

SOUTH KINGS GROUNDWATER SUSTAINABILITY
AGENCY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS
MEETING AGENDA

Tuesday, December 22, 2020

6:00 PM

VIA TELECONFERENCE PURSUANT TO EXECUTIVE ORDER N-29-20 ISSUES BY GOVERNOR GAVIN NEWSOM. THE COUNCIL CHAMBER WILL BE CLOSED TO THE PUBLIC. PUBLIC CAN PARTICIPATE IN THIS MEETING AND PROVIDE COMMENTS ON AGENDA ITEMS VIA THE FOLLOWING:

<https://zoom.us/j/99677119270?pwd=MU1ObmJpQmdxa0xCMHZEdWt2cGFEdz09>

Meeting ID: 996 7711 9270

Passcode: 491868

Please contact Annika Romo at (559) 299-1544 for any questions regarding the Zoom meeting.

Items:

1. Call to Order and roll call
2. Public Comment on Items not on Agenda

The first 15 minutes of each regular session is set aside for members of the public to comment on any item within the jurisdiction of the Board of Directors, but not appearing on the agenda. For items appearing on the agenda, the public is invited to comment at the time the item is called for consideration by the Board. Any person addressing the Board under public comment will be limited to a 3-minute presentation to ensure that all interested parties have an opportunity to speak. Please submit any handouts to the Secretary via email prior to the meeting at dpeters@peters-engineering.com.

3. Consent Calendar

Unless a member of the Board of Directors requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote. Items removed from the Consent Calendar will be acted upon separately.

3.1 Approve Minutes of November 16, 2020 meeting.

4. Committee Reports

4.1 Technical Advisory Committee

5. General Items

5.1 Project Support Letters Update - Oral Report by David Peters

5.2 Land Purchase Option Agreement - Staff Report by Josh Rogers

6. Secretary's Report

6.1 Time and place for next meeting

7. Board Member Comments

8. Adjournment

SKJPA BOARD OF DIRECTORS
MEETING MINUTES

TELECONFERENCE

Wednesday, November 16, 2020

6:00 PM

Chairman Kazarian called the meeting to order at 6:00 pm.

Board Members Present: Chairman Kazarian, Dix, Pimentel, Gonzalez, Ramirez

Board Members Absent: None

Staff Present: David Peters, Michael Linden, Josh Rogers

PUBLIC PRESENTATIONS

None

CONSENT CALENDAR

Member Pimentel made a motion to approve the consent calendar. The motion was seconded by Member Ramirez, and carried with a unanimous voice vote of all other members present.

COMMITTEE REPORTS

Technical Advisory Committee Meetings

Rogers reports TAC has been working with P&P to keep an eye on availability of Prop 68 funding. There is \$5M available to each groundwater basin to use for projects in the Groundwater Sustainability Plan. GSA's were asked to turn in project lists in 1 ½ weeks' time, and if they were not shovel ready, had to be able to be developed on a limited timeline, be low cost, listed in GSP, and support disadvantaged community.

GENERAL ITEMS

5.1 SKGSA Proposition 68 Grant Application – Oral Report by David Peters

A potential project for submission has been identified - North Sanger Recharge Basin, which has a storage capacity of 1,120 acre feet annually. Total project cost is \$1.3M, with a \$300k local match, which will be split between agencies based on pumping percentages. Member Pimentel makes a motion, Ramirez seconds motion. Motion passes to include the North Sanger Recharge Basin project in the Kings Basin Prop 68 funding grant application.

5.2 Policy & Cost Sharing for Short-Term Recharge Projects – Oral Report by David Peters

TAC has discussed how to pursue cost sharing and structuring for future recharge projects in SKGSA. Smaller projects within each agency that would provide the most short-term storage to accept allocated water from CID have been identified. TAC has had discussions about the

possibilities of pursuing projects either as the GSA versus as individual agencies. A few points of discussion have been:

- Would a recharge credit system be setup if agencies use their own funds to develop projects. If GSA pursues projects, member agencies chip in to fund the projects, but the credits would be for the GSA, not each agency.
- Once projects are developed by GSA, how are they maintained? By agency where project is located with reimbursement by GSA or split between all member agencies?

Chairman Kazarian supports GSA centered approach for project development – potentially run by administrative committee.

Member Dix also supports GSA centered approach.

Member Ramirez supports GSA centered approach because of costs associated with developing projects on their own as a small town.

Member Pimentel is also afraid of the costs for small towns to develop projects on their own.

Peters states costs to agencies are probably very similar if agencies develop projects on their own versus as a GSA.

Javier Andrade (representing City of Parlier) brings up the possibility of Parlier developing their own projects because of qualification for grants based on their economic status, which would not be available if projects developed as a GSA. Kazarian states that even if GSA takes the lead, Parlier developing projects and pursuing grants individually is still an option. Rogers states GWR is heavily weighted toward helping disadvantaged communities and underrepresented communities.

Member Pimentel states that while Parlier supports a GSA joint approach to project development, they would like to secure their own funding, if possible.

5.3 Formation of Administrative Committee

TAC has had three discussions about developing an administrative committee, which would evaluate and make non-binding recommendations on policy decisions. The board may assign tasks to Administrative Committee along with durations for completion. Consist of City Managers / General Manager,

Motion made by Pimentel, seconded by Ramirez. Motion to adopt Resolution 20-01 to form the Administrative Committee passes.

5.4 Proposed Co-Op Agreement Modification – Oral Report by David Peters

Council has made modifications by taking out all parts relating to groundwater recharge, but keeping parts related to storm water discharges to CID facilities. Currently under review by CID attorneys. Once template is finalized, it will be shared with all other agencies.

SECRETARY REPORT

Prior to tonight's meeting, Peters received a task order from P&P to prepare grant application discussed in 5.1. Previous task orders did not cover actual preparation of grant application. Because

this is a time sensitive item, Peters will be asking Chairman Kazarian to approve this task order under his authority and will bring it at future meeting for discussion and approval.

Time & Place for next meeting: December 21st at 6pm via Zoom

BOARD MEMBER COMMENTS

None

ADJOURNMENT

Having no further business Chairman Kazarian adjourned at 6:48 pm. Pimentel motions to adjourn meeting, Member Ramirez second. Meeting adjourned.



December 16, 2020

Ms. Kassy Chauhan
Fresno Irrigation District
2907 South Maple Avenue
Fresno, CA 93725

Subject: Support for the City of Kerman's Lions Park Recharge Project

Dear Ms. Chauhan:

On behalf of *[organization's name]*, I would like to express our support for the City of Kerman's Lions Park Recharge Project that is being submitted as part of the Kings Basin 2021 GSA Implementation Projects grant application for funding through the California Department of Water Resources Proposition 68 Sustainable Groundwater Management Implementation Grant Round 1. The GSAs within the Kings Basin participated in a project solicitation and prioritization process to select the projects included in this application and we support the application. We understand Fresno Irrigation District will be the lead applicant on behalf of the other project applicants for the Kings Basin.

We support the Kerman Lions Park Recharge Project as it will provide groundwater recharge that will benefit the Disadvantaged Community of Kerman. The groundwater recharge will help ensure water supply reliability for the majority of the west side of this Disadvantaged City of approximately 14,000 people. The project will help the City mitigate for groundwater overdraft conditions in the City by recharging the groundwater level, which will result in more water availability and long-term water level stabilization with corresponding energy cost savings. This project is also an important part of North Kings GSA's implementation of its Groundwater Sustainability Plan to reach sustainable groundwater conditions.

We strongly encourage the California Department of Water Resources to provide funding to the Kings Subbasin.

Sincerely,

[Insert Name]

[Insert Agency Name, if applicable]



December 16, 2020

Ms. Kassy Chauhan
Fresno Irrigation District
2907 South Maple Avenue
Fresno, CA 93725

Subject: Support for FID's Savory Pond Recharge Project

Dear Ms. Chauhan:

On behalf of *[organization's name]*, I would like to express our support for the North Kings GSA's Savory Pond Recharge Project as part of the Kings Basin 2021 GSA Implementation Projects grant application for funding through the California Department of Water Resources Proposition 68 Sustainable Groundwater Management Implementation Grant Round 1. The GSAs within the Kings Basin participated in a project solicitation and prioritization process to select the projects included in this application and we support the application. We understand Fresno Irrigation District will be the lead applicant on behalf of the other project applicants for the Kings Basin.

