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15 SUPERIOR COURT OF THE STATE OF CALIFORNIA

16 COUNTY OF LOS ANGELES

17 ANTELOPE VALLEY GROUNDWATER CASES

18 This Pleading Relates to Included Action:
19 RICHARD WOOD, on behalf of himself and all others
similarly situated,
20 Plaintiff,

21 v.

22 LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 40; CITY OF LANCASTER; CITY OF
23 LOS ANGELES; CITY OF PALMDALE; PALMDALE
WATER DISTRICT; LITTLEROCK CREEK
24 IRRIGATION DISTRICT; PALM RANCH
IRRIGATION DISTRICT; QUARTZ HILL WATER
25 DISTRICT; ANTELOPE VALLEY WATER CO.;
ROSAMOND COMMUNITY SERVICES DISTRICT;
26 and DOES 1 through 1,000;

27 Defendants.

JUDICIAL COUNCIL

COORDINATION
PROCEEDING NO. 4408

Case No. BC391869

**WOOD CLASS STIPULATION
OF SETTLEMENT**

28

1 This Stipulation of Settlement (the "Stipulation" or "Agreement") is entered into this 15th
2 day of October 2010, by and between California Water Service Company, City of Palmdale, City
3 of Lancaster, Littlerock Creek Irrigation District, Los Angeles Waterworks District No. 40
4 ("District 40"), Palmdale Water District, Palm Ranch Irrigation District, Phelan Pinon Hills
5 Community Services District, Quartz Hill Water District, and Rosamond Community Services
6 District, Desert Lake Community Services District and North Edwards Water District
7 (collectively, "Settling Defendants"), and the Wood Class (as more fully defined below), which
8 consists of certain persons who own property(ies) that overly the Antelope Valley Groundwater
9 Basin (the "Basin", as more fully defined below) on which they are pumping or have pumped less
10 than 25 acre-feet of groundwater during any one year since 1946. Settling Defendants, Richard
11 Wood, and the Wood Class are collectively referred to as the "Settling Parties," or individually a
12 "Settling Party." This Stipulation and the Exhibits hereto set forth the terms of a settlement (the
13 "Settlement") between and among the Settling Parties compromising and dismissing the claims
14 and defenses they have asserted in the above-captioned action. The Settlement is subject to
15 approval by the Superior Court of California for Los Angeles County; in the event such approval
16 is denied, cannot be obtained, or is reversed on appeal, this Stipulation shall have no further force
17 or effect, and the Settling Parties shall be able to litigate all of their claims.

18 I. THE SETTLING PARTIES

19 A. The Settling Plaintiffs are Richard Wood and the members of the Wood Class, as
20 defined in Paragraph III.Z below.

21 B. The Settling Defendants are as follows:

- 22 1. California Water Service Company is a California corporation which
23 extracts groundwater from the Basin to serve customers within the Basin.
- 24 2. The City of Palmdale is a municipal corporation in the County of Los
25 Angeles which receives groundwater from the Basin.
- 26 3. The City of Lancaster is a municipal corporation in the County of Los
27 Angeles which receives groundwater from the Basin.

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1 4. Littlerock Creek Irrigation District is a public agency which produces
2 groundwater from the Basin to serve customers within the Basin.

3 5. Los Angeles County Waterworks District No. 40 (“District 40”) is a public
4 agency governed by the Los Angeles County Board of Supervisors. District 40 has been lawfully
5 organized to perform various functions, including producing groundwater from the Basin, which
6 it provides to more than 65,000 residential and commercial customers in the Basin.

7 6. Palmdale Water District is an irrigation district organized and operating
8 under Division 11 of the California Water Code, which produces groundwater from the Basin to
9 serve customers within the Basin.

10 7. Palm Ranch Irrigation District is a public agency which produces
11 groundwater from the Basin to serve customers within the Basin.

12 8. Rosamond Community Services District is a public agency which produces
13 groundwater from the Basin which it provides to customers within the Basin.

14 9. Quartz Hill Water District is a county water district organized and
15 operating under Division 12 of the California Water Code. It produces groundwater from the
16 Basin.

17 10. Phelan Pinon Hills Community Services District is a public agency which
18 produces groundwater from the Basin.

19 11. Desert Lake Community Services District is a public agency which
20 produces groundwater from the Basin.

21 12. North Edwards Water District is a public agency which produces
22 groundwater from the Basin.

23
24 II. RECITALS

25 A. On October 29, 1999, Diamond Farming Company filed a quiet title action in Kern
26 County against various of the Settling Defendants seeking clarification of the parties’ rights to
27 groundwater in the Antelope Valley. On January 20, 2000, Diamond Farming filed a similar
28 quiet title action in Los Angeles County against various other Settling Defendants. On January

1 25, 2001, William Bolthouse Farms, Inc. filed a quiet title action in Riverside County against
2 various of the Settling Defendants seeking essentially the same relief.

3 B. On or about November 29, 2004, District 40 commenced a civil action against
4 Diamond Farming, Bolthouse, and other Overlying Owners in the Basin (more specifically
5 defined in III.O), which later was refiled as a Cross-Complaint (as more specifically defined in
6 III.F.), and which is now pending in the Superior Court for Los Angeles County, seeking, *inter*
7 *alia*, an adjudication of the respective rights of the parties to produce groundwater from the Basin.
8 On or about July 11, 2005, that case was coordinated with the aforementioned quiet title actions
9 in Judicial Council Coordinated Proceeding 4408, the Antelope Valley Groundwater Cases
10 (hereinafter the “Coordinated Actions”).

11 C. On or about October 10, 2006, the Court held an initial phase of trial with respect
12 to the boundaries of the Basin. The Court issued an Order on November 3, 2006, defining the
13 Basin for purposes of this litigation.

14 D. On or about March 13, 2007, the Settling Defendants filed the First Amended
15 Cross-Complaint, asserting prescriptive rights as against certain Overlying Owners in the Basin,
16 including the Wood Class Members. The Cities of Lancaster and Palmdale subsequently
17 dismissed their prescriptive rights claims and do not claim any such rights.

18 E. On or about June 2, 2008 Plaintiff, Richard Wood (“Wood”), filed a class action
19 complaint in the Superior Court of the State of California for Los Angeles County (No. BC
20 391869) (the “Wood Action”) in which he alleged that certain Public Water Suppliers had
21 wrongfully claimed prescriptive rights adverse to the rights of the Class. Wood sought, *inter alia*,
22 a declaration that the Settling Defendants had not obtained prescriptive rights as to his or Wood
23 Class Members’ (more specifically defined in III.Z) rights. On or about June 25, 2008, the Wood
24 Action was coordinated as part of the Coordinated Actions.

25 F. By Order dated September 2, 2008, the Court certified Wood as the representative
26 of a Class of certain Overlying Owners (more specifically defined in III.O. below) pursuant to
27 Section 382 of the California Code of Civil Procedure and Division 7, Chapter 6 of the California
28 Rules of Court.

1 G. Commencing on July 7, 2009, Notice of the Pendency of the Wood Action was
2 sent by first class mail to all Wood Class Members who could be identified with reasonable effort
3 and a summary notice was published. The deadline for putative Wood Class Members to exclude
4 themselves (as extended) expired on December 4, 2009. The Court has made various orders
5 allowing certain parties to rejoin the Wood Class. The Parties anticipate that by the time for
6 hearing on Preliminary Approval, the Class will be fully formed and a list of all class members
7 will be filed with the Court and published on the Court's website. The Settling Parties have
8 actively discussed potential settlement for over a year. On or about September 2, 2009 and
9 November 4, 2009, the Settling Parties engaged in mediation before the Honorable Ronald Robie
10 during the course of which counsel for most of the parties reached an agreement in principle to
11 settle the Wood Action, subject to the negotiation of a final settlement agreement, client
12 approvals, and approval by the Court.

