

NOTICE FROM THE LOS ANGELES SUPERIOR COURT

**IF YOU PROVIDED SERVICES TO METROPOLITAN WATER DISTRICT
AS A FULL-TIME AGENCY TEMP, DISTRICT TEMP, OR CONSULTANT,
YOUR PENSION RIGHTS MAY BE AFFECTED BY
A PROPOSED CLASS ACTION SETTLEMENT**

A state court authorized this notice. This is not a solicitation from a lawyer.

- The Los Angeles Superior Court has been presented with a class action settlement that would provide pension benefits for individuals who provided full-time services to the Metropolitan Water District (“MWD”) as agency temporary employees, district temporary employees, independent contractors, or consultants if they also qualify as common law employees of MWD.
- The settlement, if approved, would resolve claims for pension benefits in the California Public Employees’ Retirement System (“CalPERS”) made in a lawsuit known as *Cargill v. Metropolitan Water District*.
- If approved, the settlement will affect your legal rights whether or not you take any action. Please read this notice carefully.

YOUR LEGAL RIGHTS AND OBLIGATIONS IN THIS SETTLEMENT		
YOUR OPTIONS FOR RESPONDING TO THIS NOTICE	PURPOSE	DEADLINE
SUBMIT A CLAIM FORM	You must submit a claim form to fully benefit from the terms of this settlement.	February 29, 2008 See Section (13)
OBJECT	If you do not like the settlement, you may mail a timely objection to the Court and all legal counsel.	December 10, 2007 See Section (18)
GO TO THE SETTLEMENT APPROVAL FAIRNESS HEARING	If you mail a timely objection, you may ask to speak at the Fairness Hearing about your objections.	January 29, 2008 See Sections (19-21)
DO NOTHING	You may refuse the pension benefits provided by the settlement. You still will be able to seek pension benefits at a later date, but potentially at a much higher cost to you.	See Sections (17, 22)

- These rights and options are explained in detail in this notice.
- The Superior Court still has to decide whether to give final approval to the proposed settlement. Enrollments in CalPERS and payments under the settlement will be made only if the Court approves the settlement and only once the approval is no longer subject to appeal. Please be patient.
- This settlement is **separate and distinct** from the settlement of the claims for benefits under MWD’s Administrative Code which the Court approved in June 2006. To receive CalPERS pension benefits under this settlement, you **must** follow the instructions in this notice.

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BASIC INFORMATION

1. Why did you get this notice package?

Records indicate that you currently provide services, or previously provided services, to MWD as an agency temp, district temp, independent contractor, or consultant on a full-time basis for an indefinite period of time. This notice is sent because you have a right to know about the proposed settlement of the pension claims in the *Cargill* class action lawsuit, including your options under the settlement, before the Court decides whether to give its final approval to the settlement.

2. What is this lawsuit about?

This class action lawsuit claims that class members were common law employees of MWD and that MWD is required by state law, i.e., the Public Employees' Retirement Law, Government Code sections 20000 et seq. ("the PERL"), to enroll all of its common law employees in CalPERS. The lawsuit further claims that MWD should be required to bear the entire cost of the class members' CalPERS employee contributions for their excluded service to MWD because the PERL includes a penalty provision that requires an employer to pay all arrears costs when it fails to enroll employees it knew or should have known are eligible for enrollment. MWD denied it did anything wrong.

This lawsuit also claims that class members were entitled to the same rights and benefits that MWD provides to its regular employees under MWD's Administrative Code. The parties resolved these claims in a separate settlement that received court approval in June 2006 ("the Ad Code Settlement").

3. Why is there a settlement?

No final decisions have been made regarding the eligibility of specific class members for CalPERS benefits. On February 26, 2004, the California Supreme Court ruled that MWD is required "to enroll in CalPERS all common law employees except those excluded under a specific statutory provision." (*Metropolitan Water District v. Superior Court (Cargill)* (2004) 32 Cal.4th 491, 496). However, the Supreme Court did not decide which class members qualified as common law employees or who should pay the costs associated with providing eligible class members with CalPERS pension benefits.

