CADIZ INC
Form 10-K/A
April 30, 2019

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united states
Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-K/A

Amendment No. 1

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2018
OR
Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from …… to …….

Commission File Number 0-12114

Cadiz Inc.
(Exact name of registrant specified in its charter)

DELAWARE	77-0313235
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

550 S. Hope Street, Suite 2850	
Los Angeles, CA	90071
(Address of principal executive offices)	(Zip Code)

(213) 271-1600
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	CDZI	The NASDAQ Global Market

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in rule 405 under the Securities Act of 1933. Yes No

Indicate by a check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§220.405 of this chapter) is not contained herein, and will not be contained to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act, (Check One):.
Large accelerated filer Accelerated filer Non-accelerated filer
Smaller Reporting Company Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes
No

The aggregate market value of the common stock held by nonaffiliates as of June 30, 2018 was approximately $273,713,339 based on 20,894,148 shares of common stock outstanding held by nonaffiliates and the closing price on that date. Shares of common stock held by each executive officer and director and by each entity that owns more than 5% of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 22, 2019, the Registrant had 26,237,089 shares of common stock outstanding.

Documents Incorporated by Reference

None.

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EXPLANATORY NOTE

Cadiz, Inc. (the "Company," "we," "us," or "our") is filing this Amendment No. 1 on Form 10-K/A (this "Amendment") to amend our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on March 18, 2019 ("Original 10-K").

This Amendment is being filed to amend the Original 10-K to include the information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K and to update certain information on the cover page. The Company is also updating its list of exhibits in Item 15 of this report to include the certifications specified in Rule 13a-14(a) under the Securities Exchange Act of 1934 required to be filed with this Amendment. Except for the addition of the Part III information, the updates to the cover page, no other changes have been made to the Original 10-K. Pursuant to Rule 12b-15 under the Exchange Act, this Amendment also contains currently dated certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, which are attached hereto. Because no financial statements are included in this Amendment and this Amendment does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of those certifications have been omitted. We are not including the certifications under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Amendment. This Amendment does not otherwise reflect events occurring after the filing of the Original 10-K or modify or update those disclosures affected by subsequent events. Accordingly, this Amendment should be read in conjunction with the Original 10-K, as well as with our other filings with the Securities and Exchange Commission.
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PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Our Board of Directors currently consists of eleven directors. Set forth below is certain biographical information, the present occupation and the business experience for the past five years or more of each director. We have no executive officer who is not also a director.

Name	Age	Position with Cadiz
Keith Brackpool	61	Chairman of the Board
John A. Bohn	81	Director
Jeffrey J. Brown	58	Director
Stephen E. Courter	64	Director
Geoffrey Grant	58	Director
Winston H. Hickox	76	Director
Murray H. Hutchison	80	Director
Richard Nevins	71	Director
Raymond J. Pacini	63	Director
Timothy J. Shaheen	59	Director, Chief Financial Officer and Secretary
Scott S. Slater	61	Director, President and Chief Executive Officer

Keith Brackpool is a co-founder of the Company and Chairman of the Company's Board of Directors, a position he has held since 2001. Mr. Brackpool was appointed to the Board of Directors in 1986. Mr. Brackpool served as President of the Company from December 1991 until April 2011. Mr. Brackpool also served as Chief Executive Officer of the Company from December 1991 until January 2013. Mr. Brackpool is also currently a principal of 1334 Partners L.P., a partnership that owns commercial real estate in California. Mr. Brackpool has extensive experience in California public policy and, most recently, served on the California Horse Racing Board (CHRB) from September 2009 – January 2013, including a term as Chairman from 2010 – 2013. Previously, Mr. Brackpool was co-chair of California Governor Gray Davis' Agriculture and Water Transition Task Force and the Commission on Building for the 21st Century, a diverse panel that developed long-term policy proposals to meet the state's future water, housing, technology and transportation needs. Earlier in his career, Mr. Brackpool served as director and chief executive officer of North American Operations for Albert Fisher Group, a multi-billion dollar food company.

John A. Bohn was appointed a director effective May 30, 2018. Mr. Bohn was appointed pursuant to the terms of a Cooperation Agreement dated May 1, 2018 between the Company and Water Asset Management, LLC. Mr. Bohn is presently a partner and Chief Strategist at Deepwater Desal, LLC, a California company developing a desalination facility in Monterey, a partner at Water Property Investors, LLC, an advisory board member for Water Asset Management, LLC and a Director of the Center for Capital Markets Competitiveness, a division of the U.S. Chamber of Commerce, chartered to advise on the reform of the capital markets for the 21st century. Mr. Bohn most recently completed a three-year term as Chairman and CEO of Renewable Energy Trust Capital, a renewables investment company which he co-founded in 2013. In 2010, he completed a six-year term as Commissioner of the California Public Utilities Commission, where he was the lead Commissioner over investor-owned water utility regulation and was also instrumental in crafting incentive programs for renewable energy initiatives. Mr. Bohn also previously served as President and Chief Executive Officer of Moody's Investors Service. Earlier in his career, Mr. Bohn joined the President Reagan Administration in 1981 and served in a variety of capacities including as U.S. Ambassador and Executive Director of the Asian Development Bank and later as Chairman and CEO of the Export Import Bank of the United States. Mr. Bohn began his career practicing law in California. He received his undergraduate degree with honors from Stanford University, attended the London School of Economics as a Fulbright scholar, and received his JD from Harvard Law School.