13 H. The Settling Defendants contend that they have prescriptive rights to substantially
14 more than 15% of the Basin's Native Safe Yield. The Settling Plaintiffs contend that the Settling
15 Defendants have no such prescriptive rights as to them. This Settlement reflects a compromise
16 between the Settling Parties and shall not be construed as an admission or concession by any
17 Settling Party of the truth of any allegation or the validity of any claim or defense asserted in any
18 of the pleadings.

19
20 III. DEFINITIONS

21 The following terms used in this Stipulation shall have the meanings set forth below:

22 A. "Assessments" means any monetary or other levy or charge imposed as part of a
23 Physical Solution, including the cost of replacement water, but excludes a parcel tax dedicated to
24 fund the administrative costs of the Watermaster.

25 B. "Basin" means the Antelope Valley Groundwater Basin as defined in the Court's
26 Order of November 3, 2006. The future modification or adjustment of the Basin boundaries by
27 the Court shall not affect the rights of the Parties as set forth in this Stipulation.

28

1 C. "Consolidated Actions" means all actions that have been consolidated on February
2 19, 2010 as part of Judicial Council Proceeding No. 4408.

3 D. "Correlative Rights" means the principle of California law, articulated in *Katz v.*
4 *Walkinshaw* (1903) 141 Cal. 116 and subsequent cases, that Overlying Owners with equal rights
5 in a Basin must make reasonable and beneficial use of the water in a basin and that, if the supply
6 of water is insufficient for all reasonable and beneficial needs, each Overlying Owner is entitled
7 to a fair and just proportion of the available water.

8 E. "Court" means the Honorable Jack Komar, sitting by designation as a Judge of the
9 Superior Court of Los Angeles County or such other Judge as may be designated by the Judicial
10 Conference to hear JCCP No. 4408.

11 F. "Cross-Complaint" means the legal claims filed by the Settling Defendants, or
12 some of them, commencing with the November 29, 2004 filing of the Complaint in Los Angeles
13 County Superior Court Case No. BC325201 and the December 1, 2004 filing of the Complaint in
14 Kern County Superior Court Case No. S-500-CV 254348, both of which cases were later
15 supplanted by the January 18, 2006 filing of the Cross-Complaint and the March 13, 2007 First
16 Amended Cross-Complaint in the Coordinated Actions.

17 G. "Effective Date" means the date on which the Court has entered an Order
18 approving this Stipulation and one of the following events occur: (i) if an appeal is taken on the
19 Final Judgment, the date of final affirmance of the Order and Final Judgment, or if petition for
20 review is granted by the California Supreme Court or writ of certiorari by the United States
21 Supreme Court, the date of final affirmance of the Order and Final Judgment following review
22 pursuant to such grant; or (ii) the date of final dismissal of any appeal from the Order and Final
23 Judgment or the final dismissal of any proceedings on petition to review the Order and Final
24 Judgment; or (iii) if no appeal is filed, the expiration date of the time for filing or noticing of any
25 appeal from the Order and Final Judgment, i.e., sixty (60) days after entry of Order and Final
26 Judgment.

27 H. "Federal Reserved Right" is the principle originally articulated in *Winters v.*
28 *United States* (1908) 207 U.S. 564 and more recently in *Cappaert v. United States* (1976) 426

1 U.S. 128, which holds that when the Federal Government reserves land from the public domain, it
2 impliedly reserves sufficient water to serve the purposes for which the lands were reserved, and
3 the quantity of reserved water is limited to the amount necessary to fulfill the purposes of the
4 reserved land. The United States contends that the Federal Reserved Right entitles the United
5 States to a prior and paramount right to a portion of the Native Safe Yield.

6 I. “Federally Adjusted Native Safe Yield” for any given year means the Basin’s
7 Native Safe Yield less the actual annual production of the United States during the prior year
8 pursuant to its Federal Reserved Right.

9 J. “Final Judgment” means a judgment to be entered by the Court in this action
10 (LASC Case No. BC391869), which incorporates the terms and provisions of this Stipulation, and
11 is substantially in the form attached hereto as Exhibit A.

12 K. “Imported Water” means water within the Basin and that originates outside the
13 Basin that is not part of the Basin’s Native Safe Yield, and that, absent human intervention, would
14 not recharge or be used in the Basin. Imported Water does not include water purchased by the
15 Watermaster with Replacement Assessments or bottled water.

16 L. “Native Safe Yield” means the amount of pumping, which under a given set of
17 land use and other prevailing cultural conditions, generates Return Flows that, when combined
18 with naturally occurring groundwater recharge to the Basin, results in no long-term depletion of
19 Basin groundwater storage. Pumping of the Settling Parties’ share of Native Safe Yield is not
20 subject to any Replacement Assessment.

21 M. “Non-Settling Party” means any person or entity that is not a Settling Party,
22 including any Wood Class Members that exercise their right to opt-out of this Agreement.

23 N. “Overlying Right” means the appurtenant right of an Overlying Owner to use
24 groundwater from the Native Safe Yield for overlying reasonable and beneficial use.

25 O. “Overlying Owners” means owners of land overlying the Basin who hold an
26 Overlying Right.

27 P. “Physical Solution” means a mechanism that comprehensively resolves the
28 competing claims to the Basin’s water and provides for the management of the Basin. The

1 Settling Parties anticipate that the Wood Class may be subject to a Physical Solution in the future,
2 as set forth in this Agreement.

3 Q. "Preliminary Approval Order" means the Court's Order granting preliminary
4 approval to the Settlement set forth herein, directing the manner in which notice of the Settlement
5 shall be provided to the Wood Class, and scheduling a final Hearing for the Court to consider
6 whether to approve the Settlement. The Settling Parties will submit a proposed Preliminary
7 Approval Order in the form attached hereto as Exhibit B.

8 R. "Recycled Water" is that portion of water that has previously been used and then
9 reclaimed by the Sanitation Districts of Los Angeles County or others for later reuse in the Basin.

10 S. "Replacement Assessment" means the charge imposed on any Settling Party by the
11 Watermaster for producing more water than it is entitled to produce from the Basin under the
12 terms of this Settlement or pursuant to such further orders as the Court may enter in the
13 Consolidated Actions.

14 T. "Replacement Water" means water purchased by the Watermaster to offset
15 production in excess of a Settling Party's share of Total Safe Yield.

16 U. "Return Flows" means the amount of water that is put to reasonable and beneficial
17 agricultural, municipal or other use and thereafter returns to the Basin and is part of the Basin's
18 Total Safe Yield.

19 V. "Settlement" or "Agreement" means this Stipulation, and any other exhibits
20 appended hereto.

21 W. "Settlement Class" means any member of the Wood Class who has not opted-out
22 or otherwise been excluded from this Settlement.

23 X. "Total Safe Yield" means the amount of pumping, which under a given set of land
24 use and other prevailing cultural conditions generates Return Flows that, when combined with
25 naturally occurring groundwater recharge to the Basin and Return Flows derived from Imported
26 Water, results in no long-term depletion of Basin groundwater storage.

27 Y. "Watermaster" means the person or entity appointed by the Court to monitor and
28 manage the Basin's groundwater, subject to oversight by the Court.

