

CLASS ACTION SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (“**Agreement**”) is entered into by and between (i) Plaintiffs Daniel Patz and Joan Chesner (“**Plaintiffs**”), on their own behalf and on behalf of all members of the Settlement Class, as defined below, on the one hand, and (ii) Defendant City of San Diego (“**Defendant**” or “**San Diego**”), on the other hand (each, a “**Party**,” and collectively, the “**Parties**”). This Agreement is effective as of its execution by all Parties through their respective authorized representatives.

A. On July 14, 2015, Plaintiffs, on behalf of themselves and all others similarly situated, filed their Complaint as part of the class complaint in the legal action entitled *Coziahr v. Otay Water District*, Case No. 37-2015-00400000-CU-MC-CTL. The action by the plaintiff Mark Coziahr was later severed from this action by Plaintiffs, and proceeded separately as *Patz v. City of San Diego*, Case No. 37-2015-00023413-CU-MC-CTL (“**Action**”), which is pending in the San Diego Superior Court (“**Court**”). Defendant answered the Third Amended Complaint on June 19, 2017.

B. On July 19, 2019, Plaintiffs moved for Class Certification. On August 2, 2019, Defendant filed an Opposition to Plaintiffs’ Class Certification Motion.

C. On August 16, 2019, the Court granted Plaintiffs’ Motion for Class Certification.

D. The Parties proceeded to a bifurcated trial.

E. On September 13, 2021, the trial court issued its statement of decision on Phase I of trial.

F. On March 30, 2022, the trial court entered judgment in favor of the class.

G. Defendant timely appealed the trial court’s judgment, and Plaintiffs cross-appealed as to the amount of the refund awarded.

H. On December 1, 2023, Defendant implemented new single-family residential water rates.

I. On July 30, 2025, the Court of Appeal issued its opinion and certified that opinion for publication. The Court of Appeal affirmed the judgment with directions and remanded the case to the trial court.

J. The parties set a briefing schedule to brief the scope of the remand.

K. Over the course of this Action, the Parties, by and through their counsel, engaged in extensive discovery, including the production and review of voluminous documents and billing data. Both Parties also conducted substantial expert discovery, preparing detailed expert reports in the initial liability and remedies trials.

L. Beginning in March 2026, the Parties' counsel engaged in extensive settlement negotiations. These negotiations included a full-day mediation before the Honorable Herbert B. Hoffman, a retired judge of the San Diego Superior Court.

M. As a result of the mediation sessions, the Parties agreed to accept a mediator's proposal presented by Judge Hoffman, settling the remaining issues in the Action for monetary consideration in the amount of \$40 million. These negotiations were intensive, arm's-length, and required significant time and resources of the Parties.

N. By executing this Agreement, the Parties intend to settle and dispose of the Action, fully and completely, both individually and on a classwide basis, as more fully set forth in this Agreement.

O. The Court will be asked to certify for settlement purposes only, in accordance with the terms of this Agreement, a Settlement Class as defined below. The Settlement Class is identical to the class previously certified in the Court's Order Granting Plaintiffs' Motion for Class Certification, except that it replaces the open-ended end date for the liability period with a fixed end date of December 1, 2023.

P. The mutual costs, risks, and hazards of continuing to prosecute and defend the Action have led the Parties to seek to resolve the matter by way of settlement.

Q. Plaintiffs' Counsel have concluded, taking into account the benefits of the settlement set forth in this Agreement and the risks and delay of further litigation, as well as having evaluated the strengths and weaknesses of Plaintiffs' claims and Defendant's defenses, that this settlement is fair, reasonable, adequate, and in the best interests of the Plaintiffs and all members of the Settlement Class.

R. Defendant denies that it owes any monetary relief to the Settlement Class in this Action. Defendant asserts that it has complied with all laws and that it has not overcharged class members and that no monetary refund is owed.

NOW, THEREFORE, the Parties agree as follows:

1. DEFINITIONS

Unless otherwise defined in this Agreement, the following terms used in this Agreement will have the meanings ascribed to them as set forth below:

1.1. **"Class Counsel"** means counsel appointed by the Court as representatives of the Settlement Class including for settlement purposes.

1.2. **"Class Period"** means August 14, 2014 through December 1, 2023.

1.3. **"Court"** means the San Diego Superior Court.

1.4. **"Date of Finality"** means one business day after the last of the following events:
(a) the date upon which the time expires for filing or noticing any appeal of the Final Approval

Order, (b) if there is an appeal or appeals, the date of completion, in a manner that finally affirms and leaves in place the Final Approval Order without any modification (except insofar as agreed upon by the Parties), of all proceedings arising out of the appeal or appeals (including, but not limited to, the expiration of all deadlines for noticing appeals, filing motions for reconsideration or petitions for review and/or certiorari, all proceedings ordered on remand, and all proceedings arising out of any subsequent appeal or appeals following decisions on remand); or (c) the date of final dismissal of any appeal of the Final Approval Order or the final dismissal of any proceeding on review.

1.5. **“Execution Date”** means the date on which the last of the Parties signs the Agreement.

1.6. **“Final Fairness and Approval Hearing”** means the hearing at or as a result of which the Court enters the Final Approval Order as set forth in Section 13.

1.7. **“Final Approval Order”** means the formal court order and/or judgment that the Court signs and enters at or as a result of the Final Fairness and Approval Hearing approving this Agreement without modification.

