

COMMON STOCK PURCHASE AGREEMENT

This Common Stock Purchase Agreement (“Agreement”) is made as of February 6, 2023 by and between California Domestic Water Company, a California corporation (the “**Company**”), and the City of La Habra, a California municipal entity (the “**Purchaser**”).

RECITALS

WHEREAS, the Purchaser currently owns shares of the Company’s common stock; and

WHEREAS, the Company’s Board of Directors recently authorized the issuance and sale of 375 shares of the Company’s common stock; and

WHEREAS, the Purchaser desires to purchase 125 shares of the Company’s common stock now being sold by the Company in accordance with the terms and conditions of this Agreement (the “**Purchased Shares**”);

NOW, THEREFORE, in consideration of the foregoing premises and the mutual representations, warranties, covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Subscription; Purchase Price. For the consideration set forth in Section 2 and other valuable consideration, and upon the terms and subject to the conditions of this Agreement, the Purchaser shall purchase at the Closing (as defined below) and the Company agrees to sell and issue to such Purchaser at such Closing, all right, title and interest in and to the Purchased Shares.

2. Consideration. In consideration for the Purchased Shares, the Purchaser shall: (a) pay to the Company Fifteen Thousand Two Hundred and Fifty Dollars (\$15,250) per share for a total purchase price of \$1,906,250 (the “**Purchase Price**”) by wire transfer of immediately available funds or other mutually agreeable payment method; and (b) complete all of the conditions set forth in Section 3.2. By its execution of this Agreement, the Purchaser acknowledges and agrees that its Purchased Shares are assessable.

3. Closing; Closing Deliverables.

3.1 Subject to the terms and conditions of this Agreement, the closing of the sale by the Company and purchase by the Purchaser of the Purchased Shares shall take place at closing (the “**Closing**”) on or before June 30, 2023 (the “**Closing Date**”) by exchange of appropriate documentation between the parties (via overnight delivery, facsimile, electronic transmission and/or other similar means for exchanging documentation), and the parties will not be required to be in attendance at the same location on the Closing Date. The Closing shall be deemed to have become effective as of 12:01 a.m., Pacific time, on the Closing Date, the exact date of which shall be confirmed in writing by the parties.

3.2 Prior to or at the Closing, the Purchaser shall deliver to the Company all of the following:

- (a) a signed and completed counterpart signature page to this Agreement
- (b) the Purchase Price, which shall be delivered via the wire instructions set forth on the attachment to the Purchaser's signature page hereto, or by other mutually agreeable payment method; and
- (c) on the Closing Date, the Company will issue and deliver the Purchased Shares to the Purchaser.
- (d) such other agreements, consents, documents, instruments and writings as are reasonably required to be delivered by the Company pursuant to this Agreement or otherwise reasonably required to consummate the transactions contemplated hereby.

4. Representations and Warranties of the Company. As an inducement to the Purchaser to enter into this Agreement and to consummate the transaction contemplated hereby, the Company hereby represents and warrants to the Purchaser, as of the Closing Date, as follows:

4.1 Organization, Good Standing and Qualification; No Subsidiaries. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California. The Company has all required power and authority necessary to own and operate its property, to carry on its business as now conducted and presently proposed to be conducted.

4.2 Authorization. All corporate action on the part of the Company, its Board of Directors and its shareholders necessary for the authorization, execution and delivery of this Agreement and the issuance of the Purchased Shares has been taken or will be taken prior to the Closing. This Agreement constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its respective terms, except as such enforcement may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application relating to or affecting the enforcement of creditors' rights generally, or (b) the effect of rules of law governing the availability of specific performance, injunctive relief or other equitable remedies. The Company has the corporate power and authority to execute and deliver this Agreement, to issue the Purchased Shares, and to carry out and perform all its obligations under this Agreement.

4.3 No Conflict. The execution and delivery of this Agreement and the consummation of transaction contemplated hereunder will not: (i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any encumbrance upon any of the Purchased Shares or any assets or properties of the Company, under (1) the articles of incorporation or bylaws of the Company, (2) any governmental order to which the Company is a party or any of the Purchased Shares are subject or by which the Company is bound, or (3) any applicable laws affecting the Company, the Purchased Shares, the business or the assets of the Company; or (ii) require the approval, consent, authorization or act of, or the making by the Company of any declaration, filing or registration with, any person or entity (including any governmental authority).