1 Z. “Wood Class” or “Wood Class Members” means the Wood Class as defined in the
2 Court’s Order of September 2, 2008, but shall exclude all persons who timely excluded
3 themselves from the Wood Class and have not rejoined the Wood Class. The Wood Class consists
4 of the following:

5 All private (i.e., non-governmental) persons and entities that own
6 real property within the Basin, as adjudicated, and that have been
7 pumping less than 25 acre-feet per year on their property during any
8 year from 1946 to the present. The Class excludes the defendants
9 herein, any person, firm, trust, corporation, or other entity in which
10 any defendant has a controlling interest or which is related to or
11 affiliated with any of the defendants, and the representatives, heirs,
12 affiliates, successors-in interest or assigns of any such excluded
13 party. The Class also excludes all persons and entities that are
14 shareholders in a mutual water company.

12 IV. SETTLEMENT TERMS

13 In consideration of the covenants and agreements set forth herein, and of the releases and
14 dismissals described below, the Settling Parties agree to settle and compromise the claims that
15 have been asserted or that could have been asserted between and among the Wood Class and the
16 Settling Defendants, subject to Court approval, on the following terms and conditions:

17 A. Native Safe Yield.

18 District 40 and some of the Settling Defendants contend that the best estimate of the
19 Basin’s Native Safe Yield is 82,300 acre-feet per year. The Wood Class and some of the Settling
20 Defendants contend that the Basin’s Native Safe Yield may be higher. The Wood Class agrees
21 not to challenge or otherwise contest that estimate, except as provided in this Agreement. The
22 Settling Parties understand and agree that, in the absence of stipulation by all parties in the
23 Consolidated Actions, the Court will decide the Basin’s Native Safe Yield, and the Settling
24 Parties agree to be bound by the Court’s determination in that regard even if some or all of them
25 do not participate in a trial.

26 B. Total Safe Yield.

27 District 40 and some of the Settling Defendants contend that the best estimate of the
28 Basin’s Total Safe Yield is 110,500 acre-feet per year. The Wood Class and some of the Settling

1 Defendants contend that the Basin's Total Safe Yield may be higher. The Wood Class agrees not
2 to challenge or otherwise contest that estimate, except as provided in this Agreement. The
3 Settling Parties understand and agree that, in the absence of stipulation by all parties in the
4 Consolidated Actions, the Court will decide the Basin's Total Safe Yield, and the Settling Parties
5 agree to be bound by the Court's determination in that regard even if some or all of them do not
6 participate in trial.

7 C. Federal Reserved Right.

8 The United States contends that it is entitled to a Federal Reserved Right. The Settling
9 Parties agree that the Federal Government has a Federal Reserved Right to use a portion of the
10 Native Safe Yield. The Settling Parties agree that the Court will decide the amount of the Federal
11 Reserved Right and they agree to be bound by the Court's determination.

12 D. Allocation Of Federally Adjusted Native Safe Yield.

13 The Settling Parties agree to be bound by the Court's determination of the amounts of the
14 Basin's Native Safe Yield and the United States' Federal Reserved Right. The Basin's Federally
15 Adjusted Native Safe Yield shall be the Basin's Native Safe Yield less the prior year's production
16 of water by the United States (not to exceed the Federal Reserved Right). The Settling Parties
17 agree that the Settling Defendants and the Wood Class Members each have rights to produce
18 groundwater from the Basin's Federally Adjusted Native Safe Yield.

19 1. Settling Defendants' Water Rights

20 Settling Defendants have asserted in the Consolidated Actions that they have obtained
21 prescriptive rights to the Basin's Native Safe Yield. This Stipulation shall neither be construed to
22 recognize prescriptive rights nor to limit the Settling Defendants' prescriptive claims vis-a-vis the
23 Basin or any Non-Settling Parties, but rather as an agreement to fairly allocate the Settling
24 Parties' respective rights to use the Basin's water. The Settling Parties agree that the Settling
25 Defendants collectively have the right to produce up to 15% of the Basin's Federally Adjusted
26 Native Safe Yield free of any Replacement Assessment. If the Court limits the Settling
27 Defendants' pumping to less than 15% of the Federally Adjusted Native Safe Yield, and that
28 lower percentage is agreed to by the Settling Defendants or upheld on appeal, then such

1 percentage shall govern this Agreement. The Wood Class will not take any positions or enter into
2 any agreements that are inconsistent with the exercise of Settling Defendants' rights.

3 Furthermore, the question of overlying rights of the Cities of Palmdale and Lancaster are not at
4 issue in this agreement and the issue of the parties' overlying rights are expressly excepted from
5 the releases and dismissals set forth in Section VII. This Agreement does not limit the future
6 determination of such overlying rights, if any.

7 The Wood Class agrees that in the pending and in any future legal or administrative
8 proceedings involving the Basin, the Wood Class and its members and each of them will not
9 object to Phelan Pinon Hills Community Services District's distribution of water pumped from
10 the Basin as defined by the Court during Phases I and II of trial, to areas east of the boundary of
11 the Basin as defined by the Court, provided that Phelan Pinon Hills Community Services
12 District's place of use of the water produced west of the boundary is within the current service
13 area of Phelan Pinon Hills Community Services District, and, if Phelan Pinon Hills Community
14 Services District's service area is expanded to the west of the Basin boundary into Los Angeles
15 County, water produced west of the boundary may be used on the Los Angeles side without
16 limitation.

17 2. Wood Class Members' Pumping Rights

18 The Wood Class contends that each Wood Class Member is entitled to the reasonable and
19 beneficial use of up to 3 acre-feet per year on their overlying land. For purposes of this
20 Agreement, a class member is entitled to 3 acre-feet per year per household, rather than 3 acre-
21 feet per year per household member.

22 The Settling Parties agree that the Wood Class Members have an Overlying Right to a
23 correlative share of 85% of the Federally Adjusted Native Safe Yield for reasonable and
24 beneficial uses on their overlying land. The Settling Defendants will not take any positions or
25 enter into any agreements that are inconsistent with the exercise of the Wood Class Members'
26 Overlying Right to produce and use their correlative share of 85% of the Basin's Federally
27 Adjusted Native Safe Yield. If the Court limits the Settling Defendants' pumping to less than
28 15% of the Federally Adjusted Native Safe Yield, and that lower percentage is agreed to by the

1 Settling Defendants or upheld on appeal, then the Wood Class Members may correlatively pump
2 their pro rata share of the amount of the Federally Adjusted Native Safe Yield allocated to the
3 Overlying Owners by the Court.

4 The Settling Parties agree that the Wood Class Members may each pump up to 3 acre-feet
5 per household for reasonable and beneficial use on their overlying land from the correlative share
6 of 85% of the Federally Adjusted Native Safe Yield free from any Assessment. If the Court does
7 not approve this provision, this Agreement is void. To the extent that pumping by all overlying
8 pumpers exceeds 85% of the Federally Adjusted Native Safe Yield, any Assessment shall be
9 borne by the Overlying Owners (subject to the Wood Class Members' 3 acre-foot exemption). If
10 the Court does not approve this provision as part of this Agreement or at a future date, the
11 physical solution provisions in Section V.B, as well as any related Watermaster provisions of this
12 Agreement, shall not be applicable to the Wood Class Members. The Wood Class agrees not to
13 make any attempt to require that the Public Water Suppliers pay any Assessment related to any
14 pumping by the Wood Class.

15 The Settling Parties agree that upon the appointment of a Watermaster by the Court, the
16 Watermaster may assess the Wood Class Members water usage. If the Watermaster's assessment
17 determines that collectively the Wood Class is using less than an average of 3 acre-feet of water
18 per year, then any unused portion in any given year will be reallocated for use by other Overlying
19 Owners as part of their right to use their correlative share of 85% of the Basin's Federally
20 Adjusted Native Safe Yield; however, such reallocation shall in no way diminish any Class
21 Member's right to the reasonable and beneficial use of up to 3 acre-feet per year on their
22 overlying land. The pumping rights of Wood Class Members' are not transferable separately
23 from the parcel of property on which the water is pumped, unless legally permissible under
24 California law.

