

EXHIBIT 27

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BEST BEST & KRIEGER LLP
ERIC L. GARNER, Bar No. 130665
JEFFREY V. DUNN, Bar No. 131926
WENDY Y. WANG, Bar No. 228923
18101 VON KARMAN AVENUE, SUITE 1000
IRVINE, CALIFORNIA 92612
TELEPHONE: (949) 263-2600
TELECOPIER: (949) 260-0972
Attorneys for LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 40

**EXEMPT FROM FILING
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CODE SECTION 6103**

OFFICE OF COUNTY COUNSEL
COUNTY OF LOS ANGELES
MARK J. SALADINO, BAR NO. 118305
COUNTY COUNSEL
WARREN WELLEN, Bar No. 139152
PRINCIPAL DEPUTY COUNTY COUNSEL
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
TELEPHONE: (213) 974-8407
TELECOPIER: (213) 687-7337
Attorneys for LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 40

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

ANTELOPE VALLEY GROUNDWATER CASES
Included Actions:

Los Angeles County Waterworks District No. 40 v.
Diamond Farming Co., Superior Court of
California, County of Los Angeles, Case No. BC
325201;

Los Angeles County Waterworks District No. 40 v.
Diamond Farming Co., Superior Court of
California, County of Kern, Case No. S-1500-CV-
254-348;

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,
Case Nos. RIC353840, RIC344436, RIC344668

RICHARD WOOD, on behalf of himself and all
other similarly situated v. A.V. Materials, Inc., et
al., Superior Court of California, County of Los
Angeles, Case No. BC509546

Judicial Council Coordination
Proceeding No. 4408

CLASS ACTION

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

**PUBLIC WATER SUPPLIERS'
CASE MANAGEMENT
CONFERENCE STATEMENT**

Date: July 10, 2015
Time: 10:00 a.m.
Dept.: 1 of Santa Clara County
Superior Court

1 RICHARDS WATSON & GERSHON

James L. Markman, Bar No. 43536
2 355 S. Grand Avenue, 40th Floor
3 Los Angeles, CA 90071-3101
4 (213) 626-8484; (213) 626-0078 fax
Attorneys for City of Palmdale

5 MURPHY & EVERTZ LLP

Douglas J. Evertz, Bar No. 123066
6 650 Town Center Drive, Suite 550
7 Costa Mesa, CA 92626
8 (714) 277-1700; (714) 277-1777 fax
Attorneys for City of Lancaster and Rosamond
Community Services District

9 LEMIEUX & O'NEILL

10 W. Keith Lemieux, Bar No. 161850
11 4165 E. Thousand Oaks Blvd., Ste. 350
Westlake Village, CA 91362
12 (805) 495-4770; (805) 495-2787 fax
Attorneys for Littlerock Creek Irrigation District,
13 Palm Ranch Irrigation District, Desert Lake Community Services District, North Edwards Water
14 District, Llano Del Rio Water Company, Llano Mutual Water Company, and Big Rock Mutual
Water Company

15 LAGERLOF SENEAL GOSNEY & KRUSE

16 Thomas Bunn III, Bar No. 89502
17 301 North Lake Avenue, 10th Floor
Pasadena, CA 91101-4108
18 (626) 793-9400; (626) 793-5900 fax
Attorneys for Palmdale Water District

19 CHARLTON WEEKS LLP

20 Bradley T. Weeks, Bar No. 173745
21 1007 West Avenue M-14, Suite A
Palmdale, CA 93551
22 (661) 265-0969; (661) 265-1650 fax
Attorneys for Quartz Hill Water District

23 CALIFORNIA WATER SERVICE COMPANY

24 John Tootle, Bar No. 181822
25 2632 West 237th Street
Torrance, CA 90505
26 (310) 257-1488; (310) 325-4605 fax

27

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1 Los Angeles County Waterworks District No. 40, Littlerock Creek Irrigation District,
2 Palm Ranch Irrigation District, Desert Lake Community Services District, North Edwards Water
3 District, Llano Del Rio Water Company, Llano Mutual Water Company, Big Rock Mutual Water
4 Company, Rosamond Community Services District, the City of Lancaster, Palmdale Water
5 District, Quartz Hill Water District, the City of Palmdale, and California Water Service Company
6 (collectively, “Public Water Suppliers”) hereby submit the following Case Management
7 Conference Statement on behalf on the parties who have entered into the settlement agreement
8 known as the Stipulation for Judgment and Physical Solution (“Physical Solution”):

