

CADIZ INC
Form DEF 14A
April 21, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CADIZ INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CADIZ INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 7, 2017

To our Stockholders:

The annual meeting of stockholders of Cadiz Inc., a Delaware corporation, will be held at the KPMG Center – Terrace Level Conference Room, located at 550 South Hope Street, Los Angeles, CA 90071, on Wednesday, June 7, 2017, at 11 a.m., local time, and any adjournments thereof, to consider and act upon the following matters:

- (1) The election of nine members of the Board of Directors, each to serve until the next annual meeting of stockholders or until their respective successors shall have been elected and qualified;
- (2) Ratification of the selection by the Audit Committee of our Board of Directors of PricewaterhouseCoopers LLP as the Company's independent certified public accountants for fiscal year 2017;
- (3) The approval of a non-binding advisory resolution regarding the compensation of our named executive officers;
- (4) A non-binding advisory vote on the frequency of future non-binding advisory resolutions regarding the compensation of our named executive officers; and
- (5) The transaction of such other business as may properly come before the meeting and any adjournments thereof.

The accompanying proxy statement contains a more complete description of these proposals.

Only stockholders of record at the close of business on April 13, 2017, are entitled to notice of and to vote at the annual meeting. In order to constitute a quorum for the conduct of business at the annual meeting, holders of a majority of all outstanding voting shares of our common stock must be present in person or be represented by proxy.

Whether or not you expect to attend the annual meeting in person, please either vote your shares via Internet, by phone (detailed instructions are included on the proxy card) or date, sign and mail the enclosed proxy in the postage paid return envelope provided as promptly as possible. The proxy is revocable and will not affect your right to vote in person if you attend the meeting.

By Order of the Board of Directors

Timothy J. Shaheen
Secretary

Los Angeles, California
April 21, 2017

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on June 7, 2017.

Our proxy statement and the 2016 annual report to stockholders are available at <http://www.cstproxy.com/cadiz/2017>

CADIZ INC.

Annual Meeting of Stockholders

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CADIZ INC.
550 S. Hope Street, Suite 2850
Los Angeles, California 90071

PROXY STATEMENT
For
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 7, 2017

INFORMATION ABOUT SOLICITATION AND VOTING

The Board of Directors of Cadiz Inc. ("the Company") is soliciting proxies to be voted at the annual meeting of our stockholders to be held on Wednesday, June 7, 2017, at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement contains information that may help you decide how to vote. These proxy materials were mailed on or about April 26, 2017, to all stockholders of record.

The Company's Annual Report on Form 10-K for the year ended December 31, 2016, including audited financial statements, is being mailed to you with this proxy statement.

Record Date, Voting Securities and Quorum

The Board of Directors has fixed the close of business on April 13, 2017, as the record date for determination of stockholders entitled to notice of, and to vote at, the annual meeting.

On the record date, 22,257,646 shares of the Company's common stock were outstanding. Holders of common stock are entitled to one vote per share. Only stockholders of record at the close of business on the record date will be entitled to vote.

The candidates for director receiving a plurality of the votes of the shares present in person or represented by proxy will be elected (Proposal 1). An affirmative vote of a majority of the shares present or represented by proxy and voting at the meeting is required for ratification of the Company's independent registered public accounting firm (Proposal 2). The affirmative vote of a majority of the shares present or represented by proxy and voting at the meeting is required for passage of the non-binding advisory resolution approving the compensation of the Company's named executive officers (Proposal 3). For the advisory vote regarding the frequency of the non-binding stockholder vote to approve the compensation of our named executive officers (Proposal 4), our Board of Directors currently intends to adopt the frequency option (every one, two or three years) that receives the most votes cast by our stockholders. While the votes on Proposals 3 and 4 are advisory, and will not be binding on the Company or our Board of Directors, the Board of Directors will review the results of the voting on these proposals and take them into consideration when making future decisions regarding executive compensation and the frequency of advisory votes thereon as we have done in this and previous years.

