

### THIRD AMENDMENT TO GROUNDWATER AND LAND LEASE AGREEMENT

This Third Amendment to Groundwater and Land Lease Agreement (“**Third Amendment**”) is dated February 8, 2024 and is between **COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing under the County Sanitation District Act, California Health and Safety Code Section 4700 *et seq.* (the “**District**”) and **CALANDRI FARMS, INC.**, a California corporation (“**Lessee**”).

A. The District and Lessee entered into a Groundwater and Land Lease Agreement, dated November 14, 2017 (the “**Original Agreement**”), as amended by a First Amendment to Groundwater and Land Lease Agreement dated January 30, 2019 and a Second Amendment to Groundwater and Land Lease Agreement dated May 14, 2020 (collectively, the “**Agreement**”), concerning approximately 1,039 acres of vacant, unimproved land owned by the District in unincorporated Los Angeles County, northeast of the City of Lancaster, and 2,850 AFY of the District’s groundwater rights so that Lessee could establish, operate and maintain a farming operation on the Leased Premises. All terms not defined in this Third Amendment have the meanings ascribed in the Agreement.

B. Lessee desires to lease an additional 110 acres of vacant, unimproved land owned by the District adjacent to the Leased Premises, identified as Los Angeles County Assessor’s Parcel Numbers 3302-025-914, 3302-031-906, 3302-031-910, 3302-031-911, and 3302-031-919 (the “**Additional Land**”) in order to conduct more sustainable crop rotation practices as part of Lessee’s farming operation.

C. The Additional Land is currently surplus to the District’s needs for agricultural reuse of recycled water from the District’s Lancaster Water Reclamation Plant. The District desires to fully utilize and obtain revenue from its assets, including the Additional Land, and to minimize its land maintenance obligations by having an ongoing agricultural operation on the Additional Land.

D. As consideration for adding the Additional Land to the Leased Premises, Lessee is willing to pay increased Land Rent to the District.

E. In accordance with the terms, provisions and requirements of the California Surplus Land Act (California Government Code Sections 54220-54233) (the “**Act**”), the Board of Directors of the District has reviewed the ownership intent and use of the Additional Land. Pursuant to a “**Resolution**”, adopted by the Board of Directors of the District on February 8, 2024, the Additional Land was declared “Exempt Surplus Land” for purposes of the Act because the Additional Land serves a valid agency use, and leasing of the Additional Land furthers such agency use.

The District and Lessee therefore amend the Agreement as follows:

1. **Effective Date.** This Third Amendment is subject to approval of the Resolution by the State of California Department of Housing and Community Development (“**HCD**”). This Third Amendment shall be effective on the later of (a) February 18, 2024 or (b) the date HCD notifies the District of its approval of the Resolution (the “**Effective Date**”). The District shall inform Lessee of the Effective Date, which shall be conclusive and binding on Lessee. If HCD does not approve the Resolution by June 30, 2024, then this Third Amendment will be null and void, *ab initio*.

2. **Leased Premises.** Every reference in the Agreement to “1,039 acres” or “1,479 acres” is hereby deleted and replaced with “1,149 acres”, which includes the Additional Land.

3. **Amendment to 3<sup>rd</sup> Recital.** The third recital in the Original Agreement is hereby deleted in its entirety and replaced with the following:

“The District is willing to lease approximately 1,149 acres of the remaining approximately 1,820 acres of the Property. The “**Leased Premises**”, which is comprised of vacant and unimproved land, is shown on Exhibit A-2024 attached hereto and legally described as:

*Land consisting of approximately 1,149 acres comprised of: the north half of the northeast quarter of the northeast quarter of Section 35, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (20 acres); the south half of Section 25, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian, except therefrom an approximately 1-acre area at the southeast corner of Section 25 (319 acres); the east half of the east half of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian, except therefrom the southerly 20 acres of said area (140 acres); the northwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (40 acres); the east half of the east half of the northeast quarter of the northwest quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the west half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (20 acres); the south half and the northwest quarter of Section 31, Township 8 North, Range 10 West of the San Bernardino Baseline and Meridian (480 acres); Los Angeles County Assessor’s Parcel Number 3302-025-914 (40 acres), Los Angeles County Assessor’s Parcel Number 3302-031-906 (2.5 acres), Los Angeles County Assessor’s Parcel Number 3302-031-910 (60 acres), Los Angeles County Assessor’s Parcel Number 3302-031-911 (2.5 acres), and Los Angeles County Assessor’s Parcel Number 3302-031-919 (5 acres).”*

