

20. RESOLUTION NO. 23-69 - APPROVING A SALE AND PURCHASE AGREEMENT FOR THE SALE OF THE ARTESIA SERVICE AREA AND RELATED ASSETS OF THE NORWALK MUNICIPAL WATER SYSTEM

Staff recommends City Council adopt Resolution No. 23-69, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORWALK, FINDING THAT REQUIREMENTS PURSUANT TO CALIFORNIA PUBLIC UTILITIES CODE SECTION 10061 FOR THE SALE OF THE CITY OF NORWALK'S ARTESIA SERVICE AREA WATER SYSTEM AND RELATED ASSETS LOCATED OUTSIDE OF ITS BOUNDARIES, HAVE BEEN MET AND APPROVAL OF THE SALE, for the purchase price of \$5,250,000.

RESOLUTION NO. 23-69

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORWALK, FINDING THAT REQUIREMENTS PURSUANT TO CALIFORNIA PUBLIC UTILITIES CODE SECTION 10061 FOR THE SALE OF THE CITY OF NORWALK'S ARTESIA SERVICE AREA WATER SYSTEM AND RELATED ASSETS LOCATED OUTSIDE OF ITS BOUNDARIES, HAVE BEEN MET AND APPROVAL OF THE SALE

WHEREAS, the City of Norwalk ("City"), a California municipal corporation, is the owner of the Artesia Service Area Water System ("ASA Water System") and related assets described in DRAFT GSWC Purchase Agreement attached to this Resolution located outside of the City's boundaries; and

WHEREAS, the state legislature has found that public water systems are faced with the need to replace or upgrade the public water system infrastructure to meet increasingly stringent state and federal safe drinking water laws, but has also found that increasing amounts of capital needed to finance the necessary investment in public water system infrastructure is not possible for smaller, public water systems; and

WHEREAS, pursuant to such findings, the state legislature passed the Public System Investment and Consolidation Act of 1997 (Public Utilities Code Section 2718, *et seq.*), promoting economies of scale by encouraging the consolidation of smaller public water systems with larger public water systems equipped with the expertise and resources to undertake necessary capital investments; and

WHEREAS, on April 6, 2021, the City issued a *Request for Proposals for the Purchase of the City of Norwalk Artesia Service Area Water System and Related Assets* No. 21-649 for the acquisition of the ASA Water System, including full responsibility for its day-to-day management, operations, maintenance, repairs, and capital improvement projects ("RFP No. 21-649"); and

WHEREAS, the City received one proposal in response to RFP No. 21-649 from Golden State Water Company which has the experience, expertise, and capacity to take and better serve those customers in the ASA currently operated by the Norwalk Municipal Water System (NMWS); and

WHEREAS, Section 10061 of the California Public Utilities Code, authorizes a municipal corporation to sell, for just compensation, all or any part of its municipal water system that lies outside its municipal boundaries to any other public utility water corporation by following the provisions of Section 10061(b); and

WHEREAS, pursuant to Section 10061(b), before the City sells the ASA Water System portion located outside of its boundaries, it shall, by resolution adopted by a majority of its legislative body, determine that the subject public utility, or portion thereof, is not necessary for supplying water service to its own inhabitants.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORWALK
HEREBY DETERMINES, FINDS, AND RESOLVES AS FOLLOWS:**

Section 1. Findings.

A. The City Council finds that the City's aging infrastructure, including the Water System, is in critical need of capital improvements.

B. The City Council finds that the ASA Water System located outside its municipal boundaries are not necessary for supplying water service to its own inhabitants.

C. The City Council finds that the acquiring entity will be bound to render water service to the person(s) formerly served through the Water System being sold on terms and conditions that are just and reasonable and do not unreasonably discriminate against the City's customers.

Section 2. Final Action and Authority. The City Council of the City of Norwalk hereby approves the sale of the City's ASA Water System located outside its municipal boundaries to Golden State Water Company on the terms and conditions set forth in that Sale and Purchase Agreement ("Agreement"), attached hereto in substantial form, subject to review by the City Attorney as to form and legality. The City Council hereby also vests in the City Manager the authority to finalize and execute all documents reasonably related to the performance of the Agreement and contemplated transaction.

Section 3. Description of the Property. The ASA Water System is depicted in Exhibit "A" attached to this Resolution.

Section 4. Effectiveness. This Resolution shall become effective immediately upon its adoption.

Section 5. The Mayor, or presiding officer, is hereby authorized to affix her signature to this Resolution signifying its adoption by the City Council of the City of Norwalk and the City Clerk, or her duly appointed assistant, is directed to attest thereto.

APPROVED AND ADOPTED this 5th day of December 2023.