We support the Savory Pond Recharge Project as it will provide groundwater recharge that will benefit the Disadvantaged Community of Shady Lake Mobile Home Park. The groundwater recharge will help ensure water supply reliability for this Disadvantaged Community of approximately 160 people that is served by one well, and for private domestic well owners in the project vicinity. Maintaining groundwater conditions to sustain their well service is a primary concern of the community, and this project is an important part of North Kings GSA's implementation of its Groundwater Sustainability Plan to reach sustainable groundwater conditions.

We strongly encourage the California Department of Water Resources to provide funding to the Kings Subbasin.

Sincerely,

[Insert Name]

[Insert Agency Name, if applicable]



December 16, 2020

Ms. Kassy Chauhan
Fresno Irrigation District
2907 South Maple Avenue
Fresno, CA 93725

Subject: Support for the County of Tulare's Sultana Stormwater/Recharge Basin

Dear Ms. Chauhan:

On behalf of *[organization's name]*, I would like to express our support for the County of Tulare's Sultana Stormwater/Recharge Basin that is being submitted as part of the Kings Basin 2021 GSA Implementation Projects grant application for funding through the California Department of Water Resources Proposition 68 Sustainable Groundwater Management Implementation Grant Round 1. The GSAs within the Kings Basin participated in a project solicitation and prioritization process to select the projects included in this application and we support the application. We understand Fresno Irrigation District will be the lead applicant on behalf of the other project applicants for the Kings Basin.

We support the Sultana Stormwater/Recharge Basin as it will provide flood protection and groundwater recharge that will benefit the Severely Disadvantaged Community of Sultana. The project will serve to alleviate stormwater flooding in two main areas within Sultana Community Service District as well as provide groundwater recharge. The groundwater recharge will help ensure water supply reliability for this Severely Disadvantaged Community of approximately 775 people. This project is also an important part of Kings River East GSA's implementation of its Groundwater Sustainability Plan to reach sustainable groundwater conditions.

We strongly encourage the California Department of Water Resources to provide funding to the Kings Subbasin.

Sincerely,

[Insert Name]

[Insert Agency Name, if applicable]

MEMORANDUM

TO: CHAIRMAN AND BOARD MEMBERS
FROM: JOSH ROGERS, TECHNICAL ADVISORY COMMITTEE CHAIR
SUBJECT: OPTION AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY FOR NORTH SANGER GROUNDWATER RECHARGE PROJECT
DATE: DECEMBER 22, 2020

REQUESTED ACTION:

Approve the attached Option Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions for the property proposed for the location of the North Sanger Groundwater Recharge Project, and authorize Chairman Kazarian to sign the agreement on behalf of the GSA.

DISCUSSION:

At the November 16, 2020 Board Meeting, Staff presented, and the Board approved, a recommendation for a project to be submitted on behalf of the SKGSA for funding consideration through Proposition 68 Sustainable Groundwater Implementation funding. The proposed project is the North Sanger Groundwater Recharge project, and it is one of four different projects to be included in the funding application submitted by the North Kings GSA on behalf of the Kings Basin.

While the project has many facets which make it competitive for funding, it has the same drawback that the other projects considered by the Technical Advisory Committee had, which is that the SKGSA does not own the land or have site control. In order for the project to be considered by the State of California Department of Water Resources (“DWR”), the project applicant must demonstrate site control. Given that the SKGSA doesn’t have certainty that the project will be funded, Staff has pursued an agreement granting the SKGSA the option to purchase the land, given certain criteria. The agreement is included as Attachment 1 to this report, and the major points of the agreement are as follows:

- The option agreement is between the South Kings GSA and the owners of the property, Keith Lyndon Hodge and Susan Tanya Hodge Family Trust and Hagop Soojian Testamentary Trust (“Owner”).
- The agreement is to purchase 15.5 acres of the subject parcel, APN 315-051-10, within 30 months of the execution of the agreement, and as described in the legal description included as Exhibit A to the agreement. The agreement allows for minor reconfigurations of the 15.5 acres, if allowed by both parties, to better suit the Owner’s

plans for developing the remainder of the property. The project property is depicted in Attachment 2.

- For the right to the option, the SKGSA will pay the Owner \$10,000 within 10 business days of the execution of the agreement. This payment will be nonrefundable.
- The final compensation for the property is to be based on the higher amount of an appraisal which has been secured by the Owner and which shall be delivered to the SKGSA by June 30, 2021, and an appraisal which will be secured by the GSA after the project has been funded and within 90 days of exercising the option to purchase. The land value has been estimated in the grant application at \$80,000 per acre based on a verbal opinion from the appraiser working for the Owner. DWR will not reimburse the GSA any more than the value indicated in an appraisal prepared by an MAI-designated appraiser.
- Upon issuance of a Notice of Award of funding from DWR, the SKGSA shall provide the Owner with a schedule of activities remaining for the option, which are:
 - Finalizing the legal description for the property purchase;
 - Applying for a rezone of the property to the City of Sanger to reconfigure the current zone district boundaries for high density residential property and public basin purposes;
 - Securing the updated appraisal (after a funding agreement has been executed and these costs are reimbursable to the GSA); and
 - Providing a written offer to purchase the property along with a notice to exercise the option (also following funding agreement).

If any of the items above are not processed in accordance with the schedule provided in the agreement, or if the option is not exercised within the stipulated 30 months, the option will expire.

- There is a due diligence period which commences after escrow is opened following the execution of the agreement. During this period:
 - SKGSA will pay for a preliminary title report for review of all matters affecting the land. If the SKGSA objects to any items reflected on title, then these are to be cleared by the Owner. If any item is unable to be cleared, and is unacceptable to SKGSA to remain on title, then the GSA can either terminate the agreement or accept title to the property subject to the items in question.

- There is also a 60-day due diligence period which commences after the GSA receives a notice of award of funding, or after July 31, 2021, whichever is earlier. During this period:
 - The Owner shall provide the GSA with “any and all documents, reports, surveys, environmental assessments, engineering reports for the Property.....”. GSA Staff will review and evaluate the materials to determine whether the property is appropriate for the project.
 - The GSA may, at its expense, “conduct test and physical inspections of the property, including building inspections and environmental site assessments desired” by the GSA. This would include deep soil borings and analysis to confirm recharge potential at the site to be consistent with surrounding land and projects in the area. If the GSA elects to perform these onsite investigations and tests, it is to procure an all-risk public liability insurance policy of not less than \$1 million that names the optionors (Owner) as additional insured.
 - The GSA shall have the right at any time on or before the expiration of this due diligence period to terminate the Option Agreement if, “during the course of Optionee’s due diligence investigations of the Property, Optionee determines in its sole and absolute discretion that the Property is not acceptable to Optionee.”

- A memorandum of the option will be recorded by the Fresno County Recorder.

Staff has done its best in a relatively short timeframe to make contact with the Owner, work out some initial negotiation points, and then put together this agreement for the property within the time constraints of the application deadline. The agreement must be fully executed by the end of the calendar year in order for the project to remain viable and included in the Prop 68 funding application being submitted by the North Kings GSA on behalf of the Kings Basin.

If the Board approves the agreement and the Chairman is authorized to execute, then Staff will work with Provost & Pritchard Consulting Group to complete the remaining items needed for the funding application and submit by the January 8, 2021 deadline.

