

AGREEMENT

This Agreement ("Agreement") is made and entered into as of March, 12th, 2015, by and between the LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40 ("District No. 40"), a special district formed under and pursuant to Section 55000, *et seq.* of the California Water Code, PALMDALE WATER DISTRICT, an irrigation district organized and operating under Section 20500, *et seq.* of the California Water Code, LITTLEROCK CREEK IRRIGATION DISTRICT, a public agency, QUARTZ HILL WATER DISTRICT, a public agency, ROSAMOND COMMUNITY SERVICES DISTRICT, a public agency, PALM RANCH IRRIGATION DISTRICT, a public agency, DESERT LAKE COMMUNITY SERVICES DISTRICT, a public agency, and CALIFORNIA WATER SERVICE COMPANY, a California corporation (collectively, "Cross-Complainants") and WEST VALLEY COUNTY WATER DISTRICT ("West Valley"), a county water district. The Cross-Complainants and West Valley are sometimes individually referred to herein as "Party" and collectively as the "Parties".

RECITALS

A. On November 29, 2004, District No. 40 commenced a civil action in the Los Angeles County Superior Court against parties claiming rights to groundwater in the Antelope Valley Groundwater Basin ("Basin") (*Los Angeles County Waterworks District No. 40 v. Diamond Farming Co., et al.*, No. BC 325201); on December 1, 2004, District No. 40 also commenced a civil action in the Kern County Superior Court against parties claiming rights to groundwater in the Basin (*Los Angeles County Waterworks District No. 40 v. Diamond Farming Co., et al.*, No. S-1500-CV-254-348). These two actions have since then been consolidated with other proceedings and are currently pending before the Los Angeles Superior Court (Antelope Valley Groundwater Cases, Judicial Council Coordination Proceeding No. 4408; hereinafter "Pending Actions" or "Litigation"). For procedural purposes, the Court requested that District No. 40 refile its complaint as a first amended cross-complaint in the now coordinated Pending Actions. Joined by the other Cross-Complainants, District No. 40 filed a first amended cross-complaint seeking declaratory and injunctive relief and an adjudication of the rights to all

groundwater within the Basin. On or about June 30, 2014, the Cross-Complainants named West Valley as a cross-defendant in the Litigation. On or about August 25, 2014, West Valley answered the first amended cross-complaint.

B. West Valley pumps groundwater from the Basin and delivers such water to its customers within its service area inside the Basin.

C. The Cross-Complainants entered into a proposed stipulated judgment with certain other parties in the Pending Actions ("Stipulated Judgment") to resolve all claims asserted against each other in the Litigation. A copy of the Stipulated Judgment is attached hereto as Exhibit "A".

D. The Cross-Complainants and West Valley desire to resolve all claims asserted against each other in the Litigation, and West Valley desires to join the Stipulated Judgment provided that it may produce up to 35 acre-feet per year of any unused federal reserved water right production as described in Section 5.1.4.1 of the Stipulated Judgment.

NOW THEREFORE, in consideration of the foregoing recitals and the promises and covenants contained herein, the Parties agree as follows:

AGREEMENT

1. Unused Federal Reserved Water Right Production.

(a) Pursuant to Section 5.1.4.1 of the Stipulated Judgment, the Cross-Complainants are entitled to produce any federal reserved water right production not produced by the United States in any given year.

(b) Notwithstanding the provisions set forth in Section 5.1.4.1 of the Stipulated Judgment, the Parties agree that in the event the United States does not produce its entire 7,600 acre-feet in any given year, the unused amount in any year will be allocated in the following year to the Parties as follows: West Valley may produce up to 35 acre-feet per year of the unused amount. The Parties, except West Valley, may produce the remaining unused amount in proportion to Production Rights (as defined in the Stipulated Judgment) set forth in Exhibit 3 to the Stipulated Judgment.

(c) Cross-Complainants hereby agree and consent to groundwater pumping by West Valley pursuant to Section 1(b) of this Agreement and will not object to the Watermaster (as defined in the Stipulated Judgment) allowing West Valley's use of unused federal reserved water right production rights limited to 35 acre-feet per year in accordance to Section 1(b).

(d) West Valley shall pay any and all charges and Watermaster assessments which may be levied against West Valley's Production (as defined in the Stipulated Judgment) of unused federal reserved water right production as set forth in Section 1(b).

2. **Entry of Judgment.** The Parties acknowledge that each of them has reviewed and understands the terms of the Stipulated Judgment, which is attached as Exhibit "A". The Parties find the Stipulated Judgment to be satisfactory and hereby agree to support its approval by the court in the Pending Actions. The Parties agree to take all actions necessary to ensure that the Stipulated Judgment is confirmed and entered by the court in the Pending Actions. West Valley agrees to join the Stipulated Judgment and the Cross-Complainants agree not to oppose West Valley's request to join the Stipulated Judgment. The Stipulated Judgment shall provide for continuing jurisdiction by the court over the Parties to the same extent the court determines to exercise continuing jurisdiction as to other parties to the Litigation.

