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9 CALANDRI FARMS, INC. and  
10 V LIONS OPERATIONS, L.P.

11  
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 COUNTY OF LOS ANGELES, CENTRAL DISTRICT  
14

15 Coordination Proceeding  
16 Special Title (Rule 1550(b))

17 **ANTELOPE VALLEY GROUNDWATER**  
18 **CASES**

19 Including Consolidated Actions:

20 Los Angeles County Waterworks District No. 40 v.  
21 Diamond Farming Co.; Superior Court of California,  
22 County of Los Angeles, Case No. BC325201;

23 Los Angeles County Waterworks District No. 40 v.  
24 Diamond Farming Co.; Superior Court of California,  
25 County of Kern, Case No. S-1500-CV-254348;

26 Wm. Bolthouse Farms, Inc. v. City of Lancaster;  
27 Diamond Farming Co. v. City of Lancaster; Diamond  
28 Farming Co. V. Palmdale Water Dist.; Superior Court  
of California, County of Riverside, consolidated  
actions, Case Nos. RIC 353840, RIC 344436, RIC  
344668;

AND RELATED ACTIONS.

Judicial Council Coordination Proceeding No. 4408

Santa Clara Case No. 1-05-CV-049053  
Assigned to the  
Honorable Jack Komar  
Department 17C

**NOTICE OF MOTION AND MOTION TO  
INTERVENE IN JUDGMENT;**

**MEMORANDUM OF POINTS AND  
AUTHORITIES;**

**DECLARATIONS OF BRANDON CALANDRI,  
KEITH B. GARDINER, AND DAVID  
LEVENTHAL IN SUPPORT THEREOF**

Hearing Date:  
Date: July 29, 2020  
Time: 9:00 a.m.  
Judge: Hon. Jack Komar

**[Hearing to be conducted by Courtcall]**

1 TO THE HONORABLE JACK KOMAR, JUDGE OF THE SUPERIOR COURT, ALL INTERESTED  
2 PARTIES, ALL PERSONS REQUESTING NOTICE, AND THEIR RESPECTIVE ATTORNEYS OF  
3 RECORD:

4 PLEASE TAKE NOTICE that on July 29, 2020 at 9:00 a.m. or as soon as the Santa Clara County  
5 Superior Court [for above-entitled Court located at 111 N Hill St Los Angeles CA] may hear the matter,  
6 Joint Moving Parties CALANDRI FARMS, INC. and V LIONS OPERATIONS, L.P., will and hereby do  
7 move the Court for an order granting them leave to intervene in this Action and thereby become Parties to  
8 the December 23, 2015 Judgment and Physical Solution “(Judgment”) in the above-captioned Antelope  
9 Valley Groundwater Adjudication.

10 The general grounds for granting this Motion are as follows:

11 1. Section 20.9 of the Judgment provides that “[a]ny Person who is not a Party or successor to  
12 a Party and who proposes to ... acquire a Production Right ... is required to seek to become a Party  
13 subject to this Judgment through a noticed motion to intervene in this Judgment prior to commencing  
14 Production.” This language applies to Movants because they are not presently named Parties, and they  
15 seek to acquire Production Rights.

16 2. Movants have entered into three separate but related agreements to acquire Production  
17 Rights from Parties to this Action:

- 18 i. 4,152 acre-feet from Los Angeles County (through its duly-authorized agent Calandri  
19 Farms, Inc.) to V Lions;  
20 ii. one acre-foot of Permanent Production Right, from Craig Van Dam to V Lions; and,  
21 iii. one acre-foot of Permanent Production Right, from Craig Van Dam to Calandri Farms, Inc.  
22 3. Los Angeles County Sanitation District No. 14 (hereinafter referred to as “Los Angeles  
23 County”), which is deemed to be the real-party-in-interest and owner of the 4,152 acre-feet being  
24 transferred to V Lions) has expressly authorized CFI to convey said Production Rights on behalf of the  
25 County; and has expressly confirmed that the quantity of water to be transferred is available for such;  
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4. The Watermaster Engineer has confirmed that no Material Injury will result to the Basin from any of these transactions; and that a Material Injury analysis will be conducted once a new point of extraction is identified for the transfers;

5. The Antelope Valley Watermaster Board has unanimously approved these transactions, and has required to Movants intervene and become Parties to the Judgment; and

6. The Watermaster has stipulated to entry of an Order granting this Motion to Intervene.

7. In addition to the above-noted reasons and procedures that were anticipated and incorporated into the Judgment itself; all of the requirements for both mandatory *and* permissive intervention (as set forth in Code of Civil Procedure Section 387) are also present in this case; thereby providing triplicate cause to grant this Motion to Intervene.

This Motion is based on the Declarations of Brandon Calandri, Keith B. Gardiner, and David Leventhal, and the Memorandum of Point and Authorities, all of which are attached hereto; the Judgment itself (which specifically authorizes the filing of this Motion); all other pleadings and documents filed in this Action; together with any additional evidence and legal argument which may be presented at or prior to the hearing of this Motion.

Respectfully submitted,  
LEVENTHAL LAW FIRM

DocuSigned by:  
  
C1E98C667CDA4C7... LEVENTHAL, Esq.  
Attorney for Movants  
CALANDRI FARMS, INC. and  
V LIONS OPERATIONS, L.P.

1  
2 **MEMORANDUM OF POINTS AND AUTHORITIES**

3 **I. INTRODUCTION**

4 This Motion stems from three routine agreements for the transfer of Production Rights.<sup>1</sup> The  
5 transfers have been approved by the Watermaster, subject to the parties intervening into this Action and  
6 becoming Parties to the Judgment.

7 This Motion is filed pursuant to Section 20.9 of the Judgment, which specifies that [a]ny Person  
8 who is not a Party or successor to a Party and *who proposes to ... acquire a Production Right ...* is  
9 required to seek to become a Party subject to this Judgment though a noticed motion to intervene in this  
10 Judgment prior to commencing Production.” The foregoing language is applicable in the instant case,  
11 because CFI and V Lions propose to “acquire a Production Right”; thereby placing them neatly into the  
12 category of persons that were specifically expected to intervene into this Action, and thereby become  
13 Parties bound by the Judgment.

14 **II. STATEMENT OF FACTS**

15 **A. Identity of the Moving Parties.**

16 Calandri Farms, Inc. (CFI) is wholly-owned by Mr. Brandon Calandri. Mr. Calandri is a third-  
17 generation farmer in the Antelope Valley. His grandfather arrived in the Antelope Valley in 1958 and  
18 started farming onions and cantaloupe. Over the years, he and his son (Mr. Calandri’s father) acquired  
19 various farmlands and expanded farming operations to include sugar beets, carrots, and potatoes, during  
20 various years. Collectively, the Calandris’ farming operations have generated thousands of jobs and  
21 millions of dollars of tax revenue for the community.

22 V Lions Operations, L.P. is a subsidiary of Pacific Ag Management, Inc. (PAM).<sup>2</sup> PAM is a  
23 major farming organization that manages of 18,000 acres of farmland in California; primarily cultivating  
24 almonds and pistachios. In furtherance of its goal to help bring farming back to the Antelope Valley,  
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26 <sup>1</sup> All capitalized terms in this Motion and supporting documents have the same meanings as those  
27 set forth in the Judgment and/or the Physical Solution.

28 <sup>2</sup> The “V” in “V Lions” is a Roman numeral, so the company name is pronounced “Five Lions”.

1 PAM (through its subsidiaries) has acquired various local farmlands, and has retained CFI to cultivate  
2 onions on the land overlying the Production Rights that are the subject of this Motion.

3 **B. Procedural Background.**

4 On December 3, 2015, this Court entered Judgment in the Antelope Valley Groundwater Cases;  
5 Judicial Council Coordination Proceeding No. 4408. The Judgment incorporates by reference the  
6 “Physical Solution”; which sets forth the factual and procedural history of this case, and a  
7 comprehensive ruling for allocation and administration of water and water rights in the Antelope Valley.  
8 The Court adopted the Physical Solution “as the Court’s own physical solution” and declared that it is  
9 binding upon all parties as part of the Judgment.

10 One of the many parties to the Judgment is Los Angeles County Sanitation District No. 14  
11 (hereinafter referred to as “Los Angeles County”); which owns approximately 4,700 acres of land in the  
12 Antelope Valley. The Physical Solution specifies that: (i) Los Angeles County owns Overlying  
13 Production Rights in the amount of 3,400 acre-feet per year (Physical Solution, Section 5.1.1.1, Exhibit  
14 4); (ii) Los Angeles County may Carry Over the unproduced portion of its Production Rights for up to  
15 ten (10) Years (Physical Solution, Section 15.3); and (iii) said Overlying Production Rights may be  
16 transferred pursuant to the provisions of Paragraph 16 of the Judgment (Physical Solution, Section  
17 5.1.1.3).

18 **C. Factual Background.**

19 Effective as of November 14, 2017, Los Angeles County entered into a “Groundwater and Land  
20 Lease Agreement” with Calandri Farms, Inc. (hereinafter referred to as “CFI”); pursuant to which Los  
21 Angeles County leased 1,479 acres of vacant land to CFI, for agricultural purposes; along with an annual  
22 groundwater Production Right, in the amount of 2,850 acre-feet per year, including a carryover right.  
23 Commencing a few months thereafter, and throughout 2018, 2019, and 2020; CFI has utilized some of  
24 the land and groundwater for farming onions. In its capacity as duly-authorized agent for Los Angeles  
25 County, CFI also previously conveyed some of the Production Rights to a third party, pursuant to a prior  
26 transfer agreement that was approved by Los Angeles County and the Watermaster in 2019.

1 On May 11, 2020, CFI entered into a similar “Water Rights Transfer Agreement” with “V Lions  
2 Operations, L.P.”; pursuant to which CFI proposes to transfer to V Lions 4,152 acre-feet of Production  
3 Rights; which is the balance of CFI’s unused Production Rights through the end of 2020.

4 That same day (May 11, 2020), CFI and V Lions tendered a joint Transfer Request Form to the  
5 Antelope Valley Watermaster, requesting its approval of the proposed transaction.

6 Effective as of May 14, 2020, Los Angeles County and CFI entered into a “Second Amendment  
7 to Groundwater and Land Lease Agreement”; pursuant to which Los Angeles County confirmed and  
8 ratified that CFI is the duly and solely authorized agent for Los Angeles County to transfer Production  
9 Rights originating upon its real property. In this regard, the Second Amendment provides in pertinent  
10 part, as follows:

11 Subject to the prior written approval of the Antelope Valley Watermaster and the  
12 provisions of the Agreement and this Second Amendment, starting in 2019, Lessee  
13 ***[CFI] may temporarily transfer*** up to a percentage of the Permitted Volume,  
14 ***including any carryover*** of the Permitted Volume up to the maximum percentage  
15 permitted in the year in which it accrued, as provided in the following chart:

Year	Maximum Permitted Volume and Carryover Permitted Volume that May be Temporarily Transferred
<b>2019</b>	<b>100%</b>
<b>2020</b>	<b>100%</b>

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21 In order to signal its approval of this transfer and confirm that Los Angeles County has delegated  
22 to CFI the sole right and authority to use and/or transfer Production Rights, on May 24, 2020, Los  
23 Angeles County confirmed in an email to CFI that its Permitted Volume is 2,850 acre-feet per year. ***Los***  
24 ***Angeles County’s approval of this transaction*** was provided to the Watermaster.

25 During the course of its standard due diligence, the Watermaster and its Engineer also confirmed  
26 that CFI possesses the right to use or transfer Permitted Volume in the amount of 2,850 acre-feet per  
27 year. The Watermaster and its Engineer also confirmed that Los Angeles County (and CFI as its duly  
28 authorized agent) possess an aggregate of 4,512 acre-feet to use or transfer through the end of 2020.

1 Said volume consists of the entire 2020 Production Right of 2,850 acre-feet; plus 1,302 acre-feet of  
2 unused carryover water from 2019.

3 Full and proper notice of the foregoing Transfer Request was provided to all Parties via: (i) email  
4 from the Watermaster to all Parties that have provided an email address, plus all non-parties that have  
5 requested notice of applications and proceedings; (ii) posting the Watermaster Board Agenda, which  
6 included the subject Transfer Request, on the Watermaster website; and (iii) posting the Watermaster  
7 Board Agenda on the bulletin board in the lobby of the Watermaster offices. ***No objections to this  
8 Transfer Request were filed by any Party to the Adjudication, nor by any other member of the public.***

9 On June 24, 2020, at its regular monthly meeting, the foregoing Transfer Request was considered  
10 and ***unanimously approved by the Watermaster Board.*** In this regard, the Watermaster unanimously  
11 adopted *Resolution No. R-20-17, Approving Application for Transfer Pursuant to the Terms of the*  
12 *Judgment with Specified Conditions.* Among other things, the Watermaster determined in its Resolution  
13 that: (i) there remains 4,152 acre-feet of unused Production Rights available for use or transfer; (ii) CFI  
14 possesses the right and power to transfer the Production Rights; and (iii) the transfer of Production  
15 Rights results in no Material Injury to the Basin.

16 As a condition of final approval, the Watermaster also requested, and CFI and V Lions agreed, to  
17 intervene as parties to the Judgment. Although the Judgment specifies that intervention is required only  
18 prior to commencing Production; and the pending transaction is a transfer only, with no actual  
19 Production presently contemplated nor requested; CFI and V Lions have agreed to intervene as parties to  
20 the Judgment.

21 Prior to filing this Motion, CFI and V Lions consulted with the Watermaster Engineer and sought  
22 and procured the Watermaster's stipulation to this proposed intervention.

23 CFI and V Lions have therefore filed the instant Joint Motions to Intervene in the Judgment. As  
24 noted above, ***the Watermaster has stipulated to CFI's and V Lions' intervention into the Judgment.***

25 In an abundance of caution and preparation, CFI and V Lions have also entered into separate and  
26 additional transactions; whereby CFI and V Lions have each acquired one acre-foot of permanent  
27 Production Rights from Craig Van Dam (who is already a Party to the Judgment). CFI and V Lions  
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1 submitted separate Transfer Requests for each of these transactions. The Watermaster provided notice  
2 of said Requests to all interested parties via email, posting on its website, and posting on its bulletin  
3 board; and no Party nor other member of the public filed any objections thereto. Both of the foregoing  
4 Transfer Requests were also considered and *unanimously approved by the Watermaster Board* at its  
5 regular meeting on June 24, 2020. In this regard, the Watermaster unanimously adopted *Resolution No.*  
6 *R-20-16, Approving Applications for Transfers Pursuant to the Terms of the Judgment with Specified*  
7 *Conditions*. The Watermaster’s approval of these transactions is also conditioned upon both parties  
8 (CFI and V Lions) successfully intervening as parties to the Judgment. The Watermaster has also  
9 stipulated to CFI’s and V Lions intervention into the Judgment, for the purpose of implementing each of  
10 these smaller transfers.  
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### 12 **III. LEGAL ARGUMENT**

#### 13 **A. The Judgment Specifically Provides for Intervention by Parties Who Propose to** 14 **Acquire a Production Right.**

15 When the Physical Solution was drafted and adopted, the Court anticipated that it would  
16 inevitably be necessary to include additional persons as named Parties to the judgment. The Court  
17 therefore provided the mechanism to achieve this result, via Section 20.9 of the Judgment, which  
18 provides as follows:  
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20 **20.9 Intervention After Judgment.** Any Person who is not a Party or successor to  
21 a Party and *who proposes to ... acquire a Production Right ...* is required to seek to  
22 become a Party subject to this Judgment through a noticed motion to intervene in this  
23 Judgment prior to commencing Production. Prior to filing such a motion, a proposed  
24 intervenor shall consult with the Watermaster Engineer and seek the Watermaster’s  
25 stipulation to the proposed intervention. ... Thereafter, if approved by the Court, such  
26 intervenor shall be a Party bound by this Judgment.” (*Emphasis added*).

27 The foregoing language is applicable in the instant case, because CFI and V Lions propose to  
28 “acquire a Production Right”; thereby placing them neatly into the category of persons that were  
specifically expected to intervene into this Action, and thereby become Parties bound by the Judgment.  
Additionally, the Watermaster requires that CFI and V Lions intervene into this Action.



1 Intervention is proper under Section 20.9 of the Judgment, because the Watermaster Board has  
2 approved the subject transactions, the transactions cause no Material Injury. Additionally, the  
3 Watermaster emailed notice of these Transfer Requests to all Parties and other interested persons, and  
4 posted said Requests on its website and bulletin board, and no Party nor any member of the public  
5 objected thereto.

6 Since Movants are one of the exact categories of persons that the Court and all Parties expected  
7 to intervene, and their proposed transactions are proper and have been approved by the Watermaster,  
8 Movants respectfully request that this Court enter an order granting this motion to intervene.

9 **B. Intervention is Necessary and Appropriate Under C.C.P. Section 387.**

10 CFI's and V Lions' intervention is also necessary and appropriate under *California Code of Civil*  
11 *Procedure* Section 387. Section 387 provides that a Court *shall* permit a nonparty to intervene in an  
12 action or proceeding when that party claims an interest relating to the property that is the subject of the  
13 action, when the disposition of the action may impair or impede that person's ability to protect that  
14 interest, and when that interest is not adequately represented by an existing party. A Court *may* also  
15 permit intervention upon timely application by nonparty that has an interest in the subject matter of the  
16 litigation that may be affected, when the intervention will not enlarge the issues in the litigation and  
17 when the reasons for the intervention outweigh any opposition by the parties presently in the action. (Cal  
18 Code Civ. Proc. § 387 subd. (d); *US Ecology, Inc. v. State of California* (2001) 92 Cal App.4<sup>th</sup> 113, 139;  
19 *Timberidge Enterprises Inc. v. City of Santa Rosa* (1978) 86 Cal.App.3d 873, 881.)

20 In the instant case, both of the above tests are satisfied. Mandatory intervention is applicable  
21 because: (i) both parties claim an interest in the water Production Rights which are the subject of the  
22 Transfer Requests; (ii) intervention is presently deemed necessary by the Watermaster for the parties to  
23 transfer, own, and/or use the Production Rights; and (iii) no current party represents the interests of  
24 either of the Movants.

25 Permissive intervention is also applicable because: (i) both parties claim an interest in the water  
26 Production Rights which are the subject of the Transfer Requests; (ii) intervention will not enlarge, alter,  
27 impair, nor in any way affect the issues in the litigation (since the litigation is entirely resolved); and (iii)  
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1 the reasons for intervention are to comply with the Judgment (which specifically contemplates that new  
2 parties would intervene), and to comply with conditions required by the Watermaster (that the parties  
3 intervene).

4 The intervention statute is designed to promote fairness and to ensure maximum involvement by  
5 all responsible, interested in affected parties. *Mary R. v. B. & R. Corp* (1983) 149 Cal.App.3d 308, 314.  
6 The statute “should be liberally construed in favor of intervention.” *Lindelli v. Town of San Anselmo*  
7 (2006) 139 Cal.App.4<sup>th</sup> 1499, 1505. The Judgment, which controls, recognizes these principles through  
8 Sections 20.9, which expressly provide for intervention *after* entry of the Judgment in order to account  
9 for persons who “propose to ... acquire a Production Right” after the date of the Judgment.

10 **C. Movants Have Complied with the Requirements of the Judgment.**

11 As required by Section 20.9 of the Judgment, Movants have consulted with the Watermaster  
12 Engineer and obtained the Watermaster’s stipulation to Movants’ proposed intervention. Movants have  
13 also presented evidence that they propose to “acquire a Production Right”; which is precisely one of the  
14 categories of persons contemplated to intervene into the action and become a “Party” to the Judgment.  
15 Lastly, Movants have properly and duly served this Motion in accordance with Section 20.7 of the  
16 Judgment by e-filing on the Court’s website.

17 **IV. PRAYER**

18 Movants respectfully request that this Court grant their Joint Motion to intervene and thereby  
19 become Parties bound by the Judgment, pursuant to Section 20.9 of the Judgment.

20 Respectfully submitted,  
21 LEVENTHAL LAW FIRM

22  
23 DocuSigned by:  
*David Leventhal* \_\_\_\_\_  
24 C1E98C667CDA4C7... LEVENTHAL, Esq.  
25 Attorney for Movants  
26 CALANDRI FARMS, INC. and  
27 V LIONS OPERATIONS, L.P.  
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DECLARATION OF BRANDON CALANDRI

I, BRANDON CALANDRI, declare as follows:

1. I am the President and sole shareholder of CALANDRI FARMS, INC. (hereinafter referred to as "CFI"), one of the Movants herein. I have the authority to make this declaration as the Custodian of Records of CFI and hereby certify the authenticity of the records attached hereto. I have personal knowledge of the matters set forth herein, and if called as a witness, I could competently testify thereto.

2. In my employment with CFI, I have custody of originals of the documents attached hereto, which I have personally reviewed. In my capacity as a Custodian of Records, I hereby state that the documents attached hereto constitute writings compiled or prepared in the regular and ordinary course of business of CFI. As to those documents compiled by or received from others, I hereby state that such records were placed in the proper files of CFI at or near the time of receipt by a person employed by CFI who had a duty to so act. As to those documents prepared by CFI, I state from my own knowledge that each record or document was prepared by a person employed by CFI, at or near the time of the act or event of which they are a record. I further state from my own knowledge that each such record or document prepared by CFI was prepared by a person employed by CFI who had personal knowledge of the event being recorded and who had a duty to so act.

3. I am a third-generation farmer in the Antelope Valley. My grandfather arrived in the Antelope Valley in 1958 and started farming onions and cantaloupe. Over the years, he and his son (my father) acquired various farmlands and expanded farming operations to include sugar beets, carrots, and potatoes, during various years. Collectively, my family's farming operations have generated thousands of jobs and millions of dollars of tax revenue for the community.

4. Effective as of November 14, 2017, Los Angeles County Sanitation District No. 14 (hereinafter referred to as "Los Angeles County"), entered into a "Groundwater and Land Lease Agreement" with CFI; pursuant to which Los Angeles County leased 1,479 acres of vacant land to CFI, for agricultural purposes; along with an annual groundwater Production Right, in the amount of 2,850 acre-feet per year, including a carryover right. Commencing a few months thereafter, and throughout

1 2018, 2019, and 2020; CFI has utilized some of the land and groundwater for farming onions. In its  
 2 capacity as duly-authorized agent for Los Angeles County, CFI also previously conveyed some of the  
 3 Production Rights to a third party, pursuant to a prior transfer agreement that was approved by Los  
 4 Angeles County and the Watermaster in 2019.

5 5. On May 11, 2020, CFI entered into a similar “Water Rights Transfer Agreement” with  
 6 “V Lions Operations, L.P.”; pursuant to which CFI proposes to transfer to V Lions 4,152 acre-feet of  
 7 Production Rights; which is the balance of CFI’s unused Production Rights through the end of 2020.

8 6. That same day (May 11, 2020), CFI and V Lions tendered a joint Transfer Request Form  
 9 to the Antelope Valley Watermaster, requesting its approval of the proposed transaction. A true and  
 10 correct copy of that Transfer Request Form is attached hereto as Exhibit “A” and is incorporated herein  
 11 by this reference.

12 7. Effective as of May 14, 2020, Los Angeles County and CFI entered into a “Second  
 13 Amendment to Groundwater and Land Lease Agreement”; pursuant to which Los Angeles County  
 14 confirmed and ratified that CFI is the duly and solely authorized agent for Los Angeles County to  
 15 transfer Production Rights originating upon its real property. In this regard, the Second Amendment  
 16 provides in pertinent part, as follows:

17 Subject to the prior written approval of the Antelope Valley Watermaster and the  
 18 provisions of the Agreement and this Second Amendment, starting in 2019, Lessee **[CFI]**  
 19 **may temporarily transfer** up to a percentage of the Permitted Volume, **including any**  
 20 **carryover** of the Permitted Volume up to the maximum percentage permitted in the year  
 21 in which it accrued, as provided in the following chart:

Year	Maximum Permitted Volume and Carryover Permitted Volume that May be Temporarily Transferred
<b>2019</b>	<b>100%</b>
<b>2020</b>	<b>100%</b>

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8. In order to signal its approval of this transfer and confirm that Los Angeles County has delegated to CFI the sole right and authority to use and/or transfer Production Rights, on May 24, 2020, Los Angeles County confirmed in an email to CFI that its Permitted Volume is 2,850 acre-feet per year. A true and correct copy of the May 24, 2020 email is attached hereto as Exhibit “B” and is incorporated herein by this reference. *Los Angeles County’s approval of this transaction* was provided to the Watermaster.

9. During the course of its standard due diligence, the Watermaster and its Engineer also confirmed that CFI possesses the right to use or transfer Permitted Volume in the amount of 2,850 acre-feet per year. The Watermaster and its Engineer also confirmed that Los Angeles County (and CFI as its duly authorized agent) possess an aggregate of 4,512 acre-feet to use or transfer through the end of 2020. Said volume consists of the entire 2020 Production Right of 2,850 acre-feet; plus 1,302 acre-feet of unused carryover water from 2019.

10. In an abundance of caution and preparation, CFI and V Lions have also entered into separate and additional transactions; whereby CFI and V Lions have each acquired one acre-foot of permanent Production Rights from Craig Van Dam (who is already a Party to the Judgment). CFI and V Lions submitted separate Transfer Requests for each of these transactions. True and correct copies of these additional Transfer Request Forms are attached hereto as Exhibits “C” and “D” and are incorporated herein by this reference. The Watermaster provided notice of said Requests to all interested parties via email, posting on its website, and posting on its bulletin board; and no Party nor other member of the public filed any objections thereto.

11. I attended the June 24, 2020 Watermaster Board meeting via telephone conference call. After a thorough discussion and consideration of the matter, I personally heard the Board vote unanimously to approve all three of the above-noted Transfer Requests.

12. I am aware that the Watermaster’s approval of these transactions is conditioned upon both parties (CFI and V Lions) successfully intervening as parties to the Judgment.

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13. CFI desires to intervene into this Action and become a Party to the Judgment herein, and I respectfully request that this Court enter an Order to that effect.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on July 2, 2020, at Lancaster, California.