1.8. **“Net Settlement Fund”** means the Settlement Fund less all of the following: (i) Class Counsel’s attorneys’ fees, (ii) Class Counsel’s reasonable litigation expenses, (iii) Class Representative service award, as awarded by the Court, (iv) any notice and Settlement Administration Costs attributable to the administration of the Settlement Class and (v) any taxes that are paid and due and owing from the Qualified Settlement Fund.

1.9. **“Notice Plan”** means the notice plan as set forth in Section 5.

1.10. **“Participating Settlement Class Member”** means a Settlement Class Member who does not submit a valid and timely request for exclusion as described in Section 6.

1.11. **“Person”** means any individual, corporation, partnership, limited liability company or partnership, limited partnership, professional corporation, association, joint stock company, trust, estate, unincorporated association, government, or any political subdivision or agency thereof, any other type of legal or political entity, any representative, and, as applicable, their respective spouses, heirs, predecessors, successors-in-interest, representatives, and assigns.

1.12. **“Plaintiffs’ Released Parties”** means the parties released under Section 14 of this Agreement.

1.13. **“Preliminary Approval Date”** means the date on which the Court enters the Preliminary Approval Order.

1.14. **“Preliminary Approval Order”** means the order that the Court enters approving preliminarily the Settlement embodied in this Agreement, including the Notice Plan and plan of allocation.

1.15. **“Qualified Settlement Fund”** means a fund that complies with Title 26, United States Code, section 468b.

1.16. **“Request for Exclusion”** means a written request by a class member to exclude themselves from the certified settlement class pursuant to the procedures set out in Section 6 below.

1.17. **“Response Deadline”** is the deadline set by the Settlement Administrator and approved by the Court as the deadline by which Class Members must exclude themselves from the Settlement or object to the Settlement.

1.18. **“Settlement Administration Costs”** means all costs and fees incurred by the Settlement Administrator in administering the settlement, including, without limitation: preparing and distributing the settlement notice and any other means of following up with Class Members; establishing and maintaining any settlement website; Distribution to the Settlement Class and any related documents or materials; receiving requests for exclusion; resolving any disputed claims; generating Settlement Class Settlement Distribution and related tax reporting forms; generating payment to Class Counsel for attorneys’ fees and expenses and to Plaintiffs for the Service Award; performing administrative work related to unclaimed payments; reporting periodically to Class Counsel and Defendant’s Counsel; and preparing and providing any declaration or reports required by this Agreement or the Court.

1.19. **“Settlement Administrator”** means the settlement administration firm proposed by Class Counsel, subject to the approval of the Court, as set forth in Section 4.

1.20. **“Settlement Class”** means all single-family residential customers of the City of San Diego who received water service between August 14, 2014, and December 1, 2023. Excluded from the Class are: officers and directors of the City of San Diego, Class Counsel, Judge Michael T. Smyth, and any members of Judge Smyth’s immediate family and judicial staff. Also excluded from the Class are individuals who timely submitted valid opt-outs by the Response Deadline when the class was originally certified.

1.21. **“Settlement Class Member”** means a person who is a member of the Settlement Class.

1.22. **“Settlement Class Representative”** means Plaintiffs Daniel Patz and Joan Chesner, who have been appointed to act as representatives of the Settlement Class.

1.23. **“Settlement Class Settlement Distribution”** means the amount of money from the Net Settlement Fund that will be paid to each Participating Settlement Class Member.

1.24. **“Settlement Escrow Account”** means the Account managed by the Settlement Administrator for the benefit of the Settlement Class Representatives and the Settlement Class until the Date of Finality, as set forth in Sections 8-9.

1.25. **“Settlement Failure”** is deemed to occur where this Agreement is not approved by any court or is terminated for any reason, a Final Approval Order is not entered, the Settlement set forth in this Agreement is declared null and void, or where the Date of Finality does not come to pass, but does not include any modification to the Service Award as set forth in Section 10.

1.26. **“Settlement Fund”** means the non-reversionary cash fund as set forth in Section 9.

2. CERTIFICATION OF SETTLEMENT CLASS

2.1. Plaintiffs will request the Court to certify the Settlement Class solely for purposes of the Settlement of the Action. If a Final Approval Order is not entered or a Settlement Failure occurs, then (i) Defendant may assert any and all objections and defenses to class certification; (ii) neither the Agreement nor any order or other action relating to the Agreement or this settlement may be offered by any person, party, or entity as evidence in the Action or any other action or proceeding; (iii) the settlement proposed herein shall become null and void and shall have no legal effect and may never be mentioned at trial or in dispositive or class motions or motion papers; and (iv) the Parties will return to their respective positions existing immediately before the execution of the Agreement.

3. APPOINTMENT OF SETTLEMENT CLASS REPRESENTATIVES AND CLASS COUNSEL

3.1. Plaintiffs will request the Court to appoint Plaintiffs Daniel Patz and Joan Chesner as the Settlement Class Representatives for the purpose of the settlement of the Action only. Defendant will not oppose Plaintiffs' request to have Plaintiffs appointed Settlement Class Representatives.

3.2. Plaintiffs will request the Court to appoint Plaintiffs' Counsel as Class Counsel for the purpose of the settlement of the Action only. Defendant will not oppose Plaintiffs' request to have Plaintiffs' Counsel appointed as Class Counsel.

3.3. If the Court does not enter a Final Approval Order or if a Settlement Failure occurs, no Party may use the provisions of this Section 3 or the appointment of any Settlement Class Representative or Class Counsel for any purpose whatsoever in the Action or in any other action or proceeding.

