

# Exhibit B

## **RULES AND PROCEDURES FOR ELECTION OF INITIAL LANDOWNER PARTY WATERMASTER REPRESENTATIVES**

### **A. Introduction**

All capitalized terms have the same meaning as defined in the Judgment and Physical Solution ("Judgment") for the Antelope Valley Groundwater Cases. "Exhibit 4" refers to Exhibit 4 to the Judgment. Section 18.1.1 of the Judgment provides for the composition of the Watermaster Board, which is to include:

[T]wo (2) landowner Parties, exclusive of public agencies and members of the Non-Pumper and Small Pumper Classes, selected by majority vote of the landowners identified on Exhibit 4 (or their successors in interest) based on their proportionate share of the total Production Rights identified in Exhibit 4.

This document sets forth the rules and procedures for electing the two initial landowner Party Watermaster Board members.

### **B. Scope**

These rules and procedures shall apply only to the initial selection of the two (2) landowner Parties' representatives on the Watermaster Board. None of the rules and procedures established herein shall be precedent for or binding on the Parties, except for the initial selection.

### **C. Notices**

All notices shall be transmitted by email, to the email addresses of the landowner Parties' designated representatives, and their attorneys of record, and by posting on the Court's website. The initial email list for such notice shall be that list, a copy of which is attached hereto as Appendix A, that was compiled by the attorneys for the United States, in cooperation with other counsel, for purposes of circulating the final Settlement Stipulation for review and approval. Corrections and additions to the initial email list shall be transmitted to the Inspector of Elections no later than **June 10, 2016**, along with an explanation of the need therefore. Revisions to the email list, if any, will be provided to all parties to the attached list on June 11, 2016. In addition, the Inspector of Elections shall request AVEK to provide additional notice by mail, where email addresses are suspect, undeliverable or non-existent, and may otherwise request AVEK to provide additional notice by mail where he deems appropriate, at the addresses that are set forth on the Court's website. Email or U.S. Mail notice shall not be transmitted to non-Parties or Parties not entitled to vote for the two (2) landowner Parties' representatives under Section 18.1.1 of the Judgment. All notices shall be transmitted and posted at the earliest practical time, and at least three (3) court days in advance of any event or deadline for action.

#### **D. Inspector of Elections**

James DuBois of the United States Department of Justice [james.dubois@usdoj.gov] is designated and has agreed to serve as the initial Inspector of Elections. Emails directed to the Inspector of Elections shall contain the applicable subject line of ‘**Inspector of Elections – Nominations**’ or ‘**Inspector of Elections – Ballots**’ or ‘**Inspector of Elections – Challenges.**’ Once established, the Watermaster shall succeed the initial Inspector of Elections. Pending the establishment of the Watermaster, Mr. DuBois may designate a successor Inspector of Elections, which designation shall become effective upon seven (7) days’ notice given in accordance with the foregoing provisions unless, within that time, greater than fifty percent ( $\geq 50\%$ ) of the eligible votes are cast against that designee, by email to Mr. DuBois.

#### **E. Landowner Terms**

In order to create staggered voting, the term for one of the landowner Watermaster seats ("Landowner Seat 1") shall be four (4) years. The initial term for the other landowner Watermaster seat ("Landowner Seat 2") shall be two (2) years, and thereafter shall be four (4) years. The terms shall commence on the date following the election when the Watermaster Board is fully constituted and shall terminate at 5:00 p.m. PST on the fourth and second anniversaries of the commencement date, respectively.

The Landowners identified on Exhibit 4 shall also select one alternate Watermaster Board member ("Landowner Alternate") who shall serve as the alternate Board member if one of the elected Watermaster Landowner representatives is unable to attend a Watermaster Board meeting or to complete his or her term. The initial term for the Landowner Alternate shall be four (4) years. The Landowner Alternate shall serve under the same rules as the selected landowner Watermaster Board members.

#### **F. Nominations**

Any Party identified on Exhibit 4 shall be entitled to nominate one individual to serve on the Watermaster Board. Each nominee must be a natural person and either be a Party listed on Exhibit 4, or be an officer, director, shareholder, managing member, general partner, limited partner, general manager, operations officer or managing agent of a Party listed on Exhibit 4. Nominations shall be made by posting the nomination on the Court’s website or by email to all Parties on the June 11, 2016 email list, and by emailing the Inspector of Elections as provided above. The nomination form is attached hereto as Appendix B. The nomination shall include the following information:

1. Name of Nominating Party as listed on Exhibit 4;
2. Name of natural person representing the Nominating Party as listed on Exhibit 4;
3. Name of person being nominated;
4. Address of person being nominated;
5. Name of Party on Exhibit 4 that the nominee represents;
6. Brief statement of qualifications that discloses the nominee’s official capacity with an Exhibit 4 Party;

7. Representation that the Nominating Party has personally confirmed that the nominee is willing to serve, and whether the nominee is willing to serve for a two (2) year or four (4) year seat; and
8. Verification by the nominating Party under penalty of perjury.

Nominations shall commence on the date on which the “opening” of nominations is posted to the Court’s website by the Inspector of Elections, and shall remain open until **12:00 p.m. (noon) on June 14, 2016.**

## **G. Ballots**

Within three (3) days of the close of nominations, the Inspector of Elections shall post the Ballot on the Court website and transmit the same by email to the voting landowner Parties and their attorneys as designated on the June 11, 2016 email list. The Ballot shall state the deadline for receipt of the cast Ballot by the Inspector of Elections that will provide at least a ten (10) day voting period, and shall be accompanied by a Statement of Qualification (from the nomination form) for each nominee. Voting shall be closed, and votes received by the Inspector of Elections, no later than **6:00 p.m. on June 28, 2016.** Ballots shall be cast confidentially, and transmitted by email to the Inspector of Elections.

Information to be provided on the Ballot include:

1. Name of Party as listed in Exhibit 4;
2. Name of person representing the Party listed on Exhibit 4;
3. Names of up to two nominees for which the Party casts its votes;
4. Date and signature of person representing the Party casting the Ballot.

## **H. Voting Rights**

Each Party on Exhibit 4 to the Judgment shall have one (1) vote for each acre foot of water set forth in the Overlying Production Rights column, for each of the two (2) landowner Party representative seats. Commonly held Exhibit 4 rights such as that held by “Diamond Farming Co. LLC/Crystal Organic LLC/Grimmway/Lapis” shall be deemed a single Overlying Production Right exercisable by the common ownership. The voting right shall be exactly as reflected on Exhibit 4, rounded up or down to the nearest acre foot. Only those Overlying Parties on Exhibit 4 shall be entitled to cast votes for the two (2) landowner Parties' representatives on the Watermaster Board.

## **I. Vote Count and Results**

In tabulating the votes, the Inspector of Elections shall weigh the votes based on each voting Party's proportionate share of the total Production Rights identified on Exhibit 4, as discussed in the “Voting Rights” section above.

The Inspector of Elections shall report the results of the election by posting the names of the three (3) Nominees receiving the highest number of votes to the Court’s website. Unless

otherwise agreed to by the top two vote-getters, the highest vote-getter is elected to Landowner Seat 1 with a four (4) year term, and the second-highest vote-getter is elected to Landowner Seat 2 with a two (2) year term. The third-highest vote-getter is elected as the Landowner Alternate.

The Inspector of Elections shall maintain a record of those Landowners identified on Exhibit 4 that did not cast Ballots.

The election process and results shall be provided to the Court upon completion.