SMALL PUMPER CLASS STIPULATION OF SETTLEMENT: EXHIBIT A.2 – part 1 of 11

(Proposed Judgment and Physical Solution: Appendices A & B)

Rosamond Community Service District, Phelan Pinon Hills Community Services District,
Desert Lake Community Services District, and North Edwards Water District (collectively, the
"Settling Defendants"), on the other hand.

By Order dated November 18, 2010, this Court granted Plaintiff's Motion for Preliminary Approval of the Proposed Settlement of this action and directed the sending of Notice to the Willis Class. After considering all arguments and submissions for and against final approval of the proposed settlement, and being fully advised of the premises, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS, PURSUANT TO SECTIONS 382 AND 664.6 OF THE CODE OF CIVIL PROCEDURE.

- 1. For over 10 years, a number of actions have been pending in the Los Angeles
 County Superior Court and other California courts seeking an adjudication of the various
 parties' respective rights to the groundwater underlying the Antelope Valley Groundwater Basin
 (the "Basin").
- 2. A number of cases raising such issues were coordinated by a July 11, 2005 order of Judicial Council and assigned to the Honorable Jack Komar of the Superior Court for the County of Santa Clara (the "Court").
- 3. The Court held an initial phase of the trial on October 3006 with respect to the boundaries of the Basin and issued an Order on November 3, 2006 defining the Basin for purposes of the litigation.
- 4. The Willis Class Action was filed on or about January 11, 2007 to contest certain public entities' claims that those entities had obtained prescriptive rights to a portion of the Basin's groundwater. The Willis case was subsequently coordinated with the Coordinated Cases.
- 5. By Order dated September 11, 2007, the Court certified the Willis Class. As amended by Orders dated May 22, 2008 and September 2, 2008, the Willis Class is defined as follows:

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"All private (i.e., non-governmental) persons and entities that own real property within the Basin, as adjudicated, that are not presently pumping water on their property and have not done so at any prior time ("the Class"). The Class includes the successors-in-interest by way of purchase, gift, inheritance, or otherwise of such landowners.

The Class excludes the defendants herein, any person, firm, trust, corporation, or other entity with which any defendant has a controlling interest or which is related to or affiliated with any of the defendants, and the representatives, heirs, affiliates, successors-in-interest or assigns of any such excluded party. The Class also excludes all persons to the extent their properties are connected and receive service from a municipal water system, public utility, or mutual water company. The Class shall [further] exclude Kern County Assessor's' office, unless the owners of such properties declare under penalty of perjury that they do not pump and have never pumped water on those properties."

- 6. Notice of the Pendency of this action was sent to the Willis Class in or about January 1, 2009 and the opt-out period (as extended) expired on August 30, 2009. Certain persons who opted out were subsequently permitted to rejoin the Class.
- 7. The persons listed on Exhibit 1 hereto validly excluded themselves from the Class in accordance with this Court's prior Orders (and have not re-joined the Class) and are not bound by the Settlement or this Judgment.
- 8. Counsel for the Willis Class engaged in settlement discussions with Defendants' counsel during mid 2009. On September 2, 2009, counsel participated in mediation session before the Honorable Ronald Robie. That mediation resulted in an agreement in principle among counsel for the Settling Parties to settle the litigation between and among their respective clients, subject to appropriate approvals.
- 9. By Order dated October 28, 2009, the Court stated its intent to consolidate the various Actions that were coordinated as part of JCCP No. 4408, including the Willis action. On February 19, 2010, the Court entered an Order Transferring and Consolidating [the Coordinated] Actions for All Purposes. As provided in the Consolidation Order, this Final Judgment shall not be construed to prejudice the rights of any of the Non-Settling Parties in the Consolidated Actions nor shall it prejudice the claims and defenses that the Settling Parties may assert with respect to such Non-Settling Parties.
 - 10. By Order dated November 18, 2010, this Court granted preliminary approval to

the proposed settlement of this action and directed that Notice of the Proposed Settlement be sent to the Class.

- 11. Notice of the Proposed Settlement has been sent to the Willis Class by first class mail in accordance with the Court's Preliminary Approval Order. Such Notice fully and accurately informed the Class of all material terms of the proposed settlement and the opportunity to object to or comment on the Settlement. The Notice was given in an adequate and sufficient manner, constituted the best notice practicable under the circumstances, and satisfied due process.
- 12. The Settling Parties and each class member have irrevocably submitted to the jurisdiction of this Court for any suit, action, proceeding or dispute arising out of the Settlement Agreement.
- 13. It is in the best interest of the parties and the Class Members and consistent with principles of judicial economy that any dispute between any class member (including any dispute as to whether any person is a class member) and any Settling Defendant which is in any way related to the applicability or scope of the Settlement Agreement or the Final Judgment should be presented to this Court for resolution.
- 14. The Stipulation of Settlement submitted by the Settling Parties is hereby finally approved as fair, reasonable, and in the best interests of the Class, and the parties are directed to consummate the Settlement in accordance with its terms.
- 15. The Complaint in the Willis Action shall be deemed dismissed with prejudice as soon as the Final Judgment becomes effective under the terms of the Settlement Stipulation.
- 16. For purposes of this Final Judgment, "Released Parties" means Plaintiff Rebecca Lee Willis and the Willis Class, as well as Defendants Los Angeles County Waterworks District No. 40; The City of Palmdale; Palmdale Water District; Littlerock Creek Irrigation District; Palm Ranch Irrigation District; Quartz Hill Water District; California Water Service Company; Rosamond Community Services District; Phelan Pinon Hills Community Services District; Desert Lake Community Services District; and North Edwards Water District.
 - 17. The Court hereby orders that the Released Parties are released and forever

discharged from the Released Claims as more specifically provided in the Stipulation of Settlement.

- 18. The Class members and their heirs, executors, administrators, successors, and assigns are hereby permanently barred and enjoined from instituting, commencing, prosecuting, or continuing to prosecute, either directly or indirectly, any Released Claim against any of the Released Parties in any form, other than claims to enforce the terms of the Settlement. Each Class member may hereafter discover facts other than or different from those which he or she knows or believes to be true with respect to the Released Claims. Nevertheless, each member of the Class (except those who timely opted out) waive and fully, finally and forever settle and release, upon the Settlement Agreement becoming final, any known or unknown, suspected or unsuspected, contingent or noncontingent Released Claim, whether or not concealed or hidden, without regard to the subsequent discovery or existence of such different or additional facts.
- 19. The Settling Defendants and their heirs, executors, administrators, successors, and assigns are hereby permanently barred and enjoined from instituting, commencing, prosecuting, or continuing to prosecute, either directly or indirectly, any Released Claim against any of the Class Members in any forum, other than claims to enforce the terms of the Settlement. Each Settling Defendant may hereafter discover facts other than or different from those which he or she knows or believes to be true with respect to the Released Claims. Nevertheless, each Settling Defendant waives and fully, finally and forever settles and releases, upon the Settlement Agreement becoming final, any known or unknown, suspected or unsuspected, contingent or noncontingent Released Claim, whether or not concealed or hidden, without regard to the subsequent discovery or existence of such different or additional facts.
- 20. Without affecting the finality of this Judgment, the Court hereby reserves and retains jurisdiction over this Settlement, including the administration and consummation of the Settlement, as well as any action or proceeding brought to enforce the Settlement. In addition, without affecting the finality of this Judgment, the Court retains jurisdiction over the Parties for purposes of incorporating and merging this Judgment into a physical solution or other Judgment that may ultimately be entered in the Consolidated Actions. The Settling Parties are hereby