4. APPOINTMENT OF SETTLEMENT ADMINISTRATOR

4.1. Class Counsel will seek the Court's order appointing a settlement administration firm to act as the Settlement Administrator.

4.2. The Settlement Administrator will agree to all of the terms and conditions of this Agreement relating to its administration.

4.3. The Settlement Administrator will be responsible for the administration of the settlement, which will include, among other tasks,

- implementing the notice to the Class according to the Notice Plan and any other means of following up with Settlement Class Members relating to the settlement;
- receiving and processing Requests for Exclusion and objections; calculating Settlement Class Settlement Distribution amounts for Participating Class Members based on Defendant's Expert, Mark Hildebrand's, report and the terms of this Settlement;

- Settlement Class Settlement Distributions to Participating Class Members and related tax reporting forms;
- generating payment to Class Counsel for attorneys' fees and expenses and to Plaintiff for service award payments, if any such payments are approved by the Court;
- reporting periodically to Class Counsel; and
- preparing and providing any declaration or reports required by this Agreement or the Court.

4.4. The Settlement Administrator's reasonable Settlement Administration Expenses incurred in administering the Settlement will be recoverable out of the Settlement Fund, subject to approval by the Court.

5. NOTICE OF SETTLEMENT TO THE SETTLEMENT CLASS

5.1. The certified class received notice in March 2020. CPT Group was approved as the class action notice provider and informed the parties that it notified 319,485 class members. CPT Group informed the parties on July 10, 2020 that class notice was complete, and that 1,068 class members had opted out of the certified class.

5.2. Upon the Court's entry of the Preliminary Approval Order, the Settlement Class members will be notified of the settlement and the availability of funds by the Claims Administrator using the most up-to-date contact information in Defendant's records or in CPT Group's records from previous communications with class members. Plaintiffs' counsel shall submit to the Court the form and content of notice as part of the Motion for Preliminary Approval. Plaintiffs' counsel will confer with Defendant regarding the form and content of Notice before submitting their Motion for Preliminary Approval. The form, content, and method of distribution of the Notice, once approved by the Court, is the "**Notice Plan**".

5.3. Defendant shall provide the most up-to-date contact information Defendant has available for all class members to the Settlement Administrator, in order to effectuate notice of the settlement.

6. RIGHT TO BE EXCLUDED FROM THE SETTLEMENT CLASS

6.1. 319,485 Settlement Class Members already received notice of class certification in this case and an opportunity to exclude themselves from the certified class. 1,068 individuals exercised that right and opted out of the certified class by the deadline of May 30, 2020. Because the class is defined to include single-family residential water customers of Defendant through December 1, 2023, certain class members have not yet received notice or an opportunity to exclude himself or herself from the Settlement Class (that is, those class members who moved into Defendant's service district after notice was sent out on March 24, 2020). Based on Defendant's records, the updated total class size is approximately 436,069, reflecting the addition of class

members who received water service from Defendant between the original notice date and December 1, 2023.

6.2. All Settlement Class members will receive notice from the Settlement Administrator and an opportunity to opt out of the class action settlement here. (*Bates v. Rubio's Restaurants, Inc.* (2009) 179 Cal.App.4th 1125, 1131–32.) Those individuals who previously opted out of the litigation class are excluded from the Settlement Class definition and will not be impacted by the Settlement. Settlement Class Members may exclude themselves from the Settlement Class and from participating in the settlement by sending a written request for exclusion to the Settlement Administrator that is received no later than the Response Deadline. Any Settlement Class Member who submits a valid, timely request for exclusion will not be entitled to any Settlement Class Settlement Distribution (or any other payment pursuant to this Agreement), will not be a Participating Settlement Class Member for purposes of this Agreement, and will not have any right to oppose or make any objection (whether by appeal, intervention, or otherwise) to the settlement, or any aspect of the settlement, including, without limitation, this Agreement.

6.3. To be a valid request for exclusion, the Settlement Class Member must provide the following information:

- i. The Settlement Class Member's full name and mailing address, telephone number, and/or email address;
- ii. The statement, "I wish to exclude myself from the Settlement Class and do not wish to participate in the settlement in *Patz v. City of San Diego*, No. 37-2015-00023413," or substantially similar clear and unambiguous language.
- iii. The Settlement Class Member's handwritten or electronically imaged written (e.g., "DocuSign") signature. An attorney's signature, the signature of anyone else acting on behalf of the Settlement Class Member, or a typed signature, is not sufficient. "Mass" or "class" requests for exclusion made on behalf of multiple persons or classes of persons will be deemed invalid.

6.4. No Settlement Class Member can exclude themselves by mailing a notification: (i) to any location other than that designated in the Notice Plan; or (ii) that is received after the Response Deadline. No Settlement Class Member can exclude themselves by telephone or by email.

6.5. Any Settlement Class Member who does not send the Settlement Administrator a valid, timely request for exclusion will be deemed a Participating Settlement Class Member for all purposes under this Agreement.

6.6. The Parties may challenge the timeliness and validity of any request for exclusion. Class Counsel may also effectuate the withdrawal of any request for exclusion filed in error and any request for exclusion that a person wishes to withdraw for purposes of participating in the settlement as set forth in this Agreement. A list reflecting all individuals who timely and validly exclude themselves from the Settlement Class shall be filed with the Court at the time of the motion

for final approval of the settlement, and the Court shall determine whether any contested request for exclusion is valid.

6.7. Within seven (7) days after the Response Deadline, the Settlement Administrator shall provide to the Parties (a) a list of all persons who opted out by validly requesting exclusion and (b) copies of each written request for exclusion, including both valid and invalid requests.

