

WATER RIGHTS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

THIS WATER RIGHTS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (the “**Agreement**”) is made and entered into as of this ____ day of _____, 2017 (the “**Effective Date**”), by and between CAROLYN LOUNSBURY, an individual (“**Lounsbury**”) and JPMORGAN CHASE BK, NATIONAL ASSOCIATION CO, a New Jersey Corporation (“**Chase**”) (Lounsbury and Chase are hereinafter collectively referred to from time to time as “**Sellers**”) and the HESPERIA WATER DISTRICT, a California public agency (“**Purchaser**”). Lounsbury, Chase and Purchaser are hereinafter individually referred to as “**Party**” and collectively referred to as the “**Parties**”.

RECITALS

A. Permanent Water Rights. This Agreement concerns certain water rights described as One Hundred Eighty-One (181) acre-feet of Base Annual Production Right and One Hundred Forty Five (145) acre-feet of Carryover Right, held jointly by Lounsbury as an individual and by Chase as acquirer of certain assets and liabilities of Washington Mutual Bank from the FDIC as Receiver, and subject to the court judgment dated January 10, 1996 and entered in Riverside County Superior Court Case No. 208568 entitled “*City of Barstow et al, v. City of Adelanto et al.*” and hereinafter referred to as the “**Mojave Basin Area Judgment**” (the “**Permanent Water Rights**”).

B. Purchase and Sale. Purchaser desires to purchase the Permanent Water Rights, and Sellers desire to sell the Permanent Water Rights in accordance with, and subject to the terms of this Agreement as provided herein.

AGREEMENT

NOW THEREFORE, on the basis of the foregoing recitals, which are incorporated herein by this reference, and in consideration of the covenants, conditions and representations set forth herein, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Sale of Permanent Water Rights. In exchange for the Purchase Price described in Section 2 of this Agreement, Sellers agree to sell their right, title and interest in and to the Permanent Water Rights to Purchaser, and Purchaser hereby further agrees to purchase the Permanent Water Rights from Sellers pursuant to the terms and conditions set forth herein.

2. Purchase Price.

(a) **Purchase Price.** The purchase price for the Permanent Water Rights shall be for the total amount of Eight Hundred Thousand Two Hundred and Twenty Dollars (\$800,220.00) (the “**Purchase Price**”), which represents a rate of Four Thousand Two Hundred

Dollars (\$4,200) per acre-foot of Base Annual Production Right and Two Hundred Seventy Six Dollars (\$276) per acre-foot of Carryover Right.

(b) **Delivery of Cash.** Provided Escrow has been opened, Purchaser shall deposit in the Escrow an amount equal to the Purchase Price of Eight Hundred Thousand Two Hundred and Twenty Dollars (\$800,220.00) pursuant to Section 3 of this Agreement.

(c) **Handling of Cash.** All funds deposited in the Escrow pursuant to this Section 2 shall be deposited by the Escrow Holder in an account in a federally insured commercial bank.

3. Escrow; Closing Date; Conditions Precedent.

(a) **Escrow Holder.** Escrow shall be established with _____ at _____, California _____ (the “**Escrow**”), attn.: _____; phone: _____; fax: _____; e-mail: _____ (“**Escrow Holder**”).

(b) **Closing Date.** Unless otherwise agreed in writing by both Sellers and Purchaser, the Closing Date (herein so called) for the sale of the Permanent Water Rights and the closing of the Escrow (the “**Closing**”) shall be _____. The Closing shall occur, if at all, at the office of the Escrow Holder, or at such other location agreed to the Parties.

(c) **Conditions Precedent to Sellers' Closing Obligation.** As a condition to Sellers' obligation to sell the Permanent Water Rights to Purchaser pursuant to this Agreement, the following conditions precedent (each, a “Condition Precedent to Sellers' Closing Obligation”) shall have occurred (or shall have been waived in writing by Sellers):

(1) The Due Diligence Period shall have expired without Purchaser electing to terminate this Agreement on a timely basis by delivery of a “Notice of Termination” in accordance with Section 7(c) below, and Purchaser shall have delivered the funds pursuant to Section 2 of this Agreement.

(2) Sellers shall have received evidence reasonably satisfactory to Sellers that the City Council for Purchaser has approved this Agreement.

(3) Provided Escrow has been opened, on or before 11:00 a.m. Pacific Time on _____, 2017, Purchaser shall have delivered into the Escrow all documents and funds required to be delivered by Purchaser pursuant to the terms of this Agreement, and Purchaser shall not be in material default in the performance of any of its obligations hereunder.