Jeffrey J. Brown was appointed a director effective May 30, 2018. Mr. Brown was appointed pursuant to the terms of a Cooperation Agreement dated May 1, 2018 between the Company and Water Asset Management, LLC. Mr. Brown is the Chief Executive Officer and founding member of Brown Equity Partners, LLC, a California company that provides equity and debt capital to a variety of business endeavors. Prior to founding Brown Equity Partners in January 2007, Mr. Brown served as a founding partner and primary deal originator for the venture capital and private equity firm Forrest Binkley & Brown from 1993 to 2007. In addition to his board service at Cadiz Inc., Mr. Brown also currently serves on the Nominating and Governance Committee, Compensation Committee and as Audit Committee Chair of Rent-A-Center, Inc. (NASDAQ: RCII) and also on the board of directors and as chair of the audit committee of Medifast, Inc. (NYSE: MED), where he also serves as Lead Director. In his over 30 years in the investment business, Mr. Brown has served on over 40 corporate boards of directors, including nine public company boards. Earlier in his career, Brown held positions at Hughes Aircraft Company, Morgan Stanley & Company, Security Pacific Capital Corporation and Bank of America Corporation. Mr. Brown received his MBA from the Stanford University Graduate School of Business and graduated Summa Cum Laude as a Mathematics Major from Willamette University.

Stephen E. Courter was appointed a director of the Company effective October 9, 2008. Mr. Courter was originally appointed to the Board as a designee of LC Capital Master Fund for a term expiring at the 2009 annual meeting of stockholders. Mr. Courter is currently on the faculty of the McCombs School of Business, University of Texas at Austin where he teaches MBA courses in strategy and new venture creation. He also serves as a director of Mobi Corporation, an information technology firm, and Upland Software, a business process software company. Mr. Courter has over 25 years of experience in management positions in the technology/telecommunications industry, serving most recently as CEO of Broadwing Communications from 2006 to 2007 and CEO of NEON Communications from 2000 to 2006. Mr. Courter began his career as an officer in the U.S. Army and has also held various executive positions, both in the United States. and Europe, at several major corporations including KPMG, IBM and Sprint.

Geoffrey Grant was appointed a director of the Company effective January 22, 2007. Mr. Grant is presently a private investor. In 2012, Mr. Grant retired from Grant Capital Partners, an asset management firm founded by Mr. Grant in 2008, where he was the Managing Partner and the Chief Investment Officer. Prior to founding Grant Capital Partners, Mr. Grant was a Managing Partner and the Chief Investment Officer of Peloton Partners LLP, a global asset management firm. Mr. Grant co-founded Peloton Partners LLP in 2005. Mr. Grant's career in financial markets spans 35 years beginning at Morgan Stanley in 1982 in foreign exchange options and currency derivatives, then with Goldman Sachs from 1989 to 2004 where he ultimately served as Head of Global Foreign Exchange and Co-head of the Proprietary Trading Group in London.

Winston Hickox was appointed a director of the Company effective October 2, 2006. Mr. Hickox is currently a shareholder at California Strategies, LLC, a public policy consulting firm and a member of the Strategic Advisory Group for Palladin Capital, a leading global private investment firm. From 2004 to 2006, Mr. Hickox completed a two-year assignment as Sr. Portfolio Manager with the California Public Employees' Retirement System (CalPERS) where he assisted with the design and implementation of a series of environmentally oriented investment initiatives in the Private Equity, Real Estate, Global Public Equities, and Corporate Governance segments of the fund's investment portfolio. Prior to his assignment at CalPers, from 1999 to 2003, Mr. Hickox served as Secretary of the California Environmental Protection Agency and a member of the Governor Gray Davis' cabinet. Mr. Hickox's environmental policy experience also includes membership on the board of the California League of Conservation Voters, including a four-year term as Board President (1990 - 1994); and two years on the boards of Audubon California and Sustainable Conservation (2004 - 2006). Mr. Hickox formerly served as a member of the board of Thomas Properties Group, Inc., a publicly traded full service real estate investment firm, prior to its acquisition by Parkway Properties, Inc. in December 2013. Additionally, Mr. Hickox formerly served as a member of the board of GRIDiant Corporation, a privately held corporation in the energy technology sector. Earlier in his professional career, Mr. Hickox was a partner and Managing Director with LaSalle Advisors, Ltd., a major force in the world's real estate capital markets, and a Managing Director with Alex Brown Kleinwort Benson Realty Advisors Corp., where he served as head of the firm's Portfolio Management Group.

