

THIRD AMENDMENT TO LEASE AND RECYCLED WATER AGREEMENT

This Third Amendment to Lease and Recycled Water Agreement (“**Third Amendment**”) is dated _____, 2024 (the “**Third Amendment Effective Date**”) 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 **HIGH DESERT DAIRY–VAN DAM, LLC**, a California limited liability company (“**Lessee**”). The District and Lessee are referred to individually in this Third Amendment as a “**Party**” and collectively as the “**Parties**.”

A. The District and Lessee entered into a *Lease and Recycled Water Agreement* dated October 24, 2017, as amended by a *First Amendment to Lease and Recycled Water Agreement* dated June 11, 2020, and a *Second Amendment to Lease and Recycled Water Agreement* dated March 10, 2022 (collectively, the “**Agreement**”) concerning approximately 2,880 acres of land owned by the District in an unincorporated area of Los Angeles County northeast of the City of Lancaster. The Leased Premises includes eighteen (18) quarter-mile radius center pivot irrigation systems (each, a “**Pivot**”) (as depicted and individually numbered on the attached Exhibit A), four booster pump stations, and appurtenant piping and equipment used by Lessee for the cultivation of fodder crops with recycled water from the District’s Lancaster WRP. The Agreement expires by its own terms on December 31, 2028. All terms not defined in this Third Amendment have the meanings ascribed in the Agreement.

B. The 18 Pivots were installed by the District between 2005 and 2010, and fifteen (15) of the Pivots have been in continuous use since 2011. Pivots 1, 2 and 13 have either never been used or used only occasionally due to an insufficient volume of recycled water to place them into regular operation. Lessee has informed the District that it has been maintaining and repairing the Pivots pursuant to the terms of the Agreement.

C. In May and June 2024, portions of Pivots 10, 11 and 12 collapsed due to corrosion and wear, and the Parties determined that it is no longer cost effective to repair these Pivots. In order to expedite the replacement of Pivots 10, 11, and 12 and ensure that critical recycled water management operations at these three Pivots are resumed as quickly as possible, District’s staff directed Lessee to purchase and install three new Pivots to replace Pivots 10, 11 and 12 at a cost of \$140,000 each (total of \$420,000), which District’s staff determined to be a reasonable and competitive price. The Parties have agreed that, even though replacement of these specific Pivots is not Lessee’s responsibility pursuant to the terms of the Agreement, it is more efficient and timely for Lessee to perform the replacement work in exchange for a \$420,000 credit against Rent due in 2025 since the installation of these three new Pivots would benefit Lessee’s farming operations at the Leased Premises. The District’s Board of Directors formally approved Lessee’s replacement of such Pivots at its meeting on June 13, 2024. Lessee completed such work in August 2024.

D. Due to the age of the remaining Pivots and to avoid future interruptions to the District’s critical recycled water management operations and to Lessee’s farming operations, the Parties desire to implement a phased program under which Lessee will proactively replace three Pivots per year, in 2025, 2026 and 2027, in exchange for a credit against Rent due for the following year. Additionally, if directed by the District, Lessee will replace up to three Pivots in 2028 in exchange for a specific payment.

E. Lessee reaffirms its acknowledgement and understanding that pursuant to Section 3.1(a) of the Agreement, the District may reduce the Annual Available Recycled Water volume by any amount necessary in order to meet the recycled water demands of existing and future municipal and industrial users, which the City of Lancaster and the County of Los Angeles are actively trying to increase and whose demands for recycled water will take precedence over those of Lessee.

F. Lessee is informed and acknowledges there is a potential that, during the term of the Agreement, there may not be a sufficient volume of recycled water to operate as many Pivots as are currently in use at the Leased Premises due to the anticipated future increase of municipal and industrial use of recycled water produced by the Lancaster WRP. Therefore, the District's determination to replace any Pivots in 2028 will be based not only on the District's assessment of the condition of the Pivots, but also specifically on the Annual Available Recycled Water volume. If the Annual Available Recycled Water volume is insufficient to operate more than the twelve (12) Pivots that will have been replaced pursuant to the terms of this Third Amendment (three each in 2024 through 2027), it is likely the District may elect not to replace any additional Pivots in 2028.

The District and Lessee therefore amend the Agreement as follows:

1. Rent Credit for Pivots Replaced in 2024.

The District will credit Lessee \$420,000 against Rent owed in 2025, which is due by January 1, 2025, for replacing Pivots 10, 11 and 12 in August 2024. Therefore, Rent in 2025 shall be \$3,920, as shown in Table 1 below.