25 E. Applicability

26 1. The Wood Class Members' pumping in excess of 3 acre-feet per year shall
27 not be singled out by the Watermaster for a reduction of pumping or Assessment. The Wood
28 Class Members pumping in excess of 3 acre-feet per year shall be exempt from Watermaster-

1 ordered reduction of pumping levels or Assessment unless a substantial number, either in number,
2 or pumping percentages, of Overlying Owners that are subject to the Court's jurisdiction are also
3 ordered by the Watermaster to reduce pumping or are assessed. Any reduction of pumping
4 ordered by the Watermaster shall be fair and equitable, including the equivalent treatment of
5 residential Overlying Owners.

6 The pumping of Wood Class members up to 3 acre-feet per year per household shall not
7 be subject to reduction, unless: (1) such reduction is also applicable to all other Overlying
8 Owners, including those using groundwater for residential purposes, including without limitation
9 customers of mutual water companies; and (2) the reduction is mandated by Court order after
10 notice to the class members affording a reasonable opportunity for the Court to hear any class
11 member objections to such reduction, which must be consistent with applicable California law,
12 including without limitation, the priority established by Water Code section 106. Exemption of
13 the Wood Class by the Court from pumping reductions shall not impact the Settling Defendants'
14 Water Rights or Assessments in any way. Any pumping reductions needed because of the Wood
15 Class exemption would be made solely by Overlying Owners from their 85% share of the
16 Federally Adjusted Native Safe Yield.

17 2. Safe Harbor.

18 The Wood Class Members acknowledge that the Settling Defendants may at trial prove
19 prescriptive rights against all groundwater pumping in the Basin during a prior prescriptive
20 period. If the Settling Defendants do acquire prescriptive rights, those prescriptive rights shall
21 not be exercised to reduce the Wood Class Members' Overlying Rights.

22 3. Correlative Rights Of Overlying Owners

23 The Wood Class Members recognize that other Overlying Owners may have the right to
24 pump correlatively with them 85% of the Federally Adjusted Native Safe Yield of the Basin for
25 reasonable and beneficial uses on their overlying land. However, by approving this Agreement,
26 the Court expressly recognizes that the 3 acre-foot per year Assessment-exempt pumping right,
27 set forth in IV.D.2, above, is domestic use pursuant to California Water Code section 106.

28 4. Return Flows From Imported Water

1 a. The Settling Parties acknowledge and agree that they all have the
2 right to recapture Return Flows from Imported Water that they put to reasonable and beneficial
3 use in the Basin, consistent with California law. The Settling Parties will not be subject to any
4 Replacement Assessment for their production of an amount equal to the Return Flows from
5 Imported Water that they put to reasonable and beneficial use in the Basin.

6 b. District 40 and some Settling Defendants contend that the best
7 estimates of Return Flows from Imported Water are (a) 25% of the water used for agricultural
8 purposes and (b) 28% of the water used for municipal and industrial purposes. Some Settling
9 Defendants further believe that the best estimate of total annual Return Flows from Imported
10 Water is 28,200 acre-feet of which 25,100 acre-feet is from municipal and industrial use and
11 3,100 acre-feet is from agricultural use.

12 c. The Wood Class agrees not to challenge or otherwise contest those
13 estimates, except as provided in this Agreement. The Settling Parties understand and agree that,
14 in the absence of stipulation by all parties in the Consolidated Actions, the Court will decide the
15 Basin's Return Flow percentages from Imported Water, and the Settling Parties agree to be bound
16 by the Court's determination in that regard even if some or all of them do not participate in trial.

17 V. MANAGEMENT OF THE BASIN

18 A. General

19 The Settling Parties agree that the Basin has limited water resources and that they should
20 use their best efforts to conserve and maximize reasonable and beneficial use. The Settling Parties
21 further agree that there is a need to create a groundwater management plan to ensure that
22 pumping from the Basin does not exceed the Basin's Total Safe Yield and that the Court should
23 appoint a Watermaster to oversee the management of the Basin's water resources.

24 B. Physical Solution

25 1. The Settling Parties expect and intend that as part of this Agreement, the
26 Wood Class will become part of a Physical Solution entered by the Court to manage the Basin
27 and that the Court will retain jurisdiction in the Consolidated Actions. The Settling Parties agree
28

1 to be part of such a Physical Solution but only to the extent it is consistent with the terms of this
2 Stipulation, and further that it will be subject to Court-administered rules and regulations
3 consistent with California and Federal law.

4 2. The Settling Parties agree that the primary means for enforcing the terms of
5 this Agreement and monitoring the Wood Class Members' groundwater use under the Physical
6 Solution will not include metering of wells, but will primarily rely on physical inspection,
7 including aerial photographs. If the Watermaster has a reasonable basis to believe that a Wood
8 Class Member is exceeding the 3 acre-foot Assessment-free annual exemption, the Watermaster
9 may require that a meter be installed on that Wood Class Member's well(s) at that Class
10 Member's expense. If the Court or Watermaster requires the metering of wells of Class Members
11 that are producing less than 3 acre-feet per year, then Wood Class Members shall not bear the
12 cost of purchasing, installing, repairing, or reading those meters. Any Assessment imposed on
13 Wood Class Members must be based on water usage determined by a water meter installed on the
14 Class Member's well(s).

15 3. Replacement Water

16 If the Court and/or the Watermaster find that the Basin is overdrafted, the Settling Parties
17 recognize the right of any Settling Party to produce groundwater from the Basin above their share
18 of the Native Safe Yield, subject to any Replacement Assessment. The Wood Class Members
19 exceeding the annual production of 3 acre-feet per year, as determined by metering, agree to
20 provide Replacement Water or pay a Replacement Assessment to the Watermaster so that the
21 Watermaster may purchase Imported Water to recharge the Basin for any water usage in excess of
22 the Class Member's allowed production as determined by the Watermaster.

23 The Settling Defendants agree to provide or purchase Imported Water for all groundwater
24 pumping that exceeds a Settling Defendant's share of the Federally Adjusted Native Safe Yield,
25 or pay a Replacement Assessment to the Watermaster so that the Watermaster may purchase
26 Imported Water to recharge the Basin.

27 C. Water Storage

28 The Settling Parties agree that water storage in the Basin offers significant benefits and

1 should be encouraged. The Settling Parties further recognize that there is a limit on the Basin's
2 available storage space and that the storage of water for uses within the Basin should have
3 priority over storage for use outside the Basin. In addition, the Settling Parties agree that the
4 storage of water by Settling Parties or other parties to the Consolidated Actions for use outside
5 the Basin by individuals or entities not parties to the Consolidated Actions should be conditioned
6 upon appropriate compensation to help offset the costs of the Physical Solution. Subject to those
7 general principles, the Settling Parties agree that water storage should be permitted and
8 encouraged and agree to support appropriate provisions in the Physical Solution.

9 D. Recycled Water

10 The Settling Parties agree that it is important to encourage the treatment and use of
11 Recycled Water. The Wood Class agrees not to challenge or otherwise contest Settling
12 Defendants' claims to Return Flows from Recycled Water that was reclaimed by the Sanitation
13 Districts of Los Angeles County or Rosamond Community Services District, except as provided
14 in this Agreement.