If you complete, sign, and date the enclosed proxy and return it before the meeting, the persons named will vote your shares as you specify in the proxy. If you sign, date, and return your proxy but do not indicate how you wish your shares voted, they will be voted for the proposals. If you do not return a signed proxy, or submit your vote via Internet or by phone, then your shares will not be voted unless you attend the meeting and vote in person.

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To have a quorum, holders of a majority of all shares of voting stock outstanding on the record date must be present at the meeting, either in person or by proxy. Abstentions and "broker non-votes" - shares held by brokerage firms for their clients as to which the firms have not received voting instructions from their clients and therefore do not have the authority to vote - will be counted for purposes of determining a quorum, but will be treated as neither a vote "for" nor a vote "against" the proposals. However, because Proposals 2 and 3 require a majority of the shares present in person or by proxy at the meeting and entitled to vote on the proposals to pass, an abstention, because it is not a vote "for," will have the effect of a negative vote with respect to Proposals 2 and 3 and could cause these Proposals not to pass. As to Proposal 4, the option of one year, two years or three years that receives the highest number of votes cast in person or by proxy at the meeting will be the frequency of the advisory vote on executive compensation that has been recommended by stockholders. Abstentions and broker non-votes will have no effect on the outcome of Proposal 4.

Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote (Proposal 1). Brokers are also not authorized to vote your shares on Proposals 3 or 4. The Company encourages you to provide instructions to your broker regarding the voting of your shares.

Revocability of Proxies

You may revoke a proxy any time before the voting begins in any of the following ways:

- * By giving written notice to the Company's corporate secretary;
- * By signing and delivering a later dated proxy; or
- * By attending and voting in person at the meeting.

Cost of Solicitation

The Company is paying the expenses of this solicitation. If requested, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy material to principals and obtaining their instructions. In addition to solicitation by mail, our directors, officers, and employees may solicit proxies, without extra compensation, in person or by telephone, fax, e-mail, or similar means.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors has nominated the nine persons listed below for election at the annual meeting to serve as directors for a term expiring at the 2018 Annual Meeting of Stockholders or until their respective successors are elected and qualified.

Keith Brackpool
Stephen E. Courter
Geoffrey Grant
Winston H. Hickox
Murray H. Hutchison
Raymond J. Pacini
Richard Nevins
Timothy J. Shaheen
Scott S. Slater

Each of the nominees currently serves as a director and has agreed to serve as such for another term if elected. The Board has reviewed the background of the nominees, as set out on the following page, and has determined to nominate each of the current Directors for re-election. Proxies may not be voted for a greater number of persons than nine, representing the number of nominees named in this proxy statement.

The Board believes that each nominee has valuable individual skills and experience that, taken together, provides it with the variety and depth of knowledge, judgment and vision necessary to provide effective oversight of a resource development enterprise like ours. As indicated in the following biographies, the nominees have extensive and diverse experience in a variety of fields, including water policy (Mr. Brackpool, Mr. Slater and Mr. Shaheen), real estate development (Mr. Hutchison, Mr. Pacini, and Mr. Hickox), environmental stewardship (Mr. Hutchison and Mr. Hickox), agricultural development (Mr. Brackpool and Mr. Shaheen), capital raising (Mr. Brackpool, Mr. Pacini, Mr. Grant, Mr. Hickox, Mr. Shaheen and Mr. Nevins), public accounting (Mr. Pacini, Mr. Shaheen and Mr. Courter), and academia (Mr. Courter and Mr. Slater).

The Board also believes that, as indicated in the biographies, the nominees have demonstrated significant leadership skills as a chief executive officer (Mr. Brackpool, Mr. Hutchison, Mr. Shaheen, Mr. Pacini, Mr. Grant, Mr. Hickox, Mr. Courter and Mr. Nevins) or in government through Cabinet service (Mr. Hickox). All of the nominees have significant experience in the oversight of public companies due to their service as the Company's directors and directors of other companies. The Board believes that these skills and experiences qualify each nominee to serve as a director of the Company.

