

***** IMPORTANT: IF YOU PUMP GROUNDWATER OR YOU OR YOUR PREDECESSORS HAVE EVER PUMPED GROUNDWATER ON YOUR PROPERTY, CAREFULLY READ THIS NOTICE – THIS LAWSUIT MAY AFFECT YOUR RIGHTS TO PUMP GROUNDWATER IN THE FUTURE. *****

**SUPERIOR COURT FOR THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES**

RICHARD A. WOOD, an individual, on
behalf of himself and all others similarly
situated,

Plaintiff,

v.

LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 40; et al.

Defendants.

JUDICIAL COUNCIL COORDINATION
PROCEEDING No. 4408

**[PROPOSED] NOTICE OF
PROPOSED SETTLEMENT FOR THE
“SMALL PUMPER” CLASS ACTION
AND SETTLEMENT HEARING**

**TO CERTAIN ANTELOPE VALLEY LANDOWNERS: CAREFULLY READ AND
RESPOND TO THIS NOTICE, AS IT MAY AFFECT YOUR RIGHT TO PUMP
GROUNDWATER ON YOUR PROPERTY IN THE FUTURE.**

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1. WHY SHOULD I READ THIS NOTICE?

Available records indicate that you own property in the Antelope Valley Groundwater Basin (the “Basin”). Your property rights may be affected by the proposed settlement of this lawsuit. Your right to object to, or comment on that settlement is described below. In addition, this Notice contains important information about your disclosure obligations in the event you sell your property. ***PLEASE TAKE THE TIME TO READ THIS IMPORTANT LEGAL NOTICE, WHICH IS DIFFERENT FROM THE PRIOR NOTICE SENT TO YOU ABOUT THIS CASE.***

2. WHAT IS THIS LAWSUIT ABOUT?

This Class Action lawsuit involves water rights in the Antelope Valley Groundwater Basin. Plaintiff Richard Wood brought this case to protect his right and those of other landowners (the Wood Class comprises persons who are pumping or have pumped less than 25 acre-feet of groundwater during any year from 1946 to the present) in the Basin to pump water on their properties in the future. The case has been combined with other cases to determine all the groundwater rights in the Basin. The Court has not yet decided the case.

Under California law, property owners have a right to pump groundwater (water underneath the surface) and use it for reasonable purposes on their overlying land. In this case, however, the naturally available supply of water in the Basin may not be adequate to satisfy the needs of everyone who wants to use that water. Richard Wood claims that he and other such landowners have water rights that are superior to the water rights of certain public water suppliers and entities, listed in the Settlement Agreement (“Settling Defendants”). The public water suppliers claim that their historical pumping has given them superior water rights.

3. WHO IS COVERED BY THE PROPOSED SETTLEMENT?

You have been designated as a Class member because records indicate that you own property in the Antelope Valley. **The Wood Class includes all private (i.e., nongovernmental) landowners within the Antelope Valley Groundwater Basin who are pumping or have pumped less than 25 acre-feet of groundwater during any year from 1946 to the present on their properties**, with certain exceptions set out below.

You are not in the Class if you do not own real property within the Basin. In addition, you are **NOT** in the Class if any of the following are true as to you:

1. Your property is connected to and receives water from a public water system, public utility or mutual water company; or
2. You are already a party to this litigation; or
3. You have already timely excluded yourself from the Wood Class and have not rejoined the Class.

4. WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

The following is a summary of the basic terms and conditions of the proposed settlement. You may view the complete settlement agreement at www.avqgroundwater.com. If you do not have Internet access, you may request a copy of the settlement agreement by writing to the following: 10490 Santa Monica Boulevard, Los Angeles, CA 90025.

In summary, the proposed settlement includes the following terms (capitalized terms are defined in the Agreement):

- A. The Settling Parties agree that the Settling Parties each have rights to produce groundwater from the Basin's Native Safe Yield, as follows: (i) Settling Defendants collectively have the right to produce up to 15% of the Basin's Federally Adjusted Native Safe Yield; and (ii) the Wood Class has a correlative right (along with other overlying landowners) to produce at least 85% of the Federally Adjusted Native Safe Yield and each Wood Class Member may pump up to 3 acre-feet per year for reasonable and beneficial use on their overlying land from the correlative share of 85% of the Federally Adjusted Native Safe Yield.
- B. The Class agrees not to contest the Settling Defendants' estimates of the Basin's Native Safe Yield as long as it is at least 82,300 acre feet of water per year. In the absence of agreement by all parties in the consolidated actions, the Court will determine the Basin's Native Safe Yield.
- C. The Class agrees not to contest the Settling Defendants' estimates of the Basin's Total Safe Yield as long as it is at least 110,500 acre feet of water per year. In the absence of agreement by all parties in the consolidated actions, the Court will determine the Basin's Total Safe Yield.
- D. To the extent the Settling Defendants have obtained water rights by prescription, those rights shall not be exercised to diminish the Wood Class' water rights.
- E. The Parties agree that the United States has a Federal Reserved Right to some portion of

the Basin's Native Safe Yield, the amount of which will be determined by the Court.

