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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES, CENTRAL DISTRICT

Coordination Proceeding
Special Title (Rule 1550(b))

ANTELOPE VALLEY GROUNDWATER
CASES

Including Consolidated Actions:

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

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

Wm. Bolthouse Farms, Inc. v. City of Lancaster;
Diamond Farming Co. v. City of Lancaster;
Diamond 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. 44008

Santa Clara Case No.: 1-05-CV-049053

Assigned to the Honorable Jack Komar,
Judge of the Santa Clara Superior Court
Department 17C

**REPLY MEMORANDUM OF POINTS
AND AUTHORITIES AND REPLY
DECLARATION OF CRAIG VAN DAM
(MOTION TO TRANSFER WATER
RIGHTS)**

Date: September 8, 2023
Time: 9:00 a.m.
Dept: Courtcall

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION.

This Memorandum of Points and Authorities is respectfully submitted by Craig Van Dam in reply to the opposition submitted by Gary Van Dam to Craig's motion to transfer water rights between members High Desert Dairy, LLC and Craig Van Dam and in further support of that motion. The letter sent by Mr. Saperstein to Attorney Craig Parton, Esq. containing the declarations of Gary Van Dam and Gertrude Van Dam should not be considered by the Court because they were not served by Mr. Saperstein and therefor constitute an improper ex parte communication.

To the extent the Court was to consider the declarations, Craig is submitting with this memorandum, a detailed declaration refuting the facts alleged by Gary and Gertrude. Gary's memo of points and authorities asserts three reasons why this Court should deny Craig's motion. None of them have any merit.

First, Gary contends this Court has no jurisdiction over what he describes as "the resolution of a business dispute."¹ Gary's first argument must fail because Section 18 of the Antelope Valley Watermaster Rules and Regulations adopted June 24, 2020 (hereinafter "Rules and Regulations") which vests in this Court jurisdiction to review any **order, decision or action of the Watermaster**. The issue before the Board was Resolution No. R-23-27, a resolution to approve the transfer. That resolution was denied. The reason: lack of unanimous vote. However the denial of the resolution still constitutes an order, decision or action of the Watermaster that may be reviewed by this Court under Section 18 of the Rules and Regulations.

Gary's second reason for denying the motion is his contention that the issue of transfer is not yet "ripe" because the Watermaster Board "did not vote on the issue". This is a disingenuous argument. Not only did all five board members vote, but a unanimous vote was an impossibility. According to Gary's logic, this issue could never be ripe because the AVEK Board member

¹Interestingly enough, Gary makes this argument while also asking this Court to determine that Craig breached a fiduciary duty to High Desert Dairy in requesting the transfer.

1 assigned the one seat one seat on the Watermaster's Board would have to abstain due to the
2 conflict of interest created by Gary being on the AVEK Board.

3 Lastly, Gary asks this court to determine that Craig has breached his fiduciary duty by
4 voting to transfer the water rights and requests an evidentiary hearing for this purpose. This
5 Court does not have jurisdiction to determine whether Craig breached his fiduciary duty by
6 voting in favor of the transfer. It does however have the right, and should determine whether the
7 2/3 majority vote taken is sufficient under High Desert Dairy's operating documents. This is a
8 right, but not an obligation of the Watermaster under Section 13.f. ii of the Rules and Regulations
9 which provides in pertinent part that "The Watermaster may, but is not required to, investigate a
10 Party's legal authority to enter into a transfer, or a person's authority to execute a Transfer
11 Request Form on behalf of a Party thereto." If the Watermaster has that right, then so does this
12 reviewing Court. However, there is no authority in the judgment or Rules and Regulations for
13 this Court to have the jurisdiction to determine whether a person's authority to execute a transfer
14 request is a breach of fiduciary duty under California law. The issue is whether the vote is
15 sufficient under the operating documents and California law. Not whether it is a breach of
16 fiduciary duty.²

17 **II. SECTION 18 OF THE RULES AND REGULATIONS VESTS THIS**
18 **COURT WITH JURISDICTION TO REVIEW ANY ORDER, DECISION OR ACTION**
19 **OF THE WATERMASTER.**

20 First and foremost, Section 18 of the Rules and Regulation vests in this Court, jurisdiction
21 to review any order, decision or action of the Watermaster. It provides in pertinent part:

22 Effective Date of Watermaster Action

23 a. **Any order, decision, or action** of the Watermaster shall be deemed to
24 have occurred on the date of the order, decision, or action. [¶20.3.1] [emphasis
25 added].

