



**PUBLIC WATER IMPROVEMENT BONDING AGREEMENT FOR:
Conditional Use Permit No. 22-12**

THIS AGREEMENT made and entered into this _____ day of _____, 20____ by and between, **Desert Grow, LLC**, a California limited liability company, (“Developer”) and the MISSION SPRINGS WATER DISTRICT, a County Water District, (“District”).

RECITALS

WHEREAS, the Developer is the owner and developer of land in the City of Desert Hot Springs, County of Riverside, State of California, generally described as follows:

See Exhibit “A” attached hereto and made a part hereof by this reference.

WHEREAS, said Developer will cause the completion of the Project known as Conditional Use Permit No. 22-12, an industrial project commonly known as ‘Desert Grow, LLC’ (“Project”), and the Project requires water improvements to facilities to be owned and maintained by the District for the proposed development project, and;

WHEREAS, said Developer has prepared and submitted water improvement plans (“Plans”) for the Project to the District for the construction of said improvements which District has approved prior to the date of this Agreement, and;

WHEREAS, said Developer is desirous of complying with the requirements of the District, relative to the installation and payment for the water improvements provided in the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the approval by the District of the proposed Plans required for the development and recordation with the County Recorder of the Map within the City of Desert Hot Springs, the Developer agrees that the foregoing Recitals are hereby incorporated by reference and it will comply with the following requirements:

Within one (1) year from the date hereof, said Developer shall cause the water improvements to be constructed in accordance with all agreements, the Plans, the Mission Springs Water District policies, rules, regulations, ordinances and resolutions and standards, the Map, the Subdivision Map Act, and all applicable state, federal and local laws, regulations, ordinances and policies, all of which are hereby incorporated herein by this reference.



Handed you herewith is a Surety Bond (Faithful Performance and Warranty a copy of which is attached hereto as Exhibit "B") executed _____ in the sum of Two Hundred Eighty-Eight Thousand, Nine Hundred Dollars and 00/100 (\$288,900.00), guaranteeing the faithful performance of this Agreement and Warranty for one (1) year from date of final acceptance by the Mission Springs Water District Board of Directors, together with a Payment Bond in the sum of Two Hundred Eighty-Eight Thousand, Nine Hundred Dollars and 00/100 (\$288,900.00), securing payment to the contractor, his subcontractors and to persons renting equipment or furnishing labor or materials for the improvements a copy of which is attached hereto as Exhibit "C"

IT IS UNDERSTOOD and AGREED, that upon completion of the work in accordance with all agreements, state, federal and local laws, regulations, ordinances and policies and acceptance thereof by the Mission Springs Water District, said Payment Bond shall be exonerated and the Faithful Performance/Warranty Bond shall continue in force for one (1) year (warranty period) after the date of final acceptance by Mission Springs Water District.

The Bonds required by this Agreement shall be kept on file with the District and they must be issued by a surety company currently admitted to transact surety insurance business in California by the California Department of Insurance, with a Best's Insurance Guide rating of no less than A: VII. The terms of any documents evidencing such Improvement Securities as set forth in this paragraph are incorporated into this Agreement by this reference as if set forth fully herein.

IN WITNESS WHEREAS, the undersigned have affixed their signatures at Desert Hot Springs, California the day and year first above written.

MISSION SPRINGS WATER DISTRICT

By: _____

Name: Brian Macy

Title: General Manager / Chief Engineer

Date: _____

DEVELOPER

Developer: Desert Grow, LLC

By:  _____

Name: David Palmer

Title: CEO

Date: 9/20/25

ATTEST

By: _____

Name: Dori Petee

Title: Executive Assistant

EXHIBIT "A"

INSERT LEGAL DESCRIPTION OF PROJECT

LEGAL DESCRIPTION

Real property in the City of Desert Hot Springs, County of Riverside, State of California, described as follows:

PARCEL 34, OF SUNNY SANDS RANCHOS, UNIT NO. 3, A RECORD OF SURVEY OF A PORTION OF THE NORTHWEST 1/4 OF SECTION 1, TOWNSHIP 3 SOUTH, RANGE 4 EAST, S. B. B. & M., AS RECORDED IN RECORD OF SURVEY BOOK 25, PAGE 84, RIVERSIDE COUNTY RECORDS.