Murray H. Hutchison was appointed a director of the Company in June 1997. He is also a member of the Board of Managers (an LLC's functional equivalent of a Board of Directors) of the Company's subsidiary, Cadiz Real Estate LLC. In his capacity as a manager of the LLC, he performs essentially the same duties on behalf of the LLC as he would as an outside director for a corporation. Since his retirement in 1996 from International Technology Corporation ("ITC"), a publicly traded diversified environmental management company, Mr. Hutchison has been self-employed with his business activities involving primarily the management of an investment portfolio. From 1976 to 1996, Mr. Hutchison served as Chief Executive Officer and Chairman of International Technology for ITC. Mr. Hutchison formerly served as Chairman of the Board of Texas Eastern Product Pipelines Company (TEPPCO), a publicly traded company operating in refined petroleum products, liquefied petroleum gases and petrochemical transportation and storage, prior to its acquisition by Enterprise Products Partners L.P. in October 2011. Mr. Hutchison formerly served as Lead Director on the board of Jack in the Box, Inc., a publicly traded fast food restaurant chain since May 1998 until February 2012. Mr. Hutchison serves as a director on the board of Cardium Therapeutics, Inc., a publicly traded medical technology company. Additionally, Mr. Hutchison serves as a director of several other non-publicly traded U.S. companies.

Richard Nevins was appointed as a Director of the Company effective July 1, 2016. Mr. Nevins was originally appointed to the Board as a designee of LC Capital Master Fund. Mr. Nevins is an independent financial advisor and has over 30 years of financial experience as a senior investment banker and senior corporate officer. Mr. Nevins holds a Master of Business Administration from the Stanford Graduate School of Business and a Bachelor of Arts in Economics from the University of California, Riverside.

Raymond J. Pacini was appointed a director of the Company effective June 16, 2005. Since April 9, 2018 Mr. Pacini has been the Chief Financial Officer of BrixInvest, LLC (dba "Rich Uncles"), a sponsor and advisor for various publicly-registered, nontraded REITs including Rich Uncles Real Estate Investment Trust I, RW Holdings NNN REIT, Inc. and BRIX REIT, Inc. (f/k/a Brix Student Housing REIT, Inc.) From November 2017 until April 2018, Mr. Pacini was an independent director of BRIX REIT, Inc. From June 2013 until April 6, 2018 Mr. Pacini was the Chief Financial Officer of Northbound Treatment Services, a privately held company which treats drug and alcohol addictions. From May 1998 to March 2011, Mr. Pacini served as President, Chief Executive Officer and a Director of California Coastal Communities, Inc. ("CALC"), a residential land development and homebuilding company operating in Southern California which was formerly publicly traded. On October 27, 2009, CALC and certain of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the Central District of California. On March 1, 2011, CALC satisfied the various conditions to its plan of reorganization with the respect to its Chapter 11 bankruptcy cases, emerged from bankruptcy and became a privately held company. From June 1992 until May 1998, Mr. Pacini was the Chief Financial Officer of CALC (formerly known as Koll Real Estate Group, Inc. and Henley Properties, Inc.). Mr. Pacini has seven years of experience as a certified public accountant with the accounting firm of Coopers & Lybrand (now known as PricewaterhouseCoopers LLP). Mr. Pacini has been a National Association of Corporate Directors (NACD) Board Leadership Fellow since 2014. He has demonstrated his commitment to boardroom excellence by completing NACD's comprehensive program of study for corporate directors. In August 2018, Mr. Pacini earned the NACD/CERT Certificate in Cybersecurity Oversight.

Timothy J. Shaheen was appointed Chief Financial Officer and Secretary of the Company in November 2008, and has served as a director of the Company since March 1999. Effective April 12, 2011, Mr. Shaheen also serves as Chairman and Chief Executive Officer of the Board of Managers of Cadiz Real Estate LLC, a wholly-owned subsidiary of the Company. Mr. Shaheen is also a private investor and principal of Shaheen & Associates. From September 1996 to April 2005, Mr. Shaheen served as the President, Chief Executive Officer and a director of Sun World International. From 1999 through 2005, Mr. Shaheen served as a Governor appointee to the Los Angeles Regional Water Quality Control Board and from 2001 through 2003, as Chairman of the Food Security Task Force for the United Fresh Fruit and Vegetable Association. Prior to joining Sun World, from 1989 to 1996, Mr. Shaheen served as a senior executive with Albert Fisher North America, a publicly traded international produce company. Mr. Shaheen also has seven years of experience with the accounting firm Ernst & Young LLP; and is a certified public accountant.