7. RIGHT TO OBJECT TO THE SETTLEMENT

7.1. Any Settlement Class Member who wishes to object to the settlement must do so in accordance with the terms of this Section 7.

7.2. To comment on or object to the settlement, a Settlement Class Member must mail a letter to the Court that is received no later than the Response Deadline, or file their comment or objection on the docket in the Action no later than the Response Deadline.

- i. A comment or objection must contain the following:
- ii. The name or case number of this lawsuit, *Patz v. City of San Diego*, No. 37-2015-00023413;
- iii. The objector's/commenter's full name, the objector's/commenter's address where they receive water service from the City of San Diego, the name of the property owner for the address where the objector/commenter receives water service from the City of San Diego if the objector/commenter is not the property owner, and the objector's/commenter's email address or telephone number;
- iv. All reasons for the objection or comment, stated with specificity;
- v. If the objector or commenter intends to personally appear and/or testify at the Final Fairness and Approval Hearing, a statement identifying that the objector or commenter intends to personally appear and/or testify at that Hearing;
- vi. The name and contact information of any and all attorneys representing, advising, or assisting the commenter or objector;
- vii. For each attorney representing, advising, or assisting the objector, a statement identifying every objection the attorney has filed to any other class action settlements in the last five years;
- viii. Whether any attorney will appear on the objector's or commenter's behalf at the Final Fairness and Approval Hearing, and if so the name and law firm of that attorney;
- ix. Copies of any exhibits the objector intends to submit into evidence at the Final Fairness and Approval Hearing; and

- x. The objector's handwritten or electronically imaged written (e.g. "DocuSign") signature. An attorney's signature, or a typed signature, is not sufficient.

7.3. Any lawyer asserting an objection on behalf of a Settlement Class Member must: (a) file a notice of appearance with the Court by the Response Deadline; (b) file a sworn declaration attesting to representation of each Settlement Class Member on whose behalf the objection is being filed or file (under seal) a copy of the contract between that lawyer and each such Settlement Class Member using the procedures set out in California Rules of Court, rules 2.550-2.551 and 7.45-8.47; and (c) comply with the procedures described in Section 7.

7.4. Absent an Order of the Court, no Settlement Class Member will be entitled to be heard at the Final Fairness and Approval Hearing (whether individually or through an attorney) or to object to the settlement, and no written objections or briefs submitted by any Settlement Class Member will be received or considered by the Court at the Final Fairness and Approval Hearing, unless the Settlement Class Member has complied with the terms of this Section 7.

7.5. Settlement Class Members who fail to submit timely written objections in the manner specified in this Section 7 will be deemed to have waived any and all objections to the settlement and Agreement and will be foreclosed and barred forever from opposing or making any objection (whether by appeal, intervention, or otherwise) to the settlement, or any aspect of the settlement, including, without limitation, this Agreement.

7.6. If any Settlement Class Member validly and timely objects to the settlement, Class Counsel will file a response to the objection before the date of the Final Fairness and Approval Hearing. Defendants also may file a response to the objection before the date of the Final Fairness and Approval Hearing.

7.7. Settlement Class Members cannot both object to and exclude themselves from this Agreement. Any Settlement Class Member who attempts both to object to and to exclude themselves from the Settlement Class will be deemed to have excluded themselves and will forfeit the right to object to this settlement or any of its terms.

8. SETTLEMENT FUND

8.1. Defendant agrees to settle this action for \$40,000,000 (Forty Million U.S. Dollars) in a non-reversionary common fund. This is the gross settlement fund.

8.2. Subject to the terms of this Agreement, and in consideration for the releases and the dismissal or termination of the Action provided for in this Agreement, Defendant will pay the Settlement Amount as follows: (i) no later than fourteen (14) days after the Preliminary Approval Date, Defendant will cause to be wired \$4,000,000 (Four Million Dollars) into the Settlement Escrow Account; and (ii) no later than fourteen (14) days after the Court enters the Final Approval Order, Defendant shall cause to be wired the balance of the Settlement Amount, \$36,000,000 (Thirty-Six Million Dollars), into the Settlement Escrow Account.

8.3. The Settlement Payment described in Section 8.2, together with any interest accruing after the date of its deposit into the Settlement Escrow Account, shall constitute the Settlement Fund. Defendant will not be entitled to retain any part of the Settlement Fund that is not paid out or distributed as part of the administration of the settlement for any reason except in the event of a Settlement Failure as described in Section 1.25 and 18.1. To the extent, if any, that any unpaid or undistributed part of the Settlement Fund is held by the Settlement Administrator at the completion of the administration of the settlement, the Parties shall propose, for the Court's approval, a cy pres distribution of funds, as described below in Section 9.

8.4. Any and all payments provided for or contemplated by this Agreement (including, without limitation, Settlement Class Settlement Distributions, payments of attorneys' fees and expenses to Class Counsel, payment of the Settlement Administration Costs, and payment of service awards) will be made from the Settlement Fund.

8.5. Within 30 days after a Settlement Failure, the Settlement Administrator shall refund and transfer to Defendant all the funds remaining in the Settlement Escrow Account as of the date of Settlement Failure, including attorneys' fees as described in Section 11.

8.6. With the exception of the payments described in Section 8, Defendant shall not have any separate financial obligation whatsoever under this Agreement or settlement. Under no circumstances will Defendant have any liability for taxes or tax expenses incurred by any other person or entity under this Agreement—that is, any liability for such taxes or tax expenses, if any, is to be paid out of the gross settlement fund.