EXCEPTING THEREFROM 50% OF ALL RIGHT TO ALL MINERALS, OIL AND GAS. THE SAID RIGHTS ARE LIMITED TO THE MINERALS, OIL AND GAS WHICH LIE MORE THAN 100 FEET BELOW THE SURFACE OF THE LAND WITHOUT THE RIGHTS TO SURFACE ENTRY.

APN: 665-040-017-9

EXHIBIT "B"

Faithful Performance and Warranty Bond

MISSION SPRINGS WATER DISTRICT

FAITHFUL PERFORMANCE BOND

Desert Grow, LLC Conditional Use Permit No. 22-12

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Desert Grow, LLC,
(hereinafter designated as "Principal") has executed a Public Water Improvement Bonding Agreement ("Agreement" herein) with the Mission Springs Water District, a county water district and public agency of the State of California (the "District" herein), whereby Principal agrees to construct, install, complete and guarantee for one year after acceptance thereof certain designated public improvements generally identified as follows:

Desert Grow, LLC Conditional Use Permit No. 22-12

_____ ; and

WHEREAS, said Agreement is incorporated herein by this reference; and

WHEREAS, said Principal is required under the terms of said Agreement to furnish a corporate surety bond or other approved improvement security to guarantee the faithful performance of said Agreement;

NOW, THEREFORE, the Principal designated above, and WESTERN SURETY COMPANY as Surety, are held and firmly bound unto the District in the penal sum of Two Hundred Eighty Eight Thousand Nine Hundred and no/100 Dollars (\$288,900.00), lawful money of the United States, for the payment of which we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that the obligation shall become null and void if the above-bounded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to, abide by, well and truly keep and perform the covenants, conditions and provisions in said Agreement and any modification thereof made as therein provided, on his or their part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the District, its officers, agents and employees, as therein stipulated; otherwise, this obligation shall be and remain in full force and effect.

As a part of the obligation secured hereby and in addition to the face amount specified, costs and reasonable expenses and fees shall be included, including reasonable attorneys' fees, incurred by the District in successfully enforcing the obligation, all to be taxed as costs and included in any judgment rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Agreement, the work to be performed thereunder, or the Improvement Plans and related specifications accompanying the Agreement shall in any manner affect its obligations on this bond. The Surety hereby waives notice of any such change, extension of time, alteration or addition to the terms of the Agreement, the work, or the Improvement Plans and related specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the above-named Principal and Surety as of the date or dates set forth below the signatures of their authorized officers.

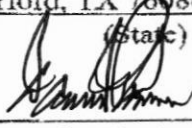
Note: All signatures must be acknowledged before a notary public. Attach appropriate acknowledgement.

"PRINCIPAL"

Desert Grow, LLC
(Name of Principal)

P.O. Box 966
(Street Address)

Weatherford, TX 76086
(City) (State) (Zip)

By: 
(Signature of authorized officer)

David Palmer, CEO
(Name and Title of officer)

Date: 9/25/2025

TEXAS NOTARY ACKNOWLEDGMENT

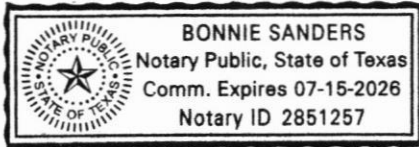
State of Texas

County of Parker

Before me, Bonnie Sanders, on this day personally appeared
David Palmer, David Palmer
to be the person whose name is subscribed to the foregoing instrument and
acknowledged to me that [he/she] executed the same for the purposes and
consideration therein expressed.

Given under my hand this 9/30/2025.

