United Holdings Corp.
[INSERT NAME OF PARTY OR ATTORNEY]
Arcadia Development Corp.
12 W Main St
Alhambra CA 91801
(626) 282-8088 - Fax (626) 282-9338
[Insert address, phone number, fax number, and e-mail address]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

ANTELOPE VALLEY GROUNDWATER CASES

Included Actions:

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

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

Wm. Bolthouse Farms, Inc. v. City of Lancaster, Diamond Farming Co. v. City of Lancaster, Diamond Farming Co. v. Palmdale Water Dist.
Riverside County Superior Court
Consolidated actions
Case Nos. RIC 353 840, RIC 344 436, RIC 344 668

Judicial Council Coordination No. 4408

For filing purposes only:
Santa Clara County Case No. 1-05-CV-049053

Assigned to The Honorable Jack Komar

MODEL ANSWER TO COMPLAINT AND ALL CROSS-COMPLAINTS

I hereby answer the Complaint and all Cross-Complaints which have been filed as of this date, specifically those of Antelope Valley East-Kern Water Agency, Palmdale Water District & Quartz Hill Water District, Rosamond Community Services District and Waterworks District No. 40 of Los Angeles County. I do not intend to participate at trial or other proceedings unless ordered by the Court to do so, but I reserve the right to do so upon giving written notice to that effect to the Court and all parties. I own the following property(ies) located in the Antelope Valley:

23020 Constance Way

APN: 379-283-04

[Insert address and/or APN Number]

GENERAL DENIAL

1. Pursuant to Code of Civil Procedure section 431.30(d), Defendant and Cross-Defendant hereby generally denies each and every allegation set forth in the Complaint and Cross-Complaint, and the whole thereof, and further denies that Plaintiff and Cross-Complainant are entitled to any relief against Defendant and Cross-Defendant.

AFFIRMATIVE DEFENSES

First Affirmative Defense

(Failure to State a Cause of Action)

2. The Complaint and Cross-Complaint and every purported cause of action contained therein fail to allege facts sufficient to constitute a cause of action against Defendant and Cross-Defendant.

Second Affirmative Defense

(Statute of Limitation)

3. Each and every cause of action contained in the Complaint and Cross-Complaint is barred, in whole or in part, by the applicable statutes of limitation, including, but not limited to, sections 318, 319, 321, 338, and 343 of the California Code of Civil Procedure.

Third Affirmative Defense

(Laches)

4. The Complaint and Cross-Complaint, and each and every cause of action contained therein, is barred by the doctrine of laches.

Fourth Affirmative Defense

(Estoppel)

5. The Complaint and Cross-Complaint, and each and every cause of action contained therein, is barred by the doctrine of estoppel.

Fifth Affirmative Defense

(Waiver)

6. The Complaint and Cross-Complaint, and each and every cause of action contained therein, is barred by the doctrine of waiver.

Sixth Affirmative Defense

(Self-Help)

7. Defendant and Cross-Defendant has, by virtue of the doctrine of self-help, preserved its paramount overlying right to extract groundwater by continuing, during all times relevant hereto, to extract groundwater and put it to reasonable and beneficial use on its property.

Seventh Affirmative Defense

(California Constitution Article X, Section 2)

8. Plaintiff and Cross-Complainant's methods of water use and storage are unreasonable and wasteful in the arid conditions of the Antelope Valley and thereby violate Article X, Section 2 of the California Constitution.

Eighth Affirmative Defense

(Additional Defenses)

9. The Complaint and Cross-Complaint do not state their allegations with sufficient clarity to enable defendant and cross-defendant to determine what additional defenses may exist to Plaintiff and Cross-Complainant's causes of action. Defendant and Cross-defendant therefore reserve the right to assert all other defenses which may pertain to the Complaint and Cross-

Complaint.

Ninth Affirmative Defense

10. The prescriptive claims asserted by governmental entity Cross-Complainants are *ultra vires* and exceed the statutory authority by which each entity may acquire property as set forth in Water Code sections 22456, 31040 and 55370.

Tenth Affirmative Defense

11. The prescriptive claims asserted by governmental entity Cross-Complainants are barred by the provisions of Article 1 Section 19 of the California Constitution.

Eleventh Affirmative Defense

12. The prescriptive claims asserted by governmental entity Cross-Complainants are barred by the provisions of the 5th Amendment to the United States Constitution as applied to the states under the 14th Amendment of the United States Constitution.