Since the Supreme Court's decision, various disputes have arisen between the parties as to which class members qualify as common law employees. The parties also disagreed as to whether MWD is subject to penalties under the PERL that would require it to pay class members' employee contributions. Prior to 2001, employee contributions were made by MWD employees through payroll deductions. Petitioners claimed MWD should pay these employee contributions as a penalty for late enrollment. MWD disputed the application of any penalty.

Before CalPERS and the courts reached any final decisions on these eligibility and penalty issues, both sides agreed to the proposed settlement ("the CalPERS Settlement"). By agreeing to settle, the parties seek to avoid the costs, delays and uncertainties of further litigation. The attorneys representing the class ("Class Counsel") and the Class Representatives think the CalPERS Settlement is in the best interests of all class members who are eligible for CalPERS pension benefits.

The proposed CalPERS Settlement, if approved, would resolve the claims for CalPERS pension benefits raised by the *Cargill* lawsuit. This settlement is separate from and different than the earlier Ad Code Settlement that resolved the claims for MWD Administrative Code benefits, and the CalPERS Settlement will provide benefits in addition to those you may obtain through the Ad Code Settlement.

You can obtain a copy of the entire CalPERS Settlement Agreement that sets forth the terms of the proposed settlement from the internet at Class Counsel's website: www.c-blaw.com.

WHO IS INCLUDED IN THE SETTLEMENT?

You are entitled to benefit from the CalPERS Settlement if you (1) are a class member, and (2) meet the criteria for CalPERS pension benefits.

4. How do you know if you are a class member?

The Superior Court decided that all persons who provided services to MWD as an agency temp, district temp, independent contractor, or consultant on a full-time basis for an indefinite period of time are class members.

5. Are there exceptions to being included as a class member?

You are not a class member if you never worked a full-time schedule at MWD. For purposes of this settlement, a full-time schedule is a schedule that would result in at least 1,720 work hours if you worked a full year.

You are not a class member if you worked for MWD as a consultant with a consulting firm and you already were a regular employee of that consulting firm before you were assigned to work under its contract with MWD. You were a regular employee if you either (a) received the same rights and benefits as that firm's most favorably treated employees with comparable experience, education, training and skills, or (b) participated in the firm's primary pension plan.

6. What are the criteria for receiving CalPERS Pension Benefits?

You are eligible for CalPERS pension benefits if you are a class member and you meet both of the following criteria:

- (1) You provided services to MWD as a common law employee. For purposes of this settlement, you qualify as a common law employee if an MWD employee controlled the manner in which you performed the tasks associated with your assignment; and
- (2) You provided services to MWD for longer than six months or your assignment as an agency temp, district temp, independent contractor, or consultant did not have a fixed term of six months or less when you started the assignment.

7. What if you are still not sure you are included?

If you are still not sure whether you are eligible to participate in the settlement, you can ask for free help. You can call the Cochran-Bond Law Offices, or visit the website www.c-blaw.com for more information. Or, you can fill out and return the Claim Form described in Section (13) to see if you qualify.

HOW WOULD THE SETTLEMENT BENEFIT YOU?

8. What does the settlement provide?

The settlement provides CalPERS pension benefits to class members who file timely claims and meet both criteria identified in Section (6) above. Such class members are referred to as Qualified Claimants. Subject to certain qualifications described in Section (11) below, MWD will make the following pension contributions to CalPERS on behalf of each Qualified Claimant:

- (1) MWD will make employer contributions for all periods Qualified Claimants worked at MWD;

- (2) MWD will make 100% of all employee contributions for each Qualified Claimant's service that took place on or after January 1, 2001; and
- (3) MWD will make 75% of all employee contributions for each Qualified Claimant's service that took place before January 1, 2001, subject to the qualification described in Section (11) below.