(Seal)



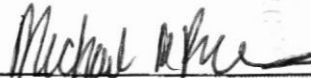
Bonnie Sanders
Notary Public
My Commission Expires: 7/15/2026

“SURETY”

WESTERN SURETY COMPANY
(Type name of Surety)

151 N. Franklin, 17th Floor
(Street Address)

Chicago IL 60606
(City) (State) (Zip)

By: 
(Signature of authorized officer)

ATTORNEY IN FACT
(Title of officer)

Date: September 25, 2025

APPROVED BY DISTRICT:

Brian Macy, General Manager / Chief Engineer

TEXAS NOTARY ACKNOWLEDGMENT

State of Texas

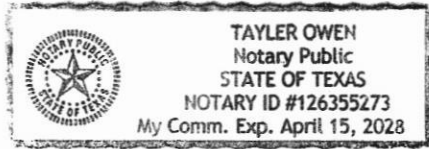
County of Dallas

Before me, Taylor Owen, on this day personally appeared
Michael N. Rudberg, Michael N. Rudberg

to be the person whose name is subscribed to the foregoing instrument and
acknowledged to me that [he/she] executed the same for the purposes and
consideration therein expressed.

Given under my hand this 09/25/2025.

(Seal)



Taylor Owen
Notary Public

My Commission Expires: 04/15/2028

EXHIBIT "C"

Payment Bond

MISSION SPRINGS WATER DISTRICT

PAYMENT BOND

Desert Grow, LLC Conditional Use Permit No. 22-12

(Name of Project/Tract Number of Subdivision)

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Desert Grow, LLC
(hereinafter designated as "Principal") has executed a Public Water Improvement Bonding Agreement ("Agreement" herein) with the Mission Springs Water District, a county water district and public agency of the State of California (the "District" herein), whereby Principal agrees to construct, install, complete and guarantee for one year after acceptance thereof certain designated public improvements generally identified as follows:

Desert Grow, LLC Conditional Use Permit No. 22-12

_____ ; and

WHEREAS, said Agreement is incorporated herein by this reference; and

WHEREAS, said Principal is required under the terms of said Agreement, before entering upon the performance of the work, to file with the District a good and sufficient payment bond, or other approved security, to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the California Civil Code and in Government Code Section 66497;

NOW, THEREFORE, the Principal designated above, and WESTERN SURETY COMPANY as Surety, are held firmly bound unto the District and all contractors, subcontractors, laborers, materialmen and other persons employed in the performance of said Agreement and referred to in the above-referenced Civil Code and Government Code in the sum of _____
Two Hundred Eighty Eight Thousand Nine Hundred and no/100

_____ Dollars (\$ 288,900.00 _____), for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor; that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth; and in case suit is brought upon this bond, will pay, in addition to the face amount thereof, costs and reasonable expenses and fees, including reasonable attorneys' fees, incurred by the District in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, and under Government Code Section 66497, so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of said Agreement or the Improvement Plans or related specifications accompanying the same shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition.

IN WITNESS WHEREOF, this instrument has been duly executed by the above-named Principal and Surety as of the date or dates set forth below the signatures of their authorized officers.

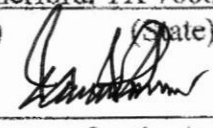
Note: All signatures must be acknowledged before a notary public. Attach appropriate acknowledgement.

“PRINCIPAL”

Desert Grow, LLC
(Name of Principal)

P.O. Box 966
(Street Address)

Weatherford, TX 76086
(City) (State) (Zip)

By: 
(Signature of authorized officer)

David Palmer, CEO
(Name and Title of officer)

Date: 9/25/2025

TEXAS NOTARY ACKNOWLEDGMENT

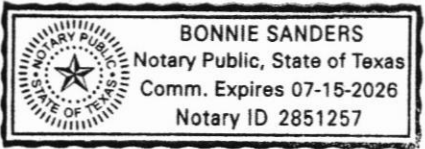
State of Texas
County of Parker

Before me, Bonnie Sanders, on this day personally appeared
David Palmer, David Palmer

to be the person whose name is subscribed to the foregoing instrument and
acknowledged to me that [he/she] executed the same for the purposes and
consideration therein expressed.

Given under my hand this 9/30/2025.