(4) Purchaser shall execute the form required by the Watermaster for the permanent transfer of Base Annual Production Right and Carryover Right attached to this Agreement as Exhibit B.

(5) Purchaser shall execute and deliver to the Escrow Holder the Permanent Water Rights Deed in the form attached to this Agreement as Exhibit A (the “**Permanent Water Rights Deed**”).

(6) Purchaser shall have taken all steps within Purchaser's reasonable

control that are reasonably necessary or appropriate in order to obtain the acknowledgement of the Watermaster of the transfer of the Permanent Water Rights pursuant to this Agreement.

(d) **Conditions Precedent to Purchaser's Closing Obligation.** As a condition to Purchaser's obligation to purchase the Permanent Water Rights from Sellers pursuant to this Agreement, the following conditions precedent (each, a "Condition Precedent to Purchaser's Closing Obligation") shall have occurred (or shall have been waived in writing by Purchaser):

(1) The Due Diligence Period shall have expired without Purchaser electing to terminate this Agreement on a timely basis by delivery of a "Notice of Termination" in accordance with Section 7(c) below.

(2) Sellers shall have stipulated to the Mojave Basin Area Judgment in the form attached to this Agreement as Exhibit C, pursuant to the Mojave Basin Area Watermaster (the "**Watermaster**") Rules and Regulations adopted June 30, 1994 and most recently revised October 29, 2008 (the "**Watermaster Rules and Regulations**").

(3) Sellers shall execute the form required by the Watermaster for the permanent transfer of Base Annual Production Right and Carryover Right attached to this Agreement as Exhibit B and shall have complied with all other filing and notice requirements pursuant to Section 12 of the Watermaster Rules and Regulations entitled "Transfers of Production Rights" incorporated herein by reference.

(4) Sellers shall have obtained the Watermaster's approval to the transfer of the Permanent Water Rights pursuant to the terms of this Agreement.

(5) Provided Escrow has been opened, on or before 11:00 a.m. Pacific Time on _____, 2017 Sellers shall execute and deliver to the Escrow Holder, without representation, warranty, or recourse against or from Sellers, the Permanent Water Rights Deed conveying to Purchaser all of Sellers right, title and interest in and to the Permanent Water Rights in the form attached to this Agreement as Exhibit A.

4. Representations and Warranties of Purchaser. Purchaser represents and warrants to Sellers as of the Effective Date hereof as follows:

(a) **Organization, Good Standing and Qualification.** Purchaser is a California public agency duly organized, validly existing and in good standing under the laws of the State of California. Purchaser has all requisite right, power and authority to engage in and consummate the transactions contemplated hereby.

(b) **Authorization.** All action on the part of Purchaser, its officers and employees necessary for the authorization, execution and delivery of this Agreement and the authorization, purchase of the Permanent Water Rights, execution and delivery of related transfer documents, and the performance of all obligations of Purchaser hereunder and thereunder have been taken. The Agreement, when executed and delivered by Purchaser, shall constitute valid and legally binding obligations of Purchaser, enforceable against Purchaser in accordance with the terms herein.

5. Representations and Warranties of Sellers. Sellers hereby represent and warrant to Purchaser that as of the Effective Date hereof as follows:

(a) **Organization, Good Standing and Qualification.** Chase is a national association company duly organized, validly existing and in good standing under the laws of the State of California. Chase has all requisite right, power and authority to engage in and consummate the transactions contemplated hereby.

(b) **Authorization.**

(1) All action on the part of Chase, its officers, managers and members necessary for the authorization, execution and delivery of this Agreement and the authorization, sale of the Permanent Water Rights, execution and delivery of related transfer documents, and the performance of all obligations of Chase hereunder and thereunder have been taken. The Agreement, when executed and delivered by Chase, shall constitute valid and legally binding obligations of Chase, enforceable against Chase in accordance with their terms.

(2) All action on the part of Lounsbury, her assigns and representatives necessary for the authorization, execution and delivery of this Agreement and the authorization, sale of the Permanent Water Rights, execution and delivery of related transfer documents, and the performance of all obligations of Lounsbury hereunder and thereunder have been taken. The Agreement, when executed and delivered by Lounsbury, shall constitute valid and legally binding obligations of Lounsbury, enforceable against Lounsbury in accordance with their terms.