Proxies will be voted for the election of the nominees named above unless instructions are given to the contrary. Proxies cannot be voted for a greater number of persons than the number of nominees named. Should any nominee become unable to serve as a director, the persons named in the enclosed form of proxy will, unless otherwise directed, vote for the election of such other person as the present Board of Directors may designate to fill that position.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH NOMINEE AS A DIRECTOR.

DIRECTORS AND EXECUTIVE OFFICERS

The following sets forth certain biographical information, the present occupation and the business experience for the past five years or more of each director who will stand for re-election at our 2017 Annual Meeting of Stockholders. We have no executive officer who is not also a director.

Nominees for Director:

Name	Age	Position with Cadiz
Keith Brackpool	59	Chairman of the Board
Stephen E. Courter	62	Director
Geoffrey Grant	56	Director
Winston H. Hickox	74	Director
Murray H. Hutchison	78	Director
Raymond J. Pacini	61	Director
Richard Nevins	69	Director
Timothy J. Shaheen	57	Director, Chief Financial Officer and Secretary
Scott S. Slater	59	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. In addition to his role with the Company, Mr. Brackpool is a member of the Board of Directors of the Stronach Group, North America's leading thoroughbred racing and gaming company, and Chairman of its West Coast operations. 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.

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 U.S. and Europe, at several major corporations including KPMG, IBM and

Sprint.
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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, 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 June 2013, Mr. Pacini has been 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 1990 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 is a National Association of Corporate Directors (NACD) Board Leadership Fellow. He has demonstrated his commitment to boardroom excellence by completing NACD's comprehensive program of study for corporate directors.

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.

THE BOARD OF DIRECTORS

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. 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.

The separation of the Chairman of the Board and Chief Executive Officer roles at public companies has been recommended by proxy advisory experts, stockholder groups and American legislators as a means to promote good corporate governance and manage risk following the enactment in the United States of the 2002 Sarbanes-Oxley Act. 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.

In addition, under its charter, the Audit Committee (acting on its behalf and concomitantly as the Risk Committee, as described below) 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 Audit Committee is composed of Raymond J. Pacini, Stephen E. Courter, and Winston H. Hickox. 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.

Director Independence

Messrs. Courter, Grant, Hickox, Hutchison, Nevins and Pacini have all been affirmatively determined by the Board to be "independent" under all relevant securities and other laws and regulations, including those set forth in SEC and regulations and pertinent listing standards of the NASDAQ Global Market, as in effect from time to time. In February 2017, the directors unanimously elected Mr. Grant as the Company's lead independent director to further enhance independent director oversight of management.

The Company's independent directors meet routinely in executive session without the presence of management. Commencing in 2017 independent directors will meet in executive session at each regularly scheduled meeting of the Board, at least four (4) times annually, in each case outside the presence of any director who also serves as an executive officer. In addition to regularly scheduled board meetings, the Board of Directors and various committees of the Board regularly meet to receive and discuss operating and financial reports presented by the Chief Executive Officer and other members of management as well as reports by experts and other advisors.

Independence of Committee Members

The Board maintains three committees, whose functions are described below. The Board has determined that all members of its committees are independent. Each Board committee is chaired by an independent Director and maintains a written charter detailing its authority and responsibilities. These charters are reviewed periodically as legislative and regulatory developments and business circumstances warrant and are available in their entirety on the Company's website at <http://www.cadizinc.com> and to any stockholder otherwise requesting a copy.

Communications with the Board of Directors

Stockholders wishing to communicate with the Board, or with a specific Board member, may do so by writing to the Board, or to the particular Board member, and delivering the communication in person or mailing it to: Board of Directors c/o Timothy J. Shaheen, Corporate Secretary, Cadiz Inc., 550 S. Hope Street, Suite 2850, Los Angeles, California 90071.