15 VI. PROCEDURES FOR CLASS NOTICE AND HEARING ON MOTIONS FOR
16 PRELIMINARY AND FINAL APPROVAL OF STIPULATION

17 A. Preliminary Approval Motion and Settlement Notice.

18 Settling Plaintiffs shall file a motion for preliminary approval ("Preliminary Approval
19 Motion") of the terms of the Settlement reached between them on the one hand and Settling
20 Defendants on the other as soon as practicable following execution of this Stipulation by all
21 Settling Parties. The Preliminary Approval Motion will seek entry of an Order Preliminarily
22 Approving Class Action Settlement. The Preliminary Approval Motion shall include a proposed
23 form of notice describing this Stipulation (the "Settlement Notice") to be disseminated to the
24 Wood Class. The Settling Parties will attempt to agree upon the language for the Settlement
25 Notice, but agree to be bound by the Court's determination in the event they have any disputes or
26 disagreements in that regard. The Settling Parties agree to use their best efforts to have the
27 Preliminary Approval Motion heard by as promptly as is practical.

28 B. Manner of Notice to the Class

1 The Settlement Notice shall be disseminated to all Wood Class Members by an
2 independent third-party administrator under the supervision of Class Counsel and Counsel for
3 District 40. The expenses of class notice will be borne by District 40. The class notice will be
4 mailed to all Class Members by first class mail within 20 days of the Court's Preliminary
5 Approval Order. Settling Defendants shall update the currently available Class Member address
6 list through the use of the National Change of Address database prior to the initial mailing. All
7 mailed notice will contain a postage prepaid envelope for return of the opt-out form. With regard
8 to returned Notices, Settling Defendants will seek updated addresses from a title insurance
9 company and resend the mailed Notice to any additional address obtained from the search of
10 relevant title records. In the event that a returned Notice results from an address obtained from
11 this second notice, or no new address can be located, if the class member database contains an
12 electronic mail address for a Class Member, Class Counsel shall send the notice as a Portable
13 Document Format ("PDF") document in an electronic mail sent to the foregoing address. All
14 forms of notice will provide the Class Members with a 45 day period in which to opt-out of the
15 settlement by returning the opt-out form by mail.

16 C. Opt-Out Right

17 Class Members shall be given the opportunity to opt out of the Settlement Class. All
18 requests by Class Members to be excluded must be in writing and postmarked by the date
19 specified in the Preliminary Approval Order, and as specified in the Notice. All Class Members
20 who exclude themselves from the Settlement will not be bound by any further orders or
21 judgments entered for or against the Settlement Class, will preserve their ability to independently
22 pursue any claims they may have against Settling Defendants by filing their own lawsuit at their
23 own expense, and may be named and served as parties to the Consolidated Actions.

24
25 D. Opt-In Right

26 Any person or entity that meets the Class definition to the satisfaction of the Court, and
27 who obtains approval from the Court, may join the Class at any time prior to the entry of the
28 Judgment in *Wood v. Los Angeles County Waterworks District No. 40 et al.*

1 E. Objections to the Settlement

2 Any Class Member who has not previously opted out in accordance with the terms of this
3 Agreement may appear at the hearing on final approval to argue that the proposed Settlement
4 should not be approved and/or to oppose the application of Class Counsel for an award of
5 attorneys' fees and the incentive award to the Plaintiffs. In order to be heard at that hearing, the
6 Class Member must make any objection in writing and file it with the Court on or before the date
7 specified in the Notice pursuant to the Preliminary Approval Order.

8 F. Final Approval Hearing.

9 The Settlement Notice will advise Wood Class Members of the date and time set for a
10 Hearing on the Settling Plaintiffs' Motion for Final Approval of the Stipulation, including
11 advising them of their rights to submit statements in support of or opposition to the Stipulation.
12 The Final Approval Motion shall request that this Court find that the Stipulation is fair,
13 reasonable, and adequate to the Wood Class. If the Court grants final approval, judgment shall be
14 entered in favor of the Settlement Class in a form substantially in accord with Exhibit A hereto, to
15 be approved by the Court.

16 VII. RELEASES AND DISMISSALS

17 A. Release By Settling Plaintiffs

18 In addition to the effect of any Final Judgment entered in accordance with this Stipulation,
19 upon this Stipulation becoming final as set out in Section Paragraph VIII.H of this Stipulation,
20 and in consideration for the settlement consideration set forth above, and for other valuable
21 consideration, the Settling Plaintiffs shall completely release, acquit and forever discharge the
22 Settling Defendants and their representatives, successors, agents, affiliates, employees,
23 supervisors, officers, directors, or shareholders, from any and all claims, demands, actions, suits,
24 causes of action, whether class, individual, or otherwise in nature that Settling Plaintiffs, or each
25 of them, ever had, now has, or hereafter can, shall, or may have on account of or in any way
26 arising out of, any and all known or unknown, foreseen or unforeseen, suspected or unsuspected
27 injuries, damages, and the consequences thereof in any way arising out of or relating in any way
28 to the matters at issue in the Wood Action ("Released Claims"). Each Settling Plaintiff may

1 hereafter discover facts other than or different from those which he, she, or it knows or believes to
2 be true with respect to the claims which are the subject matter of this Stipulation, but each
3 Settling Plaintiff hereby expressly waives and fully, finally, and forever, settles and releases, upon
4 this Stipulation becoming final, any known or unknown, suspected or unsuspected, contingent or
5 non-contingent claim with respect to the subject matter of the provisions of Paragraph VII.A of
6 this section of the Stipulation, whether or not concealed or hidden, without regard to the
7 subsequent discovery or existence of such different or additional facts.

8 1. As provided in the Release set forth in Paragraph VII.A, above, the Settling
9 Plaintiffs, including any of Settling Plaintiffs' representatives, successors, agents, affiliates,
10 employees, supervisors, officers, directors, or shareholders, agree to waive and release all rights
11 and benefits which they might otherwise have pursuant to Section 1542 of the California Civil
12 Code with regard to the release of such unknown, unanticipated or misunderstood claims, causes
13 of action, liabilities, indebtedness and obligations. California Civil Code § 1542, provides that:
14 "A General Release does not extend to claims which the creditor does not know or suspect to
15 exist in his or her favor at the time of executing the Release, which if known by him or her must
16 have materially affected his or her settlement with the debtor."

17 2. The Release set forth in Paragraph VII.A, above, does not include claims
18 by any of the Settling Plaintiffs other than the claims set forth therein. In particular, the Settling
19 Parties recognize that many persons own more than one parcel of land within the Basin. The
20 foregoing Release only binds Wood Class Members and only with respect to those properties
21 within the Basin on which they have pumped or are pumping within the terms of the class
22 definition.

23 B. Release By Settling Defendants

24 In addition to the effect of any Final Judgment entered in accordance with this Stipulation,
25 upon this Stipulation becoming final as set out in Paragraph VIII.H of this Stipulation, and in
26 consideration of the settlement consideration set forth above, and for other valuable
27 consideration, the Settling Defendants completely release, acquit and forever discharge Settling
28 Plaintiffs and the Wood Class Members and their representatives, successors, agents, affiliates,

1 employees, supervisors, officers, directors, or shareholders, from any and all claims, demands,
2 actions, suits, causes of action, whether class, individual, or otherwise in nature that Settling
3 Defendants, or any of them, ever had, now has, or hereafter can, shall, or may have arising from
4 or relating in any way to the matters at issue in the Wood Action and the Cross-Complaint
5 (“Released Claims”). Each Settling Defendant may hereafter discover facts other than or different
6 from those which he, she, or it knows or believes to be true with respect to the claims which are
7 the subject matter of this Stipulation, but each Settling Defendant hereby waives any right to
8 relief from the provisions of this Stipulation in such event, and fully, finally, and forever, settles
9 and releases, upon this Stipulation becoming final, any known or unknown, suspected or
10 unsuspected, contingent or non-contingent claim with respect to the subject matter of the
11 provisions of Paragraph VII.B of this section of the Stipulation, whether or not concealed or
12 hidden, and without regard to the subsequent discovery or existence of such different or
13 additional facts.