(c) **Warranties.**

(1) Chase warrants that it has not leased, sold, or transferred its interest in the Permanent Water Rights to any other party who can claim a right thereto as of the Effective Date of this Agreement.

(2) Lounsbury warrants that Lounsbury has not leased, sold, or transferred her interest in the Permanent Water Rights to any other party who can claim a right thereto as of the Effective Date of this Agreement.

6. Sellers Remedies. If Purchaser fails to pay or perform when due, any act or obligation required by this Agreement, which failure continues uncured after ten (10) days' written notice from Sellers to Purchaser, Purchaser is deemed to be in default, then Sellers shall have the right to terminate this Agreement as a consequence thereof. Upon such termination, Purchaser shall retain the portion of the Permanent Water rights purchased to date, and Sellers shall retain term payments received for the portion of the Permanent Water Rights purchased to date. Purchaser shall return to Sellers (in accordance with Watermaster forms, documents and procedures) any portion of the Permanent Water Rights for which payment is not received.

7. Due Diligence Period.

(a) **Diligence.** There will be a period continuing until 5:00 p.m. Pacific Time on _____, 2017 (the "**Due Diligence Period**") to allow Purchaser to conduct such due diligence with respect to its purchase of the Permanent Water Rights pursuant to this

Agreement, as and to the extent Purchaser reasonably deems the same to be necessary. During the Due Diligence Period, Sellers shall cooperate reasonably with Purchaser's due diligence investigations and shall provide to Purchaser copies of documents and information as requested by Purchaser related to Sellers' ownership and title to the Permanent Water Rights. In this regard, upon request from Purchaser, Sellers shall take all steps necessary to provide Purchaser with reasonable access to requested documents and information. Any requests for information or documents shall be reasonably specific in nature and reasonably tailored in scope. Sellers shall have no obligation to incur any material expense in connection with such cooperative efforts, or to deliver information that is not in Sellers' possession or control. Notwithstanding any provision of this Agreement to the contrary, Purchaser agrees that in providing information with respect to the Permanent Water Rights, Sellers shall be acting solely in an accommodating role, but Sellers shall have no responsibility for the accuracy or inaccuracy of any information provided by Sellers so long as Sellers have acted in good faith and have disclosed any limitations on Sellers' knowledge. Purchaser shall be responsible for assessing the accuracy of any information provided by Sellers (subject to Sellers' obligations set forth above or elsewhere in this Agreement), and for conducting Purchaser's own due diligence with respect to the Permanent Water Rights. Purchaser further shall indemnify, protect, defend and hold harmless Sellers from any fines, liens, claims, suits, losses or obligations, including attorneys' fees, of any nature whatsoever arising out of or caused by Purchaser or its agents or representatives in connection with Purchaser's due diligence investigations, and Purchaser's obligations under this sentence shall survive any termination of the Escrow or this Agreement, or any release of Purchaser from liabilities or obligations hereunder (notwithstanding any provision of this Agreement to the contrary).

(b) **Purchaser's Assessment of Title.** Purchaser shall have the right to assess the condition of title to the Permanent Water Rights that may be conveyed to Purchaser pursuant to the Closing, and to procure a title insurance policy (the "**Purchaser's Title Policy**") with respect to such title, provided that Purchaser hereby acknowledges and agrees that: (i) Sellers shall have no liability or responsibility with respect to the condition of title to the Permanent Water Rights, or any exceptions to such title; and (ii) the issuance of Purchaser's Title Policy shall not be a Condition Precedent to Purchaser's Closing Obligation (and shall not otherwise be a condition to Purchaser's obligations hereunder), and accordingly Purchaser may want to take other steps (e.g., procurement of a title insurance commitment prior to the end of the Due Diligence Period) in its judgment to protect itself with respect to title matters.

(c) **Purchaser's Termination Right.**

(1) Purchaser shall have the right, for any reason, to elect to terminate this Agreement by written notice to Sellers (the "**Notice of Termination**") so long as the same is delivered no later than 5:00 p.m. Pacific Time on the last day of the Due Diligence Period as defined in this Agreement.

(2) Purchaser shall have the right to elect to terminate this Agreement by written Notice of Termination to Sellers if the Watermaster, for any reason whatsoever, denies approval of the transfer of the Permanent Water Rights.

(3) If Purchaser timely delivers a Notice of Termination, then (i) this Agreement shall terminate, (ii) Purchaser shall be entitled to a refund of the Purchase Price from

the Escrow Holder, (iii) all documents theretofore delivered by either party to the other (or to the Escrow Holder for delivery through Escrow) shall be returned, and (iv) neither party shall have any obligation to the other, except as otherwise set forth in this Agreement.