**OPTION AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS**

THIS OPTION AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY (“Option Agreement”) is made and entered as of December 1, 2020 (Effective Date”) by and between SOUTH KINGS GROUNDWATER SUSTAINABILITY AGENCY, a joint powers authority (“SKGSA” or “Optionee”), and Keith Lyndon Hodge and Susan Tanya Hodge Family Trust and Hagop Soojian Testamentary Trust (collectively “Optionors”). The SKGSA and Optionors are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

A. Optionors own approximately 27.6 acres of vacant land zoned for High Density Residential and Public Basin uses, and identified as APN 315-051-10. The real property being considered for option consists of approximately 15.5 +/- acres of vacant land located in Sanger, California and more particularly described in **Exhibit A** attached hereto and made a part hereof, together with any right, title and interest of Optionors in any improvements or fixtures. The real property described is herein referred to collectively as the “Option Property” or “Real Property.” The Parties may reconfigure the Option Property within Optionors’ 27.6 acre parcel, upon agreement of both Parties.

B. SKGSA is interested in purchasing the Option Property for a public project. However, it is necessary for the SKGSA to conduct further negotiations with third parties.

C. Optionors desire to grant the SKGSA an option to purchase the Option Property on the terms and conditions contained in this Option Agreement.

D. This Option Agreement For Purchase and Sale of Real Property and Joint Escrow Instructions (“Agreement”) nominates Chicago Title Insurance Company as escrow holder (“Escrow Holder”) and constitutes an agreement by which Optionors agree to grant to SKGSA an option to purchase fee simple title to:

(i) the Option Property described in Recital A together with any right, title and interest of Optionors in any improvements or fixtures thereon, and all rights, easements, leases, and appurtenances pertaining to the property, including any right, title and interest of Optionors in and to adjacent streets, alleys or rights-of-way, and any right, title and interest of Optionors in all mineral and water rights appurtenant thereto (the property described in this clause (i) being herein referred to collectively as the “Real Property”); and

(ii) any and all of Optionors’ right, title and interest in and to all assignable existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Real Property, and any other intangible property relating

to the Real Property (the property described in this clause (b) being sometimes herein referred to collectively as the "Intangibles"); The Real Property and the Intangibles are hereinafter sometimes referred to collectively as the "Property".

(iii) The date of opening of escrow shall be the execution of this Agreement by Optionors ("Opening Date"). Optionors shall deposit a fully executed copy of this Agreement with Escrow Holder within three (3) business days after the execution hereof by both Optionee and Optionors.

NOW, THEREFORE, in consideration of the foregoing recitals, the promises and covenants of the Parties in this Option Agreement, and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

OPTION

1. **Grant of Option.** Subject to the SKGSA's timely delivery of the Option Consideration, as set forth in Section 2 below, Optionors grant to the SKGSA the right and option to purchase the Option Property ("Option") for the Purchase Price which shall be the higher of an appraisal of the Option Property dated by June 30, 2021 or an appraisal of the Option Property conducted within 90 days of the date the Option is exercised. This purchase price term is included in the Purchase Sale Agreement attached and incorporated by reference as **Exhibit B.**

2. **Option Consideration.** Within ten (10) business days of the Effective Date, the SKGSA shall deliver to escrow the sum of Ten Thousand and 00/100 Dollars (\$10,000.00) as consideration for the Option granted herein ("Option Consideration"). Upon receipt of such Option Consideration, escrow shall immediately release the Option Consideration to Optionors. This Option Consideration shall be nonrefundable.

3. **Option Period.** The option period within which the Option granted herein may be exercised shall commence on the Effective Date and shall terminate, if (1) Optionee does not diligently pursue the process to enable the timely exercise of the Option ("Diligent Pursuit") as defined below or (2) if the Option is not exercised by the SKGSA within thirty months from the Effective Date. Upon the issuance of the Notice of Award of funding of the public project described in Recital B ("**Notice of Award**"), Optionee shall provide Optionors a schedule of activities remaining for the exercise of the Option and Close of the Escrow including finalizing the legal description, procuring the final appraisal and making the official offer. Such schedule shall be the basis of determining the Diligent Pursuit of the Option and purchase as required of Optionee. Diligent Pursuit (not related to due diligence) shall be the timely actions of the Optionee as follows:

Within 2 months of Notice of Award, Optionee will submit to Optionors the final legal description and diagram for the Option Property. Within 2 weeks, Optionors shall review and approve in writing the legal description and diagram, or provide written comment on any reconfiguration of the Option Property. Within 2 weeks of receipt of Optionors' comments, Optionee shall submit revised legal description and diagram for approval of reconfiguration, if any, by both parties as described in Recital A.

Within 1 month of approval of the final legal description and diagram, Optionors shall submit a rezone application to the City of Sanger to reconfigure the High Density Residential and Public Basin zoning within the subject property to match the configuration of the Option Property.

Within 2 months of the execution of the project funding agreement ("Funding"), Optionee will procure a property appraisal from an MAI-designated appraiser.

Within 6 months of Funding, Optionee will provide a written offer to purchase the property on the basis of the appraisal, along with the Notice to Exercise, as defined below.

4. Escrow. Upon mutual execution of this Option Agreement, the Parties shall deposit with escrow mutually agreed upon by the Parties an executed copy of this Option Agreement. SKGSA shall pay all escrow costs relating to this Option Agreement.

5. Exercise of Option. The SKGSA shall exercise its Option by delivering to Optionors, on or before the expiration of the Option Period, signed and written notice of the SKGSA's intent to exercise the Option ("Notice of Exercise") in accordance with the Purchase Sale Agreement attached to this Option Agreement as **Exhibit B**.

6. Termination of Option. If the Option is not exercised timely by the SKGSA or Diligent Pursuit is not satisfied, the Option shall expire and this Option Agreement shall be of no further force or effect.

7. Possession and Control of Property. Optionors shall have the exclusive possession and control of the Option Property for the term of this Option Agreement and maintain the same unless and until the SKGSA exercises its Option.

8. Failure of the SKGSA to Exercise Option. If the SKGSA fails to exercise the Option within the Option Period or fails to satisfy Diligent Pursuit and in accordance with the terms and conditions stated herein, then the Option and the rights of the SKGSA shall automatically and immediately terminate without notice. In such event, except for obligations which specifically survive termination, neither party shall have any further obligation to the other party. Thereafter, the SKGSA shall, upon ten (10) days' written request, properly execute,

acknowledge, and deliver to Optionors any additional release, quitclaim deed, and/or any other document required by Escrow or a title insurance company to establish and verify the termination of this Option Agreement and the end of its legal effect. The obligations set forth in the foregoing sentence survive termination of the Option Agreement.

9. Due Diligence following the Opening of Escrow

9.1 Approval of Title.

(a) Promptly following execution of this Option Agreement but in no event later than fifteen (15) days following Opening of Escrow, a preliminary title report shall be issued by Chicago Title Company ("**Title Company**"), describing the state of title of the Property, together with legible copies of all exceptions and a map plotting all easements ("**Preliminary Title Report**"). Within Ten (10) business days after the Optionee's receipt of the Preliminary Title Report, Optionee shall notify Optionors in writing ("**Optionee's Title Notice**") of Optionee's disapproval of any matters contained in the Preliminary Title Report ("**Disapproved Exceptions**").

(b) In the event Optionee delivers Optionee's Title Notice within said period, Optionors shall have a period of ten (10) days after receipt of Optionee's Title Notice in which to notify Optionee of Optionors's election to either (i) agree to attempt to remove the Disapproved Exceptions prior to the Close of Escrow; or (ii) decline to remove any such Disapproved Exceptions ("**Optionors' Notice**"). If Optionors notifies Optionee of its election to decline to remove the Disapproved Exceptions, or if Optionors are unable to remove the Disapproved Exceptions (other than any obligations of Optionee under Section 7), Optionee may elect either to terminate this Agreement and the Escrow or to accept title to the Property subject to the Disapproved Exception(s). Optionee shall exercise such election by delivery of written notice to Optionors and Escrow Holder within five (5) days following the earlier of (i) the date of written advice from Optionors that such Disapproved Exception(s) cannot be removed; or (ii) the date Optionors decline to remove such Disapproved Exception(s).

(c) Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement; provided, however, that Optionee's initial period of review and approval or disapproval of any such additional exceptions shall be limited to five (5) days following receipt of notice of such additional exceptions.

