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FILED-Central District  
SUPERIOR COURT  
SAN BERNARDINO COUNTY

JUL 24 2006

5 Attorneys for Plaintiffs

*David A. Anderson*  
Deputy

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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF SAN BERNARDINO

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12 THOMAS M. SLEMMER, ELIZABETH  
SLEMMER, MARGARET SLEMMER and  
13 MICHAEL SLEMMER,

14 Plaintiffs,

15 vs.

16  
17 FONTANA UNION WATER COMPANY,  
CUCAMONGA COUNTY WATER  
18 DISTRICT, SAN GABRIEL VALLEY WATER  
COMPANY, KAISER VENTURES LLC,  
19 MICHAEL L. WHITEHEAD, FRANK LO  
GUIDICE, ROBERT A. DELOACH, HENRY  
20 L. STOY, JEROME M. WILSON, ROBERT  
NEUFELD, and DOES 1 through 50,  
21 inclusive.

22 Defendants.  
23

No. SCVSS 086856

*da*  
[PROPOSED] ORDER OF FINAL  
APPROVAL OF CLASS ACTION  
SETTLEMENT AGREEMENT

24  
25 WHEREAS Plaintiffs Thomas M. Slemmer, Elizabeth Slemmer, Margaret  
26 Slemmer and Michael Slemmer (collectively "Plaintiffs") and Defendants Fontana Union  
27 Water Company, Cucamonga Valley Water District, San Gabriel Valley Water  
28 Company, Michael L. Whitehead, Frank Lo Guidice, Robert A. Deloach, Henry L. Stoy,

1 Jerome M. Wilson and Robert Neufeld (collectively the "Fontana Union Defendants")  
2 have entered into a Settlement Agreement and Release of Claims (the "Fontana Union  
3 Settlement Agreement"), which is attached hereto as Exhibit A;

4 WHEREAS Plaintiffs have also entered into a separate settlement agreement  
5 with Defendant Kaiser Ventures LLC (the "Kaiser Settlement Agreement"), over which  
6 the California Court of Appeal has jurisdiction because of the pending appeal by  
7 Plaintiffs of the summary judgment ruling in favor of Kaiser;

8 WHEREAS on June 21, 2006, the Court reviewed and granted preliminary  
9 approval to the Fontana Union Settlement Agreement and the Kaiser Settlement  
10 Agreement (hereinafter collectively referred to as the "Settlement Agreements");

11 WHEREAS the members of the class in this action have been provided notice of  
12 the Settlement Agreements and the opportunity to either opt out of the class or object to  
13 the Settlement Agreements;

14 WHEREAS no class member opted out of or objected to the proposed  
15 settlements by the July 17, 2006 deadline;

16 WHEREAS the Court has reviewed and considered the Settlement Agreements  
17 and the motion for approval, and has conducted a hearing regarding the fairness of the  
18 proposed settlements; and

19 WHEREAS the Court is satisfied that the settlement set forth in the Fontana  
20 Union Settlement Agreement was the result of good faith, arm's-length negotiations  
21 among the parties and their counsel and is fair, reasonable, adequate and in the best  
22 interests of the class;

23 IT IS HEREBY ORDERED that:

24 1. The Fontana Union Settlement Agreement is approved by the Court as fair,  
25 equitable and in the best interests of the class.

26 2. Pursuant to the terms of the Fontana Union Settlement Agreement, the  
27 Fontana Union Defendants, directly or through their insurer, shall pay sixteen million,  
28 five hundred thousand dollars (\$16,500,000.00) by wire transfer to an account

1 designated by Plaintiffs' Counsel within two (2) business days following the entry of this  
2 Order, but in no event later than July 25, 2006.

3 3. Within five (5) days of the receipt of the payment specified in paragraph 2 or  
4 the entry of this Order (whichever date is later), Plaintiffs' Counsel shall file with the  
5 Court the Judgment attached hereto as Exhibit B (the "Judgment"), and the Court shall  
6 immediately enter that Judgment.

