

## **FARM LEASE**

This Lease made this by and between WORTHING ECONOMIC DEVELOPMENT CORPORATION, hereinafter referred to as "Landlord", and SKILES FAMILY FARMS, LLP, hereinafter referred to as "Tenant", in consideration of the payment of rent and upon the following terms and conditions:

**DESCRIPTION OF PROPERTY.** The leased property consists of 27.93 tillable acres on the following described real property:

That portion of the real property located in the South 1,087 Feet of the Southwest Quarter (SW1/4) lying North of the Railroad Right of Way, in Section 4, Township 98 North, Range 50 West of the 5<sup>th</sup> P.M., City of Worthing, Lincoln County, South Dakota, according to the government survey thereof, as shown on map attached hereto.

**LEASE TERM.** The term of this Lease shall be from March 1, 2025 to December 31, 2025. This Lease may be renewed for an additional year for the same terms contained herein unless either party gives written notice of their intent not to renew at least sixty days prior to the renewal date.

**RENT.** Tenant shall pay Landlord \$200.00 per acre as rent for the leased property, for a total of \$5,586.00, which shall be paid on or before April 15th.

**POSSESSION.** Landlord agrees that the Tenant, upon paying the rents and performing the covenants of this Lease, shall peacefully and quietly have, hold, and enjoy the rented property for the term of this Lease, and shall be entitled to all payments from participation in any government programs and all crops and grass cultivated from the property.

**TENANT'S RESPONSIBILITIES.** Tenant agrees during the lease term to comply with the following:

1. Furnish at its own expense all proper tools, farming implements, machinery, and other equipment to carry on and cultivate said farm under this Lease in a manner consistent with good husbandry, and harvest all crops in a timely manner.
2. Take the property as is and keep it in as good condition as reasonable use will permit and in substantially the same condition as upon taking possession thereof, reasonable wear and tear excepted.
3. Furnish all labor necessary for the repair and upkeep of said property. In addition, Tenant shall at his own expense furnish both labor and material required to make repairs made necessary by his fault.
4. Keep up the existing fences with the Landlord to provide materials so as to protect all crops from injury and waste, and control soil erosion by maintaining all trees, drainage ways, grassed waterways, terraces or ditches.

5. Not remove any trees, sand, gravel, dirt or sod from said property, or plow or commit any waste or damage of any kind whatsoever on said land.
6. Cut the grass in the ditches adjoining the property, in the fence lines, and on all waterways; and cut, spray or destroy all noxious weeds on the property before they go to seed.
7. Use said property for farming operation only, and not permit the property to be used for any unlawful business or purpose whatever.
8. Quietly yield and surrender possession and occupancy of said property to the Landlord at the termination of this Lease.

**LIABILITY OF PARTIES.** In case of loss, damage, or injury to persons or property on the leased property, the Tenant agrees to hold the Landlord free and harmless from all claims, expenses, costs, damages, or liability of any kind whatsoever in connection therewith, except such as may be caused by conditions on the property which the Landlord is liable.

Upon termination of this Lease, Landlord shall be entitled to damages caused by Tenant during the lease terms, ordinary wear and tear and forces beyond Tenant's control, such as but not limited to, fire, tornado, windstorm and hail being excepted.

**SECURITY AGREEMENT.** To secure the payment of the rents herein specified, Landlord reserves ownership and title to crops growing or to be grown on the above described property during the term of this Lease. Such reservation of ownership shall also be deemed a security interest to secure the payment of such rents herein specified and the faithful performance and strict fulfillment of all covenants on the part of Tenant contained in this Lease, and such security interest shall extend to the proceeds from said crops.

Tenant hereby expressly authorizes and fully empowers the Landlord, in case of any default on the part of the Tenant in paying said rent to immediately seize and take possession of said property in which a security interest is given and to sell the crops in the manner and upon notice as provided by law, and to use the proceeds of said sale to pay and discharge all rents, damages, and expenses which may at the time be due and incurred, according to the terms of this Lease, and to pay over to the Tenant the surplus money arising from such sale.