(d) Nothing to the contrary herein withstanding, Optionee shall be deemed to have automatically objected to all leases, deeds of trust, mortgages, judgment liens, federal and state income tax liens, delinquent general and special real property taxes and assessments and similar monetary encumbrances affecting the Property (excluding any such items caused by Optionee), and Optionors shall discharge any such non-permitted title matter of record prior to or concurrently with the Close of Escrow except as otherwise specifically provided in this Agreement.

9.2 Owner's Title Policy. At the Close of Escrow, an ALTA owner's non-extended policy of title insurance shall be furnished to Optionee ("Owner's Title Policy") insuring title to the Property vested in Optionee, containing only (i) non-delinquent real property taxes and assessments and (ii) exceptions approved by Optionee in accordance with Section 9.1. The amount of the insurance coverage shall be in the amount of the Purchase Price. The cost of the Owner's Title Policy shall be paid by Optionors. If Optionee elects to obtain an extended ALTA owner's policy, Optionee shall be responsible to secure a survey at its own cost and expense which shall be delivered to the Title Company not less than thirty (30) days prior to Closing and Optionee shall be responsible to pay for any additional premium. The Title Policy shall include extended coverage or endorsements that Optionee may request but at Optionee's expense. Optionors shall pay for the preliminary title report only if the escrow does not close solely for Sellers not delivering the Property with title satisfactory to Buyer. In all other events, the Buyer pays for the costs of the preliminary title report.

10. Due Diligence Following the Earlier of Notice of Award and July 31, 2021 ---The Due Diligence Period. For a period beginning with the earlier of (1) the date of Notice of Award or (2) July 31, 2021 and extending for a period of (60) sixty days thereafter (the "**Due Diligence Period**"), Optionee shall have the right to perform any investigations, inspections, and review of documents as Optionee may reasonably determine in order to assess its willingness to purchase the Property pursuant to the terms of the Purchase Agreement. The Due Diligence Period may be extended by mutual agreement of the parties.

10.1 Review and Approval of Documents and Materials. Within five (5) days of the beginning of the Due Diligence Period, Optionors shall deliver to Optionee any and all documents, reports, surveys, environmental assessments, engineering reports for the Property and other materials in Optionors' possession or under its control or that of its agents, respecting the Property, including any hazardous substance conditions report concerning the Property, any natural hazard zone disclosure report, (collectively, "**Materials**"). During the Due Diligence Period, Optionee may review and evaluate the Materials to determine whether the Property is appropriate for Optionee's proposed use, in its sole discretion. Optionee is advised that there are no leases affecting the Property and there are no third parties in possession of the Property.

10.2 Optionee's Due Diligence. During the Due Diligence Period, Optionee and its agents may, at Optionee's sole expense, conduct tests and physical inspections of the property, including building inspections and environmental site assessments desired by Optionee. Optionee shall also conduct such investigations regarding zoning, building codes, and availability of permits and approvals for its intended construction and use of the Property, as it deems prudent in its sole discretion. Optionee shall provide evidence to Optionors that Optionee has procured and paid premiums for an all-risk public liability insurance policy written on a per occurrence and not claims made basis in a combined single limit of not less than One Million Dollars (\$1,000,000) which insurance names Optionors as additional insured. Optionee shall keep the Property free and clear of all mechanic liens, lis pendens and other liens arising out of the entry and work performed under this paragraph and shall maintain or assure maintenance of workers' compensation insurance (or state approved self-insurance) on all persons entering the Property in the amounts required by the State of California. Optionee shall promptly restore the Property to the condition that it was in prior to those tests and inspections and shall indemnify, defend and hold Optionors harmless from all damages, costs, loss, expense (including attorney

fees) and liability resulting from Optionee's activities, acts, and omissions on the Property, including, but not limited to, mechanic liens.

Notwithstanding anything to the contrary contained in this Agreement, (i) the defense, indemnity, and hold harmless provision contained in this Section shall not apply to the extent such liabilities arise in connection with the sole negligence or willful misconduct of Optionors, its employees, agents, contractors, licensees or invitees and (ii) provided further that Optionee shall have no liability to Optionors or to its employees, agents, or contractors by reason of, nor shall Optionee have any duty to indemnify, defend, or hold any person or entity harmless from or against, any liabilities, including, without limitation, any claim for diminution in value of the Property or for environmental remediation or clean-up costs, resulting directly from Optionee having merely discovered and/or reported (to the extent required by applicable law) any adverse physical condition, title condition, environmental condition, or other defect with respect to the Property. The foregoing provisions shall survive the Closing or any termination of this Agreement. At Closing, Optionee shall take the Property subject to any title exceptions caused by Optionee exercising this license to enter the Property.

Copies of any final non-privileged, non-attorney-client work product reports including any survey prepared for Optionee under this Agreement shall be delivered to Optionors (at no cost to Optionors) and, if the Closing does not occur, Optionors shall be entitled to use without the consent of the preparer.

10.3 Optionee's Termination Right. Optionee shall have the right at any time on or before the expiration of the Due Diligence Period to terminate this Option Agreement if, during the course of Optionee's due diligence investigations of the Property, Optionee determines in its sole and absolute discretion that the Property is not acceptable to Optionee. Optionee may exercise its right to terminate by delivering written notice of termination to Optionors and Escrow Agent ("**Termination Notice**") on or before the expiration of the Due Diligence Period. Upon the timely delivery of such Termination Notice, (i) Escrow Agent shall immediately return the Deposit (less any cancellation charges) to Optionee without the need for further instruction or approval of the parties, and (ii) this Agreement shall automatically terminate and be of no further force or effect and neither party shall have any further rights or obligations hereunder. Notwithstanding anything contained herein to the contrary, if Optionee fails to provide a Termination Notice, then Optionee shall be conclusively deemed to have elected to approve its Due Diligence of the Property.

11. Memorandum of Option. Concurrently with the execution and delivery of this Option Agreement, Optionors and the SKGSA shall execute a memorandum of option in the form attached hereto as Exhibit C ("Memorandum"). The Parties shall cause the Memorandum to be recorded in the Official Records of the Fresno County Recorder upon the SKGSA's payment of the Option Consideration.

12. Notice. Any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to any another party if served either personally or if deposited in the U.S. mail, certified or registered, postage prepaid, return receipt requested or delivered by overnight mail by a

reputable overnight courier. If such notice, demand or other communication be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice, demand or other communication be given by mail, such shall be conclusively deemed given forty-eight (48) hours after the deposit thereof in the U.S. mail addressed to the party to whom such notice, demand or other communication is to be given as hereinafter set forth:

To Optionors: Keith Lyndon Hodge
Susan Tanya Hodge
7544 E. Church
Fresno, CA 93737

With a copy to: Motscheldler, Michaelides, Wishon, Brewer & Ryan, LLP
Attn: A. Emory Wishon III, Esq.
1690 West Shaw Avenue, Suite 200
Fresno, CA 93711
Email: aw@mmwbr.com
Phone: (559) 439-4000

To SKGSA: South Kings Groundwater Sustainability Agency
Attn: David Peters, Secretary
128 S. Fifth Street
Fowler, CA 93625

Any party hereto may change its address for the purpose of receiving notices, demands or other communications as herein provided by a written notice given in the manner aforesaid to the other party or parties hereto.

13. Successors. This Option Agreement shall inure to the benefit of and be binding upon the parties to this Option Agreement, their respective heirs, and personal representatives. Until such time as the SKGSA delivers the Notice of Exercise, the SKGSA shall not assign its rights or obligations under this Option Agreement to any party without the prior written consent of Span.

14. Remedies. Provided the SKGSA timely delivers the Notice of Exercise and is not otherwise in default of this Option Agreement, if Optionors materially default under this Option Agreement, then the SKGSA shall be entitled to pursue its right to specifically enforce this Option Agreement or to terminate this Agreement. In the event the SKGSA terminates this Option Agreement under this section, Optionors shall immediately return all sums paid by the SKGSA and except as otherwise provided, neither Party will have any further obligations under this Option Agreement.

15. Attorneys' Fees. Should either party hereto be required to retain counsel for the purposes of enforcing or preventing the breach of any provision hereof, the prevailing party shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, reasonable attorneys' fees and costs for the services rendered to such prevailing party.