7 4. The funds paid by the Fontana Union Defendants pursuant to paragraph 2  
8 shall constitute a Settlement Common Fund, to be allocated among the Final Class  
9 Members, the Class Representative and Plaintiffs' Counsel pursuant to the terms of this  
10 Order. The Final Class Members consist of all shareholders of Fontana Union Water  
11 Company ("Fontana Union") from February 18, 2000 through March 17, 2006, excluding  
12 (i) Cucamonga Valley Water District ("Cucamonga"), San Gabriel Valley Water  
13 Company ("San Gabriel") and Kaiser, (ii) West Valley Water District (formerly known as  
14 West San Bernardino County Water District) and the City of Rialto, (iii) any other  
15 Fontana Union shareholders who took delivery of Fontana Union water during the Class  
16 Period (i.e., February 18, 2000 to March 17, 2006), (iv) all shareholders who opted out  
17 of the class on a timely basis pursuant to the Court's February 2004 Order Approving  
18 Class Notice Form and Procedure, or whose class notices were returned as  
19 undeliverable, and (v) all shareholders who opted out of the class, following the Notice  
20 of Proposed Settlement and Final Approval Hearing, by submitting a written request to  
21 be excluded from the class postmarked no later than July 17, 2006. Shareholders who  
22 have opted out of the class shall not be entitled to any distribution from the Settlement  
23 Common Fund, shall not release any claims against the Fontana Union Defendants,  
24 and shall retain title to any Fontana Union shares that they currently own.

25 5. All Final Class Members are subject to and bound by the terms of the  
26 Fontana Union Settlement Agreement, in exchange for which they are entitled to  
27 receive an allocated portion of the Settlement Common Fund pursuant to the Plan of  
28

1 Allocation attached hereto as Exhibit C. The Court hereby approves the Plan of  
2 Allocation as fair, reasonable and equitable.

3 6. All Final Class Members are subject to and bound by the release of claims  
4 contained in the Fontana Union Settlement Agreement. Upon the Effective Date of the  
5 Settlement Agreement (as defined below in paragraph 7), all Final Class Members are  
6 barred and permanently enjoined from prosecuting against the Fontana Union  
7 Defendants, directly or in a representative capacity, any claims arising from, or in any  
8 way related to, the facts, allegations, claims and causes of action alleged in Plaintiffs'  
9 Second Amended Complaint and their present and/or former ownership of Fontana  
10 Union shares and, as and to the extent provided in the Fontana Union Settlement  
11 Agreement, forever release all such claims against the Fontana Union Defendants.

12 7. The "Effective Date" of the Fontana Union Settlement Agreement shall be as  
13 follows: (a) if no Final Class Member timely objects to the Settlement Agreement prior to  
14 the final approval hearing, immediately upon the Court entering the Judgment; (b) if a  
15 Final Class Member timely objects to the Settlement Agreement and the objection is  
16 overruled by the Court, upon the expiration of the time to file a notice of appeal (i.e., 60  
17 days after notice of entry of the Judgment) without an appeal or other request for writ  
18 review having been filed; or (c) if a Final Class Member files a timely notice of appeal  
19 following the Court's approval of the Settlement Agreement and entry of the Judgment,  
20 on the day after the Judgment is affirmed, or the appeal or review is dismissed or  
21 denied, and the Judgment is no longer subject to appellate review or other judicial  
22 challenge. Notwithstanding the foregoing, the Effective Date shall not occur until  
23 Plaintiff's Counsel (or their designated Settlement Administrator) receives completed  
24 claim forms (as defined in paragraph 12) from Final Class Members who in the  
25 aggregate own the requisite number of Fontana Union shares specified by section II.G.5  
26 of the Fontana Union Settlement Agreement, unless Defendants Cucamonga and San  
27 Gabriel both waive such requirement.

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1           8. Upon the Effective Date of the Fontana Union Settlement Agreement, all  
2 Fontana Union shares owned by Final Class Members are deemed assigned and  
3 transferred to Defendants Cucamonga and San Gabriel, in consideration of the portion  
4 of the Settlement Common Fund allocated to such class members, with 60% of those  
5 shares transferred to Cucamonga and the other 40% to San Gabriel. Any and all rights,  
6 title to and interest of the Final Class Members in any Fontana Union stock owned by  
7 them as of the Effective Date of the Fontana Union Settlement Agreement shall  
8 terminate as of that date.

9           9. Pursuant to the Plan of Allocation, the Administrator of the Settlement  
10 Common Fund shall select a First Distribution Calculation Date as soon as practicable  
11 on a business day that occurs both after the Effective Date of the Fontana Union  
12 Settlement Agreement and after the Effective Date of Kaiser Settlement Agreement (as  
13 defined therein).