9. CLASS SETTLEMENT DISTRIBUTIONS

9.1. The Settlement Class Net Settlement Sum will be distributed to Participating Settlement Class Members after the Date of Finality, and in accordance with the plan of allocation, as approved by the Court. Plaintiffs will include the plan of allocation in their motion for Preliminary Approval. Under that proposal, each Participating Settlement Class Member will receive their Settlement Distribution as follows.

9.2. The Net Settlement Fund (the gross settlement fund less payments for attorneys' fees, litigation costs, service awards, and administration expenses of the Settlement Administrator) will be allocated to class members proportionally in accordance with Defendant's Expert, Mark Hildebrand's, remedy calculation, which formed the basis for the trial court's refund award. As part of that calculation, Mr. Hildebrand calculated a refund owed to each unique class member account identifier through September 2021. Plaintiffs retained Mr. Hildebrand to update the original remedy calculation, using the same methodology, through the close of the class period. That updated calculation will form the basis for Participating Settlement Class Members' refund amounts under the Settlement. Participating Settlement Class Members will receive a prorated refund award based on the refund calculated for their unique account identifier, proportionally reduced to accommodate the amount of the Net Settlement Fund available for distribution to the Class.

9.3. As part of the allocation, Plaintiffs may propose a "floor" refund amount to account for the possibility that some small recoveries are not administratively feasible to distribute.

9.4. The Settlement Administrator, within 7 days of the Final Approval Date, will update this calculation with the actual amounts approved by the Court to account for attorneys' fees, litigation costs, service awards, and settlement administration expenses, and provide that calculation to the Parties.

9.5. The Settlement Administrator, within 30 days of the Date of Finality, will begin distributing payments to Participating Settlement Class Members.

9.6. Remaining funds, if any, shall be subject to a *cy pres* distribution to the recipient or recipients to be proposed by the parties and approved by the Court. The parties propose the Sierra Club, California Water Committee, including the San Diego chapter, as the *cy pres* recipient here, subject to the Court's approval. The parties may further propose earmarking of any residual funds as part of any distribution.

9.7. Each Settlement Class Member will be responsible for remitting to federal, state, and local taxing authorities any taxes that may be due and owing as a result of their receipt of a Settlement Class Settlement Distribution. Each Settlement Class member will hold Plaintiffs' Counsel, Defendant, and Defendant's Counsel harmless and indemnify each of them for any liabilities, costs, and expenses, including attorneys' fees, caused by any such taxing authority relating in any way to the tax treatment of the Settlement Class Settlement Distribution.

9.8. No Person, including, without limitation, Settlement Class Members, will have any claim against Defendant, Defendant's Counsel, Plaintiffs, the Settlement Class Members, Plaintiffs' Counsel, Class Counsel or the Settlement Administrator based on distributions and payments made in accordance with this Agreement.

10. SERVICE AWARD

10.1. Along with Plaintiffs' Motion for Preliminary Approval, Class Counsel will file with the Court an application for approval of a service award in an amount up to Seven Thousand Five Hundred Dollars (\$7,500.00) to be paid to Plaintiffs Daniel Patz and Joan Chesner. Any service award is subject to the Court's supervisory discretion and, if any is approved by the Court, will be paid from the Settlement Fund. Defendant will not oppose any application for an award of a Service Award that does not exceed \$7,500.

10.2. The Settlement Administrator will pay any such Court-approved service award no later than thirty (30) days after the Date of Finality. The Settlement Administrator will include with the Service Award a Form 1099 to the extent such form is required.

10.3. Neither the settlement nor the Agreement is conditioned upon the Court's approval of a service award, or the amount of any service award. Any modification to the service award, whether by this Court or on appeal, shall not serve as a basis for Settlement Failure, and shall not serve as a basis for nullification of this Agreement under Section 18, below.

10.4. In the event of a Settlement Failure: (1) any service award shall belong to Defendant and shall be returned to Defendant as part of the Settlement Fund reversion described in Section

8; and (2) no Party will use the provisions of this Section 10 or the award of any service award for any purpose whatsoever in the Action or in any other action or proceeding.

11. ATTORNEYS' FEES AND COSTS

11.1. Along with Plaintiffs' Motion for Preliminary Approval, Class Counsel will file with the Court an application for an award of attorneys' fees in an amount not to exceed 1/3 (33.33%) of the Settlement Amount and reimbursement of litigation expenses incurred in the prosecution of the Action for the benefit of Plaintiffs and the Settlement Class. Any award of attorneys' fees and costs is subject to the Court's supervisory discretion. Defendant will not oppose any application for an award of attorneys' fees that does not exceed 1/3 of the Settlement Amount (\$13,333,333.33). Defendant will not oppose any application for an award of attorneys' litigation costs and expenses that does not exceed \$500,000.

11.2. Attorneys' fees and expenses will be paid from the Settlement Fund within 30 days of the Final Approval Date by means of a wire transfer by the Settlement Administrator to an account that Class Counsel designates.

11.3. Any payment of attorneys' fees and costs shall be subject to Plaintiffs' Counsel's obligation to make an appropriate refund or repayment if the award of attorneys' fees and litigation expenses is for any reason subsequently reduced or reversed. Such repayment or refund shall be made no later than sixty (60) days after Plaintiffs' Counsel's receipt from any court of notice of any order that revises or reduces the award of attorneys' fees or litigation expenses.