DocuSigned by:  
*BRANDON CALANDRI*  
5947631C0C8D49B... DRI

DECLARATION OF KEITH B. GARDINER

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3 I, KEITH B. GARDINER, declare as follows:

4       1.       I am the Manager of V LIONS OPERATIONS, L.P. (hereinafter referred to as "V  
5 LIONS"), one of the Movants herein. I have the authority to make this declaration as the Custodian of  
6 Records of V LIONS and hereby certify the authenticity of the records attached hereto. I have personal  
7 knowledge of the matters set forth herein, and if called as a witness, I could competently testify thereto.

8       2.       In my employment with V LIONS, I have custody of originals of the documents attached  
9 hereto, which I have personally reviewed. In my capacity as a Custodian of Records, I hereby state that  
10 the documents attached hereto constitute writings compiled or prepared in the regular and ordinary  
11 course of business of V LIONS. As to those documents compiled by or received from others, I hereby  
12 state that such records were placed in the proper files of V LIONS at or near the time of receipt by a  
13 person employed by V LIONS who had a duty to so act. As to those documents prepared by V LIONS,  
14 I state from my own knowledge that each record or document was prepared by a person employed by V  
15 LIONS, at or near the time of the act or event of which they are a record. I further state from my own  
16 knowledge that each such record or document prepared by V LIONS was prepared by a person  
17 employed by V LIONS who had personal knowledge of the event being recorded and who had a duty to  
18 so act.

19       3.       On May 11, 2020, CFI entered into a "Water Rights Transfer Agreement" with "V Lions  
20 Operations, L.P."; pursuant to which CFI proposes to transfer to V Lions 4,152 acre-feet of Production  
21 Rights; which is the balance of CFI's unused Production Rights through the end of 2020.

22       4.       That same day (May 11, 2020), CFI and V Lions tendered a joint Transfer Request Form  
23 to the Antelope Valley Watermaster, requesting its approval of the proposed transaction. A true and  
24 correct copy of that Transfer Request Form is attached hereto as Exhibit "A" and is incorporated herein  
25 by this reference.

26       5.       In an abundance of caution and preparation, CFI and V Lions have also entered into  
27 separate and additional transactions; whereby CFI and V Lions have each acquired one acre-foot of  
28 permanent Production Rights from Craig Van Dam (who is already a Party to the Judgment). CFI and V

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Lions submitted separate Transfer Requests for each of these transactions. True and correct copies of these additional Transfer Request Forms are attached hereto as Exhibits “C” and “D” and are incorporated herein by this reference.

6. I attended the June 24, 2020 Watermaster Board meeting via telephone conference call. After a thorough discussion and consideration of the matter, I personally heard the Board vote unanimously to approve all three of the above-noted Transfer Requests.

7. I am aware that the Watermaster’s approval of these transactions is conditioned upon both parties (CFI and V Lions) successfully intervening as parties to the Judgment.

8. V Lions desires to intervene into this Action and become a Party to the Judgment herein, and I respectfully request that this Court enter an Order to that effect.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on July 2, 2020, at Wasco, California.

DocuSigned by:  
  
4D7C46EF80E44BE... ARDINER



**DECLARATION OF DAVID LEVENTHAL**

I, DAVID LEVENTHAL, declare as follows:

1. I am an attorney at law duly licensed to practice before this Court, and as such, I am the attorney for Movants CALANDRI FARMS, INC. and V LIONS OPERATIONS, L.P. in this action. I have personal knowledge of the matters set forth herein, and if called as a witness, I could competently testify thereto.

2. On May 11, 2020, CFI entered into a similar “Water Rights Transfer Agreement” with “V Lions Operations, L.P.”; pursuant to which CFI proposes to transfer to V Lions 4,152 acre-feet of Production Rights; which is the balance of CFI’s unused Production Rights through the end of 2020.

3. That same day (May 11, 2020), CFI and V Lions tendered a joint Transfer Request Form to the Antelope Valley Watermaster, requesting its approval of the proposed transaction.

4. Effective as of May 14, 2020, Los Angeles County and CFI entered into a “Second Amendment to Groundwater and Land Lease Agreement”; pursuant to which Los Angeles County confirmed and ratified that CFI is the duly and solely authorized agent for Los Angeles County to transfer Production Rights originating upon its real property. In this regard, the Second Amendment provides in pertinent part, as follows:

Subject to the prior written approval of the Antelope Valley Watermaster and the provisions of the Agreement and this Second Amendment, starting in 2019, Lessee **[CFI] may temporarily transfer** up to a percentage of the Permitted Volume, **including any carryover** of the Permitted Volume up to the maximum percentage permitted in the year in which it accrued, as provided in the following chart:

Year	Maximum Permitted Volume and Carryover Permitted Volume that May be Temporarily Transferred
<b>2019</b>	<b>100%</b>
<b>2020</b>	<b>100%</b>

1           5.       During the course of its standard due diligence, the Watermaster and its Engineer also  
2 confirmed that CFI possesses the right to use or transfer Permitted Volume in the amount of 2,850 acre-  
3 feet per year. The Watermaster and its Engineer also confirmed that Los Angeles County (and CFI as its  
4 duly authorized agent) possess an aggregate of 4,512 acre-feet to use or transfer through the end of  
5 2020. Said volume consists of the entire 2020 Production Right of 2,850 acre-feet; plus 1,302 acre-feet  
6 of unused carryover water from 2019.

7           6.       Full and proper notice of the foregoing Transfer Request was provided to all Parties via:  
8 (i) email from the Watermaster to all Parties that have provided an email address, plus all non-parties  
9 that have requested notice of applications and proceedings; (ii) posting the Watermaster Board Agenda,  
10 which included the subject Transfer Request, on the Watermaster website; and (iii) posting the  
11 Watermaster Board Agenda on the bulletin board in the lobby of the Watermaster offices. ***No***  
12 ***objections to this Transfer Request were filed by any Party to the Adjudication, nor by any other***  
13 ***member of the public.***

14           7.       I attended the June 24, 2020 Watermaster Board meeting via telephone conference call.  
15 After a thorough discussion and consideration of the matter, I personally heard that the foregoing  
16 Transfer Request was considered and ***unanimously approved by the Watermaster Board.*** In this regard,  
17 the Watermaster unanimously adopted *Resolution No. R-20-17, Approving Application for Transfer*  
18 *Pursuant to the Terms of the Judgment with Specified Conditions.* A true and correct copy of the  
19 unsigned Resolution R-20-17 is attached hereto as Exhibit “E” and is incorporated herein by this  
20 reference.<sup>3</sup> Among other things, the Watermaster determined in its Resolution that: (i) there remains  
21 4,152 acre-feet of unused Production Rights available for use or transfer; (ii) CFI possesses the right and  
22

23 \_\_\_\_\_  
24 <sup>3</sup> This Resolution (and Resolution R-20-16 referenced below) have not yet been signed on behalf  
25 of the Watermaster Board, because the Chairman of the Board that day (Mr. Dennis Atkinson) is  
26 in Alaska, without access to any scanner or ability to transmit documents electronically, and he is  
27 also under “precautionary quarantine” related to the covid-19 crisis, for an unknown period of  
28 time. Movants shall file and serve both fully-executed Resolutions before the hearing date of  
this Motion. In any event, my testimony in this Declaration that I personally heard the Board  
vote unanimously to approve all three of the subject Transfers is competent evidence thereof.

1 power to transfer the Production Rights; and (iii) the transfer of Production Rights results in no Material  
2 Injury to the Basin.

3 8. As a condition of final approval, the Watermaster also requested, and CFI and V Lions  
4 agreed, to intervene as parties to the Judgment. Although the Judgment specifies that intervention is  
5 required only prior to commencing Production; and the pending transaction is a transfer only, with no  
6 actual Production presently contemplated nor requested; CFI and V Lions have agreed to intervene as  
7 parties to the Judgment.

8 9. In an abundance of caution and preparation, CFI and V Lions have also entered into  
9 separate and additional transactions; whereby CFI and V Lions have each acquired one acre-foot of  
10 permanent Production Rights from Craig Van Dam (who is already a Party to the Judgment). CFI and V  
11 Lions submitted separate Transfer Requests for each of these transactions. The Watermaster provided  
12 notice of said Requests to all interested parties via email, posting on its website, and posting on its  
13 bulletin board; and no Party nor other member of the public filed any objections thereto. Both of the  
14 foregoing Transfer Requests were also considered and ***unanimously approved by the Watermaster***  
15 ***Board*** at its regular meeting on June 24, 2020. In this regard, the Watermaster unanimously adopted  
16 ***Resolution No. R-20-16, Approving Applications for Transfers Pursuant to the Terms of the Judgment***  
17 ***with Specified Conditions***. A true and correct copy of the unsigned Resolution R-20-16 is attached  
18 hereto as Exhibit "F" and is incorporated herein by this reference. The Watermaster's approval of these  
19 transactions is also conditioned upon both parties (CFI and V Lions) successfully intervening as parties  
20 to the Judgment. The Watermaster has also stipulated to CFI's and V Lions intervention into the  
21 Judgment, for the purpose of implementing each of these smaller transfers.

22 10. On June 30, 2020, I telephoned and spoke to Mr. Craig Parton, General Counsel for the  
23 Antelope Valley Watermaster. I informed Mr. Parton that I had completed this Motion and supporting  
24 documents, and I requested confirmation that he would be the person to sign the Watermaster's  
25 stipulation to this Motion. In response thereto, Mr. Parton informed me that I have his authority to  
26 represent to the Court that ***the Watermaster does hereby stipulate to entry of Orders granting***  
27 ***CALANDRI FARMS, INC. and V LIONS OPERATIONS, L.P. leave to intervene in this Action.*** Mr.  
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Parton also instructed me to prepare this Declaration, and thereby inform this Court that he does stipulate, on behalf of the Watermaster, to entry of Orders granting CALANDRI FARMS, INC. and V LIONS OPERATIONS, L.P. leave to intervene in this Action, and thereby become named Parties to the Judgment herein. *Mr. Parton informed me that my Declaration to this effect, as an Officer of the Court, is sufficient to constitute the Watermaster's Stipulation to the relief requested herein.*

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on July 2, 2020, at Santa Clarita, California.

DocuSigned by:  
*David Leventhal*  
C1E98C667CDA4C7... HAL

**TRANSFER REQUEST FORM**  
**ANTELOPE VALLEY WATERMASTER**

Please include an application fee according to the fee schedule posted on the Watermaster website:  
<https://avwatermaster.net>. Make check out to: Antelope Valley Watermaster

Mail to: Antelope Valley Watermaster, P.O. Box 3025, Quartz Hill, California 93586 OR email to: [info@avwatermaster.net](mailto:info@avwatermaster.net)

Call Watermaster Administrative staff at 661-234-8233 with questions. *Transfer Requests review could take up to 60 days.*

PERMANENT TRANSFER? No  or TEMPORARY/ONE-TIME TRANSFER? Yes

IF TRANSFER DUE TO CHANGE IN LAND OWNERSHIP, PLEASE ATTACH DEED AS PROOF OF SALE OR A PRELIMINARY TITLE REPORT

Date Requested May 11, 2020 Amount Requested 4152 acre-feet

If Temporary, Calendar Year(s) to be Used n/a

Which Party will be paying the annual Administrative Assessment(s) for the transferred water? Buyer

Is either Party a member of the Antelope Valley United Mutuals Group? No

**TRANSFER FROM (SELLER/TRANSFEROR):**

Name Calandri Farms, Inc. Street Address 43511 North 70th Street

City Lancaster State California Zip Code 93535

Phone 661-946-9022 email brandoncalandri@yahoo.com

APN#(s) where transfer originates (i.e., production well location(s)) 3307-017-959; 3307-017-948; 3307-017-938  
3307-017-941; 3307-017-937; 3307-017-902; 3307-017-936; and 3307-017-935

APN#(s) (or water supply service area) where groundwater was used None at this time. Buyer will comply with all laws, rules, and regulations before extracting or using any water procured hereby.

**TRANSFER TO (BUYER/TRANSFeree):**

Name V Lions Operations, L.P. Street Address Post Office Box 1200

City Wasco State CA Zip Code 93280

Phone 661-772-5858 email mmlillwee@pacific-ag.net

**Note: Legal notices under the Judgment will be sent to the above email address. You are required to keep this information up to date. Please notify the Watermaster of any changes.**

APN#(s) (or water supply service area) where transfer will be pumped and used None at this time. Buyer will comply with all Watermaster rules and regulations, and all California laws, before extracting or using any water procured hereby.

**Purpose of Transfer:**

- Permanent Transfer resulting from Property Sale/Transfer [PLEASE ATTACH DEED OR PRELIMINARY TITLE REPORT]
- Additional Source of Water
- Other, explain \_\_\_\_\_

**Water is to be Transferred from/to: (transferred water retains its original water type):**

- Current Year Production Right: amount 4,152 acre-feet
- Carry Over Water: amount \_\_\_\_\_ acre-feet
- Storage: amount \_\_\_\_\_ acre-feet
- Other, explain \_\_\_\_\_

(Transferred water retains its original water type – e.g., transferred Carry Over Water remains Carry Over water)

**WATER QUALITY AND WATER LEVELS (not required if transfer is in association of change of land ownership)**

Are Parties aware of any water quality issues that exist in either the area transferred from or to? No   
If yes, please explain: n/a

Please provide groundwater elevations in the areas affected by the transfer. n/a

Are Parties aware of any water level issues that exist in either the area transferred from or to? No   
If yes, please explain: n/a

**MAPS**

➔ Please include a map of the area where the water was used by the Transferor and a map of the area where the water is intended to be used by the Transferee. Include locations of production facilities involved in or affected by the Transfer. This map can include all possible locations of past source and use and future source and use.

**SECURITY INTEREST OR LIENHOLDERS**

For Permanent Transfers, please provide a list of all parties with a recorded security interest, deed of trust or a lien in such real property or in crops growing or to be grown thereon, and attach copies of written notices to such parties and copies of return receipts. none

**The transfer shall be conditioned upon:**

1. Transferee shall succeed to the right of Transferor under the terms of the Judgment.
2. Transferee shall only use Transferred waters for reasonable and beneficial uses.
3. Any Transferee not already a Party to the Judgment must intervene and become a Party to the Judgment.
4. All applicable assessments (Administrative and Balance) and transfer fees are paid in full.
5. If the Watermaster determines that the transfer has resulted in a material injury, the parties will be required to work with the Watermaster Board to mitigate that material injury.
6. For Permanent Transfers, the Parties agree to duly record in the office of the appropriate County Recorder a document reflecting the Permanent Transfer reflected in this Transfer Form.

**SIGNATURES**

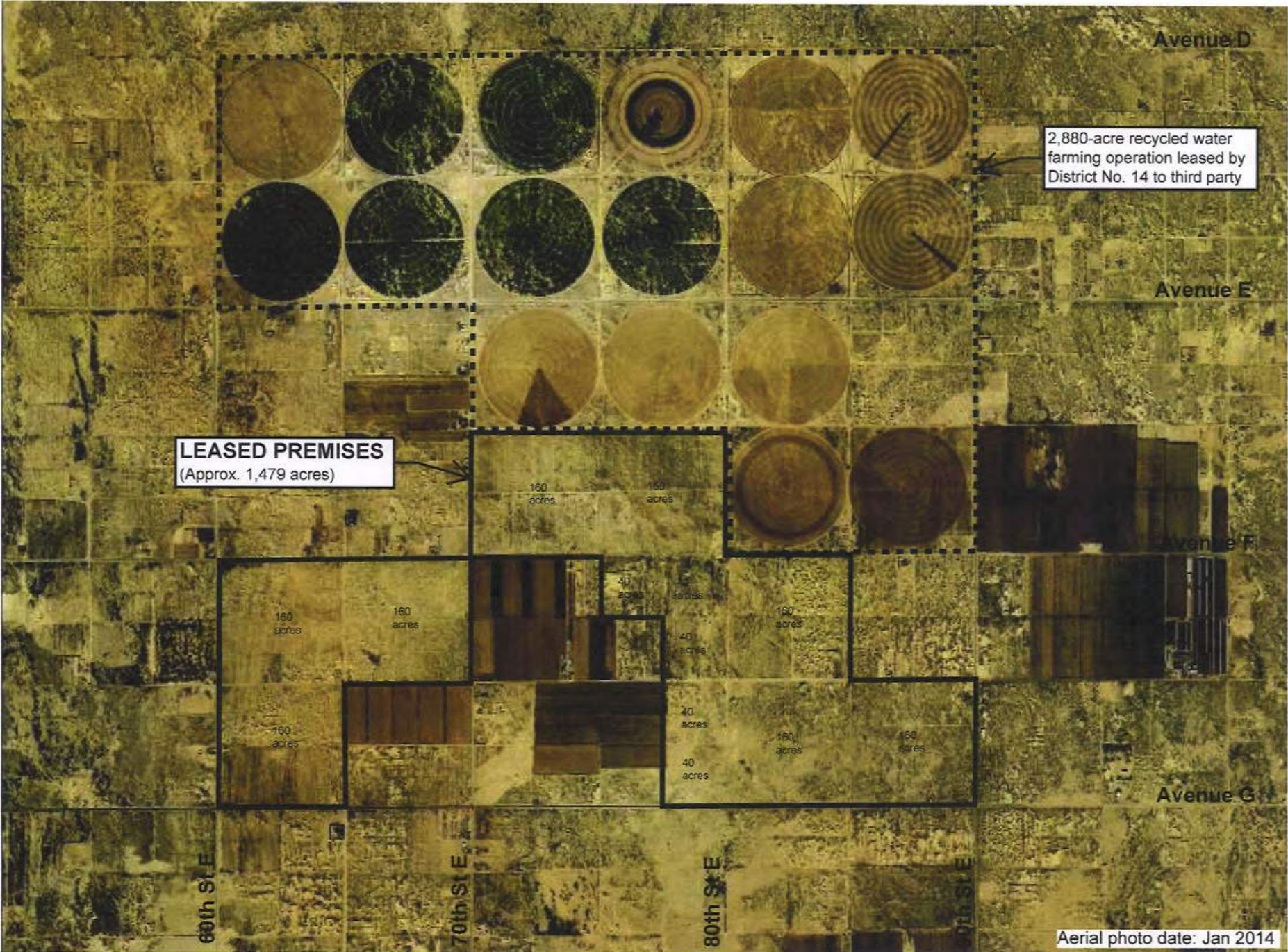
I understand and agree to abide by the terms of the Antelope Valley Adjudication Judgment. I certify that the information provided on this Transfer Request Form is correct to the best of my knowledge and that the signature below, whether original, electronic, or photocopied, is authorized and valid, and is affixed with the intent to be enforceable. I understand that it is my responsibility to notify the Antelope Valley Watermaster of any changes in any of the information provided on this form within 15 days. I also understand that additional information may be required if there is a suspected potential for a material injury as defined in the Judgment.

Signature of Transferor [Signature] Date 5-11-2020

Signature of Transferee [Signature] Date 5-11-2020

<b>To be completed by the Watermaster:</b>	
Watermaster Engineer Approval _____	Date _____
Watermaster Board Approval _____	Date _____

Exhibit A



## WATER RIGHTS TRANSFER AGREEMENT

This Water Rights Transfer Agreement (the "Agreement") dated April 28, 2020 is entered into by and between Calandri Farms, Inc. ("Owner"), and V Lions Operations, LP, a Nevada Limited Partnership ("Buyer"). Owner and Buyer are collectively referred to herein as "Parties."

### RECITALS

This Agreement is made with respect to the following facts:

A. Owner has the right to extract at least 4,152 (four thousand one hundred fifty-two) acre-feet of water during the current year 2020, as adjudicated in the Antelope Valley Groundwater Cases, from the following real properties:

Land consisting of approximately 1,039 acres comprised of: the south half of Section 25, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian, except therefrom an approximately 1-acre area at the southeast corner of Section 25 (319 acres); the east half of the east half of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (160 acres); the northwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (40 acres); the east half of the east half of the northeast quarter of the northwest quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the west half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (20 acres); and the south half and the northwest quarter of Section 31, Township 8 North, Range 10 West of the San Bernardino Baseline and Meridian (480 acres).

B. Owner possesses the foregoing water rights pursuant to that certain "Groundwater and Land Lease Agreement" between County Sanitation District No. 14 of Los Angeles County, a county sanitation district organized and existing under the County Sanitation District Act, Health and Safety Code Section 4700 et seq. (the "District") and Calandri Farms, Inc., a California corporation ("Lessee").

C. Said water rights remain eligible for use (extraction) and/or for transfer, as Owner has at least 4,152 (four thousand one hundred fifty-two) acre-feet of its 2020 allocation remaining and available for extraction or transfer.

D. Under this Agreement, Owner will transfer and assign to Buyer the right to extract 4,152 acre-feet of Owner's 2020 Water Rights.

### AGREEMENT

IN CONSIDERATION of the foregoing recitals and the mutual promises set forth herein, Owner and Buyer agree as follows:



**1. Water Rights Transfer.** Owner hereby transfers to Buyer, and Buyer hereby accepts from Owner, four thousand one hundred fifty-two (4,152) acre-feet of Owner's year 2020 Water Rights (the "Transferred Water Rights"). Seller warrants and represents that, to the best of its knowledge under the terms of the Groundwater and Land Lease Agreement and California law: (i) any portion of the Transferred Water Rights that Buyer does not use or produce in the year of the Effective Date of this Agreement shall become Carry-Over water for the Buyer pursuant to Section 12.4.5 of the Antelope Valley Watermaster Rules and Regulations; and (ii) the foregoing water rights transfer is with flex; such that Buyer may use the water, store the water, and/or further assign the right to transfer the water to third parties; all without any further consent by Owner.

**2. Payments to Owner.** In consideration of the foregoing, Buyer shall remit the following amounts to Owner on the following dates and conditions:

\$750,000.00 (seven hundred fifty thousand dollars) to Owner within two business days after the Parties full execution of this Agreement; and

\$703,200.00 (seven hundred three thousand, two hundred dollars) to Owner within two business days after final approval of this transaction by the Antelope Valley Watermaster Board; and

\$622,800.00 (six hundred twenty-two thousand, eight hundred dollars) to Owner on February 26, 2021;

For a total of \$2,076,000 (two million, seventy-six thousand dollars).

**3. Antelope Valley Watermaster Approval.**

Owner agrees to execute and deliver to Buyer all documents which may be required by the Antelope Valley Watermaster ("Watermaster") to reflect the transfer to Buyer of the Transferred Water Rights which are the subject of this Agreement. All such documents shall be in such form and substance as shall be reasonably satisfactory to Owner, Buyer, and Watermaster.

Without limitation, Buyer shall execute, acknowledge, and deliver to Owner a copy of the Watermaster's Transfer Request Form ("Watermaster Form"), attached as Exhibit A. Owner shall execute the Watermaster Form and deliver a fully-executed copy thereof to the staff of the Watermaster. At the time of such filing, Owner shall request that the Watermaster consider the Watermaster Form at the earliest practicable date.

The Parties shall promptly provide such documents and information to the staff of the Watermaster as they may reasonably request from the Parties in connection herewith. If the Watermaster fails to take any action which is necessary for the transfer contemplated by this Agreement to become effective, then the Parties shall negotiate in good faith to determine whether any changes thereto, which are reasonably satisfactory to the Parties in their respective discretions, should be made by them to facilitate such action by the Watermaster. Notwithstanding anything to the contrary herein, neither Party shall be required to execute any document or take any action that will result in any liability or expense (other than nominal expenses such as telephone charges and overnight delivery charges).

**4. Authority.**

a. Each Party has the right, power, and authority to enter into this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of each Party have the right, power, and authority to do so.

b. To each Party's actual knowledge, other than the approval of the Watermaster, no consent from any third party (including any governmental agency or authority) is required in connection with the transfer of Transferred Water Rights to the Buyer pursuant to this Agreement.

c. To each Party's actual knowledge, each Party is not now, or at any time relevant for the implementation of this Agreement, in violation of any law, ordinance, rule, regulation, or administrative or judicial order affecting each Party's right to transfer Transferred Water Rights or take any action under this Agreement.

**5. Warranties.**

a. Owner has no knowledge of any outstanding judgments against Owner that would in any manner affect the consummation of this transaction or constitute any cloud upon the title to the Transferred Water Rights. Owner has no knowledge of any pending litigation, proceedings, or investigations, or any threats of litigation, proceedings, or investigations, which might result in any cloud upon the title to the Transferred Water Rights, or any other material change in the value of the Transferred Water Rights, other than those consolidated appeals challenging the Antelope Valley Groundwater Judgment and Physical Solution that are still pending as of the Effective Date.

b. Owner now has, and as of the Effective Date will have, good and merchantable, fee simple title to the Transferred Water Rights. The Transferred Water Rights are free and clear of all liens, security interests, mortgages, pledges, encumbrances, ditch fees, taxes and assessments, and charges or claims of whatever nature. The Transferred Water Rights are in good standing with the Antelope Valley Watermaster, the County of Los Angeles, the State of California, and all other government agencies with jurisdiction or authority over the Transferred Water Rights. The Transferred Water Rights have not been forfeited or abandoned, and are not subject to lien, receivership, nor any other encumbrance whatsoever.

c. All such use, consumption, or distribution by Buyer shall be in compliance with all applicable laws, statutes, and regulations pertaining thereto, and only for reasonable and beneficial uses.

**6. Conditions Precedent.** The obligation of Buyer to close this transaction and to make payment pursuant to Section 2 herein is subject to the fulfillment of each of the following conditions, which Owner and Buyer shall utilize their best efforts and highest possible diligence to achieve:

a. The Antelope Valley Watermaster shall verify that Owner is the owner of the Transferred Water Rights. In furtherance of the foregoing, Owner shall provide to the Antelope Valley Watermaster any and all documents that it requires to confirm that Owner is the owner of the Transferred Water Rights, and that Owner possesses sole legal right and standing to convey the Transferred Water Rights; and

b. The Antelope Valley Watermaster shall communicate its approval of this transaction, via execution of the Transfer Request Form by a Watermaster Engineer and an authorized Board Member or Secretary of the Watermaster Board.

Upon fulfillment of the preceding conditions, this Agreement shall constitute a binding obligation of Buyer to remit the Consideration to Owner; thereby implementing this Agreement. Upon Buyer's tender of the Consideration; Owner shall prepare and deliver to Buyer such documents as reasonably requested by Buyer to implement or memorialize this transaction.