Twelfth Affirmative Defense

13. Cross-Complainants' prescriptive claims are barred due to their failure to take affirmative steps that were reasonably calculated and intended to inform each overlying landowner of cross-complainants' adverse and hostile claim as required by the due process clause of the 5th and 14th Amendments of the United States Constitution.

Thirteenth Affirmative Defense

14. The prescriptive claims asserted by governmental entity Cross-Complainants are barred by the provisions of Article 1 Section 7 of the California Constitution.

Fourteenth Affirmative Defense

15. The prescriptive claims asserted by governmental entity Cross-Complainants are barred by the provisions of the 14th Amendment to the United States Constitution.

Fifteenth Affirmative Defense

16. The governmental entity Cross-Complainants were permissively pumping at all times.

Sixteenth Affirmative Defense

17. The request for the court to use its injunctive powers to impose a physical solution

seeks a remedy that is in violation of the doctrine of separation of powers set forth in Article 3 section 3 of the California Constitution.

Seventeenth Affirmative Defense

18. Cross-Complainants are barred from asserting their prescriptive claims by operation of law as set forth in Civil Code sections 1007 and 1214.

Eighteenth Affirmative Defense

19. Each Cross-Complainant is barred from recovery under each and every cause of action contained in the Cross-Complaint by the doctrine of unclean hands and/or unjust enrichment.

Nineteenth Affirmative Defense

20. The Cross-Complaint is defective because it fails to name indispensable parties in violation of California Code of Civil Procedure Section 389(a).

Twentieth Affirmative Defense

21. The governmental entity Cross-Complainants are barred from taking, possessing or using cross-defendants' property without first paying just compensation.

Twenty-First Affirmative Defense

22. The governmental entity Cross-Complainants are seeking to transfer water right priorities and water usage which will have significant effects on the Antelope Valley Groundwater basin and the Antelope Valley. Said actions are being done without complying with and contrary to the provisions of California's Environmental Quality Act (CEQA) (Pub.Res.C. 2100 *et seq.*).

Twenty-Second Affirmative Defense

23. The governmental entity Cross-Complainants seek judicial ratification of a project that has had and will have a significant effect on the Antelope Valley Groundwater Basin and the Antelope Valley that was implemented without providing notice in contravention of the provisions of California's Environmental Quality Act (CEQA) (Pub.Res.C. 2100 *et seq.*).

Twenty-Third Affirmative Defense

24. Any imposition by this court of a proposed physical solution that reallocates the

water right priorities and water usage within the Antelope Valley will be *ultra vires* as it will be subverting the pre-project legislative requirements and protections of California's Environmental Quality Act (CEQA) (Pub.Res.C. 2100 *et seq.*).

WHEREFORE, Defendant and Cross-defendant prays that judgment be entered as follows:

1. That Plaintiff and Cross-Complainant take nothing by reason of its Complaint or Cross-Complaint;

2. That the Complaint and Cross-Complaints be dismissed with prejudice;

3. For Defendant and Cross-Defendant's costs incurred herein; and

4. For such other and further relief as the Court deems just and proper.

Dated: 12/27, 2006 Signature _____

[Print name of party and/or attorney]

John Hai for United Holdings & Arcadia Development

[FILE IN LA SUPERIOR COURT AND POST ON COURT WEBSITE – FOR E-FILING INSTRUCTIONS, PLEASE GO TO WWW.SCEFILING.ORG/FAQ OR CONTACT GLOTRANS AT (510) 208-4775.]

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LAW OFFICES OF
BEST BEST & KRIEGER LLP
5 PARK PLAZA, SUITE 1500
IRVINE, CALIFORNIA 92614

PROOF OF SERVICE

I, Kerry V. Keefe, declare:

I am a resident of the State of California and over the age of eighteen years, and not a party to the within action; my business address is Best Best & Krieger LLP, 5 Park Plaza, Suite 1500, Irvine, California 92614. On December 29, 2006, I served the within document(s):

MODEL ANSWER TO COMPLAINT AND ALL CROSS-COMPLAINTS (United Holding Corp.)

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

☐ by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Irvine, California addressed as set forth below.

☐ by causing personal delivery by ASAP Corporate Services of the document(s) listed above to the person(s) at the address(es) set forth below.

☐ by personally delivering the document(s) listed above to the person(s) at the address(es) set forth below.

☐ I caused such envelope to be delivered via overnight delivery addressed as indicated on the attached service list. Such envelope was deposited for delivery by Federal Express following the firm's ordinary business practices.

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

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

Executed on December 29, 2006, at Irvine, California.

Kerry V. Keefe