS, in January 11, 2024, City and Tenant decreased the Property leased under the Farming Lease through a reduction in the size of Parcel 6 from 29.72 acres to 24.72 acres as a result of the City’s intent to convey a portion of Parcel 6 for sale; and

WHEREAS, as a result of the January 11, 2024 5-acre reduction, Tenant paid \$101,085.40 for 2024; and

WHEREAS, Tenant paid City the rent due and owing under the Farming Lease in total for full year 2025 by April 1, 2025 pursuant to the Farming Lease; and

WHEREAS, the City Council of the City of Marshall has approved a storm water project for 2025, involving re-grading on or near Parcel 7, that will cause Tenant to be unable to use Parcel 7 in its entirety in 2025 in the manner anticipated by the Farming Lease and will allow Tenant to only be able to use approximately 5.11 acres of the 8.36 Parcel 7 lot in 2026; and

WHEREAS, the City, as a result of the disruption to the use of Parcel 7, desires to discount the per acre rent owed to the City for the second and third years of the Term for Tenant’s use of Parcel 7 to be no per acre charge for 2025 and for a discounted \$125 per acre charge for the portion of Parcel 7 usable in 2026, which City approximates to be 5.11 acres; and

WHEREAS, the City owns an additional 4.8-acre parcel, identified as 2025-Parcel 10, and further described on Exhibit A-1 to this First Amendment which is available for rent by the City for haying in calendar years 2025 and 2026; and

WHEREAS, the City is willing to rent this additional 4.8-acre 2025-Parcel 10 parcel to Tenant for a rental rate of \$150/acre for calendar years 2025 and 2026; and

WHEREAS, the Tenant desires to rent this additional parcel at the rate set by the City and has requested that the City refund the difference between the payment made by Tenant to the City for the full 2025 year and the total amounts Tenant would otherwise have to pay the City for haying the 4.8-acre 2025-10 parcel; and

WHEREAS, the City and Tenant desire to amend the Farming Lease to address the above.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, City and Tenant agree to amend the Farming Lease as follows:

Paragraph 1 is amended to read:

1. Property Description.

- a. For the first year of the Term, the City hereby rents to the Tenant in consideration of the rents and promises hereinafter described, the property consisting of various parcels that totals approximately 354.70 acres as described on Exhibit A attached to the Farming Lease along with the reduction letter dated January 11, 2024, attached as Exhibit B.
- b. For the second year of the Term, which runs from January 1, 2025 to December 31, 2025, the City hereby rents to the Tenant, in consideration of the rents and promises hereinafter described, that portion of the Property that equals all Parcels included in the Property minus the 8.36 Parcel 7, and with the addition of the 4.8-acre 2025-Parcel 10, or approximately 351.14 acres.
- c. For the third year of the Term, which runs from January 1, 2026 to December 31, 2026, the City hereby rents to the Tenant, in consideration of the rents and promises hereinafter described, that portion of the Property that equals all Parcels included in the Property as identified in Exhibit A and B to the Farming Lease minus 3.25 acres of Parcel 7 and adding on the 4.8 acre 2025-Parcel 10, with the total acreage being rented by the Tenant equaling approximately 356.25 acres.

Paragraph 3 is amended to read:

3. Base Rent. For the first year of the Term, Tenant shall pay to the City a total of \$101,085.40 per year as the base rent for its use and enjoyment of the Property during the first year of the Term ("Rent"). For the second year of the Term, the Tenant shall pay to the City a total of \$99,715.40 as the rent for its use and enjoyment of the Property during the second year of the Term, which reflects the Rent minus the amount refunded to the Tenant for the disruption to the Tenant's use and enjoyment of Parcel 7 during the second year of the Term as a result of a city project and includes the rent for haying the additional 2025-Parcel 10. For the third year of the Term, the Tenant shall pay a total of \$100,354.15 for its use and enjoyment of the Property, including the opportunity to hay the additional Parcel 2025-Parcel 10 for the last year of the Term. Tenant shall pay Rent to the City on or before April 1 of each year. Payments shall be sent to the City at the address provided below in Section 20 of this Lease.

Paragraph 7(A) is amended to read:

- A. With the exception of Parcel 2025-Parcel 10 which may only be used for haying, the Tenant shall use the Property for agricultural purposes only, which includes farming and cultivation. The production of any legal agricultural crop is permitted on the Property, provided that the production of such crop does not

damage the Property due to excessive runoff or erosion. The Tenant shall not keep any farm animals, livestock, or poultry on the Property. The Tenant agrees to use normal and customary fanning practices in the care and maintenance of the Property and, without limiting normal practices, keep the Property free of noxious weeds to the greatest extent possible; . . . .

Paragraph 14 is amended to read:

14. Sale or Encumbrance of the Property. The City has the right to terminate this lease for any reason, including the sale or conveyance of the Property or any portion of the Property, including the additional 2025-Parcel 10. City must provide Tenant thirty (30) days' notice of its intent to terminate. If the City sells or otherwise voluntarily conveys the Property during the Term of this Lease, and the City does not terminate this Lease pursuant to the terms herein, this Lease shall be subject to the rights of the purchaser of the Property from the City and the Tenant shall attorn to the rights of the purchaser.

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment to the Farm Leasing as of the day and year first written above.

**City of Marshall:**

**Tenant:**

By: \_\_\_\_\_  
Its: Mayor

By: \_\_\_\_\_  
Stan Popowski

By: \_\_\_\_\_  
Its: City Clerk

DRAFTED BY:

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