16. Governing Law. This Option Agreement has been negotiated and entered into in the State of California and shall be governed by the laws of the State of California. Venue shall be in Fresno County.

17. Time is of the Essence. Time is expressly declared to be of the essence of this Option Agreement.

18. Effective Date. Effective Date is the last date set forth opposite the signatures of the parties at the end of this Option Agreement.

IN WITNESS WHEREOF, the parties have executed this Option Agreement as of the Effective Date.

OPTIONEE:

**SOUTH KINGS GROUNDWATER
SUSTAINABILITY AGENCY**
a Joint powers authority

By: _____
Karnig Kazarian, Board Chairman

Dated: _____

ATTEST:

By: _____
David Peters, Board Secretary

APPROVED AS TO FORM:

LOZANO SMITH

By: _____
Michael R. Linden, SKGSA Attorney

OPTIONORS:

Keith Lyndon Hodge and Susan Tanya Hodge
Family Trust

By: _____
Keith Lyndon Hodge Trustee

By: _____
Susan Tanya Hodge, Trustee

Dated: _____

Hagop Soojian Testamentary Trust

Susan Tanya Hodge, Trustee

Dated: _____

EXHIBIT A

LEGAL DESCRIPTION

APN 315-051-10 (Portion)

All that portion of the 27.53 Acre Remainder Parcel of Parcel Map No. 2014-03, according to the map thereof recorded in Book 73 of Parcel Maps at Pages 45 through 46, Fresno County Records, being in the Northeast quarter of Section 15, Township 14 South, Range 22 East, Mount Diablo Base and Meridian, in the City of Sanger, County of Fresno, State of California, described as follows:

BEGINNING at the Northwest corner of said Remainder Parcel;
Thence North 89°26'23" East, 1275.93 feet along the North line of said Remainder Parcel;
Thence South 0°33'37" East, 484.00 feet at right angles to last said course;
Thence South 38°47'26" East, 539.99 feet to the Easterly line of said Remainder Parcel, said Easterly line also being the Westerly line of the Fowler Switch Canal;
Thence South 35°07'50" West, 414.35 feet along said Easterly line and said Westerly line to the Southernmost corner of said Remainder Parcel, said Southernmost corner also being a point on the Easterly line of the Southern Pacific Railroad;
Thence along the Westerly line of said Remainder Parcel and said Easterly line of the Southern Pacific Railroad the following three courses:

- 1) North 38°31'10" West 884.69 feet
- 2) North 40°54'29" West, 275.68 feet to the beginning of a non-tangent curve concave to the Southwest having a radius of 1,196.28 feet and to which said beginning a radial line bears North 44°43'46" East
- 3) Northwesterly, 740.14 feet along said non-tangent curve through a central angle of 35°26'56" to the **POINT of BEGINNING**.

EXHIBIT B

DRAFT AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS (“**Agreement**”) is made this ___ day of _____, 2020, (“**Agreement Date**”) by and between the SOUTH KINGS GROUNDWATER SUSTAINABILITY AGENCY, a joint powers authority (“**Buyer**”), and KEITH LYNDON HODGE AND SUSAN TANYA HODGE (“**Sellers**”) with FIRST AMERICAN TITLE COMPANY, a California Corporation as escrow holder (“**Escrow Holder**”).

RECITALS

A. **Sellers** own all that real property situated in the City of Sanger, County of Fresno, State of California, more particularly described in Exhibit A attached hereto and made a part hereof, which is the subject of this Agreement, and which is hereunder for convenience referred to as the “**Property**,” approximately 15.5 acres of vacant land zoned for high density residential and public basin uses and identified as APN 315-051-10, together with any right, title and interest of Sellers in any improvements or fixtures. The real property described is herein referred to collectively as the “Option Property” or “Real Property.”

B. **Buyer** wishes to buy the **Property**.

C. **Sellers** warrant the **Property** is not being acquired under threat of eminent domain.

D. **Sellers** warrant that there are no lease agreements regarding **Property**.

E. **Sellers** and **Buyer** wish to enter an Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions upon the terms and conditions more particularly set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

TERMS AND CONDITIONS

1. PURCHASE AND SALE OF PROPERTY. Pursuant to the terms and conditions of this Agreement, Buyer hereby agrees to purchase from Sellers and Sellers agree to sell to Buyer, the Property in AS-IS condition. No personal property is included in this transaction.

2. OPENING OF ESCROW. Within five (5) days after the execution of this Agreement by both Buyer and Sellers, the parties shall open an escrow (“**Escrow**”) at American Title Company, _____ as escrow officer (“**Escrow Officer**”) by causing an

executed copy of this Agreement to be deposited with Escrow Holder together with Buyer's Deposit (as defined in Section 3.2 below) ("**Opening of Escrow**").

3. PURCHASE PRICE; DEPOSIT; PAYMENT OF PURCHASE PRICE.

3.1 Purchase Price. The purchase price for the Property is _____ Dollars (\$_____) ("**Purchase Price**").

3.2 Deposit. Concurrently with Opening of Escrow, Buyer shall deposit with Escrow Holder the sum equal to One Thousand Dollars (\$1,000) ("**Deposit**") to be held by Escrow Holder for the benefit of the parties and applied against the Purchase Price at Closing (as defined in Section 5) or released, refunded or forfeited in accordance with the terms of this Agreement. The deposit shall be refundable to Buyer if Buyer exercises its option to terminate the Purchase and Sale Agreement on or before the last day of the Due Diligence Period (as defined below). If Buyer does not exercise its option to terminate the Purchase and Sale Agreement, the Deposit shall become non-refundable and applicable to the Purchase Price. If escrow fails to close due to a material breach of the Purchase and Sale Agreement by Buyer, the Deposit shall be released from escrow to Sellers as liquidated damages and Sellers agree that this amount shall constitute Sellers' sole and exclusive remedy.

3.3 Payment of Purchase Price. On or before 1:00 p.m. on the business day preceding the Closing Date or such earlier time as required by Escrow Holder in order to close Escrow on the Closing Date, Buyer shall deposit into Escrow the balance of the Purchase Price in Good Funds.

3.4 Good Funds. Prior to Closing, all funds deposited in Escrow shall be in "**Good Funds**" which shall mean a wire transfer of funds from a financial institution located in the State of California.

4. CLOSING FUNDS AND DOCUMENTS REQUIRED FROM BUYER AND SELLERS.

4.1 Sellers. Sellers agrees that on or before 12:00 noon on the day preceding the Closing Date, Sellers will deposit or cause to be deposited with Escrow Holder all of the following:

- a. A grant deed in the form attached hereto as Exhibit B executed by Sellers ("**Grant Deed**").
- b. A Non-Foreign Affidavit as required by federal law.
- c. Such funds and other items and instruments as may be necessary in order for Escrow Holder or the Title Company to comply with this Agreement.

4.2 Buyer. Buyer agrees that on or before 12:00 noon on the day preceding the Closing Date, Buyer will deposit with Escrow Holder all additional funds and all of the following:

- a. A Preliminary Change of Ownership Statement completed in the manner required in Fresno County.
- b. Such funds and other items and instruments as may be necessary in order for Escrow Holder or the Title Company to comply with this Agreement.

4.3 Recordation, Completion and Distribution of Documents. Escrow Holder shall confirm that any documents signed in counterpart are matching documents and shall combine the signature pages thereof to create fully executed documents. Escrow Holder will date all the documents with the date of Close of Escrow. Escrow Holder will cause the Grant Deed to be recorded when it can issue the Owner's Title Policy in accordance with Section 6.2, and holds for the account of Buyer and Sellers, respectively, the funds and items described above to be delivered to Buyer and Sellers, respectively, through Escrow, less costs, expenses and disbursements chargeable to the parties pursuant to this Agreement.

5. CLOSING DATE; OPTIONS TO EXTEND CLOSING; TIME IS OF ESSENCE.

5.1 Closing Date. Escrow shall close within Thirty (30) days after Opening of Escrow ("Closing Date").

5.2 Definition of Closing. The terms "Close of Escrow" and/or "Closing" mean the time Grant Deed is recorded in the Official Records of Fresno County.

5.3 Time is of Essence. The parties specifically agree that time is of the essence of this Agreement.

5.4 Possession. Upon the Close of Escrow, possession of the Property shall be delivered to Buyer.

6. TITLE POLICY.

6.1 Approval of Title.

(a) Promptly following execution of this Agreement but in no event later than fifteen (15) days following Opening of Escrow, a preliminary title report shall be issued by Chicago Title Company ("**Title Company**"), describing the state of title of the Property, together with legible copies of all exceptions and a map plotting all easements ("**Preliminary Title Report**"). Within Ten (10) business days after Buyer's receipt of the Preliminary Title Report, Buyer shall notify Sellers in writing ("**Buyer's Title Notice**") of Buyer's disapproval of any matters contained in the Preliminary Title Report ("**Disapproved Exceptions**").

(b) In the event Buyer delivers Buyer's Title Notice within said period, Sellers shall have a period of ten (10) days after receipt of Buyer's Title Notice in which to notify Buyer of Sellers's election to either (i) agree to attempt to remove the Disapproved Exceptions prior to

the Close of Escrow; or (ii) decline to remove any such Disapproved Exceptions (“**Sellers's Notice**”). If Sellers notifies Buyer of its election to decline to remove the Disapproved Exceptions, or if Sellers is unable to remove the Disapproved Exceptions (other than any obligations of Buyer under Section 7), Buyer may elect either to terminate this Agreement and the Escrow or to accept title to the Property subject to the Disapproved Exception(s). Buyer shall exercise such election by delivery of written notice to Sellers and Escrow Holder within five (5) days following the earlier of (i) the date of written advice from Sellers that such Disapproved Exception(s) cannot be removed; or (ii) the date Sellers declines to remove such Disapproved Exception(s).

(c) Upon the issuance of any amendment or supplement to the Preliminary Title Report which adds additional exceptions, the foregoing right of review and approval shall also apply to said amendment or supplement; provided, however, that Buyer's initial period of review and approval or disapproval of any such additional exceptions shall be limited to five (5) days following receipt of notice of such additional exceptions.

(d) Nothing to the contrary herein withstanding, **Buyer** shall be deemed to have automatically objected to all leases, deeds of trust, mortgages, judgment liens, federal and state income tax liens, delinquent general and special real property taxes and assessments and similar monetary encumbrances affecting the Property (excluding any such items caused by **Buyer**), and **Sellers** shall discharge any such non-permitted title matter of record prior to or concurrently with the Close of Escrow except as otherwise specifically provided in this Agreement.

6.2 Owner's Title Policy. At the Close of Escrow, an ALTA owner's non-extended policy of title insurance shall be furnished to Buyer (“**Owner's Title Policy**”) insuring title to the Property vested in Buyer, containing only (i) non-delinquent real property taxes and assessments and (ii) exceptions approved by Buyer in accordance with Section 6.1. The amount of the insurance coverage shall be in the amount of the Purchase Price. The cost of the Owner's Title Policy shall be paid by Sellers. If Buyer elects to obtain an extended ALTA owner's policy, Buyer shall be responsible to secure a survey at its own cost and expense which shall be delivered to the Title Company not less than thirty (30) days prior to Closing and Buyer shall be responsible to pay for any additional premium. The Title Policy shall include extended coverage or endorsements that Buyer may request but at Buyer's expense.

7. DUE DILIGENCE AND DUE DILIGENCE PERIOD. For a period of Twenty One (21) days following the Opening of Escrow (“**Due Diligence Period**”), Buyer shall have the right to perform any investigations, inspections, and review of documents as Buyer may reasonably determine in order to assess its willingness to purchase the Property pursuant to the terms of this Agreement. The Due Diligence Period may be extended by mutual agreement of the parties.

7.1 Review and Approval of Documents and Materials. Within five (5) days of the Opening of Escrow, Sellers shall deliver to Buyer any and all documents, reports, surveys, environmental assessments, engineering reports for the Property and other materials in Sellers's possession or under its control or that of its agents, respecting the Property, including any hazardous substance conditions report concerning the Property, any natural hazard zone disclosure report, (collectively, “**Materials**”). During the Due Diligence Period, Buyer may

review and evaluate the Materials to determine whether the Property is appropriate for Buyer's proposed use, in its sole discretion. Buyer is advised that there are no leases affecting the Property and there are no third parties in possession of the Property.

7.2 Buyer's Due Diligence. During the Due Diligence Period, Buyer and its agents may, at Buyer's sole expense, conduct tests and physical inspections of the property, including building inspections and environmental site assessments desired by Buyer. Buyer shall also conduct such investigations regarding zoning, building codes, and availability of permits and approvals for its intended construction and use of the Property, as it deems prudent in its sole discretion. Buyer shall provide evidence to Sellers that Buyer has procured and paid premiums for an all-risk public liability insurance policy written on a per occurrence and not claims made basis in a combined single limit of not less than One Million Dollars (\$1,000,000) which insurance names Sellers as additional insured. Buyer shall keep the Property free and clear of all mechanic liens, lis pendens and other liens arising out of the entry and work performed under this paragraph and shall maintain or assure maintenance of workers' compensation insurance (or state approved self-insurance) on all persons entering the Property in the amounts required by the State of California. Buyer shall promptly restore the Property to the condition that it was in prior to those tests and inspections and shall indemnify, defend and hold Sellers harmless from all damages, costs, loss, expense (including attorney fees) and liability resulting from Buyer's activities, acts, and omissions on the Property, including, but not limited to, mechanic liens.

Notwithstanding anything to the contrary contained in this Agreement, (i) the defense, indemnity, and hold harmless provision contained in this Section shall not apply to the extent such liabilities arise in connection with the sole negligence or willful misconduct of Sellers, its employees, agents, contractors, licensees or invitees and (ii) provided further that Buyer shall have no liability to Sellers or to its employees, agents, or contractors by reason of, nor shall Buyer have any duty to indemnify, defend, or hold any person or entity harmless from or against, any liabilities, including, without limitation, any claim for diminution in value of the Property or for environmental remediation or clean-up costs, resulting directly from Buyer having merely discovered and/or reported (to the extent required by applicable law) any adverse physical condition, title condition, environmental condition, or other defect with respect to the Property. The foregoing provisions shall survive the Closing or any termination of this Agreement. At Closing, Buyer shall take the Property subject to any title exceptions caused by Buyer exercising this license to enter the Property.

Copies of any final non-privileged, non-attorney-client work product reports including any survey prepared for Buyer this Agreement shall be delivered to Sellers (at no cost to Sellers) and, if the Closing does not occur, Sellers shall be entitled to use without the consent of the preparer.

7.3 Buyer's Termination Right. Buyer shall have the right at any time on or before the expiration of the Due Diligence Period to terminate this Agreement if, during the course of Buyer's due diligence investigations of the Property, Buyer determines in its sole and absolute discretion that the Property is not acceptable to Buyer. Buyer may exercise its right to terminate by delivering written notice of termination to Sellers and Escrow Agent ("**Termination Notice**") on or before the expiration of the Due Diligence Period. Upon the timely delivery of such Termination Notice, (i) Escrow Agent shall immediately return the

Deposit (less any cancellation charges) to Buyer without the need for further instruction or approval of the parties, and (ii) this Agreement shall automatically terminate and be of no further force or effect and neither party shall have any further rights or obligations hereunder. Notwithstanding anything contained herein to the contrary, if Buyer fails to provide a Termination Notice, then Buyer shall be conclusively deemed to have elected to approve its Due Diligence of the Property.

8. CONDITIONS PRECEDENT TO CLOSE OF ESCROW.

8.1 Conditions to Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Buyer of each of the following conditions precedent (“**Buyer’s Conditions Precedent**”):

- (a) Title Company will issue the Owner’s Title Policy as specified in Section 6.2.
- (b) Buyer has not issued a Termination Notice in accordance with Section 7.3.
- (c) Escrow Holder holds and will deliver to Buyer the instruments and funds, if any, accruing to Buyer pursuant to this Agreement.
- (d) Sellers is not in default of its obligations under this Agreement.

8.2 Conditions to Sellers' Obligations. The obligations of Sellers under this Agreement are subject to the satisfaction or written waiver, in whole or in part, by Sellers of the following conditions precedent (“**Sellers’ Conditions Precedent**”):

- (a) Escrow Holder holds and will deliver to Sellers the instruments and funds accruing to Sellers pursuant to this Agreement.
- (b) Title Company will issue the Owner’s Title Policy as specified in Section 6.2.
- (c) Buyer is not in default of its obligations under this Agreement.

9. DISCLAIMER OF WARRANTIES. Buyer shall acquire the Property in its “AS IS” condition and shall be responsible for any and all defects in the Property, whether patent or latent, including, without limitation, the physical, environmental, and geotechnical condition of the Property, and the existence of any contamination, hazardous materials, vaults, debris, pipelines, wells, or other structures located on, under, or about the Property. Sellers makes no representation or warranty concerning the physical, environmental, geotechnical or other condition of the Property. Buyer acknowledges that, once Buyer obtains title to the Property, any liability of Sellers for the environmental condition of the Property shall be extinguished, and that Sellers shall have no liability for remediating any environmental condition of the Property. Buyer shall indemnify Sellers against any claim or liability relating to the environmental condition of the Property.

10. ESCROW PROVISIONS.

10.1 Escrow Instructions. Sections 1 through 6, inclusive; 8, 10, 13 and 14 constitute the escrow instructions to Escrow Holder. If required by Escrow Holder, Buyer and Sellers agree to execute Escrow Holder's standard escrow instructions, provided that the same are consistent with and do not conflict with the provisions of this Agreement. In the event of any such conflict, the provisions of this Agreement shall prevail. The terms and conditions in sections of this Agreement not specifically referenced above are additional matters for information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Sellers will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provision upon Escrow Holder's request. To the extent that the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Sellers agree to execute additional instructions, documents and forms provide by Escrow Holder that are reasonably necessary to close Escrow.

10.2 General Escrow Provisions. Escrow Holder shall deliver the Owner's Title Policy to the Buyer and instruct the Fresno County Recorder to mail the Grant Deed to Buyer at the address set forth in Section 14 after recordation. All funds received in this Escrow shall be deposited in one or more general escrow accounts of the Escrow Holder with any bank doing business in Fresno County, California, and may be disbursed to any other general escrow account or accounts. All disbursements shall be according to that party's instructions.

10.3 Real Property Taxes. All general and special real property taxes and assessments shall be paid by Sellers prior to the Close of Escrow.

10.4 Payment of Costs.

(a) **Cost Allocation.** Buyer shall pay the costs for the Owner's Title Policy, documentary transfer taxes, and the escrow costs up to _____ (\$_____.00) and be responsible for any recording charges ("**Buyer's Charges**"). All other costs of Escrow not otherwise specifically allocated by this Agreement shall be apportioned between the parties in a manner consistent with the custom and usage of Escrow Holder for commercial real estate transactions in the Sanger area.

(b) **Closing Statement.** At least two (2) days prior to the Closing Date, Escrow Holder shall furnish Buyer and Sellers with a preliminary escrow closing statement which shall include each party's respective shares of costs. The preliminary closing statement shall be approved in writing by the parties. As soon as reasonably possible following the Close of Escrow, Escrow Holder shall deliver a copy of the final Escrow closing statement to the parties.

10.5 Termination and Cancellation of Escrow. If Escrow fails to close as provided above, either party may elect to cancel this Escrow upon written notice to the other party and Escrow Holder. Cancellation of Escrow, as provided herein, shall be without prejudice to whatever legal rights Buyer or Sellers may have against each other arising from the Escrow or this Agreement.

10.6 Information Report. Escrow Holder shall file and Buyer and Sellers agree to cooperate with Escrow Holder and with each other in completing any report (“**Information Report**”) and/or other information required to be delivered to the Internal Revenue Service pursuant to Internal Revenue Code Section 6045(e) regarding the real estate sales transaction contemplated by this Agreement, including without limitation, Internal Revenue Service Form 1099-B as such may be hereinafter modified or amended by the Internal Revenue Service, or as may be required pursuant to any regulation now or hereinafter promulgated by the Treasury Department with respect thereto. Buyer and Sellers also agree that Buyer and Sellers, their respective employees and attorneys, and escrow Holder and its employees, may disclose to the Internal Revenue Service, whether pursuant to such Information Report or otherwise, any information regarding this Agreement or the transactions contemplated herein as such party reasonably deems to be required to be disclosed to the Internal Revenue Service by such party pursuant to Internal Revenue Code Section 6045(e), and further agree that neither Buyer nor Sellers shall seek to hold any such party liable for the disclosure to the Internal Revenue Service of any such information.

10.7 No Withholding as Foreign Sellers. Sellers represents and warrants to Buyer that Sellers is not, and as of the Close of Escrow will not be, a foreign person within the meaning of Internal Revenue Code Section 1445 or an out-of-state Sellers under California Revenue and Tax Code Section 18805 and that it will deliver to Buyer on or before the Close of Escrow a non-foreign affidavit on Escrow Holder’s standard form pursuant to Internal Revenue Code Section 1445(b)(2) and the Regulations promulgated thereunder and a California Form 590-RE.

11. NON-COLLUSION. No official, officer, or employee of the Sellers has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of the Sellers participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of “financial interest” shall be consistent with State law and shall not include interest found to be “remote” or “non-interest” pursuant to California Government Code Sections 1091 and 1091.5. Sellers warrants and represents that (s)he/it has not paid or given, and will not pay or give, to any third party including, but not limited to, any official, officer, or employee of Buyer, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded this Agreement. Sellers further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any official, officer, or employee of Buyer, as a result or consequence of obtaining or being awarded any agreement. Sellers is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Sellers’s Initials: _____

Buyer’s _____

12. DEFAULT

12.1 DEFAULT OF BUYER; LIQUIDATED DAMAGES. IF BUYER SHOULD DEFAULT UNDER THIS AGREEMENT, THEN BUYER AND SELLERS AGREE THAT SELLERS WILL INCUR DAMAGES BY REASON OF SUCH DEFAULT BY BUYER OR FAILURE OF ESCROW TO CLOSE ON OR BEFORE THE CLOSING DATE, WHICH DAMAGES SHALL BE IMPRACTICAL AND EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN. BUYER AND SELLERS, IN A REASONABLE EFFORT TO ASCERTAIN WHAT SELLERS'S DAMAGES WOULD BE IN THE EVENT OF SUCH DEFAULT BY BUYER HAVE AGREED BY PLACING THEIR INITIALS BELOW THAT THE DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLERS'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. IN THE EVENT OF AND FOR SUCH DEFAULT BY BUYER, THE DEPOSIT SHALL BE SELLERS'S SOLE MONETARY REMEDY THEREFOR, UNLESS BUYER WRONGFULLY REFUSES TO CAUSE ESCROW HOLDER TO CANCEL THE ESCROW, IN WHICH INSTANCE SELLERS SHALL ALSO BE ENTITLED TO ALL COSTS AND EXPENSES, INCLUDING ACTUAL ATTORNEYS' FEES INCURRED BY SELLERS WHICH MAY RESULT FROM BUYER'S WRONGFUL FAILURE TO CANCEL THE ESCROW AND THIS AGREEMENT. FURTHERMORE, THE FOREGOING LIMITATION OF DAMAGES SHALL NOT APPLY TO ANY INDEMNIFICATION OBLIGATIONS OF BUYER.

Sellers's Initials

Buyer's Initials

12.2 Default by Sellers. If all conditions precedent to Sellers's obligations to sell the Property have occurred but Sellers fails to Close under this Agreement for any reason other than the default by Buyer under this Agreement, Buyer shall have the right to either (i) terminate this Agreement and receive the return of the Deposit; or (ii) bring an action for specific performance.

12.3 BANKRUPTCY; INSOLVENCY. In addition to any other grounds for default under this Agreement, the existence of any of the following shall constitute a material default under this Agreement. It shall be a material default by a party if that party shall: (i) voluntarily be adjudicated as bankrupt or insolvent; (ii) seek, consent to or not contest the appointment of a receiver or trustee for itself or for all or any part of its property; (iii) file a petition seeking relief under the bankruptcy, arrangement, reorganization or other debtor relief laws of the United States, any state or any other competent jurisdiction; or (iv) make a general assignment for the benefit of its creditors; or (v) a petition is filed against a party seeking relief under the bankruptcy, arrangement, reorganization or other debtor relief laws of the United States, any state or any other competent jurisdiction, and such petition is not dismissed within sixty (60) days immediately following the date of such filing; or (vi) a court of competent jurisdiction enters an order, judgment or decree appointing, without the party's consent, a receiver or trustee for a party, or for all or any part of a party's property; and such petition, order, judgment or decree is not discharged or stayed within sixty (60) days immediately following its entry.

13. NOTICES. All notices required or permitted under this Agreement shall be in writing and shall be served on the parties at the addresses set forth below. Any such notices shall, unless otherwise provided herein, be given or served (i) by depositing the same in the United States mail, postage paid, certified and addressed to the party to be notified, with return receipt requested, (ii) by overnight delivery using a nationally recognized overnight courier, or (iii) by personal delivery. Notice deposited in the mail in the manner hereinabove described shall be effective upon receipt or rejection of such notice. Notice given in any other manner shall be effective only if and when received (or rejected) by the party to be notified between the hours of 8:00 a.m. and 5:00 p.m. California time of any business day with delivery made after such hours to be deemed received the following business day. A party's address may be changed by written notice to the other party; however, no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

To Sellers: Keith Lyndon Hodge
Susan Tanya Hodge
7544 E. Church
Sanger, CA

To Buyer: South Kings Groundwater Sustainability Agency
Attention: David Peters, Secretary
128 S. Fifth Street
Fowler, CA 93625

To Escrow Holder: _____ Title Company
[ADDRESS]

Attn: Assigned Escrow Officer

14. GENERAL PROVISIONS.

14.1 Assignment. Neither party shall have the right to assign this Agreement or any interest or right hereunder or under the Escrow without the prior written consent of the other party. This Agreement shall be binding upon and shall inure to the benefit of Buyer and Sellers and their respective heirs, personal representatives, successors and assigns.

14.2 Attorney's Fees. In any action between the parties hereto, seeking enforcement of any of the terms and provisions of this Agreement or the Escrow, or in connection with the Property, the prevailing party in such action shall be entitled, to have and to recover from the other party its reasonable attorneys' fees and other reasonable expenses in connection with such action or proceeding, in addition to its recoverable court costs.

14.3 Interpretation; Governing Law. This Agreement shall be construed according to its fair meaning and as if prepared by both parties hereto. This Agreement shall be construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

14.4 No Waiver. No delay or omission by either party in exercising any right or power accruing upon the compliance or failure of performance by the other party under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either party of a breach of any of the covenants, conditions or agreements hereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof.

14.5 Modifications. Any alteration, change, or modification of or to this Agreement shall be made by written instrument or endorsement thereon and in each such instance executed on behalf of each party hereto.

14.6 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this instrument, or the application of such term, provisions, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14.7 Merger. This Agreement and other documents incorporated herein by reference contain the entire understanding between the parties relating to the transaction contemplated hereby and all prior to contemporaneous agreements, understandings, representations and statements (including letters of intent), oral or written, are merged herein and shall be of no further force or effect.

14.8 Execution of Documents. The parties agree to execute such instructions to Title Company and such other instruments and to do such further acts as may be reasonably necessary to carry out the provisions of this Agreement.

14.9 Inducement. The making, execution and delivery of this Agreement by the parties hereto have been induced by no representations, statements, warranties or agreements other than those expressly set forth herein.

14.10 Relationship of Parties. Notwithstanding anything to the contrary contained herein, this Agreement shall not be deemed or construed to make the parties hereto partners or joint venturers, or to render either party liable for any of the debts or obligations of the other, it being the intention of the parties to merely create the relationship of Sellers and Buyer with respect to the Property to be conveyed as contemplated hereby.

14.11 No Personal Liability. No member, official, employee, agent or contractor of Sellers shall be personally liable to Buyer in the event of any default or breach by Sellers or for

any amount which may become due to Buyer or on any obligations under the terms of the Agreement.

14.12 Force Majeure. If either party is delayed or prevented from performing any act required in this Agreement by reason of any event beyond the reasonable control of either party, including without limitation, by labor disputes, fire, unusual delay in deliveries, weather or acts of God, terrorism, delay in the issuance of permits or approvals, acts of governmental entities, unavoidable casualties or any other such causes beyond such party's control, then the time herein fixed for completion of such obligation(s) shall be extended by the number of days that such party has been delayed.

14.13 Representation by Counsel. Each party hereto represents and agrees with each other that it has been represented by or had the opportunity to be represented by, independent counsel of its own choosing, and that it has had the full right and opportunity to consult with its respective attorney(s), that to the extent, if any, that it desired, it availed itself of this right and opportunity, that it or its authorized officers (as the case may be) have carefully read and fully understand this Agreement in its entirety and have had it fully explained to them by such party's respective counsel, that each is fully aware of the contents thereof and its meaning, intent and legal effect, and that it or its authorized officer (as the case may be) is competent to execute this Agreement and has executed this Agreement free from coercion, duress or undue influence.

14.14 Execution in Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

14.15 Exhibits. Exhibit A is the Legal Description of Property. Exhibit B is the Grant Deed.

14.16 attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions as of the Agreement Date.

Note: Sections 11 and 12.1 need to be separately initialed by the parties.

SELLERS:

KEITH LYNDON HODGE AND
SUSAN TANYA HODGE

Tax I.D. (SSN)

_____, 2020

Accepted and Agreed to:

ESCROW HOLDER:

_____ Title Company

By: _____
Escrow Officer

_____, 2020

BUYER:

SOUTH KINGS GROUNDWATER
SUSTAINABILITY AGENCY,
a joint powers authority

By: _____
Karnig Kazarian, Board Chairman

_____, 2020

ATTEST:

David Peters, Board Secretary

APPROVED AS TO FORM:

Michael R. Linden, SKGSA Attorney

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

GRANT DEED

EXHIBIT C

“MEMORANDUM OF OPTION”

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

South Kings Groundwater
Sustainability Agency
Attn: David Peters, Secretary
128 S. Fifth Street
Fowler, CA 93625

(Space Above for Recorder's Use)

MEMORANDUM OF OPTION

Keith Lyndon Hodge and Susan Tanya Hodge Family Trust and Hagop Soojian Testamentary Trust (“Optionors”) and the SOUTH KINGS GROUNDWATER SUSTAINABILITY AGENCY, a Joint powers authority (“Optionee/SKGSA”) and have entered into that certain Option Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions dated December____, 2020 (“**Option Agreement**”).

The Option Agreement grants certain rights to SKGSA with respect to the property legally described in *Exhibit A* attached hereto and made a part hereof (“**Real Property**”) including the right to purchase the Property in accordance with the terms of the Option Agreement. This Memorandum of Option Agreement has been recorded to give notice to all interested persons of the existence of the Option Agreement and of the right, title and interest of the SKGSA thereunder for the purpose of preserving its rights under the Option Agreement as against any person who might otherwise acquire an interest in the Property without actual notice of the SKGSA’s rights under the Option Agreement.

This Memorandum of Option was signed by the undersigned on the _____ day of _____.

OPTIONEE:

**SOUTH KINGS GROUNDWATER
SUSTAINABILITY AGENCY**
a Joint powers authority

By: _____

Dated: _____

OPTIONOR:

By: _____
Keith Lyndon Hodge

By: _____
Susan Tanya Hodge

Dated: _____

Hagop Soojian Testamentary Trust

By: Susan Tanya Hodge, Trustee

Dated: _____

ACKNOWLEDGMENT(S)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ } ss.
County of _____ }

On _____ before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

My Commission Expires: _____

ACKNOWLEDGMENT(S)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ } ss.
County of _____ }

On _____ before me, _____
_____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

My Commission Expires: _____