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Letter of Intent From:

Carol Thomas-Keefer, General Manager
Indian Wells Valley Groundwater Authority
100 W. California Avenue
Ridgecrest, CA 93555

Sent via e-mail to: lbross@ssorb.com

July 29, 2022

Addressed to:

John Markley, Manager
Utica JLJ, LLC
1133 Camelback Street #12678
Newport Beach, CA 92660

RE: Letter of Intent for Utica JLJ, LLC Water Assets

Dear John,

This letter shall serve as a non-binding letter of intent for a purchase and sale transaction by and between the Indian Wells Valley Groundwater Authority ("IWVGA" or the "Buyer") and Utica JLJ, LLC (collectively the "Seller"). The following provisions set forth the basic terms and conditions for Buyer's acquisition of the following assets.

1. Assets Included in Sale: The assets included in the sale are as follows:

750 acre feet of State Water Project Table A Amount under the Water Supply Contract between the State of California Department of Water Resources and Dudley Ridge Water District originally dated December 13, 1963 as amended.

2. Purchase Price: The purchase price shall be \$6,396,000 (six million three hundred ninety six thousand dollars) payable in full upon close of escrow.

Earnest Money Deposit: Within Five (5) business days of opening escrow, Buyer shall make a deposit in the amount of Two Million Dollars (\$2,000,000) as a fully-refundable earnest money deposit with the escrow holder ("Deposit"). The deposit shall be invested by escrow holder in an interest bearing account with interest accruing to the Buyer. In the event Buyer does not provide written approval of the Due Diligence materials, Buyer and Seller agree as part of this Letter of Intent, and the escrow instructions shall provide, that the Deposit shall be immediately returned to Buyer. Buyer's right to approve or not approve of the Due Diligence materials shall be in Buyer's sole and absolute discretion. Due diligence items may include, but are not limited to:

- Transferability of water from the Dudley Ridge Water District on either a long-term or permanent basis
- First right(s) of refusal by members of the Dudley Ridge Water District and the Dudley Ridge Water District Board to approve or disapprove of the transaction
- Environmental compliance regarding the water included in the sale
- Buyer's ability to finalize and close financing for part of the transaction's cost if necessary
- Approval by the California Department of Water Resources and I WVGA's selected SWP Contractor

3. Due Diligence Period: Buyer shall have until 60 days after the final date of signature of this agreement in which to perform all due diligence items necessary. During the Due Diligence Period, Buyer and its consultants shall have the right to access and inspect the Property subject to reasonable notice and repair obligations.

4. Due Diligence Materials: Within five (5) business days of mutual execution of this letter of intent, the Seller agrees to provide Buyer with all Due Diligence Materials in its possession for the property.

5. Escrow and Title Company: Escrow and Title services shall be provided by a service mutually agreeable to both parties.

6. Closing Date: Close of Escrow shall occur on or before 7 days after the completion of all approvals necessary to transfer the Dudley Ridge Water District's Table A that is the subject of this agreement to I WVGA's selected State Water Contractor transfer partner.

7. Warranties and Representations: The Table A Amount is being purchased in its present condition without representations and warranties of any kind from the Seller, other than representations that Seller: (1) Has provided Buyer with all information relating to the Table A Amount which is in Seller's possession, and (2) Seller has disclosed any and all defects and problems known to it, and (3) Seller is authorized to sell the property subject to all approvals and agreements listed in item 2.

8. Closing Costs: Buyer shall be responsible for its own legal fees, costs of any and all inspections or reports it obtains, and one-half (1/2) of the escrow fee. Seller shall be responsible for its own legal fees, owners and title insurance policy and one-half (1/2) of the escrow fee, if any. Seller obligations shall be prorated as of the date of closing.

9. Commissions: It is mutually understood and agreed upon that Seller and Buyer have their own representation related to services pertaining to the due diligence and consummation of the sale. Seller agrees to indemnify and hold Buyer harmless from any claims against Seller for commissions or fees

related to this transaction. Buyer agrees to indemnify and hold Seller harmless from any claims against Buyer for commissions or fees related to this transaction.

10. Formal Agreement: This Letter of Intent shall be non-binding subject to the execution of a formal Purchase and Sale Agreement to be prepared by Buyer and approved by both parties before the close of escrow.

11. Confidentiality: Buyer and Seller shall keep this letter of intent confidential; however, Buyer may share this Letter of Intent with its counsel, consultants, lender and Board. Seller may share this letter of intent with its counsel and consultants necessary for the completion of this transaction.

12. Acceptance: Acceptance of this Letter of Intent shall occur only upon delivery to Buyer, via e-mail at cthomaskeefer@rgs.ca.gov before August 3rd, 2022 at 5 PM Pacific Daylight Time. This letter of intent will expire if not countersigned and delivered by the above stated time.

Please indicate your acceptance of these terms by executing a copy of this Letter of Intent and returning a copy to me.

Sincerely,


Carol Thomas-Keefer (Jul 25, 2022 18:53 PDT)

Carol Thomas-Keefer, General Manager
Chairman, Indian Wells Valley Groundwater Authority

Countersign:

Agreed to and Accepted as of the Date Set Forth Below:

By: 
Name: Jon Lash
Title: Manager
Date: 8-2-22

Dudley Ridge_LOI_072922

Final Audit Report

2022-07-30

Created: 2022-07-29
By: April Keigwin (akeigwin@rgs.ca.gov)
Status: Signed
Transaction ID: CBJCHBCAABAAwdPBXdffForDNgohnqC7sZNDv5aUJgm3b

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-  Document created by April Keigwin (akeigwin@rgs.ca.gov)
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-  Document emailed to cthomaskeefer@rgs.ca.gov for signature
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-  Email viewed by cthomaskeefer@rgs.ca.gov
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-  Signer cthomaskeefer@rgs.ca.gov entered name at signing as Carol Thomas-Keefer
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-  Document e-signed by Carol Thomas-Keefer (cthomaskeefer@rgs.ca.gov)
Signature Date: 2022-07-30 - 1:03:44 AM GMT - Time Source: server- IP address: 174.195.203.3
-  Agreement completed.
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