If any of the Conditions Precedent are not satisfied within sixty (60) days after the Effective Date, then this Agreement shall be null and void; Owner shall return and remit back to Buyer the \$750,000.00 paid per Section 2 above; and the Parties shall have no further duties nor liabilities to each other. Without limitation, the Parties shall not be liable to each other for any expenses incurred in locating each other, marketing the Transferred Water Rights, attorneys' fees or costs incurred in connection with negotiating this Agreement, broker's commissions, opportunity costs (increased costs or revenues lost in anticipation of this Agreement being approved and implemented), nor any other actual or potential costs or losses.

**7. Time of the Essence.** Time is of the essence as to each and every provision of this Agreement.

**8. Right to Cure.** Neither Party shall be considered in default of this Agreement unless it has failed to perform under the Agreement for a period of ten (10) business days after receipt of written notice of default from the Party not in default. The notice of default shall specify in detail the nature of the alleged default and the manner in which the default may be cured. Upon the default by any Party under this Agreement, the Party not in default shall have all rights and remedies provided by law including, but not limited to, the right to seek damages or specific performance.

**9. Termination.** This Agreement may be terminated under the following circumstances:

- (i) By written and mutual agreement of the Parties;
- (ii) By Buyer if there is a default or breach of any covenant or an inaccuracy in any representation or warranty made by Owner in this Agreement which default, breach, or inaccuracy has not been cured to Buyer's reasonable satisfaction within ten (10) business days following receipt by Owner of written notice of such default, breach or inaccuracy; or,
- (iii) By Owner, if there is a default or breach of any covenant or an inaccuracy in any representation or warranty made by Buyer in this Agreement which default, breach, or inaccuracy has not been cured to Owner's reasonable satisfaction within ten (10) business days following receipt by Buyer of written notice of such default, breach or inaccuracy.

If this Agreement is terminated as set forth above, Owner shall return and remit back to Buyer all funds paid per Section 2 above; and the Parties shall have no further duties or liabilities to each other; the Parties shall have no further obligations hereunder, except as otherwise expressly provided herein; provided that nothing contained herein shall relieve any party from liability for a breach or default under this Agreement occurring prior to such termination. The Parties shall each give, or cooperate in giving, such notice as is necessary or appropriate to the staff of the Watermaster that this Agreement has been terminated, and to obtain the return and cancellation of the Watermaster Form.

**10. Notices.** All communications and notices required by this Agreement, and all demands (collectively "Notices") of any kind shall be made in writing and personally served or sent by registered or certified mail, postage prepaid to the following:

Owner: Attn: Brandon Calandri  
Calandri Farms, Inc.  
43511 North 70<sup>th</sup> Street East  
Lancaster, California, 93535  
brandoncalandri@yahoo.com  
Office: 661-946-9022

With copy to:

David Leventhal, Esq.,  
Leventhal Law Firm  
18565 Soledad Canyon Road, Suite 300  
Santa Clarita, California, 91351  
leventhaldavid@gmail.com  
Office: 661-251-1000

Buyer: Attn: Mitch Millwee  
V Lions Operations, LP, a Nevada Limited Partnership  
Post Office Box 1200  
Wasco, California, 93280  
mmillwee@pacific-ag.net  
Office: 661-772-5828

With copy to:

Charles D. Melton, Esq.  
Zimmer & Melton, LLP  
11601 Bolthouse Drive, Suite 100  
Bakersfield, California, 93311  
cmelton@zimmermelton.com  
Office: 661-463-6700

Any Notice personally served shall be effective upon service. Any Notice sent by mail, and properly addressed, shall be effective upon date of receipt, or refusal as indicated on the return receipt. Either party may change its address for Notices by Notice to the other given in a manner provided in this subparagraph. Any party receiving any Notice under this Agreement may receive and accept service thereof via email, so long as said party provides a separate reply email confirming receipt of any such Notice to the party giving such Notice.

## **11. General Contract Terms.**

a. Recitals. The parties hereby stipulate and agree for all purposes that the recitals set forth above are and shall remain binding upon the Parties and conclusive with respect to the subject matter thereof. The parties hereby forever waive their right to challenge, oppose, or audit documentation relating to the facts set forth in the recitals.

b. Fully Negotiated Agreement. This Agreement has been fully negotiated by the parties hereto, and as such, neither party shall be deemed to be the drafter of this Agreement for purposes of interpretation or enforcement.

c. Entire Agreement. This Agreement (after full execution) memorializes and constitutes the complete and final integration and entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces all prior and contemporaneous negotiations, proposed agreements, and agreements, whether written or unwritten, whether express or implied. The parties declare and represent that no representation, warranty, covenant, understanding, agreement, restriction, condition, promise, inducement, or agreement not herein expressed has been imposed or made by the other party or by any other person or entity. This Agreement may be amended and modified only by an agreement in writing agreed to and signed by all parties to this Agreement. Any purported amendment or modification of this Agreement not memorialized in a writing signed by all parties to this Agreement shall be null and void. All covenants, warranties, and representations set forth herein shall survive this Agreement.

d. Further Documents. The parties hereby agree and promise to promptly execute such further documents and perform such further acts as may be reasonably necessary or appropriate to fully implement the provisions and intent of this Agreement.

e. Severability. If any provision, clause, or term of this Agreement held to be unenforceable, illegal, invalid, or incorrect by a court of competent jurisdiction, such provision, clause, or term shall be deemed to be severed and deleted, and neither such provision, clause, or term, nor its severance and deletion, shall affect the validity or interpretation of the remaining provisions and terms of this Agreement.

f. Time of Essence. There are no grace periods for the payments or actions set forth herein. It is herein expressly acknowledged, understood and agreed, by and between the parties hereto that time is of the essence with respect to all payments and executory acts set forth herein.

g. Successors and Assigns. This Agreement shall be binding upon and shall inure to the respective heirs, successors, and assigns of the parties hereto. However, nothing contained in this paragraph shall be construed or interpreted to permit the transfer, conveyance, or encumbrance of the parties' respective rights hereunder, unless specifically authorized under this Agreement or permitted by law.

h. Legal Advice. The parties hereby acknowledge that they have been given ample opportunity to review this Agreement with legal counsel of their own choice, and that the provisions hereof and their legal effect have been fully analyzed and explained by such counsel. The parties further confirm that they fully understand the terms, conditions, and provisions of this Agreement, and believe them to be fair, just, and reasonable under the existing circumstances. The parties further confirm that each is entering into this Agreement freely and voluntarily, and that their execution, of this Agreement is not the result of duress, undue influence, collusion, or improper or illegal agreement or agreements, and the parties fully and completely intend to be bound and restricted by the terms of this Agreement.

i. Attorney's Fees and Costs. In the event that it becomes necessary for any party hereto to bring or defend any action, arbitration, appeal, or other legal proceeding to enforce or

interpret the terms of this Agreement, the Prevailing Party in such proceeding shall be entitled to a judgment, award, and/or order against the non-Prevailing Party for all attorneys' fees and costs of suit incurred therein by the Prevailing Party.

j. **Governing Law.** This Agreement is made and entered into and shall in all respects be interpreted, enforced, and governed under the laws of the State of California.

k. **Mediation.** The Parties hereby agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate in good faith after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action.

l. **Arbitration.** The Members and Managers agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least five years' experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with California Code of Civil Procedure §1283.05 and all similar laws of other states. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure and all similar laws of other states. Judgment upon the award of the arbitrator may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act. The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation or arbitration provisions.

m. **Jurisdiction and Venue.** Subject matter jurisdiction and venue for any court action relating to this Agreement shall be in the State of California, Los Angeles County, North District (Lancaster Courthouse).

n. **Waiver of Jury Trial.** As a material inducement to all other members, each member hereby waives trial by jury with respect to any action, claim, suit or proceeding in respect of or arising out of this agreement. Each member has obtained the advice of its legal counsel before signing this agreement and acknowledges that it has voluntarily agreed to this waiver of their right to a trial by jury with full knowledge of its significance and legal consequence.

o. **Gender and Number.** As used herein, all masculine, feminine, and neuter terms, and all singular and plural terms, shall be interchangeable where the context so requires or implies.

p. **Paragraph Headings.** The titles to the paragraphs of this Agreement are solely for the convenience of the reader and shall not be used to explain, modify, simplify, expand, limit, or aid in the interpretation or enforcement of this Agreement.

q. Authority. Any person executing this Agreement on behalf of a corporation, partnership, limited liability company, trust, estate, or other non-human entity hereby represents and certifies that they are fully, completely, and expressly authorized to execute this Agreement on behalf of such entity, and to bind such entity to the terms of this Agreement.

r. Counterparts. This Agreement may be executed and delivered via electronic signatures, email, or other facsimile, and in counterparts, each of which shall be deemed an original against the party whose signature appears thereon, and when all counterparts are held together as one, the sum of all counterparts will be considered the whole document. The exchange and delivery of original signatures, and the statement below that signatures should be notarized, shall be for additional authentication only, and is not a condition precedent to the formation of a binding agreement.

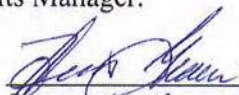
s. Binding Agreement. By signing below, the parties hereby warrant that they agree to, and are hereby bound, obligated, liable, and restricted by all of the terms, conditions, and recitals set forth in this Agreement.

Dated: 5-11-2020

V LIONS OPERATIONS, LP,  
a Nevada Limited Partnership ("Buyer"),

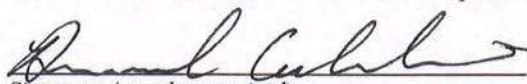
By: V LIONS MANAGEMENT, LLC, a Nevada limited liability company authorized to do business in the State of California as GARDINER V LIONS MANAGEMENT, LLC, Its Sole General Partner,

By: Keith B. Gardiner  
Its Manager.

  
\_\_\_\_\_  
Signature (must be notarized)

Dated: 5-11-2020

Calandri Farms, Inc., a California Corporation

  
\_\_\_\_\_  
Signature (must be notarized)  
Brandon Calandri  
\_\_\_\_\_  
Print Name and Title

## ACKNOWLEDGMENT

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

State of California  
County of Kern

On May 11, 2020 before me, Cheryl A. Mendoza, Notary Public  
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature Cheryl A. Mendoza (Seal)





## ACKNOWLEDGMENT

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

State of California  
County of Kern

On May 11, 2020 before me, Cheryl A. Mendoza, Notary Public  
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature Cheryl A. Mendoza (Seal)



**County Sanitation District No. 14  
Lease with Calandri**

**GROUNDWATER AND LAND LEASE AGREEMENT**

This Groundwater and Land Lease Agreement (“**Agreement**”) is dated November 14, 2017 (the “**Effective Date**”) and is between **COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing under the County Sanitation District Act, Health and Safety Code Section 4700 et seq. (the “**District**”) and **CALANDRI FARMS, INC.**, a California corporation (“**Lessee**”). The District and Lessee are referred to individually in this Agreement as a “**Party**” and collectively as the “**Parties**.”

The District owns approximately 4,700 acres of land in the unincorporated Los Angeles County community of Roosevelt, northeast of the City of Lancaster, California (the “**Property**”). The District purchased the Property as part of its implementation of the Lancaster Water Reclamation Plant (“**Lancaster WRP**”) 2020 Facilities Plan.

The District currently leases approximately 2,880 acres of the Property to a third party for the cultivation of fodder crops using recycled water from the Lancaster WRP.

The District is willing to lease approximately 1,479 acres of the remaining approximately 1,820 acres of the Property. The “**Leased Premises**”, which is comprised of vacant and unimproved land, is shown on Exhibit A and legally described as:

*Land consisting of approximately 1,479 acres comprised of: the west half and the northeast quarter of Section 35, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (480 acres); the south half of Section 25, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian, except therefrom an approximately 1-acre area at the southeast corner of Section 25 (319 acres); the east half of the east half of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (160 acres); the northwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (40 acres); and the south half and the northwest quarter of Section 31, Township 8 North, Range 10 West of the San Bernardino Baseline and Meridian (480 acres).*

As a result of the final settlement of the Antelope Valley Groundwater Adjudication, the District and County Sanitation District No. 20 of Los Angeles County (“**District 20**”) have a production right to 3,400 acre-feet per year (“**AFY**”) of groundwater. The District and District 20 use 550 AFY for their own purposes. The remaining 2,850 AFY of groundwater pumping rights are available for extraction and use on the Leased Premises.

The Leased Premises are currently surplus to the District’s needs for agricultural reuse of recycled water. The District desires to fully utilize and obtain revenue from its assets, including the Leased Premises and groundwater rights. The District intends by this Agreement to minimize its land maintenance obligations by having an ongoing agricultural operation on the Leased Premises. The District also intends by this Agreement to allow for the construction of groundwater wells on the Leased Premises to pump up to 7,500 gallons of groundwater per minute in order to exercise its groundwater pumping rights under the adjudication, and to put the pumped groundwater to reasonable and beneficial use in the irrigation of farmland.

Lessee desires to use the Leased Premises and groundwater rights to establish, operate and maintain a vegetable farming operation.

The Parties therefore agree as follows:

**1. LEASED PREMISES AND TERM**

1.1 Leased Premises. Subject to the terms and conditions of this Agreement, the District hereby leases to Lessee and Lessee leases from the District the Leased Premises. Upon the signed written approval of the District's Chief Engineer and General Manager (the "**Chief Engineer**"), the Parties may increase the Leased Premises to include additional acreage owned by the District. Lessee acknowledges that the acreage of the Leased Premises is an approximation only, and the District makes no representation or warranty regarding the Leased Premises' acreage. If Lessee determines that the acreage of the Leased Premises is less than 1,479 acres, Lessee has no right to reduce the Land Rent (as defined in Section 2) or other amounts payable under this Agreement.

1.2 Term. The term of this Agreement commences on the Effective Date and expires on December 31, 2023. The term of this Agreement may be extended for one year (January 1, 2024 to December 31, 2024) upon the written request of Lessee and written approval of the Chief Engineer. Lessee's request to extend the term of this Agreement must be submitted to the District no later than six months prior to expiration of this Agreement. Any extension of the term of this Agreement will be on the same terms and conditions provided in this Agreement. Except where expressly provided otherwise, all provisions of this Agreement apply to any extended term.

1.3 Holding Over.

a. If Lessee continues in possession of the Leased Premises after the expiration of the term of this Agreement, that possession will not be considered a renewal of this Agreement but a tenancy from month-to-month and will be governed by the conditions and covenants contained in this Agreement, except that:

- (i) The rent during any holdover tenancy will be prorated on a month-to-month basis as follows: last annual Land Rent and Groundwater Service Fee divided by 12, multiplied by 2.
- (ii) Any holdover tenancy may be terminated by the District on 30 calendar days' advanced written notice to Lessee.
- (iii) Any holding over by Lessee after termination pursuant to this Section 1.3 is subject to Section 11 and no District action or inaction, except a waiver signed by the District's Board of Directors, will be construed to waive, limit or impair any of the District's rights or remedies, under this Agreement, at law or in equity.
- (iv) Any holdover by Lessee without the District's prior written consent constitutes a breach on the part of Lessee under this Agreement. Lessee shall indemnify, defend, protect and hold harmless the District and all

District Indemnified Parties (as defined in Section 7) from and against any and all damages, losses, liabilities, causes of action, claims, injuries, lawsuits, costs or expenses whatsoever (including attorneys' fees and costs), whether direct or indirect, known or unknown, or foreseen or unforeseen, which may arise from or be related to Lessee's continued possession of the Leased Premises following the expiration or termination of the Agreement. The foregoing indemnity survives the expiration or termination of this Agreement.

1.4 Condition of Leased Premises. Lessee has conducted a complete and adequate investigation of the Leased Premises, and Lessee accepts the Leased Premises in its "as is", "where is", and "with all faults" condition subject to any and all Laws (as defined below) and existing conditions, including but not limited to covenants, conditions, restrictions, exceptions of record, zoning requirements, easements, and encumbrances. The District makes no representation or warranty, either express or implied, relating to the nature or condition of the Leased Premises, the compliance of the Leased Premises with any law, rule, regulation, order of law, statute, bylaw, or ordinance of a governmental agency having jurisdiction over the Leased Premises (collectively, "**Laws**") or the fitness of the Leased Premises for any use to be made or intended to be made by Lessee. The Leased Premises is comprised of vacant, unimproved land that may include debris and abandoned structures, both on the surface and subsurface. The Leased Premises also includes approximately 17 inactive groundwater wells. Lessee shall protect in place all groundwater wells located on the Leased Premises. The District may grant rights of way and permits in, over, upon, through, across, and along any and all portions of the Leased Premises, as long as the grant does not unreasonably interfere with Lessee's operations. If the grant of any such rights temporarily and materially interferes with Lessee's use of any or all of the Leased Premises, then after written notice from Lessee to District, and 30 calendar days to cure the alleged interference, the Land Rent and Groundwater Service Fee will be reduced in proportion to the amount of the interference with Lessee's use of the Leased Premises, as reasonably determined by the District.

## 2. RENT

2.1 Payment. Lessee shall pay annual "**Land Rent**" of [REDACTED] to the District based on a rental rate of [REDACTED] per acre per year for the cultivation of any given 650 acres of the Leased Premises. Lessee shall also pay an annual "**Groundwater Service Fee**" of [REDACTED] to the District. If the District's wells produce less groundwater than anticipated, then the Land Rent and Groundwater Service Fee will be adjusted pursuant to Section 3.4. As an inducement for Lessee's entry into this Agreement, the District will abate Lessee's Land Rent and Groundwater Service Fee through and until December 31, 2018 and will abate Lessee's Rent for the extended term of January 1, 2024 to December 31, 2024 (if exercised by Lessee), subject to the provisions set forth in Section 15.13. Lessee shall make its payments to County Sanitation District No. 14 of Los Angeles County and shall mail the payments to the address provided in Section 12. All monetary obligations payable by Lessee to District under this Agreement, including, without limitation, the Rent, are "rent". Rent is due on or before January 1<sup>st</sup> of each year. Rent for any partial year will be prorated on a daily basis. Lessee shall pay all rent under this Agreement on the date that it is due without notice, grace, offset, or deduction in lawful funds of the United States.

2.2 Charge for Late Payment of Rent. If Lessee does not make a rent payment when due, the District will incur costs including but not limited to administrative processing of notices of delinquency, increased accounting costs, and loss of use of the value of the payment. Accordingly, if the Land Rent or any other sum due to the District under this Agreement, is not received by the District by the due date, Lessee shall pay to the District a late charge in the amount of \$500, which will be added to the payment, and the total sum will become immediately due and payable to the District. Lessee shall pay an additional charge of \$500 for each additional month that the payment remains unpaid. The District's acceptance of late charges (or any portion of an overdue payment) will not constitute a waiver of Lessee's obligations in regard to the overdue payment, or prevent the District from exercising any of its other rights and remedies under this Agreement.

### 3. GROUNDWATER WELLS AND IRRIGATION SYSTEMS

3.1 Groundwater Wells. The District hereby licenses to Lessee the exclusive right to extract up to 2,850 AFY (from January 1 to December 31) of groundwater from the Leased Premises.

a. Well Installation. The District shall install on the Leased Premises three new groundwater extraction wells designed to produce a combined maximum flowrate of 7,500 gallons per minute of groundwater. The District will hire a reputable and qualified contractor to install the wells so that they are in compliance with all Laws, operational, and designed to extract the quantity of groundwater permitted by this Agreement. The wells will be powered by diesel generators or motors to be provided by the District, subject to approval by the Antelope Valley Air Quality Management District ("AVAQMD"). Installation of the wells will be completed prior to September 30, 2018, including testing and startup of each well.

b. Well Operation and Maintenance. Lessee shall be responsible, at its sole cost and expense, to operate and maintain any active wells and to perform any and all repairs to those wells. The District shall be responsible, at its sole cost and expense, for obtaining from the AVAQMD any permits to operate diesel generators or motors for the wells. Following successful startup, Lessee shall ensure that the wells are in good operating condition at all times. Lessee shall comply with all requirements in the AVAQMD well permits. The District will not make electrical power available to the Leased Premises.

3.2 Irrigation Systems. Lessee shall be responsible for all costs related to the installation, operation, and maintenance of all irrigation piping, pumps, valves, sprinklers, and appurtenant equipment required to convey groundwater throughout the Leased Premises.

3.3 Quantity of Groundwater. Lessee may extract from wells on the Leased Premises a maximum of 2,850 AFY (from January 1 to December 31) of groundwater (the "**Permitted Volume**") for agricultural use on the Leased Premises. Each of the three wells to be installed by the District will have a tamperproof non-resettable flow meter totalizer. Lessee shall keep a true, correct, and complete log of the groundwater volume extracted from each well each month, in the general form shown in Exhibit B, and submit a copy of the monthly logs to the District within five business days after the end of each quarter.

a. The District may audit Lessee's extraction of groundwater at any time during the term of this Agreement. If the District determines that Lessee has extracted more than

the Permitted Volume in any one year (January 1 to December 31), then Lessee shall pay the District \$300 per acre-foot for every acre-foot of groundwater pumped in excess of the annual Permitted Volume. Lessee and the District agree that the amount of \$300 per acre-foot is a reasonable sum for the pumping of groundwater in excess of the Permitted Volume. Lessee shall also reimburse the District for any penalties that the Antelope Valley Watermaster may levy on the District for exceeding the District's groundwater production right.

*MSC*  
*DL*  
b. ~~Lessee shall not enter into any agreements with third parties that own groundwater rights in order to increase extraction of groundwater from the wells on the Leased Premises or to increase the volume of groundwater applied on the Leased Premises.~~ Lessee recognizes that District 20, which jointly owns the groundwater production rights leased by the District to Lessee under this Agreement, is subject to groundwater remediation compliance regulations by the Lahontan Regional Water Quality Control Board that may require District 20 to pump more groundwater than anticipated from its groundwater remediation wells in Palmdale. This may reduce the quantity of groundwater available to Lessee for its farming operations under this Agreement. Lessee recognizes that its use of the groundwater rights jointly owned by the District and District 20 is subordinate to the needs of District 20 for regulatory compliance. The District may, at any time, reduce the maximum groundwater available to Lessee as and when required to ensure regulatory compliance. *Lessee will be allowed to complete its*

*MSC*  
*DL*  
*annual crop cycle.*

c. This Section 3.3 survives expiration or termination of this Agreement.

*MSC*  
*DL*  
3.4 Quality and Availability of Groundwater. The District makes no representations as to the quality of the groundwater or the suitability of the groundwater for Lessee's use on the Leased Premises. Lessee hereby waives any right that it might have to recover damages from the District attributable to poor groundwater quality or lack of groundwater. If the three new wells installed by the District produce a combined maximum flowrate of less than 7,500 gallons per minute of groundwater, then the District will adjust the Land Rent and Groundwater Service Fee proportionally and the Permitted Volume that Lessee may extract shall be reduced proportionally. For example, if the three wells produce a combined maximum flowrate of 6,000 gallons per minute (which is 80% of 7,500 gallons per minute), the Land Rent will be [REDACTED] and the Groundwater Service Fee will be [REDACTED] and the Permitted Volume will be reduced to 2,280 AFY.

*MSC*  
*DL*  
3.5 Watermaster Fees and Reporting. The District is responsible for reporting Lessee's use of the District's groundwater production rights to the Antelope Valley Watermaster. Lessee shall cooperate with the District and provide detailed production information ~~such as the daily log and annual report~~ of groundwater extraction required in Section 3.3. Lessee shall reimburse the District for any administrative fee charged by the Antelope Valley Watermaster up to an amount not to exceed \$5 per acre-foot per year of groundwater extracted or used under this Agreement. The District will invoice Lessee for any administration fee without any markup. Any Antelope Valley Watermaster administration fee exceeding \$5 per acre-foot per year of groundwater extracted or used under this Agreement will be paid for by the District.

3.6 No Sale of Groundwater. Lessee shall be the sole user of the groundwater extracted from the wells on the Leased Premises. Lessee shall not sell, transfer, convey, provide, or deliver the groundwater to any other person or entity. This license for groundwater use is personal to Lessee and is not assignable, except as provided in Section 15.1.

3.7 Emergency Suspension of Pumping. The District may declare an emergency as a result of a drought or natural disaster (including earthquakes) that requires the District's use of all or a portion of the groundwater to be extracted under this Agreement. If the District declares an emergency and provides notice to Lessee, then beginning on January 1 of the following calendar year, the District may reduce the Permitted Volume of groundwater that may be pumped. If the District reduces the Permitted Volume to less than 1,425 AFY, then Lessee may suspend the Agreement for that calendar year, and this Agreement will be extended by a period equal to the duration of the emergency (as determined by the District). If the District reduces the Permitted Volume to an amount equal to or greater than 1,425 AFY, then the Land Rent and Groundwater Service Fee will be proportionately reduced per Section 2.1. Lessee will be allowed to complete its annual crop cycle during the calendar year in which the emergency is declared.

#### 4. USE OF LEASED PREMISES

4.1 Use of Leased Premises. Without limiting Lessee's right to extract groundwater at the Leased Premises as provided in this Agreement, Lessee's use of the Leased Premises is limited solely to the cultivation, irrigation, and harvesting of ~~onions~~<sup>onions</sup> (the "Permitted Use"). Lessee shall cultivate and irrigate ~~onions~~<sup>onions</sup> on the Leased Premises to the maximum extent consistent with good farming practices, including but not limited to irrigation at agronomic rates for water and nutrients.

a. Although the Leased Premises is approximately 1,479 acres in area, the annual quantity of groundwater that may be extracted from the District's wells in accordance with this Agreement (2,850 AFY) is only sufficient to cultivate approximately 650 acres of ~~onions~~<sup>onions</sup>. In order to maximize yield and protect the quality of the soil at the Leased Premises, Lessee intends to cultivate a specific 650-acre area of the Leased Premises for approximately two years, then cultivate a separate 650-acre area of the Leased Premises for approximately two years, and so on. If Lessee determines it is feasible to cultivate more than 650 acres of the Leased Premises at any one time, Lessee shall provide advance written notification to the District indicating how many additional acres it will cultivate and pay additional rent as provided in Section 2.1.

b. Lessee shall maintain in good order and condition the entire Leased Premises, whether actively farmed or not, at all times. Lessee shall conduct its farming operation in accordance with all Laws. The District is not responsible for any changes in federal, state, county, district, or local regulations that may require Lessee to modify, change, or upgrade its farming operation. Lessee shall not use the Leased Premises for any purpose other than the Permitted Use, nor engage in or permit any other activity within or from the Leased Premises unless approved in writing in advance by the District.