11.4. Neither the settlement nor the Agreement is conditioned upon the Court's approval of the fees or expenses sought by Plaintiffs' Counsel or Class Counsel. Any modification to the awarded fees, whether by this Court or on appeal, shall not serve as a basis for Settlement Failure, and shall not serve as a basis for nullification of this Agreement under Section 18, below.

11.5. In the event of a Settlement Failure: (1) any attorneys' fees and costs that have been paid under this Section, and one half of any Settlement Administration Costs incurred and paid through the date of the Settlement failure, shall be returned to Defendant as part of the Settlement Fund reversion described in Section 8; and (2) no Party will use the provisions of this Section 11 or the Court's award of attorneys' fees and expenses for any purpose whatsoever in the Action or in any other action or proceeding.

12. MOTION FOR PRELIMINARY APPROVAL

12.1. Plaintiffs will file a motion requesting the Court to grant preliminary approval of this Agreement and settlement ("Preliminary Approval Motion") and to enter a Preliminary Approval Order that will accomplish the following:

- i. Find that the requirements of California Code of Civil Procedure Section 382, California Rules of Court, rule 3.769, and any other requirements for certification of a settlement class have been satisfied, and certify the Settlement Class;

- ii. Provide that the settlement as memorialized by this Agreement will apply to the Settlement Class;
- iii. Preliminarily approve the Agreement as fair, reasonable, and adequate and in the best interest of the Settlement Class;
- iv. Find that the Notice Plan set forth in Section 5 of this Agreement satisfies the requirements of due process, the California Rules of Court and the California Code of Civil Procedure, and any other applicable law and procedure;
- v. Approve all notice and related materials as described in this Agreement;
- vi. Appoint the Settlement Class Representatives and Class Counsel;
- vii. Set the deadline for requesting exclusion from or objecting to the settlement; and
- viii. Set a date for the Final Fairness and Approval Hearing at which the Court will finally determine the fairness, reasonableness, and adequacy of the proposed settlement.
- ix. Provide that the settlement is not an admission or evidence of wrongdoing, fault, violation of law, or liability of any kind by Defendant, and that evidence relating to the Agreement shall not be discoverable or used in any action or proceeding, except for purposes of interpreting this Agreement and the Preliminary and Final Approval Orders.

12.2. Also at the Preliminary Approval Hearing (and in connection with Plaintiffs' Motion for Preliminary Approval), the Settlement Administrator will submit its application for the approval and payment of Settlement Administration Costs to be paid as those costs are incurred, and thereafter may submit an application for approval and payment of any additional Settlement Administration Costs incurred beyond those estimated at the Preliminary Approval Date.

12.3. The Parties will cooperate in the preparation and filing of the Preliminary Approval Motion.

13. FINAL FAIRNESS AND APPROVAL HEARING AND FINAL APPROVAL ORDER

13.1. A Final Fairness and Approval Hearing will be held on a date approved by the Court. The date, time and place of the Final Fairness and Approval Hearing will be set forth in the Notice Plan.

13.2. At the Final Fairness and Approval Hearing, Class Counsel will request the Court, among other matters, to enter a Final Approval Order to:

- i. Approve this Agreement without modification (except insofar as agreed upon by the Parties) as fair, reasonable, and adequate to and in the best interest of the Settlement Class, and direct its implementation according to its terms;
- ii. Find that the form and manner of class notice implemented pursuant to this Agreement (i) constitutes reasonable and the best practicable notice; (ii) constitutes notice that is reasonably calculated, under the circumstances, to apprise Settlement Class Members of the pendency of the Action, the terms of the proposed settlement, for those Class Members who did not already have the opportunity to exclude themselves, the right to exclude themselves from the proposed settlement, and for all Participating Class Members, the right to object to and/or to appear at the Final Fairness and Approval Hearing; (iii) constitutes due, adequate, and sufficient notice to all persons entitled to receive notice; and (iv) meets the requirements of due process, the California Code of Civil Procedure, and any other applicable state and/or federal laws;
- iii. Find that all Participating Settlement Class Members will be bound by this settlement and Agreement, including the release provisions and covenants not to sue;
- iv. Direct that judgment be entered immediately dismissing with prejudice all individual and class claims asserted in the Action and ruling that no costs or fees be assessed on any Party beyond those provided for in this Agreement;
- v. Approve the payments provided for in this Agreement to the Participating Settlement Class Members and the service awards to Plaintiffs and make any necessary findings with regard to these approvals;
- vi. Approve the attorneys' fees and costs to be paid to Class Counsel and make any necessary findings with regard to those approvals; and
- vii. Without affecting the finality of the Final Approval Order for purposes of appeal, retain jurisdiction of all matters relating to the interpretation, administration, implementation and enforcement of this Agreement.

14. RELEASE BY PLAINTIFFS AND SETTLEMENT CLASS MEMBERS

14.1. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Plaintiffs and each of the Settlement Class Members, on behalf of themselves, their current, former, and future heirs, executors, administrators, successors, attorneys, insurers, agents, representatives, and assigns, and any Person they represent, fully and forever release, acquit, and discharge, any and all equitable or legal claims, liabilities, rights, demands, suits, matters, obligations, damages, including consequential damages, losses or costs, liquidated damages, statutory damages, punitive damages, attorneys' fees and costs, rights to disgorgement

or other monetary relief, actions or causes of action, of every kind and description, that members of the Settlement Class had, have, or may have, against Defendant and each and every one of its current or former directors, employees, contractors, consultants, attorneys, and insurers, with respect to the constitutionality of Defendant's single-family residential water rates charged to customers between August 14, 2014 and December 1, 2023, including all claims based on or related to the allegations in the Action, and all claims that were brought or could have been brought based on the facts alleged in the Action, up to the date of the Final Approval Order ("**Released Claims**"). It is expressly intended and understood by the Parties that this Agreement is to be construed as a complete settlement, accord, and satisfaction of the Settlement Class Members' Released Claims.