- F. All Parties have the right to recapture return flows from water that they had imported. The Class agrees not to contest some Settling Defendants' best estimates that such return flows total 28,200 acre-feet per year, of which 25,100 acre-feet is from municipal and industrial use and 3,100 is from agricultural use.
- G. The Settling Parties agree that the Basin has limited water resources and that there is a need for a groundwater management plan for the Basin. The Parties have agreed to be bound by such a plan, so long as consistent with this settlement, as may later be ordered by the Court.
- H. The Settlement contains mutual releases of the claims the Settling Parties have asserted against each other in the litigation. The Settlement specifically provides that it will not prejudice the rights of non-settling parties.

5. WHAT DO I NEED TO DO?

You are not required to do anything, unless you wish to opt out of the settlement (paragraph 6, below). However, if you wish to object to the settlement or to Plaintiff's Counsel's Application for Fees and Expenses, you must file a Notice of Intent to Appear and Be Heard with the Clerk, Los Angeles County Superior Court, 111 N. Hill Street, Los Angeles, CA 90012. **That Notice must be received by _____, 2011** for it to be considered and must briefly state the position(s) you wish to take with respect to the settlement and/or any related matters, such as Counsel's fee application. In addition, you must send a copy of that Notice to the following attorneys by that date:

Michael D. McLachlan
mike@mclachlanlaw.com
Law Offices of Michael D. McLachlan
10490 Santa Monica Boulevard
Los Angeles, CA 90025
Class Counsel

Jeffrey V. Dunn
jeffrey.dunn@bbklaw.com
Best Best & Krieger LLP
5 Park Plaza, Suite 1500
Irvine, CA 92614
Liaison Counsel for Defendants

6. CAN I EXCLUDE MYSELF FROM THE CLASS?

Yes. You must complete the attached form and return to Class Counsel, at 10490 Santa Monica Boulevard, Los Angeles, California 90025, by _____. **NOTICES POST-MARKED AFTER THIS DATE WILL NOT BE ACCEPTED.** If you previously excluded yourself from the Class and wish to rejoin the Class, you may request the Court's approval to do so by contacting Class Counsel at the address listed above by _____.

7. WHAT HAPPENS IF I EXCLUDE MYSELF FROM THE CLASS?

If you exclude yourself from the Class, you will not be bound by this settlement, and your water rights, if any, will be subject to future determination. If you exclude yourself from the Class you will likely be sued by the public water suppliers in this litigation. You may represent yourself or

retain an attorney. You may be required to establish your water rights at a future stage of the proceedings.

8. WHY, WHEN, AND WHERE WILL THE SETTLEMENT HEARING TAKE PLACE?

The Court must approve the proposed settlement after a fairness hearing in order for the settlement to become effective. That fairness hearing will take place on _____, 2011, on the fifteenth floor of the Civil Complex West Courthouse, 600 S. Commonwealth, Los Angeles, CA 90012. **You are welcome to attend that hearing but you are not required to attend.**

Any Class member may appear in person or through counsel and state his or her comments on or objections to the proposed settlement and/or on counsel's fee application, *but only if he or she files a Notice of Intent to Appear and Be Heard pursuant to the procedures set forth in paragraph 5, above, on or before _____, 2011.*

9. WHO REPRESENTS PLAINTIFF AND THE CLASS?

Plaintiff and the Class are represented by the following attorneys in this matter:

Michael D. McLachlan, Esquire

mike@mclachlanlaw.com

Law Offices of Michael D. McLachlan

Daniel M. O'Leary, Esquire

dan@danolearylaw.com

Law Offices of Daniel M. O'Leary

10490 Santa Monica Boulevard

Los Angeles, CA 90025

310.954-8270

310.954.8271 (fax)

10. WHY DOES CLASS COUNSEL SUPPORT THE SETTLEMENT?

Class Counsel believe that the settlement reflects a reasonable and fair resolution of the claims asserted in this matter. The Settling Defendants assert that they have prescriptive rights to substantially more than 15% of the Basin's Native Safe Yield; the Class asserts that the Settling Defendants have no such prescriptive rights. Counsel believe that the Settlement fairly compromises the parties' positions, and resolves the risk that the class members will lose water rights to the Settling Defendants.

