

RESOLUTION NO. 2020-159

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA,
CALIFORNIA, AUTHORIZING THE DISSOLUTION OF CANON WATER
COMPANY**

WHEREAS, after an exhaustive review of the historical records and reconciliation of the stock ledger by City staff, it has been determined that the City owns shares in a range from 23,002 shares to 23,739 shares of the 23,100 shares outstanding, which means that there are either 98 shares unaccounted for or the number of shares that have been transferred to the City over the years actually exceeded the number of issued shares by 639;

WHEREAS, the City therefore owns no less than 99.6% of the issued and outstanding shares, there is no evidence that shares are actually unaccounted for and no party has stepped forward to assert that it owns shares in the Corporation, it appears that the discrepancy in share ownership is an accounting error and that the City is in fact the sole shareholder of the Corporation;

WHEREAS, the only asset of the Company is the existing water distribution pipeline ("System"), which is currently used to deliver raw untreated water to the Pedley surface water treatment plant owned and operated by the City of Pomona;

WHEREAS, the Board has determined that the continuation of the Company serves no purpose and only increases the cost to its only known share holder; and

WHEREAS, the Board has developed, in consultation with legal counsel, a Plan of Dissolution setting forth the actions necessary to dissolve the Company, a copy of which is attached hereto as Exhibit "A" ("Plan").

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pomona as follows:

SECTION 1. That the Directors hereby recommends to the City Council, as the majority shareholder, to take action to dissolve the Corporation in accordance with the Plan, including the distribution of the System to the City in full satisfaction of the surrender of its shares to the Corporation.

SECTION 2. The Plan is hereby approved and adopted by the Board to effectuate the dissolution of the Corporation and transition of the System, subject to the approval of the dissolution of the Corporation by the City, and that on the date of a resolution of the City Council being adopted for that purpose, the Plan shall become effective.

SECTION 3. The following actions will take place:

- (A) the Corporation shall commence proceedings to wind up and dissolve in accordance with the terms of the Plan, the requirements of the Corporations Code of the State of California and the applicable provisions of the Internal Revenue Code of the United States and the California Revenue and Taxation Code;

- (B) the officers of this Corporation shall cause all outstanding debts and obligations of this Corporation to be paid or otherwise provided for and prepare and mail to all known creditors and claimants whose addresses appear on the records of the Corporation, written notice of the commencement of proceedings to wind up and dissolve this Corporation;
- (C) the officers of this Corporation are hereby authorized and directed to file, or provide for the filing, of any tax returns as required by the applicable provisions of the Internal Revenue Code and the California Revenue and Taxation Code;
- (D) the officers of this Corporation are hereby authorized and directed to execute such instruments as are necessary to provide for the transfer of the System; and
- (E) that upon completion of the Plan, the Board of the Corporation is hereby authorized and directed to execute such certificates as may be required by the California Corporations Code and to do all things necessary or convenient to the winding up and dissolution of this Corporation.

SECTION 4. The City Council hereby appoints a committee of the Board and the City's Water Resources Director, to supervise the implementation of the Plan by the officers of the Corporation and to take such additional Board action as may be required in connection therewith, which committee shall be made up of the following individuals: Chris Diggs, Gary Matthews, Nichole Horton, and Damian Martinez

SECTION 5. That all actions for the complete dissolution of this Corporation as authorized and set forth in the foregoing resolutions shall be commenced as soon as practicable following the Plan becoming effective, and that all assets and liabilities be distributed or provided for and that the dissolution be completed as soon as practicable.

SECTION 6. That in the event that the City Council does not approve the dissolution of the Corporation, then this resolution and the Plan will be void and of no further force and effect.

SECTION 7. The City Council amends the FY 2020-21 CIP Budget by appropriating to the Water Fund all of the remaining funds after the dissolution of the Corporation and full execution of the Plan.

SECTION 8. The City Clerk shall attest and certify to the passage and adoption of this Resolution, and it shall become effective immediately upon its approval.

PASSED, APPROVED AND ADOPTED this 16th day of November, 2020.

CITY OF POMONA:

Tim Sandoval
Mayor

APPROVED AS TO FORM:

ATTEST:

Sonia Carvalho
City Attorney

Rosalia A. Butler, MMC
City Clerk

I, HEREBY CERTIFY that the foregoing resolution was duly adopted by the City Council of the City of Pomona at a regular meeting thereof held on November 16, 2020 by the following vote of the Council:

AYES:

NOES:

ABSTAIN:

ABSENT:

Rosalia A. Butler, MMC
City Clerk