26 c. Notice of Motion for Judicial Review

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28 ²This is especially true where Gary first contends that the court should abstain from
granting the transfer request because it is really a business dispute the parties which the Court
has no jurisdiction over.

1 Any Party may, by a regularly noticed motion, petition the Court for
2 review within ninety (90) days **of the action or decision by the Watermaster**,
3 except motions for review of assessments under the Judgment shall be filed within
4 thirty (30) days of mailing of the notice of the assessment. The motion shall be
5 deemed to be served to the Parties when: (a) it is served pursuant to Paragraph
6 20.7 of the Judgment by e-filing on the Watermaster website at
7 www.avwatermaster.org ; or (b) a copy, conformed as filed with the Court, has
8 been delivered to Watermaster Staff, along with the required payment to the
9 Watermaster for the service costs.

10 d. De Novo Nature of Proceeding [emphasis added].

11 Upon filing of a motion or petition to **review a Watermaster decision or**
12 **action**, the Watermaster shall notify the Parties of a date when the Court will take
13 evidence and hear argument. The Court's review shall be de novo **and the**
14 **Watermaster decision or action** shall have no evidentiary weight in such
15 proceeding. [emphasis added].

16 Thus, this Court has jurisdiction to review any action or decision of the Waterboard.

17 **III. THE MOTION IS RIPE BECAUSE THE VOTE OF ALL FIVE MEMBERS**
18 **HAD THE AFFECT OF DENYING THE RESOLUTION WHICH CONSTITUTES AN**
19 **“ACTION” OR “DECISION” REVIEWABLE BY THIS COURT UNDER SECTION 18.**

20 Exhibit “L” of Craig’s declaration submitted in support of the motion contained the
21 minutes of the Board’s June 28, 2023 meeting. It states: A motion was made by Director
22 Calandri, seconded by Director Martin, to approve Resolution No. R-23.-27 Transfer Application
23 High Desert Dairy to Craig Van Dam. The application was not approved.” The decision or
24 action of the Board was the denial of Resolution No. R-23-27. The motion is ripe because the
25 decision of the Board was the denial of that resolution, which is reviewable by this Court under
26 Section 18 of the Rules and Regulations.

27 Even if a unanimous vote in favor of the transfer was obtained, this Court would have to
28 make the very same decision being asked of it today, whether to approve the transfer. That is
because a unanimous vote by the Board is impossible due to the conflict of interest created by
Gary himself being on the AVEK Board, with the Avek Board holding one seat on the
Watermaster Board.³

³ While Gary submits that it is not known what took place at the May 24th, 2023 AVEK
Board meeting a tape is readily available and contains the discussion by the Board determining
that Mr. Knudson is instructed to abstain from voting.

1
2 **IV. JURISDICTION EXISTS UNDER SECTION 13 OF THE RULES AND**
3 **REGULATIONS FOR THE WATERMASTER, AND BY IMPLICATION, THIS**
4 **REVIEWING COURT, TO DETERMINE WHETHER HIGH DESERT DAIRY HAD**
5 **THE LEGAL AUTHORITY TO MAKE THE TRANSFER REQUEST, BUT THERE IS**
6 **NO JURISDICTION FOR THIS COURT TO DETERMINE WHETHER CRAIG’S**
7 **CONSENT WAS A BREACH OF FIDUCIARY DUTY.**

8 Gary’s last assertion is that this Court should deny the motion because Craig’s vote in
9 favor of the transfer is a breach of fiduciary duty due to the harm that will befall High Desert
10 Dairy. Craig has submitted a declaration refuting Gary’s claims of breach of fiduciary duty.
11 Those claims are not relevant to this Court review of the decision of the Watermaster. What is
12 relevant is the report conducted by the Watermaster’s engineer finding that the transfer will not
13 cause, or will fully mitigate the potential for, Material Injury. A material injury analysis was
14 performed and no proper challenge has been made by Gary in his opposition.

