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11 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

12 **COUNTY OF LOS ANGELES**

13
14 Coordination Proceeding

15 ANTELOPE VALLEY GROUNDWATER
16 CASES,

17 Los Angeles County Waterworks District No.
40 v. Diamond Farming Co.

18 Los Angeles County Waterworks District No.
19 40 v. Diamond Farming Co.

20 Wm Bolthouse Farms, Inc. v. City of
Lancaster

21 Diamond Farming Co. v. City of Lancaster

22 Diamond Farming Co. v. Palmdale Water
23 District,

24 AND RELATED ACTIONS
25
26
27
28

Judicial Council Coordination
Proceeding No. 4408

**REPORT ON MEET AND CONFER
PROCESS ON WATERMASTER
APPOINTMENT AND ELECTION
RULES FOLLOWING HEARING ON
OCTOBER 18, 2016**

Date: December 7, 2016

Time: 9:00 a.m.

Dept: Room 222 (LASC)

The Hon. Jack Komar, Dept. 17
Santa Clara Case No. 105 CV 049053

Riverside County Superior Court

Lead Case No. RIC 344436

Case No. RIC 344668

Case No. RIC 353840

Los Angeles Superior Court Case
No. BC 325201

Kern County Superior Court Case
No. S-1500-CV-254348

1 This report updates the Court on the outcome of further efforts by the Exhibit 4 landowners
2 (Landowners) to meet and confer with Los Angeles County Waterworks District 40 (WWD40)
3 and certain other public water suppliers¹ (collectively Public Water Suppliers, or PWS) following
4 the October 18, 2016, hearing on WWD40's objection to the Landowners' voting rules for their
5 two Watermaster representatives.

6 At the October 18, hearing the Court continued this matter to December 7, 2016, and
7 directed these parties to meet and confer on language prohibiting Public Water Suppliers from
8 participating in the Landowners' election of their two Watermaster representatives, based on any
9 Public Water Supplier acquisition of Exhibit 4 water from a Landowner. On November 4, 2016,
10 the Landowners proposed further revised voting rules to WWD40 and the other Public Water
11 Suppliers (Exhibit 1). As of one week before the December 7 hearing, neither WWD40 nor any
12 other Public Water Supplier has responded.

13 The Landowners' further revised voting rules address all the concerns articulated by this
14 Court. This Court should approve them, so the parties can focus their resources on resolving other
15 issues to implement the Judgment.

16 BACKGROUND

17 The issue is whether Public Water Suppliers may participate in the election of the
18 Landowners' two Watermaster representatives based on their acquiring overlying pumping rights
19 identified on Exhibit 4 of the Judgment ("Exhibit 4 water"). The Landowners asked this Court to
20 approve voting rules in their August 12, 2016, Notice of Motion and Motion by Private and Public
21 Landowners for Order Approving Rules and Regulations for Appointment and Election of
22 Watermaster Board Members/Memorandum of Points and Authorities/Supporting Declarations
23 ("Original Motion"). The PWS filed an opposition to the Original Motion on August 25, 2016,
24 and this Court held a hearing on September 8, 2016.

25
26 ¹ Little Rock Creek Irrigation District, Palm Ranch Irrigation District, Desert Lake Community
27 Services District, Quartz Hill Water District and California Water Service Company (Cal Water)
28 joined WWD40 in objecting to the Landowners' voting rules for their two Watermaster
representatives.

1 At the September 8 hearing, the Landowners explained that prohibiting Public Water
2 Suppliers from participating in the Landowners' nomination and election of their two Watermaster
3 representatives was necessary to maintain the balance of Watermaster decision-making power
4 between Landowners and Public Water Suppliers. The Landowners also explained that the
5 prohibition was supported by Section 18.1.1 of the Judgment, because acquisition of Exhibit 4
6 water by a Public Water Supplier automatically and materially changes the Exhibit 4 pumping
7 right, making it different from the pumping right a Landowner exercises under Exhibit 4. That
8 difference means that a Public Water Supplier that acquires Exhibit 4 water is not a "successor in
9 interest" to the rights of an overlying Landowner for purposes of nominating and voting for the
10 Exhibit 4 Landowners' two Watermaster representatives.

11 At the September 8 hearing, counsel for the Small Pumper Class (Mr. McLachlan) —
12 whose members hold overlying rights but are not entitled to vote for any Watermaster
13 representative — supported the Landowners' proposed voting rules based on the Class'
14 expectation that the Judgment would maintain a balance of Watermaster decision-making power
15 between Landowners and Public Water Suppliers. This Court expressly recognized the need to
16 protect the balance of Watermaster decision-making power between Landowners and Public
17 Water Suppliers. But the Court also expressed a desire to adjust the Watermaster election and
18 appointment rules to account for material changes in circumstances that may arise in the future.
19 The Court declined to rule on this matter at the September 8 hearing and asked the parties to meet
20 and confer.

21 The discussion at the September 8, 2016 hearing and the attempt by the landowners to
22 conduct a meet and confer with WWD40 and the PWS was previously documented in the
23 Landowners' "Report on Meet and Confer Process on Watermaster Appointment and Election
24 Rules, and Response to Objection by Los Angeles County Waterworks District No. 40" (Exhibit
25 2), which is incorporated here by reference. As noted in Exhibit 2, WWD40 and the PWS did not
26 respond to the request for a meet and confer, but objected to the proposed language and proposed
27 alternative language of their own.

28 At the October 18, 2016, hearing the Court again declined to rule on this issue, and

1 expressed its concern with the language proposed by both parties. The Court again concluded the
2 hearing by suggesting that the parties meet and confer to resolve this dispute among themselves.

3 **THE LANDOWNERS AGAIN ATTEMPTED TO MEET AND CONFER**

4 On November 4, 2016, the Landowners provided WWD40 and the other Public Water
5 Suppliers with further revised language for the Landowner voting rules and asked to meet and
6 confer with the Landowners in order to attempt to resolve this issue. Exhibit 3 shows the
7 November 4 email by which the Landowners proposed further revised voting rules and asked to
8 meet and confer. Exhibit 1 shows the further revised Landowner voting rules. Nearly one month
9 following the Landowners' proposal and request, WWD40 and the other Public Water Suppliers
10 have failed to respond.

11 **THE LANDOWNERS' FURTHER REVISED WATERMASTER VOTING RULES** 12 **SHOULD BE APPROVED**

13 The revised Watermaster Election Rules and Procedures from November 4, 2016, as
14 shown in Exhibit 1, should be approved by the Court. Changes from the Election Rules and
15 Procedures from those proposed in the Original Motion are shown in Exhibit 1's redline-strikeout
16 format.

17 Section 1 includes the following language, which the Court has seen previously:

18 Consistent with the Court's continuing jurisdiction, as set forth in
19 Section 6.5 of the Judgment and Physical Solution, the Court may
20 change these rules and procedures in response to material changes in
circumstances. The parties may propose such changes by noticed
motion.

21 That language was included in the Landowners' revised voting rules provided to WWD40
22 and the PWS on September 12, 2016. As discussed in the prior "Report on Meet and Confer
23 Process . . ." (Exhibit 2), this language is located within the General Provisions section at the
24 beginning of the voting rules to acknowledge this Court's authority to update any of the rules
25 based on changed circumstances — not just the Landowner voting rules.

26 Section 5A of the further revised Landowner voting rules includes the following language:

27 ~~Successors in interest to Exhibit 4 Parties do not include Non-~~
28 ~~Overlying Production Right holders as discussed in Section 16.2 of~~
~~the Judgment, because they would not hold rights subject to the~~

1 same limitations as Overlying Production Rights holders listed on
2 original Exhibit 4. Accordingly, a Any Non-Overlying Production
3 Right holder that acquires Exhibit 4 Overlying Production Rights
4 may not use the acquired Overlying Production Rights to nominate,
5 vote for, or otherwise participate in the election of the two
6 landowner Watermaster representatives or their alternates; provided
7 that, pursuant to Section 1 of these Watermaster election and
8 appointment rules, a Party may file a regularly noticed motion
9 seeking to amend the preceding prohibition based on material
10 changes in circumstances.

7 Removal of the "successor in interest" sentence responds to the Public Water Suppliers' prior
8 objections and is consistent with the Court's suggestion at the September 8 hearing:

9 Frankly, I would be happy to approve this, striking that language,
10 but that is not to say that if the landowners sell their property to the
11 public parties or the public producers that those public producers
12 automatically are going to be able to vote.

12 (September 8, 2016, hearing transcript (Trans) at 53:15-19, attached hereto as Exhibit 4).

13 The language added at the end of the preceding Section 5A paragraph is new and responds
14 to the Public Water Suppliers' prior objections and this Court's expressed concern about flexibility
15 to respond to potential future material changes in circumstances. This new language is consistent
16 with the wording suggested by the Court at the September 8 hearing:

17 There's another way of doing it, too. By putting a comma after the
18 word Exhibit 4 and saying "subject to further order of the Court."

19 (*Id.* at 54:3-5). The language proposed by the Landowners makes it clear that the voting
20 restriction is subject to further order of the court. It expressly provides for any Party to bring this
21 issue to the Court by noticed motion.

22 CONCLUSION

23 The Landowners' proposed voting rules for their two Watermaster representatives now
24 includes both of the approaches suggested by the Court to address the concerns raised by
25 WWD40, and has expanded on that language to make clear that any Party can bring this issue
26 before the court by noticed motion. Given that fact and the failure of WWD40 and the other
27 Public Water Suppliers to meet and confer, the Court should approve the further revised
28 Landowner voting rules presented in Exhibit 1, so these parties can re-direct their resources to

1 resolve other issues to implement the Judgment.

