

**FIRST AMENDMENT TO LEASE AGREEMENT
(Agricultural Use)**

THIS FIRST AMENDMENT TO LEASE AGREEMENT is made and entered into this 1ST day of JUNE, 2015, by and between the City of Merced, a California Charter Municipal Corporation, hereinafter called "Lessor", and Seth Rossow, whose address of record is 7745 Sandy Mush Road, Merced California 95341, hereinafter called "Lessee", subject to the following terms and conditions:

RECITALS

- A. Lessor and Lessee have previously entered into a Lease Agreement which was dated November 19, 2014 (the "Lease"), wherein Lessor leases to Lessee and Lessee leases from Lessor, the real property generally located on the northwest corner of Mission Avenue and Tyler Road, commonly known as 887 South Tyler Road in the County of Merced, State of California, APN 259-130-017 (hereinafter "PREMISES"), which consists of approximately 34.57 acres, for farming and agricultural purposes.
- B. Currently, pursuant to the terms of the Lease, Lessee rents the premises for the annual rent of \$10,371.00, which is \$300.00 per acre.
- C. In February 2015, the Merced Irrigation District (hereinafter "MID") informed Lessee and other Growers that due to the persistent drought conditions, there would be no available surface water allocation in 2015. This decision had a significant impact on Lessee's ability to use the Premises for its intended farming and agricultural purposes.
- D. Lessee does not have access to well water at the premises and instead relies on MID to supply surface water irrigation for the crops planted or intended to be planted on the premises.
- E. As part of the Lease Agreement, Lessee provides several beneficial services to Lessor, which, without the services of Lessee, Lessor would have to perform or pay for the cost to have performed. These services include: weed abatement at the property which is a beneficial and required annual fire suppression measure and bi-annual spreading of the leaves collected Lessor's Public Work's Department.

F. The parties desire to amend the Lease to provide for a reduction in rent to assist Lessee with his agricultural use of the premises due to the limited availability of water to the premises as a result of the persistent and severe drought conditions.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants, promises, and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, do hereby agree as follows:

1. Section 2 of the Agreement, "Rent" is hereby amended in its entirety to read as follows:

"2. **RENT.** Due to the limited access to irrigation water at the Premises as a result of persistent severe drought conditions, Lessor agrees that effective February 11, 2015, which is the date that Lessee was informed by MID to prepare for a season with no allocation of surface water for 2015, the annual rent shall be reduced as follows:

For Year 1:

For the period of November 19, 2014, to February 10, 2015, the original rental rate of \$10,371 or \$300.00 per acre will be in effect.

For the period of February 11, 2015, to November 18, 2015, the annual rental rate will be reduced to \$1,037.10, or \$30.00 per acre.

The annual rent for year one of the lease was paid in full on December 3, 2014. Accordingly, Lessee shall receive a pro-rata refund of the annual rental rate for the period of February 11, 2015 to November 18, 2015, due to the reduction in the rental rate in effect during that period.

For Year 2: \$0.00

For Year 3: \$1,037.10, or \$30.00 per acre.

The reduced rental amount shall continue to be due and payable on or before the nineteenth (19th) day of November of each year, except for year two of the lease.

During the time this Agreement is in effect, Lessor may begin construction to develop its Municipal water well that already exists on the property. In the event that construction commences during the lease term causing a reduction in acreage available for Lessee to use for his farming or agricultural purposes, the amount of Lessee's annual rent will be proportionately reduced.

In the event that MID determines that a severe drought condition exists regarding the irrigation water supply for the Premises, Lessor and Lessee may negotiate a temporary lower per acre rental rate."

2. Section 3 of the Agreement, "Term" is hereby amended in its entirety to read as follows:

TERM. The term of this Lease shall commence on November 19, 2014, and shall continue for a period of three (3) years to and including November 18, 2017."

Except as herein amended, the Agreement dated November 19, 2014, shall remain in full force and effect.

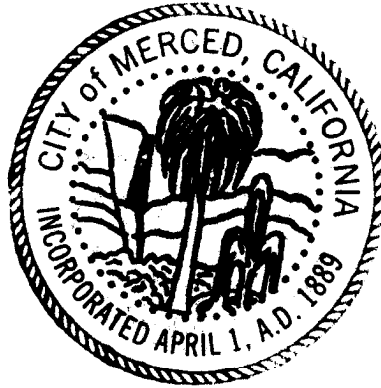
IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed on the day and year first above written.

LESSOR:
CITY OF MERCED
A California Charter Municipal
Corporation

By: John M. Bramble
City Manager

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY: Y. M. Dubrow 6/10/15
Assistant/Deputy City Clerk



APPROVED AS TO FORM:

BY: Kelley Fincher 6/14/15
City Attorney Date

214940
ACCOUNT DATA:

BY: Rudley R. [Signature]
Verified by Finance Officer

No Funds to Encumber 6/8/15
LESSEE:

MR #26629 6/8/15 RS

BY: Seth Rossow
Seth Rossow

Taxpayer I.D. No. 568-91-3632

ADDRESS: 7745 East Sandy Mush
Merced, CA 95341

TELEPHONE: (209) 617-7755

FAX: _____

E-MAIL: sethrossow@gmail.com

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "B"

MAP