

“EXHIBIT C”

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA

2 FOR THE COUNTY OF LOS ANGELES

3 DEPARTMENT NO. 1

HON. JACK KOMAR, JUDGE

4
5 COORDINATION PROCEEDING)
SPECIAL TITLE (RULE 1550B))

6 ANTELOPE VALLEY GROUNDWATER CASES))

JUDICIAL COUNCIL
COORDINATION NO. P4408

7
8 PALMDALE WATER DISTRICT AND)
QUARTZ HILL WATER DISTRICT,)

SANTA CLARA CASE NO.
1-05-CV-049053

9 CROSS-COMPLAINANTS,)

10 VS)

11 LOS ANGELES COUNTY WATERWORKS,)
12 DISTRICT NO. 40, ET AL,)

13 CROSS-DEFENDANTS.)
14

15 REPORTER'S TRANSCRIPT OF PROCEEDINGS

16 **FRIDAY, JULY 20, 2007**

17
18 APPEARANCES:

19 (SEE APPEARANCE PAGES)
20
21
22

23
24 **ORIGINAL**
25

26
27 CHARLOTTE NICHOLAS MOHAMED, CSR #2384
28 OFFICIAL REPORTER

1 PRELIMINARY, TO COMING BEFORE THE COURT FOR A CLASS OF PUMPERS
2 THAT PUMP MORE THAN 25 ACRE FEET, I'M NOT QUITE SURE WE WOULD
3 BE ABLE TO SATISFY THE CLASS-CREATION REQUIREMENTS JUST SIMPLY
4 BASED ON THE INFORMATION WE HAVE CURRENTLY. THERE ARE NOT VERY
5 MANY OF THEM.

6 MOST PEOPLE WHO ARE OUT THERE ARE CONNECTED TO A
7 PUBLIC WATER SUPPLY SYSTEM BECAUSE THEY LIVE IN A COMMUNITY OR
8 THEY MAY HAVE LARGE AGRICULTURAL INTERESTS OR ARE ON
9 GOVERNMENT LAND, BUT WE ARE TRYING TO SORT OF -- THIS IS VERY,
10 VERY PRELIMINARY. WE ARE TRYING TO GET A BETTER PICTURE OF
11 IT.

12 THE COURT: OKAY. I'M JUST WONDERING IF THOSE
13 INDIVIDUALS COULD NOT BE INCLUDED WITHIN THE PLAINTIFF'S
14 CLASS.

15 MR. DUNN: WE BELIEVE THEY CAN AND SHOULD BE. AND THEY
16 WOULD ALWAYS HAVE THE ABILITY TO OPT OUT BECAUSE THEY PUMP OR
17 THEY WANT TO FOR ANY REASON TO OPT OUT. THE MORE WE LOOK AT
18 THIS AND THE MORE WE TALK WITH COUNSEL AND THE MORE WE TALK
19 WITH CONSULTANTS, THE MORE CONVINCED WE ARE THAT THE PROPOSED
20 ZLOTNICK CLASS COULD ACCOMMODATE THESE FOLKS AS WELL AND THERE
21 CERTAINLY WOULD BE AN OPT-OUT PROVISION.

22 THE COURT: THAT OCCURRED TO ME. IN FACT WE MENTIONED
23 THAT BRIEFLY AT OUR LAST HEARING. THE SPECIFIC LANGUAGE OF
24 THE CROSS COMPLAINT FILED BY MR. ZLOTNICK MAY NOT ENCOMPASS
25 THAT, BUT I DON'T THINK THAT IT WOULD LIMIT THE COURT'S
26 ABILITY TO CREATE A CLASS BASED UPON REAL KNOWN FACTS
27 CONCERNING WHO IS DOING WHAT, SO THAT WE HAVE SOME COMMONALITY
28 IN THERE. IT COULD EVEN BE, I SUPPOSE, A CLASS AND A SUB

1 CLASS.

2 MR. DUNN: YES. OUR THOUGHT IS IF AT SOME POINT IN
3 TIME --

4 THE COURT: IT ALSO SEEMS TO ME THAT GIVEN THE
5 DIFFICULTY OF FINDING A DEFENDANT CLASS REPRESENTATIVE, IF IT
6 IS POSSIBLE TO CREATE A PLAINTIFF'S CLASS OR A
7 CROSS-COMPLAINANT'S CLASS, THAT IT WOULD CERTAINLY MAKE FOR
8 MORE EFFICIENT MANAGEMENT AND PROVIDE A BETTER LEVEL OF
9 JUSTICE.