14.2. With respect to the Released Claims, Plaintiffs will be deemed to have, and by operation of the Final Approval Order will have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, and any other similar provision under federal or state law that purports to limit the scope of a general release. California Civil Code section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

14.3. Plaintiffs and the Settlement Class Members, and each of them, further covenant and agree (a) that they will not sue or bring any action, cause of action or claim including, without limitation, by way of third-party claim, cross-claim or counterclaim, against Defendant in respect of any of the Released Claims; (b) they will not initiate or participate in bringing or pursuing any class action against Defendant in respect of any of the Released Claims; (c) if involuntarily included in any such class action encompassing Released Claims, they will opt out of or request to be excluded from the action, if possible; and (d) they will not voluntarily and knowingly assist any third party in initiating or pursuing a class action suit in respect of any of the Released Claims.

14.4. The Settlement Class Representatives represent and warrant that they are the sole and exclusive owners of any and all claims that they personally are releasing under this Agreement. The Settlement Class Representatives further acknowledge that they have not assigned, pledged, or in any manner whatsoever, sold, transferred, assigned or encumbered any right, title, interest or claim arising out of or in any way whatsoever pertaining to the Action, including without limitation, any claim for benefits, proceeds or value under the Action, and that the Settlement Class Representatives are not aware of anyone other than themselves claiming any interest, in whole or in part, in any benefits, proceeds or values to which the Settlement Class Representatives may be entitled as a result of the Action. Settlement Class Members shall represent and warrant that they are the sole and exclusive owner of all claims that they personally are releasing under the Agreement and that they have not assigned, pledged, or in any manner whatsoever, sold, transferred, assigned or encumbered any right, title, interest or claim arising out of or in any way whatsoever pertaining to the Actions, including without limitation, any claim for benefits, proceeds

or value under the Action, and that such Settlement Class Members are not aware of anyone other than themselves claiming any interest, in whole or in part, in any benefits, proceeds or values to which those Settlement Class Members may be entitled as a result of the Action.

15. NO ADMISSION BY THE PARTIES

15.1. Defendant has denied and continues to deny each and every allegation and all charges of wrongdoing or liability of any kind whatsoever that was asserted or that could have been asserted in this action and settles this matter only to buy its peace. Neither this Agreement, nor any document referred to or contemplated in this Agreement, nor any action taken to carry out this Agreement, is or may be construed or used in the Action or in any other action, litigation, or proceeding as an admission, concession, or indication by or against Defendant that it agrees that it owes monetary compensation to the Settlement Class for any reason.

16. EXCLUSIVE REMEDY

16.1. The Agreement shall be the sole and exclusive remedy for any and all Released Claims of Participating Settlement Class Members. Upon entry of the Final Approval Order, each Participating Settlement Class Member shall be barred from initiating, asserting, or prosecuting against Defendant any claim that is released by operation of the Settlement Agreement and the Final Approval Order.

17. DISPUTE RESOLUTION

17.1. The Parties hereby irrevocably submit to the jurisdiction of the Court for any dispute arising out of or relating to this Agreement, the applicability of this Agreement, or the enforcement of this Agreement.

17.2. The Parties, their successors and assigns, and their counsel undertake to implement the terms of this Agreement in good faith, and to use good faith in resolving any disputes that may arise in the implementation of the terms of this Agreement.

17.3. The waiver by one Party of any breach of this Agreement by another Party shall not be deemed a waiver of any prior or subsequent breach of this Agreement.

17.4. If one Party to this Agreement considers another Party to be in breach of its obligations under this Agreement, that Party must provide the breaching Party with written notice of the alleged breach and provide a reasonable opportunity to cure the breach before taking any action to enforce any rights under this Agreement.

18. EFFECTIVENESS OF AGREEMENT

18.1. If (1) the Court does not enter the Preliminary Approval Order or the Final Approval Order or (2) in the event of a Settlement Failure, this Agreement will be null and void and any order or judgment entered by the Court in furtherance of this settlement will be treated as void *ab initio*. The Parties will proceed in all respects as if this Agreement had not been executed, and the Parties will propose a new case schedule within 60 days after the event causing the Settlement Failure. If the Court denies the Preliminary Approval Motion without prejudice and

requests that the Parties make modifications to the Settlement, that order will not constitute a ground for nullifying or terminating the Settlement if both Parties agree to make the requested change. The Parties agree to meet and confer following any requested modifications by the Court, and discuss any requested changes to determine whether or not the change is agreeable to both Parties. If, following that conference, either Party determines that the modification is material and is unwilling to modify the agreement as requested by the Court, then the order denying Preliminary Approval will cause Settlement Failure.

19. REPRESENTATIONS AND WARRANTIES

19.1. Plaintiffs represent and warrant that they have not heretofore assigned or transferred, or purported to assign or transfer, any of the claims released pursuant to this Agreement to any other person and that he is fully entitled to compromise and settle the same.

19.2. Class Counsel represents that: (1) they are authorized by the Settlement Class Representatives to enter into this Agreement with respect to the claims asserted in the Action and any other claims covered by the Release; and (2) they are seeking to protect the interests of the Settlement Class.