14           10. The Court approves the payment of a total of \$4,998,000 in attorneys' fees  
15 to Plaintiffs' counsel from the Settlement Common Fund, as compensation for serving  
16 as class counsel in this action: \$4,432,000 of that amount to be paid to The Dzivi Law  
17 Firm, P.C. and \$566,000 to the firm of Bartel & Droste LLP. The Court approves the  
18 payment of an additional \$9,218.90 to Bartel & Droste LLP from the Settlement  
19 Common Fund, as reimbursement for litigation costs incurred by that firm. The Court  
20 further authorizes the reimbursement of additional litigation costs paid or incurred by  
21 plaintiffs or their counsel after the filing of their July 7, 2006 petition, up to a maximum  
22 total amount of \$20,000, to be paid from the Settlement Common Fund.

23           11. The Court approves the payment of \$204,490.32 to Class Representative  
24 Thomas M. Slemmer from the Settlement Common Fund, as reimbursement for the  
25 litigation costs advanced by him over the course of this lawsuit, plus an additional  
26 \$8,133.70 as compensation representing simple interest at the rate of five percent (5%)  
27 on the litigation costs advanced by him. This payment is in addition to the portion of the  
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1 Settlement Common Fund to which the Class Representative is entitled as a Final Class  
2 Member pursuant to the Plan of Allocation.

3 12. The remaining amount of the Settlement Common Fund shall be distributed  
4 to the Final Class Members, pursuant to the Plan of Allocation attached as Exhibit C  
5 and hereby approved by this Court. Within five (5) days after the First Distribution  
6 Calculation Date, the allocation of the Settlement Common Fund shall be paid to those  
7 Final Class Members, as established by the Plan of Allocation, who have completed  
8 and delivered to Plaintiffs' Counsel (or the designated Settlement Administrator) the  
9 claim form attached hereto as Exhibit D that is applicable to them.

10 13. Funds in the Settlement Common Fund that remain unclaimed or  
11 undistributed after the distribution made pursuant to paragraph 12 may be distributed to  
12 Final Class Members who have not received a distribution pursuant to a Supplemental  
13 Plan of Allocation to be approved by the Court. After any distribution pursuant to the  
14 Supplemental Plan of Allocation, the remaining balance in the Settlement Common  
15 Fund shall be maintained for the benefit of the Final Class Member(s) for whom such  
16 funds were allocated for the period of time required by the applicable escheat provisions  
17 of California law; after the expiration of such period, the remaining balance (less any  
18 reserves for payments of taxes and costs of administering the fund) shall escheat to the  
19 State of California where they will continue to be held for the benefit of such Final Class  
20 Members.

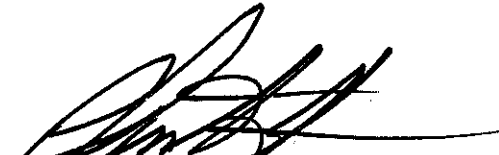
21 14. Class Counsel will provide a notice and final accounting to the Court within  
22 sixty (60) days of completion of the later of (i) the final distribution to Final Class  
23 Members, or (ii) the escheatment to the State of California of any unclaimed funds or  
24 checks.

25 15. The Court further finds that the Fontana Union Settlement Agreement is a  
26 good faith settlement within the meaning of Section 877.6 of the California Code of Civil  
27 Procedure and, therefore, that any and all claims against any of the Fontana Union  
28 Defendants and/or their insurer for equitable comparative contribution, or partial or

1 comparative indemnity, based on comparative negligence or comparative fault, by any  
2 joint tortfeasor or co-obligor, including Kaiser and/or its insurers, are barred.

3 16. Notwithstanding the entry of this Order and the Judgment, the Court shall  
4 reserve jurisdiction over this matter for the purpose of enforcing and administering the  
5 Settlement Agreements and the Plan of Allocation, including but not limited to the  
6 resolution of any disputes between the settling parties relating to the Settlement  
7 Agreements and the resolution of any issues or disputes that arise relating to the  
8 distribution of the Settlement Common Fund to the Final Class Members, Plaintiffs'  
9 Counsel and the Class Representative.

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12 July 24, 2006.

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14 Judge of the Superior Court

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CHRISTOPHER J. WARNER