Scott S. Slater is the Company's President and Chief Executive Officer, appointed to the role of President in April 2011 and Chief Executive Officer effective February 1, 2013. In addition, Mr. Slater has been a member of the Company's Board of Directors since February 2012. Mr. Slater is an accomplished negotiator and litigator and, in addition to his role at the Company, is a shareholder in Brownstein Hyatt Farber Schreck LLP, the nation's leading water law firm. For more than 30 years, Mr. Slater's practice has been limited to litigation and the negotiation of agreements related to the acquisition, distribution, and treatment of water. He has served as lead negotiator on a number of important water transactions, including the negotiation of the largest conservation-based water transfer in U.S. history on behalf of the San Diego County Water Authority. Mr. Slater is also the author of California Water Law and Policy, the state's leading treatise on the subject, and has taught water law and policy courses at University of California, Santa Barbara, Pepperdine University, and the University of Western Australia, among others.

Corporate Governance

Directors of the Company hold office until the next annual meeting of stockholders or until their successors are elected and qualified. There are no family relationships between any directors or current officers of the Company. Officers serve at the discretion of the Board of Directors.

The Board of Directors is responsible for our management and direction and for establishing broad corporate policies, including our leadership structure.

Currently, Mr. Brackpool serves as Chairman of the Board and Mr. Slater serves as Chief Executive Office and President. Mr. Brackpool had previously served as Chairman and Chief Executive Officer from 2001 until January 2013. The Board separated the capacities of Chairman and Chief Executive in January 2013 for the first time since 2001. The Board believes this change provided additional independence between the Board and management and allows the Board to provide objective guidance and oversight to Mr. Slater and management as they execute the Company's business plans, carry out the Company's strategic initiatives, and confront any challenges.

Risk Oversight

Assessing and managing risk is the responsibility of the management of the Company. Our Board of Directors oversees and reviews certain aspects of the Company's risk management efforts. Annually, the Board reviews our strategic business plans, which includes evaluating the objectives of and risks associated with these plans. In addition, under its charter, the Audit Committee (acting on its behalf and concomitantly as the Risk Committee) reviews and discusses with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The Compensation Committee reviews the risks associated with the Company's compensation policies and practices from time to time, and has determined that none of our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.

Board Committees

The Board has three standing committees, an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee.

The Audit Committee is currently composed of Mr. Brown, Mr. Courter, Mr. Hickox and Mr. Pacini. The Board of Directors has determined that Mr. Pacini, a member of the Company's Audit Committee, is an "audit committee financial expert" as that term is defined in Item 407(d)(5) of Regulation S-K under the Securities Act.

The Compensation Committee is currently composed of Mr. Hutchison, Mr. Bohn, Mr. Pacini, Mr. Hickox, Mr. Courter and Mr. Grant.

The Corporate Governance and Nominating Committee is currently composed of Mr. Hutchison, Mr. Bohn, Mr. Pacini, Mr. Hickox and Mr. Grant. The Corporate Governance and Nominating Committee considers nominees informally suggested by stockholders on the same terms as nominees selected by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee believes that nominees for election to the Board of Directors must possess certain minimum qualifications. The Committee will consider a candidate's judgment, skill, diversity, experience with businesses and other organizations of comparable size, financial background, beneficial ownership of the Company, and the interplay of the candidate's experience with the experience of other Board members, among other factors, in assessing a candidate. The Corporate Governance and Nominating Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's website at http://www.cadizinc.com and to any stockholder otherwise requesting a copy.

Code of Ethics

The Company has adopted a code of ethics that applies to all of our employees, including the chief executive officer and chief financial officer. A copy of the code of ethics may be found on the Company's website at http://www.cadizinc.com. Any employee who becomes aware of any existing or potential violation of the code of ethics is required to report it. Any waivers from and amendments to the code of ethics granted to directors or executive officers will be promptly disclosed on the Company's website at http://www.cadizinc.com.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "1934 Act") requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities ("reporting persons"), to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Reporting persons are required by Commission regulations to furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of reports and amendments thereto on Forms 3, 4 and 5 furnished to us by reporting persons and forms that we filed on behalf of certain directors and officers, during, and with respect to, our fiscal year ended December 31, 2018, and on a review of written representations from reporting persons to us that no other reports were required to be filed for such fiscal year, all Section 16(a) filing requirements applicable to our reporting persons were satisfied in a timely manner, except that a Form 3 filing of John A Bohn, a director of the Company in 2018, and a Form 4 filing of Water Asset Management were inadvertently filed late.

ITEM 11. Executive Compensation

Compensation Discussion and Analysis

Overview

The Company's compensation policies and practices are developed and implemented through the Compensation Committee of the Board of Directors. The Committee's responsibility is to review and consider annually the performance of the Company's named executive officers in achieving both corporate and individual goals and objectives, and to assure that the Company's compensation policies and practices are competitive and effective in incentivizing management.