2 Dated: November 30, 2016

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

3
4
5 By: Stanley C. Powell

Stanley Powell
Attorneys for Defendant CITY OF LOS
ANGELES and
LOS ANGELES WORLD AIRPORTS

6
7
8 Dated: November 30, 2016

BRUNICK, MCELHANEY & KENNEDY

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11 By: Leland P. McElhaney

Leland P. McElhaney
Attorneys for ANTELOPE VALLEY EAST -
KERN WATER AGENCY

12
13
14 Dated: November 30, 2016

ELLISON, SCHNEIDER & HARRIS, LLP

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17 By: Christopher M. Sanders

Christopher M. Sanders
Attorneys for COUNTY SANITATION
DISTRICTS OF LOS ANGELES COUNTY NOS.
14 AND 20

18
19
20 Dated: November 30, 2016

KUHS & PARKER

21
22
23 By: Robert Kuhs

Robert Kuhs
Attorneys for TEJON RANCHCORP and TEJON
RANCH COMPANY

1 resolve other issues to implement the Judgment.

2 Dated: November 30, 2016

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

3

4

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By:

Stanley C. Powell
Stanley Powell

6

Attorneys for Defendant CITY OF LOS
ANGELES and
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9 Dated: November 30, 2016

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11

12

By:

Leland P. McElhaney
Leland P. McElhaney

13

Attorneys for ANTELOPE VALLEY EAST -
KERN WATER AGENCY

14

15 Dated: November 30, 2016

ELLISON, SCHNEIDER & HARRIS, LLP

16

17

By:

Christopher M. Sanders
Christopher M. Sanders

18

Attorneys for COUNTY SANITATION
DISTRICTS OF LOS ANGELES COUNTY NOS.
14 AND 20

19

20

21 Dated: November 30, 2016

KUHS & PARKER

22

23

By:

Robert Kuhs
Robert Kuhs

24

Attorneys for TEJON RANCHCORP and TEJON
RANCH COMPANY

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27

28

4 **PROOF OF SERVICE**

5 I, Sherry Ramirez, declare:

6 I am a citizen of the United States and employed in Sacramento County, California. I am
7 over the age of eighteen years and not a party to the within-entitled action. My business address is
8 400 Capitol Mall, 27th Floor, Sacramento, California 95814. On November 30, 2016, I served a
9 copy of the within document(s): **REPORT ON MEET AND CONFER PROCESS ON**
10 **WATERMASTER APPOINTMENT AND ELECTION RULES FOLLOWING HEARING**
11 **ON OCTOBER 18, 2016** via electronic posting to Odyssey eFileCA, including electronic filing
12 with the Santa Clara Superior Court.

13 I declare under penalty of perjury under the laws of the State of California that the above is
14 true and correct.

15 Executed on November 30, 2016 at Sacramento, California.

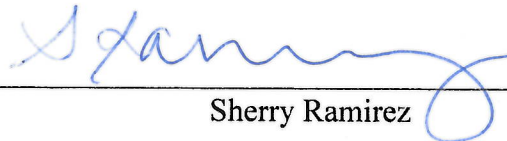
16
17 
18 Sherry Ramirez

EXHIBIT 1

**DRAFT ELECTION RULES AND PROCEDURES FOR ANTELOPE VALLEY
GROUNDWATER ADJUDICATION WATERMASTER REPRESENTATIVES**

The judgment for the Antelope Valley Groundwater Cases calls for a Watermaster to implement the judgment. The appointment and composition of the Watermaster is addressed in Section 18.1.1 of the Judgment:

18.1.1 Appointment and Composition: The Court hereby appoints a Watermaster. The Watermaster shall be a five (5) member board composed of one representative each from AVEK and District No. 40, a second Public Water Supplier representative selected by District No. 40, Palmdale Water District, Quartz Hill Water District, Littlerock Creek Irrigation District, California Water Service Company, Desert Lake Community Services District, North Edwards Water District, City of Palmdale, City of Lancaster, Palm Ranch Irrigation District, and Rosamond Community Services District, and two (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. The United States may also appoint a non-voting Department of Defense (DoD) Liaison to the Watermaster committee to represent DoD interests. Participation by the DoD Liaison shall be governed by Joint Ethics Regulation 3-201. The opinions or actions of the DoD liaison in participating in or contributing to Watermaster proceedings cannot bind DoD or any of its components.

This provision places the selection of the five Watermaster representatives into the hands of four distinct constituencies: (1) AVEK; (2) District No. 40; (3) Public Water Suppliers; and (4) landowner Parties exclusive of the Non-Pumper and Small Pumper Classes. Each constituency selects one of the Watermaster representatives, except for the landowner Parties which select two of the Watermaster representatives.

Each of the constituencies has selected their initial Watermaster representatives, and the Court has seated them as an interim Watermaster Board. The Court has also directed the parties to prepare a document to describe the rules and procedures to be followed going forward to select subsequent Watermaster representatives, where the Court will lift the interim status of the Watermaster Board upon its approval of the rules and procedures.

This document provides the written rules and procedures for the Court's review. It begins with a section with provisions of general applicability for all of the Watermaster representatives (Section 1). That is followed by rules and procedures which apply to the Watermaster representatives to be selected by each constituency as follows:

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

- Section 2 – Rules and Procedures for AVEK Watermaster Representative;
- Section 3 – Rules and Procedures for District No. 40 Watermaster Representative;
- Section 4 – Rules and Procedures for Election of Public Water Supplier Representative to Watermaster; and
- Section 5 – Rules and Procedures for Landowner Watermaster Representatives.

The rules and procedures presented in each section were prepared by the constituency to be represented.

SECTION 1 – GENERAL PROVISIONS

Consistent with the Court's continuing jurisdiction, as set forth in Section 6.5 of the Judgment and Physical Solution, the Court may change these rules and procedures in response to material changes in circumstances. The parties may propose such changes by noticed motion.

A detailed statement of qualifications shall be prepared for each selected Watermaster representative, and will be provided to the Court for its review and approval.

SECTION 2 – RULES AND PROCEDURES FOR AVEK WATERMASTER REPRESENTATIVE

AVEK's Board of Directors will appoint its representative to serve as a member of the Watermaster Board. AVEK's Board of Directors has appointed Director Robert A. Parris to serve as its representative on the Watermaster Board. In the event Mr. Parris is unable to attend a Watermaster Board meeting, AVEK's Board of Directors also has appointed AVEK's General Manager (currently Dwayne Chisam) as its alternate representative to the Watermaster Board. The initial term for each shall expire on January 1, 2019. Thereafter, the AVEK's representative and alternate representative shall each serve two year terms, unless otherwise determined by AVEK's Board of Directors.

SECTION 3 – RULES AND PROCEDURES FOR DISTRICT NO. 40 WATERMASTER REPRESENTATIVE

[RULES NOT YET RECEIVED FROM DISTRICT NO. 40]

SECTION 4 – RULES AND PROCEDURES FOR ELECTION OF PUBLIC WATER SUPPLIER REPRESENTATIVE TO WATERMASTER

4.A. Composition of Steering Committee

Los Angeles County Waterworks No. 40, Palmdale Water District, Littlerock Creek Irrigation District, Quartz Hill Water District, Rosamond Community Services District, Palm Ranch Irrigation District, Desert Lakes Community Services District, California Water Service Company, North Edwards Water District, the City of Palmdale, and the City of Lancaster shall form the Antelope Valley Watermaster Public Water Suppliers Steering Committee ("Steering Committee").

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

The Steering Committee shall establish its own rules and procedures for the conduct of meetings.

4.B. Public Water Supplier Representative

The term of the Public Water Supplier Representative shall be two years. The term of the first Watermaster representative shall commence on August 18, 2016, the date of the first Watermaster meeting, and shall continue until August 17, 2018.

The Public Water Suppliers will also select one alternate Public Water Supplier Representative for the Watermaster Board. The term of the alternate representative will be coterminous with the primary representative.

The Public Water Supplier Representative may be removed at any time by a majority vote of the Public Water Supplier Steering Committee. In the event that a representative is removed, the replacement representative shall serve the balance of the former representative's term.

4.C. Appoint of Representative

The Public Water Supplier Representative and alternate representative shall be elected by a majority vote of the parties identified in Section 8.1.1 of the Judgment. This vote shall be conducted at a meeting of the Steering Committee pursuant to the rules and procedures adopted by the Steering Committee.

Upon any change in representation, the Steering Committee shall supply the Watermaster and the court with notice of the change in representation along with a certification signed by the chair of the Steering Committee that the action was undertaken pursuant to the rules of the Steering Committee.

SECTION 5 – RULES AND PROCEDURES FOR LANDOWNER WATERMASTER REPRESENTATIVES

5.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.

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

This document sets forth the rules and procedures for electing the two landowner Party Watermaster representatives.

~~Successors in interest to Exhibit 4 Parties do not include Non-Overlying Production Right holders as discussed in Section 16.2 of the Judgment, because they would not hold rights subject to the same limitations as Overlying Production Rights holders listed on original Exhibit 4. Accordingly, a~~Any Non-Overlying Production Right holder that acquires Exhibit 4 Overlying Production Rights may not use the acquired Overlying Production Rights to nominate, vote for, or otherwise participate in the election of the two landowner Watermaster representatives or their alternates; provided that, pursuant to Section 1 of these Watermaster election and appointment rules, a Party may file a regularly noticed motion seeking to amend the preceding prohibition based on material changes in circumstances.

The two (2) initial landowner Watermaster representatives have been elected pursuant to election rules and procedures which were distributed previously to Exhibit 4 Parties. The election rules and procedures herein shall apply to all subsequent elections of landowner Watermaster representatives.

These rules also include provisions for the selection of two (2) alternates for the two landowner Watermaster representatives, which helps to ensure the Watermaster can act on decisions requiring unanimous votes. The election rules and procedures herein shall apply to the initial and all subsequent elections of two (2) landowner alternates.