4. **Amendment to Section 2.1.** The first four sentences in Section 2.1 are hereby deleted in their entirety and replaced with the following:

“Lessee shall pay annual “**Land Rent**” of \$28,800 to the District based on a rental rate of \$40 per acre per year for the cultivation of any given 720 acres of the Leased Premises. Lessee shall also pay an annual “**Groundwater Service Fee**” of \$256,360 to the District. The Land Rent and Groundwater Service Fee together are “**Rent**”. The Parties acknowledge and agree that the District abated Lessee’s Rent through and until December 31, 2020 and will abate Lessee’s Rent for the extended term of January 1, 2029 to December 31, 2029 (if exercised by Lessee), all subject to the provisions set forth in Section 15.13.”

5. **Amendment to Section 4.11.** Section 4.11 is hereby deleted in its entirety and replaced with the following:

“4.11 Expiration or Termination of Agreement; Removal of Improvements. Immediately upon expiration or termination of this Agreement, Lessee shall deliver the Leased Premises to the District (a) free and clear of all debris, weeds, and brush and (b) in a condition that minimizes erosion, dust, and other nuisance conditions that emanate, or are likely to emanate, from the Leased Premises. Within 30 calendar days after the expiration or termination of this Agreement, Lessee shall remove all improvements installed by Lessee, and any personal property of Lessee, from the Leased Premises, unless otherwise directed by the District. This Section 4.11 survives expiration or termination of the Agreement.”

6. **Exhibit A–2024.** Exhibit A–2020 to the Agreement is hereby deleted and replaced by the attached Exhibit A–2024. Any references in the Agreement to Exhibit A, Exhibit A-2019, or Exhibit A-2020 are hereby replaced with Exhibit A–2024.

7. **No Further Modification.** Except only as modified by this Third Amendment, the Agreement remains in full force and effect. If there is any conflict or inconsistency between the Third Amendment and the Agreement, this Third Amendment prevails.

8. **No Admission/Waiver.** The Parties agree that this Third Amendment is the result of a compromise. Nothing in this Third Amendment or in any correspondence or discussions between the Parties (including statements made at any meeting of the Board of Directors of the District) concerning the terms of this Third Amendment is or will be construed as an admission by either Party of (a) any liability for any losses or damages, if any, sustained by the other Party or (b) a default or breach under the Agreement.

9. **Warranty of Authority.** Each individual signing this Third Amendment warrants and represents that he or she has the full authority to execute this Third Amendment on behalf of the Party on whose behalf he or she so signs, that he or she is acting within the scope of such authority, and that this Third Amendment shall be binding upon and enforceable against the Party on whose behalf he or she so signs by virtue of such signature.

*[Signatures Appear on Following Page]*

The District and Lessee are signing this Third Amendment as of February 8, 2024.