The Compensation Discussion and Analysis section provides a description of the primary elements of the Company's fiscal year 2018 compensation program and policies for the following individuals, who are referred to throughout this proxy statement as our named executive officers:

- Scott Slater, President and Chief Executive Officer
- Timothy Shaheen, Chief Financial Officer
- Keith Brackpool, Chairman of the Board

In February 2013, the Board separated the roles of Chief Executive Officer and Chairman, which had until that time been held by Mr. Brackpool. Mr. Slater manages the day-to-day operation of the Company and its projects and Mr. Brackpool, a Company founder, holds an essential role advising management in the Chairman position. Therefore, Mr. Brackpool remains among our named executive officers and his compensation is further described in this statement.

In 2018, our named executive officers effectively completed multiple transactions important to the long-term success of the Company, including:

- Negotiated and entered into a Purchase Agreement for 124 miles of a 30" idle natural gas pipeline. This pipeline, together with a 96 mile segment that the Company already owns, crosses San Bernardino, Los Angeles and Kern counties, including the Barstow and Bakersfield areas, which serve as hubs for water delivered from northern and central California to communities in Southern California. We believe the pipeline could diversify delivery opportunities for the Cadiz Valley Water Conservation, Recovery and Storage Project ("Water Project") and the Company's broader water resource development efforts.

- Defeated a California legislative attack on the Water Project via Senate Bill 120 and implemented a strategic plan to defeat new state legislative and administrative efforts to slow or stop implementation of the Water Project. Following successful approval of the Water Project in applicable public agency and Court venues, environmental organizations opposed to the Water Project initiated a strategy in 2017 to create new and additional regulatory hurdles for the Water Project in the California State Legislature and via the Executive Branch. This strategy began with the introduction of Assembly Bill 1000, which sought to create additional environmental review permitting for the Water Project carried out by state agencies. The Company worked with a coalition of bill opponents to educate the Legislature about its impacts, and AB 1000 was held in the Senate Appropriations subcommittee and did not advance further. In 2018, the organized opponents of the Water Project revived AB 1000 via another "gut and amend" of Senate Bill 120 in the last week of the legislative session. Again, the Company worked with a coalition of bill opponents in the condensed time frame, and successfully argued that the bill should be stopped from becoming law.
- Directed ongoing permitting and technical initiatives related to implementation of Phase 1 of the Water Project. In 2018, project technical planning continued and management oversaw ongoing watershed monitoring, the preparation of construction permit applications, pilot and feasibility testing for water treatment programs, land acquisitions and technical review of hydrology and geology study at the project area.

Compensation Committee activities in 2018 included:

- Evaluating the performance of the Company's executive officers;
- Reviewing and approving the total compensation and benefits of the Company's executive officers, including cash compensation and long-term incentive compensation; and
- Reviewing guidelines and standards regarding the Company's compensation practices and philosophy.

For the Company's named executive officers, other than Mr. Slater, the committee established compensation levels based, in part, on the recommendations of Mr. Slater as Chief Executive Officer.

This section should be read in conjunction with the "Summary Compensation Table" and related tables pertaining to the compensation earned in 2018 by the named executive officers presented in this proxy statement under the caption "Executive Compensation".

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Compensation Philosophy

The Company's business plan and goals have historically been and continue to be linked to the development of the Water Project. The Company's annual cash resources are focused on funding the completion of the Water Project's development process. Due to the long-term nature of developing such a project, the progress made by the Company in the development of the Water Project and the general development of our land and water resources does not bear a direct relationship to quarterly and annual results of operations.

It is critical to the development of the Water Project that the Company attracts and retains well-qualified executives familiar with the water sector as well as long-term infrastructure and project development. As a result, the Company's executive compensation programs seek to maintain a competitive annual salary structure while emphasizing long-term incentives that are connected to the ultimate implementation of the Water Project. These programs strive to align the interests of the executive officers and management with those of the Company's stockholders through the use of equity-based programs. In doing so, the Company intentionally reduces the risk that executives will place too much focus on short-term achievements to the detriment of the long-term goals of the Company.

We welcome direct stockholder feedback on our programs. Throughout the year we have met, through meetings and telephone calls, with stockholders representing over 65% of shares outstanding and have taken into consideration the issues which have been expressed as being important to them.

Elements of Compensation

The Company's compensation program has four primary components: cash salary, performance-based cash awards, long-term incentives through equity stock awards, and benefits. Each element of the Company's compensation program has been specifically chosen to reward, motivate and incentivize the executives of the Company to complete the development and implementation of the Water Project. The Compensation Committee determines the amount for both total compensation and each compensation element through discussions with the Company's management, consideration of benchmarking data, past performance and future corporate and individual objectives.