4.4 Capitalization. There are no outstanding rights, options and warrants, preemptive rights, rights of first refusal, or similar rights for the purchase or acquisition from the Company of any securities of the Company nor are there any commitments to issue or execute any such rights, options, warrants, preemptive rights or rights of first refusal.

4.5 Title to Assets. The Company owns or licenses all of the real or personal properties (whether owned or leased) necessary for the conduct of its business as presently conducted, free and clear of all encumbrances, except as disclosed in writing to Purchaser.

5. Representations and Warranties of the Purchaser. As an inducement to the Company to enter into this Agreement and to consummate the transaction contemplated hereby, the Purchaser hereby represents and warrants to the Company, as of the Closing Date, as follows:

5.1 Authorization. The Purchaser has full power and authority to enter into this Agreement, and this Agreement constitutes Purchaser's valid and legally binding obligation, enforceable by the Company in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, or (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

5.2 Purchase Entirely for Own Account. The Purchased Shares will be acquired for investment for the Purchaser's own account, and not with a view to the public resale or distribution thereof within the meaning of the Securities Act, and the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing any of the Purchased Shares.

5.3 Disclosure of Information. The Purchaser has received or has had full access to all the information the Purchaser considers necessary or appropriate to make an informed investment decision with respect to the Purchased Shares. Furthermore, the Purchaser has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Purchased Shares and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to the Purchaser or to which the Purchaser had access.

5.4 Investment Experience. The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D of the Securities Act and understands that the purchase of the Purchased Shares involves substantial risk. The Purchaser (a) has experience as an investor in securities of companies and acknowledges that the Purchaser is able to fend for itself, can bear the economic risk of its investment in the Purchased Shares, and has such knowledge and experience in financial or business matters that the Purchaser is capable of evaluating the merits and risks of this investment in the Purchased Shares and protecting Purchaser's own interests in connection with this investment, or (b) has a preexisting personal or business relationship with the Company and certain of its directors, shareholders or controlling persons of a nature and duration that enables the Purchaser to be aware of the character, business acumen and financial circumstances of such persons.

5.5 Restricted Securities. The Purchaser understands that the Purchased Shares are characterized as “restricted securities” under the Securities Act and Rule 144 promulgated thereunder (“**Rule 144**”) inasmuch as they are being acquired from the Company in a transaction not involving a public offering, and that under the Securities Act and applicable regulations thereunder such securities may be resold without registration under the Securities Act only in certain limited circumstances. The Purchaser understands that the Company is under no obligation and has no present intention to register any of the Purchased Shares sold hereunder.

5.6 No General Solicitation. At no time was the Purchaser presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Purchased Shares.

5.7 Independent Investigation. The Purchaser has conducted to its satisfaction an independent investigation and verification of the financial condition, results of operations, assets, liabilities, properties and projected operations of the Company and, in making its determination to purchase the Purchased Shares and to otherwise proceed with the transactions contemplated by this Agreement, the Purchaser has relied solely on the results of its own independent investigation and verification, and the representations and warranties of the Company expressly and specifically set forth in Section 4.

6. Miscellaneous.

6.1 Governing Law. This Agreement shall be governed by the internal law of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

6.2 Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to be an adequate and sufficient notice if given in writing and service is made either by (i) personal delivery, in which case the service shall be deemed received on the date of such personal delivery, (ii) nationally recognized overnight air courier service, next day delivery, prepaid, in which case the notice shall be deemed to have been received one (1) business day following delivery to such nationally recognized overnight courier service, (iii) facsimile, in which case at the time of being sent by facsimile if delivery thereof is confirmed by sender’s receipt of transmission report, generated by sender’s facsimile machine, which confirms that the facsimile was successfully transmitted in its entirety and provided the facsimile was forwarded prior to 5:00 p.m. local time, or (iv) email, in which case the notice shall be deemed received at the time of delivery. Notwithstanding the foregoing, all notices given by mail shall be effective three (3) days after deposit in the United States mail, postage prepaid, return-receipt requested; other notices given in accordance with this Agreement shall be effective upon receipt at the address of the addressee. All notices to Purchaser are to be sent to the address or emailed to the City Manager at the email address set forth on the Purchaser’s signature page hereto. All notices to the Company are to be sent to California Domestic Water Company, 15505 Whittier Blvd., Whittier, CA 90603 or emailed to the President at lnoriega@caldomestic.com.