9 **I. SETTLEMENT DISCUSSIONS**

10 The parties to the Physical Solution (“Settling Parties”) have a liaison legal counsel group
11 for settlement discussions with the following non-stipulating parties:

12 Rosamond Mobile Home Park (owned by Milana VII, LLC);

13 Eyherabide Land Company;

14 Charles Tapia and Nellie Tapia Family Trust;

15 Desert Breeze MHP, LLC (mobile home park),

16 Reesdale Mutual Water Company; and

17 Phelan Piñon Hills Community Service District.

18 As reported during the last court hearing, liaison legal counsel group has reached a
19 tentative settlement with Reesdale Mutual Water Company and Desert Breeze MHP, LLC.
20 Additionally, tentative agreement has been reached with Eyherabide Land Company.

21 Liaison legal counsel group continues its efforts to reach an agreement with Rosamond
22 Mobile Home Park.

23 Discovery is pending regarding claims by Charles Tapia and Nellie Tapia Family Trust.

24 There is no settlement progress with the Willis Class and Phelan Piñon Hills Community
25 Service District (“Phelan”).

1 **II. NEW PARTIES**

2 As indicated by the legal counsel for the Wood Class during the last case management
3 conference, there are several parties who were believed to have been members of the Wood Class
4 but do not meet criteria for Wood Class membership. They are the following: Goodyork
5 Corporation and Lancaster Summit Properties, Ltd., together they operate Leisure Lake Mobile
6 Home Estate; Robar Enterprises, Inc. and its affiliates, Hi-Grade Materials Co., and CJR general
7 partnership. The parties have been recently named and service of process is complete or pending
8 as to each party.

9 **III. ORDER OF PROOF FOR NEXT PHASE OF TRIAL**

10 The following matters need to be determined before final judgment: (1) non stipulating
11 parties' water rights, including rights of defaulted parties; and (2) a court-imposed physical
12 solution for the entire Antelope Valley Adjudication Area ("Basin") together with final approval
13 of the Small Pumper Class Stipulation of Settlement.

14 There are two reasons why water rights must be decided before a decision on the proposed
15 Physical Solution. First, the coordinated and consolidated proceedings include the United States
16 under the McCarran Amendment. As the Court is aware, the McCarran Amendment requires a
17 comprehensive adjudication of all Basin users' claims to groundwater. Second, the Court
18 considers the parties' water rights before imposition of the physical solution to the Basin's
19 overdraft condition. Once the Court determines the non-stipulating parties' water rights, the
20 Court can consider adopting the physical solution for all groundwater users within the Basin.
21 (*City of Barstow v. Mojave Water Agency* (2000) 23 Cal. 4th 1224, 1249-50.)

22 In order for the Court to make the necessary determinations and findings, Public Water
23 Suppliers propose the following timetable consistent with existing Case Management Orders:

24 **A. The Court has scheduled August 3rd and 4th for Wood Class members'**
25 **objections to the proposed Wood Class Settlement**

26 The Public Water Suppliers propose that the Court first hear objections, if any, by Small
27 Pumper Class members to the Small Pumper Class Stipulation of Settlement in the hearing
28 commencing on August 3, 2015. Court-approved notice was sent to the Wood Class members

1 that the Court would hear their objections, if any, to the proposed Wood Class settlement on
2 August 3rd.

3 **B. The Court has scheduled August 25th through August 27th for remaining**
4 **Phelan Claims**

5 The remaining Phelan claims are physical solution (3rd cause of action); declaratory relief
6 as to municipal priority (4th cause of action), storage space use claim (5th cause of action);
7 unreasonable use of water claim (7th cause of action), and basin boundary claims (8th cause of
8 action). It is unknown to the Public Water Suppliers as to whether Phelan intends to pursue any
9 or all of these claims and it is requested that the Court direct Phelan to disclose whether it intends
10 to pursue the claims and the general nature of the evidence to be offered.