(d) **Purchaser's Election to Proceed to Purchase.** In the event that Purchaser does not deliver a Notice of Termination pursuant to this Section 7, this Agreement shall become binding and irrevocable in every sense, Purchaser shall be deemed to have elected to proceed to purchase the Permanent Water Rights pursuant to this Agreement and to have waived its right to terminate the Agreement subject to satisfaction or waiver of Conditions Precedent to Purchaser's Closing Obligation.

8. Pursuit of Watermaster Acknowledgements. To the extent that it would not delay the Closing, and if Purchaser does not timely deliver a Notice of Termination in accordance with Section 7 of this Agreement, the Parties shall take all steps within the Parties reasonable control that are reasonably necessary or appropriate in order to obtain the acknowledgement of the Watermaster of the transfer of the Permanent Water Rights from Sellers to Purchaser pursuant to this Agreement.

9. Closing by Escrow Holder. On the Closing Date, and when and only when (i) all of the Conditions Precedent to Sellers' Closing Obligation shall have been satisfied (or waived by Sellers) and (ii) all of the Conditions Precedent to Purchaser's Closing Obligation shall have been satisfied (or waived by Purchaser), the Escrow Holder shall effectuate the Closing by taking the following actions:

(a) Escrow Holder shall record in the Official Records the Permanent Water Rights Deed;

(b) Escrow Holder shall disburse the cash in the Escrow as follows:

(1) Escrow Holder shall pay all fees and closing costs, if any, that are required to effectuate the Closing, including broker's fees described in Section 10 of this Agreement;

(2) Escrow Holder shall disburse any net amount of the funds in the Escrow due to Sellers, after paying all fees and costs as contemplated by the Parties, in accordance with instructions received by the Escrow Holder from the Sellers.

The Closing shall be deemed to have occurred when Escrow Holder has taken all of the actions described in this Section 9.

10. Closing Costs and Prorations.

(a) Purchaser shall pay the following: its own due diligence expenses, including, without limitation, the cost of any title examination, the costs and/or premiums incurred in connection with any title reports or title insurance commitments, policies or other products that Purchaser obtains; any recording charges or filing fees attributable to recordation or filing, as appropriate, of the Permanent Water Rights Deed; any taxes or fees arising as a consequence of the sale of the Permanent Water Rights; and one-half of any fees owed to Escrow Holder on account of its handling of the Escrow.

(b) Sellers shall pay one-half of any fees owed to Escrow Holder on account of its handling of the Escrow.

(c) Each Party shall pay that Party's own legal fees and other incidental expenses incurred in connection with this transaction. Subject to the provisions of Section 7 of this Agreement, all other closing costs shall be prorated between Purchaser and Sellers as is customary in the State of California.

11. Brokerage Commissions.

Purchaser and Sellers each represent and warrant to the other that no third party is entitled to a broker's commission and/or finder's fee with respect to the transaction contemplated by this Agreement. Sellers are solely responsible for the payment of any commission pursuant to the sale of the Permanent Water Rights. Purchaser and Seller each agree to indemnify and hold the other party harmless from and against all liabilities, costs, damages and expenses, including, without limitation, attorneys' fees, resulting from any claims or fees or commissions, based upon agreements by it, if any, to pay a broker's commission and/or finder's fee other than the commission referred to in the prior sentence.

12. Miscellaneous.

(a) **Entire Agreement; No Third-Party Beneficiaries; Binding Effect.** This Agreement constitutes the entire and final agreement among the Parties and there are no agreements, understandings, warranties or representations among the Parties, either oral or written, except as set forth herein. This Agreement will inure to the benefit and bind the respective heirs, administrators, executors, representatives, successors and permitted assigns of the Parties hereto. Nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the Parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(b) **Governing Law and Venue.** This Agreement is executed and delivered in the State of California (the "State") and it is the desire and intention of the Parties that it be in all respects interpreted according to the laws of the State, without reference to its conflicts of law principles. The parties specifically and irrevocably consent to the jurisdiction and venue of the federal and state courts of the State and of the County of San Bernardino with respect to all matters concerning this Agreement or the enforcement of any of the foregoing. The Parties agree that the execution and performance of this Agreement shall have a State situs and accordingly, consent to personal jurisdiction in the State.