9. What are CalPERS pension benefits?

CalPERS provides a "defined benefits" plan which provides pension benefits that are calculated using a formula that includes your years of service credit, your age at retirement, and your final compensation. This is in contrast to a simple retirement savings plan comprised of only employee and employer contributions with earnings. As a CalPERS member, your right to pension benefits "vests" after you accumulate five years of service credit. You can learn more about CalPERS pension benefits by visiting CalPERS' website at www.calpers.ca.gov.

10. What if you will not have enough service credit for your CalPERS pension benefits to "vest"?

You have two choices if you will not have five or more years of CalPERS service credit after the settlement because you did not work five years or more for MWD and you do not have any other CalPERS service credit:

- (1) You may file a CalPERS Settlement Claim Form, complete your enrollment in CalPERS, leave the entire employee contribution from this settlement in your CalPERS account, and then complete your five or more years of service credit by seeking employment in the future with MWD or another public entity that provides CalPERS benefits so that your right to a CalPERS retirement will vest; or
- (2) You may "cash out" the entire employee contribution that will be placed in your CalPERS account under the terms of this settlement. Your CalPERS account would include the 75% contribution paid by MWD as well as the 25% contribution paid by you, either directly out of your pro rata share of the Ad Code Settlement Monetary Relief Fund (if you filed a claim in the Ad Code Settlement) or by other means.

11. Are there situations that will reduce MWD's obligation to pay your employee contribution?

Yes. MWD's obligation to pay 75% of the employee contribution for a Qualified Claimant's service prior to January 1, 2001, and 100% after that date, may be reduced in the following situations:

- (1) If you received vested, private-employer contributions to a 401(k) account and/or other defined contribution retirement plan during any period of MWD service, MWD's obligation to make the employee contribution may be reduced by an offset equal to the amount originally contributed by the private employer. In this case, you may request that the vested private-employer contributions be rolled into your CalPERS account to satisfy your share of the employee contribution.
- (2) If you provided services to MWD as a consultant with a consulting firm, and you participated in the firm's defined benefit pension plan while you provided services to MWD, you will be responsible for paying 100% of your employee contribution to receive service credit.
- (3) If you provided services to MWD as an independent contractor and you declined an offer of regular employment by MWD in a position performing the same or higher duties in an appropriate job classification in order to continue working for MWD as an independent contractor, you will be responsible for paying 100% of the employee contributions for your MWD service.

12. How do you pay your 25% share of the employee contribution?

The Ad Code Settlement established a Monetary Relief Fund to compensate class members for benefits associated with MWD's Administrative Code. If you filed a timely Ad Code claim form, the amount of your 25% share of the employee contribution for your CalPERS pension benefits will be paid directly from the Monetary Relief Fund to the extent your pro rata share of the Fund is sufficient to cover that amount. In fact, you will not receive any distribution from the Monetary Relief Fund unless and until your 25% share of the employee contribution has been satisfied from that Fund. If your pro rata share of the Monetary Relief Fund is insufficient to pay the full amount of your 25% share of the employee contribution or if you did not submit a claim under that settlement, you shall be responsible for paying CalPERS the outstanding amount by other means, such as a rollover from a 410(k) or a payment schedule.

How Can You Receive Pension Benefits Through The Settlement?

– SUBMIT A CLAIM FORM –

13. What must you do to receive CalPERS pension benefits?

To qualify for CalPERS pension benefits under the terms of this settlement, you must send in a Claim Form. The Claim Form is attached to this notice. You also can get a Claim Form by visiting www.c-blaw.com. Read the instructions carefully, fill out the Claim Form, include all requested documents and information, sign the form, and mail the form postmarked **no later than February 29, 2008**.

Even if you have provided information in the past in response to other notices relating to the *Cargill* litigation, it is important that you complete the attached Claim Form so that your CalPERS pension claim can be fully processed and evaluated. You may be asked for additional information at a later date. Please respond promptly to all such requests so that the claims process can move forward on a timely basis.

