

## SECOND AMENDMENT TO LEASE AND RECYCLED WATER AGREEMENT

This Second Amendment to Lease and Recycled Water Agreement (“**Second Amendment**”) is dated March 10, 2022 (the “**Second 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 Second 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 (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 18 quarter-mile radius center pivots, 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. All terms not defined in this Second Amendment have the meanings ascribed in the Agreement.

B. Lessee has requested that the District agree to extend the term of the Agreement so that Lessee can qualify to receive grants from the Antelope Valley Air Quality Management District to purchase low-emission equipment and vehicles to support Lessee’s operations at the Leased Premises. The District is willing to extend the term of the Agreement subject to the terms and conditions in this Second Amendment.

The District and Lessee therefore amend the Agreement as follows:

1. Amendment to Section 1.2. Section 1.2 of the Agreement is hereby deleted in its entirety and replaced with the following:

“1.2 Term. The term of this Agreement commences on November 1, 2017 (the “Commencement Date”) and expires on December 31, 2028. The term of this Agreement may be extended for up to two (2) additional one-year terms upon mutual agreement of the Chief Engineer and Lessee.”

2. Amendment to Section 2.1. Section 2.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

“2.1 Payment. Lessee shall pay annual “Rent” to the District for each full calendar year of the term of this Agreement as summarized below:

Effective January 1, 2018, (a) the amount of Rent is \$545,440 per year, based on a rental rate of \$243.50 per acre per year for the cultivation of any given 2,240 acres (14 center-pivot fields) of the Leased Premises, and (b) Lessee shall pay additional rent of \$38,960 for each additional center-pivot field, or portion of a center-pivot field, cultivated pursuant to Section 3.1.b

based on a rental rate of \$243.50 per acre per year multiplied by 160 acres for each additional center pivot field being cultivated.

Effective January 1, 2021, (a) the amount of Rent is \$423,920 per year, based on a rental rate of \$189.25 per acre per year for the cultivation of any given 2,240 acres (14 center-pivot fields) of the Leased Premises, and (b) Lessee shall pay additional rent of \$30,280 for each additional center-pivot field, or portion of a center-pivot field, cultivated pursuant to Section 3.1.b based on a rental rate of \$189.25 per acre per year multiplied by 160 acres for each additional center pivot field being cultivated.

Effective January 1, 2026, (a) the amount of Rent will be increased each year commencing on January 1, 2026 and continuing on January 1 of each year thereafter as provided for in Section 2.1.1 below and will represent payment for the cultivation of any given 2,240 acres (14 center-pivot fields) of the Leased Premises, and (b) Lessee shall pay additional rent for each additional center-pivot field, or portion of a center-pivot field, cultivated pursuant to Section 3.1.b based on a proportion of the Rent effective during that year. By way of example only, if Rent in 2026 is \$439,040 for 2,240 acres (which is \$196 per acre), and Lessee cultivates an additional 320 acres in 2026, then the additional rent due would be \$62,720 (\$196 multiplied by 320).

Lessee shall pay all Rent in advance by the first day of each year of the term, starting on January 1, 2018. Any additional rent payable for cultivation of fields in excess of 14 center-pivot fields will be payable in arrears together with the following year's annual Rent payment. Lessee shall make its payments to County Sanitation District No. 14 of Los Angeles County without offset, notice, grace, or deduction and shall mail the payments to the address provided in Section 12 of this Agreement.”

3. New Subsection in Section 2.1. The following Subsection 2.1.1 is hereby added after Section 2.1:

“2.1.1 Increases in Rent. Effective January 1, 2026, Rent will be increased every January 1 (commencing on January 1, 2026) by an amount equal to the change in the CPI (as defined below) during the immediately preceding 12-month period ending October 31 (“**CPI Adjustment**”), with a maximum 5% increase. By way of example only, the Rent effective January 1, 2026, will be increased based on the change in the CPI between November 1, 2024 and October 31, 2025. For purposes of this Agreement, “**CPI**” means the Consumer Price Index – All Items for All Urban Customers, Los Angeles-Long Beach-Anaheim area published by the United States Department of Labor, Bureau of Labor Statistics (or a reasonably equivalent index if such index is discontinued). In no event will the Rent be less than the Rent payable in the immediately preceding lease year. If the Parties inadvertently fail to apply a CPI Adjustment on January 1 of any year, then that failure

will not be deemed a waiver by the District of that particular CPI Adjustment of Rent, but rather, that CPI Adjustment will be added to any subsequent CPI Adjustment(s) with appropriate back charges as necessary to capture the inadvertent shortage.”

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 Second 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 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 Second Amendment, the provisions of this Second Amendment will prevail. The recitals set forth in Sections A and B above are incorporated in this Second Amendment by reference. Each individual signing this Second Amendment warrants and represents that he or she has the full authority to execute this Second 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 Second Amendment as of the Second 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**

By:  \_\_\_\_\_  
Craig Van Dam, Manager