**ANA VALENCIA
MAYOR**

ATTEST:

**THERESA DEVOY, CMC
CITY CLERK**

AGREEMENT FOR PURCHASE AND SALE

OF

WATER SYSTEM ASSETS - ARTESIA SERVICE AREA

By and Between

**CITY OF NORWALK, CALIFORNIA,
a California Municipal Corporation**

("Seller"),

and

**GOLDEN STATE WATER COMPANY,
a California Public Utility Water Company**

("Purchaser")

DATED: _____, 2023

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AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS - ARTESIA SERVICE AREA

THIS AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS (the “**Agreement**”) is made as of this ___ day of _____ 2023, by and between The City of NORWALK California, a California Municipal Corporation (the “**Seller**”), and Golden State Water Company, a California corporation that is a California Public Utility as defined by the California Public Utilities Code (the “**Purchaser**”).

WHEREAS, the Seller owns and operates a municipal water system that includes the Artesia Service Areas (the “**ASA Water Systems**”), located in the City of ARTESIA, Los Angeles County, California, and which is comprised of the “Purchased Assets” (as defined below); and

WHEREAS, the Seller has been granted a permit by the State of California Department of Water Resources, Division of Drinking Water (the “**DDW**”) to provide potable water services within defined areas within the City of NORWALK, California, as well as portions of the ASA Water Systems that reside outside the City of NORWALK; and

WHEREAS, the Seller issued a Request for Proposal (the “**RFP**”) seeking to sell the ASA Water Systems to a third party; and

WHEREAS, the Purchaser submitted a proposal in response to the RFP; and

WHEREAS, the Purchaser has been granted the authority by the California Public Utilities Commission (the “**CPUC**”) to provide water service to the Artesia System as presented in CPUC Sheet Number 9022, which resides adjacent to or within the vicinity of the ASA Water Systems; and

WHEREAS, the Purchaser desires to purchase Seller’s Artesia Service Area Water Systems assets pursuant to the terms and conditions contemplated in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and benefits to be derived from the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller and the Purchaser hereby agree to sell and purchase the Water System, upon the following terms and conditions:

1. **RECITALS.** The foregoing recitals are true and correct and are incorporated herein.
2. **PURCHASE AND SALE; DESCRIPTION OF PURCHASED ASSETS.**
 - a. Subject to the terms and conditions set forth in this Agreement, the Purchaser shall buy from the Seller, and the Seller shall sell to the Purchaser, the ASA Water Systems and the Purchased Assets (as defined below), free and clear of all claims, liens (statutory or otherwise), encumbrances, restrictions, charges, instruments, licenses, preferences, priorities, security agreements, covenants, rights of recovery, hypothecations, security interests or other encumbrances or charges of any kind or nature whatsoever.
 - b. Subject to Section 5 of this Agreement, the Purchaser is purchasing the Purchased Assets and the ASA Water Systems “As-Is” “Where-Is”.

- c. **“Purchased Assets”** shall mean all assets, properties, and rights, both tangible and intangible, that the Seller owns regarding the ownership, construction, operation or maintenance of the ASA Water Systems including, but not limited to:
- i. The ASA Water Systems owned by Seller and all facilities and improvements located thereon in the Artesia Service Area, which is identified in **Appendix “B”** to this Agreement (the “Service Territory”). If applicable, all licenses, rights-of-way, rights to use public and private roads, streets and other areas used in the ASA Water Systems. All water supply, distribution, and transmission facilities, including, but not limited to, transmission mains, distribution mains, supply pipes, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller or to which Seller possesses rights and used in connection with the ASA Water Systems, including those identified in **Appendix “C” (“Physical Facilities”)** to this Agreement.
 - ii. Cash in the amount of the Seller’s customer deposits as it relates to the Seller’s customers of the ASA Water Systems.
 - iii. All supplier lists, customer records (including, without limitation, historical customer account information), customer billing, customer accounts, hardware and software, prints, plans, including plans in electronic or digital format, engineering reports, surveys, specifications, shop drawings, equipment manuals, and other information relating to the ASA Water Systems in the Seller’s possession, including any rights of the Seller, if any, to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper or electronic form.
 - iv. All sets of record drawings, including as-built drawings, showing all facilities of the ASA Water Systems, including all original tracings, sepias or other reproducible materials in the Seller’s possession, including all rights of the Seller, if any, to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper or electronic form.
 - v. All items of inventory owned by the Seller on the Closing Date (as defined below) and used to operate and maintain the ASA Water Systems. Inventory items/amounts as of the date of Agreement shall include, but is not limited to, those items listed in **Appendix “D” (“Inventory”)**.
 - vi. All accounts receivables and unbilled receivables of the Seller related to the ASA Water Systems existing as of the Closing Date (collectively, the **“Accounts Receivable”**).