14. When will you receive your pension benefits?

The Court will hold a Fairness Hearing on January 29, 2008, to decide whether to approve the settlement. If Judge West approves the settlement, his decision would be subject to appeal. Such an appeal, if filed, would delay implementation of the settlement for an unknown period of time, likely more than a year. In addition, the implementation of the settlement will require the parties to resolve all disagreements regarding eligibility issues, employment dates, pay rates and potential offsets for each claimant before he or she can be enrolled in CalPERS. Again, it is uncertain how long this process will take for any particular claimant. Everyone who sends in a claim form will be kept informed of the progress of the settlement implementation. Please be patient. It will take time.

15. What are you giving up to receive pension benefits through this settlement?

The proposed CalPERS Settlement is a compromise of the Petitioners' claim that MWD should pay 100% of the employee contributions as a penalty for the delay in enrolling class members in CalPERS. In return for the Petitioners' agreement to pay 25% of the employee contributions, MWD is agreeing to assume an obligation to pay 75% of the employee contributions and to limit the number and types of challenges it can make to class members' eligibility for enrollment.

16. Can your claim for CalPERS benefits be rejected?

Yes, in very limited situations. You must meet the eligibility requirements explained in Sections (4), (5) and (6), above, in order to receive CalPERS pension benefits under the Settlement.

First, MWD may challenge your claim if MWD believes you are **not a class member** for two reasons:

- (1) You never worked a full-time schedule that would result in at least 1,720 work hours if you worked a full year; or

- (2) You worked for MWD as a consultant with a consulting firm and you already were a regular employee of that consulting firm before you were assigned to work under its contract with MWD.

In the event MWD challenges your eligibility as a class member, you will be notified of the challenge, and you will be provided an opportunity to respond to the challenge. The dispute will be resolved by a neutral arbitrator.

Second, MWD may challenge your claim if MWD believes you are **not eligible for CalPERS enrollment** for a number of limited reasons set out in detail in the settlement agreement. In the event MWD challenges your eligibility for CalPERS enrollment, you will be notified and provided an opportunity to respond to the challenge. Any dispute regarding your eligibility will be resolved under the administrative procedures that CalPERS has developed to address such challenges. If Class Counsel agrees that you are eligible, Class Counsel will continue to represent you during the proceeding to determine your eligibility for enrollment. If MWD loses the challenge, MWD will be required to pay 100% employee contributions and none of the offsets described in Section (11) above would apply.

17. What happens if you do not submit a Claim Form by the February 29, 2008 deadline?

If you do not submit a Claim Form by the February 29, 2008 deadline, you will not receive CalPERS pension benefits under the terms of the settlement. You can, however, still file a claim directly with CalPERS in which you seek to receive CalPERS pension benefits for your MWD service. If you file such a late claim and are found to be eligible for CalPERS pension benefits, you will receive benefits. You will, however, be required to pay the entire cost of the employee contribution for all service you provided to MWD prior to January 1, 2001, instead of MWD paying 75% of the employee contribution as outlined in Sections (8) and (11), and you will be precluded from seeking penalties against MWD based on events that occurred before the end of the claims period for this settlement.

OBJECTING TO THE SETTLEMENT

18. If you do not like the settlement, how do you tell the Court?

If you are a Class Member, you can object to the CalPERS Settlement if you do not like any part of it. You can state the reasons why you think the Court should not approve it. The Court will consider your views. To object, you must file a Notice of Objection with the Court stating your objections.

The Notice of Objection **must** include: (a) the case name and number (*Dewayne Cargill, et al. v. Metropolitan Water District of Southern California, et al.*, Los Angeles Superior Court No. BC191881); (b) your name, address, telephone number; (c) whether you intend to be represented by counsel and, if so, the name address and telephone number of the attorney; (d) the reason you believe that you are a member of the class; and (e) a statement of the specific bases for your objections, including any supporting evidence and/or legal support you wish to bring to the Court’s attention; and (f) a signature by you or your attorney.

You must mail the Notice of Objection to these four different places postmarked **no later than December 10, 2007**.