6.3 Amendments and Waivers. This Agreement may be amended, modified or terminated and the observance of any term hereof may be waived (either generally or in a particular

instance and either retroactively or prospectively) only by a written instrument executed by the Company and the Purchaser. Any amendment, modification, termination or waiver so effected shall be binding upon the Company and the Purchaser and all of their respective successors and permitted assigns whether or not such party, assignee or other Purchaser entered into or approved such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

6.4 Severability. If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, and such invalidity and enforceability does not destroy the basis of the bargain between the parties, then the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by applicable law.

6.5 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and all other prior agreements are superseded hereby.

6.6 Non-Reliance. The Purchaser acknowledges that it is not relying upon any person, firm or corporation, other than the Company, its officers and other employees, in making its investment or decision to invest in the Company.

6.7 Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts (including via electronic communication), each of which shall be an original of this Agreement, but all of which, taken together, shall constitute one and the same agreement. This Agreement may be executed by signatures transmitted by facsimile or electronically and such facsimile or electronic signatures shall be deemed as valid as an original, "wet" signature.

6.8 Indemnification. The Purchaser agrees to and shall indemnify, hold harmless, protect and defend the Company and all of the Company's directors, officers, agents, shareholders, employees, consultants, members, partners, successors and assigns (collectively, the "**Company Indemnified Parties**") from and against any and all claims, demands, suits, actions, liabilities, costs, damages, and/or expenses (including, without limitation, attorneys' fees, expert witness fees and costs at the pretrial, trial, and appellate levels (collectively, "**Claims**")) of any manner to the extent related to, arising out of, or resulting from the Purchaser's actions or omissions in connection with this Agreement, including, without limitation, the Purchaser's breach of this Agreement, negligence or willful misconduct; provided, however, these indemnification obligations shall not apply to the extent any Claims arise solely or primarily from the Company's or any of the Company Indemnified Parties' reckless or willful misconduct. All representations and warranties set forth in Section 5 shall terminate as of the Closing and all covenants made hereunder shall survive the Closing Date and continue until such time as they are fully performed.

6.9 Fees and Expenses. Each party shall pay its own fees and expenses in connection with this Agreement and the transactions contemplated hereby.

6.10 Consent to Jurisdiction. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE

JURISDICTION OF ANY FEDERAL AND STATE COURT IN CALIFORNIA SITTING IN LOS ANGELES COUNTY. EACH PARTY HERETO IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING IN ANY SUCH COURT AND HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH PARTY HERETO CONSENTS TO PROCESS BEING SERVED IN ANY SUCH ACTION OR PROCEEDING BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL.

6.11 Non-Reliance. The representations and warranties made by the Company in Section 4 hereof constitute the sole and exclusive representations, warranties, and statements of any kind of the Company in connection with the transactions contemplated hereby, and the Company hereby disclaims all other representations, warranties, and statements of any kind or nature, whether express or implied (including any relating to the respective future or historical financial condition, results of operations, prospects, assets or liabilities of the Company).

6.12 Confidential Information. To the extent permitted by applicable law, the Purchaser shall keep confidential any and all non-public information obtained from the Company concerning the Company's properties, operations and business (unless readily ascertainable from public or published information or trade sources) until the same ceases to be non-public (or becomes so ascertainable).

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Common Stock Purchase Agreement on the date first written above.

PURCHASER:

City of La Habra

By: _____

Print Name: James Sadro

Title: City Manager

APPROVED AS TO FORM:

By: _____

Print Name: Rhonda Barone, CMC

Title: Assistant City Clerk

Business Address:

110 E La Habra Blvd

La Habra, Ca 90631

APPROVED AS TO FORM:

By: _____

Print Name: Michael G. Colantuono

Title: Special Counsel

Colantuono, Highsmith & Whatley,
PC

Email Address:

jsadro@lahabracaca.gov

IN WITNESS WHEREOF, the parties have executed this Common Stock Purchase Agreement on the date first written above.

COMPANY:

**CALIFORNIA DOMESTIC WATER
COMPANY**

By: _____
Lynda Noriega, President