2. Rent Credit for Replacement of Pivots in 2025, 2026, and 2027.

During January of each year, starting in 2025 and through 2027, the District will determine, with input from Lessee, which three Pivots should be replaced by Lessee during that calendar year based on a condition assessment by the District and Lessee. The District will make the final determination and inform Lessee no later than March 1. Lessee shall then procure all necessary parts and equipment and complete replacement of the three Pivots designated by the District no later than September 1. Each new Pivot shall be a Reinke Electrogator II, with specifications substantially similar to those in the attached Exhibit B. Lessee shall perform all work in connection with the replacement of the applicable Pivots, as provided in this Third Amendment, in a good and workmanlike manner and in compliance with all applicable laws, regulations, codes, and ordinances. Once the Pivot replacement work has been completed, Lessee shall send written notification to the District confirming which Pivots were replaced and provide photographs of the new Pivots (the "**Completion Notice**"). The District shall have the right to enter upon the Leased Premises to inspect the replacement work. Within ten (10) days after receipt of the Completion Notice and confirmation by the District that the replacement work has been performed in accordance with the provisions of the Agreement, including this Third Amendment, the District will provide Lessee written notification that a credit equal to the following year's Rent has been issued (the "**Rent Credit Notice**"), as indicated in Table 1 below.

3. Payment for Replacement of Pivots in 2028.

During January of 2028, the District will determine, with input from Lessee, if zero, one, two or three Pivots should be replaced by Lessee in 2028 based on a condition assessment by

the District and Lessee. The District will make the final determination and inform Lessee no later than March 1. If the District directs Lessee to replace one, two or three Pivots, Lessee shall then procure and complete replacement of the Pivots designated by the District no later than September 1, 2028. Each new Pivot shall be a Reinke Electrogator II, with specifications substantially similar to those in the attached Exhibit B. The District shall have the right to enter upon the Leased Premises to inspect the replacement work. Once the replacement work has been completed, Lessee shall send a Completion Notice to the District. Within thirty (30) days after receipt of the Completion Notice and confirmation by the District that the replacement work has been performed in accordance with the provisions of the Agreement, including this Third Amendment, the District will send Lessee payment (the “**Pivot Replacement Payment**”) as described in Section 3.1 below.

3.1 Pivot Replacement Payment Calculation.

The Pivot Replacement Payment that the District will provide to Lessee shall be determined as follows:

- If the District determines that zero Pivots need to be replaced in 2028, the Pivot Replacement Payment shall be \$0.
- If the District determines that one Pivot must be replaced in 2028, then the Pivot Replacement Payment shall be an amount equal to \$140,000 increased by the change in CPI between July 2024 and July 2028.
- If the District determines that two Pivots must be replaced in 2028, then the Pivot Replacement Payment shall be an amount equal to \$280,000 increased by the change in CPI between July 2024 and July 2028.
- If the District determines that three Pivots must be replaced in 2028, then the Pivot Replacement Payment shall be an amount equal to \$420,000 increased by the change in CPI between July 2024 and July 2028.

Table 1 – Rent Credit for Pivots Replacement

Year	Rent Due January 1*	Pivot Nos. Replaced	Rent Credit Applied to Following Year’s Rent
2024	\$423,920**	10, 11, 12	\$420,000
2025	\$3,920	TBD	Equal to 2026 Rent***
2026	\$0	TBD	Equal to 2027 Rent***
2027	\$0	TBD	Equal to 2028 Rent***
2028	\$0	TBD	N/A****

*Upon the Third Amendment Effective Date.

**Paid by Lessee in August 2023.

***Per Section 2.1 of the Agreement (specifically, the Second Amendment dated March 10, 2022).

****Since the Agreement expires on December 31, 2028, if the District directs Lessee to replace any Pivots in 2028, as described in Section 3 of this Third Amendment, providing Lessee a rent credit for the following year would not be possible. Therefore, the District will provide Lessee payment as specified in Section 3.1 of this Third Amendment.

4. Representations. Lessee represents and warrants for the benefit and reliance of the District as follows: (a) the Agreement has not been modified, changed, altered or amended in any respect (except only by this Third Amendment) and is legal, valid, and binding, in full force and

effect, and enforceable in accordance with its terms; (b) there exists no breach or default, nor state of facts, nor condition which with notice, the passage of time, or both, would result in a breach or default under the Agreement on the part of Lessee or the District; and (c) no claim, controversy, dispute, quarrel or disagreement exists between the District and Lessee.

5. Miscellaneous. Except as specifically stated herein, all other terms and conditions of the Agreement remain in full force and effect. In the event of any conflict or inconsistency between the Agreement and this Third Amendment, the provisions of this Third Amendment will prevail. The recitals set forth in Sections A through F above are incorporated in this Third Amendment by reference. 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, and that he or she is acting within the scope of such authority.

[Signatures Appear on Following Page]

The Parties are signing this Third Amendment as of the Third Amendment Effective Date.