Meetings and Committees of the Board of Directors

During the year ended December 31, 2016, the Board of Directors held five formal meetings, conferred on a number of occasions through telephone conferences, and took action, when appropriate, by unanimous written consent. All then serving members of the Board of Directors were present at each meeting.

The Board of Directors has three standing committees, the Audit Committee (also acting concomitantly as the Risk Committee), the Compensation Committee and the Corporate Governance and Nominating Committee, each of which is comprised entirely of directors whom the Board has affirmatively determined to be independent, as they meet the objective requirements set forth by the NASDAQ Global Market and the SEC, and have no relationship, direct or indirect, to the Company other than as stockholders or through their service on the Board.

The Audit Committee is responsible for (i) considering the adequacy of the Company's internal accounting control procedures, (ii) overseeing the Company's compliance with legal and regulatory requirements, (iii) reviewing the independent auditor's qualifications and independence, (iv) the appointment, compensation and oversight of all work performed by the independent registered public accounting firm and (v) overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Committee advises and makes recommendations to the Board of Directors regarding the financial, investment and accounting procedures and practices followed by the Company. The Audit Committee is currently composed of Mr. Pacini, Mr. Hickox and Mr. Courter. Mr. Pacini is the Audit Committee Chair. The Board has determined that all members of its Audit Committee are independent. The Audit Committee met four times during the year ended December 31, 2016. All the members of the Audit Committee were present at each meeting. Commencing in 2017, each member of the Audit Committee will receive quarterly training from the Company's independent auditors, with such training to include coverage of compliance with Generally Accepted Accounting Principles, the Sarbanes Oxley Act, corporate governance, assessment of risk, compliance auditing, and reporting requirements for publicly-traded corporations.

In February 2017, the Board designated the Audit Committee to act concomitantly as the Company's Risk Committee. In addition to and separately from the Audit Committee's duties, the Risk Committee's duties include (i) ensuring that the Company makes decisions that will more likely than not allow it to construct a pipeline to deliver water from its property to the Southern California water transportation system without violating any governing laws or regulations, (ii) monitoring the Company's compliance with all risk assessment and reporting conducted by the Company's employees, (iii) identifying material risks relating to the Company's compliance and preparing a written report to the Board whenever a material risk relating to the Company's compliance is identified, (iv) monitoring compliance with the Company's Code of Business Conduct and Ethics, and (v) reporting to the Compensation Committee on an annual basis regarding the CEO's and Chief Financial Officer's contribution to the Company's culture of ethics and compliance and their effectiveness and dedication to ensuring the Company's compliance with applicable laws, rules, and regulations. The Risk Committee will meet at least two times annually in executive session with no member of management present.

The Compensation Committee oversees compensation of the Chief Executive Officer and key executives and oversees regulatory compliance with respect to the Company's compensation matters. The Committee also oversees the Company's compensation policy applicable to senior management of the Company and advises and makes recommendations to the Board of Directors regarding the compensation of directors and executive officers. The 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. The Compensation Committee is currently composed of Mr. Hutchison, Mr. Pacini, Mr. Hickox, Mr. Courter and Mr. Grant. Mr. Hutchison is the Compensation Committee Chair. The Board has determined that all members of its Compensation Committee are independent. The Compensation Committee conferred on a number of occasions through telephone conferences, and took action, when appropriate, by unanimous written consent.