3. **Effective Date.** This Agreement shall become effective and binding upon the Parties on the first day following the execution of the Agreement by all Parties and entry of a judgment and physical solution substantially in the form of the Stipulated Judgment attached hereto as Exhibit "A" in the Pending Actions. If the Stipulated Judgment is not entered by the court or should be overturned at any level, this Agreement shall become null and void.

4. **Exclusion from Scope of Agreement.** Notwithstanding any provision to the contrary, this Agreement does not address and has no effect on any claims, demands, action, causes of action and rights, in law or in equity, in the nature of an administrative proceeding or otherwise (known, unknown, contingent, accrued, inchoate or otherwise), which Cross-Complainants have or may have, now or in the future, against other parties in the Pending Actions.

5. **Subject to Applicable Law.** The Parties acknowledge and agree that this Agreement and the rights and obligations of the Parties shall be subject to the applicable laws

governing public agencies as they now exist and as they may be amended or codified by the Legislature of the State of California.

6. **Entire Agreement.** This Agreement contains the entire understanding between the Parties with respect to its subject matter, and supersedes all prior agreements, oral or written, and all prior or contemporaneous discussions or negotiations between the Parties.

7. **Amendment.** This Agreement cannot be amended except in writing signed by the Parties.

8. **No Waiver.** Any failure or delay on the part of either Party to exercise any right under this Agreement shall not constitute a waiver of the right, and shall not preclude such Party from exercising or enforcing the right, or any other provision of this Agreement, on any subsequent occasion.

9. **Headings; Section References.** Captions and headings appearing in this Agreement are inserted solely as reference aids for the ease and convenience; they shall not be deemed to define or limit the scope or substance of the provisions they introduce, nor shall they be used in construing the intent or effect of such provisions.

10. **Separability.** If any provision of this Agreement is finally determined by a court to be invalid or unenforceable as written, the provision shall, if possible, be enforced to the extent reasonable under the circumstances and otherwise shall be deemed deleted from this Agreement. The other provisions of this Agreement shall remain in full force and effect so long as the material purposes of the Agreement and understandings of the Parties are not impaired.

11. **Binding Effect Assignment.** This Agreement shall be binding on and inure to the benefit of the Parties, and their respective successors and permitted assigns. Each Party shall have the right to assign its rights and all of its obligations under this Agreement with the written consent of the other Parties, provided, however, that the other Parties shall not unreasonably withhold such consent.

12. **Enforcement.** Except as stated otherwise, disputes relating to the implementation of this Agreement shall be resolved by the court in the Pending Actions as part of its continuing

jurisdiction over this matter and the Parties. Alleged violations of the terms of this Agreement by either Party shall be brought before the court in the Pending Actions.

13. **Governing Law.** This Agreement is a contract governed in accordance with the laws of the State of California.

14. **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original. A photocopy, PDF, or fax reproduction of an original copy of the Agreement shall be of the same binding effect as the original

15. **Authority.** The persons signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

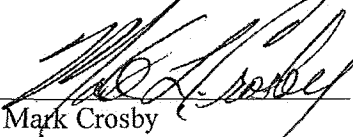
16. **No Inducement or "Drafting Party".** Each of the Parties has had the opportunity to, and has to the extent each deemed appropriate, obtained legal counsel concerning the content and meaning of this Agreement. Each of the Parties agrees and represents that no promise, inducement or agreement not herein expressed has been made to effectuate this Agreement, and that this Agreement represents the entire agreement between the Parties. Each of the Parties' respective legal counsel has reviewed and approved this Agreement. The rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

17. **No Third Party Rights.** Except as expressly provided herein, nothing in this Agreement shall be deemed to create any rights in favor of, or to inure to the benefit of, any third parties, or to waive or release any defense or limitation against third party claims.

[Signatures follow on the next page]


IN WITNESS WHEREOF, the Parties have executed this agreement as of the date first written above.

West Valley County Water District

By: 
Mark Crosby
General Manager

Date: 3-12-15

APPROVED AS TO FORM

By: 
Arnold K. Graham

Date: April 7-2015

Palmdale Water District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

**Los Angeles County Waterworks
District No. 40**

By: _____
Gail Farber
Director of Public Works

Date:

APPROVED AS TO FORM
Mark J. Saladino, County Counsel

By: _____
Warren R. Wellen
Principal Deputy County Counsel

Date:

Little Rock Creek Irrigation District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

IN WITNESS WHEREOF, the Parties have executed this agreement as of the date first written above.