15 Approval of the transfer is governed by Sections 13 and 14 of the Rules and Regulations
16 which were addressed in Craig’s memo of points and authorities submitted in support of the
17 motion to transfer.

18 This Court has the authority by virtue of Section 13.f.ii to investigate High Desert Dairy’s
19 legal authority to enter into the transfer, since that is a right, but not an obligation of the
20 watermaster.

21 Section 13.f.ii provides in pertinent part:

22 **The Watermaster may, but is not required to, investigate a Party’s legal**
23 **authority to enter into a transfer, or a person’s authority to execute a**
24 **Transfer Request Form on behalf of a Party thereto. Any costs or legal fees**
25 **incurred by the Watermaster for such investigation, in the** Watermaster’s sole
26 discretion, shall be borne by the Party submitting the request, payable to the
27 Watermaster prior to submittal of the Transfer Request to the Watermaster
28 Engineer for hydrologic review and Material Injury analysis. Watermaster may
 require a 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 entered into such transfer, or to a person’s authority
 to execute a Transfer Request Form on behalf of a Party thereto. [Emphasis
 added].
[emphasis added].

1 Since the watermaster has the authority under Section 13.f.ii to investigate a party's legal
2 authority to enter into a transfer, this Court, as a reviewing court under a de novo standard of
3 review under Rule 18 can and should undertake the same task. However, while the Court may
4 look into whether proper legal authority exists for the vote, it may properly determine that
5 Craig's vote constitutes a breach of fiduciary duty. These claims may be pursued by Gary, but
6 not in this forum. This is especially true where Gary asks this Court to abstain from making the
7 decision because it is a business dispute.

8 Gary has the right to pursue those claims in accordance with the governing documents,
9 but they are not a basis for this Court to deny a proper application that was approved by the
10 Antelope Valley Watermaster Engineer which had made the express finding that the transfer
11 complied with the judgment and the potential for material injury was minimal. There is no need
12 for an evidentiary hearing.

13 **V. CONCLUSION.**

14 Gary has not refuted the Watermaster Engineer's findings that all conditions for transfers
15 under the Judgment and the Rules and Regulations have been satisfied, and that no Material
16 Injury will result from the proposed transfer. This Court has jurisdiction to review the
17 act/decision
18 of the Watermaster denying Resolution No. R-23-27. That adjudication is ripe. A vote of all five
19 board members was taken. A unanimous vote is impossible based upon conflict of interest
21 inherent in Gary being a board member of the AVEK Board which has one seat on the
22 Watermaster's Board. That conflict could never be resolved and thus a lack of unanimous
23 decision/denial of the resolution remains the only possibility.

24 The accompanying declaration of Craig Van Dam refutes the allegations of breach of
25 fiduciary duty being made by Gary. But those claims are beyond the jurisdiction of this Court.
26 The only issue is whether the 2/3 majority vote taken is sufficient under the operating documents
27 and California law for High Desert Dairy to consent to the transfer. If that vote is sufficient, then
28 based upon the findings and report of the Watermaster's engineer, under de novo review, Craig's
motion to transfer should be granted.

1 Dated: August 29, 2023

2 Law Offices of Richard A. Marcus

3 *Richard A. Marcus, Esq.*

4 By: _____

5 Richard A. Marcus, Esq.
6 Attorney for Craig Van Dam

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I am the Movant herein. I have personal knowledge of the matters set forth herein, and if called as a witness, I could competently testify as follows:

2. The declaration is made, more particularly, to address the declarations of my brother, Gary Van Dam, and my mother, Gertrude Van Dam. Each was submitted as an attachment to a letter from Mr. Saperstein to attorney Craig Parton which was attached as Exhibit “1” to the DECLARATION OF ROBERT J. SAPERSTEIN IN SUPPORT OF GARY VAN DAM'S OPPOSITION TO MOTION TO APPROVE TRANSFER OF WATER RIGHTS TO CRAIG VAN DAM.