**COUNTY SANITATION DISTRICT NO. 14  
OF LOS ANGELES COUNTY**

By: \_\_\_\_\_  
Chairperson, Board of Directors

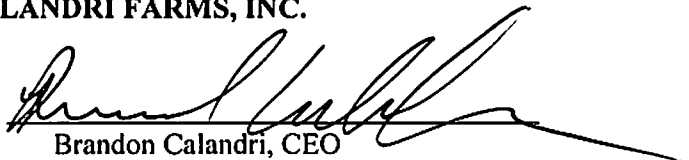
**ATTEST:**

\_\_\_\_\_  
Secretary to the Board

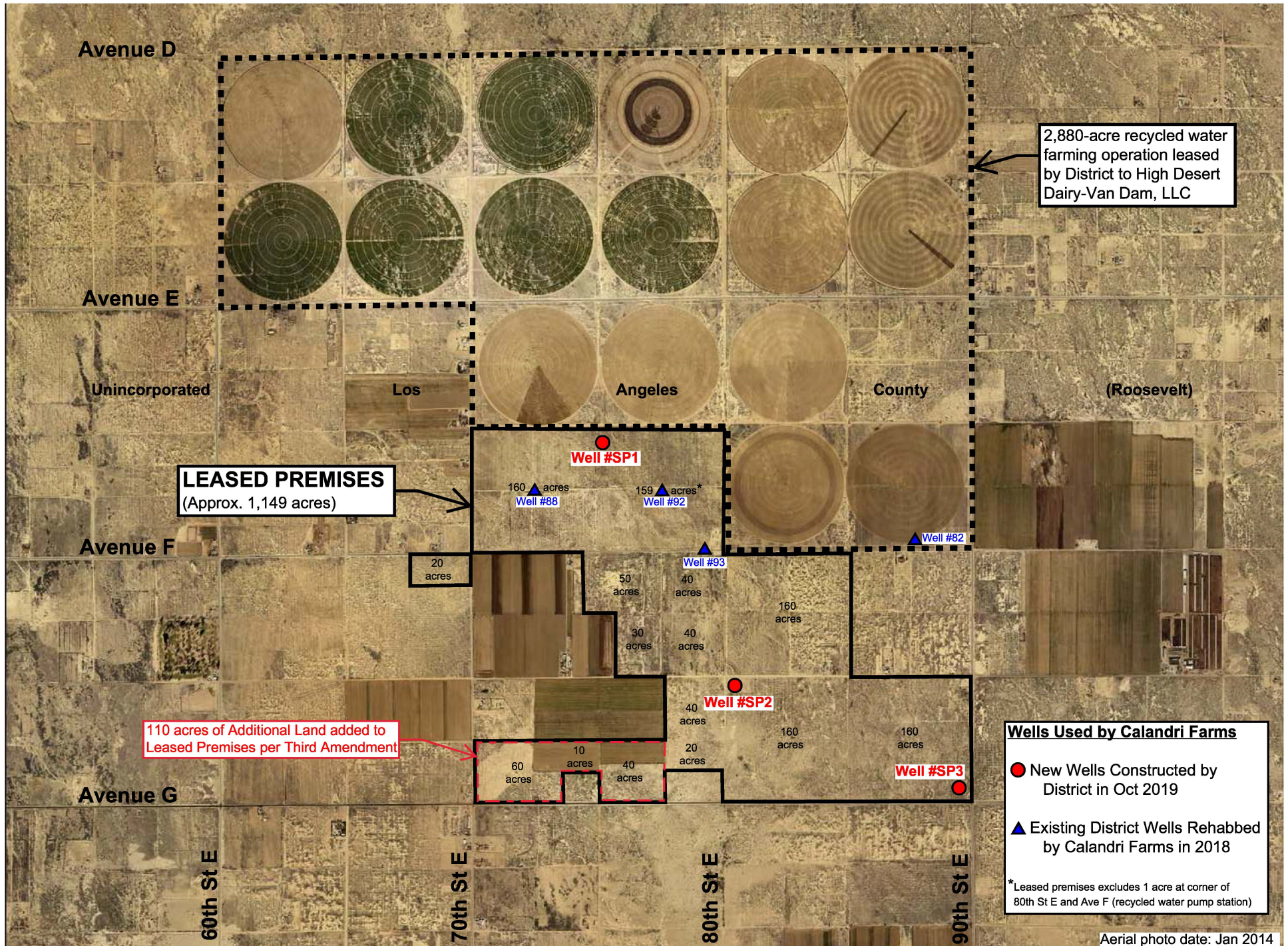
**APPROVED AS TO FORM:**  
Lewis Brisbois Bisgaard & Smith, LLP

By: \_\_\_\_\_  
District Counsel

**CALANDRI FARMS, INC.**

By:   
Brandon Calandri, CEO

# Exhibit A - 2024



2,880-acre recycled water farming operation leased by District to High Desert Dairy-Van Dam, LLC

**LEASED PREMISES**  
(Approx. 1,149 acres)

110 acres of Additional Land added to Leased Premises per Third Amendment

**Wells Used by Calandri Farms**

- New Wells Constructed by District in Oct 2019
- ▲ Existing District Wells Rehabbed by Calandri Farms in 2018

\*Leased premises excludes 1 acre at corner of 80th St E and Ave F (recycled water pump station)

Aerial photo date: Jan 2014