

**THIRD AMENDMENT TO AGREEMENT WITH HARRINGTON FARMS
PROVIDING FOR RECYCLED WATER AND SUBLEASING OF LOS ANGELES
WORLD AIRPORTS PROPERTY AT THE PALMDALE REGIONAL AIRPORT**

This Third Amendment to Agreement with Harrington Farms Providing for Recycled Water and Subleasing of Los Angeles World Airports Property at the Palmdale Regional Airport (“**Third Amendment**”) is effective November 15, 2021 (the “**Third Amendment Effective Date**”) and is between **COUNTY SANITATION DISTRICT NO. 20 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 **LEE HARRINGTON AND SONS**, a California general partnership, doing business as Harrington Farms (“**Harrington Farms**”). Together, the District and Harrington Farms are the “**Parties**.”

A. The District and the City of Los Angeles previously entered into a lease agreement entitled *Lease Between the City of Los Angeles and County Sanitation District No. 20 of Los Angeles County for Reclaimed Water Management at Palmdale Regional Airports*, dated February 4, 2002 (the “**Original Master Lease**”). The Original Master Lease was amended and restated pursuant to an *Amended and Restated Lease Between the City of Los Angeles and County Sanitation District No. 20 of Los Angeles County at Palmdale Landholdings* entered into by and between the District and the City of Los Angeles, dated May 11, 2018 (the “**Current Master Lease**”).

B. The District has subleased certain premises to Harrington Farms pursuant to an *Agreement with Harrington Farms Providing for Recycled Water and Subleasing of Los Angeles World Airports Property at the Palmdale Regional Airport*, dated February 26, 2003 (District’s Contract No. 3956), as amended by a *First Amendment to Agreement with Harrington Farms Providing for Recycled Water and Subleasing of Los Angeles World Airports Property at the Palmdale Regional Airport*, dated August 25, 2011 (District’s Contract No. 3956C), and a *Second Amendment to Agreement with Harrington Farms Providing for Recycled Water and Subleasing of Los Angeles World Airports Property at the Palmdale Regional Airport*, dated September 23, 2015 (District’s Contract No. 3956D), all entered into by and between the District and Harrington Farms (collectively, the “**Agreement**”). All terms not defined in this Third Amendment have the meanings ascribed thereto in the Agreement.

C. Under the Agreement, Harrington Farms subleases from the District the Subleased Premises, which consists of approximately 23 acres of real property containing pistachio trees and irrigation improvements located at the Palmdale Regional Airport in an unincorporated area of the County of Los Angeles, State of California.

D. The term of the Agreement currently expires on February 3, 2022 (the “**Expiration Date**”). Harrington Farms has paid the land rent and recycled water Access Fee required under the Agreement through November 30, 2021.

E. By this Third Amendment, the Parties intend to extend the Expiration Date by an additional 5 years, provide for a 5-year option in favor of Harrington Farms to extend the Agreement term, and memorialize certain other agreements between the Parties subject to the terms and conditions set forth below.

The District and Harrington Farms therefore amend the Agreement as follows:

1. Amendment to Section 1.2. The first sentence of Section 1.2 is hereby amended by replacing the words “expire on February 3, 2022” with “expire on December 31, 2026 subject, however, to earlier termination as provided in the Agreement.”

2. Amendment to Section 1. Section 1 of the Agreement is hereby amended by inserting after Section 1.4 a new Section 1.5, as follows:

1.5 Extension Option. Harrington Farms shall have one option to extend (“**Extension Option**”) the term of this Agreement. The option period (“**Option Period**”) will commence on January 1, 2027 and expire on December 31, 2031, provided that Harrington Farms exercises the Extension Option in strict accordance with the terms and conditions of this Section 1.5. Harrington Farms may give the District written notice of its intent to exercise its Extension Option (the “**Exercise Notice**”) not earlier than 9 months and not later than 3 months prior to the commencement of the Option Period. If Harrington Farms fails to exercise its Extension Option in strict accordance with the provisions of this Section 1.5, then the Extension Option will terminate immediately, unconditionally, automatically, and without notice, and be of no further force or effect. If the term of this Agreement is extended pursuant to the provisions of this Section 1.5, then references in the Agreement to the “**term**” will be deemed to include the Option Period. The Extension Option shall terminate and be of no force or effect if the District gives to Harrington Farms 3 or more notices of separate default between the Third Amendment Effective Date and December 31, 2026, regardless as to whether or not such defaults are cured.

3. Amendment to Section 2.1. Section 2.1 is hereby amended by replacing that section in its entirety with the following:

2.1 Rent. Harrington Farms shall pay all rent in advance, without right of grace, notice, offset, abatement, deduction, or refund. On or before January 1 of each year of the term of the Agreement, Harrington Farms shall pay the District rent for use of the Subleased Premises (not including the right to any water) at the rate of \$60 per acre per year for 23 acres, for a total of \$1,380 per year. Rent under this Section 2.1 will be prorated for the period between December 1, 2021 and December 31, 2021 and payable on January 1, 2022.

4. Amendment to Section 2.3. Section 2.3 is hereby amended by replacing that section in its entirety with the following:

2.3 Recycled Water Costs. On or before January 1 of each year of the term of the Agreement, Harrington Farms shall pay the District an annual recycled water “**Access Fee**” for access to recycled water from the District’s Palmdale WRP at the rate as shown in Table 1 below. The Access Fee is payable at the same time and in the same manner as the rent described in Section 2.1. The Access Fee under this Section 2.3 will be prorated for the period between

December 1, 2021 and December 31, 2021 and payable on January 1, 2022. Harrington Farms shall also pay the District a recycled water “**Conveyance Fee**” for the District’s operation and maintenance costs associated with the conveyance and transmission of recycled water to the Subleased Premises. The Conveyance Fee is payable by Harrington Farms on a quarterly basis, within 30 days after receipt of an invoice from the District.

Table 1

Term	Annual Rent	Annual Access Fee	Conveyance Fee
Through Dec 31, 2021	\$1,380 (\$60/acre)	\$1,380 (\$60/acre)	\$20 per acre-foot
Jan 1, 2022 through Dec 31, 2026	\$1,380 (\$60/acre)	\$2,300 (\$100/acre)	\$22 per acre-foot
Jan 1, 2027 through Dec 31, 2031*	\$1,380 (\$60/acre)	\$2,645 (\$115/acre)	\$25 per acre-foot

*If the Extension Option is exercised by Harrington Farms.

5. References to Lease. All references to “Lease” in the Agreement are deemed to refer to the Current Master Lease from and after May 11, 2018.

6. Representations. Harrington Farms 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 Harrington Farms or the District; and (c) no claim, controversy, dispute, quarrel or disagreement exists between the District and Harrington Farms. Harrington Farms further acknowledges and confirms that it has received and reviewed the Current Master Lease and agrees that the Agreement is subject and subordinate to the Current Master Lease, as same may be amended from time to time.

7. Miscellaneous. Except as stated above, 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. All monetary obligations of Harrington Farms under the Agreement are deemed to be rent. The recitals set forth in Sections A through E 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. 20
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

LEE HARRINGTON & SONS, a California
general partnership, doing business as
Harrington Farms

By: Billy L. Harrington
Name: Billy L. Harrington
Title: owner