The four basic elements of compensation, described in further detail below, are:

- SALARY. Base salaries for the Company's named executives are determined by the Compensation Committee depending on a variety of factors including the scope of their responsibilities, their leadership skills and values, their performance and length of service. Salaries for our named executive officers are intended to create a minimum level of compensation that is competitive with other companies deemed comparable, depending on the prior experience and position of the executive. Salaries are typically paid in cash, but could also be paid with restricted stock awards. Decisions regarding salary increases are affected by the named executive's current salary and the amounts paid to their peers within and outside the Company.

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- LONG-TERM INCENTIVES. The primary form of incentive compensation that is offered to the Company's executives consists of long-term incentives in the form of equity awards. The use of such long-term incentives is intended to focus and align goals of Company executives with those of stockholders and creates a direct interest in the results of operations, long-term performance and achievement of the Company's long-term goals.

- PERFORMANCE BASED CASH AWARDS. The Compensation Committee believes that it is sometimes important to offer cash incentives to executives for the achievement of specified objectives that yield increased value for stockholders and will utilize performance based cash awards from time to time to provide additional incentives.

- BENEFITS. The Compensation Committee also incorporates retirement, insurance, termination and severance benefits in the compensation program for executive officers. These benefits are offered to retain top executives, maintain their health and wellness and remain competitive in the industry. The retirement and insurance benefits are consistent with those benefits offered more broadly to the Company's employees.

The Company's overall compensation packages for our named executive officers have historically emphasized equity incentives due to the long-term development timelines of our projects and the focus of the Company on achieving the implementation of these projects. Even with the emphasis on long-term incentives, the Company's overall compensation is established at a level comparable to our peer group of companies, which share a similar focus on long-term development of assets. As the Water Project has finalized numerous permitting milestones and prepares for construction and implementation, the Committee has also utilized performance based cash awards to reward achieved milestones and goals in that calendar year.

Use of Peer Group

Our main asset consists of a large land position with water rights in Southeastern California and our business is primarily focused on the permitting of a water supply and storage project at our primary property in Cadiz, California. Because no other publicly-traded company is similarly situated, it is difficult to identify directly comparable peer companies.

However, for guidance on the pay mix and compensation package of our named executive officers, we identified a peer group of companies operating in the property and asset development sectors, specifically companies with comparable market capitalization and an emphasis on the development of property and real estate in the Southwestern United States. The peer group includes the following companies:

- Alico, Inc.
- Forestar Group, Inc.
- Limoneira Company
- PICO Holdings, Inc.
- Taylor Morrison, Inc.
- Tejon Ranch Co.
- Pure Cycle Corp.

Benchmarking

The Compensation Committee believes it is important to understand and analyze the current compensation programs of other companies when making compensation decisions. We traditionally consider the compensation programs of our peers when determining compensation for the named executive officers. This year the Committee reviewed publicly available information for our peer group companies to compare the components of our compensation program for the executive officers with those of the peer group.

Due to the Company's unique business plan and current focus on development of the Water Project, the Compensation Committee exercises its discretion in determining compensation packages that may differ from the peer group. Consequently, in setting executive officer compensation levels, we do not have a policy of setting compensation levels within a fixed range of benchmarks of our peer companies. Nevertheless, the peer group is instructive in assessing elements of compensation and structure for similarly situated companies.

Upon review of publicly available information for our peers, the Committee found the total compensation of our Chief Executive Officer to be among the lowest in the peer group.

Performance Objectives

The Committee emphasizes performance objectives for executives when granting long-term equity compensation awards from existing plans. Currently, as described above, the Company is focused on the performance of objectives related to implementation of the Water Project and fixes equity grants to satisfaction of such project development objectives including both restrictions as to sale and on a vesting schedule commensurate with the anticipated Water Project development timeline.

Elements of 2018 Compensation

1. SALARY. In evaluating base salaries for 2018, the Compensation Committee believed it was important to maintain competitive base salary compensation that would also keep cash compensation expenditures to a minimum. In 2018, Mr. Slater's, Mr. Shaheen's and Mr. Brackpool's annual base salary remained the same as in 2017.

2. LONG-TERM INCENTIVES. The Committee has chosen to rely upon equity instruments, such as restricted stock and options, in designing compensation packages for executives. The Committee views the grant of equity based awards as an incentive for future performance since the value of these equity based awards will increase as the Company's stock price increases, thereby satisfying the Committee's goal of linking executive compensation to share price appreciation over the longer term and promoting the retention of the key executives throughout the development process of our projects. The Committee is conscious of the potential dilutive effect arising from the use of equity incentives and tries to limit issuances to maintain appropriate ratios of overall ownership levels in the Company from year to year.