5.B. Notices

All election-related notices (such as notice of opening of nominations, transmittal of ballots, and announcement of results) 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 Watermaster's website. The Watermaster shall maintain a service list of all Exhibit 4 Parties or their successors in interest, and it shall be the responsibility of those parties to maintain a current email address for the purposes of notice under these procedures. Notice shall not be transmitted to non-Parties or Parties not entitled to participate in the election of landowner Parties' Watermaster representatives under Section 18.1.1 of the Judgment, or the election of their alternates. All notices shall be transmitted and posted at the earliest practical time, and at least three (3) business days in advance of any event or deadline for action.

5.C. Inspector of Elections

The Watermaster shall select a neutral third party to serve as the Inspector of Elections prior to each election. The subject line of emails directed to the Inspector of Elections should begin with the words "Inspector of Elections."

5.D. Landowner Watermaster Representative and Alternate Terms

The term for each of the landowner Watermaster representatives shall be four (4) years, which will be staggered so that one of the landowner Watermaster representatives is elected every two (2) years. The terms shall commence on the date following the election when the Watermaster

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

Board holds its first meeting and shall terminate at 5:00 p.m. PST on the fourth anniversary of the commencement date for each Watermaster representative, except that one of the initial landowner Watermaster representatives shall serve a two-year term, in order to establish the staggered terms. Consistent with the rules and procedures in effect for the election of the initial landowner Watermaster representatives, Mr. Atkinson shall serve the initial four-year term, and Mr. Calandri shall serve the initial two-year term.

The Exhibit 4 Parties or their successors in interest shall also select two (2) alternate landowner Watermaster representatives ("landowner Alternates") by election, who shall serve as the Watermaster representative if one or both of the elected landowner Watermaster representatives is unable to attend a Watermaster Board meeting. The term for both of the landowner Alternates shall be two (2) years. The terms of the two (2) initial landowner Alternates shall commence retroactively to the date that the initial landowner Watermaster representative terms commenced, so that the terms for the landowner Alternates will coincide with the terms of the Watermaster representatives.

One of the landowner Alternates shall serve as the "Primary Alternate" and the other shall serve as the "Secondary Alternate." In the event that one of the landowner Watermaster representatives is unable to attend a Watermaster Board meeting, the Primary Alternate shall attend and serve as a landowner Watermaster representative for that meeting. In the event that either both of the landowner Watermaster representatives are unable to attend a Watermaster Board meeting or one of the Watermaster representatives and the Primary Alternate are unable to attend a Watermaster Board meeting, the Secondary Alternate will attend and serve as a landowner Watermaster representative for that meeting.

If a landowner Watermaster representative is unable to complete his or her term, the Primary Alternate shall serve as the landowner Watermaster representative for the remainder of the term, and the Secondary Alternate shall become the Primary Alternate. A special election shall be held using the election procedures herein to select a new Secondary Alternate to serve the remainder of the landowner Alternate term.

5.E. Nominations

Any Exhibit 4 Party or its successor in interest shall be entitled to nominate one (1) individual to serve as the Watermaster representative, one (1) individual to serve as the Primary Alternate, and one (1) individual to serve as the Secondary Alternate. 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 or its successor in interest. Nominations shall be made by delivering such nomination to the Inspector of Elections who shall provide notice to all Exhibit 4 parties or their successors in interest. The nomination shall include the following information for each position (i.e., Watermaster representative, Primary Alternate, and Secondary Alternate):

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;

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

4. Address of person being nominated;
5. Name of Party on Exhibit 4 that the nominee represents;
6. Detailed statement of qualifications (“Statement of Qualifications”), and a disclosure of 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
8. Verification by the nominating Party under penalty of perjury.

The Inspector of Elections shall provide Notice to all Exhibit 4 parties or their successor in interest of the opening of the nomination period, a copy of these rules which govern the election process, and the date on which the nomination period will close. A sample nomination form is provided as Appendix A.

5.F. Ballots

Within three (3) business days after the close of nominations, the Inspector of Elections shall transmit the Ballot by email to the Parties identified on Exhibit 4 or their successor in interest and/or their attorneys. 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 Qualifications (from the nomination form) for each nominee. Ballots shall be cast confidentially, and transmitted by email to the Inspector of Elections.

Information to be provided on the Ballot includes:

1. Name of Party as listed in Exhibit 4, or the successor in interest;
2. Name of person representing the Party listed on Exhibit 4;
3. Name of the nominee for which the Party casts its votes for each position (i.e., Watermaster representative, Primary Alternate, and Secondary Alternate);
4. Date and signature of person representing the Party casting the Ballot.

5.G. Voting Rights

Each Party on Exhibit 4 to the Judgment, or its successor in interest, shall have one (1) vote for each acre foot of water set forth in the Overlying Production Rights column, and each such Party may cast all of its votes for each of the three positions (i.e., Watermaster representative, Primary Alternate, and Secondary Alternate). 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, or their successors in interest, shall be entitled to cast votes.

5.H. Vote Count and Results

The Inspector of Elections shall count the votes for each position based on each voting Party’s proportionate share of the total Production Rights identified in Exhibit 4, as discussed in the

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

“Voting Rights” section above. The Inspector of Elections shall provide the results to the Court upon completion, with a report of any irregularities.

EXHIBIT 2

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Los Angeles Superior Court Case

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Kern County Superior Court Case

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25 AND RELATED ACTIONS

1 **INTRODUCTION**

2 This report updates the Court on the outcome of efforts by the Exhibit 4 landowners
3 (Landowners) to meet and confer with Los Angeles County Waterworks District 40 (WWD40) and
4 certain other public water suppliers¹ (collectively Public Water Suppliers, or PWS) who objected to
5 the Landowners' voting rules for their two Watermaster representatives. This report also responds to
6 WWD40's Objection to Proposed Order Prepared by City of Los Angeles (Objection).

7 During the hearing on the Landowner voting rules, WWD40 requested the opportunity to meet
8 and confer in order to resolve these issues. Following the hearing, the Landowners asked to meet and
9 confer on a proposed order and revised voting rules. After remaining silent for more than a month and
10 ignoring the request to meet and confer, WWD40 now quibbles with the proposed order and presents
11 this Court with an elaborate Objection to the revised rules. WWD40's Objection should be rejected
12 and the Landowners' revised voting rules should be approved.

13 **LANDOWNERS' ATTEMPT TO MEET AND CONFER**
14 **AFTER HEARING ON LANDOWNER VOTING RULES**

15 At the conclusion of the September 8, 2016, hearing, the Court directed counsel for the City of
16 Los Angeles (City), an Exhibit 4 Landowner, to prepare an order directing the parties to meet and
17 confer on the Landowners' voting rules for their two Watermaster representatives.

18 On September 12, 2016, the City provided the Public Water Suppliers with a proposed order
19 and revised Landowner voting rules. The City asked the Public Water Suppliers to respond to the
20 proposed order by no later than September 28, 2016, and asked to meet and confer on the revised
21 Landowner voting rules as soon as possible in advance of the October 18, 2016, hearing on the rules.

22 As explained in the City's October 3, 2016, filing of the proposed order with the Court,
23 counsel for Cal Water said he did not approve the proposed order but, when asked to explain, failed to
24 provide a meaningful explanation and elected not to propose any revisions to the proposed order.

25 _____
26 ¹ Little Rock Creek Irrigation District, Palm Ranch Irrigation District, Desert Lake Community
27 Services District, Quartz Hill Water District and California Water Service Company (Cal Water)
28 joined WWD40 in objecting to the Landowners' voting rules for their two Watermaster
representatives.

1 Neither WWD40 nor any other party responded to the proposed order until WWD40 filed its
2 Objection with the Court on October 12, 2016. The proposed order remains pending.

3 More importantly, neither WWD40 nor any other party responded to the Landowners'
4 September 12, 2016, request to meet and confer on revised Landowner voting rules — until WWD40
5 filed its Objection on October 12, 2016.

6 **THE LANDOWNERS' REVISED WATERMASTER VOTING RULES**
7 **SHOULD BE APPROVED**

8 *The September 8, 2016, Hearing:* At the hearing, the City explained that the Watermaster's
9 two Landowner seats and two Public Water Supplier seats (one seat for WWD40 and the other for the
10 remaining Public Water Suppliers) "represents a balance of voting power that needs to be preserved
11 against dilution in the event that a public water supplier acquires Exhibit 4 water" from a Landowner.
12 (September 8, 2016, hearing transcript (Trans) at 46:10-25, attached hereto as Exhibit A.) In other
13 words, the Public Water Suppliers "may acquire Exhibit 4 water, they just can't vote for the
14 landowner representatives." (*Id.* at 46:26-27.) The Court agreed:

15 At this point I do think that it's important to maintain the balance of
16 power that's been created. One of the reasons for that is that the
17 interests of a landowner who's producing water for use on the
landowner's land has a particular mindset and concern. The public
water producers have a very different concern.

18 (*Id.* at 51:26-28 to 52:1-3.)

19 Still, the Court expressed concern about one sentence in the proposed voting rules referring to
20 the Judgment's definition of an Exhibit 4 Landowner's "successor in interest":

21 Successors in interest to Exhibit 4 parties may not include non-
22 production right holders, as discussed in section 16.2 of the
23 judgment, because they would not hold rights subject to the same
limitations as overlying production right holders listed on original
Exhibit 4.