COURT	CLASS COUNSEL	MWD COUNSEL	CALPERS COUNSEL
Clerk of the Court Dept. CCW-311 Los Angeles Superior Court 600 S. Commonwealth Street Los Angeles, CA 90005	Walter Cochran-Bond Cochran-Bond Law Offices 87 North Raymond Ave., Ste. 300 Pasadena, CA 91103	Daphne Anneet Burke, Williams & Sorensen, LLP 444 S. Flower Street, Ste. 2400 Los Angeles, CA 90071	Edward Gregory Steptoe & Johnson LLP 633 West Fifth Street, Ste. 700 Los Angeles, CA 90071

THE COURT'S FAIRNESS HEARING

19. When and where will the Court decide whether to approve the settlement?

The Superior Court will hold a Fairness Hearing at 9:00 a.m. on January 29, 2008, at the Los Angeles Superior Court, Department CCW-311, located at 600 S. Commonwealth St., Los Angeles, CA 90005. At the hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the hearing, the Court will decide whether to approve the settlement.

20. Are you required to attend the Fairness Hearing?

No. Class Counsel will speak in support of the proposed CalPERS Settlement and answer any questions the Court may have. But, you are welcome to come to the Fairness Hearing at your own expense. If you mailed a Notice of Objection, the Court will consider your objections whether or not you attend the hearing.

21. Can you speak at the Fairness Hearing?

You may ask the judge for permission to speak at the Fairness Hearing. To do so, you must mail a timely Notice of Objection following the directions set out in Section (18) above.

WHAT IF YOU DO NOTHING?

22. What happens to your legal rights if you do nothing?

Your legal rights will be affected whether or not you take any action to participate in this settlement. First of all, if you do not object to the terms of the settlement now and it is approved by the Court, you will not be able to contest any of its terms. Second, if you do not file a timely Claim Form but decide later that you want CalPERS credit for your MWD service, you will remain eligible to file a claim with CalPERS that seeks the credit, but you will **not** be eligible to receive CalPERS pension benefits under the terms of this settlement. Third, if you do not file a timely Claim Form, you will be barred from seeking any penalties against MWD that are based on events that occurred before the end of the Claims Period. Consequently, if you do nothing now and you seek credit for your MWD service later, you will be responsible for making the entire employee contribution for all service prior to 2001.

THE LAWYERS REPRESENTING YOU

23. Do you have a lawyer in this case?

The Court approved the law firms of Cochran-Bond Law Offices, the Law Offices of Judy A. Friedman, and the Law Offices of Richard N. Grey to represent you and the other class members. Together, these firms serve as Class Counsel. You will not be charged for these lawyers in connection with the settlement of the CalPERS pension benefits claim. If you want to hire your own lawyer, you may hire one at your own expense.

24. How will Class Counsel be paid?

The Court will determine the fees and expenses to which Class Counsel is entitled for representing the class in connection with the CalPERS pension benefits claim. MWD will separately pay the fees and expenses that the parties agree upon, or if agreement cannot be reached, what the Court awards. These amounts will not come out of the funds for payments to the Class Members.

GETTING MORE INFORMATION

25. Are there more details about the settlement?

This notice summarizes the terms of the proposed settlement. The proposed CalPERS Settlement Agreement contains much more detail. You can obtain a copy of the CalPERS Settlement Agreement on the internet at www.c-blaw.com or by writing to the Cochran-Bond Law Offices, 87 N. Raymond Avenue, Suite 300, Pasadena, CA 91103.

26. How do you get more information?

You can get more information by visiting Class Counsel's website at www.c-blaw.com where you will find the Claim Form, a copy of this Class Notice, a copy of the full Settlement Agreement, answers to common questions about the settlement, a description of the Common Law Test of Employment, and other information to help you determine whether you are a class member and whether you are eligible for CalPERS pension benefits.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE
FOR INFORMATION**

**Carl J. West,
Judge of the Los Angeles Superior Court**