(c) **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original document, but all of which will constitute a single document. This document will not be binding on or constitute evidence of a contract between the Parties until such time as a counterpart of this document has been executed by each of the Parties and a copy thereof delivered to each Party under this Agreement.

(d) **Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

If to Sellers: Caufield & James LLP
2851 Camino Del Rio South, Suite 410
San Diego, CA 92109
Re: Santino M. Tropea, Esq.
email: santino@caufieldjames.com

with copy to: **PIB Law**
695 Town Center Drive, 16th Floor
Costa Mesa, CA 92626
Attention: Jenny Merris, Esq.
email: jenny.merris@piblaw.com

with additional copy to: Carolyn Lounsbury
17885 San Gabriel Lane
9776 SVL Box
Victorville, CA 92395
email: _____

If to Purchaser: Hesperia Water District
c/o City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345
Attention: Nils Bentsen, City Manager
nbentsen@cityofhesperia.us

with copy to:

Eric L. Dunn
Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
edunn@awattorneys.com

If to Escrow Holder: _____

Attention: _____
email: _____

(f) **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of all Parties.

(g) **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the Parties agree to renegotiate such provisions in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the Parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(h) **Attorneys' Fees.** If any Party shall commence any action or proceeding against another Party in order to enforce the provisions hereof, or to recover damages as the result of the alleged breach of any of the provisions hereof, the prevailing party will be entitled to recovery of its actual attorney's fees, including the fair market value of any in-house attorneys and staff, court costs, expert witness fees and/or trustee costs and fees, including all related expenses, all as costs in accordance with this Agreement, through to final non-appealable conclusion, in addition to any other relief to which that party may be entitled.

(i) **Further Assurances.** The Parties hereto agree to take all further actions and execute all further documents either may from time to time reasonably request to carry out the transactions contemplated by this Agreement.

(j) **Incorporation of Exhibits.** Any Exhibits attached hereto shall be incorporated herein by reference.

13. IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

Sellers: CAROLYN LOUNSBURY

Date: _____

By: _____
Carolyn Lounsbury

**JPMORGAN CHASE BK, NATIONAL
ASSOCIATION CO**

Date: _____

By: _____

[FIRST SIGNATORY FOR CHASE]

**JPMORGAN CHASE BK, NATIONAL
ASSOCIATION CO**

Date: _____

By: _____
[SECOND SIGNATORY FOR CHASE]

Two corporate officer signatures required when a party is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CHASE'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CHASE'S BUSINESS ENTITY.

Purchaser: HESPERIA WATER DISTRICT

Date: _____

By: _____
Nils Bentsen, City Manager

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Eric Dunn, City Attorney

Attest: HESPERIA WATER DISTRICT

Dated_____

By: _____
Melinda Sayre, City Clerk

EXHIBIT A

GRANT DEED

FREE RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

Hesperia Water District
c/o City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345
Attention: Nils Bentsen, City Manager

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per Gov. Code § 6103)

**GRANT DEED
PERMANENT WATER RIGHTS**

For a valuable consideration, the receipt of which is hereby acknowledged, CAROLYN LOUNSBURY ("LOUNSBURY") and JPMORGAN CHASE BK, NATIONAL ASSOCIATION CO ("CHASE") (collectively "GRANTORS") hereby sell and transfer to the HESPERIA WATER DISTRICT ("HESPERIA" or "GRANTEE"):

The Right to extract One Hundred Eighty-One (181) acre-feet of Base Annual Production and the Right to One Hundred Forty Five (145) acre-feet of Carryover allocated to GRANTORS (or predecessors in interest) under and pursuant to that certain court judgment dated January 10, 1996 and entered in Riverside County Superior Court Case No. 208568 entitled "*City of Barstow et al, v. City of Adelanto et al.*" ("Mojave Basin Area Judgment").

IN WITNESS WHEREOF, Grantors and Grantee have caused this instrument to be executed hereunto as of the date first above written.

"GRANTORS"

CAROLYN LOUNSBURY

Date: _____

By: _____

JPMORGAN CHASE BK, NATIONAL
ASSOCIATION CO

Date: _____

By: _____

CERTIFICATE OF ACCEPTANCE

Pursuant to Government Code Section 27281 this is to certify that the rights conveyed by CAROLYN LOUNSBURY ("LOUNSBURY") and JPMORGAN CHASE BK, NATIONAL ASSOCIATION CO ("CHASE") (collectively "GRANTORS"), by Grant Deed to the HESPERIA WATER DISTRICT is hereby accepted by the undersigned officer and agent of the HESPERIA WATER DISTRICT pursuant to the authority conferred by a Purchase and Sale Agreement approved by of the CITY OF HESPERIA dated _____, 2017, and that the HESPERIA WATER DISTRICT consents to the recording of the Grant Deed.