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

By: _____
Chairperson, Board of Directors

ATTEST:

Secretary to the Board

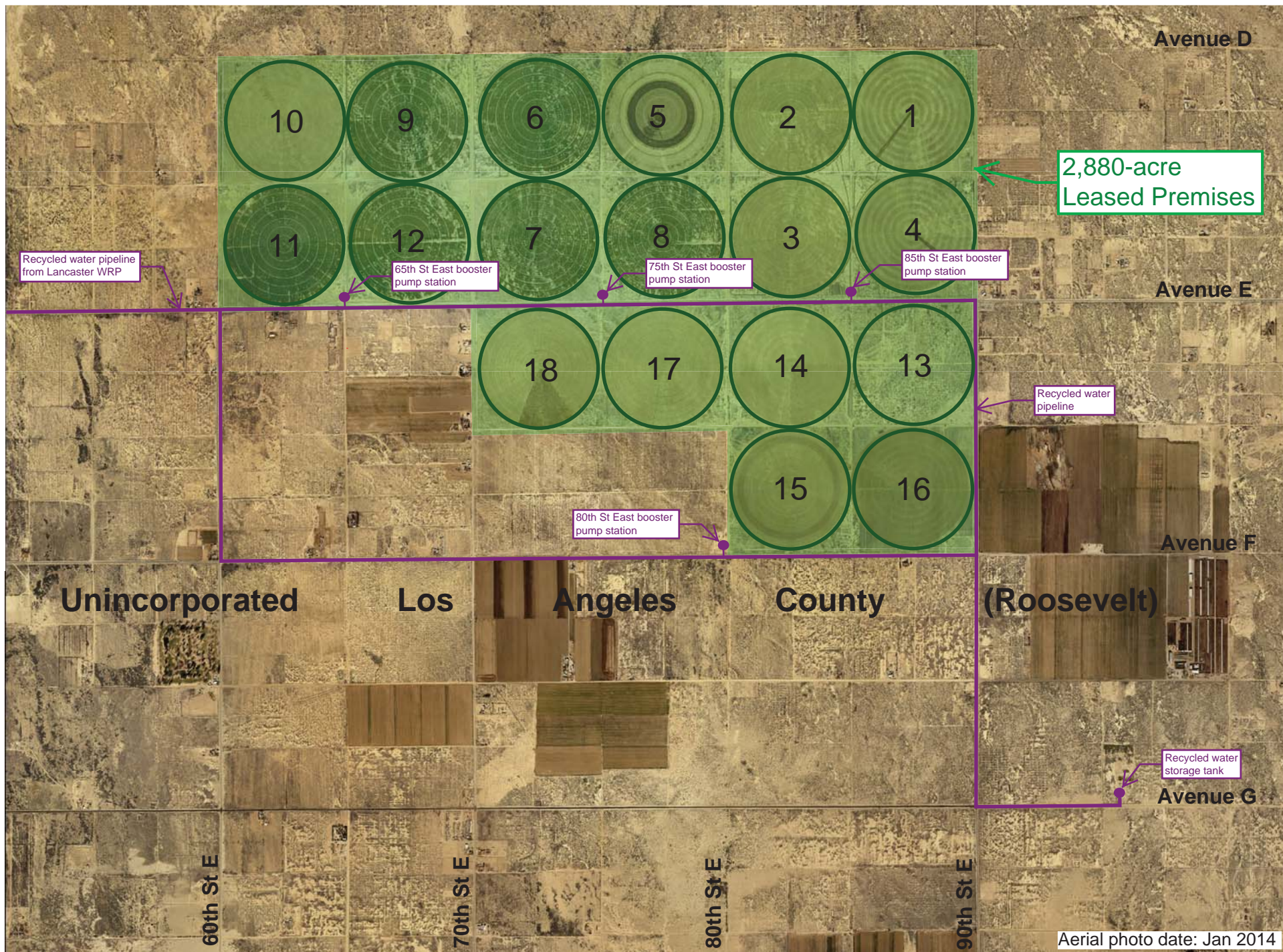
APPROVED AS TO FORM:
Lewis Brisbois Bisgaard & Smith, LLP

By: _____
District Counsel

HIGH DESERT DAIRY-VAN DAM, LLC,
a California limited liability company

By:  _____
Craig Van Dam, Manager

EXHIBIT A



2,880-acre
Leased Premises

Recycled water pipeline
from Lancaster WRP

65th St East booster
pump station

75th St East booster
pump station

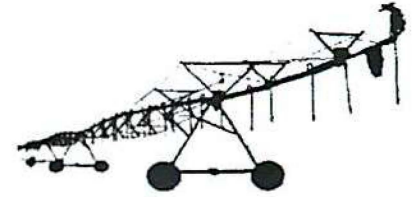
85th St East booster
pump station

Recycled water
pipeline

80th St East booster
pump station

Recycled water
storage tank

Aerial photo date: Jan 2014



Van Dam Farms Lancaster Shark Wheel - 3/14/2024
PRICES EFFECTIVE: January 01, 2024