24 (Trans. at 53:6-14.) The Court's concern was that "this language might be too much forever, and I
25 don't think anything is forever." (*Id.* at 52:8-9.) The Court explained: "Frankly, I would be happy to
26 approve this, striking that language, but that is not to say that if the landowners sell their property to
27 the public parties or the public producers that those public producers automatically are going to be
28 able to vote." (*Id.* at 53:15-19.) WWD40 agreed: "That's the only concern we have, is that the

1 proposed language on its face would forever close the door. It would bind the Court today in the
2 event of future changing circumstances. All we're asking is that the Court not accept just that
3 language that it's identified" (*Id.* at 53:21-26.) Thus, the Court concluded:

4 I'm inclined to modify this language to ensure that everybody
5 understands that their rights are going to be protected and that
6 parties who have disparate interests will not be able to participate in
7 the vote of the landowner group and its members if they are not a
8 member of that group, not just in name, but because of the disparate
9 interests.

8 (*Id.* at 61:9-14.) When the Court asked for proposals, WWD40 agreed and stated:

9 If it's acceptable to the moving parties, we are coming back in
10 October. But before then, perhaps we could meet and confer. We
11 have a long history of doing that. I, for one, am optimistic we might
12 be able to resolve this. I think we understand the concerns.

12 (*Id.* at 65:14-20.)

13 ***The Landowners Propose Revised Voting Rules:*** On September 12, 2016, the Landowners
14 provided the WWD40 and the other Public Water Suppliers with revised voting rules: (1) to clarify
15 that the Court may change the rules in response to material changes in circumstances and (2) to delete
16 the "successors in interest" sentence specified by the Court. A copy of those revised rules is attached
17 at Exhibit B. The revised rules showed those changes in underline (new language added) and strike-
18 out (original language deleted) as follows:

19 SECTION 1 – GENERAL PROVISIONS

20 Consistent with the Court's continuing jurisdiction, as set forth in
21 Section 6.5 of the Judgment and Physical Solution, the Court may
22 change these rules and procedures in response to material changes in
circumstances. The parties may propose such changes by noticed
motion.

23 (Exh. B at 2.) Locating the preceding language within the General Provisions section at the beginning
24 of the voting rules is intended to acknowledge this Court's authority to update *any* of the rules based

25 ///

26 ///

27 ///

28 ///

1 on changed circumstances — not just the Landowner voting rules. Deletion of the “successor in
2 interest” language from Section 5.A of the voting rules is proposed as follows:

3 This document sets forth the rules and procedures for electing the
4 two landowner Party Watermaster representatives. ~~Successors in~~
5 ~~interest to Exhibit 4 Parties do not include Non-Overlying~~
6 ~~Production Right holders as discussed in Section 16.2 of the~~
7 ~~Judgment, because they would not hold rights subject to the same~~
8 ~~limitations as Overlying Production Rights holders listed on original~~
9 ~~Exhibit 4. Accordingly, a~~Any Non-Overlying Production Right
holder that acquires Exhibit 4 Overlying Production Rights may not
use the acquired Overlying Production Rights to nominate, vote for,
or otherwise participate in the election of the two landowner
Watermaster representatives or their alternates.

9 (Exh. 2 at 4.)

10 The Landowners submit that the revised rules, attached hereto as Exhibit B, are faithful to the
11 Court’s direction at the September 8, 2016, hearing and should be approved.²

12 **WWD40’S “OBJECTION EDITS” SHOULD BE REJECTED**

13 Despite the promise to meet and confer, WWD40 elected to ignore the revised voting rules
14 proposed by the Landowners on September 12, 2016, and now files an Objection six days before the
15 October 18, 2016, hearing to approve revised rules. WWD40’s Objection asks this court to approve
16 “Objection edits” to the Landowners’ revised voting rules. (WWD40 Objection at 1:27-28.)
17 WWD40’s “Objection edits” should be denied as untimely and unfaithful to this Court’s direction at
18 the September 8, 2016, hearing.

19 First, striking the “subject-to-change” provision from the voting rules’ Section 1 General
20 Provisions and tying it solely to the Section 5.A voting rules for the Watermaster’s Landowner
21 representatives implies that *only* the Landowner voting rules are subject to change. That is illogical
22 and could prove troublesome if non-Landowner parties seek to change voting or appointment rules for
23 their Watermaster representatives in the future. For example, WWD40 has failed to provide any
24 appointment or voting rules for its Watermaster representative. All versions of the rules state in
25 Section 3: “RULES NOT YET RECEIVED FROM DISTRICT NO. 40.” If WWD40 ever seeks

26
27 ² Of course the underline and strike-out edits would be accepted to create a “clean” version for use
28 in administering Watermaster elections and appointments until further order of the Court.

1 Court approval for its method of selecting its Watermaster representative, it would be helpful if the
2 existing rules expressly provide that the Court may change the rules generally — not just the
3 Landowners’ rules.

4 Second, WWD40’s “Objection edits” to Section A.5 of the Landowner voting rules imply that
5 any change in “facts or evidence known to the Court as of October 18, 2016” could justify a revision
6 to the Landowner voting rules to allow Public Water Suppliers to nominate and vote for the
7 Watermaster’s two Landowner representatives. But such an approach directly conflicts with this
8 Court’s concern that “landowner groups, especially some of the smaller landowners, might be very
9 concerned about there being a power grab and an attempt to influence the election of their members *by*
10 *public water producers who just had, perhaps, a single vote.*” (Trans. at 56:15-19 [emphasis added];
11 see Trans. at 57:5-7 [Court: “it’s important that there be some limits as to what the public water
12 producers can do in the event they do acquire some nominal or other interest in this [Exhibit 4]
13 water”].)

14 The Judgment and Watermaster voting rules will be in place for many decades, if not in
15 perpetuity. Having presided over more than 16 years of litigation in this case, the Hon. Jack Komar’s
16 sense of which changes in circumstances are material with respect to voting and appointment rules for
17 Watermaster representatives is likely to be better calibrated than a brand new judge taking the reins
18 some day in the future. The revised voting rules proposed by the Landowners strike the right balance
19 by making it clear that the voting and appointment rules for *all* Watermaster representatives are
20 subject to the Court’s continuing jurisdiction to make changes based on evolving circumstances —
21 without implying that only the rules for the Landowner representatives are subject to revision and that
22 such revisions may be justified by immaterial changes in circumstances. WWD40’s “Objection edits”
23 should be rejected.

24 ///

25 ///

26 ///

27 ///

28 ///

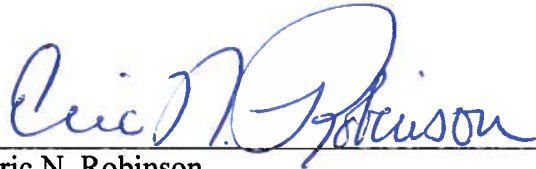
1 **CONCLUSION**

2 For all the preceding reasons, this Court should approve the revised Watermaster voting and
3 appointment rules attached hereto as Exhibit A.

4
5 Dated: October 14, 2016

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

6
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Eric N. Robinson
Attorneys for CITY OF LOS ANGELES
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11 Dated: October 14, 2016

BRUNICK, MCELHANEY & KENNEDY

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17 Dated: October 14, 2016

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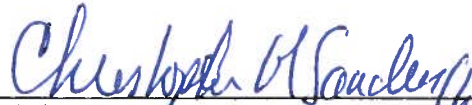


Michael D. McLachlan
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1 Dated: October 14, 2016

ELLISON, SCHNEIDER & HARRIS, LLP

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3
4 By:


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14 AND 20

7 Dated: October 14, 2016

KUHS & PARKER

9
10 By:


Robert Kuhs
Attorneys for TEJON RANCHCORP and TEJON
RANCH COMPANY

3 **PROOF OF SERVICE**

4 I, Terri Whitman, declare:

5 I am a citizen of the United States and employed in Sacramento County, California. I am over
6 the age of eighteen years and not a party to the within-entitled action. My business address is 400
7 Capitol Mall, 27th Floor, Sacramento, California 95814. On October 14, 2016, I served a copy of the
8 within document(s): **REPORT ON MEET AND CONFER PROCESS ON WATERMASTER**
9 **APPOINTMENT AND ELECTION RULES, AND RESPONSE TO OBJECTION BY LOS**
10 **ANGELES COUNTY WATERWORKS DISTRICT NO. 40** via electronic posting to Odyssey
11 eFileCA, including electronic filing with the Santa Clara Superior Court.

12 I declare under penalty of perjury under the laws of the State of California that the above is
13 true and correct.

14 Executed on October 14, 2016 at Sacramento, California.

15 
16

17 Terri Whitman
18
19
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28

EXHIBIT A

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

ROOM 222 - MOSK

HON. JACK KOMAR, JUDGE

ANTELOPE VALLEY GROUND WATER
CASES.

)
)
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)
)
)
)

SUPERIOR COURT
CASE NO. 1-05-CV-049053
JCCP 4408

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Thursday, September 8, 2016

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1 MR. MC ELHANEY: Mr. Robinson.

2 THE COURT: Thank you.

3 MR. ROBINSON: Good morning, your Honor. This is Eric
4 Robinson, appearing for the City of Los Angeles by and through
5 the Los Angeles Airport Authority.

6 Mr. McElhaney, counsel for Antelope Valley East Kern
7 Water Agency, has set the table. The main issue on the table
8 is implementing the judgment balancing the voting power on the
9 Watermaster.

10 As our reply brief explained, if one looks at the
11 proportion of water controlled by the public water suppliers,
12 including Waterworks District 40 and the public water
13 suppliers group, one sees that they have 17 percent of the
14 adjusted native safe yield of the water allocated in that
15 judgment. That's their Exhibit 3, water supplies.

16 Seventeen percent of the water, but two full voting
17 positions, two seats on the Watermaster Board.

18 On the other side of the Watermaster Board, the
19 overlying landowners have 83 percent of the adjusted native
20 safe yield. Eighty-three percent of the water. That's the
21 water set forth on Exhibit 4. Yet they only have two Water
22 Board positions.

23 That structure represents a balance of voting power
24 that needs to be preserved against dilution in the event that
25 a public water supplier acquires Exhibit 4 water.