Signed and dated in _____, California on _____, 2017.

"GRANTEE"

HESPERIA WATER DISTRICT

By: _____

ATTEST:

By: _____
City Clerk

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 CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 2017 before me, _____, a 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.

Notary Public

SEAL:

EXHIBIT B

WATERMASTER PERMANENT TRANSFER OF BASE ANNUAL PRODUCTION RIGHT FORM

(Referenced in the Mojave Basin Area Judgment as "Exhibit C")

PERMANENT TRANSFER OF BASE ANNUAL PRODUCTION RIGHT

To be executed by both Transferee and Transferor, be accompanied by a map of the service area where the water was used by Transferor, and a map of the service area where the water is intended to be used by the Transferee, together with a listing identifying and showing the location(s) of production facilities involved in or affected by Transfer. Have the attached acknowledgments completed by both Transferee and Transferor.

A TRUE COPY HEREOF MUST BE FILED WITH WATERMASTER WITHIN 15 DAYS OF EXECUTION.
(To be accompanied by completed Exhibit "F" if Transferee is not a party to the Judgment
and by a Preliminary Title Report on Transferor's property)

For a valuable consideration, in the amount of \$ _____ per acre-foot, for a total amount of \$ _____, receipt of which is hereby acknowledged, _____ ("Transferor") does hereby assign and transfer in perpetuity to _____ ("Transferee") the Base Annual Production Right of Transferor in the amount of _____ acre-feet and any Carryover Right, if applicable in the amount of _____ acre-feet, in the _____ Subarea as adjudicated to Seller or his predecessor in the Judgment in the case of "City of Barstow, et al" vs. "City of Adelanto, et al" Riverside Superior Court No. 208568, together with the attendant rights, powers and privileges pertaining thereto, effective _____.

(Date)

TRANSFEE

(Signature) _____ (Date)

Name and Address of Designee of Transferee to receive service of Processes & Notices:

Telephone No.: _____

The following are holders of Deed of Trust or Lien on the affected lands and/or the Base Annual Production Right affected by this transfer.

DEED OF TRUST or LIEN HOLDER

TRANSFEROR

(Signature) _____ (Date)

Name and Address of Designee of Transfer to receive service of Processes & Notices:

Telephone No.: _____

ADDRESS

Exhibit "C"

OCTOBER 29, 2008

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE § 1189**

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 California

County of _____

On _____ before me, _____
*Date Here insert name and title of the officer*personally appeared _____
Name(s) of Signer(s)

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 _____
*Signature of Notary Public**Place Notary Seal Above***OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed By The Signer(s)

Signer's Name _____

☐ Corporate Officer – Title(s) _____☐ Partner – ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other _____

Signer is Representing: _____

Signer's Name _____

☐ Corporate Officer – Title(s) _____☐ Partner – ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other _____

Signer is Representing: _____

EXHIBIT C

STIPULATION FOR INTERVENTION AFTER ENTRY OF JUDGMENT
(Referenced in the Mojave Basin Area Judgment as "Exhibit F")

Attorney for Watermaster

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF RIVERSIDE

CITY OF BARSTOW, ET AL

Plaintiff,

v.

CITY OF ADELANTO, ET AL

Defendants.

NO. 208568
STIPULATION FOR INTERVENTION
AFTER ENTRY OF JUDGMENT
OF _____
as Defendant(s)

IT IS HEREBY STIPULATED by and between the Mojave Basin Area Watermaster for
and on behalf of all parties to the instant action and _____

_____ the proposed Intervenor(s) herein, that said proposed
Intervenor(s) may intervene in the instant action and become entitled to all of the benefits and bound by
all of the burdens of the Stipulated Judgment herein.

The Court will consider the attached proposed Order confirming said Intervention at _____
o'clock _____ M on _____ 20____, in Department _____ located at _____

To be set by Watermaster

Watermaster shall give at least 30 days notice to the parties herein of said hearing.

Exhibit "F"
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DATED: _____

Watermaster

By _____
Chairman

Attest:

Secretary

DATED: _____

Intervenor(s)

By _____
By _____

Sign Here

Name of Intervenor's Designee:

Address of Designee:

Telephone Number of Designee:
