



## Metropolitan Cases

### ***In re Holy Hill Community Church (U.S. Bankruptcy Court, Central District of California)***

An entity known as the Holy Hill Community Church (Holy Hill) purchased Metropolitan's former headquarters complex on Sunset Boulevard in Los Angeles, and leased the upper floors of a Metropolitan parking structure across the street. In May 2014, Holy Hill filed for bankruptcy protection in the federal Bankruptcy Court for the Central District of California. Numerous creditors, real estate developers, and members of the Church promptly filed related lawsuits in Bankruptcy Court, fighting for control of various Holy Hill assets. One of these assets was the right to lease the Metropolitan-owned parking structure.

Metropolitan attorneys and staff mediated the matter and negotiated a settlement structure authorized by the Board of Directors. Metropolitan moved for Bankruptcy Court approval of the settlement, which was granted on June 20, 2017. Under the court-approved settlement agreement, a business entity known as Palisades will lease portions of the parking structure for up to five years, with an option to purchase the entire property for \$10,000,000. In addition, Metropolitan receives certain protections against any environmental cleanup costs in the event of a site purchase and the dismissal of all litigation involving Metropolitan. The court order approving the settlement brings this action to an end as it pertains to Metropolitan.

## Matters Impacting Metropolitan

### **EPA Proposes to Rescind Clean Water Rule**

On June 27, 2017, the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (Corps) signed a proposed rule to initiate the first step in a two-step process intended to review and revise the definition of "waters of the United States" (WOTUS) consistent with President Trump's February 28, 2017 Executive Order. The first step proposes to rescind the definition of WOTUS in the Code of Federal Regulations promulgated by the agencies in 2015 and to re-codify the definition of WOTUS which currently governs administration of the Clean Water Act pursuant to a decision issued by the U.S. Court of Appeals for the Sixth Circuit staying the 2015 definition of WOTUS. Comments on the proposed rule will be due 30 days after it is published in the Federal Register. The agencies stated that in the second step, they will pursue notice-and-comment rulemaking in which the agencies will conduct a substantive re-evaluation of the definition of WOTUS sometime in the future.

As previously reported, on February 28, 2017, President Trump issued an Executive Order directing the EPA and the Corps to review the Clean Water Rule (also known as the WOTUS rule) and publish for public notice and comment a proposed rule that either rescinds or revises the Rule. The Clean Water Rule defines the scope of "navigable waters" governed by the Clean Water Act and was issued by EPA and the Corps in 2015. Numerous cases were filed challenging the rule, and on October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit stayed the Clean Water Rule nationwide pending further action of the Court. In January, the U.S. Supreme Court agreed to decide whether the Federal District Court or the Federal Court of Appeal has jurisdiction to hear challenges to the Clean Water Rule. The cases in the Sixth and Tenth Circuits have been stayed pending the Supreme Court's decision. Metropolitan staff will continue to monitor the implementation of the Executive Order and the litigation regarding the Rule. (See General Counsel's March and April 2017 Activity Reports.)

## Other Matters

### Continuing Legal Education

On June 29, the Legal Department provided a continuing educational session titled, *Keys to Controlling Litigation Costs*. The one-hour

continuing education session was presented by Gregory M. Bergman from the law firm of Bergman Dacey Goldsmith. Staff attorneys, legal analysts and law clerks attended the session.

## Matters Received by the Legal Department

<u>Category</u>	<u>Received</u>	<u>Description</u>								
Action in which MWD is a party	1	Complaint in Eminent Domain served by plaintiff in <i>State of California acting by and through the State Public Works Board v. Premiere Agricultural Properties, LLC, et al.</i> , Kern County Superior Court, case no. BCV-17-100980, pertaining to the acquisition of property for the high-speed train system. The property relating to MWD is from interests arising from MWD's agreement with North Kern Water Storage District, recorded December 19, 2003. The proposed acquisition would not adversely impact Metropolitan.								
Government Code Claim	1	Claim for an accident involving an MWD vehicle								
Subpoenas	4	(1) Total of three Deposition Subpoenas for Personal Appearance and Production of Documents and Things served by defendant County of Riverside in <i>Delara Sengul, et al. v. County of Riverside</i> , Riverside County Superior Court, case no. MCC1400653. The subpoenas notice the depositions of Lou Francuz, MWD Person Most Qualified, and MWD Custodian of Record, and seeks the production of records relating to the construction of Warren Road bridge.  (2) Deposition Subpoena for Personal Appearance and Production of Documents and Things served by defendant CalAtlantic Group, Inc. in <i>Ronald Specter v. CalAtlantic Group, Inc., et al.</i> , Orange County Superior Court, case no. 30-2015-00826840-CU-CD. The subpoena notices the deposition of MWD Person Most Knowledgeable and seeks the production of records relating to water quality data, water treatment at Diemer, chemicals in source waters prior to being delivered to Diemer, and records relating to copper pipe pitting and/or pinhole leaks within copper pipes.								
Requests Pursuant to the Public Records Act	16	<table border="1"> <thead> <tr> <th><u>Requestor</u></th> <th><u>Documents Requested</u></th> </tr> </thead> <tbody> <tr> <td>Allied Universal</td> <td>Current security guard contract, evaluation from the procurement, and winning proposal</td> </tr> <tr> <td>California Water Service</td> <td>MWD organization charts for External Affairs</td> </tr> <tr> <td>Center for Contract Compliance (2 requests)</td> <td>(1) Contractor and bid information for the Employee Housing Rehabilitation at Hinds, and</td> </tr> </tbody> </table>	<u>Requestor</u>	<u>Documents Requested</u>	Allied Universal	Current security guard contract, evaluation from the procurement, and winning proposal	California Water Service	MWD organization charts for External Affairs	Center for Contract Compliance (2 requests)	(1) Contractor and bid information for the Employee Housing Rehabilitation at Hinds, and
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		(2) contractor and bid information for the collapsible steel pipe for Second Lower Feeder PCCP Rehabilitation
	Fluor Water Solutions	Scores for proposals submitted in response to request for Quotation for Consultant Services for Control System Upgrade Program
	Geoscience Support Services, Inc.	Pan evaporation data at sites operated by MWD in Riverside County
	International Federation of Professional and Technical Engineers Local 21	Job titles, salary ranges, retirement and health insurance contribution for engineers and land surveyors
	Jenner & Block LLP (2 requests)	(1) MWD contracts with Hayday Farms and/or Fondomonte California, and (2) correspondence relating to these entities
	Joseph E. Bonadiman & Associates, Inc.	Survey notes for transmission lines and telephone lines appurtenant to the Colorado River Aqueduct
	KCET-TV	Appraisals associated with the Delta Islands purchase, and board documents involving the Delta Islands real estate transaction disclosed in 2016
	Michael Baker International	As-built drawing for portion of Nicolas Road in City of Temecula
	Private Citizen	Testing data for glyphosate in MWD reservoirs from 2013-2016
	SmartProcure	Purchase order data from February 24, 2017 to June 16, 2017
	University of Illinois at Urbana-Champaign Student	List of MWD General Managers and their bios
	University of Southern California Student	Water consumption data in Los Angeles over the last 30-40 years
Other Matters	2	(1) Request from the California Attorney General's Office for specified financial records, and (2) wage garnishment