4. Because neither the letter nor the declarations were served on me by Mr. Saperstain, I request that the Court not consider them.

6. As a member managed LLC, the CA Corporation's Code and Paragraph 6.1 of the amended and restated Operating Agreement of HDD requires only a majority vote.

8 Reply Memorandum and Reply Declaration of Craig Van Dam

1 8. Further, Paragraph 4.4 of the amended and restated Operating Agreement of HDD
2 requires a majority vote for a member to make a withdrawal from that member's capital account.

3 9. Paragraph 5.1(b) of the Operating pertains to the distribution of profit, and not a
4 return on capital. A return on capital only requires a majority vote under Sections 6. and 4.4.

5 10. None of these facts has been disputed by Gary in his opposition.

6 11. If my brother wishes to bring a breach of fiduciary claim against me, he is
7 welcome to do so. But that claim does not belong before the Watermaster, its counsel, or this
8 Court.

9 12. As the accompanying memorandum of points and authorities makes clear, this
10 Court has the jurisdiction to review any decision made by the Watermaster. Under Gary's view,
11 this Court could never review a decision that was not unanimously decided. That would make
12 the interpretation of the Judgment and Rules and Regulations subsequently adopted and
13 amended, meaningless.

14 13. The Watermaster Engineer has confirmed that the transfer complies with the
15 judgment and that no material injury will result to the Basin from the transfer.

16 14. It was an impossibility of the Watermaster Board to unanimously approve the
17 transfer given the conflict of interest created by Gary Van Dam himself.

18 15. Gary should not be permitted to use that conflict as a sword to preclude this Court
19 from its de novo review of the Board's decision.

20 16. To the extent the Court is inclined to consider the Saperstein letter or his
21 declaration as substantive evidence, I object to any and all "facts" contained in his letter or
22 declared to by him that are related to High Desert Dairy or to the transfer. Mr. Saperstein has no
23 personal knowledge of the "history" of High Desert Dairy.

24 17. The declarations of Gary and Gertrude Van Dam are filled with baseless
25 allegations and mis-truths levied against me, and others, and the facts relating to the history of
26 High Desert Dairy, LLC, and the functioning Dairy known as "High Desert Dairy."
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1 High Desert Dairy-Dairy Operations

2 18. In 2017, my mother Gertrude Van Dam approached me to come back into the
3 management of the Dairy known as High Desert Dairy, to assist her with its day to day
4 operations.

5 19. This was approximately 3 years after the death of my father, Delmar Van Dam,
6 who managed the Dairy through his death.

7 20. As a matter of history, I managed the High Desert Dairy operations for
8 approximately twenty (20) years through 2006. Subsequent to 2006, I spent more time operating
9 other businesses owned by me. **Right now, I personally own (in my own name)**
10 **approximately 1/3 of all of the ground High Desert Farms.**

11 21. All operations of the functioning High Desert Dairy were handled by my father
12 through his untimely death in 2014. Subsequent to the death of my father, Gary Van Dam began
13 to manage the Dairy and the results wer disastrous!

14 22. By 2017, the Dairy was on the brink of failure as a result of his mismanagement.
15 My mother, Gertrude Van Dam, who was the sole owner of the Dairy by survivorship of my
16 father, advised me that she did not have sufficient liquid funds to make payroll and meet the day
17 to day financial obligations of the Dairy.

18 23. My mother requested that I come back to take over the day to day operations.
19 Myself and another brother, Dean Van Dam, each deposited \$300,000 into the High Desert Dairy
20 operating accounts to pay the employees and remedy past due accounts.

21 24. My mother scheduled a meeting between myself, my brother Dean Van Dam and
22 her to discuss a long term solution for operation and management of the Dairy operations.

23 25. At said meeting, a partnership relationship between my mother, brother Dean Van
24 Dam and myself was formed to provide that each individual would have equal ownership in the
25 entity (known as High Desert Dairy, LLC, a California limited liability company) to provide
26 stability for the Dairy operations moving forward.
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1 26. High Desert Dairy, LLC, not only owned the operations of the functioning Dairy,
2 but also had Antelope Valley water rights subject to the Antelope Valley Groundwater Cases. It
3 also held real property in California, real property in South Dakota, as well as other personal
4 property assets.