West Valley County Water District

By: _____
Mark Crosby
General Manager

Date:

APPROVED AS TO FORM

By: _____
Arnold K. Graham

Date:

Palmdale Water District

By: _____
[NAME]
[TITLE]


Date:

APPROVED AS TO FORM

By: _____
[NAME]


Date:

**Los Angeles County Waterworks
District No. 40**

By: 
for Gail Farber
Director of Public Works

Date:

APPROVED AS TO FORM
Mark J. Saladino, County Counsel

By: 
Warren R. Wellen
Principal Deputy County Counsel

Date: 3/24/15

Little Rock Creek Irrigation District

By: Travis Berglund
[NAME] Travis Berglund
[TITLE] General Manager

Date: 03/26/15

APPROVED AS TO FORM

By: _____
[NAME]

Date:

IN WITNESS WHEREOF, the Parties have executed this agreement as of the date first written above.

West Valley County Water District

By: _____
Mark Crosby
General Manager

Date:

APPROVED AS TO FORM

By: _____
Arnold K. Graham

Date:

Palmdale Water District

By: Kathy MacLaren
Kathy MacLaren
President

Date: 3/11/15

APPROVED AS TO FORM

By: Thomas A. Baum III
[NAME]

Date: March 12, 2015

**Los Angeles County Waterworks
District No. 40**

By: _____
Gail Farber
Director of Public Works

Date:

APPROVED AS TO FORM
Mark J. Saladino, County Counsel

By: _____
Warren R. Wellen
Principal Deputy County Counsel

Date:

Littlerock Creek Irrigation District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Quartz Hill Water District

By: CHJ 5/21
[NAME] General Manager
[TITLE] Chad J. Reed

Date: 3/21/15

APPROVED AS TO FORM

By: B. Weeks
[NAME] General Counsel
[TITLE] Bradley T. Weeks

Date: 3/21/15

Palm Ranch Irrigation District

By: _____
[NAME]
[TITLE]

Date: _____

APPROVED AS TO FORM

By: _____
[NAME]

Date: _____

Rosamond Community Services District

By: _____
[NAME]
[TITLE]

Date: _____

APPROVED AS TO FORM

By: _____
[NAME]

Date: _____

Desert Lake Community Services District

By: _____
[NAME]
[TITLE]

Date: _____

APPROVED AS TO FORM

By: _____
[NAME]

Date: _____

Quartz Hill Water District

By: _____
[NAME]
[TITLE]

Date: _____

APPROVED AS TO FORM

By: _____
[NAME]

Date: _____

Palm Ranch Irrigation District

By: _____
[NAME]
[TITLE]

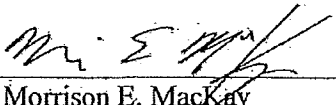
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APPROVED AS TO FORM

By: _____
[NAME]

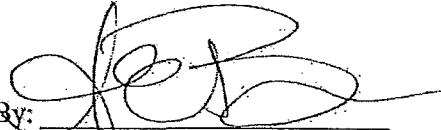
Date: _____

Rosamond Community Services District

By: 
Morrison E. MacKay
President

Date: _____

APPROVED AS TO FORM

By: 
Allison E. Burns

Date: _____

Desert Lake Community Services District

By: _____
[NAME]
[TITLE]

Date: _____

APPROVED AS TO FORM

By: _____
[NAME]

Date: _____

Quartz Hill Water District

By: _____
[NAME]
[TITLE]

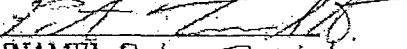
Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Palm Ranch Irrigation District

By: 
[NAME] Peter Tuculet
[TITLE] General Manager

Date: 3/26/2015

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Rosamond Community Services District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Desert Lake Community Services District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Quartz Hill Water District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Palm Ranch Irrigation District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Rosamond Community Services District

By: _____
[NAME]
[TITLE]

Date:

APPROVED AS TO FORM

By: _____
[NAME]

Date:

Desert Lake Community Services District

By: _____
[NAME] Natalie Dooly
[TITLE] General Manager

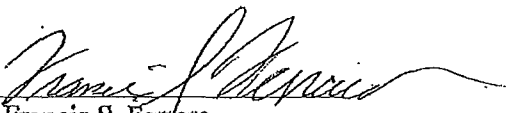
Date: March 26th, 2015

APPROVED AS TO FORM

By: _____
[NAME]

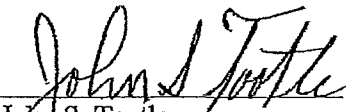
Date:

California Water Service Company

By: 
Francis S. Ferraro
Vice President Business Development

Date: 3-13-15

APPROVED AS TO FORM

By: 
John S. Tootle
Corporate Counsel

Date: 3-12-2015

EXHIBIT A

STIPULATED JUDGMENT