26 They may acquire Exhibit 4 water, they just can't vote
27 for the landowner representatives.

28 This outcome is the effect of the existing judgment

1 UNIDENTIFIED SPEAKER: Thank you, too, Mr. Kuhs.

2 THE COURT: What I'm looking at here is whether or not
3 this is a static document or whether this document is subject
4 to change in equity as circumstances change.

5 And the public water producers claim the right to vote
6 if they acquire land that is currently owned by somebody in
7 Exhibit 4.

8 Obviously at some point when the proportion of land
9 under ownership of the public water producers or under their
10 control changes, circumstances may change, equity which has
11 jurisdiction over this matter is going to be empowered to deal
12 with those changes.

13 At this point it seems to me that this is premature to
14 deal with this issue forever and a day. And the language does
15 make it that in the proposed rules.

16 The proposed rules are subject to change as
17 circumstances change. And it seems to me that as the Court
18 retains jurisdiction here, if it's appropriate to alter that
19 in some way, the Court has the ability to do that.

20 I mean, let's suppose that public water producers
21 acquire everybody's land and water rights, okay? What's going
22 to happen then?

23 Obviously, that's a little bit extreme, but it
24 certainly, I think, demonstrates the problem with trying to
25 address those kinds of issues before they've occurred.

26 At this point I do think that it's important to
27 maintain the balance of power that's been created. One of the
28 reasons for that is that the interests of a landowner who's

1 producing water for use on the landowner's land has a
2 particular mindset and concern. The public water producers
3 have a very different concern.

4 Their concern is their customers, who they have a duty
5 to provide water resources to wherever they may be.

6 And given the fact that you've acquired a proscriptive
7 right, that could be anywhere.

8 So I guess my concern here is this language might be
9 too much forever, and I don't think anything is forever.
10 Certainly, none of us are.

11 But as I was reading it, the language, I thought that
12 it wasn't very helpful. And I understand the arguments in
13 favor of why you want to do that at this point, but I don't
14 think you can bind the Court to that position in the future as
15 circumstances change.

16 This was designed to be a reasonably flexible document,
17 and certainly the physical solution requires flexibility and
18 it requires the Court to be able to ensure that it's fair and
19 operates fairly well into the future.

20 And that gives everybody an opportunity to have an
21 opportunity to argue to the Court as to how the Watermaster
22 should be managing the aquifer.

23 To the extent somebody feels aggrieved by anything the
24 Watermaster does, they have a right to come to the Court.

25 If you don't like what the Court does, you have a right
26 to seek a writ, assuming the current proposed judgment or
27 judgment as signed remains the judgment.

28 So if we take a look at the language here -- let me get

1 it in front of me.

2 MR. DUNN: Is it section 5.A of the proposed rules?

3 THE COURT: I would be very happy to approve these
4 rules if that indented paragraph provided that -- let me find
5 the language I was looking for.

6 Well, the second sentence in the next full paragraph
7 says:

8 "Successors in interest to Exhibit 4
9 parties may not include non-production
10 right holders, as discussed in section 16.2
11 of the judgment, because they would not
12 hold rights subject to the same limitations
13 as overlying production right holders
14 listed on original Exhibit 4."

15 Frankly, I would be happy to approve this, striking
16 that language, but that is not to say that if the landowners
17 sell their property to the public parties or the public
18 producers that those public producers automatically are going
19 to be able to vote.

20 MR. DUNN: Your Honor -- Mr. Dunn.

21 That's the only concern we have, is that the proposed
22 language on its face would forever close the door. It would
23 bind the Court today in the event of future changing
24 circumstances.

25 All we're asking is that the Court not accept just that
26 language that it's identified and leave the language in the
27 judgment as it is. Then we can, if future events occur which
28 require some modification of the judgment or events arise

1 Public water suppliers, as the Court noted, we have a
2 responsibility to the public.

3 We are few in number compared to this large group of
4 public and private owners, but our ratepayers, our customers,
5 are large in number. They reflect the vast majority of
6 individuals and persons who live in the Antelope Valley, who
7 are impacted by this judgment.

8 So it's not an accurate or even a fair characterization
9 to say that somehow there's an improper shift of so-called
10 power. That's not the way it is.

11 **THE COURT:** I think it's really important that
12 everybody who participated in the resolution of this case have
13 confidence that what they agreed to will be the basic rule to
14 be followed with regard to this.

15 And I think that **the landowner groups, especially some**
16 **of the smaller landowners, might be very concerned about there**
17 **being a power grab and an attempt to influence the election of**
18 **their members by public water producers who just had, perhaps,**
19 **a single vote.**

20 So it seems to me there is a genuine concern there. I
21 think it's expressed in the form of this particular language.

22 I'm not happy with this language, but I'm also not
23 happy with the notion that the public water producers are
24 going to attempt to influence an election in any way by merely
25 acquiring a very nominal amount of water rights from one of
26 the Exhibit 4 listees.

27 So it seems to me there is an area here for a
28 modification of this particular language without throwing it

1 out.

2 And I think that Mr. Robinson's point of view is a
3 valid one. And I think the concerns that he expresses are
4 well said. But so are your concerns, Mr. Dunn.

5 And I think it's important that there be some limits as
6 to what the public water producers can do in the event they do
7 acquire some nominal or other interest in this water --

8 MR. ROBINSON: Your Honor, may I address --

9 MR. ZIMMER: Your Honor, Mr. Zimmer for Bolthouse.

10 Can I be heard at some point? I don't know where you
11 are in the order of things. People standing up.

12 THE COURT: Mr. Robinson has something he wants to say,
13 and so does Mr. McLachlan, who has been standing for about
14 five minutes.

15 MR. MC LACHLAN: The first point I would like to raise
16 is the permanency of these rules, which Mr. Robinson was going
17 to raise that, but this is really, I think, an important issue
18 to be focused on.

19 These rules can be amended at any point in time on
20 motion. And the Court could have a hearing and say, well, I
21 don't like what's going on. Somebody file a motion to do the
22 following at any point in time.

23 I think the Court's comment on placing a -- if it makes
24 Mr. Dunn feel better about it, placing a statement in the --
25 after that sentence that the Court read in 5.A stating that,
26 you know, subject to a future modification is the way to go.

27 And I really feel particularly strongly about that
28 because this is not a theoretical thing. This is already

1 steamrolled.

2 So I would leave that language and put in a modifier,
3 and then we can address this in five or 10 years, when this
4 becomes big enough concern for the water suppliers in terms of
5 their purchases.

6 THE COURT: Okay.

7 MR. DUNN: Your Honor, we filed objections to all the
8 declarations that came from these large landowners, both
9 public and private.

10 See, here's the problem. I can submit multiple
11 declarations telling the Court absolutely under no
12 circumstances would we ever agree that once we would acquire
13 transferable rights that we wouldn't have an interest in those
14 seats. And that gets us nowhere.

15 THE COURT: Those arguments are not persuasive to the
16 Court as to how it ought to rule and looking at the language.

17 However, I do have to tell you that as I look at the
18 language I don't think it's as clear as it appears to be.
19 There is very clear separation between paragraph and section
20 16 and its following and the section which is a water usage
21 issue and 18, which is the election designation. So there is
22 a difference.

23 I think there's a level of ambiguity there, or I should
24 say an absence of certainty or clarity as to the issues as
25 we're talking about it. I'm not sure that I can make that
26 decision just from the language itself.

27 If I also am charged as the Court that has created the
28 physical solution that was agreed to by the parties, I think I

1 can interpret my own order in such a way and the judgment in
2 such a way to ensure that, first of all, the parties to this
3 adjudication have confidence that they will be treated fairly
4 under all circumstances.

5 And I can tell you, as long as I'm sitting on this
6 bench, that is my objective. And I will do everything in my
7 power to ensure that there's fair and equitable adjudication
8 here of every issue.

9 I'm inclined to modify this language to ensure that
10 everybody understands that their rights are going to be
11 protected and that parties who have disparate interests will
12 not be able to participate in the vote of the landowner group
13 and its members if they are not a member of that group, not
14 just in name, but because of the disparate interests.

15 Mr. Zimmer?

16 MR. ZIMMER: Yes, your Honor. Thank you.

17 Good morning.

18 I agree with the Court's comments regarding the balance
19 of power. I think you can look at the agreement itself and
20 see it's pretty clear that that's what's intended.

21 I also agree with the Court's comments indicating that
22 the Court in equity has a wide range of powers available
23 to it.

24 In connection what the Court might amend, I do have a
25 couple of comments.

26 One, as an integral and necessary part of this balance
27 of power is this concept that the parties agree to enact the
28 rules and regulations that would apply to their election of

1 Number two, that their rights are going to be dealt
2 with fairly and equitably, and that they don't have to be
3 afraid that a large power of any kind is going to step in and
4 take away any of their rights. That's crucial.

5 I think that the public has to have satisfaction that
6 their rights are being protected, and that means everybody in
7 the public, not just the landowners, the water users and the
8 like.

9 Anytime there is a shortage of water, you end up with a
10 fight between the people who drink the water and the people
11 who use it for growing things or doing other things. And I
12 would like to be able to avoid that. We don't need another
13 Chinatown. I'm thinking of the film.

14 All right. Any proposals?

15 MR. DUNN: Yes, your Honor. If it's acceptable to the
16 moving parties, we are coming back in October. But before
17 then, perhaps we could meet and confer.

18 We have a long history of doing that.

19 I, for one, am optimistic we might be able to resolve
20 this. I think we understand the concerns.

21 But I would also ask that the meet and confer be
22 available to all parties, not just the larger landowner
23 parties, but smaller ones as well, that there be a meet and
24 confer on this.

25 THE COURT: This is a document that is supposed to
26 implement the physical solution. I think that it is therefore
27 important that everybody participate to the extent that they
28 can and have the time and money to do so.