5 27. At this time, 2017, Gertrude Van Dam did not want Gary Van Dam involved due
6 to Gary Van Dam previously losing two different dairies in Tipton California and Stephenville,
7 Texas.

8 28. Subsequent to 2017 it took years under my management and leadership for High
9 Desert Dairy to become profitable again.

10 29. After persistent requests by Gary Van Dam, in January of 2019 Gary Van Dam
11 was substituted as a one-third owner by receiving the one-third ownership interest of my mother,
12 Gertrude Van Dam in High Desert Dairy, LLC.

13 30. This relieved my mother of any ownership or benefit of the entity having
14 transferred her entire ownership in High Desert Dairy, LLC.

15 31. Although Gary Van Dam substituted our mother as an owner, he did not become
16 the manager or operator of the Dairy of the High Desert Dairy, LLC.

17 32. Dean Van Dam and myself consented to the addition of Gary Van Dam as an
18 equal member of High Desert Dairy, LLC, but never did we agree for Gary Van Dam to be the
19 manager of the entity.

20 33. High Desert Dairy, LLC, is a member managed company and a simple majority
21 controls.

22 34. Additionally, the ownership interest of Gary Van Dam was deferred to January 1,
23 2020, for tax purposes. Hence, Gary did not have any ownership of High Desert Dairy, LLC,
24 until then.

25 35. All three members of High Desert Dairy, LLC, attended a meeting with the
26 company CPA in February of 2020, to discuss the division of capital accounts/assets
27 understanding that with the assignment made from our mother to us, an ultimate result of the
28 entity would be an unwinding of assets directly to each of us brothers.

1 36. An agreement was made for a return of capital at the February of 2020 meeting
2 whereby I was to receive 500 acre feet of permanent prescriptive water rights, among other
3 things. The only asset remaining to be transferred from said agreement is the aforementioned
4 500 acre feet of wate rights.

5 37. Ultimately, I ran the daily operations of the Dairy through March of 2021, when
6 the daily operations of the Dairy were transitioned to Gary Van Dam. The management of the of
7 LLC continued to be maintained by majority vote of the three members. Attached hereto as
8 Exhibit "A" is a declaration from Gail White, the bookeeper, H.R. person and office secretary for
9 High Desert Dairy, LLC from February of 2014 to November of 2022.

10 38. During my management of the Dairy, starting in 2017, I installed new
11 infrastructure for the watering systems and the waste water system that handles 300,000 gallons
12 of water per day and rectified substantial additional problems that were neglected in the years
13 prior subsequent to the death of my father during the period that Gary Van Dam operated the
14 Dairy.

15 39. All of my efforts benefitted the Dairy and the profitability of the Dairy.

16 Production and Delivery of Hay and Feed to the Dairy

17 40. For decades, I, personally and through various companies farm hay and feed.
18 This hay and feed is used by myself, sold to third parties, sold through feed stores owned by me
19 and also sold to High Desert Dairy, LLC.

20 41. All feed sold to High Desert Dairy, LLC, is at a discount rate, well below the
21 market rates.

22 42. For decades I have secured and utilized property owned by myself and property I
23 lease to farm hay and feed.

24 43. Gary Van Dam has alleged that I conspired with our longtime business attorney
25 Steven Derryberry to take a lease agreement with Los Angeles County Sanitation District
26 Number 14 from High Desert Dairy, LLC, in 2017.
27
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1 44. These allegations are false. First, at no time did myself and, to my knowledge,
2 did any individual of the Van Dam family, inclusive of Gary Van Dam, ask Steven Derryberry to
3 negotiate, review or be involved in any capacity with the Sanitation District Number 14 lease
4 proposals and ultimate agreement.

5 45. To my knowledge, the first Mr. Derryberry became aware of the existence of the
6 Sanitation District lease was in early 2020.