10 MR. DUNN: AND WHEN WE GIVE -- WHEN THE COURT WANTS THE
11 STATUS OF THE SERVICE REPORT, WE BELIEVE THAT BASED ON THE
12 INFORMATION WE CAN PRESENT TO THE COURT, IT WOULD CAUSE THE
13 COURT AND THE PARTIES TO FURTHER THINK ABOUT USING THE
14 ZLOTNICK CLASS.

15 JUST AS A PREVIEW, IF YOU LOOK AT THE PARTIES WE
16 HAVE IDENTIFIED NOW, BASED ON THE RECENT INFORMATION THAT WE
17 RECEIVED FROM OTHER PARTIES AND INDIVIDUALS, WE HAVE OVER FOUR
18 HUNDRED PARTIES IN KERN AND L.A. COUNTIES WHO OWN MORE THAN 4
19 HUNDRED ACRES -- EXCUSE ME -- MORE THAN A HUNDRED ACRES. SO
20 ALREADY JUST WITH THAT HIGHER THRESHOLD OF PROPERTY OWNERSHIP,
21 WE HAVE CREATED A VERY LARGE GROUP OF PARTIES WHO ARE IN THE
22 PROCESS OF BEING INDIVIDUALLY SERVED.

23 AND I THINK IT GOES BACK TO WHAT THE COURT SAID
24 EARLIER, PROBABLY BASED ON WHAT WE HAVE HEARD FROM SOME OF
25 THESE FOLKS AND JUST THE SHEER NUMBER, IT IS WORTH SERIOUSLY
26 LOOKING AT ALLOWING THEM TO PARTICIPATE IN THE CLASS AS WELL.

27 THANK YOU.

28 THE COURT: DO YOU THINK THERE ARE AN ADDITIONAL 4

1 INDIVIDUAL BASIS, AND WERE TO BE MORE, SOME EVEN AFTER, IT
2 CREATES SOME CASE MANAGEMENT PROBLEMS FOR US WHICH WILL
3 PROBABLY COME UP IN ANOTHER PORTION OF THE DISCUSSION THIS
4 MORNING ABOUT SETTLEMENT EFFORTS.

5 THE COURT: YOU MIGHT RUN OUT OF AVAILABLE LAWYERS.

6 MR. DUNN: WE MAY DO THAT. IT CERTAINLY CREATES
7 ADDITIONAL COMPLICATIONS OR BURDENS WHEN WE TRY TO GET PEOPLE
8 TOGETHER TO RESOLVE THIS.

9 THE COURT: DO YOU HAVE ANY SENSE OF HOW MANY OF THOSE
10 PARTIES ARE ACTUALLY PUMPING WATER?

11 MR. DUNN: OUT OF ALL THE ONES THAT WE HAVE HEARD BACK
12 FROM, AND THERE HAS BEEN QUITE A FEW, THERE WAS ONLY ONE.

13 THE COURT: OTHERWISE THE LAND IS LYING FALLOW?

14 MR. DUNN: YES. IN ALMOST EVERY CASE, THEY HAVE TOLD
15 US THAT THE LAND IS FALLOW; IT IS VACANT, RAW LAND, BEING HELD
16 FOR INVESTMENT PURPOSES. THERE IS NO PLAN TO DEVELOP IT FOR
17 AGRICULTURE. IT IS TO SELL IT OFF FOR SOME TYPE OF URBAN OR
18 RESIDENTIAL OR COMMERCIAL DEVELOPMENT. IT IS INVESTMENT
19 PROPERTY.

20 THE COURT: ALL RIGHT. WELL, IT SEEMS TO ME AT THIS
21 POINT THAT IT WOULD BE USEFUL FOR COUNSEL TO CONFER WITH
22 MR. ZLOTNICK TO SEE IF IT IS POSSIBLE TO ARRIVE AT SOME
23 UNDERSTANDING AS TO WHAT A REASONABLE CLASS CERTIFICATION,
24 PLAINTIFF'S CLASS CERTIFICATION, MIGHT BE. AND IF IT IS
25 POSSIBLE TO AVOID A DEFENDANT CLASS, THEN I THINK THAT MAKES
26 SOME SENSE TO ME; CERTAINLY IN TERMS OF GETTING THIS MATTER
27 ADJUDICATED MORE PROMPTLY.

28 SO I WOULD THINK THAT I WOULD LIKE TO SEE SOME