EXHIBIT B

**DRAFT ELECTION RULES AND PROCEDURES FOR ANTELOPE VALLEY
GROUNDWATER ADJUDICATION WATERMASTER REPRESENTATIVES**

The judgment for the Antelope Valley Groundwater Cases calls for a Watermaster to implement the judgment. The appointment and composition of the Watermaster is addressed in Section 18.1.1 of the Judgment:

18.1.1 Appointment and Composition: The Court hereby appoints a Watermaster. The Watermaster shall be a five (5) member board composed of one representative each from AVEK and District No. 40, a second Public Water Supplier representative selected by District No. 40, Palmdale Water District, Quartz Hill Water District, Littlerock Creek Irrigation District, California Water Service Company, Desert Lake Community Services District, North Edwards Water District, City of Palmdale, City of Lancaster, Palm Ranch Irrigation District, and Rosamond Community Services District, and two (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. The United States may also appoint a non-voting Department of Defense (DoD) Liaison to the Watermaster committee to represent DoD interests. Participation by the DoD Liaison shall be governed by Joint Ethics Regulation 3-201. The opinions or actions of the DoD liaison in participating in or contributing to Watermaster proceedings cannot bind DoD or any of its components.

This provision places the selection of the five Watermaster representatives into the hands of four distinct constituencies: (1) AVEK; (2) District No. 40; (3) Public Water Suppliers; and (4) landowner Parties exclusive of the Non-Pumper and Small Pumper Classes. Each constituency selects one of the Watermaster representatives, except for the landowner Parties which select two of the Watermaster representatives.

Each of the constituencies has selected their initial Watermaster representatives, and the Court has seated them as an interim Watermaster Board. The Court has also directed the parties to prepare a document to describe the rules and procedures to be followed going forward to select subsequent Watermaster representatives, where the Court will lift the interim status of the Watermaster Board upon its approval of the rules and procedures.

This document provides the written rules and procedures for the Court's review. It begins with a section with provisions of general applicability for all of the Watermaster representatives (Section 1). That is followed by rules and procedures which apply to the Watermaster representatives to be selected by each constituency as follows:

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

- Section 2 – Rules and Procedures for AVEK Watermaster Representative;
- Section 3 – Rules and Procedures for District No. 40 Watermaster Representative;
- Section 4 – Rules and Procedures for Election of Public Water Supplier Representative to Watermaster; and
- Section 5 – Rules and Procedures for Landowner Watermaster Representatives.

The rules and procedures presented in each section were prepared by the constituency to be represented.

SECTION 1 – GENERAL PROVISIONS

Consistent with the Court's continuing jurisdiction, as set forth in Section 6.5 of the Judgment and Physical Solution, the Court may change these rules and procedures in response to material changes in circumstances. The parties may propose such changes by noticed motion.

A detailed statement of qualifications shall be prepared for each selected Watermaster representative, and will be provided to the Court for its review and approval.

SECTION 2 – RULES AND PROCEDURES FOR AVEK WATERMASTER REPRESENTATIVE

AVEK's Board of Directors will appoint its representative to serve as a member of the Watermaster Board. AVEK's Board of Directors has appointed Director Robert A. Parris to serve as its representative on the Watermaster Board. In the event Mr. Parris is unable to attend a Watermaster Board meeting, AVEK's Board of Directors also has appointed AVEK's General Manager (currently Dwayne Chisam) as its alternate representative to the Watermaster Board. The initial term for each shall expire on January 1, 2019. Thereafter, the AVEK's representative and alternate representative shall each serve two year terms, unless otherwise determined by AVEK's Board of Directors.

SECTION 3 – RULES AND PROCEDURES FOR DISTRICT NO. 40 WATERMASTER REPRESENTATIVE

[RULES NOT YET RECEIVED FROM DISTRICT NO. 40]

SECTION 4 – RULES AND PROCEDURES FOR ELECTION OF PUBLIC WATER SUPPLIER REPRESENTATIVE TO WATERMASTER

4.A. Composition of Steering Committee

Los Angeles County Waterworks No. 40, Palmdale Water District, Littlerock Creek Irrigation District, Quartz Hill Water District, Rosamond Community Services District, Palm Ranch Irrigation District, Desert Lakes Community Services District, California Water Service Company, North Edwards Water District, the City of Palmdale, and the City of Lancaster shall form the Antelope Valley Watermaster Public Water Suppliers Steering Committee ("Steering Committee").

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

The Steering Committee shall establish its own rules and procedures for the conduct of meetings.

4.B. Public Water Supplier Representative

The term of the Public Water Supplier Representative shall be two years. The term of the first Watermaster representative shall commence on August 18, 2016, the date of the first Watermaster meeting, and shall continue until August 17, 2018.

The Public Water Suppliers will also select one alternate Public Water Supplier Representative for the Watermaster Board. The term of the alternate representative will be coterminous with the primary representative.

The Public Water Supplier Representative may be removed at any time by a majority vote of the Public Water Supplier Steering Committee. In the event that a representative is removed, the replacement representative shall serve the balance of the former representative's term.

4.C. Appoint of Representative

The Public Water Supplier Representative and alternate representative shall be elected by a majority vote of the parties identified in Section 8.1.1 of the Judgment. This vote shall be conducted at a meeting of the Steering Committee pursuant to the rules and procedures adopted by the Steering Committee.

Upon any change in representation, the Steering Committee shall supply the Watermaster and the court with notice of the change in representation along with a certification signed by the chair of the Steering Committee that the action was undertaken pursuant to the rules of the Steering Committee.

SECTION 5 – RULES AND PROCEDURES FOR LANDOWNER WATERMASTER REPRESENTATIVE

5.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.

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

This document sets forth the rules and procedures for electing the two landowner Party Watermaster representatives. ~~Successors in interest to Exhibit 4 Parties do not include Non-Overlying Production Right holders as discussed in Section 16.2 of the Judgment, because they would not hold rights subject to the same limitations as Overlying Production Rights holders listed on original Exhibit 4. Accordingly, a~~Any Non-Overlying Production Right holder that acquires Exhibit 4 Overlying Production Rights may not use the acquired Overlying Production Rights to nominate, vote for, or otherwise participate in the election of the two landowner Watermaster representatives or their alternates.

The two (2) initial landowner Watermaster representatives have been elected pursuant to election rules and procedures which were distributed previously to Exhibit 4 Parties. The election rules and procedures herein shall apply to all subsequent elections of landowner Watermaster representatives.

These rules also include provisions for the selection of two (2) alternates for the two landowner Watermaster representatives, which helps to ensure the Watermaster can act on decisions requiring unanimous votes. The election rules and procedures herein shall apply to the initial and all subsequent elections of two (2) landowner alternates.

5.B. Notices

All election-related notices (such as notice of opening of nominations, transmittal of ballots, and announcement of results) 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 Watermaster's website. The Watermaster shall maintain a service list of all Exhibit 4 Parties or their successors in interest, and it shall be the responsibility of those parties to maintain a current email address for the purposes of notice under these procedures. Notice shall not be transmitted to non-Parties or Parties not entitled to participate in the election of landowner Parties' Watermaster representatives under Section 18.1.1 of the Judgment, or the election of their alternates. All notices shall be transmitted and posted at the earliest practical time, and at least three (3) business days in advance of any event or deadline for action.

5.C. Inspector of Elections

The Watermaster shall select a neutral third party to serve as the Inspector of Elections prior to each election. The subject line of emails directed to the Inspector of Elections should begin with the words "Inspector of Elections."

5.D. Landowner Watermaster Representative and Alternate Terms

The term for each of the landowner Watermaster representatives shall be four (4) years, which will be staggered so that one of the landowner Watermaster representatives is elected every two (2) years. The terms shall commence on the date following the election when the Watermaster Board holds its first meeting and shall terminate at 5:00 p.m. PST on the fourth anniversary of the commencement date for each Watermaster representative, except that one of the initial landowner Watermaster representatives shall serve a two-year term, in order to establish the staggered terms. Consistent with the rules and procedures in effect for the election of the initial

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

landowner Watermaster representatives, Mr. Atkinson shall serve the initial four-year term, and Mr. Calandri shall serve the initial two-year term.

The Exhibit 4 Parties or their successors in interest shall also select two (2) alternate landowner Watermaster representatives ("landowner Alternates") by election, who shall serve as the Watermaster representative if one or both of the elected landowner Watermaster representatives is unable to attend a Watermaster Board meeting. The term for both of the landowner Alternates shall be two (2) years. The terms of the two (2) initial landowner Alternates shall commence retroactively to the date that the initial landowner Watermaster representative terms commenced, so that the terms for the landowner Alternates will coincide with the terms of the Watermaster representatives.

One of the landowner Alternates shall serve as the "Primary Alternate" and the other shall serve as the "Secondary Alternate." In the event that one of the landowner Watermaster representatives is unable to attend a Watermaster Board meeting, the Primary Alternate shall attend and serve as a landowner Watermaster representative for that meeting. In the event that either both of the landowner Watermaster representatives are unable to attend a Watermaster Board meeting or one of the Watermaster representatives and the Primary Alternate are unable to attend a Watermaster Board meeting, the Secondary Alternate will attend and serve as a landowner Watermaster representative for that meeting.

If a landowner Watermaster representative is unable to complete his or her term, the Primary Alternate shall serve as the landowner Watermaster representative for the remainder of the term, and the Secondary Alternate shall become the Primary Alternate. A special election shall be held using the election procedures herein to select a new Secondary Alternate to serve the remainder of the landowner Alternate term.