**DEFAULT.** If either party shall default in any of the terms of this lease, the other party shall mail notice of the default and give the other party thirty days to cure the default. If the default is not cured, then the other may pursue all legal and equitable remedies available through state law, and the prevailing party shall be entitled to his costs and attorney fees incurred therein.

If, however, the Tenant shall fail to pay rent when due, no notice or demand is necessary, and the Landlord may exercise its rights under the security agreement set forth herein in addition to any damages incurred as a result of the breach.

**TERMINATION.** This lease shall terminate upon a default by Tenant and failure to cure the default after given notice of the default.

Landlord also has the right to terminate any portion or all of the leased property during the lease term if Landlord enters into a contract for the sale of said property or if necessary to make improvements thereon. If Landlord intends to terminate the lease for said purposes, Landlord shall give Tenant written notice of the termination and the effective date thereof. If notice is given prior to the planting of crops, any rent paid by the tenant shall be refunded to tenant for the acres that have been terminated from the lease or recalculated based on the number of acres remaining.

If termination occurs after the planting of crops and the termination prevents Tenant from harvesting the crops, Landlord shall compensate Tenant for the actual damages suffered which shall be the gross lost income (–) expenses of production calculated as follows:

Gross lost income = Crop yield on the remaining leased property (bushels/acre) (x) the sale price per bushel (x) the number of acres terminated.

Expenses of production= the cost of production per acre (x) the number of acres terminated.

If all the real property is terminated from the lease after the crops are planted, then the crop yield should be based on the same type of crop from similar farm ground near the leased property.

**INSPECTION OF PROPERTY.** Landlord shall have access to the property at all reasonable times to view, examine, and show the same and for all such purposes as may be necessary to perform and to assure performance of this Lease and after the crop has been harvested to do any plowing or other work not required to be done by Tenant in preparation for the following season. Landlord shall also have the right at reasonable times to enter the property to work and make improvements as they may deem expedient, provided such entry or work does not interfere with Tenant's use of the property according to the terms of this Lease.

**ASSIGNMENT.** Tenant shall not assign this Lease or sublet the rented property or any part thereof without first obtaining the written consent of the Landlord provided that such consent shall be given if the proposed subletting is to a responsible party.

**COSTS.** Tenant agrees to pay all costs, attorneys fees and expenses that Landlord incurs in enforcing any of the terms of this Lease.

**HOLDING OVER.** Landlord shall be entitled to double the amount of rent for any period that Tenant holds over after the termination of the lease.

**BINDING EFFECT.** This Agreement shall be binding upon and the benefits hereof shall inure to the heirs, legatees, devisees, representatives, assignees and successors in interest of the respective parties hereto.

**SEVERABILITY.** Any provisions of this Lease determined to be invalid by a court of competent jurisdiction shall in no way affect any other provision hereof.

**TIME OF ESSENCE.** Time shall be an essential part of this lease.

**NOTICES.** Any notice required to be given hereunder shall be in writing and may be served personally or by certified mail addressed to Landlord or Tenant respectively at the addressees set forth after their signatures at the end of this Lease or such other address which may be

furnished in writing. If by mail notice shall be deemed given at the time of mailing with the necessary postage prepaid.

**WAIVERS.** No waiver by either party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by the other party of the same or any other provisions. Either party's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act by the other party.

**CUMULATIVE REMEDIES.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies in law or equity.

Dated this \_\_\_\_\_ day of March, 2025.

**Worthing Economic Development Corporation**

By \_\_\_\_\_  
Doug Johansen, Its President  
PO Box 277  
Worthing, SD 57077

Dated this \_\_\_\_\_ day of March, 2025.

**Skiles Family Farms, LLP**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its Partner

\_\_\_\_\_  
\_\_\_\_\_  
(address)