In order for us to utilize equity based awards as our primary form of incentive compensation and maintain alignment with the goals of stockholders, the Committee and the Board have created plans subject to stockholder approval. The Company's most recent equity incentive program (the "2014 Incentive Plan") was approved by stockholders at the Company's 2014 Annual Meeting of Stockholders. The 2014 Incentive Plan reserved 675,000 shares for issuance; the plan currently has 20,269 shares available for issuance. The Committee did not award restricted stock or options to the Company's named executive officers in 2018.

3. CASH AWARDS. While the Compensation Committee believes that equity based awards rather than cash based awards allow the Company to better preserve our existing cash resources and, accordingly, has relied primarily upon the grant of equity based awards to reward executive performance (see "Long-Term Incentives") of named executive officers, the Compensation Committee also believes that it is important to offer cash incentives to executives for the achievement of specified objectives that yield increased value for stockholders and to reduce the tax burdens associated with the issuance of restricted equity based awards. In 2018, Mr. Brackpool, Mr. Shaheen and Mr. Slater were each granted a $300,000 cash award by the Board for exemplary service in implementing Company objectives throughout the course of the year, including those transactions described under "Overview", above.

4. BENEFITS. Per their 2014 amended and restated employment agreements described below, Mr. Brackpool and Mr. Shaheen received retirement benefits as part of their compensation packages in 2018. Termination and severance terms are adjusted annually in Mr. Brackpool's and Mr. Shaheen's existing employment agreements.

Agreements Governing Compensation

Mr. Scott S. Slater has served with the Company since November 2008 pursuant to an agreement with the law firm Brownstein Hyatt Farber and Schreck LLP, where Mr. Slater is also a shareholder. From 2008 – 2012, Mr. Slater was primarily focused on the development of the Company's Water Project and did not receive a base salary from the Company for his role as General Counsel (2008 – 2012) and President (2011 – 2012). Mr. Slater's compensation from the Company consisted exclusively of long-term incentives due to the nature of the development of the Water Project. In April 2011, Mr. Slater received options to purchase 100,000 shares of common stock at an exercise price of $12.51 per share under the Company's 2009 Incentive Plan with such options vesting 1/3 when issued, 1/3 in April 2012 and 1/3 in April 2013. On February 1, 2013, Mr. Slater was named Chief Executive Officer in addition to his ongoing role as President. As a result, Mr. Slater's employment arrangements were amended to reflect the broadening of his responsibilities and leadership role over all of the Company's asset development initiatives. In consideration of Mr. Slater's agreement to serve as Chief Executive Officer and President, Mr. Slater began to receive an annual base salary from the Company of $300,000 effective February 1, 2013.

The Company's Chief Financial Officer, Mr. Timothy J. Shaheen, entered into an amended and restated employment agreement with the Company effective July 1, 2014 replacing a May 2009 employment agreement. Mr. Shaheen serves as the Principal Financial Officer of the Company and as Chairman and Chief Executive of the Board of Managers of Cadiz Real Estate LLC, our subsidiary holding title to the Company's land and water assets. Mr. Shaheen also oversees the Company's agricultural operations. Mr. Shaheen's amended and restated agreement provided for a new base salary compensation structure and established milestone principles for further long-term incentive equity awards.

Pursuant to the amended and restated agreement, Mr. Shaheen's annual base cash compensation was reduced for 2014, 2015 and 2016 in exchange for equity based salary in the form of restricted stock units ("RSUs") that vested ratably during those years. Effective July 1, 2014, Mr Shaheen's salary was decreased to $200,000 per annum, and he received a total of 62,500 RSUs, 12,500 in 2014, and 25,000 each in 2015 and 2016. In addition, Mr. Shaheen received a long-term equity incentive milestone award of 100,000 shares of the Company's stock in the form of 100,000 RSUs. These RSUs were earned and issued in June 2017. No RSUs have been granted in 2018 to Mr. Shaheen. In accordance with the terms of his amended and restated employment agreement, effective January 1, 2017 the base cash salary for Mr. Shaheen automatically reverted to $350,000, representing his salary as in effect immediately prior to the 2014 RSU grants.

Mr. Keith Brackpool entered into an amended and restated employment agreement effective July 1, 2014 ("2014 Amended Agreement") replacing a May 2009 employment agreement. The 2014 Amended Agreement provided for a new base salary compensation structure and established milestone principles for further long-term incentive equity awards. Pursuant to the 2014 Amended Agreement, Mr. Brackpool's annual base cash compensation was reduced for 2014, 2015 and 2016 in exchange for equity based salary in the form of restricted stock units ("RSUs") that vested ratably during those years. Effective July 1, 2014, Mr Brackpool's salary was decreased to $35,000 per annum, and he received a total of 100,000 RSUs, 20,000 in 2014 and 40,000 each in 2015 and 2016. In addition, Mr. Brackpool received a long-term equity incentive milestone award of 100,000 shares of the Company's stock in the form of 100,000 RSUs. These RSUs were earned and issued in June 2017. No RSUs have been granted in 2018 to Mr. Brackpool. In accordance with the terms of his amended and restated employment agreement, effective January 1, 2017 the base cash salary for Mr. Brackpool automatically reverted to $275,000, representing his salary as in effect immediately prior to the RSU grants.