19.3. Class Counsel further represents that the Settlement Class Representatives: (1) have agreed to serve as representatives of the Settlement Class proposed to be certified herein; (2) are willing, able, and ready to perform all of the duties and obligations of the representatives of the Settlement Class; (3) have read the pleadings in the Action, including the Complaint, or has had the contents of such pleadings described to them; (4) have consulted with Class Counsel about the obligations imposed on the representatives of the Class; (5) understand that they are entitled only to the rights and remedies of Settlement Class Members under this Agreement and not to any additional compensation by virtue of their status as Settlement Class Representatives; and (6) shall remain and serve as the representatives of the Class until the terms of this Agreement are effectuated, this Agreement is terminated in accordance with its terms, or the Court at any time determines that said Settlement Class Representatives cannot represent the Class.

19.4. Each Party warrants and represents that the person executing this Agreement on its behalf is duly empowered and authorized to do so.

20. CALIFORNIA LAW

20.1. All questions with respect to the construction of this Agreement and the rights and liabilities of the Parties will be governed by the laws of the State of California applicable to agreements to be wholly performed within the State of California.

21. OWN COUNSEL

21.1. Each Party acknowledges that it has been represented by attorneys of its own choice throughout all of the negotiations that preceded the execution of this Agreement and in connection with the preparation and execution of this Agreement.

22. COOPERATION BY THE PARTIES

22.1. The Parties and their respective attorneys will cooperate fully with each other to promptly execute all documents and take all steps necessary to effectuate the terms and conditions of this Agreement.

22.2. The Parties and their respective attorneys will not seek to solicit or otherwise encourage any person to exclude himself or herself from the Settlement Class, object to the settlement, or appeal from any order or judgment of the Court that is consistent with the terms of this Agreement.

23. NOTICE

23.1. Except as otherwise provided in this Agreement, all notices, requests, demands, and other communications required or permitted to be given to Class Counsel or to Defendant's Counsel pursuant to this Agreement will be in writing and will be delivered by email and/ or by next-day express mail (excluding Saturday, Sunday, and federal holidays):

If to Class Counsel then:

Andre M. Mura
Steven M. Tindall
Ezekiel S. Wald
GIBBS MURA LLP
1111 Broadway, Suite 2100
Oakland, CA 94067
(510) 350-9717

Daniel L. Rottinghaus
Howard J. Silldorf
Anne L. Rauch
Theresa M. Filicia
BERDING & WEIL, LLP
160 Hotel Circle North, Ste. 701
San Diego, CA 92108
(800) 838-2090

If to Defendant's Counsel then:

Meghan A. Wharton
COLANTUONO, HIGHSMITH & WHATLEY, PC
420 Sierra College Drive, Suite 140
Grass Valley, California 95945-5091
Telephone: (530) 432-7357
Facsimile: (530) 432-7356

Heather Ferbert

Jean Jordan
Chance C. Hawkins
SAN DIEGO CITY ATTORNEY
Civil Division
1200 Third Avenue, Suite 1100
San Diego, California 92101
Telephone: (619) 533-5800
Facsimile: (619) 533-5856

24. ENTIRE AGREEMENT

24.1 This Agreement represents the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior oral and written agreements and discussions. Each Party covenants that it has not entered in this Agreement as a result of any representation, agreement, inducement, or coercion, except to the extent specifically provided herein. Each Party further covenants that the consideration recited herein is the only consideration for entering into this Agreement and that no promises or representations of another or further consideration have been made by any person. This Agreement may be amended only by an agreement in writing duly executed by all Parties; provided, however, that after entry of the Final Approval Order, the Parties may by written agreement effect such amendments, modifications, or expansions of this Agreement and its implementing documents without further notice to the Class or approval by the Court if such changes are consistent with the Court's Final Approval Order and do not limit the rights of Settlement Class Members under this Agreement.

25. NO OTHER AGREEMENTS

25.1. Each Party represents and warrants that there are no other agreements made in connection with this Settlement.

26. DRAFTING

26.1. Each Party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same will not be construed against any Party as drafter of this Agreement.

27. COUNTERPARTS

27.1. This Agreement may be executed with an electronic or facsimile signature and in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

28. HEADINGS

28.1. The headings contained in this Agreement are for reference only and are not to be construed in any way as a part of the Agreement.

29. BINDING EFFECT

29.1. This Agreement is binding upon and will inure to the benefit of the Parties and their respective heirs, assigns and successors-in-interest.

WHEREFORE, Plaintiffs, on their own behalf and on behalf of the Settlement Class Members and through Plaintiffs' Counsel, and Defendant, by their duly authorized representatives and through counsel, have executed this Agreement as of the dates set forth below.

[REST OF PAGE LEFT INTENTIONALLY BLANK — SIGNATURE PAGES FOLLOW]

FOR DEFENDANT:

Dated: _____
City of San Diego

By _____

FOR DEFENDANT'S COUNSEL:

Dated: _____

By _____
Counsel for Defendant City of San Diego

FOR PLAINTIFFS' COUNSEL, PLAINTIFFS, AND THE CLASS:

Dated: 7/7/2026

Gibbs Mura LLP

By 
Andre M. Mura

Dated: 07 / 03 / 2026

Berding & Weil, LLP

By 
Daniel L. Rottinghaus

FOR PLAINTIFFS:

Dated: 07 / 04 / 2026

By *Daniel Patz*
Daniel Patz

Dated: 07 / 06 / 2026

By *Joan Mann Chesner*
Joan Chesner