4.2 Limitation of Leasehold. This Agreement and the rights and privileges granted in this Agreement are subject to all covenants, conditions, restrictions, and exceptions of record or apparent from inspection of the Leased Premises. Nothing contained in this Agreement or in any document related to this Agreement will be construed to imply the conveyance to Lessee of rights in the Leased Premises that exceed those held by the District, or any representation or warranty, either expressed or implied, relating to the nature or condition of the Leased Premises or the District's interest in the Leased Premises.

4.3 Security. Lessee shall provide and pay for adequate security for the Leased Premises and shall prevent public access to the Leased Premises.



4.4 Access. The District may designate from time to time reasonable points of access to the Leased Premises for Lessee and its employees.

4.5 Inspection. The District or its authorized representatives may at any time inspect the Leased Premises and Lessee's operations on the Leased Premises to ascertain compliance with the provisions of this Agreement.

4.6 Land Preparation. Lessee, at its own cost, shall be responsible for all necessary land preparation and maintenance including, but not limited to, clearing, grading, leveling, disking, plowing, seeding, irrigating, harvesting, and transporting. All such land preparation and maintenance will be conducted in a good and workmanlike manner in accordance with best farming practices. Lessee shall provide all equipment and materials necessary to perform these activities. Lessee may use fertilizer but only if the fertilizer application is consistent with good farming practices and does not exceed agronomic nutrient rates. Lessee shall obtain the District's written approval before applying any fertilizer.

4.7 No Nuisance or Waste. Lessee shall not create or permit any public or private nuisance in, on, or from the Leased Premises, or commit or permit to be committed any waste within the Leased Premises. Lessee shall control and remove noxious weeds and tumble weeds. Lessee shall maintain the Leased Premises dust free and in an aesthetically-pleasing condition. At the end of each harvest, Lessee shall use best management practices to minimize dust. To further control dust, Lessee shall conduct disking only when necessary. Lessee shall cooperate with the District to conduct its farming operations on the Leased Premises so that Lessee's farming operations do not interfere with any existing or future operations by the District or its other tenants on the Property.

4.8 Best Management Practices. Lessee shall cooperate with the District, and follow the District's instructions, concerning fertilizer, pesticide, herbicide, and fungicide application and nuisance prevention or elimination. Lessee shall implement Best Management Practices ("BMPs") to minimize or eliminate any groundwater quality impacts and runoff. Lessee shall evaluate BMPs in consultation with the District and follow the District's instructions with respect thereto. The District may monitor performance of the BMPs and may require changes to BMPs to achieve the desired objectives. The BMPs for the operation of the Leased Premises should include, but are not limited to, the following:

- a) Application of nitrogen fertilizers at agronomic rates.
- b) Implementation of measures, such as construction of berms, swales, catch basins or similar structures, to prevent discharge of water or runoff beyond the Leased Premises.
- c) Irrigation rates must not exceed agronomic rates.
- d) Maintenance of the Leased Premises in an orderly and clean condition.
- e) Maintenance (in good condition) of the Leased Premises perimeter, specifically adjacent to roadways.
- f) Implementation of soil erosion measures on the areas of the Leased Premises that do not have crops planted.
- g) Application of pesticides and soil amendments, when needed, at agronomic rates.

- h) Avoidance of any operations or actions that could adversely impact groundwater quality (e.g., vehicle maintenance without provisions to contain leaks or spills).
- i) Minimization or avoidance of excessive ponding to prevent a nuisance condition from occurring, including, without limitation, the presence of vectors.

4.9 Crop Harvesting and Ownership. Lessee, at its own cost, shall harvest and transport all crops from the Leased Premises. All crops grown on the Leased Premises will belong to Lessee. The District will not be responsible for losses incurred as a result of the theft or failure of any crop.

4.10 Electrical Supply and Other Utilities. The District will not make any utilities (e.g., potable water, electricity, etc.) available at the Leased Premises. Lessee shall pay all costs associated with the installation and operation of any utilities associated with Lessee's operations at the Leased Premises.

4.11 Expiration or Termination of Agreement; Removal of Improvements. Immediately upon expiration or termination of this Agreement, Lessee shall deliver the Premises to the District free and clear of all debris. Within 30 calendar days after the expiration or termination of this Agreement, Lessee shall remove all improvements installed by Lessee, and any personal property of Lessee, from the Leased Premises, unless otherwise directed by the District. This Section 4.11 survives expiration or termination of the Agreement.

4.12 Non-Interference. Lessee shall not directly or indirectly oppose or interfere with the District's current or future activities on or near the Property or the Leased Premises including but not limited to the use of recycled water and biosolids outside the Leased Premises.

4.13 Signs. Prior to the start of any activities on the Leased Premises, Lessee shall install and maintain signs every 500 feet around the perimeter of the Leased Premises to indicate the Leased Premises is land owned by the District and farmed by Lessee. Lessee shall not construct, maintain, or allow any other sign upon the Leased Premises, except as approved in writing by the District. Unapproved signs, banners, or flags may be removed by the District without notice to Lessee.

4.14 Permits and Licenses. Lessee shall obtain any and all approvals, permits, or licenses that may be required in connection with the permitted operation as provided in this Agreement or in connection with any Work. No permit, approval, or consent given pursuant to this Agreement by the District or under its authority will affect or limit Lessee's obligations under this Agreement, nor will any approvals or consents given by the District, as a party to this Agreement, be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules, or regulations.

4.15 Unlawful Use. Lessee shall comply with all Laws affecting the Leased Premises or Lessee's Permitted Use. Without limiting the preceding sentence, Lessee shall neither erect, place upon, operate, or maintain improvements within the Leased Premises, nor conduct or carry on any business on the Leased Premises in violation of the terms of this Agreement, or of any regulation, order, statute, bylaw, or ordinance of a governmental agency having jurisdiction over

the activities carried on pursuant to this Agreement. Lessee shall not construct any improvements on the Leased Premises without the prior written consent of the Chief Engineer.

4.16 Adjacent Recycled Water Farming. Lessee recognizes that the District currently leases an approximately 2,880-acre portion of the Property, located to the north and east of the Leased Premises, to a farming entity for the cultivation of fodder crops using disinfected tertiary-treated recycled water from the Lancaster WRP. Lessee releases all claims and waives any right to recourse against the District and the other County Sanitation Districts of Los Angeles County, their directors, officers, employees and agents, for loss or damage to persons or property, including the right of contribution, resulting from, relating to, or arising out of the use of recycled water on the aforementioned 2,880 acres of the Property located north and east of the Leased Premises.

*MES*  
*ML*  
5. TAXES AND ASSESSMENTS

5.1 Tax Responsibility. This Agreement may create a possessory interest in land that is subject to the imposition of taxes. Lessee shall be fully responsible for the payment of all taxes and assessments (including but not limited to any possessory interest tax) that become due on the Leased Premises or upon the fixtures, equipment, or other property installed or constructed by Lessee on the Leased Premises, or which are assessed against Lessee or the District based on Lessee's activities on the Leased Premises. Lessee shall pay all taxes and assessments promptly.

*UP TO \$50,000 PER YEAR  
SUCH*  
The terms of this Section survive the expiration or earlier termination of this Agreement. *ANY TAXES PAID IN EXCESS OF \$50,000 WILL BE CREDITED AGAINST THE GROUND WATER SERVICE FEE.*

*MISC*  
*ML*  
6. INSURANCE

6.1 Liability Insurance. Lessee shall maintain liability insurance acceptable to the District in full force and effect throughout the term of this Agreement at its own cost and expense. Insurance must be in force as of the first day of the term of this Agreement. Lessee shall provide Comprehensive General Liability Coverage with minimum limits of \$1,000,000 Combined Single Limit per occurrence, with a deductible or self-insured retention of not more than 5% of the minimum limits, or in such greater amounts as the District may deem necessary to protect the District against liability for injury to or death of any person or persons and damage to property in connection with Lessee's use, operation, or condition of the Leased Premises and improvements. Such insurance must insure Lessee for its operations on the Leased Premises and for, among other things, (a) injury to or death of one person, (b) injury to or death of two or more persons as a result of any one accident or incident, and (c) damage to or destruction of any property. This coverage limit will be adjusted annually during the term and any extended term of this Agreement, upon request by the District, to such higher coverage limit, if any, as in the District's reasonable judgment is customarily carried under similar circumstances in the locale in which the Leased Premises are situated with respect to similar properties. Lessee shall procure and maintain throughout the term of this Agreement, at its sole cost and expense, workers' compensation insurance covering all employees employed upon the Leased Premises or in connection with the operations conducted on the Leased Premises, and employer's liability coverage of not less than \$1,000,000. Adequate automobile insurance must be obtained, conforming to the requirements of the District, if Lessee operates any licensed vehicles within the Leased Premises.

6.2 Policy Requirements. All insurance required to be carried by Lessee must be issued by responsible insurance companies, qualified to do business in the State of California, have a Best's insurance rating of not less than A-X. Each policy must name the District as an additional

insured, as its interests may appear, in the form of a separate endorsement also containing the language: "This insurance shall be primary and non-contributing with any other insurance carried by Landlord." Each policy will contain a cross-liability clause that provides that the act of naming the District (and any other parties in interest designated by the District) as an additional insured will not deprive the District of the right to sue, and a severability clause providing that each named insured will be treated individually. At least three (3) business days prior to the Effective Date, Lessee shall deliver to the District original certificates of insurance and certified copies of all policies to the District that in the District's judgment provide clear and unambiguous evidence of the existence and amounts of such insurance. Within ten (10) business days after request by the District, Lessee shall deliver certified copies of all policies to the District. No such policy will be subject to cancellation or modification except after 30 calendar days' prior written notice to the District. Lessee shall, at least 20 business days prior to the expiration of any such policy, furnish the District with renewals or "binders" thereof. In the event Lessee fails to comply with the requirements of this Section, the District may, but is not obligated to, order such insurance and charge the cost of that insurance to Lessee, which amount Lessee shall pay upon demand. Lessee shall be responsible for and pay any and all deductibles. Any policy required to be maintained by Lessee under this Agreement may be maintained under a so-called "blanket policy" insuring other parties or other locations, so long as the amount of insurance and type of coverage required to be provided under this Agreement is not thereby diminished, changed, or adversely affected.


6.3 Waiver of Subrogation. The District and Lessee each waive any and all rights of recovery against the other and against the officers, employees, agents, and representatives of the other for loss of or damage to the waiving party or its property or the property of others under its control, arising from any cause insured against under any policy of insurance carried by the waiving party, to the extent that such loss or damage is recoverable under the insurance policies. The District and Lessee shall each obtain and furnish evidence to the other, upon request, of the waiver by such party's insurance carrier of any right of subrogation against the other party.

6.4 Lessee's Liability. If Lessee fails to maintain any insurance required by this Agreement, Lessee shall be liable to the District for any loss or cost resulting from the failure. The immediately preceding sentence will not be deemed a waiver of any of the District's or Lessee's rights and remedies under any other provision of this Agreement. Upon notification from the District that Lessee's insurance coverage has lapsed, been canceled, expired, or otherwise terminated, Lessee shall not operate on the Leased Premises at any time that the required insurance is not in full force and effect as evidenced by a certificate of insurance or official binder being in the possession of the District. Lessee also agrees that upon cancellation, termination, or expiration of Lessee's insurance, the District may take whatever steps are necessary to interrupt any operation from or on the Leased Premises until such time as the Agreement is reinstated by the District.

6.5 Approval of Policies. The District retains the right at all times to review the coverage, form, and amount of the insurance required by this Agreement. If, in the opinion of the District, insurance provisions in this Agreement do not provide adequate protection for the District, the District may require Lessee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The District will notify Lessee in writing of changes in the insurance requirements. If Lessee does not deliver copies of acceptable insurance policies to the District incorporating such changes within 30 calendar days after receipt of notice from the District, then the District will have the right, but not the obligation, to declare that Lessee has committed an

incurable breach under this Agreement. In such event, the District may exercise any and all rights and remedies under this Agreement, at law or equity. The procuring of the required policy or policies of insurance by the District will not be construed to limit Lessee's liability under this Agreement nor to fulfill the hold harmless provisions and requirements of this Agreement.

## 7. INDEMNITY



7.1 General Indemnity. Lessee shall indemnify, protect, defend with counsel of the District's choice, and hold the District, and each of the other County Sanitation Districts of Los Angeles County and each of their directors, officers, agents, and employees (the "**District Indemnified Parties**"), free and harmless from any and all claims (including, without limitation, claims for injury or death of any employee, agent, invitee, or customer of Lessee), liabilities, losses, injuries, damages, ~~costs~~ costs, or expenses (including, without limitation, attorneys' fees) (collectively, "**Claims**") resulting from, relating to, or arising out of (a) Lessee's occupation or use of the Leased Premises, (b) the conduct of Lessee's business, (c) Lessee's breach or default under this Agreement, (d) Lessee's negligence, (e) any pumping or extraction of groundwater by Lessee in excess of the Permitted Volume, or (f) any activity, work, or thing done, permitted, or suffered by Lessee or its agents, invitees, representations or employees on or about the Leased Premises. The indemnity in the preceding sentence does not apply to Claims arising solely from the District's gross negligence or willful misconduct committed in bad faith. Lessee's duty to defend is independent of its duty to indemnify, and the duty to defend applies immediately upon Lessee becoming aware of any Claims potentially subject to Lessee's duty to indemnify.

7.2 Exculpation and Release. Lessee releases all claims and waives recourse against the District and the other County Sanitation Districts of Los Angeles County, their directors, officers, employees and agents, for loss or damage to persons or property, including the right of contribution, resulting from, relating to, or arising out of Lessee use or occupation of the Leased Premises, except claims arising solely from the gross negligence or willful misconduct committed in bad faith of the District or its agents and employees. This release extends to injury or damage that may be sustained by the person, wares, merchandise, or property of Lessee or Lessee's agents, invitees, representatives, or customers, or by any other person in or about the Leased Premises caused by or resulting from flood, fire, steam, electricity, gas, water, or rain that may leak or flow from or into any part of the Leased Premises or improvements on the Leased Premises, or from the breakage, leakage, obstruction or other defects of any pipeline, whether the damage or injury results from conditions arising upon the Leased Premises or from other causes. Without limiting the foregoing, except for of the gross negligence or willful misconduct committed in bad faith of the District, the District will not be liable for, and Lessee releases the District from, any claims for damages resulting from interruption of Lessee's business including but not limited to, damages resulting from any loss of income or business resulting from District's actions.

7.3 Defense of Claims. If any of the District Indemnified Parties are named in any claim or action as to which Lessee has a duty of indemnification under this Agreement, Lessee shall notify the District of such fact within ten (10) business days after receipt of any such claim or action or notice thereof, and shall assume the defense and representation of the indemnified party, unless the District undertakes to represent itself in such legal action, in which event, Lessee shall pay to the District, the District's cost of defense, litigation costs and expenses, including attorneys' fees reasonably incurred.

7.4 Survival. The terms of Section 7 survive the expiration or termination of this Agreement.

## 8. ENVIRONMENTAL INDEMNIFICATION

8.1 Hazardous Materials. As used in this Agreement, the term “**Hazardous Material**” means any hazardous or toxic substance, material or waste that is or will become regulated by any governmental entity, including without limitation, the District, acting in its governmental capacity, the County of Los Angeles, the State of California, or the United States government.

8.2 Prohibition and Indemnification. Lessee shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about the Leased Premises. If Lessee breaches the obligations stated in this Section, or if contamination of the Leased Premises by Hazardous Materials otherwise occurs during the term of this Agreement, then Lessee shall indemnify, defend with counsel of the District’s choice, and hold the District Indemnified Parties harmless from any and all Claims, judgments, penalties, or fines, (including without limitation, diminution in value of the Leased Premises; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Leased Premises; damages arising from any adverse impact on marketing of space in the Leased Premises or portion of any building of which the Leased Premises is a part; and sums paid in settlement of claims, attorneys’ fees, consultant fees and expert witness fees) that arise during or after the term of this Agreement as a result of such contamination or as a result of Lessee’s breach of this Section. This indemnification includes without limitation, costs incurred by the District Indemnified Parties in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or legal governmental entity because of Hazardous Material being present in the soil or groundwater or under the Leased Premises if the occurrence of Hazardous Material takes place during the term of this Agreement. In such event, Lessee shall promptly take all actions at its sole cost and expense as are necessary to clean, remove, and restore the Leased Premises to its condition prior to the introduction of the Hazardous Material by Lessee, after Lessee first obtains the District’s written approval and the written approval of any necessary governmental entities. Lessee’s duty to defend is independent of its duty to indemnify, and the duty to defend applies immediately upon Lessee becoming aware of any claims potentially subject to Lessee’s duty to indemnify.

8.3 Responsibility for Compliance Costs. Lessee acknowledges that the District may become legally liable for the costs of complying with Laws relating to hazardous material that are not the responsibility of the District. Lessee shall pay the cost of complying with any Laws relating to matters for which Lessee is liable under this Agreement, but for which the District is or may become legally liable, within ten (10) business days following the receipt by Lessee of a written demand from the District to do so.

8.4 Compliance With Laws. Lessee shall comply with all Laws relating to Hazardous Materials, and all amendments or modifications to those Laws, whether now in effect or enacted after the effectiveness of this Agreement. Lessee shall promptly take remedial action or actions as may be required to place the Leased Premises in compliance with those Laws in a manner and pursuant to plans and specifications for the work approved, in writing, by District. Subject to force majeure, Lessee shall complete all such remedial work required to comply with all Laws in effect

as of the Effective Date of this Agreement in a good and workmanlike manner and in compliance with plans and specifications for such work approved by the District within 30 calendar days after the date of the District's demand. Lessee shall release and indemnify the District Indemnified Parties from any and all Claims, arising out of or resulting from the presence of Hazardous Materials upon or within the Leased Premises including without limitation reasonable attorneys' fees and costs, but excluding any such Claims based upon causes of action for damages accrued prior to the Effective Date.

8.5 Survival. The terms of Section 8 survive the expiration or termination of this Agreement.

## 9. REPAIRS AND MAINTENANCE

9.1 Lessee's Obligation to Repair and Maintain. Lessee shall, at its own cost and expense, during the term and any extended term of this Agreement, keep the Leased Premises, including, without limitation, any groundwater wells installed by the District, in good order, condition, and repair and in compliance with all Laws. In addition, Lessee shall as necessary, or when required by any governmental authority or the District, make modifications or replacements of such improvements, and repaint the exterior of any structures on the Leased Premises periodically. The District has no obligation to repair or maintain any buildings, structures, irrigation equipment or systems, fencing, wells, or any landscaping within the Leased Premises. Lessee waives the right to make repairs at the District's expense under the provisions of any Laws permitting repairs by a tenant at the expense of the landlord to the extent allowed by the Laws in conducting its operations and activities at the Premises, Lessee shall ensure that noise, vibrations, movements of air, fumes, and odors from such operations or activities are minimized, so as not to unreasonably interfere with the use of other property adjoining the Leased Premises.

9.2 Emergency Repairs. In the event of any life-threatening or property-threatening emergency, or an event that threatens the District's regulatory compliance, the District may enter upon the Leased Premises or improvements located on the Leased Premises, without prior notice to Lessee and make such repairs on behalf of and for the account of Lessee. In that event, the District will notify Lessee of such work as soon as reasonably practicable, and Lessee shall pay to the District, immediately upon demand, the cost incurred by the District in performing that work.

## 10. TERMINATION

10.1 Termination by District. If the District requires the use of the Leased Premises or a portion of the Leased Premises for any reason, or if the District determines that using the Leased Premises for agricultural operations is economically or otherwise not feasible given applicable federal, state, county, district, and local requirements, the District may terminate this Agreement by delivering to Lessee written notice of termination (the "**District Termination Notice**"). This Agreement will immediately, automatically, and unconditionally terminate upon the expiration of twelve (12) months from the delivery of the District Termination Notice, and the District and Lessee will have no further obligations to one another, except only those obligations that accrued prior to termination and those obligations that expressly survive the termination of this Agreement. The District may also terminate this Agreement immediately pursuant to Section 11.

10.2 Condition of Leased Premises Upon Termination. Upon termination of this Agreement, Lessee shall return possession of the Leased Premises to the District in substantially the same condition that existed immediately prior to Lessee's entry onto the Leased Premises, reasonable wear and tear excepted. Upon termination of this Agreement, Lessee shall remove all material brought onto the Leased Premises during the Agreement, except as described elsewhere in this Agreement. References to the termination of the Agreement in this Agreement include termination by reason of the expiration of the Agreement term.

10.3 Disposition of Abandoned Personal Property. Title to any personal property belonging to Lessee and left on the Leased Premises 30 calendar days after Lessee's occupancy ceases for any reason will be deemed to have been transferred to the District. The District, at Lessee's cost, shall have the right to remove and to dispose of such property without liability to Lessee or to any person claiming under Lessee, and shall have no obligation to account to Lessee.

## **11. DEFAULTS BY LESSEE AND DISTRICT'S REMEDIES**

11.1 Default. The occurrence of any one or more of the following events will constitute a default of this Agreement by Lessee:

- a. The abandonment or vacation of the Leased Premises by Lessee;
- b. The failure by Lessee to make any payment to the District under this Agreement as and when due, where the failure continues for a period of three (3) business days after written notice, except that any notice will be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.;
- c. The failure or inability by Lessee to observe or perform any of the provisions of this Agreement to be observed or performed by Lessee, other than specified in Section 11.1.a or 11.1.b above, where that failure continues for a period of five (5) business days after written notice, except that any notice will be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.; with the further exception that if the nature of such failure is such that it can be cured by Lessee but that more than five (5) business days are reasonably required for its cure (for any reason other than financial inability), then Lessee will not be deemed to be in default if Lessee commences the cure within the five (5) business days, and thereafter diligently prosecutes the cure to completion; provided, however, in no event will any cure period exceed forty five (45) calendar days; and
- d. In case of or anticipation of bankruptcy, insolvency, or financial difficulties:
  - (i) The making by Lessee of any general assignment for the benefit of creditors;
  - (ii) A case is commenced by or against Lessee under Chapter 7, 11, or 13 of the Bankruptcy Code, Title 11 of the United States Code as now in force or hereafter amended and if so commenced against Lessee, the same is not dismissed within 60 calendar days;



- (iii) The appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Leased Premises or of Lessee's interest in this Agreement, where such seizure is not discharged within 30 calendar days; or
- (iv) Lessee's convening of a meeting of its creditors or any class of creditors for the purpose of imposing a moratorium upon or composition of its debts.
- (v) In the event of any such default, neither this Agreement nor any interests of Lessee in and to this Agreement will become an asset in any of such proceedings and, in such event and in addition to any and all rights or remedies of the District under this Agreement or by law, it will be lawful for the District to declare the term of this Agreement ended and to remove all persons from the Leased Premises, and Lessee and its creditors (other than the District) will have no further claim on the Leased Premises or under this Agreement.

e. Any holding over or refusal to vacate the Leased Premises following termination of this Agreement.

11.2 Remedies on Default. If Lessee defaults, then, in addition to any other remedies available to the District at law or in equity, the District may exercise the following remedies:

a. The District may terminate this Agreement and all rights of Lessee under this Agreement by giving written notice of termination to Lessee. If the District elects to terminate this Agreement, then the District may recover from Lessee:

- (i) The worth at the time of award of the unpaid fees and other charges that had been earned as of the date of the termination of this Agreement;
- (ii) The worth at the time of award of the amount by which the unpaid fees and other charges that would have been earned after the date of the termination of this Agreement until the time of award exceeds the amount of such Land Rent loss that Lessee proves could have been reasonably avoided;
- (iii) The worth at the time of award of the amount by which the unpaid payment and other charges for the balance of the term of this Agreement after the time of award exceeds the amount of such loss that Lessee proves could be reasonably avoided;
- (iv) Any other amount necessary to compensate the District for all the detriment proximately caused by Lessee's failure to perform its obligations under this Agreement or which in the ordinary course of things would be likely to result therefrom, including, but not limited

to, the cost of recovering possession of the Leased Premises, expenses of re-letting, including necessary repair, renovation, and alteration of the Leased Premises, reasonable attorneys' fees, expert witness costs, and any other reasonable costs; and

- (v) Any other amount that the District may by law be permitted to recover from Lessee to compensate the District for the detriment caused by Lessee's default.

b. Nothing in this Section will be deemed to affect Lessee's indemnity of the District, for liability or liabilities based upon occurrences prior to the termination of this Agreement for personal injuries or property damage under the indemnification Section or Sections contained in this Agreement, including, without limitation, the Environmental Indemnification provided for by Section 8.

11.3 No Waiver. No delay or omission of the District to exercise any right or remedy will be construed as a waiver of such right or remedy of any default by Lessee under this Agreement. The District's acceptance of fees or any other sums due under this Agreement will not be:

a. A waiver of any preceding breach or default by Lessee of any provision of this Agreement, other than the failure of Lessee to pay the particular fee or sum accepted, regardless of the District's knowledge of such preceding breach or default at the time of acceptance of such Land Rent or other amount, or

b. A waiver of the District's right to exercise any remedy available to the District by virtue of such breach or default. No act or thing done by the District or the District's agents during the term of this Agreement will be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept a surrender will be valid unless in writing and signed by the District.

11.4 Rent Not Abated. All covenants and agreements to be performed by Lessee under any of the terms of this Agreement are to be performed by Lessee at Lessee's sole cost and expense and without any abatement of Land Rent or any other amounts. If Lessee fails to pay any sum of money, other than the fee required to be paid by it under this Agreement, or fails to perform any other act on its part to be performed under this Agreement, or to provide any insurance or evidence of insurance to be provided by Lessee, then in addition to any other remedies provided in this Agreement, the District may, but shall not be obligated so to do, and without waiving or releasing Lessee from any obligations of Lessee, make any such payment or perform any such act on Lessee's part to be made or performed as provided in this Agreement or to provide such insurance. Any payment or performance of any act or the provision of any such insurance by the District on Lessee's behalf will not give rise to any responsibility of the District to continue making the same or similar payments or performing the same or similar acts. All costs, expenses, and other sums incurred or paid by the District in connection with the provision of insurance, together with interest at the maximum rate permitted by law from the date incurred or paid by the District will be deemed to be additional Land Rent under this Agreement and must be paid by Lessee with and at the same time as the next installment of Land Rent, and any default will constitute a breach of the covenants and conditions of this Agreement.