5.E. Nominations

Any Exhibit 4 Party or its successor in interest shall be entitled to nominate one (1) individual to serve as the Watermaster representative, one (1) individual to serve as the Primary Alternate, and one (1) individual to serve as the Secondary Alternate. 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 or its successor in interest. Nominations shall be made by delivering such nomination to the Inspector of Elections who shall provide notice to all Exhibit 4 parties or their successors in interest. The nomination shall include the following information for each position (i.e., Watermaster representative, Primary Alternate, and Secondary Alternate):

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. Detailed statement of qualifications ("Statement of Qualifications"), and a disclosure of the nominee's official capacity with an Exhibit 4 Party;

EXHIBIT 1 - DRAFT ELECTION RULES AND PROCEDURES

7. Representation that the Nominating Party has personally confirmed that the nominee is willing to serve; and
8. Verification by the nominating Party under penalty of perjury.

The Inspector of Elections shall provide Notice to all Exhibit 4 parties or their successor in interest of the opening of the nomination period, a copy of these rules which govern the election process, and the date on which the nomination period will close. A sample nomination form is provided as Appendix A.

5.F. Ballots

Within three (3) business days after the close of nominations, the Inspector of Elections shall transmit the Ballot by email to the Parties identified on Exhibit 4 or their successor in interest and/or their attorneys. 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 Qualifications (from the nomination form) for each nominee. Ballots shall be cast confidentially, and transmitted by email to the Inspector of Elections.

Information to be provided on the Ballot includes:

1. Name of Party as listed in Exhibit 4, or the successor in interest;
2. Name of person representing the Party listed on Exhibit 4;
3. Name of the nominee for which the Party casts its votes for each position (i.e., Watermaster representative, Primary Alternate, and Secondary Alternate);
4. Date and signature of person representing the Party casting the Ballot.

5.G. Voting Rights

Each Party on Exhibit 4 to the Judgment, or its successor in interest, shall have one (1) vote for each acre foot of water set forth in the Overlying Production Rights column, and each such Party may cast all of its votes for each of the three positions (i.e., Watermaster representative, Primary Alternate, and Secondary Alternate). 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, or their successors in interest, shall be entitled to cast votes.

5.H. Vote Count and Results

The Inspector of Elections shall count the votes for each position based on each voting Party’s proportionate share of the total Production Rights identified in Exhibit 4, as discussed in the “Voting Rights” section above. The Inspector of Elections shall provide the results to the Court upon completion, with a report of any irregularities.

EXHIBIT 3

Ramirez, Sherry

Subject: FW: Revised AV Watermaster formation rules -- Meet and Confer
Attachments: 2016-11-03 Further Revised Watermaster Appointment and Election Rules.docx;
2016-11-03 Further Revised Watermaster Appointment and Election Rules.pdf

From: Robinson, Eric

Sent: Friday, November 04, 2016 5:14 PM

To: Jeffrey Dunn; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Tootle, John; Keith Lemieux; Thomas S. Bunn III (tombunn@lagerlof.com); devertz@murphyevertz.com

Cc: Lee McElhaney; Bill Brunick; Robert G. Kuhs; 'cms@eslawfirm.com'; 'Richard Zimmer (RZimmer@clifford-brownlaw.com)'; 'mfife@bhfs.com'; 'Derek.Hoffman@GreshamSavage.com' (Derek.Hoffman@GreshamSavage.com); mike@mclachlan-law.com; 'wsloan@mofo.com'; Bob Joyce; skuney@youngwooldridge.com; Noah GoldenKrasner; Powell, Stanley

Subject: Revised AV Watermaster formation rules -- Meet and Confer

Dear Counsel for Los Angeles County Water Works District 40 and other Public Water Suppliers:

This email is to meet and confer with you on the election rules for the Watermaster's two Landowner seats.

The Landowners have further revised those rules based on the Court's direction at the October 18, 2016, hearing and subsequent comments from counsel for Exhibit 4 Landowner Tejon Ranch. The further revised rules are enclosed.

All further changes to the rules we proposed on September 12, 2016, are shown in redline. The enclosed PDF ensures you can see the further redline changes, in case you have trouble viewing the changes in the enclosed MSWord version.

These further revisions strike the Section 5.A language about which the Court expressed concern during the September 8 and October 18 hearings.

In the spirit of compromise, the further revisions move toward the Public Water Suppliers' position on the voting prohibition by adding language to Section 5.A stating that a motion may be filed to amend the prohibition based on material changes in circumstances.

We hope these further revisions will enable the Landowners to join with WWD40 and the other Public Water Suppliers in supporting the Court's approval of the Watermaster appointment and election rules, so we can turn our attention to all the other important Judgment implementation work before us.

Please let us know as soon as possible whether you agree to these further revised Watermaster appointment and election rules. If you approve, we will prepare a stipulation for Court approval of the rules.

Sincerely,

--Eric Robinson
Counsel for City of Los Angeles

Eric N. Robinson
Attorney at Law



400 Capitol Mall, 27th Floor
Sacramento, CA 95814

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IRS CIRCULAR 230 DISCLOSURE: Pursuant to Treasury Regulations, any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used or relied upon by you or any other person, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing or recommending to another party any tax advice addressed herein. Thank you.

From: Robert G. Kuhs [<mailto:rgkuhs@kuhsparkerlaw.com>]

Sent: Saturday, October 29, 2016 12:19 PM

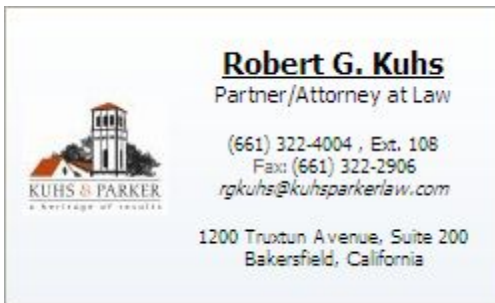
To: Robinson, Eric; Jeffrey Dunn; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Tootle, John; Keith Lemieux; Thomas S. Bunn III (tombunn@lagerlof.com); devertz@murphyevertz.com

Cc: Lee McElhaney; Bill Brunick; 'cms@eslawfirm.com'; 'Richard Zimmer' (RZimmer@clifford-brownlaw.com); 'mfife@bhfs.com'; 'Derek.Hoffman@GreshamSavage.com' (Derek.Hoffman@GreshamSavage.com); mike@mclachlan-law.com; 'wsloan@mofo.com'; Bob Joyce; skuney@youngwooldridge.com; Noah GoldenKrasner; Powell, Stanley

Subject: RE: Revised AV Watermaster formation rules and proposed order on motion re rules

Eric: I apologize for not commenting sooner, I am out of the office. I appreciate your hard work, but I object to inclusion of the new language under Section 5A reciting the percentage allocation of the Native Safe Yield production rights because it suggests that the composition of the 5 member watermaster board was based on a mathematical computation. It was not. Please refer to the declarations previously filed with the Court.

Robert Kuhs



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From: Robinson, Eric [<mailto:erobinson@kmtg.com>]

Sent: Friday, October 28, 2016 6:06 PM

To: Jeffrey Dunn <jeffrey.dunn@BBKLAW.COM>; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Tootle, John <JTootle@calwater.com>; Keith Lemieux <keith@lemieux-oneill.com>; Thomas S. Bunn III (tombunn@lagerlof.com) <tombunn@lagerlof.com>; devertz@murphyevertz.com

Cc: Lee McElhaney <lmcelhaney@bmklawplc.com>; Bill Brunick <bbrunick@bmklawplc.com>; Robert G. Kuhs <rgkuhs@kuhsparkerlaw.com>; 'cms@eslawfirm.com' <cms@eslawfirm.com>; 'Richard Zimmer' (RZimmer@clifford-brownlaw.com)' <RZimmer@clifford-brownlaw.com>; 'mfife@bhfs.com' <mfife@bhfs.com>; 'Derek.Hoffman@GreshamSavage.com' (Derek.Hoffman@GreshamSavage.com)

<Derek.Hoffman@GreshamSavage.com>; mike@mclachlan-law.com; 'wsloan@mofo.com' <wsloan@mofo.com>; Bob Joyce <bjoyce@lebeauthelen.com>; skuney@youngwooldridge.com; Noah GoldenKrasner <Noah.GoldenKrasner@doj.ca.gov>; Powell, Stanley <spowell@kmtg.com>

Subject: RE: Revised AV Watermaster formation rules and proposed order on motion re rules

Dear Counsel for Los Angeles Water Works District 40 and other Public Water Suppliers:

Based on Court's direction at the October 18, 2016, hearing, this email follows up on the Landowners' efforts to meet and confer on the Watermaster election and appointment rules.

Enclosed is a further revised set of election rules for the Watermaster's two Landowner seats. All further changes to the rules we proposed on September 8, 2016, are shown in redline. The enclosed PDF should ensure you can see the further redline changes, in case you have trouble with the enclosed MSWord version.

These further revisions strike the Section 5.A language about which the Court expressed concern during the September 12 and October 18 hearings.

The further revisions identify the balance-of-voting-power concern raised by the Landowners and supported by the Court at both hearings. Adding this revision to Section 5.A shows the reason for the rule prohibiting Public Water Suppliers from participating in elections for the Watermaster's two Landowner seats based on acquisition of Exhibit 4 water.

In the spirit of compromise, the further revisions move toward the Public Water Suppliers' position on the voting prohibition by adding language to Section 5.A stating that a motion may be filed to amend the prohibition based on material changes in circumstances.

We hope these further revisions will enable the Landowners to join with WWD40 and the other Public Water Suppliers in supporting the Court's approval of the Watermaster appointment and election rules, so we can turn our attention to all the other important Judgment implementation work before us.

Please let us know as soon as possible whether you agree to these further revised Watermaster appointment and election rules. If you approve, we will prepare a stipulation for Court approval of the rules.

