

**CANON WATER COMPANY OF POMONA, CALIFORNIA
a California mutual benefit corporation**

PLAN OF DISSOLUTION

This Plan of Dissolution ("Plan") is for the purpose of effecting the complete dissolution of Canon Water Company of Pomona, California, a California mutual benefit corporation, ("Corporation"), in accordance with the applicable laws of the State of California.

RECITALS

- (a) The City of Pomona ("City") is the sole shareholder of the Corporation;
- (b) The City has elected to dissolve the Corporation; and
- (c) The purpose of this Plan is to carry out the dissolution of the Corporation in an orderly and efficient manner.

OPERATIVE PROVISIONS

1. Approval of Board of Directors. This Plan has been approved by the Board of Directors of the Corporation and shall be submitted to the City for adoption. The Plan shall become effective upon its adoption by the City.

2. Distribution of Assets and Liabilities. Following adoption by the Agency, Corporation will take the following actions to transition the assets, property, liabilities and encumbrances of the Corporation to the City as soon as reasonably practicable:

(a) The Corporation will give notice to all creditors and obligees of the Corporation that the Corporation will be dissolved and that the City will assume all of the liabilities and obligations of the Corporation as of the actual date of dissolution. The Corporation will enter into an assignment and assumption agreement with the City, pursuant to which the Corporation will assign and the City will assume all existing debts, liabilities and contractual obligations of the Corporation.

(b) Notwithstanding Section 2(a), the Corporation does not currently have any debts or liabilities other than the payment of annual personal property taxes as assessed by the County of Los Angeles as the City currently funds all costs associated with the operation and maintenance of the assets by the Corporation.

(c) All assets and property of the Corporation, whether owned or leased, will be transferred to the Agency pursuant to one or more bills of sale, assignments or quitclaim deeds, as reasonably determined by legal counsel for the City. Furthermore, all easements and rights of way that are utilized by the Corporation to operate and maintain the System will be assigned and/or deeded to the City.

(d) All accounts, cash receipts and accounts receivable of the Corporation will be transferred to City.

(e) All books and records, software programs, data backups and other documentation of any kind which is in the possession of the Corporation will be transferred to the City.

3. Dissolution of Corporation. After the Plan has become effective and the distribution of assets and liabilities of the Corporation has been completed pursuant to Section 2, the Board of Directors and officers shall take all steps which they may deem to be necessary or desirable to accomplish the final dissolution of the Company, including, but not limited to:

- (a) providing for tail insurance coverage for the Corporation and its Directors and Officers;
- (b) providing adequate reserves to pay all professional fees and expenses in connection with the dissolution, as well as any debts or liabilities that Corporation and City determine will be paid by the Corporation prior to dissolution;
- (c) the filing of final tax returns and any regulatory or securities filings that are necessary in connection with the dissolution, provided, however, that the Agency may agree to assume the obligation to prepare and file all final tax returns of the Corporation, as well as all liability for taxes of any kind that are due and payable by the Corporation (except to the extent that any such tax liability on dissolution has been allocated pursuant to a prior agreement between Castaic Lake Water Agency, the predecessor in interest to Agency, and any prior shareholder of the Corporation); and
- (d) all other steps necessary to wind up and dissolve the Corporation in accordance with the provisions of the corporate laws of the State of California.

4. Authorization of Necessary Acts. The Directors of the Company, acting by and through the President of the Corporation, Gary Matthews, and as necessary, the committee of the Board appointed to oversee the implementation of this Plan, shall carry out and consummate the Plan and shall have power to adopt all resolutions, execute all documents, incur and pay all expenses, file all papers (including without limitation a certificate of dissolution with the Secretary of State of the State of California) and take all other actions that they may deem necessary or desirable for the purpose of effecting the dissolution of the Company and the complete liquidation of its business, assets, and affairs.