The Corporate Governance and Nominating Committee is responsible for the establishment of procedures for the Committee's oversight of the evaluation of the Board and management. The Committee makes recommendations to the Board of corporate guidelines applicable to the Company. The Committee is also responsible for the identification and recommendation to the Board of qualified candidates for nomination to the Company's Board of Directors. The Committee will consider director candidates recommended by stockholders provided the nominations are received on a timely basis and contain all information relating to such nominee as is required to be disclosed in solicitations of proxies for elections of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including such person's written consent to being named in the Proxy Statement as a nominee and to serve as a director if elected, the name and address of such stockholder or beneficial owner on whose behalf the proposed nomination is being made, and the class and number of shares of the Company owned beneficially and of record by such stockholder or beneficial owner. The Corporate Governance and Nominating Committee will consider nominees 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. Although the Committee does not have a formal diversity policy, it believes that diversity is an important factor in determining the composition of the Board. Except as set forth above, the Corporate Governance and Nominating Committee does not currently have a formal policy regarding the handling or consideration of director candidate recommendations received from a stockholder, or a formal process for identifying and evaluating nominees for directors (including nominees recommended by stockholders). These issues will be considered by the Corporate Governance and Nominating Committee, which will then make a recommendation to the Board. 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. The Corporate Governance and Nominating Committee is currently composed of Mr. Hutchison, Mr. Pacini, Mr. Hickox and Mr. Grant. Mr. Hickox is the Corporate Governance and Nominating Committee Chair. The Board has determined that all members of its Corporate Governance and Nominating

Committee are independent. The Corporate Governance and Nominating Committee met one time during the year ended December 31, 2016. All the members of the Corporate Governance and Nominating Committee were present at the meeting.

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Historically, the Company has not maintained a policy regarding director attendance at our annual meetings. Mr. Shaheen was the only director in attendance at the Company's 2016 Annual Meeting of Stockholders.

Beginning with the 2017 Annual Meeting of Stockholders, a majority of the members of the Board shall attend each annual stockholder meeting in person. During annual stockholder meetings, stockholders shall have the right to ask questions, both orally and in writing, and, where appropriate, receive answers and discussion from the CEO and members of the Board, with such discussion to take place regardless of whether those questions have been submitted in advance.

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>.

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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 2016 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 executive Chairman position. Therefore, Mr. Brackpool remains among our named executive officers and his compensation is further described in this statement.

In 2016, our named executive officers effectively completed multiple transactions important to the long-term success of the Company, including:

Negotiated over several months four separate amendments to our Amended and Restated Credit Agreement, resulting in the extension of the maturity of the Company's Senior Debt first to September 28, 2017 and then to September 28, 2019. The amendments also allowed for the Company to satisfy quarterly cash interest payment obligations through the issuance of shares of the Company's common stock as well as an application of \$10.5 million of a \$12.0 million agricultural lease payment to satisfy a Credit Agreement pre-payment requirement.

In April 2016, we entered into a convertible note purchase agreement with new and existing investors that generated \$8 million in net proceeds for general working capital purposes.

Managed the successful resolution of outstanding litigation in the California Court of Appeal challenging the Cadiz Water Project permits and entitlements granted in accordance with CEQA. In May 2016, the Appellate Court issued six sweeping opinions affirming lower court rulings that the Santa Margarita Water District and San Bernardino County acted appropriately and in accordance with CEQA in their review and approval of the Cadiz Water Project. In July 2016, all CEQA litigation was complete and the entitlement to make available 2.5 million acre-feet of water over 50 years for beneficial uses became fully vested.

In December, organized an underwritten public offering of our common stock, which resulted in approximately \$10.65 million in net proceeds to fund ongoing development of the Cadiz Water Project and for general corporate purposes.

Throughout 2016 and continuing into this year, oversaw efforts to support the withdrawal and replacement of a 2015 evaluation of the Water Project by the U.S. Bureau of Land Management ("BLM"), which found that the Water Project's proposed use of a portion of an existing railroad right-of-way for construction of its water conveyance pipeline was outside the right-of-way's scope. On March 31, 2017, the BLM withdrew two Instruction Memoranda issued under the previous federal administration that served as the foundation for the Cadiz 2015 evaluation.

Compensation Committee activities in 2016 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 2016 by the named executive officers presented in this proxy statement under the caption "Executive Compensation".

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.