14 As provided in the Release set forth in Paragraph VII.B, above, the Settling Defendants,
15 including any of Settling Defendants’ representatives, successors, agents, affiliates, employees,
16 supervisors, officers, directors, or shareholders, agree to waive and release all rights and benefits
17 which they might otherwise have pursuant to Section 1542 of the California Civil Code with
18 regard to the release of such unknown, unanticipated or misunderstood claims, causes of action,
19 liabilities, indebtedness and obligations. California Civil Code § 1542, provides that:

20 A General Release does not extend to claims which the creditor
21 does not know or suspect to exist in his or her favor at the time of
22 executing the Release, which if known by him or her must have
materially affected his or her settlement with the debtor.

23 1. The Release set forth in Paragraph VII.B, above, does not include claims
24 by any of the Settling Defendants other than the claims set forth therein.

25 2. If Settling Defendants have named any Wood Class Members as
26 defendants to the Cross-Complaint, they will promptly dismiss such Wood Class Members upon
27 entry of the Final Judgment. The Settling Defendants stipulate and agree they will not pursue any
28

1 entry of default or default judgment as to any Wood Class Members after the execution of this
2 Agreement until such time as the Wood Class Action has been dismissed or the Court has entered
3 an order or ruling disapproving of this Agreement, and all applicable appellate rights have expired
4 without approval of this Agreement.

5 VIII. MISCELLANEOUS PROVISIONS

6 A. No Concession By Any Settling Party

7 It is understood and agreed that this Stipulation represents the compromise of disputed
8 positions with respect to the relevant facts and law. This Stipulation shall not be deemed a
9 concession by any Settling Party as to any fact or the validity or invalidity of any claim or
10 defense.

11 B. Best Efforts and Mutual Cooperation.

12 Settling Plaintiffs and Settling Defendants shall use their best efforts to effectuate this
13 Stipulation and its purpose, and secure the prompt, complete, and final dismissal with prejudice of
14 the Wood Action. The Settling Parties agree to take any and all reasonable steps that may be
15 necessary in that regard, as long as those steps do not require any material deviations from the
16 terms of this Stipulation or impose material new obligations beyond those contemplated by this
17 Stipulation.

18 The Settling Parties recognize that not all parties to the Consolidated Actions have entered
19 into this Stipulation and that a trial of claims may be necessary between the Settling Defendants
20 as against Non-Settling Parties. The Settling Parties agree to cooperate and coordinate their
21 efforts in any such trial or hearing so as to obtain entry of judgment consistent with the terms of
22 this Stipulation; this provision, however, will not require Wood Class counsel to participate in
23 any such trial or render any efforts absent written agreement of Settling Defendants to
24 compensate them for such efforts. Nor shall this Stipulation preclude Settling Plaintiffs from
25 participating in any further proceedings that may affect their rights.

26 C. Adjustments Of Settling Parties' Estimates

27 In the event that the Court enters findings of fact that vary from the estimated amounts
28 that the Settling Parties have agreed to for purposes of this Stipulation in Paragraphs IV.A

1 through D and Paragraph IV.3.a, above, the Court's findings will be determinative and will
2 supplant the amounts set forth in this Stipulation. For example, if the Court should determine
3 following trial that the Basin's Total Safe Yield is, in fact, 120,000 acre-feet per year (or some
4 other amount), the Court's findings will control.

5 D. Fees And Costs Of Settling Plaintiff's Counsel

6 1. The Settling Parties understand that Wood Class counsel intend to seek an
7 award of their fees and costs from the Court at the time set for the Final Approval Hearing. Any
8 such awards will be determined by the Court unless agreed to by the Settling Parties. Settling
9 Defendants will likely oppose the motion for fees and costs. Wood Class counsel shall not
10 request apportionment any legal fees to the Cities of Lancaster and Palmdale if they submit
11 evidence to establish that they have not been and are not public water suppliers. This provision
12 shall not limit the rights of the other Settling Defendants to argue for apportionment of legal fees
13 and costs in any manner.

14 Where applicable, the payment of the award of fees and costs will be made pursuant to Court
15 order and Gov. Code section 970, et seq.

16 2. Settling Defendants understand that Class Counsel shall continue to
17 represent the interests of the Class as required by California law, including, for example, litigating
18 issues in the Consolidated Action that occur prior to the Effective Date of this Agreement.

19 E. Incentive Award to Richard Wood

20 Richard Wood intends to apply for an incentive award to compensate him for his time
21 serving as class representative. He may elect to request the right to pump an additional 2 acre-
22 feet a year free of Assessment, in lieu of the customary monetary payment. The Settling
23 Defendants will not object to this request.

24 F. Retention Of Jurisdiction and Post-Judgment Duties of Counsel

25 1. The Court shall retain jurisdiction over the implementation, enforcement,
26 and performance of this Stipulation, and shall have exclusive jurisdiction over any suit, action,
27 proceeding, or dispute arising out of or relating to this Stipulation or the applicability of this
28 Stipulation.

1 2. It is anticipated that the continuing jurisdiction of the court and/or the
2 implementation of a physical solution may continue for many years or potentially in perpetuity.
3 The Parties understand and agree that after the Effective Date of this Agreement and to the extent
4 consistent with applicable law, Class Counsel shall not have continuing obligations to represent
5 the Class, including without limitation, providing notice to the class of post-judgment
6 proceedings. The Court or the Watermaster shall establish a means of providing notice to the
7 Class of post-judgment proceedings as required by and consistent with all applicable law, but
8 providing at least 30-days written notice by first class mail prior to any filing deadlines or hearing
9 dates. Upon consent from individual Class Members, such notice may be provided electronically.
10 The class notice addressed in Section VI.B, above, shall include notice of this provision of the
11 Agreement.

12 G. Choice Of Law

13 This Stipulation shall be governed and construed by the substantive laws of the State of
14 California.

15 H. Finality

16 This Stipulation shall be effective on the Effective Date. In the event that (i) the Court
17 refuses to approve this Stipulation or any material part hereof, or (ii) if such approval is materially
18 modified or set aside on appeal, or (iii) if Final Judgment is entered in accordance with this
19 Stipulation and appellate review is sought and Final Judgment is not affirmed as to all material
20 parts, then any of the Settling Parties to the Stipulation have the option to rescind this Stipulation
21 in its entirety, Notice of the exercise of any such right to rescind shall be made according to the
22 terms of Paragraph VIII.L below.

23 I. Integrated Agreement

24 This Stipulation constitutes the entire, complete and integrated agreement among the
25 Settling Parties, and supersedes all prior or contemporaneous undertakings of the Settling Parties
26 in connection herewith. This Stipulation may not be modified or amended except in writing
27 executed by the Settling Parties and approved by the Court. It shall be construed and interpreted
28 to effectuate the intent of the Settling Parties which is to provide, through this Stipulation, for a

1 complete resolution of the relevant claims between the Settling Parties on the terms provided in
2 this Stipulation. Notwithstanding the foregoing, the Settling Parties intend and agree that this
3 Stipulation will later be incorporated into a Physical Solution, as defined above, which is
4 consistent with the terms of this Stipulation.