Customer Information

Van Dam Farms
 Joey - (Manager)
 E Ave. & 65th Street
 Lancaster, California, USA 93536
 Legal:

Mailing: 8845 W. Av E8PMB 175
 City/State: 93536
 Email:
 Phone:

Dealer Information

1302510
 Asher Magee
 PO Box 7
 Newberry Springs, CA 92365
 PO #:

FAX: (760)257-3294
 Mobile: (760)963-1819
 Email: judyandasher@gmail.com
 Phone: (760)257-3294

System Information

System Type: Center Pivot

System GPM: 1000.0 GPM
 Max. System GPM: 1004.1 GPM
 Elevation: 0' feet
 Top of Inlet Pressure: 29.8 PSI
 End Pressure: 15 PSI
 Hours to Apply 1": 52.1 Hours

Model: E2065-G / 40"

System Length: 1263'
 Min. System GPM: GPM
 System Acres: 115.0 Acres
 End Gun Acres: 0.0 Acres
 Total Acres: 115.0 Acres

Span Information

Number	Type	Length	Ext	Spacing	Wheel Trk	Tire Size	PSI Loss	Span Cable
1	E2065	180'	N	40"	182'	16.9 x 24 Shark	3.8	10C/#12/1s
2	E2065	180'	N	40"	362'	16.9 x 24 Shark	3.5	10C/#12/1s
3	E2065	180'	N	40"	542'	16.9 x 24 Shark	3	10C/#12/1s
4	E2065	180'	N	40"	722'	16.9 x 24 Shark	2.3	10C/#12/1s
5	E2065	180'	N	40"	902'	16.9 x 24 Shark	1.4	10C/#12/1s
6	E2065	180'	N	40"	1082'	16.9 x 24 Shark	0.7	10C/#12/1s
7	E2065	180'	N	40"	1263'	16.9 x 24 Shark	0.1	10C/#12/1s
EB	N/A	None	N	N/A	1'		0.0	

System Components

Qty	Description
1	Pivot Center, Galvanized
1	Riser Pipe-Long-8" Dia.-EII
1	JOINT PIVOT E2065
1	Bottom Elbow-8" SAE Flange-Galv
1	Walkway - Pivot Center Platform
1	RPM Advanced Main Control Panel
1	Auto Stop, Pivot Center Option
1	Auxiliary Receptacle Kit
1	Lightning Arrestor UL Listed
1	LOW PRESS SW-RPM ADV-4.5 PSI
1	Cam Wheel Switch Mount Assembly
7	Spans, 180', 6 5/8" dia., Galvanized Pipe, 40" Outlet Spacing
6	SPAN STAB OPT 175'/180' EII
1	LAST TWR TOP W/CPLR E2065
7	Step Option, Tower Base Access
7	Tower Assembly, Heavy Duty, Galvanized, Standard Profile
7	TIRE OPT/TWR-SHARK HTRAC-2 WHL
7	Wheel Gears, Reinke, Non-Towable
7	Helical Center Drive-Std Speed-EII
1	No End Boom
1	No End Gun
1	Light Assembly, End Tower, Strobe
1	BULB-CLEAR STROBE-120V SOCKET
185	Sprinklers, Nelson Rotator (R3000)
185	NELSON ALLFLO 10# FXST
185	Ball Valves, Plastic
185	Weight, Hose Drop, Nelson, 1 LB
185	GOOSENECK-3/4MNPTX3/4B-SGL-180
1	Flush Valve, End Boom

Miscellaneous Items

<u>Description</u>	<u>Price</u>
Equipment Rental	\$2,800.00
Remove existing system spans from field	\$2,900.00
Per Diem for assembly crew	\$4,000.00
	Total: \$9,700.00



Irrigation System Purchase Agreement
Asher Magee

ELECTROGATOR II™

Van Dam Farms Lancaster Shark Wheel

Investment

Total List Price	\$131,838.75
Discount	\$15,820.65
Customer Price	\$116,018.10 T
Installation	\$8,400.00 T
Freight	\$4,800.00
+ Pivot Pad	\$0.00 T
Miscellaneous Items	\$9,700.00 T
Price	\$138,918.10

- Trade-In	\$0.00 T
Sub-Total	\$138,918.10
Sales Tax (%)	\$3,688.25
Total Price	\$142,606.35

Down Payment	\$0.00
Due on Delivery	\$114,085.08
Due on Installation	\$28,521.27

Payment Terms Cash

Payment shall be as indicated above. Prices subject to change without notice. If Customer requests changes in the system or delays progress of the manufacture or shipment of the system, the system price shall be adjusted to reflect increases caused thereby. In addition, the system price is subject to revision due to increases in material and labor costs during the period from the date of this purchase order until completion of manufacture of the system.