11.5 Cost of Sustaining an Action for Breach or Default. If a dispute arises between the District and Lessee concerning claims arising out of this Agreement, the prevailing party in that dispute will be entitled to recover from the other costs of prevailing in that dispute including reasonable attorneys' fees, as may be fixed by the Court. Without limiting the foregoing sentence, "reasonable attorneys' fees" include fees incurred through any applicable appeal process or in bankruptcy proceedings.

## 12. NOTICE

12.1 Notices. All notices, reports, and payments pursuant to this Agreement must be addressed as set forth below or to such other address as the parties may designate by written notice. Notices must be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid, or by courier (i.e. Federal Express, UPS, etc.). Any notice given in compliance with this Section will be deemed to have been served or delivered upon the sooner of twenty-four (24) hours after mailing, or actual receipt.

**TO: DISTRICT**

County Sanitation District No. 14 of Los Angeles County  
1955 Workman Mill Road  
Whittier, CA 90601  
Attention: Stan Pegadiotes, Supervising Engineer, Property Management Group  
(562) 908-4288, extension 2705  
speyadiotes@lacsdsd.org

**TO: LESSEE**

Calandri Farms, Inc.  
43511 N. 70th Street East  
Lancaster, CA 93535  
Attention: Brandon Calandri, CEO  
(661) 946-9022 office  
(661) 992-9302 cell  
brandon@calandrisonriseffarms.com

## 13. CONDEMNATION

13.1 Permanent Taking. In the event that any entity with the power to condemn permanently takes the Leased Premises in whole or in part, or in the event that the District transfers the Leased Premises in whole or in part to such entity in lieu of eminent domain, the following provisions will apply: The District will be entitled to any award paid or made in connection with the taking or any sums paid in lieu of such taking. Lessee hereby expressly waives any right or claim to any portion thereof, including any claim for loss of business or goodwill. All damages, whether awarded as compensation for diminution in value of the lease or to the fee of the Leased Premises, will belong to the District. Lessee will be entitled to a pro-rata abatement in the Land Rent and Groundwater Service Fee to the extent that the actively farmed portion of the Leased Premises is taken. Lessee will have no claim against the District except that Lessee may

claim any portion of the award that is specifically allocable to the loss or damage to Lessee's personal property. In the event that more than 10% of the Leased Premises is taken in eminent domain, this Agreement may be terminated by the District, at the District's sole and absolute discretion.

13.2 Temporary Taking. Any taking that affects the Leased Premises in whole or in part for less than 180 calendar days will have no effect on this Agreement, except that Lessee will be entitled to a pro-rata abatement in the Land Rent and Groundwater Service Fee to the extent that such temporary taking materially impairs Lessee's use of the Leased Premises. Furthermore, in the event that the District receives an award, if any, in connection with such temporary taking, Lessee will receive the portion from the award that represents compensation for the use or occupancy of the affected portion of the Leased Premises, but not to exceed the Land Rent and Groundwater Service Fee payable by Lessee for the period of the taking, and the District will retain the balance of the award.

#### 14. DAMAGE AND DESTRUCTION

14.1 Damage or Destruction. If the Leased Premises, in whole or in part, becomes damaged or destroyed due to any cause, the District will have no obligation to repair, rebuild or replace the damaged or destroyed portion of the Leased Premises.

14.2 Partial Damage or Destruction. In the event that over 50% of the Leased Premises becomes so damaged or destroyed that it cannot be used for the Permitted Use (as reasonably determined by the District), and such damage or destruction is not caused by Lessee, and is not covered by Lessee's insurance, Lessee may terminate this Agreement within 60 calendar days after such damage or destruction occurs. Such election to terminate must be made in writing to the District ("**Lessee's Election to Terminate Notice**"). Upon delivery of Lessee's Election to Terminate Notice, the District and Lessee will have no further obligations to one another, except only those obligations the accrued prior to termination and those obligations that expressly survive the termination of the Agreement. The delivery of Lessee's Election to Terminate Notice at any time after such 60 calendar day period will be deemed ineffective for any and all purposes.

#### 15. MISCELLANEOUS

##### 15.1 Assignment and Subleasing.

a. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "**assign**" or "**assignment**") or sublet all or any part of Lessee's interest in this Agreement or in the Leased Premises without the District's prior written consent, which consent ~~may be withheld in the District's sole and absolute discretion.~~

*will not be unreasonably withheld.*  
b. A change in the control of Lessee constitutes an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee constitutes a change in control for this purpose.

c. The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Agreement or Lessee's

assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Agreement or at the time of the most recent assignment to which the District has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Agreement to which the District may withhold its consent. "Net Worth of Lessee" means the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

d. An assignment or subletting without consent will, at the District's option, constitute an incurable breach on the part of Lessee under this Agreement. Regardless of the District's consent, any assignment or subletting will not: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Agreement, (ii) release Lessee of any obligations under this Agreement, or (iii) alter the primary liability of Lessee for the payment of rent or for the performance of any other obligations to be performed by Lessee.

e. The District's consent to any assignment or subletting will not constitute a consent to any subsequent assignment or subletting.

f. Each request for consent to an assignment or subletting will be in writing, accompanied by information relevant to the District's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Leased Premises, if any, together with a fee of \$2,500 as consideration for the District's considering and processing said request. Lessee shall provide the District with such other or additional information and/or documentation as may be requested.

15.2 Estoppel Certificate. Lessee (the "**Responding Party**") shall, within ten (10) business days after written notice from the District (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party or a lender or prospective purchaser, a statement in writing in any form and content that the District may request. If the Responding Party fails to execute or deliver the Estoppel Certificate within the aforementioned ten (10) business day period, the Requesting Party may execute an Estoppel Certificate stating that (i) the Agreement is in full force and effect without modification, except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) not more than one year's Land Rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party will be estopped from denying the truth of the facts contained in said Estoppel Certificate.

15.3 No Brokers. Neither the District nor Lessee has had any contact or dealings in connection with the lease of the Leased Premises, or any communication in connection therewith, through a broker who may be owed a commission as a result of the execution of this Agreement. If any broker claims to be owed a commission as a result of execution this Agreement, Lessee shall defend and indemnify the District Indemnified Parties against that claim. The representations and indemnification obligations in this Section will survive expiration or earlier termination of this Agreement.

15.4 Limitation of Liability. In no event will any individual employee, representative, or agent of the District bear any personal liability for any act or omission of the District in the performance of this Agreement.

15.5 Cumulative Remedies. No remedy conferred by this Agreement is intended to be exclusive of any other available remedy. Each and every remedy is cumulative and will be in addition to every other remedy given under this Agreement or existing at law or in equity.

15.6 Choice of Law and Venue. This Agreement will be interpreted under the laws of the State of California. The venue for any dispute arising out of this Agreement will be the Superior Court of Los Angeles County.

15.7 Time. Time is of the essence in this Agreement.

15.8 Agreement Organization. The various headings and numbers in this Agreement, the grouping of provisions of this Agreement into separate clauses and paragraphs, and the organization of the document are for the purpose of convenience only.

15.9 Amendments. Any modification of this Agreement must be written and properly executed by both Parties.

15.10 Circumstances That Excuse Performance. If either Party is delayed or prevented from the performance of any act required under this Agreement by reason of acts of God, restrictive governmental, or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act will be excused for the period of the delay and the period for the performance of any such act will be extended for a period equivalent to the period of such delay. However, nothing in this Section will excuse Lessee from the prompt payment of any Land Rent or other charge required of Lessee, except as may be expressly provided elsewhere in this Agreement.

15.11 Partial Invalidity. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect and will in no way be affected, impaired, or invalidated.

15.12 Waiver of Rights. The failure of the District or Lessee to insist upon strict performance of any of the terms, covenants, or conditions of this Agreement will not be deemed a waiver of any right or remedy that the District or Lessee may have, and will not be deemed a waiver of the right to require strict performance of all the terms, covenants, and conditions of this Agreement, nor a waiver of any remedy for the subsequent breach or default of any term, covenant, or condition of the Agreement. Any waiver, in order to be effective, must be signed by the party whose right or remedy is being waived.

15.13 Inducement Recapture. Any free or abated rent or other consideration for Lessee's entry into this Agreement (including, without limitation, the Land Rent and Groundwater Service Fee abatement in Section 2.1), all of which concessions are referred to as "**Inducement Provisions**" are deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants, and conditions of this Agreement. Upon breach of this Agreement by Lessee,

any such Inducement Provision will automatically be deemed deleted from this Agreement and of no further force or effect, and any rent or other consideration theretofore abated, given or paid by the District under such an Inducement Provision will be immediately due and payable by Lessee to the District, notwithstanding any subsequent cure of said breach by Lessee. The acceptance by the District of rent or the cure of the breach which initiated the operation of this paragraph will not be deemed a waiver by the District of the provisions of this paragraph unless specifically so stated in writing by the District at the time of such acceptance.

15.14 Interpretation. Each Party has participated in negotiating and drafting this Agreement, so if an ambiguity or a question of intent or interpretation arises, this Agreement is to be construed as if the Parties had drafted it jointly, as opposed to being construed against a Party because it was responsible for drafting one or more provisions of this Agreement.

15.15 Public Records. Any and all written information submitted to or obtained by the District from Lessee or any other person or entity having to do with or related to this Agreement or the Leased Premises, either pursuant to this Agreement or otherwise, at the option of the District, may be treated as a public record open to inspection by the public pursuant to the California Public Records Act (Government Code Section 6250, et. seq.), or any act in substitution of that Act, or otherwise made available to the public, and Lessee waives, for itself, its officers, agents, employees, and any person claiming by, through or under Lessee, any right or claim that any such information is not a public record or that the same is a trade secret or confidential information and shall indemnify and hold the District harmless from any and all claims, demands, liabilities or obligations arising out of or resulting from a claim by Lessee or any third party that such information is a trade secret, or confidential, or not subject to inspection by the public, including without limitation reasonable attorneys' fees and costs.

15.16 Relationship of Parties. The relationship of the Parties is that of landlord and tenant, and it is expressly understood and agreed that the District does not in any way or for any purpose become a partner of Lessee in the conduct of Lessee's business or otherwise, or a joint venturer with Lessee, and the provisions of this Agreement and the agreements relating to funds payable under this Agreement are included solely for the purpose of providing a method by which payments are to be measured and ascertained.

15.17 Outreach Programs. The District encourages participation in contracting on projects located on District property by all members of the community including Minority Business Enterprises, Women Business Enterprises, Disadvantages Business Enterprises, Disabled Veterans Business Enterprises and Small Business Enterprises. Definitions of the foregoing terms are available upon request. The District has established an aspirational goal of 20% overall participation by such firms. Although the District encourages Lessee to participate in the foregoing, award of a contract need not be based on race, gender, disabled, disadvantaged, or small business status.

15.18 Exercise of District's Powers. Unless and until the District's Board of Directors adopts a resolution to the contrary and advises Lessee of that resolution, any power granted to the District under this Agreement may be exercised by the Chief Engineer or her designee and Lessee is entitled to rely on any action so taken as the binding action of the District.

15.19 Integration. This instrument is the only agreement between the District and Lessee respecting the use of the Leased Premises by Lessee, and correctly sets forth the obligations of the District and Lessee to each other. There are no oral agreements or representations between the Parties affecting this Agreement.

15.20 Authority of Signatories. Each individual executing this Agreement on behalf of Lessee represents and warrants that he is duly authorized to execute and deliver this Agreement on behalf of Lessee in accordance with the governing documents of Lessee.

15.21 Counterparts. This Agreement may be executed simultaneously or in one or more counterparts. Lessee shall execute first, the District will execute second, and each executed counterpart will be deemed to be an original but all counterparts taken together will constitute one and the same agreement.

15.22 Attachments to Agreement. This Agreement includes the following exhibits, which are attached to this Agreement and made a part of this Agreement:

Exhibit A – Map of Leased Premises

Exhibit B – Sample Groundwater Extraction Log

*[Signature Page Immediately Follows]*

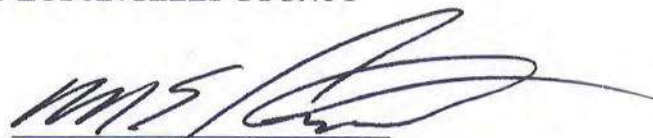


The Parties are signing this Agreement as of the Effective Date.

**CALANDRI FARMS, INC.**

By:   
Brandon Calandri, CEO

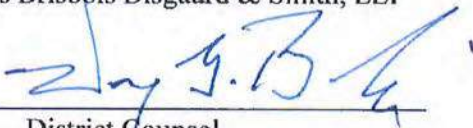
**COUNTY SANITATION DISTRICT NO. 14  
OF LOS ANGELES COUNTY**

By:   
**PRO TEM** Chairperson, Board of Directors  
NOV 14 2017

**ATTEST:**

  
Secretary to the Board

**APPROVED AS TO FORM:**  
Lewis Brisbois Bisgaard & Smith, LLP

By:   
District Counsel



# Groundwater and Land Lease Agreement in Lancaster

County Sanitation District No. 14 and Calandri Farms, LLC

Calandri Farms Groundwater Extraction Log for \_\_\_\_\_ (month) \_\_\_\_\_ (year)

Day of Month	Well #1 Totalizer Reading (gallons)	Well #2 Totalizer Reading (gallons)	Well #3 Totalizer Reading (gallons)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
<b>Total</b>			

**Grand Total this Month (gallons) =** \_\_\_\_\_

**Grand Total this Calendar Year (gallons) =** \_\_\_\_\_

**Grand Total this Calendar Year (AF) =** \_\_\_\_\_

Note: 1 AF = 325,851 gallons

Completed By \_\_\_\_\_

Date \_\_\_\_\_

Mail this form to:

County Sanitation District No. 14  
 Property Management Group  
 1955 Workman Mill Road  
 Whittier, CA 90601

June 24, 2020

**First Amendment to Lease with  
County Sanitation District No. 14  
And Calandri**

## FIRST AMENDMENT TO GROUNDWATER AND LAND LEASE AGREEMENT

This First Amendment to Groundwater and Land Lease Agreement (“**First Amendment**”) is dated January 30, 2019 (the “**First Amendment Effective Date**”) and is between **COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing under the County Sanitation District Act, California Health and Safety Code Section 4700 *et seq.* (the “**District**”) and **CALANDRI FARMS, INC.**, a California corporation (“**Lessee**”).

A. The District and Lessee entered into a *Groundwater and Land Lease Agreement* (the “**Agreement**”) dated November 14, 2017, concerning approximately 1,479 acres of vacant, unimproved land owned by the District in the unincorporated Los Angeles County community of Roosevelt, northeast of the City of Lancaster, and 2,850 AFY of the District’s groundwater rights so that Lessee could establish, operate and maintain a farming operation on the Leased Premises. All terms not defined in this First Amendment have the meanings ascribed in the Agreement.

B. The Agreement requires the District, by September 30, 2018, to install on the Leased Premises three new groundwater extraction wells designed to produce a combined maximum flowrate of 7,500 gallons per minute of groundwater. The District has awarded a well drilling contract but, as of the First Amendment Effective Date, the District has not yet completed construction. Based on the current project schedule, the wells are expected to be completed in the second quarter of 2019. Lessee recognized that the District would be unable to conduct the full extent of the originally-anticipated farming operations on the Leased Premises in the first quarter of 2019, so Lessee incurred additional costs to secure the rights to agricultural property located elsewhere in the Antelope Valley and not owned by the District.

C. In addition, the Parties have determined that a portion of the Leased Premises would be impractical to farm given the location of the proposed three new groundwater extraction wells. The Parties intend to amend the Agreement to adjust the area of the Leased Premises.

D. As compensation for the costs incurred by Lessee, the removal of a portion of land from the Leased Premises, and Lessee’s agreement to extend the deadline to install the new wells, Lessee has requested that the District amend the term of the Agreement, modify the Land Rent and Groundwater Service Fee, receive an additional year of rent abatement of Rent, confirm the ability to carryover unused volumes of groundwater and have the ability to temporarily transfer the groundwater licensed under the Agreement for use on other land farmed by Lessee.

E. In early 2018, Lessee requested and received permission from the District to rehabilitate, operate and maintain, at Lessee’s sole cost and expense, three existing out-of-service wells located on or near the Leased Premises in an effort to begin a limited farming operation. The District and Lessee desire to incorporate Lessee’s use of the existing wells into the Agreement.

The District and Lessee therefore amend the Agreement as follows:

1. **Amendment to 3<sup>rd</sup> Recital**. The third recital is hereby deleted in its entirety and replaced with the following:

“The District is willing to lease approximately 1,039 acres of the remaining approximately 1,820 acres of the Property. The “**Leased Premises**”, which is comprised of vacant and unimproved land, is shown on Exhibit A-2019 and legally described as:

*Land consisting of approximately 1,039 acres comprised of: the south half of Section 25, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian, except therefrom an approximately 1-acre area at the southeast corner of Section 25 (319 acres); the east half of the east half of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (160 acres); the northwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (40 acres); the east half of the east half of the northeast quarter of the northwest quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the west half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (20 acres); and the south half and the northwest quarter of Section 31, Township 8 North, Range 10 West of the San Bernardino Baseline and Meridian (480 acres).”*

2. **Amendment to 6<sup>th</sup> Recital.** The word “vegetable” is hereby deleted from the sixth recital.

3. **Amendment to Section 1.1.** The words “1,479 acres” are hereby deleted from the fourth sentence in Section 1.1 and replaced with “1,039 acres”.

4. **Amendment to Section 1.2.** Section 1.2 is hereby deleted in its entirety and replaced with the following:

“The term of this Agreement commences on the Effective Date and expires on December 31, 2021. The term of this Agreement may be extended for four (4) additional one-year terms (January 1, 2022 to December 31, 2022, January 1, 2023 to December 31, 2023, January 1, 2024 to December 31, 2024, and January 1, 2025 to December 31, 2025) upon the written request of Lessee. Lessee’s request to extend the term of this Agreement must be submitted to the District no later than six months prior to expiration of this Agreement. Any extension of the term of this Agreement will be on the same terms and conditions provided in this Agreement. Except where expressly provided otherwise, all provisions of this Agreement apply to any extended term.”

5. **Amendment to Section 2.1.** The first four sentences in Section 2.1 are hereby deleted in their entirety and replaced with the following:

“Lessee shall pay annual “**Land Rent**” of \$26,000 to the District based on a rental rate of \$40 per acre per year for the cultivation of any given 650 acres of the Leased

Premises. Lessee shall also pay an annual “**Groundwater Service Fee**” of \$256,360 to the District. If the District’s wells produce less groundwater than anticipated, then the Land Rent and Groundwater Service Fee (together “**Rent**”) will be adjusted pursuant to Section 3.4. As an inducement for Lessee’s entry into this Agreement, the District will abate Lessee’s Rent through and until December 31, 2019 and will abate Lessee’s Rent for the extended term of January 1, 2025 to December 31, 2025 (if exercised by Lessee), subject to the provisions set forth in Section 15.13.”

6. **Amendment to Section 3.1.** The following sentence is hereby added to the end of Section 3.1:

“Lessee may carryover any unused portion of the Permitted Volume to the following calendar years starting January 1, 2019, for all unused Permitted Volume from January 1, 2018 through December 31, 2018. Any such carryover may accrue, but Lessee’s rights to carryover water will cease upon expiration or earlier termination of this Agreement.”

7. **Amendment to Section 3.1.a.** The last sentence in Section 3.1.a is hereby deleted in its entirety and replaced with the following:

“The District will make reasonable efforts to complete installation of the proposed wells at the locations shown on Exhibit A-2019 prior to April 1, 2019, including testing and startup of each well. If, despite its reasonable and best efforts, the District is unable to complete the installation of the fully operational wells by July 1, 2019, the District will not be subject to any liability or be responsible for any damages or claims made by Lessee.”

8. **New Section 3.1.c.** The following subsection is hereby added to Section 3.1:

“c. Existing Wells. As of the First Amendment Effective Date, Lessee has rehabilitated, and is currently operating, three of the District’s existing wells (specifically, Well Nos. 82, 92 and 93, as shown on Exhibit A-2019) (the “**Existing Wells**”) in order to extract groundwater. Lessee has installed a tamperproof non-resettable flow meter totalizer on each Existing Well. Lessee represents and warrants to the District that the Existing Wells are in good order, condition and repair. Any amount of groundwater pumped by the Existing Wells since the Effective Date of the Agreement is considered part of the Permitted Volume.”

9. **Amendment to Section 3.4.** The last sentence of Section 3.4 is hereby deleted and replaced in its entirety with the following:

“For example, if the wells produce a combined maximum flowrate of 6,000 gallons per minute (which is 80% of 7,500 gallons per minute), then the Land Rent will be \$20,800 ( $\$26,000 \times 0.80$ ) and the Groundwater Service Fee will be \$205,088 ( $\$256,360 \times 0.80$ ).”

10. **Amendment to Section 3.6.** Section 3.6 is deleted in its entirety and replaced in its entirety with the following:

“3.6 No Sale of Groundwater. Except as otherwise provided for in Sections 3.8 and 15.1, Lessee shall be the sole user of the groundwater extracted from the wells on the Leased Premises and Lessee shall not otherwise sell, transfer, convey, provide, or deliver the groundwater to any other person or entity.”

11. **New Section 3.8.** The following subsection is hereby added to Section 3:

“3.8 Temporary Transferability of Groundwater Rights. Subject to prior written approval of the Antelope Valley Watermaster, Lessee may transfer up to the Permitted Volume of the District’s allocation of groundwater in 2019 only. Thereafter, subject to prior written approval of the Antelope Valley Watermaster, Lessee may transfer up to fifty percent (50%) of the Permitted Volume each year, and 50% of any carryover allocation, in 2020 and in each lease year thereafter through the remaining term of the Agreement. Lessee shall be responsible for obtaining approval from the Antelope Valley Watermaster for this temporary transfer of groundwater production rights. Following written approval from the Antelope Valley Watermaster, Lessee shall inform the District in writing regarding how much of the Permitted Volume under this Agreement is being temporarily transferred. Regardless of the amount transferred, the Rent will remain unchanged. Lessee shall ensure that any well used will be in compliance with the requirements of the Antelope Valley Watermaster. Lessee shall keep a true, correct, and complete log of the groundwater volume extracted as required by the Antelope Valley Watermaster, and submit a copy of the logs to the District within five business days after the end of each quarter.”

12. **Amendment to Section 4.1.a.** The words “1,479 acres” are hereby deleted from the first sentence in Section 4.1.a and replaced with “1,039 acres”.

13. **Amendment to Section 15.1(a)** Section 15.1(a) is deleted in its entirety and replaced in its entirety with the following:

a. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, “**assign**” or “**assignment**”) or sublet all or any part of Lessee’s interest in this Agreement or in the Leased Premises without the District’s prior written consent, which consent will not be unreasonably withheld and the District agrees to provide their response within twenty (20) days of Lessee’s written request to the District to assign an interest in this Agreement.

14. **Exhibit A-2019.** Exhibit A to the Agreement is hereby replaced by the attached Exhibit A-2019. Any references in the Agreement and this First Amendment to Exhibit A are hereby replaced with Exhibit A-2019.

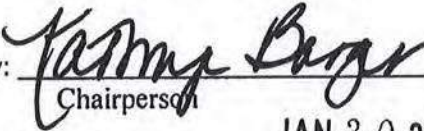


15. **No Further Modification.** Except only as modified by this First Amendment, the Agreement remains in full force and effect. If there is any conflict or inconsistency between the First Amendment and the Agreement, this First Amendment prevails.

16. **No Admission/Waiver.** The Parties agree that this First Amendment is the result of a compromise. Nothing in this First Amendment or in any correspondence or discussions between the Parties (including statements made at any meeting of the Board of Directors of the District) concerning the terms of this First Amendment is or will be construed as an admission by either Party of (a) any liability for any losses or damages, if any, sustained by the other Party or (b) a default or breach under the Agreement. The District and Lessee hereby waive the right to claim any damages arising out of any breach related to the installation of the wells arising prior to the First Amendment Effective Date.


The District and Lessee are signing this First Amendment as of the First Amendment Effective Date.

COUNTY SANITATION DISTRICT NO. 14  
OF LOS ANGELES COUNTY

By:   
Chairperson

JAN 30 2019

ATTEST:

By:   
Secretary

APPROVED AS TO FORM:  
Lewis Brisbois Bisgaard & Smith, LLP

By:   
District Counsel

CALANDRI FARMS, INC.