11 **C. The Court has scheduled September 28th through October 16th for**
12 **remaining determinations.**

13 Preliminarily, the Court can approve the proposed Physical Solution as among its
14 stipulating parties. In order for the Court to approve the proposed physical solution for the entire
15 Basin, however, the Court will need to resolve non-stipulating parties' claims to water including
16 the default "prove up" against defaulted parties.

17 In the Phase 3 trial, the Court found that the Basin has been in a state of overdraft since
18 1951. (Phase 3 Statement of Decision at 5.) Because groundwater use adversity commences with
19 overdraft conditions, all Public Water Supplier pumping has been adverse to landowner pumping
20 since at least 1951. (*Pasadena v. Alhambra* (1949) 33 Cal.2d 908, 929 [adversity begins with the
21 commencement of overdraft].) The Court should hear the Public Water Suppliers' causes of
22 action against non-stipulating parties and the defaulted parties, including the Public Water
23 Suppliers' prescriptive rights claim. To the extent the Court determines the rights to return flow
24 rights were not previously tried, the return flow rights should also be determined.

25 If the Public Water Suppliers prove prescriptive rights, the non-stipulating parties must
26 prove "self-help" groundwater production and that their use of groundwater has been both
27 reasonable and beneficial. (*City of Santa Maria v. Adam* (2012) 211 Cal. App. 4th 266, 279.) To
28

1 the extent any non-stipulating parties are appropriators, they must also establish a prescriptive or
2 other legal basis for their groundwater use.

3 After non-stipulating parties' groundwater rights have been determined, the remaining
4 Settling Parties, including the Small Pumper Class, can present evidence of their reasonable and
5 beneficial use of water.

6 Once the Court decides claims to groundwater, the Court can receive evidence regarding
7 the proposed Physical Solution. The Court will hear expert witness testimony concerning the
8 proposed Physical Solution and how it benefits all current and future Basin groundwater users
9 and landowners. The Court would hear Willis Class' objections to the proposed Physical
10 Solution. If there is no final court approval of the proposed Physical Solution as to all parties, the
11 Settling Parties will not have a settlement agreement because it is contingent upon final court
12 approval of the proposed Physical Solution as to all parties.

13 **D. Other matters**

14 The Public Water Suppliers request that the Court order all parties to submit their trial
15 brief by August 17, 2015 – a month after the discovery cut-off and a week before the
16 commencement of the Phelan trial commencing on August 25th.

17 Dated: July 7, 2015

BEST BEST & KRIEGER LLP

18
19 By 

ERIC L. GARNER
JEFFREY V. DUNN
WENDY Y. WANG

Attorneys for
LOS ANGELES COUNTY
WATERWORKS DISTRICT NO. 40

LAW OFFICES OF
BEST BEST & KRIEGER LLP
18101 VON KARMAN AVENUE, SUITE 1000
IRVINE, CALIFORNIA 92612

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PROOF OF SERVICE

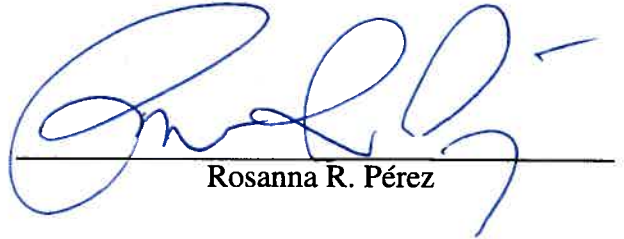
I, Rosanna R. Pérez, declare:

I am a resident of the State of California and over the age of eighteen years, and not a party to the within action; my business address is Best Best & Krieger LLP, 300 South Grand Avenue, 25th Floor, Los Angeles, CA 90071. On July 7, 2015, I served the within document(s):

**PUBLIC WATER SUPPLIERS'
CASE MANAGEMENT CONFERENCE STATEMENT**

by posting the document(s) listed above to the Santa Clara County Superior Court website in regard to the Antelope Valley Groundwater matter.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on July 7, 2015, at Los Angeles, California.


Rosanna R. Pérez

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