(Seal)



Bonnie Sanders
Notary Public
My Commission Expires: 7/15/2026

"SURETY"

WESTERN SURETY COMPANY

(Type name of Surety)

151 N. Franklin, 17th Floor

(Street Address)

Chicago IL 60606

(City) (State) (Zip)

By: Michael M. [Signature]
(Signature of authorized officer)

ATTORNEY IN FACT

(Title of officer)

Date: September 25, 2025

APPROVED BY DISTRICT:

Brian Macy, General Manager / Chief Engineer

TEXAS NOTARY ACKNOWLEDGMENT

State of Texas

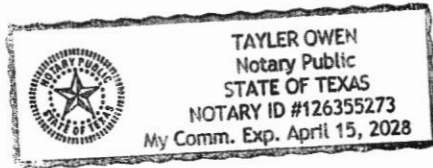
County of Dallas

Before me, Taylor Owen, on this day personally appeared
Michael N. Rudberg, Michael N. Rudberg

to be the person whose name is subscribed to the foregoing instrument and
acknowledged to me that [he/she] executed the same for the purposes and
consideration therein expressed.

Given under my hand this 09/25/2025.

(Seal)



Taylor Owen
Notary Public

My Commission Expires: 04/15/2028

Western Surety Company

POWER OF ATTORNEY - CERTIFIED COPY

Bond No. 67631716

Know All Men By These Presents, that WESTERN SURETY COMPANY, a corporation duly organized and existing under the laws of the State of South Dakota, and having its principal office in Sioux Falls, South Dakota (the "Company"), does by these presents make, constitute and appoint MICHAEL NORMAN RUDBERG

its true and lawful attorney(s)-in-fact, with full power and authority hereby conferred, to execute, acknowledge and deliver for and on its behalf as Surety, bonds for:

Principal: Desert Grow LLC

Obligee: MISSION SPRINGS WATER DIST.

Amount: \$1,000,000.00

and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said attorney(s)-in-fact may do within the above stated limitations. Said appointment is made under and by authority of the following bylaw of Western Surety Company which remains in full force and effect.

"Section 7. All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

This Power of Attorney may be signed by digital signature and sealed by a digital or otherwise electronic-formatted corporate seal under and by the authority of the following Resolution adopted by the Board of Directors of the Company by unanimous written consent dated the 27th day of April, 2022:

"RESOLVED: That it is in the best interest of the Company to periodically ratify and confirm any corporate documents signed by digital signatures and to ratify and confirm the use of a digital or otherwise electronic-formatted corporate seal, each to be considered the act and deed of the Company."

If Bond No. 67631716 is not issued on or before midnight of July 31st, 2026, all authority conferred in this Power of Attorney shall expire and terminate.

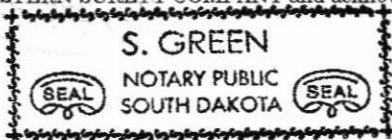
In Witness Whereof, Western Surety Company has caused these presents to be signed by its Vice President, Larry Kasten, and its corporate seal to be affixed this 25th day of September, 2025.

STATE OF SOUTH DAKOTA }
COUNTY OF MENNEHAHA } ss

WESTERN SURETY COMPANY

Larry Kasten
Larry Kasten, Vice President

On this 25th day of September, in the year 2025, before me, a notary public, personally appeared Larry Kasten, who being to me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of WESTERN SURETY COMPANY and acknowledged said instrument to be the voluntary act and deed of said corporation.



My Commission Expires February 12, 2027

S. Green
Notary Public - South Dakota

I the undersigned officer of Western Surety Company, a stock corporation of the State of South Dakota, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable, and furthermore, that Section 7 of the bylaws of the Company as set forth in the Power of Attorney is now in force.

In testimony whereof, I have hereunto set my hand and seal of Western Surety Company this 25th day of September, 2025.

WESTERN SURETY COMPANY

Larry Kasten
Larry Kasten, Vice President

To validate bond authenticity, go to www.cnasurety.com > Owner/Obligee Services > Validate Bond Coverage.