5 J. Intended Beneficiaries

6 This Stipulation shall be binding upon, and inure to the benefit of, the heirs, successors
7 and assigns of the Settling Plaintiffs and Settling Defendants. Without limiting the generality of
8 the foregoing, and to the extent consistent with California law, this Stipulation shall bind each and
9 every subsequent property owner who acquires property in the Basin from a Wood Class Member
10 as well as persons who subsequently acquire such properties.

11 K. Interpretation and Construction

12 The terms of this Stipulation have been arrived at by negotiation and mutual agreement,
13 with consideration of and participation by all Settling Parties and with the advice of counsel.
14 Neither Settling Plaintiffs nor Settling Defendants shall be considered to be the drafter of this
15 Stipulation or any of its provisions for the purpose of any statute, case law, or rule of
16 interpretation or construction that would or might cause any provision to be construed against the
17 drafter of this Stipulation (including but not limited to Civil Code Section 1654). The descriptive
18 headings of any paragraphs or sections of this Stipulation are inserted for convenience only and
19 do not constitute a part of this Stipulation.

20
21 L. Notices

22 Where this Stipulation requires either party to provide notice or any other communication
23 or document to the other, such notice shall be in writing, and such notice, communication, or
24 document shall be provided by personal delivery, facsimile transmission, overnight delivery, or
25 letter sent by United States mail with delivery confirmation. Notice may be provided to the
26 Settling Parties through their counsel of record at the following addresses:

27 California Water Service Company:

Attn: President
California Water Service Company

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	1720 North First Street San Jose, California 95112
with a copy to:	John Tootle California Water Service Company 2632 West 237th Street Torrance, California 90505
City of Palmdale:	Attn: City Manager 38300 Sierra Highway Palmdale, California 93550
with a copy to:	James Markman Richards, Watson & Gerson 355 South Grand Avenue, 40th Floor Los Angeles, California 90071
City of Lancaster	Attn: City Manager 44933 N. Fern Avenue Lancaster CA 93534
with copy to:	Doug Evertz Murphy & Evertz 650 Town Center Drive, Suite 550 Costa Mesa, CA 92626
Littlerock Creek Irrigation District:	Attn: General Manager 35141 87th Street East Littlerock, California 93543
with a copy to:	Wayne Lemieux Lemieux & O'Neill 2393 Townsgate Rd., Suite 201 Westlake Village, California 91361
Los Angeles County Waterworks District No. 40:	Attn: Director 260 East Avenue K-8 Lancaster, California 93535

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with a copy to:	Warren Wellen Los Angeles county Counsel Office 648 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, California 90012
with a copy to:	Eric L. Garner Best Best & Krieger LLP 3750 University Avenue P.O.B 1028 Riverside, California 92502
Palmdale Water District:	Attn: General Manager 2029 E. Avenue Q Palmdale, California 93550
with a copy to:	Thomas Bunn III Lagerlof, Senecal, Gosney & Kruse, LLP 301 North Lake Avenue, 10th floor Pasadena, California 91101-4108
Palm Ranch Irrigation District:	Attn: General Manger 4871 West Avenue M. (Colombia Way) Quartz Hill, California 93536
with copy to:	Wayne Lemieux Lemieux & O'Neill 2393 Townsgate Rd., Suite 201 Westlake Village, California 91361
Quartz Hill Water District:	Attn: General Manager 42141 N. 50th Street West Quartz Hill, California 93536
with copy to:	Bradley Weeks Charlton Weeks LLP 107 West Avenue M-14, Suite A Palmdale, California 93551

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3	Phelan Pinon Hills Community Services	Attn: General Manager
4	District:	4037 Phelan Road, Suite C-1
5		Phelan, California 92371
6	with copy to:	Susan Trager
7		Law Office of Susan Trager
8		19712 MacArthur Blvd. #120
9		Irvine, California 92612
10	Rosamond Community Services	Attn: General Manager
11	District:	3179 35th Street W
12		Rosamond California 93560
13	with a copy to:	Doug Evertz
14		Murphy & Evertz
15		650 Town Center Drive, Suite 550
16		Costa Mesa, CA 92626
17		
18	Wood Class:	Michael D. McLachlan
19		Law Offices of Michael D. McLachlan
20		Daniel M. O'Leary
21		Law Office of Daniel M. O'Leary
22		10490 Santa Monica Boulevard
22		Los Angeles, CA 90025

23 or to such other address as any Settling Party shall, from time to time, specify in the
 24 manner provided herein.

25 M. No Admissions

26 Neither this Stipulation, nor any act performed or document executed pursuant to or in
 27 furtherance of this Stipulation, is or may be deemed to be or may be used as an admission of, or
 28

1 evidence of the validity of any claim or defense.

2 N. Execution

3 This Stipulation may be executed in counterparts by Settling Plaintiffs and Settling
4 Defendants, and a facsimile signature shall be deemed an original signature for purposes of
5 executing this Stipulation. Each of the undersigned persons represents that he or she is fully
6 authorized to enter into the terms and conditions of and to execute this Stipulation by the party for
7 which he or she has signed the Stipulation.

8 IN WITNESS HEREOF, the undersigned being duly authorized, have executed this
9 Stipulation on the dates shown below.

10 Approved as to form by:
11 Michael McLachlan

12
13 By: _____
Richard Wood

By: _____

14 California Water Service

Approved as to form by:
John Tootle

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18 By: _____

By: _____

19 City of Lancaster

Approved as to form by:
Doug Evertz

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23 By: _____

By: _____

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City of Palmdale

Approved as to form by:
James Markman

By: _____

By: _____

Little Rock Creek Irrigation District

Approved as to form by:
Wayne Lemieux

By: _____

By: _____

Los Angeles County Waterworks
District No. 40

Approved as to form by:
Andrea Sheridan Ordin, County Counsel

By: Mike Antonovich

By: Warren R. Wellen

Chair, Board of Supervisors

Warren R. Wellen, Principal Deputy
County Counsel



Approved as to form by: Eric L. Garner

By: Eric L. Garner

Attest:
Sachi A. Hamai
Executive Officer-Clerk Of the Board of
Supervisors
APR 29 2011

By: Sachelle Amitherman
DEPUTY

Palmdale Water District

Approved as to form by:
Tom Bunn

By: _____

By: _____

Palm Ranch Irrigation District

Approved as to form by:
Wayne Lemieux

By: _____

By: _____

77504

1 Phelan Pinon Hills Community
2 Services District

Approved as to form by:
Susan M. Trager

4 By: _____

By: _____

6 Quartz Hill Water District

Approved as to form by:
Bradley Weeks

8 By: _____

By: _____

10 Rosamond Community Services
Districts and City of Lancaster

Approved as to form by:
Doug Evertz

12 By: _____

By: _____

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

CS-8 MAR 15 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

23 I hereby certify that pursuant to
24 Section 25103 of the Government Code,
delivery of this document has been made.

25 SACHI A. HAMAI
26 Executive Officer
27 Clerk of the Board of Supervisors

28 By *Lachelle Smitherman*
Deputy APR 29 2011



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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

ANTELOPE VALLEY GROUNDWATER CASES

This judgment relates to an included action:

RICHARD WOOD, on behalf of himself and all others
similarly situated,

Plaintiff,

v.

LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 40; CITY OF LANCASTER; CITY OF
LOS ANGELES; CITY OF PALMDALE; PALMDALE
WATER DISTRICT; LITTLEROCK CREEK
IRRIGATION DISTRICT; PALM RANCH
IRRIGATION DISTRICT; QUARTZ HILL WATER
DISTRICT; ANTELOPE VALLEY WATER CO.;
ROSAMOND COMMUNITY SERVICES DISTRICT;
and DOES 1 through 1,000;

Defendants.