Sincerely,

--Eric Robinson
Counsel for City of Los Angeles



Eric N. Robinson

From: Robinson, Eric

Sent: Tuesday, September 13, 2016 2:57 PM

To: Tootle, John; Jeffrey Dunn; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Keith Lemieux; Thomas S. Bunn III (tombunn@lagerlof.com); devertz@murphyevertz.com

Cc: Lee McElhaney; Bill Brunick; Robert G. Kuhs; 'cms@eslawfirm.com'; 'Richard Zimmer (RZimmer@clifford-brownlaw.com)'; 'mfife@bhfs.com'; 'Derek.Hoffman@GreshamSavage.com' (Derek.Hoffman@GreshamSavage.com); mike@mclachlan-law.com; 'wsloan@mofo.com'; Bob Joyce; skuney@youngwooldridge.com; Noah GoldenKrasner; Powell, Stanley

Subject: RE: Revised AV Watermaster formation rules and proposed order on motion re rules

John,

The proposed order does not say the Court approved rule 5.A.

Paragraph 1 of the proposed order says the rules are approved “except that the Rules shall be revised to acknowledge the Court’s equitable powers to change the Rules in the future to respond to material changes in circumstances.”

And paragraph 2 says: “The parties shall meet and confer on a limited revision to the proposed Rules to acknowledge the Court’s equitable powers to change the Rules in the future to respond to material changes in circumstances.”

Please help us understand what about the proposed order you think may be inconsistent with the Court’s direction.

--Eric



Eric N. Robinson

From: Tootle, John [<mailto:JTootle@calwater.com>]
Sent: Tuesday, September 13, 2016 2:45 PM
To: Robinson, Eric; Jeffrey Dunn; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Keith Lemieux; Thomas S. Bunn III (tombunn@lagerlof.com); devertz@murphyevertz.com
Cc: Lee McElhaney; Bill Brunick; Robert G. Kuhs; 'cms@eslawfirm.com'; 'Richard Zimmer (RZimmer@clifford-brownlaw.com)'; 'mfife@bhfs.com'; 'Derek.Hoffman@GreshamSavage.com' (Derek.Hoffman@GreshamSavage.com); mike@mclachlan-law.com; 'wsloan@mofo.com'; Bob Joyce; skuney@youngwooldridge.com; Noah GoldenKrasner; Powell, Stanley
Subject: RE: Revised AV Watermaster formation rules and proposed order on motion re rules

No, I believe the Court did not approve rule 5.A. Cheers, John

From: Robinson, Eric [<mailto:erobinson@kmtg.com>]
Sent: Tuesday, September 13, 2016 2:42 PM
To: Tootle, John <JTootle@calwater.com>; Jeffrey Dunn <jeffrey.dunn@BBKLAW.COM>; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Keith Lemieux <keith@lemieux-oneill.com>; Thomas S. Bunn III (tombunn@lagerlof.com) <tombunn@lagerlof.com>; devertz@murphyevertz.com
Cc: Lee McElhaney <lmcelhaney@bmklawplc.com>; Bill Brunick <bbrunick@bmklawplc.com>; Robert G. Kuhs <rgkuhs@kuhsparkerlaw.com>; 'cms@eslawfirm.com' <cms@eslawfirm.com>; 'Richard Zimmer (RZimmer@clifford-brownlaw.com)' <RZimmer@clifford-brownlaw.com>; 'mfife@bhfs.com' <mfife@bhfs.com>; 'Derek.Hoffman@GreshamSavage.com' (Derek.Hoffman@GreshamSavage.com) <Derek.Hoffman@GreshamSavage.com>; mike@mclachlan-law.com; 'wsloan@mofo.com' <wsloan@mofo.com>; Bob Joyce <bjoyce@lebeauthelen.com>; skuney@youngwooldridge.com; Noah GoldenKrasner <Noah.GoldenKrasner@doj.ca.gov>; Powell, Stanley <spowell@kmtg.com>
Subject: RE: Revised AV Watermaster formation rules and proposed order on motion re rules

This is an EXTERNAL EMAIL. Stop and think before clicking a link or opening attachments.

John,

Does California Water Service Company approve the form of the order?

And does it approve the revised Watermaster appointment and election rules?

--Eric



Eric N. Robinson

From: Tootle, John [<mailto:JTootle@calwater.com>]
Sent: Tuesday, September 13, 2016 2:31 PM
To: Robinson, Eric; Jeffrey Dunn; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Keith Lemieux; Thomas S. Bunn III (tombunn@lagerlof.com); devertz@murphyevertz.com
Cc: Lee McElhaney; Bill Brunick; Robert G. Kuhs; 'cms@eslawfirm.com'; 'Richard Zimmer (RZimmer@clifford-brownlaw.com)'; 'mfife@bhfs.com'; 'Derek.Hoffman@GreshamSavage.com' (Derek.Hoffman@GreshamSavage.com); mike@mclachlan-law.com; 'wsloan@mofo.com'; Bob Joyce; skuney@youngwooldridge.com; Noah GoldenKrasner; Powell, Stanley
Subject: RE: Revised AV Watermaster formation rules and proposed order on motion re rules

Eric: I believe the Court approved the rules EXCEPT 5.A, which parties were ordered to meet and confer and would be heard on October 18, 2016. Cheers, John

From: Robinson, Eric [<mailto:erobinson@kmtg.com>]
Sent: Monday, September 12, 2016 2:42 PM
To: Jeffrey Dunn <jeffrey.dunn@BBKLAW.COM>; wendy.wang@bbklaw.com; wwellen@counsel.lacounty.gov; Keith Lemieux <keith@lemieux-oneill.com>; Tootle, John <JTootle@calwater.com>; Thomas S. Bunn III (tombunn@lagerlof.com) <tombunn@lagerlof.com>; devertz@murphyevertz.com
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Subject: Revised AV Watermaster formation rules and proposed order on motion re rules

This is an EXTERNAL EMAIL. Stop and think before clicking a link or opening attachments.

Dear Counsel:

Based on Judge Komar's direction from last Thursday's (Sept. 8) court hearing, enclosed is the proposed order on the motion re the AV Watermaster appointment and election rules. Given the withdrawal of opposition by Palmdale Water District and Rosamond Community Services District, the proposed order provides for approval as to form only by counsel for the parties who remained opposed to the motion (Mssrs. Dunn, Lemieux and Tootle). We ask that those remaining parties respond to the proposed order by no later than September 28.

Also enclosed are revised Watermaster appointment and election rules. All revisions are shown in redline and follow Judge Komar's direction to state that the Court may change the rules in response to material changes in circumstances. A PDF version of the rules is enclosed in case you have trouble viewing the redline revisions through MSWord's track changes function.

We are providing the revised Watermaster appointment and election rules in response to Judge Komar's order to meet and confer in advance of the October 18 hearing. Please let us know as soon as possible whether you approve the revised rules.

Sincerely,

--Eric Robinson
Counsel for City of Los Angeles

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EXHIBIT 4

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA

2 FOR THE COUNTY OF LOS ANGELES

3 ROOM 222 - MOSK

HON. JACK KOMAR, JUDGE

4
5 ANTELOPE VALLEY GROUND WATER)
6 CASES.)

) SUPERIOR COURT
7) CASE NO. 1-05-CV-049053
8) JCCP 4408
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REPORTER'S TRANSCRIPT OF PROCEEDINGS

Thursday, September 8, 2016

APPEARANCES OF COUNSEL:

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22 FOR U.S. DEPARTMENT OF JUSTICE:

23 U.S. DEPARTMENT OF JUSTICE

24 BY: JAMES J. DUBOIS, DEPUTY

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1 it in front of me.

2 MR. DUNN: Is it section 5.A of the proposed rules?

3 THE COURT: I would be very happy to approve these
4 rules if that indented paragraph provided that -- let me find
5 the language I was looking for.

6 Well, the second sentence in the next full paragraph
7 says:

8 "Successors in interest to Exhibit 4
9 parties may not include non-production
10 right holders, as discussed in section 16.2
11 of the judgment, because they would not
12 hold rights subject to the same limitations
13 as overlying production right holders
14 listed on original Exhibit 4."

15 Frankly, I would be happy to approve this, striking
16 that language, but that is not to say that if the landowners
17 sell their property to the public parties or the public
18 producers that those public producers automatically are going
19 to be able to vote.

20 MR. DUNN: Your Honor -- Mr. Dunn.

21 That's the only concern we have, is that the proposed
22 language on its face would forever close the door. It would
23 bind the Court today in the event of future changing
24 circumstances.

25 All we're asking is that the Court not accept just that
26 language that it's identified and leave the language in the
27 judgment as it is. Then we can, if future events occur which
28 require some modification of the judgment or events arise

1 which require the Court's intervention -- but let me put it
2 another way.

3 THE COURT: There's another way of doing it, too.

4 By putting a comma after the word Exhibit 4 and saying
5 "subject to further order of the Court."

6 MR. DUNN: Yeah. I'm reluctant because it puts in
7 place the restriction then, only to be lifted.

8 I think at best what we need to do is keep the judgment
9 language itself.

10 You know, I understand my friend and colleague,
11 Mr. Robinson, on behalf of the City of L.A., is relatively new
12 to the case.

13 He talked about equities and here and there, but just
14 briefly, taking the Court only for a moment back through the
15 evidence which came before the Court, particularly in the
16 phase three trial and referencing Mr. Scalamini's testimony.

17 The evidence that came in that was unrefuted was
18 that -- and the Court will recall this. There was evidence of
19 the changing land use, what we commonly call cultural
20 conditions over time.

21 We looked all the way back going decades. He had
22 exhibits which were green and yellow showing the change as it
23 went from a primarily out of cultural area over decades to an
24 increasing urbanization area.

25 Certainly the evidence in the record shows that that's
26 the trend. I don't think there is any reasonable dispute over
27 that.

28 So the concern that is appropriately raised here is it