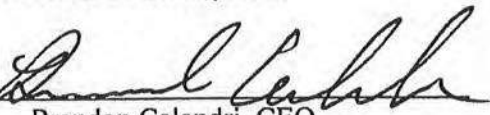
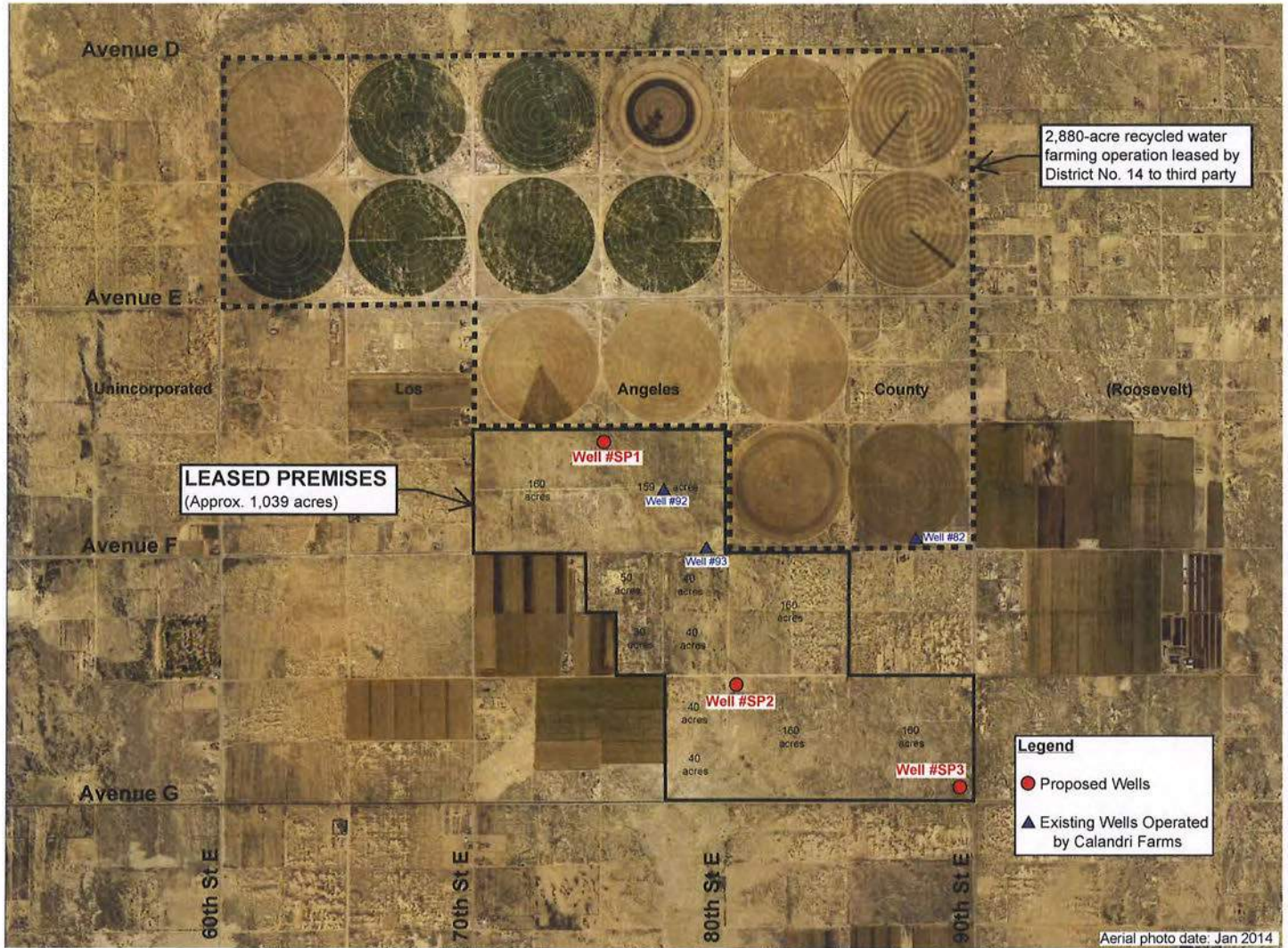
By:   
Brandon Calandri, CEO

Exhibit A - 2019



DOC 4830899

**Second Amendment to Lease with  
County Sanitation District No. 14  
and Calandri**

## SECOND AMENDMENT TO GROUNDWATER AND LAND LEASE AGREEMENT

This Second Amendment to Groundwater and Land Lease Agreement (“**Second Amendment**”) is dated May 14, 2020 (the “**Second Amendment Effective Date**”) and is between **COUNTY SANITATION DISTRICT NO. 14 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing under the County Sanitation District Act, California Health and Safety Code Section 4700 *et seq.* (the “**District**”) and **CALANDRI FARMS, INC.**, a California corporation (“**Lessee**”).

A. The District and Lessee entered into a Groundwater and Land Lease Agreement, dated November 14, 2017 (the “**Original Agreement**”), as amended by a First Amendment to Groundwater and Land Lease Agreement (“**First Amendment**”), dated January 30, 2019 (collectively, the “**Agreement**”), concerning approximately 1,039 acres of vacant, unimproved land owned by the District in the unincorporated Los Angeles County community of Roosevelt, northeast of the City of Lancaster, and 2,850 AFY of the District’s groundwater rights so that Lessee could establish, operate and maintain a farming operation on the Leased Premises. All terms not defined in this Second Amendment have the meanings ascribed in the Agreement.

B. The Agreement requires the District to install on the Leased Premises, by September 30, 2018, three groundwater extraction wells (the “**Three New Wells**”) designed to produce a combined maximum flowrate of 7,500 gallons per minute of groundwater. As of October 2019, the Three New Wells were complete and operational and remain operational as of the Second Amendment Effective Date. The combined maximum flowrate from the Three New Wells is approximately 5,250 gallons per minute.

C. As consideration for costs incurred by Lessee to extend the date for the District’s completion of the Three New Wells, the District and Lessee entered into the First Amendment to: provide Lessee an additional year, through 2019, of Rent abatement; allow Lessee unrestricted ability to temporarily transfer 100 percent of the District’s groundwater rights for use on other land in 2019 and 50 percent of the rights in each lease year thereafter; reduce the Leased Premises from 1,479 acres to 1,039 acres; and reduce the Land Rent and Groundwater Service Fee paid by Lessee to the District in proportion to the reduction in the Leased Premises. The First Amendment also required the District to make reasonable and best efforts to complete the Three New Wells by July 1, 2019.

D. During the September 12, 2019 meeting of the District’s Board of Directors, Lessee claimed to have incurred additional costs as a result of the Three New Wells not being completed by July 1, 2019. This Second Amendment provides consideration to Lessee, as approved during the October 30, 2019, January 9, 2020, and April 9, 2020 meetings of the District’s Board of Directors, for any additional costs incurred and to release the District from any and all future claims by Lessee relating to well completion delays.

E. In addition, the Parties have agreed to deduct an approximately 20-acre portion of the Leased Premises near 80<sup>th</sup> Street East and Avenue G which contains the Lancaster milkvetch plant and replace it with a 20-acre area at the southwest corner of 70<sup>th</sup> Street East and Avenue F.

The District and Lessee therefore amend the Agreement as follows:

1. **Amendment to 3<sup>rd</sup> Recital.** The third recital in the Original Agreement is hereby deleted in its entirety and replaced with the following:

“The District is willing to lease approximately 1,039 acres of the remaining approximately 1,820 acres of the Property. The “**Leased Premises**”, which is comprised of vacant and unimproved land, is shown on Exhibit A–2020 and legally described as:

*Land consisting of approximately 1,039 acres comprised of: the north half of the northeast quarter of the northeast quarter of Section 35, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (20 acres); the south half of Section 25, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian, except therefrom an approximately 1-acre area at the southeast corner of Section 25 (319 acres); the east half of the east half of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian, except therefrom the southerly 20 acres of said area (140 acres); the northwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (40 acres); the east half of the east half of the northeast quarter of the northwest quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the west half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (10 acres); the east half of the southwest quarter of the northeast quarter of Section 36, Township 8 North, Range 11 West of the San Bernardino Baseline and Meridian (20 acres); and the south half and the northwest quarter of Section 31, Township 8 North, Range 10 West of the San Bernardino Baseline and Meridian (480 acres).”*

2. **Amendment to Section 1.2.** Section 1.2 is hereby deleted in its entirety and replaced with the following:

“The term of this Agreement commences on the Effective Date and expires on December 31, 2021. The term of this Agreement may be extended for eight (8) additional one-year terms (January 1, 2022 to December 31, 2022; January 1, 2023 to December 31, 2023; January 1, 2024 to December 31, 2024; January 1, 2025 to December 31, 2025; January 1, 2026 to December 31, 2026; January 1, 2027 to December 31, 2027; January 1, 2028 to December 31, 2028; and January 1, 2029 to December 31, 2029) upon the written request of Lessee. Lessee’s request to extend the term of this Agreement must be submitted to the District no later than ninety (90) days prior to expiration of this Agreement. Any extension of the term of this Agreement will be on the same terms and conditions provided in this Agreement. Except where expressly provided otherwise, all provisions of this Agreement apply to any extended term.”

3. **Amendment to Section 2.1.** The first four sentences in Section 2.1 are hereby deleted in their entirety and replaced with the following:

“Lessee shall pay annual “**Land Rent**” of \$26,000 to the District based on a rental rate of \$40 per acre per year for the cultivation of any given 650 acres of the Leased Premises. Lessee shall also pay an annual “**Groundwater Service Fee**” of \$256,360 to the District. The Land Rent and Groundwater Service Fee together are “**Rent**”. As an inducement for Lessee’s entry into this Agreement, the District will abate Lessee’s Rent through and until December 31, 2020 and will abate Lessee’s Rent for the extended term of January 1, 2029 to December 31, 2029 (if exercised by Lessee), subject to the provisions set forth in Section 15.13.”

4. **Amendment to Section 3.4.** Section 3.4 is hereby deleted in its entirety and replaced with the following:

“Lessee acknowledges and agrees that the District has not made and does not make any representations or warranties as to (a) the quality of the groundwater or the suitability of the groundwater for Lessee’s use on the Leased Premises or (b) the Three New Wells, the Existing Wells, or any other wells at the Leased Premises or any aspect thereof, including the flow rate. Lessee hereby waives any right that it might have to recover damages from the District attributable to poor groundwater quality or lack of groundwater. The Parties acknowledge and agree that the Three New Wells produce a maximum flow rate of less than 7,500 gallons per minute (as originally contemplated) but that neither the Land Rent, nor the Groundwater Service Fee, nor the Permitted Volume will be reduced as a result of such reduction in maximum flow rate.”

5. **Amendment to Section 3.8.** Section 3.8 (which was added to the Original Agreement by the First Amendment) is hereby deleted in its entirety and replaced with the following:

“3.8 Temporary Transferability of Groundwater Rights. Subject to the prior written approval of the Antelope Valley Watermaster and the provisions of the Agreement and this Second Amendment, starting in 2019, Lessee may temporarily transfer up to a percentage of the Permitted Volume, including any carryover of the Permitted Volume up to the maximum percentage permitted in the year in which it accrued, as provided in the following chart (for example, if in 2024 Lessee extracts 1,850 AF of Permitted Volume, then 1,000 AF will carryover and because Lessee was allowed to transfer 50% of the Permitted Volume, or 1,425 AF, that year, Lessee may transfer the 1,000 AF carryover for that year and 425 AF is not transferable):

Year	Maximum Permitted Volume and Carryover Permitted Volume that May be Temporarily Transferred
2017	0%
2018	0%
2019	100%
2020	100%
2021	100%
2022	50%
2023	50%
2024	50%
2025	50%
2026	50%
2027	50%
2028	100%
2029	50%

If, between March 1, 2029 and July 31, 2029, Lessee is able to prove to the reasonable satisfaction of the District that Lessee is farming more than 300 acres of the Leased Premises (the “**Confirmation**”), then from the date of Confirmation by the District through the remaining term of the Agreement, Lessee’s ability to temporarily transfer 50% of the Permitted Volume, and any carryover of the Permitted Volume, in 2029 (as provided in the chart above) will increase to 100%.

Lessee's rights to temporarily transfer the Permitted Volume and any carryover of the Permitted Volume allocation will cease upon expiration or earlier termination of the Agreement.

Lessee shall be responsible for obtaining approval from the Antelope Valley Watermaster for this temporary transfer of groundwater production rights. Following written approval from the Antelope Valley Watermaster, Lessee shall inform the District in writing regarding how much of the Permitted Volume, or carryover water, under this Agreement is being temporarily transferred. Regardless of the amount transferred, the Rent will remain unchanged. Lessee shall ensure that any well used will be in compliance with the requirements of the Antelope Valley Watermaster. Lessee shall keep a true, correct, and complete log of the groundwater volume extracted as required by the Antelope Valley Watermaster, and submit a copy of the logs to the District within five business days after the end of each quarter."

6. **Exhibit A-2019.** Exhibit A-2019 to the Agreement is hereby replaced by the attached **Exhibit A-2020.** Any references in the Agreement and this Second Amendment to Exhibit A or Exhibit A-2019 are hereby replaced with **Exhibit A-2020.**

7. **No Further Modification.** Except only as modified by this Second Amendment, the Agreement remains in full force and effect. If there is any conflict or inconsistency between the Second Amendment and the Agreement, this Second Amendment prevails.

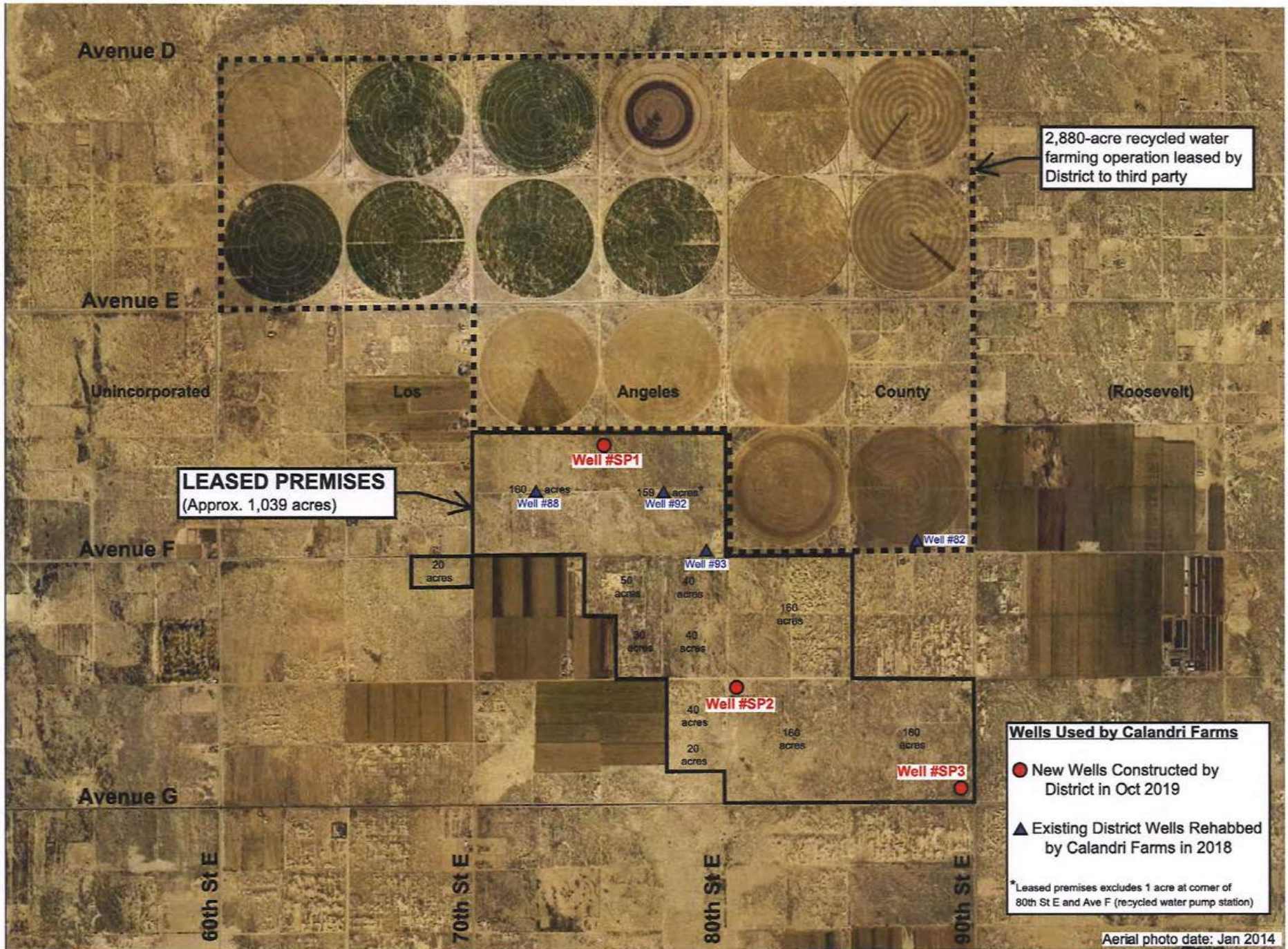
8. **No Admission/Waiver.** The Parties agree that this Second Amendment is the result of a compromise. Nothing in this Second Amendment or in any correspondence or discussions between the Parties (including statements made at any meeting of the Board of Directors of the District) concerning the terms of this Second Amendment is or will be construed as an admission by either Party of (a) any liability for any losses or damages, if any, sustained by the other Party or (b) a default or breach under the Agreement. The District and Lessee hereby waive the right to claim any damages arising out of any breach related to the installation of the Three New Wells arising prior to the Second Amendment Effective Date.

*[Signatures Appear on Following Page]*





Exhibit A - 2020





**LOS ANGELES COUNTY  
SANITATION DISTRICTS**  
*Converting Waste Into Resources*

**Robert C. Ferrante**  
Chief Engineer and General Manager

1955 Workman Mill Road, Whittier, CA 90601-1400  
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998  
(562) 699-7411 • www.lacsd.org

May 18, 2020

Contract #5072, 5072A, 5072B

**VIA EMAIL ONLY:** [brandoncalandri@yahoo.com](mailto:brandoncalandri@yahoo.com)

Mr. Brandon Calandri  
Calandri Farms, Inc.  
43511 70<sup>th</sup> Street East  
Lancaster, CA 93535

Dear Mr. Calandri:

**Permitted Volume and Rent**  
**Lease Agreement for District's Property and Groundwater Rights in Lancaster**

On December 17, 2019, County Sanitation District No. 14 of Los Angeles County (the "District") sent you the attached letter regarding reduction in Permitted Volume and Rent due to lower-than-anticipated yield from the new wells constructed by the District. This reduction was required under Section 3.4 of the *Groundwater and Land Lease Agreement* dated November 14, 2017, as amended on January 30, 2019.

On May 14, 2020, the District's Board of Directors approved the *Second Amendment to Groundwater and Land Lease Agreement*, which deleted from Section 3.4 the requirement to reduce the Permitted Volume and Rent if the new wells did not yield at least 7,500 gpm.

Therefore, the District's letter dated December 17, 2019, is hereby rescinded and the Permitted Volume and Rent is as follows:

Permitted Volume (AFY)	Annual Groundwater Service Fee Rent	Annual Land Rent
2,850	\$256,360	\$26,000

If you have any questions regarding this letter, please call Stan Pegadiotes, Head of the District's Planning and Property Management Section, at (562) 908-4288, extension 2705.

Very truly yours,

*Ray Tremblay*  
Raymond L. Tremblay  
Department Head  
Facilities Planning

RLT:SP:ddg

Attachment

cc: Antelope Valley Watermaster  
Mr. Jason Caudle, City Manager, City of Lancaster  
Mr. R. Steven Derryberry, Legal Counsel for Calandri Farms, Inc.

December 17, 2019  
 Contract #5072 and 5072A

**VIA CERTIFIED MAIL: 7004 2510 0004 1748 7464**  
**AND EMAIL: [brandoncalandri@yahoo.com](mailto:brandoncalandri@yahoo.com)**

Mr. Brandon Calandri  
 Calandri Farms, Inc.  
 43511 70<sup>th</sup> Street East  
 Lancaster, CA 93535

Dear Mr. Calandri:

**Reduction in Permitted Volume and Rent**  
**Lease Agreement for District's Property and Groundwater Rights in Lancaster**

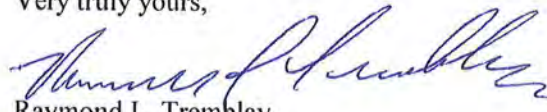
In October 2019, County Sanitation District No. 14 of Los Angeles County (the "District") completed construction of three new groundwater extraction wells on the 1,039-acre property leased by the District to Calandri Farms, Inc. ("Calandri"), northeast of the City of Lancaster. The safe yield of the new wells is as follows: 2,000 gallons per minute (gpm) for Well SP-1; 1,500 gpm for Well SP-2; and 1,750 gpm for Well SP-3. The total safe yield is 5,250 gpm.

In accordance with Section 3.4 of the Lease Agreement between the District and Calandri, dated November 14, 2017, as amended on January 30, 2019, the Permitted Volume that Calandri can extract and the Rent that Calandri must pay to the District shall be reduced proportionally if the new wells produce less than 7,500 gpm. The total safe yield of 5,250 gpm is 30 percent less than 7,500 gpm. Therefore, effective January 1, 2020, the Permitted Volume and Rent shall be reduced by 30 percent and shall be as follows:

	Permitted Volume (AFY)	Groundwater Service Fee Rent	Land Rent
Current	2,850	\$256,360	\$26,000
<b>Effective January 1, 2020</b>	<b>1,995</b>	<b>\$179,452</b>	<b>\$18,200</b>

If you have any questions regarding this letter, please call Stan Pegadiotes, Head of the District's Planning and Property Management Section, at (562) 908-4288, extension 2705.

Very truly yours,



Raymond L. Tremblay  
 Department Head  
 Facilities Planning

RLT:SP:ddg

cc: Antelope Valley Watermaster  
 Mr. Jason Caudle, City Manager, City of Lancaster

**TRANSFER REQUEST FORM**  
**ANTELOPE VALLEY WATERMASTER**

Please include an application fee according to the fee schedule posted on the Watermaster website:  
<https://avwatermaster.net>. Make check out to: Antelope Valley Watermaster  
Mail to: Antelope Valley Watermaster, P.O. Box 3025, Quartz Hill, California 93586 OR email to: [info@avwatermaster.net](mailto:info@avwatermaster.net)  
Call Watermaster Administrative staff at 661-234-8233 with questions. *Transfer Requests review could take up to 60 days.*

PERMANENT TRANSFER? Yes  or TEMPORARY/ONE-TIME TRANSFER? No   
IF TRANSFER DUE TO CHANGE IN LAND OWNERSHIP, PLEASE ATTACH DEED AS PROOF OF SALE OR A PRELIMINARY TITLE REPORT

Date Requested May 13, 2020 Amount Requested \_\_\_\_\_ acre-feet  
If Temporary, Calendar Year(s) to be Used not temporary  
Which Party will be paying the annual Administrative Assessment(s) for the transferred water? Buyer  
Is either Party a member of the Antelope Valley United Mutuals Group? No

**TRANSFER FROM (SELLER/TRANSFEROR):**

Name Craig Van Dam Street Address 41240 11th Street West, Suite A  
City Palmdale State California Zip Code 93551  
Phone 661-510-8205 email avfarming@yahoo.com  
APN#(s) where transfer originates (i.e., production well location(s)) 3220-006-097; 3384-001-001; and 3384-001-003  
APN#(s) (or water supply service area) where groundwater was used same

**TRANSFER TO (BUYER/TRANSFereeE):**

Name Calandri Farms, Inc. Street Address 43511 North 70th Street  
City Lancaster State California Zip Code 9535  
Phone 661-946-9022 email brandoncalandri@yahoo.com

**Note: Legal notices under the Judgment will be sent to the above email address. You are required to keep this information up to date. Please notify the Watermaster of any changes.**

APN#(s) (or water supply service area) where transfer will be pumped and used 3307-017-959; 3307-017-948; 3307-017-938 3307-017-941; 3307-017-937; 3307-017-902; 3307-017-936; and 3307-017-935

**Purpose of Transfer:**

- Permanent Transfer resulting from Property Sale/Transfer [PLEASE ATTACH DEED OR PRELIMINARY TITLE REPORT]
- Additional Source of Water
- Other, explain \_\_\_\_\_

**Water is to be Transferred from/to: (transferred water retains its original water type):**

- Current Year Production Right: amount \_\_\_\_\_ acre-feet
- Carry Over Water: amount \_\_\_\_\_ acre-feet
- Storage: amount \_\_\_\_\_ acre-feet
- Other, explain permanent Overlying Production Right of 1 acre-foot

(Transferred water retains its original water type – e.g., transferred Carry Over Water remains Carry Over water)

**WATER QUALITY AND WATER LEVELS (not required if transfer is in association of change of land ownership)**

Are Parties aware of any water quality issues that exist in either the area transferred from or to? No

If yes, please explain: n/a

Please provide groundwater elevations in the areas affected by the transfer. n/a

Are Parties aware of any water level issues that exist in either the area transferred from or to? No

If yes, please explain: n/a

**MAPS**

➡ Please include a map of the area where the water was used by the Transferor and a map of the area where the water is intended to be used by the Transferee. Include locations of production facilities involved in or affected by the Transfer. This map can include all possible locations of past source and use and future source and use.

**SECURITY INTEREST OR LIENHOLDERS**

For Permanent Transfers, please provide a list of all parties with a recorded security interest, deed of trust or a lien in such real property or in crops growing or to be grown thereon, and attach copies of written notices to such parties and copies of return receipts. \_\_\_\_\_

**The transfer shall be conditioned upon:**

1. Transferee shall succeed to the right of Transferor under the terms of the Judgment.
2. Transferee shall only use Transferred waters for reasonable and beneficial uses.
3. Any Transferee not already a Party to the Judgment must intervene and become a Party to the Judgment.
4. All applicable assessments (Administrative and Balance) and transfer fees are paid in full.
5. If the Watermaster determines that the transfer has resulted in a material injury, the parties will be required to work with the Watermaster Board to mitigate that material injury.
6. For Permanent Transfers, the Parties agree to duly record in the office of the appropriate County Recorder a document reflecting the Permanent Transfer reflected in this Transfer Form.

**SIGNATURES**

I understand and agree to abide by the terms of the Antelope Valley Adjudication Judgment. I certify that the information provided on this Transfer Request Form is correct to the best of my knowledge and that the signature below, whether original, electronic, or photocopied, is authorized and valid, and is affixed with the intent to be enforceable. I understand that it is my responsibility to notify the Antelope Valley Watermaster of any changes in any of the information provided on this form within 15 days. I also understand that additional information may be required if there is a suspected potential for a material injury as defined in the Judgment.

Signature of Transferor Craig G. Dwy Date 5-13-20

Signature of Transferee Donald Collier Hamlett Date 5-13-2020

<b>To be completed by the Waterma:</b>	
Watermaster Engineer Approval <u>Katherine White</u>	Date <u>6/11/20</u>
Watermaster Board Approval _____	Date _____

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

STATE OF CALIFORNIA

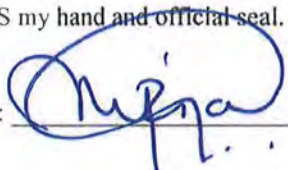
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COUNTY OF LOS ANGELES

On May 13, 2020, before me, Myriam Moffitt, a Notary Public, personally appeared Craig Van Dam, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature:  (Seal)



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

STATE OF CALIFORNIA

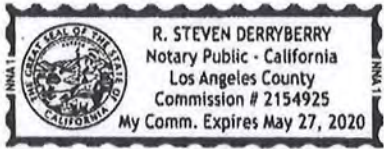
COUNTY OF LOS ANGELES

On May 13, 2020 before me, R. Steven Derryberry, a Notary Public, personally appeared Brandon Calandri, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: [Handwritten Signature] (Seal)



## WATER RIGHTS TRANSFER AGREEMENT

This Water Rights Transfer Agreement (the "Agreement") dated May 13, 2020 is entered into by and between Craig Van Dam ("Owner") and Calandri Farms, Inc. ("Buyer"). Owner and Buyer are collectively referred to herein as "Parties."