JUDICIAL COUNCIL
COORDINATION
PROCEEDING NO. 4408

Case No. BC 391869

**[proposed] FINAL JUDGMENT
APPROVING WOOD CLASS
ACTION SETTLEMENT**

1 The Court, having reviewed and considered the Motion for Final Approval of Settlement
2 for the Wood Class Stipulation of Settlement dated March 25, 2011 (the “Settlement
3 Agreement”)¹, by and between California Water Service Company, City of Palmdale, City of
4 Lancaster, Littlerock Creek Irrigation District, Los Angeles Waterworks District No. 40,
5 Palmdale Water District, Palm Ranch Irrigation District, Phelan Pinon Hills Community Services
6 District, Quartz Hill Water District, and Rosamond Community Services District, Desert Lake
7 Community Services District and North Edwards Water District (collectively, “Settling
8 Defendants”), and Richard Wood, on behalf of himself and the Class defined below, in the matter
9 styled *Richard Wood v. Los Angeles County Waterworks District No. 40 et al.*, Los Angeles
10 Superior Court Case Number BC391869 (“Wood Class Action”); having reviewed and
11 considered the terms and conditions of the Settlement Agreement; having reviewed and heard any
12 timely filed objections to the Settlement after notice to the class in accordance with the
13 preliminary approval order; and having reviewed and considered the motion of Class Counsel for
14 an award of attorneys’ fees and costs and for an award of compensation to Richard Wood, and
15 having reviewed and considered all opposing papers, the Court makes the following FINDINGS:

16 A. The Court has jurisdiction over all parties to the Settlement Agreement including
17 Class members who did not timely opt out of the Settlement.

18 B. For over 11 years, a number of actions have been pending in the Los Angeles
19 County Superior Court and other California courts seeking an adjudication of various parties’
20 respective rights to the groundwater underlying the Antelope Valley Groundwater Basin (the
21 “Basin”).

22 C. Several of these actions were coordinated by the California Judicial Council, by
23 order dated July 11, 2005, and assigned to the Honorable Jack Komar of the Superior Court for
24 the County of Santa Clara (the “Court”).

25 D. The Court held the first phase of trial in October of 2006 for the purpose of
26 determining the boundaries of the Basin for the purposes of these coordinated actions, and did so

27 _____
28 ¹ Any capitalized terms in this Judgment that are not defined herein are accorded the
definition set forth in the Settlement Agreement.

1 by an Order dated November 3, 2006.

2 E. The Wood Class Action was filed on June 3, 2008 against certain public water
3 entities asserting claims for declaratory relief, quiet title, and various claims related to the alleged
4 taking of water rights. The Wood Class action was subsequently added to the Coordinated Cases.

5 F. By order of September 2, 2008, the Court certified the Wood Class, appointed
6 Richard Wood as Class representative, and the Law Offices of Michael D. McLachlan APC and
7 the Law Office of Daniel M. O'Leary as counsel for the Class. By that Order, the Court defined
8 the Class as:

9 All private (i.e. non-governmental) persons and entities that own real property within the
10 Basin, as adjudicated, and that have been pumping less than 25 acre-feet per year on their
11 property during any year from 1946 to the present. The Class excludes the defendants
12 herein, any person, firm, trust, corporation, or other entity in which any defendant has a
13 controlling interest or which is related to or affiliated with any of the defendants, and the
14 representatives, heirs, affiliates, successors-in-interest or assigns of any such excluded party.
15 The Class also excludes all persons and entities that are shareholders in a mutual water
16 company.

17 G. Notice of the pendency of this class action was initially provided to the class by
18 mail and publication, with a final opt out date of December 4, 2009. A list of those parties that
19 opted out of the class, and did not subsequently opt back into the class, is attached as Exhibit 1 to
20 the Declaration of _____. These opt out parties did not receive the Notice of Class
21 Settlement, and are not bound by the Settlement or this Judgment.

22 H. On _____, 2011, this Court issued an order preliminarily approving the Settlement.
23 Notice of this Settlement was provided in accordance with the Court's order preliminarily
24 approving the settlement and the terms of the Settlement Agreement, as reflected in the
25 Declarations of _____. Notice was given in an adequate and sufficient manner, and
26 constituted the best practicable notice under the circumstances. Those class members who timely
27 opted out of this Settlement are listed in Exhibit 2 to the Declaration of _____. These parties
28 are not bound by the Settlement or this Judgment.

1 I. The Settlement is a product of good faith, arm's length negotiations between the
2 Representative Plaintiff and the Settling Defendants and their counsel, which occurred over a
3 lengthy period of time in this litigation. The Settlement, as provided in the Settlement
4 Agreement, is in all respects fair, reasonable, adequate and proper and in the best interests of the
5 Class.

6 J. All members of the Class who did not opt out of the Class shall be subject to all
7 the provisions of the Settlement Agreement and this Judgment as entered by the Court (the
8 "Settlement Class" members). The Settlement Class members are listed in Exhibit _ to the
9 Declaration of _____ filed with the Court.

10 On the basis of the foregoing findings and the submissions referred to above, IT IS
11 HEREBY ORDERED ADJUDGED AND DECREED:

12 1. The Settling Parties are released forever as to the Released Claims as provided for
13 in the Settlement Agreement. Any claims or rights not specifically released are retained by the
14 Settling Parties.

15 2. The Settlement Class members and their heirs, successors, assigns, executors or
16 administrators are permanently barred and enjoined from instituting, commencing, prosecuting,
17 any Released Claim against any of the Released Parties in any forum, other than claims to enforce
18 the terms of the Settlement Agreement. Each member of the Settlement Class has waived and
19 fully, finally and forever settled and released, upon this Judgment becoming final, any known or
20 unknown, suspected or unsuspected, contingent or non-contingent Released Claim, whether or
21 not concealed or hidden, without regard to the subsequent discovery of different or additional
22 facts.

23 3. The Settling Defendants and their heirs, successors, assigns, executors or
24 administrators are permanently barred and enjoined from instituting, commencing, prosecuting,
25 any Released Claim against any of the Released Parties in any forum, other than claims to enforce
26 the terms of the Settlement Agreement. Each Settling Defendant has waived and fully, finally
27 and forever settled and released, upon this Judgment becoming final, any known or unknown,
28 suspected or unsuspected, contingent or non-contingent Released Claim, whether or not

1 concealed or hidden, without regard to the subsequent discovery of different or additional facts.

2 4. Any prescriptive rights the Settling Defendants may have cannot be exercised to
3 reduce any Overlying Rights the Settlement Class members may have.

4 5. To the extent the Court ultimately enters an order or judgment of physical solution
5 consistent with the rights and obligations of the Settling Parties as set forth in the Settlement
6 Agreement, the Settlement Class members shall be bound by such order or judgment.

7 6. The Settling Parties are ordered to timely comply with all other provisions of the
8 Settlement Agreement.

9 7. Without affecting the finality of this Judgment, the Court hereby reserves and
10 retains jurisdiction over this Settlement, including administration of the Settlement Agreement, as
11 well as any action, proceeding or motion brought to enforce the Settlement Agreement. The
12 Settling Parties are subject to the jurisdiction of this Court for any suit, action, proceeding or
13 dispute arising out of or relating to this Judgment or the Settlement Agreement.

14 8. The Court orders payment of attorneys' fees to class counsel in the total amount of
15 _____, and costs of suit of _____. These attorneys' fees and costs are payable
16 by Settling Defendants in the following amounts: [insert allocation].

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18 Date: _____
19 _____
20 Judge of the Superior Court
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