7 46. With respect to the proposal to the Sanitation District Number 14, the initial
8 request from the local municipalities of District Number 14 was that the tenant be a local farmer.

9 47. I recall that Lancaster Mayor R. Rex Parris was seeking to keep the dirt farmed by
10 a local company.

11 48. At the initial stages, myself and various members of my family, inclusive of my
12 mother and brother Gary Van Dam, presented the need for the feed by the Antelope Valley
13 businesses operated by us.

14 49. Remember, in 2017, myself, Dean Van Dam and Gertrude Van Dam were the
15 only owners of High Desert Dairy, LLC, and I was operating the day-to-day operations of the
16 function Dairy.

17 50. Ultimately, the Sanitation District Number 14 struck the requirement that the
18 tenant be a local company/farmer and the request was made for the highest and best proposal.

19 51. Thereupon, I compiled a new proposal, given my decades of lease relationships
20 with other Los Angeles County Sanitation Districts.

21 52. My proposal was accepted by the Sanitation District Number 14. From the date
22 of the lease, myself and my staff farmed the Sanitation District Number 14 ranch without
23 assistance or involvement from High Desert Dairy, LLC; with the exception that High Desert
24 Dairy, LLC, purchased and received hay and feed from my companies from the Sanitation
25 District Number 14 ranch.

26 53. It is true that I formed a new company to be the named tenant of the Sanitation
27 District Number 14 lease through Mr. Derryberry. I formed the entity for liability purposes.
28

1 54. To limit liability for lease arrangements, I generally form single purpose entities
2 to receive contracts and such entities separate liabilities for those leases from myself, personally,
3 and other companies I own.

4 55. Mr. Derryberry's involvement was to simply form a new entity, which he has
5 done for me on numerous occasions. He was not advised of the purpose of the entity.

6 Ramp Down of Water Availability

7 56. The Antelope Valley Groundwater Cases crippled a farmer's ability to maintain
8 pre-adjudication watering levels.

9 57. Since the judgment, the allocation of water usage by water rights holders has
10 greatly diminished.

11 58. However, under the operation of the Dairy by Gary Van Dam, he has refused to
12 reduce the production of the Dairy and the number of cows fed and kept at the Dairy facilities.

13 59. Attached hereto as Exhibit "B" is a true and correct copy of the "financial
14 highlights" of High Desert Dairy which I received demonstrating from the year ending 2019
15 through the year ending 2022, the average herd size of milking cows and dry cows is increasing
16 each year under Gary's operation of the company.

17 60. For the year ending 2019, the farm had 2299 milking cows. The cows continued
18 to
19 grow each year and for the year ending 2022, the farm had 2639 milking cows. Dry cows went
20 from 437 to 557 over the same time period.

21 61. Ultimately, the Dairy under current management has refused to reduce
22 production, while all farmers and users of water has reduced production.

23 62. Hay and feed has traditionally been purchased from third parties by the Dairy or
24 supplied by myself at a discount.

25 63. The proposed 500 acre feet water transfer to myself as a return of capital will
26 not cause an inability for the Dairy to serve their cows.

27 64. After the proposed transfer, the remaining water will be sufficient for the daily
28

1 uses of the Dairy with the Dairy continuing to acquire feed from outside sources as it has for
2 many
3 years.

4 65. All farmers, including myself, have reduced production of our farming operations,
5 yet Gary Van Dam seeks to continuing operating the Dairy without reduction.

6 66. In conclusion, The requested ransfer is in accord with our corporate documents
7 well as California Corporation and Limited Liability Company Laws.

8 67. The Watermaster Engineer has confirmed that the transfer complies with the
9 judgment and that no material injury will result to the Basin from the transfer.

10 68. It was an impossibility for the Board to unanimously consent to the proposed
11 transfer due to the conflict created by Gary Van Dam. He should not be permitted to use it as a
12 sword and a shield.

13 69. This Court has the jurisdiction to approve the transfer request between members.

14 70. Based upon all of the foregoing, request is hereby made that the Court forego any
15 evidentiary hearing and grant the proposed transfer of the water rights.