### RECITALS

This Agreement is made with respect to the following facts:

A. Owner is the owner in fee simple absolute of the real property known as Los Angeles County Tax Assessor Parcel Numbers 3220-006-097; 3384-001-001; and 3384-001-003 (collectively referred to herein as the "Property").

B. Owner is also the owner of no less than one (1) acre-foot of Overlying Production Right upon the Property, which gives Owner the permanent annual right to extract that amount of water from the Property.

C. Owner desires to transfer said water rights to Buyer, pursuant to the terms of this Agreement.

### AGREEMENT

IN CONSIDERATION of the foregoing recitals and the mutual promises set forth herein, Owner and Buyer agree as follows:

**1. Water Rights Transfer.** Owner hereby transfers to Buyer, and Buyer hereby accepts from Owner, one (1) acre-feet of Overlying Production Rights (the "Transferred Water Rights").

**2. Payments to Owner.** In consideration of the foregoing, Buyer shall remit \$3,500.00 (three thousand five hundred dollars) to Owner within two business days after final approval of this transaction by the Antelope Valley Watermaster Board.

**3. Antelope Valley Watermaster Approval.**

Owner agrees to execute and deliver to Buyer all documents which may be required by the Antelope Valley Watermaster ("Watermaster") to reflect the transfer to Buyer of the Transferred Water Rights which are the subject of this Agreement. All such documents shall be in such form and substance as shall be reasonably satisfactory to Owner, Buyer, and the Watermaster.

Without limitation, Buyer shall execute, acknowledge, and deliver to Owner a copy of the Watermaster's Transfer Request Form ("Watermaster Form"), attached as Exhibit A. Owner shall execute the Watermaster Form and deliver a fully-executed copy thereof to the staff of the Watermaster. At the time of such filing, Owner shall request that the Watermaster consider the Watermaster Form at the earliest practicable date.



The Parties shall promptly provide such documents and information to the staff of the Watermaster as they may reasonably request from the Parties in connection herewith. If the Watermaster fails to take any action which is necessary for the transfer contemplated by this Agreement to become effective, then the Parties shall negotiate in good faith to determine whether any changes thereto, which are reasonably satisfactory to the Parties in their respective discretions, should be made by them to facilitate such action by the Watermaster. Notwithstanding anything to the contrary herein, neither Party shall be required to execute any document or take any action that will result in any liability or expense (other than nominal expenses such as telephone charges and overnight delivery charges).

**4. Authority.**

a. Each Party has the right, power, and authority to enter into this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of each Party have the right, power, and authority to do so.

b. To each Party's actual knowledge, other than the approval of the Watermaster, no consent from any third party (including any governmental agency or authority) is required in connection with the transfer of Transferred Water Rights to the Buyer pursuant to this Agreement.

c. To each Party's actual knowledge, each Party is not now, or at any time relevant for the implementation of this Agreement, in violation of any law, ordinance, rule, regulation, or administrative or judicial order affecting each Party's right to transfer Transferred Water Rights or take any action under this Agreement.

**5. Warranties.**

a. Owner has no knowledge of any outstanding judgments against Owner that would in any manner affect the consummation of this transaction or constitute any cloud upon the title to the Transferred Water Rights. Owner has no knowledge of any pending litigation, proceedings, or investigations, or any threats of litigation, proceedings, or investigations, which might result in any cloud upon the title to the Transferred Water Rights, or any other material change in the value of the Transferred Water Rights, other than those consolidated appeals challenging the Antelope Valley Groundwater Judgment and Physical Solution that are still pending as of the Effective Date.

b. Owner now has, and as of the Effective Date will have, good and merchantable, fee simple title to the Transferred Water Rights. The Transferred Water Rights are free and clear of all liens, security interests, mortgages, pledges, encumbrances, ditch fees, taxes and assessments, and charges or claims of whatever nature. The Transferred Water Rights are in good standing with the Antelope Valley Watermaster, the County of Los Angeles, the State of California, and all other government agencies with jurisdiction or authority over the Transferred Water Rights. The Transferred Water Rights have not been forfeited or abandoned, and are not subject to lien, receivership, nor any other encumbrance whatsoever.

c. All such use, consumption, or distribution by Buyer shall be in compliance with all applicable laws, statutes, and regulations pertaining thereto, and only for reasonable and beneficial uses.

d. To the best of Owner's knowledge, under the terms of the Judgment and California law: (i) any portion of the Transferred Water Rights that Buyer does not use or produce in the year of the Effective Date of this Agreement shall become Carry-Over water for the Buyer pursuant to Section 12.4.5 of the Antelope Valley Watermaster Rules and Regulations; and (ii) the foregoing water rights transfer is with flex; such that Buyer may use the water, store the water, and/or further assign the right to transfer the water to third parties; all without any further consent by Owner.

**6. Conditions Precedent.** The obligation of Buyer to close this transaction and to make payment pursuant to Section 2 herein is subject to the fulfillment of each of the following conditions, which Owner and Buyer shall utilize their best efforts and highest possible diligence to achieve:

a. The Antelope Valley Watermaster shall verify that Owner is the owner of the Transferred Water Rights. In furtherance of the foregoing, Owner shall provide to the Antelope Valley Watermaster any and all documents that it requires to confirm that Owner is the owner of the Transferred Water Rights, and that Owner possesses sole legal right and standing to convey the Transferred Water Rights; and

b. The Antelope Valley Watermaster shall communicate its approval of this transaction, via execution of the Transfer Request Form by a Watermaster Engineer and an authorized Board Member or Secretary of the Watermaster Board.

Upon fulfillment of the preceding conditions, this Agreement shall constitute a binding obligation of Buyer to remit the Consideration to Owner; thereby implementing this Agreement. Upon Buyer's tender of the Consideration; Owner shall prepare and deliver to Buyer such documents as reasonably requested by Buyer to implement or memorialize this transaction.

**7. Time of the Essence.** Time is of the essence as to each and every provision of this Agreement.

**8. Right to Cure.** Neither Party shall be considered in default of this Agreement unless it has failed to perform under the Agreement for a period of ten (10) business days after receipt of written notice of default from the Party not in default. The notice of default shall specify in detail the nature of the alleged default and the manner in which the default may be cured. Upon the default by any Party under this Agreement, the Party not in default shall have all rights and remedies provided by law including, but not limited to, the right to seek damages or specific performance.

**9. Notices.** All communications and notices required by this Agreement, and all demands (collectively "Notices") of any kind shall be made in writing and personally served or sent by registered or certified mail, postage prepaid to the following:

Buyer: Attn: Brandon Calandri  
Calandri Farms, Inc.  
43511 North 70<sup>th</sup> Street East  
Lancaster, California, 93535  
brandoncalandri@yahoo.com  
Office: 661-946-9022

Owner: Attn: Craig Van Damn  
c/o Steven Derryberry  
41240 11<sup>th</sup> Street West, Suite A  
Palmdale, California, 93551

Any Notice personally served shall be effective upon service. Any Notice sent by mail, and properly addressed, shall be effective upon date of receipt, or refusal as indicated on the return receipt. Either party may change its address for Notices by Notice to the other given in a manner provided in this subparagraph. Any party receiving any Notice under this Agreement may receive and accept service thereof via email, so long as said party provides a separate reply email confirming receipt of any such Notice to the party giving such Notice.

#### **10. General Contract Terms.**

a. Recitals. The parties hereby stipulate and agree for all purposes that the recitals set forth above are and shall remain binding upon the Parties and conclusive with respect to the subject matter thereof. The parties hereby forever waive their right to challenge, oppose, or audit documentation relating to the facts set forth in the recitals.

b. Fully Negotiated Agreement. This Agreement has been fully negotiated by the parties hereto, and as such, neither party shall be deemed to be the drafter of this Agreement for purposes of interpretation or enforcement.

c. Entire Agreement. This Agreement (after full execution) memorializes and constitutes the complete and final integration and entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces all prior and contemporaneous negotiations, proposed agreements, and agreements, whether written or unwritten, whether express or implied. The parties declare and represent that no representation, warranty, covenant, understanding, agreement, restriction, condition, promise, inducement, or agreement not herein expressed has been imposed or made by the other party or by any other person or entity. This Agreement may be amended and modified only by an agreement in writing agreed to and signed by all parties to this Agreement. Any purported amendment or modification of this Agreement not memorialized in a writing signed by all parties to this Agreement shall be null and void. All covenants, warranties, and representations set forth herein shall survive this Agreement.

d. Further Documents. The parties hereby agree and promise to promptly execute such further documents and perform such further acts as may be reasonably necessary or appropriate to fully implement the provisions and intent of this Agreement.

e. Severability. If any provision, clause, or term of this Agreement held to be unenforceable, illegal, invalid, or incorrect by a court of competent jurisdiction, such provision, clause, or term shall be deemed to be severed and deleted, and neither such provision, clause, or term, nor its severance and deletion, shall affect the validity or interpretation of the remaining provisions and terms of this Agreement.

f. Time of Essence. There are no grace periods for the payments or actions set forth herein. It is herein expressly acknowledged, understood and agreed, by and between the parties hereto that time is of the essence with respect to all payments and executory acts set forth herein.

g. Successors and Assigns. This Agreement shall be binding upon and shall inure to the respective heirs, successors, and assigns of the parties hereto. However, nothing contained in this paragraph shall be construed or interpreted to permit the transfer, conveyance, or encumbrance of the parties' respective rights hereunder, unless specifically authorized under this Agreement or permitted by law.

h. Legal Advice. The parties hereby acknowledge that they have been given ample opportunity to review this Agreement with legal counsel of their own choice, and that the provisions hereof and their legal effect have been fully analyzed and explained by such counsel. The parties further confirm that they fully understand the terms, conditions, and provisions of this Agreement, and believe them to be fair, just, and reasonable under the existing circumstances. The parties further confirm that each is entering into this Agreement freely and voluntarily, and that their execution, of this Agreement is not the result of duress, undue influence, collusion, or improper or illegal agreement or agreements, and the parties fully and completely intend to be bound and restricted by the terms of this Agreement.

i. Attorney's Fees and Costs. In the event that it becomes necessary for any party hereto to bring or defend any action, arbitration, appeal, or other legal proceeding to enforce or interpret the terms of this Agreement, the Prevailing Party in such proceeding shall be entitled to a judgment, award, and/or order against the non-Prevailing Party for all attorneys' fees and costs of suit incurred therein by the Prevailing Party.

j. Governing Law. This Agreement is made and entered into and shall in all respects be interpreted, enforced, and governed under the laws of the State of California.

k. Mediation. The Parties hereby agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate in good faith after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action.

l. Arbitration. The Members and Managers agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least five years' experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with California Code of Civil Procedure §1283.05 and all similar laws of other states. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure and all similar laws of other states. Judgment upon the award of the arbitrator may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act. The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a

notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation or arbitration provisions.

m. **Jurisdiction and Venue.** Subject matter jurisdiction and venue for any court action relating to this Agreement shall be in the State of California, Los Angeles County, North District (Lancaster Courthouse).

n. **Waiver of Jury Trial.** As a material inducement to all other members, each member hereby waives trial by jury with respect to any action, claim, suit or proceeding in respect of or arising out of this agreement. Each member has obtained the advice of its legal counsel before signing this agreement and acknowledges that it has voluntarily agreed to this waiver of their right to a trial by jury with full knowledge of its significance and legal consequence.

o. **Gender and Number.** As used herein, all masculine, feminine, and neuter terms, and all singular and plural terms, shall be interchangeable where the context so requires or implies.

p. **Paragraph Headings.** The titles to the paragraphs of this Agreement are solely for the convenience of the reader and shall not be used to explain, modify, simplify, expand, limit, or aid in the interpretation or enforcement of this Agreement.

q. **Authority.** Any person executing this Agreement on behalf of a corporation, partnership, limited liability company, trust, estate, or other non-human entity hereby represents and certifies that they are fully, completely, and expressly authorized to execute this Agreement on behalf of such entity, and to bind such entity to the terms of this Agreement.

r. **Counterparts.** This Agreement may be executed and delivered via electronic signatures, email, or other facsimile, and in counterparts, each of which shall be deemed an original against the party whose signature appears thereon, and when all counterparts are held together as one, the sum of all counterparts will be considered the whole document. The exchange and delivery of original signatures, and the statement below that signatures should be notarized, shall be for additional authentication only, and is not a condition precedent to the formation of a binding agreement.

s. **Binding Agreement.** By signing below, the parties hereby warrant that they agree to, and are hereby bound, obligated, liable, and restricted by all of the terms, conditions, and recitals set forth in this Agreement.

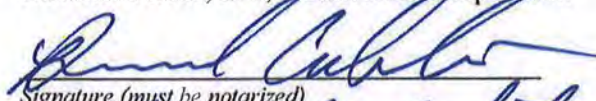
Dated: 5-13-20

Craig Van Dam

  
Signature (must be notarized)

Dated: 5-13-2020

Calandri Farms, Inc., a California Corporation

  
Signature (must be notarized)  
Donald Calandri President  
Print Name and Title

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

STATE OF CALIFORNIA

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COUNTY OF LOS ANGELES

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On May 13, 2020, before me, Myriam Moffitt, a Notary Public, personally appeared Craig Van Dam, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

*Myriam*

(Seal)



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

STATE OF CALIFORNIA


§  
§  
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COUNTY OF LOS ANGELES

On May 13, 2020, before me, Myriam Moffitt, a Notary Public, personally appeared Brandon Calandri, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

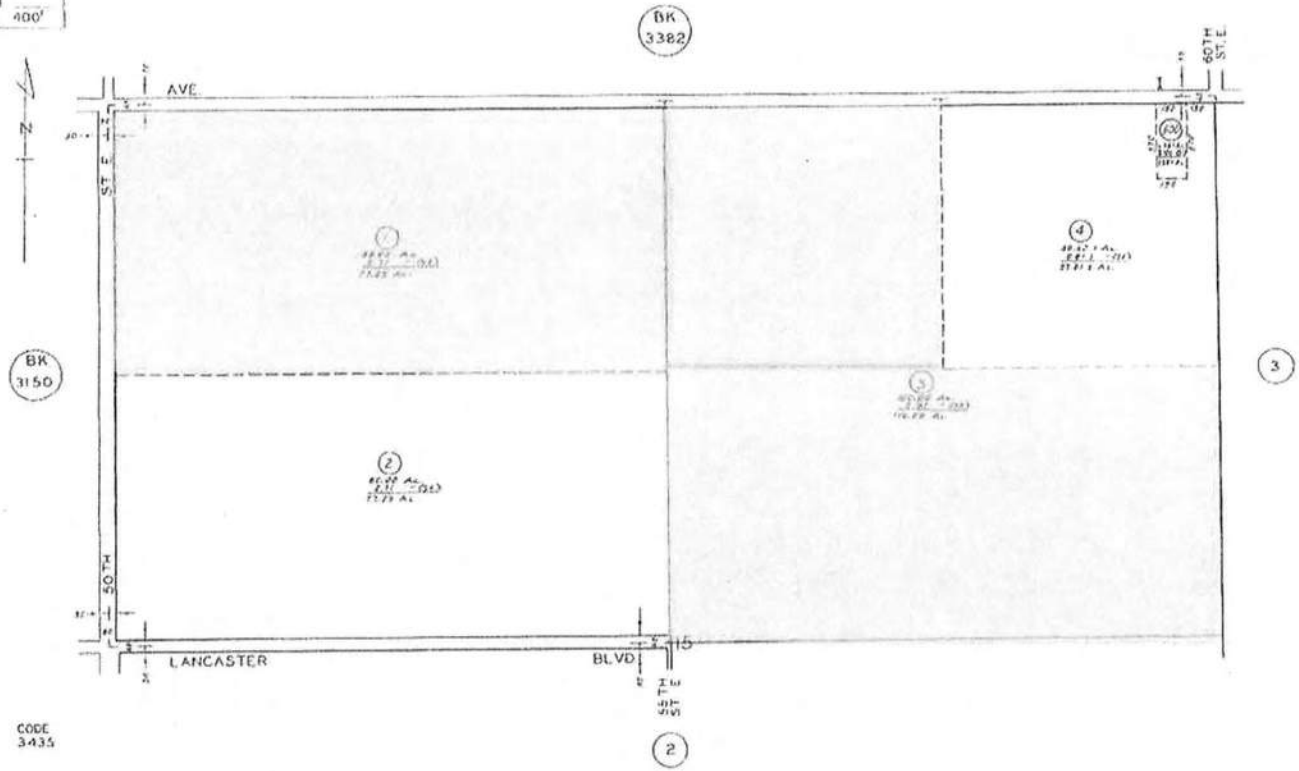
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:  (Seal)



3384 I  
SCALE 1" = 400'



CODE  
3-435

FOR PREV. ASSMT SEE:  
3150-2

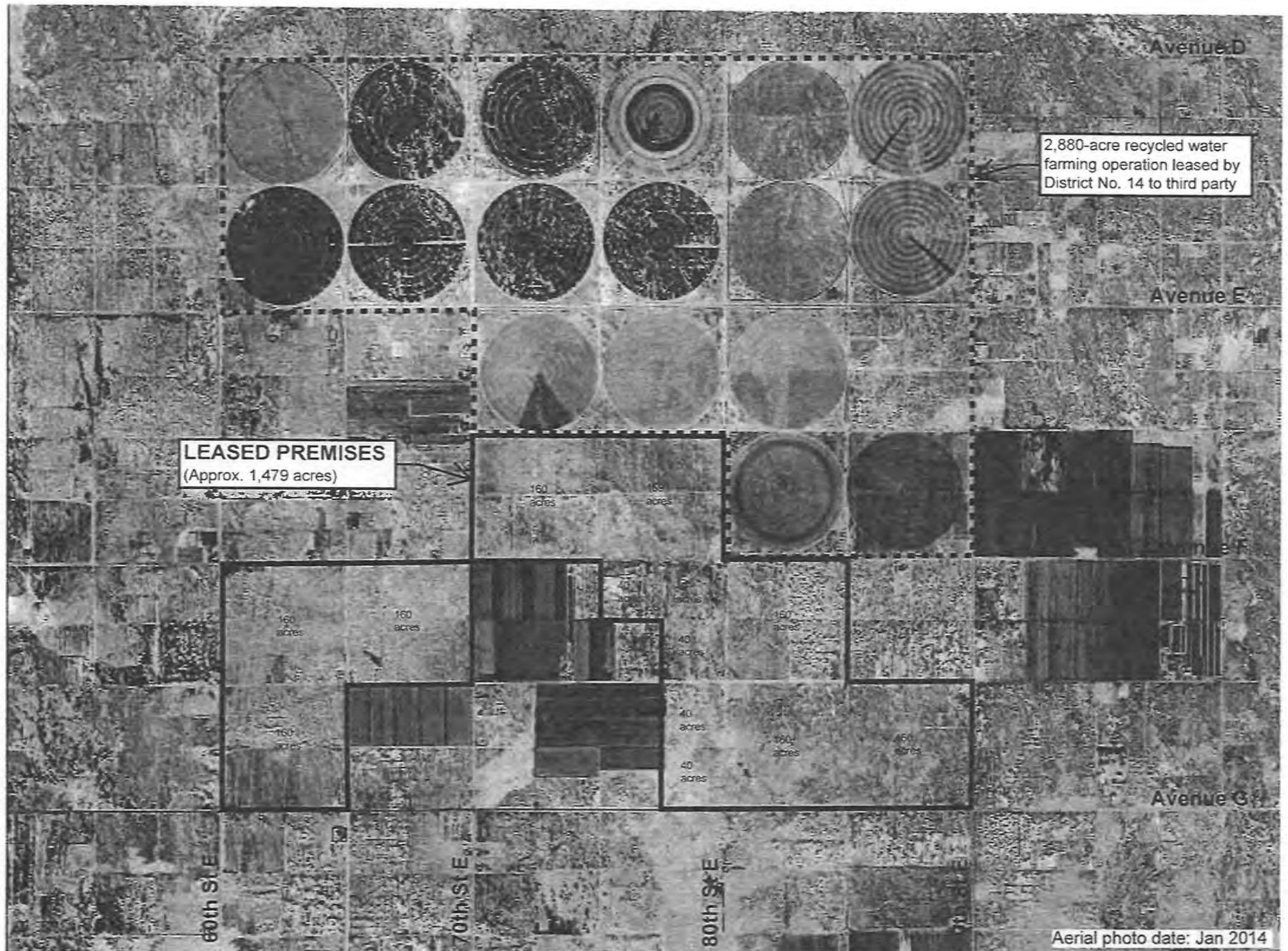
T. 7 N., R. 11 W.

ASSESSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.





Exhibit A



# TRANSFER REQUEST FORM

## ANTELOPE VALLEY WATERMASTER

Please include an application fee according to the fee schedule posted on the Watermaster website:

<https://avwatermaster.net>. Make check out to: Antelope Valley Watermaster

Mail to: Antelope Valley Watermaster, P.O. Box 3025, Quartz Hill, California 93586 OR email to: [info@avwatermaster.net](mailto:info@avwatermaster.net)

Call Watermaster Administrative staff at 661-234-8233 with questions. *Transfer Requests review could take up to 60 days.*

PERMANENT TRANSFER? Yes  or TEMPORARY/ONE-TIME TRANSFER? No

IF TRANSFER DUE TO CHANGE IN LAND OWNERSHIP, PLEASE ATTACH DEED AS PROOF OF SALE OR A PRELIMINARY TITLE REPORT

Date Requested May 13, 2020 Amount Requested 1 acre-feet

If Temporary, Calendar Year(s) to be Used not temporary

Which Party will be paying the annual Administrative Assessment(s) for the transferred water? Buyer

Is either Party a member of the Antelope Valley United Mutuals Group? No

### TRANSFER FROM (SELLER/TRANSFEROR):

Name Craig Van Dam Street Address 41240 11th Street West, Suite A

City Palmdale State California Zip Code 93551

Phone 661-510-8205 email avfarming@yahoo.com

APN#(s) where transfer originates (i.e., production well location(s)) 3220-006-097; 3384-001-001; and 3384-001-003

APN#(s) (or water supply service area) where groundwater was used same

### TRANSFER TO (BUYER/TRANSFeree):

Name V Lions Operations, L.P. Street Address Post Office Box 1200

City Wasco State California Zip Code 93280

Phone 661-772-5858 email mmlwee@pacific-ag.net

**Note: Legal notices under the Judgment will be sent to the above email address. You are required to keep this information up to date. Please notify the Watermaster of any changes.**

APN#(s) (or water supply service area) where transfer will be pumped and used None at this time. Buyer will comply with the AV Adjudication Judgment, all Watermaster rules, and all California laws before extracting or using and water procured hereby.

### Purpose of Transfer:

- Permanent Transfer resulting from Property Sale/Transfer [PLEASE ATTACH DEED OR PRELIMINARY TITLE REPORT]
- Additional Source of Water
- Other, explain \_\_\_\_\_

### Water is to be Transferred from/to: (transferred water retains its original water type):

- Current Year Production Right: amount \_\_\_\_\_ acre-feet
- Carry Over Water: amount \_\_\_\_\_ acre-feet
- Storage: amount \_\_\_\_\_ acre-feet
- Other, explain permanent Overlying Production Right of 1 acre-foot

(Transferred water retains its original water type – e.g., transferred Carry Over Water remains Carry Over water)

**WATER QUALITY AND WATER LEVELS (not required if transfer is in association of change of land ownership)**

Are Parties aware of any water quality issues that exist in either the area transferred from or to? No   
If yes, please explain: n/a

Please provide groundwater elevations in the areas affected by the transfer. n/a

Are Parties aware of any water level issues that exist in either the area transferred from or to? No   
If yes, please explain: n/a

**MAPS**

➡ Please include a map of the area where the water was used by the Transferor and a map of the area where the water is intended to be used by the Transferee. Include locations of production facilities involved in or affected by the Transfer. This map can include all possible locations of past source and use and future source and use.

**SECURITY INTEREST OR LIENHOLDERS**

For Permanent Transfers, please provide a list of all parties with a recorded security interest, deed of trust or a lien in such real property or in crops growing or to be grown thereon, and attach copies of written notices to such parties and copies of return receipts. \_\_\_\_\_

**The transfer shall be conditioned upon:**

1. Transferee shall succeed to the right of Transferor under the terms of the Judgment.
2. Transferee shall only use Transferred waters for reasonable and beneficial uses.
3. Any Transferee not already a Party to the Judgment must intervene and become a Party to the Judgment.
4. All applicable assessments (Administrative and Balance) and transfer fees are paid in full.
5. If the Watermaster determines that the transfer has resulted in a material injury, the parties will be required to work with the Watermaster Board to mitigate that material injury.
6. For Permanent Transfers, the Parties agree to duly record in the office of the appropriate County Recorder a document reflecting the Permanent Transfer reflected in this Transfer Form.

**SIGNATURES**

I understand and agree to abide by the terms of the Antelope Valley Adjudication Judgment. I certify that the information provided on this Transfer Request Form is correct to the best of my knowledge and that the signature below, whether original, electronic, or photocopied, is authorized and valid, and is affixed with the intent to be enforceable. I understand that it is my responsibility to notify the Antelope Valley Watermaster of any changes in any of the information provided on this form within 15 days. I also understand that additional information may be required if there is a suspected potential for a material injury as defined in the Judgment.

Signature of Transferor *Gregory D. ...* Date 5-13-20

Signature of Transferee *John B. ...* Date 5/13/2020

<b>To be completed by the Watermaster:</b>	
Watermaster Engineer Approval <u><i>Katherine White</i></u>	Date <u>6/11/20</u>
Watermaster Board Approval _____	Date _____



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

STATE OF CALIFORNIA

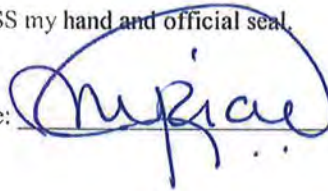
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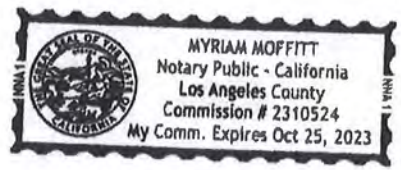
COUNTY OF LOS ANGELES

On May 13, 2020, before me, Myriam Moffitt, a Notary Public, personally appeared Craig Van Dam, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature:  (Seal)



## WATER RIGHTS TRANSFER AGREEMENT

This Water Rights Transfer Agreement (the "Agreement") dated May 13, 2020 is entered into by and between Craig Van Dam ("Owner") and V Lions Operations, L.P. ("Buyer"). Owner and Buyer are collectively referred to herein as "Parties."