Severance and Change in Control Provisions

The Company's current compensation agreements with Messrs. Brackpool and Shaheen provide for certain severance provisions and benefits associated with various termination scenarios, as well as certain vesting acceleration for equity-based compensation in the event of a change-in-control. The severance and change in control provisions were determined largely by negotiations between the parties as one of the many elements of a larger negotiation involving the particular executive's employment or consulting agreement with the Company. These agreements are designed to be competitive in the marketplace and provide security for these executives in the event that the Company is acquired and their position is impacted. This will allow the Company's executives to consider and implement transformative transactions of significant benefit to our stockholders without undue concern over their own financial situations. Nevertheless, if an executive leaves under circumstances that call into question whether any compensation amounts paid to him or her were validly earned, we would pursue any legal rights we deemed appropriate under the circumstances.

A summary of the severance and change-in-control provisions applicable to compensation arrangements with the Company's executive officers named in the Summary Compensation Table, along with a quantification of the benefits available to each named officer as of December 31, 2018, can be found in the section captioned "Potential Payments upon Termination or Change in Control". The Company does not provide excise tax gross-ups as part of these benefits.

Tax and Accounting Considerations

Impact of Code Section 162(m)

The Compensation Committee has considered the impact of provisions of the Internal Revenue Code of 1986, specifically Code Section 162(m). Section 162(m) limits to $1 million the Company's deduction for compensation paid to each of our executive officers, which does not qualify as "performance based". The 2014 Equity Incentive Plan was designed to permit grant awards that qualify as performance-based compensation, thereby permitting the Company to receive a federal income tax deduction in connection with the awards.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the disclosures required by Item 402 of Regulation S-K with management of the Company. Based on this review and discussion, we recommend to the Board of Directors that the disclosures required by Item 402 of Regulation S-K be included in this Form 10-K/A.

THE COMPENSATION COMMITTEE

Murray H. Hutchison, Chairman
John A. Bohn
Stephen E. Courter
Geoffrey Grant
Winston H. Hickox
Raymond J. Pacini

The foregoing report shall not be deemed incorporated by reference by any general statement incorporating by reference this statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Executive Compensation Tables

Summary Compensation Table

The following table shows the compensation awarded to, earned by, or paid during the years ended December 31, 2018, 2017 and 2016, to the Company's current chief executive officer and president, our chief financial officer and our former chief executive officer and current Chairman.

Name and Principal Position[1]	Year	Salary ($)	Bonus ($)	Stock Awards[2] ($)	Option Awards[2] ($)	All Other Compensation[3] ($)	Total ($)
Scott Slater President and current Principal Executive Officer	2018 2017 2016	300,000 300,000 300,000	300,000 300,000 -	- - -	- - -	- - -	600,000 600,000 300,000
Timothy J. Shaheen Principal Financial Officer and Secretary	2018 2017 2016	350,000 350,000 200,000	300,000 300,000 200,000	- 851,500 59,934	- - -	12,587 12,336 9,271	662,587 1,513,836 469,205
Keith Brackpool Chairman and former Principal Executive Officer	2018 2017 2016	275,000 275,000 35,000	300,000 300,000 -	- 851,500 95,895	- - -	44,936 47,260 42,943	319,936 1,473,760 173,838

(1) The executive officers listed in the Summary Compensation Table above were the Company's only executive officers during the year ended December 31, 2018.

(2) This column discloses the dollar amount of compensation cost recognized for the respective fiscal year in accordance with FASB ASC Topic 718. The assumptions used for determining the value of stock awards and options are set forth in the relevant Cadiz Inc. Annual Report to Stockholders in Note 9 to the Consolidated Financial Statements, "Stock-Based Compensation Plans and Warrants". All Stock Awards listed were approved by Stockholders as part of the 2014 Equity Incentive Plan and became fully vested and were issued in 2017.

(3) All Other Compensation includes a 401k match that is generally available to all employees. Messrs. Brackpool and Shaheen each received $11,000 in 401k matching contributions in 2018. In 2018, Mr. Brackpool's Other Compensation also includes $33,936 of company paid expenses related to a leased automobile. Mr. Shaheen's Other Compensation for 2018 includes $1,587 in a car allowance. The value of perquisites for Mr. Slater was less than $10,000, and thus no amount relating to perquisites is included in the Summary Compensation Table.

Grants of Plan-Based Award

There were no non-equity incentive plan awards or equity awards granted to our named executive officers in 2018.
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