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

18 Dated: August 29, 2023

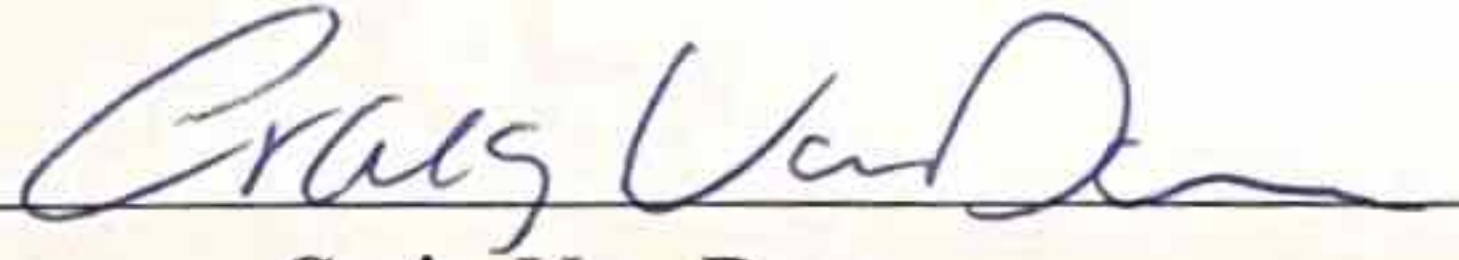

Craig Van Dam

EXHIBIT “A”

HIGH DESERT DAIRY, LLC

FINANCIAL HIGHLIGHTS

See accompanying independent accountant's review report.

	Year ended 2019	Year ended 2020	Year ended 2021	Year ended 2022	Three months ended March 31, 2023
Milk production statistics					
Pounds of whole milk produced	54,333,919	56,826,852	60,079,043	62,420,209	16,777,457
Average butterfat test	3.75%	3.85%	4.01%	3.88%	3.96%
Average solids-non-fat test	5.74%	5.75%	5.74%	5.78%	5.78%
Average protein test	3.15%	3.14%	3.19%	3.16%	3.17%
Average daily pounds per milking cow	65	67	67	65	67
Average daily EC pounds per milking cow	68	72	73	69	73
Dairy herd statistics					
Average herd size:					
Milking cows	2,299	2,306	2,474	2,639	2,663
Dry cows	437	473	524	553	557
Bulls	4	-	-	-	-
Self-raised cows transferred to milking herd	768	1,519	1,480	1,788	646
Sale of cows:					
Number of head	1,065	799	1,079	1,347	420
Total amount received	\$ 754,401	\$ 645,101	\$ 786,404	\$ 1,081,699	\$ 322,302
Average per head	\$ 708	\$ 807	\$ 729	\$ 803	\$ 767
Number of dead cows	171	203	275	381	218
Herd turnover rate	45%	36%	45%	54%	79%
Product price					
Average price received per cwt. of milk shipped	\$ 18.48	\$ 16.37	\$ 18.71	\$ 25.45	\$ 21.66
Summarized dairy operations per cwt. of milk shipped					
Total income	\$ 19.03	\$ 19.26	\$ 19.79	\$ 25.60	\$ 21.93
Operating expenses:					
Feed	11.39	9.40	8.80	16.55	14.95
Herd replacement cost	1.42	1.79	1.91	2.24	3.69
Other operating expenses	5.46	4.44	4.69	5.61	5.43
Total operating expenses	18.27	15.63	15.40	24.40	24.07
Income from operations	\$ 0.76	\$ 3.63	\$ 4.39	\$ 1.20	\$ (2.14)

EXHIBIT “B”

To whom it may concern:

I Gale White, was the bookkeeper, human resource and office secretary for High Desert Dairy LLC from 2-14 to 11-22. Craig Van Dam came to manage the Dairy, 2017. In doing so, I witnessed Craig digging ditches to fix the plumbing problems that was an issue when I started in 2014. Craig also, completely remodeled the employee men's bathroom. Craig and his brother Dean each deposited \$150K to cover payroll and bills that I paid causing overdraft. Craig would come see me each week to go over bills, milk production, etc.

Gale White

Gale White