### RECITALS

This Agreement is made with respect to the following facts:

A. Owner is the owner in fee simple absolute of the real property known as Los Angeles County Tax Assessor Parcel Numbers 3220-006-097; 3384-001-001; and 3384-001-003 (collectively referred to herein as the "Property").

B. Owner is also the owner of no less than one (1) acre-foot of Overlying Production Right upon the Property, which gives Owner the permanent annual right to extract that amount of water from the Property.

C. Owner desires to transfer said water rights to Buyer, pursuant to the terms of this Agreement.

### AGREEMENT

IN CONSIDERATION of the foregoing recitals and the mutual promises set forth herein, Owner and Buyer agree as follows:

**1. Water Rights Transfer.** Owner hereby transfers to Buyer, and Buyer hereby accepts from Owner, one (1) acre-feet of Overlying Production Rights (the "Transferred Water Rights").

**2. Payments to Owner.** In consideration of the foregoing, Buyer shall remit \$3,500.00 (three thousand five hundred dollars) to Owner within two business days after final approval of this transaction by the Antelope Valley Watermaster Board.

**3. Antelope Valley Watermaster Approval.**

Owner agrees to execute and deliver to Buyer all documents which may be required by the Antelope Valley Watermaster ("Watermaster") to reflect the transfer to Buyer of the Transferred Water Rights which are the subject of this Agreement. All such documents shall be in such form and substance as shall be reasonably satisfactory to Owner, Buyer, and the Watermaster.

Without limitation, Buyer shall execute, acknowledge, and deliver to Owner a copy of the Watermaster's Transfer Request Form ("Watermaster Form"), attached as Exhibit A. Owner shall execute the Watermaster Form and deliver a fully-executed copy thereof to the staff of the Watermaster. At the time of such filing, Owner shall request that the Watermaster consider the Watermaster Form at the earliest practicable date.

The Parties shall promptly provide such documents and information to the staff of the Watermaster as they may reasonably request from the Parties in connection herewith. If the Watermaster fails to take any action which is necessary for the transfer contemplated by this Agreement to become effective, then the Parties shall negotiate in good faith to determine whether any changes thereto, which are reasonably satisfactory to the Parties in their respective discretions, should be made by them to facilitate such action by the Watermaster. Notwithstanding anything to the contrary herein, neither Party shall be required to execute any document or take any action that will result in any liability or expense (other than nominal expenses such as telephone charges and overnight delivery charges).

**4. Authority.**

a. Each Party has the right, power, and authority to enter into this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of each Party have the right, power, and authority to do so.

b. To each Party's actual knowledge, other than the approval of the Watermaster, no consent from any third party (including any governmental agency or authority) is required in connection with the transfer of Transferred Water Rights to the Buyer pursuant to this Agreement.

c. To each Party's actual knowledge, each Party is not now, or at any time relevant for the implementation of this Agreement, in violation of any law, ordinance, rule, regulation, or administrative or judicial order affecting each Party's right to transfer Transferred Water Rights or take any action under this Agreement.

**5. Warranties.**

a. Owner has no knowledge of any outstanding judgments against Owner that would in any manner affect the consummation of this transaction or constitute any cloud upon the title to the Transferred Water Rights. Owner has no knowledge of any pending litigation, proceedings, or investigations, or any threats of litigation, proceedings, or investigations, which might result in any cloud upon the title to the Transferred Water Rights, or any other material change in the value of the Transferred Water Rights, other than those consolidated appeals challenging the Antelope Valley Groundwater Judgment and Physical Solution that are still pending as of the Effective Date.

b. Owner now has, and as of the Effective Date will have, good and merchantable, fee simple title to the Transferred Water Rights. The Transferred Water Rights are free and clear of all liens, security interests, mortgages, pledges, encumbrances, ditch fees, taxes and assessments, and charges or claims of whatever nature. The Transferred Water Rights are in good standing with the Antelope Valley Watermaster, the County of Los Angeles, the State of California, and all other government agencies with jurisdiction or authority over the Transferred Water Rights. The Transferred Water Rights have not been forfeited or abandoned, and are not subject to lien, receivership, nor any other encumbrance whatsoever.

c. All such use, consumption, or distribution by Buyer shall be in compliance with all applicable laws, statutes, and regulations pertaining thereto, and only for reasonable and beneficial uses.



d. To the best of Owner's knowledge, under the terms of the Judgment and California law: (i) any portion of the Transferred Water Rights that Buyer does not use or produce in the year of the Effective Date of this Agreement shall become Carry-Over water for the Buyer pursuant to Section 12.4.5 of the Antelope Valley Watermaster Rules and Regulations; and (ii) the foregoing water rights transfer is with flex; such that Buyer may use the water, store the water, and/or further assign the right to transfer the water to third parties; all without any further consent by Owner.

**6. Conditions Precedent.** The obligation of Buyer to close this transaction and to make payment pursuant to Section 2 herein is subject to the fulfillment of each of the following conditions, which Owner and Buyer shall utilize their best efforts and highest possible diligence to achieve:

a. The Antelope Valley Watermaster shall verify that Owner is the owner of the Transferred Water Rights. In furtherance of the foregoing, Owner shall provide to the Antelope Valley Watermaster any and all documents that it requires to confirm that Owner is the owner of the Transferred Water Rights, and that Owner possesses sole legal right and standing to convey the Transferred Water Rights; and

b. The Antelope Valley Watermaster shall communicate its approval of this transaction, via execution of the Transfer Request Form by a Watermaster Engineer and an authorized Board Member or Secretary of the Watermaster Board.

Upon fulfillment of the preceding conditions, this Agreement shall constitute a binding obligation of Buyer to remit the Consideration to Owner; thereby implementing this Agreement. Upon Buyer's tender of the Consideration; Owner shall prepare and deliver to Buyer such documents as reasonably requested by Buyer to implement or memorialize this transaction.

**7. Time of the Essence.** Time is of the essence as to each and every provision of this Agreement.

**8. Right to Cure.** Neither Party shall be considered in default of this Agreement unless it has failed to perform under the Agreement for a period of ten (10) business days after receipt of written notice of default from the Party not in default. The notice of default shall specify in detail the nature of the alleged default and the manner in which the default may be cured. Upon the default by any Party under this Agreement, the Party not in default shall have all rights and remedies provided by law including, but not limited to, the right to seek damages or specific performance.

**9. Notices.** All communications and notices required by this Agreement, and all demands (collectively "Notices") of any kind shall be made in writing and personally served or sent by registered or certified mail, postage prepaid to the following:

Owner: Attn: Craig Van Damn  
c/o Steven Derryberry  
41240 11<sup>th</sup> Street West, Suite A  
Palmdale, California, 93551

Buyer: Attn: Mitch Millwee  
V Lions Operations, LP, a Nevada Limited Partnership  
Post Office Box 1200  
Wasco, California, 93280  
mmillwee@pacific-ag.net  
Office: 661-772-5828

Any Notice personally served shall be effective upon service. Any Notice sent by mail, and properly addressed, shall be effective upon date of receipt, or refusal as indicated on the return receipt. Either party may change its address for Notices by Notice to the other given in a manner provided in this subparagraph. Any party receiving any Notice under this Agreement may receive and accept service thereof via email, so long as said party provides a separate reply email confirming receipt of any such Notice to the party giving such Notice.

#### **10. General Contract Terms.**

a. Recitals. The parties hereby stipulate and agree for all purposes that the recitals set forth above are and shall remain binding upon the Parties and conclusive with respect to the subject matter thereof. The parties hereby forever waive their right to challenge, oppose, or audit documentation relating to the facts set forth in the recitals.

b. Fully Negotiated Agreement. This Agreement has been fully negotiated by the parties hereto, and as such, neither party shall be deemed to be the drafter of this Agreement for purposes of interpretation or enforcement.

c. Entire Agreement. This Agreement (after full execution) memorializes and constitutes the complete and final integration and entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces all prior and contemporaneous negotiations, proposed agreements, and agreements, whether written or unwritten, whether express or implied. The parties declare and represent that no representation, warranty, covenant, understanding, agreement, restriction, condition, promise, inducement, or agreement not herein expressed has been imposed or made by the other party or by any other person or entity. This Agreement may be amended and modified only by an agreement in writing agreed to and signed by all parties to this Agreement. Any purported amendment or modification of this Agreement not memorialized in a writing signed by all parties to this Agreement shall be null and void. All covenants, warranties, and representations set forth herein shall survive this Agreement.

d. Further Documents. The parties hereby agree and promise to promptly execute such further documents and perform such further acts as may be reasonably necessary or appropriate to fully implement the provisions and intent of this Agreement.

e. Severability. If any provision, clause, or term of this Agreement held to be unenforceable, illegal, invalid, or incorrect by a court of competent jurisdiction, such provision, clause, or term shall be deemed to be severed and deleted, and neither such provision, clause, or term, nor its severance and deletion, shall affect the validity or interpretation of the remaining provisions and terms of this Agreement.

f. Time of Essence. There are no grace periods for the payments or actions set forth herein. It is herein expressly acknowledged, understood and agreed, by and between the parties

hereto that time is of the essence with respect to all payments and executory acts set forth herein.

g. Successors and Assigns. This Agreement shall be binding upon and shall inure to the respective heirs, successors, and assigns of the parties hereto. However, nothing contained in this paragraph shall be construed or interpreted to permit the transfer, conveyance, or encumbrance of the parties' respective rights hereunder, unless specifically authorized under this Agreement or permitted by law.

h. Legal Advice. The parties hereby acknowledge that they have been given ample opportunity to review this Agreement with legal counsel of their own choice, and that the provisions hereof and their legal effect have been fully analyzed and explained by such counsel. The parties further confirm that they fully understand the terms, conditions, and provisions of this Agreement, and believe them to be fair, just, and reasonable under the existing circumstances. The parties further confirm that each is entering into this Agreement freely and voluntarily, and that their execution, of this Agreement is not the result of duress, undue influence, collusion, or improper or illegal agreement or agreements, and the parties fully and completely intend to be bound and restricted by the terms of this Agreement.

i. Attorney's Fees and Costs. In the event that it becomes necessary for any party hereto to bring or defend any action, arbitration, appeal, or other legal proceeding to enforce or interpret the terms of this Agreement, the Prevailing Party in such proceeding shall be entitled to a judgment, award, and/or order against the non-Prevailing Party for all attorneys' fees and costs of suit incurred therein by the Prevailing Party.

j. Governing Law. This Agreement is made and entered into and shall in all respects be interpreted, enforced, and governed under the laws of the State of California.

k. Mediation. The Parties hereby agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate in good faith after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action.

l. Arbitration. The Members and Managers agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The arbitrator shall be a retired judge or justice, or an attorney with at least five years' experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with California Code of Civil Procedure §1283.05 and all similar laws of other states. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure and all similar laws of other states. Judgment upon the award of the arbitrator may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act. The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a

probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation or arbitration provisions.

m. **Jurisdiction and Venue.** Subject matter jurisdiction and venue for any court action relating to this Agreement shall be in the State of California, Los Angeles County, North District (Lancaster Courthouse).

n. **Waiver of Jury Trial.** As a material inducement to all other members, each member hereby waives trial by jury with respect to any action, claim, suit or proceeding in respect of or arising out of this agreement. Each member has obtained the advice of its legal counsel before signing this agreement and acknowledges that it has voluntarily agreed to this waiver of their right to a trial by jury with full knowledge of its significance and legal consequence.

o. **Gender and Number.** As used herein, all masculine, feminine, and neuter terms, and all singular and plural terms, shall be interchangeable where the context so requires or implies.

p. **Paragraph Headings.** The titles to the paragraphs of this Agreement are solely for the convenience of the reader and shall not be used to explain, modify, simplify, expand, limit, or aid in the interpretation or enforcement of this Agreement.

q. **Authority.** Any person executing this Agreement on behalf of a corporation, partnership, limited liability company, trust, estate, or other non-human entity hereby represents and certifies that they are fully, completely, and expressly authorized to execute this Agreement on behalf of such entity, and to bind such entity to the terms of this Agreement.

r. **Counterparts.** This Agreement may be executed and delivered via electronic signatures, email, or other facsimile, and in counterparts, each of which shall be deemed an original against the party whose signature appears thereon, and when all counterparts are held together as one, the sum of all counterparts will be considered the whole document. The exchange and delivery of original signatures, and the statement below that signatures should be notarized, shall be for additional authentication only, and is not a condition precedent to the formation of a binding agreement.

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s. Binding Agreement. By signing below, the parties hereby warrant that they agree to, and are hereby bound, obligated, liable, and restricted by all of the terms, conditions, and recitals set forth in this Agreement.

Dated: 5-13-20

Craig Van Dam

  
Signature (must be notarized)

Dated: 5/13/2020

V LIONS OPERATIONS, LP,  
a Nevada Limited Partnership ("Buyer"),

By: V LIONS MANAGEMENT, LLC, a Nevada limited liability company authorized to do business in the State of California as GARDINER V LIONS MANAGEMENT, LLC, Its Sole General Partner,

By: Keith B. Gardiner  
Its Manager.

  
Signature (must be notarized)

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

STATE OF CALIFORNIA

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COUNTY OF ~~LOS ANGELES~~ <sup>cm</sup> Kern

On May 13, 2020, before me, Cheryl A. Mendoza, a Notary Public, personally appeared Keith B. Gardiner, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: Cheryl A. Mendoza (Seal)



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

STATE OF CALIFORNIA

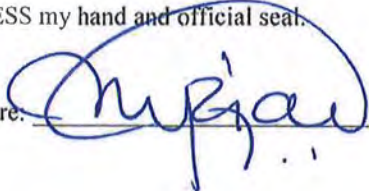
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COUNTY OF LOS ANGELES

On May 13, 2020, before me, Myriam Moffitt, a Notary Public, personally appeared Craig Van Dam, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

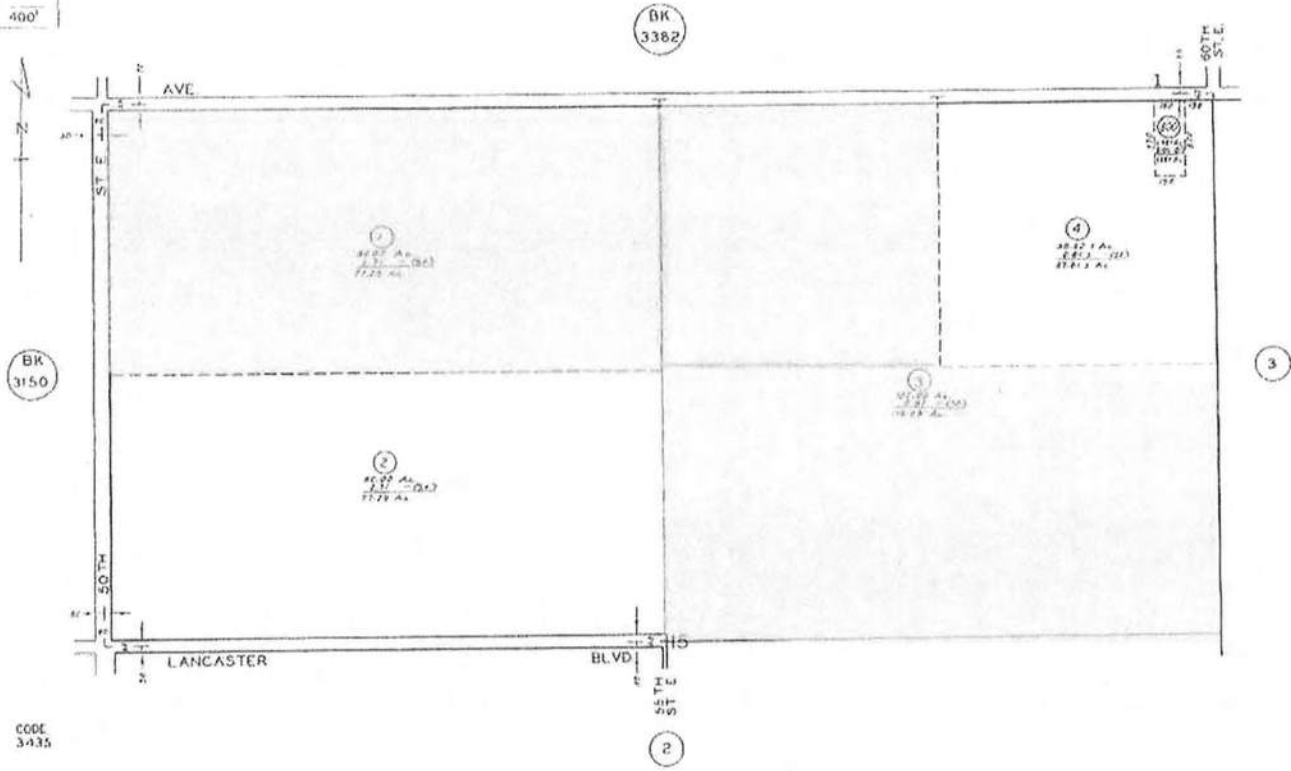
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:  (Seal)



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SCALE 1" = 400'



CODE  
3-435

FOR PREV ASSM'T SEE:  
3158-2

T. 7 N., R. 11 W.

ASSESSOR'S MAP  
COUNTY OF LOS ANGELES, CALIF.





**RESOLUTION NO. R-20-17**

**APPROVING APPLICATION FOR TRANSFER PURSUANT TO THE TERMS OF THE JUDGMENT WITH SPECIFIED CONDITIONS; ATTACHED EXHIBIT A**

WHEREAS, the Antelope Valley Watermaster, formed by the Antelope Valley Groundwater Cases Final Judgment (“Judgment”), Santa Clara Case No. 1-05-CV-049053 signed December 23, 2015, is to administer the Judgment; and

WHEREAS, a process for considering and approving applications for transfers is set forth in the Judgment and in the Rules and Regulations unanimously adopted by the Board on June 24, 2020 pursuant to Resolution No. R-20-12; and

WHEREAS, the Watermaster Engineer is authorized under the Judgment to recommend to the Watermaster Board that applications for transfers be denied or approved and that approval may be pursuant to certain conditions; and

WHEREAS, pursuant to the terms of the Judgment, the Watermaster Engineer is required to make certain findings and to consider, investigate and recommend to the Watermaster Board denial or approval, or approval with certain conditions, of these applications consistent with the terms of the Judgment; and

WHEREAS, pursuant to the Transfer Request Form listed on attached Exhibit A (“Application”), Calandri Farms, Inc. (“Calandri”) proposes a temporary transfer of 4,152 acre-feet to V Lions Operations, L.P. (“V Lions”); and

WHEREAS, neither Calandri nor V Lions are Parties to the Judgment, and as such neither Calandri nor V Lions may be involved in a transfer of Production Rights until both successfully intervene as Parties to the Judgment; and

WHEREAS, the Production Right proposed to be transferred by Calandri belongs to County Sanitation District No. 14 of Los Angeles County (“District”), and is being transferred by Calandri on behalf of District pursuant to its authority under that certain lease agreement between Calandri and District dated November 14, 2017, as amended; and

WHEREAS, no point of extraction is identified in the Application, which means no Material Injury analysis can be conducted at this time; and

WHEREAS, the Rules and Regulations authorize the Watermaster to require any person, Party or Parties requesting a transfer to indemnify the Watermaster, as a condition for approving the transfer, for any costs and legal fees incurred by the Watermaster resulting from a challenge to that person, Party or Parties’ legal authority to enter into such transfer, or to a person’s authority to execute a Transfer Request Form on behalf of a Party thereto; and

WHEREAS, in consultation with the Watermaster General Counsel, the Watermaster Engineer has reviewed the Application and, if the Board chooses to approve the Application, recommends that approval be subject to the following conditions, as noted on Exhibit A:

- (1) Calandri and V Lions must each file motions intervene as Parties to the Judgment no later than thirty (30) days after the date of this Resolution;
- (2) the proposed transfer shall be of no force or effect until Calandri and V Lions have each successfully intervened as Parties to the Judgment;
- (3) the Production Right to be transferred shall not be utilized by V Lions or any subsequent transferee until a point of extraction is identified and disclosed to the Watermaster Engineer in writing, the Watermaster Engineer has conducted a Material Injury analysis and determined that no Material Injury will occur, and such Material Injury analysis has been reviewed and approved by the Board;
- (4) notwithstanding anything to the contrary in the Application, the proposed transfer shall be a temporary transfer of a Production Right from District to V Lions, with Calandri acting as agent for District; and
- (5) nothing in this Resolution shall be construed as precedent or authority for any non-Party to transfer a Production Right that does not belong to such non-Party (regardless of the existence of a lease agreement or other private contract), and/or without first intervening in the Judgment.

WHEREAS, the Watermaster Board has considered the findings and recommendations of the Watermaster Engineer set forth above and attached in Exhibit A, and is prepared to approve the Application pursuant to such conditions recommended by the Watermaster Engineer.

NOW, THEREFORE, BE IT RESOLVED, that the Watermaster Board unanimously approves the application for transfer in attached Exhibit A to this Resolution as being consistent with the terms of the Judgment and applicable Rules and Regulations, subject to the conditions set forth in the Recitals above and attached in Exhibit A.

**I certify that this is a true copy of Resolution No. R-20-17 as passed by the Board of Directors of the Antelope Valley Watermaster at its meeting held June 24, 2020, in Palmdale, California.**

Date: \_\_\_\_\_

\_\_\_\_\_  
Robert Parris, Chairman

ATTEST: \_\_\_\_\_  
Patricia Rose – Interim Secretary

**EXHIBIT A Attachment to  
Resolution No. R-20-17  
Approving Applications for Transfers  
Pursuant to the Terms of the Judgment**

<b>Original Producer</b>	<b>Transferee</b>	<b>Type of Transfer</b>	<b>Amount</b>	<b>Original Parcel(s) (APN#)</b>	<b>Parcels Water Transferred to (APN#)</b>
LA County Sanitation District #14	V Lions Operations via Calandri Farms Lease	One-Time	4,152 (AF)	Unknown	Unknown

**RESOLUTION NO. R-20-16**

**APPROVING APPLICATIONS FOR TRANSFERS PURSUANT TO THE TERMS OF THE JUDGMENT WITH SPECIFIED CONDITIONS; ATTACHED EXHIBIT A**

WHEREAS, the Antelope Valley Watermaster, formed by the Antelope Valley Groundwater Cases Final Judgment (“Judgment”), Santa Clara Case No. 1-05-CV-049053 signed December 23, 2015, is to administer the Judgment; and

WHEREAS, a process for considering and approving applications for transfers is set forth in the Judgment and in the Rules and Regulations unanimously adopted by the Board on June 24, 2020 pursuant to Resolution No. R-20-12; and

WHEREAS, the Watermaster Engineer is authorized under the Judgment to recommend to the Watermaster Board that applications for transfers be denied or approved and that approval may be pursuant to certain conditions; and

WHEREAS, pursuant to the terms of the Judgment, the Watermaster Engineer is required to make certain findings and to consider, investigate and recommend to the Watermaster Board denial or approval, or approval with certain conditions, of these applications consistent with the terms of the Judgment; and

WHEREAS, pursuant to the Transfer Request Forms listed on attached Exhibit A (the “Applications”), Craig Van Dam proposes to make permanent transfers of 1 acre-foot each to Calandri Farms, Inc. (“Calandri”) and V Lions Operations, L.P. (“V Lions”); and

WHEREAS, neither Calandri nor V Lions are Parties to the Judgment, and as such neither Calandri nor V Lions may receive a transfer of Production Rights until both successfully intervene as Parties to the Judgment; and

WHEREAS, no point of extraction is identified by V Lions, which means no Material Injury analysis can be conducted at this time; and

WHEREAS, in consultation with the Watermaster General Counsel, the Watermaster Engineer has reviewed the Applications and, if the Board chooses to approve the Applications, recommends that approval be subject to the following conditions, as noted on Exhibit A:

- (1) Calandri and V Lions must each file motions intervene as Parties to the Judgment no later than thirty (30) days after the date of this Resolution;
- (2) the proposed transfers shall be of no force or effect until Calandri and V Lions have each successfully intervened as Parties to the Judgment;
- (3) the Production Right to be transferred to V Lions shall not be utilized by V Lions or any subsequent transferee until a point of extraction is identified and disclosed to the Watermaster Engineer in writing, the Watermaster Engineer has conducted a Material Injury analysis and determined that no Material Injury will occur, and such Material Injury analysis has been reviewed and approved by the Board; and

(4) nothing in this Resolution shall be construed as precedent or authority for any non-Party to receive a transfer of a Production Right without first intervening in the Judgment.

WHEREAS, the Watermaster Board has considered the findings and recommendations of the Watermaster Engineer set forth above and attached in Exhibit A, and is prepared to approve the Applications pursuant to such conditions recommended by the Watermaster Engineer.

NOW, THEREFORE, BE IT RESOLVED, that the Watermaster Board unanimously approves the applications for transfers in attached Exhibit A to this Resolution as being consistent with the terms of the Judgment and applicable Rules and Regulations, subject to the conditions set forth in the Recitals above and attached in Exhibit A.

**I certify that this is a true copy of Resolution No. R-20-16 as passed by the Board of Directors of the Antelope Valley Watermaster at its meeting held June 24, 2020, in Palmdale, California.**

Date: \_\_\_\_\_

\_\_\_\_\_  
Robert Parris, Chairman

ATTEST: \_\_\_\_\_  
Patricia Rose – Interim Secretary

**EXHIBIT A Attachment to  
Resolution No. R-20-16  
Approving Applications for Transfers  
Pursuant to the Terms of the Judgment**

<b>Original Producer</b>	<b>Transferee</b>	<b>Type of Transfer</b>	<b>Amount</b>	<b>Original Parcel(s) (APN#)</b>	<b>Parcels Water Transferred to (APN#)</b>
Craig and Marta Van Dam	V Lions Operations, L.P.	Permanent	1 (AF)	3220-006-097 3384-001-001 3384-001-003	Unknown
Craig and Marta Van Dam	Calandri Farms	Permanent	1 (AF)	3220-006-097 3384-001-001 3384-001-003	3307-017-959 3307-017-948 3307-017-938 3307-017-941 3307-017-937 3307-017-902 3307-017-936 3307-017-935