11. HOW WILL PLAINTIFF'S COUNSEL'S FEES BE PAID?

Plaintiff's Counsel will petition for an award of fees and expenses to be paid by the Settling Defendants. *You will not be responsible to pay any portion of their fees.*

Plaintiff's Counsel have worked on this matter for over 3 years without being paid and they have advanced considerable amounts to pay for out-of-pocket expenses, including travel, hearing transcripts, consultants, etc. The Court will ultimately determine whether Counsel are entitled to a fee award and the

appropriate amount of any such award.

12. WILL I HAVE TO PAY ANYTHING?

No. You will not be required to pay anything in connection with the proposed settlement.

13. WILL I RECEIVE ANY MONETARY COMPENSATION FROM THE SETTLEMENT?

No. The settlement does not provide you with any monetary benefits.

14. WHAT HAPPENS IF THE SETTLEMENT IS APPROVED BY THE COURT?

If the settlement is approved, and not successfully appealed, the above litigation will be over. But the consolidated cases will continue until all claims to groundwater rights in the Basin have been settled or decided and a management plan has been adopted to protect the Basin.

15. WHAT HAPPENS IF THE SETTLEMENT IS NOT APPROVED BY THE COURT?

If the settlement is not approved, the settlement agreement will be null and void and the parties will be returned to their prior positions in the litigation.

16. WHERE CAN I GET ADDITIONAL INFORMATION?

The amended complaint and certain other documents from the litigation are available at www.avqgroundwater.com. In addition, that website has a list of answers to certain other questions you may have and has an email address for you to obtain information if you have further questions. That website will be updated from time to time to advise you of the status of this litigation. Also, all of the documents filed in the case are available on the court's website at <http://www.sceffiling.org/cases/casehome.jsp?caseId=19>.

17. WHAT ARE THE RELEVANT DATES?

The Settlement Hearing is scheduled for _____. If you wish to be heard at the Hearing, you must file a Notice of Intent to Appear and Be Heard with the Clerk, Los Angeles County Superior Court, as discussed above in paragraph 5. **That Notice must be received by _____, 2011** for it to be considered. In addition, by that date, you must send a copy of that Notice to the attorneys identified in paragraph 5, above. If you wish to opt out of the settlement, you must fully complete and return the enclosed form, post-marked by _____, as set forth in paragraph 6, above.

18. MAY I PUMP WATER ON MY PROPERTY?

Yes. There are presently no restrictions on your ability to pump water on your property or the amount that you can pump for reasonable and beneficial uses on your property. However, it is likely that there will be limits imposed on the amount of pumping in the near future.

19. WHAT IF I PUMP MORE THAN 3 ACRE-FEET OF GROUNDWATER PER YEAR?

A Class member will have the right to pump up to 3 acre-feet per year for reasonable and beneficial use on their property, without assessment. However, if you pump more than 3

acre-feet per year, you may be required to pay a replenishment assessment in the future for any water you pump in excess of 3 acre-feet per year. This settlement does not affect your ability to continue to pump in excess of 3 acre-feet per year, but the Court may limit those rights in future proceedings.

20. WHAT HAPPENS IF I SELL MY ANTELOPE VALLEY PROPERTY?

If the settlement is approved by the Court, anyone who acquires your property will be bound by the terms of the settlement. Hence, you should disclose the terms of the settlement to anyone who may acquire your Antelope Valley property.

PLEASE DO NOT CALL OR WRITE THE COURT OR CLERK'S OFFICE. IF YOU HAVE ANY QUESTIONS, PLEASE CONSULT YOUR OWN COUNSEL, VISIT THE WEB SITES LISTED ABOVE, OR WRITE TO CLASS COUNSEL AT THE ADDRESS ABOVE.

Dated: _____, 2011

BY ORDER OF THE SUPERIOR COURT
OF CALIFORNIA FOR THE COUNTY OF
LOS ANGELES

SMALL PUMPER CLASS ACTION SETTLEMENT OPT OUT FORM

If you do not wish to participate in the Settlement of the Small Pumper Class Action, you must fully complete this form and mail it no later than _____ to the following address:

Law Offices of Michael D. McLachlan
10490 Santa Monica Boulevard
Los Angeles, California 90025

PLEASE COMPLETE AND SUBMIT A SEPARATE FORM FOR EACH SEPARATE PARCEL OF PROPERTY YOU OWN WITHIN THE ANTELOPE VALLEY IN ORDER TO FULLY PROTECT YOUR RIGHTS.

ADDRESS OF YOUR PARCEL:

ASSESSOR'S PARCEL NUMBER OF YOUR PROPERTY:

PRINT YOUR NAME: _____

SIGNATURE: _____

MAILING ADDRESS: _____

CITY, STATE, ZIP CODE: _____

TELEPHONE NUMBER: _____

EMAIL ADDRESS: _____