3. LIABILITIES.

- a. **Assumed Liabilities.** Subject to terms and conditions of this Agreement, the Purchaser shall assume as of the Closing Date only the following debts, obligations and other liabilities of Seller (the **“Assumed Liabilities”**), and the Purchaser shall not assume or otherwise be responsible for any other debts, obligations or other liabilities of the Seller:

- i. All liabilities to the customers of the ASA Water Systems incurred after the Closing Date, provided that the operative act giving rise to the liability occurred after the Closing Date. For the avoidance of doubt, all of the Seller's liabilities to the customers of the ASA Water Systems that arose as a result of an operative act that occurred before the Closing Date shall be treated as an Excluded Liability (as defined below); All liabilities related to customer deposits as of the Closing date related to the ASA Water Systems; and
 - ii. Any liability arising from or related to the ownership, construction, operation and maintenance of the ASA Water Systems that arises after the Closing Date.
- b. Excluded Liabilities. Notwithstanding the foregoing, the following are expressly excluded from the definition of Assumed Liabilities under this Agreement and shall not constitute liabilities assumed by the Purchaser (the "**Excluded Liabilities**"):
 - i. Any debts, liabilities, obligations, or other financial or service obligations of the Seller, except as may be expressly provided in Section 3(a) of this Agreement;
 - ii. Any expense, assessment, exposure, fine, penalty, liability, act or omission of any kind whatsoever imposed or required by any third party, whether known or unknown, contingent, liquidated or unliquidated, arising or accruing under contract, law, tort, ordinance, law, regulation or otherwise, or arising or accruing before or after the Closing Date where the operative act or omission was that of or attributable to the Seller for its actions prior to the Closing Date;
 - iii. Any liabilities of the Seller for any present or former employees, officers, directors, retirees, independent contractors or consultants of the Seller, including any liabilities associated with any claims for wages or other benefits, bonuses, accrued vacation, workers' compensation, severance, retention, termination or other payments;
 - iv. Any liabilities arising from any claim, demand, complaint, notice of violation, citation, action, governmental order, lien, or, as to each, any settlement or judgment arising therefrom, by or from any Person (as defined in Section 14 (d), below) alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, monitoring, penalties, fines, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (A) the presence or the release of or exposure to any Hazardous Materials; or (B) any actual or alleged non-compliance with any Environmental Law or any Environmental Permit (as these terms are further defined below), related to facts, circumstances or conditions that existed on, prior to or continue as of the Closing or otherwise arising out of any actions or omissions of Seller or any other Person regardless of first commencement;
 - v. Any liabilities of the Seller relating or arising from unfulfilled commitments, quotations, purchase orders, customer orders or work orders related to the

Purchased Assets that: (A) do not constitute part of the Purchased Assets; or (B) did not arise in the ordinary course of business;

- vi. Any liabilities in respect of any pending or threatened action arising out of, relating to or otherwise in respect of the operation of the Purchased Assets to the extent such action relates to such operation on or prior to the Closing Date;
 - vii. Any liabilities to the extent arising out of, in respect of or in connection with the failure by the Seller to comply with any law or governmental order; and
 - viii. Any fees and expenses of the Seller arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement and the transactions contemplated hereby and thereby, including fees and expenses of counsel, accountants, consultants, advisers and others.
- c. The Seller hereby acknowledges that it is retaining the Excluded Liabilities and it shall remain liable for and shall pay, perform or discharge all such Excluded Liabilities; provided, that the Seller is not hereby limited in its right to contest in good faith any such liabilities or obligations.
 - d. The parties hereto acknowledge and agree that disclosure of any debt, obligation or other liability on any schedule to this Agreement shall not create an Assumed Liability or other liability of the Purchaser, except where such disclosed liability has been expressly assumed by the Purchaser as an Assumed Liability in accordance with the provisions of Section 3(a) of this Agreement.

4. PURCHASE PRICE. The total consideration to be paid for the ASA Water Systems and the Purchased Assets is the Purchase Price (as defined below) plus adjustments as set forth herein.

- a. The Purchaser shall pay to the Seller for conveyance of the Purchased Assets, subject to the additions, adjustments and prorations referenced in this Agreement, a cash payment in the amount of Five Million and Two-Hundred and Fifty Thousand U.S. dollars (\$5,250,000) (the “**Cash Purchase Price**”), which shall be paid to the Seller via wire transfer to the account(s) designated by the Seller at the Closing.
- b. As additional compensation to the Seller, the Seller shall receive payment for ninety percent (90%) of the Accounts Receivable (each less than sixty (60) days old) for monthly water and wastewater service, net of any credit balances as of the Closing Date (the “**Receivables Purchase Price**” and, together with the Cash Purchase Price, the “**Purchase Price**”).
- c. Adjustments to the Purchase Price shall include the reimbursement to the Seller for all costs incurred at the request of the Purchaser in the preparation of new surveys,” and the Seller’s appraisal required pursuant to Section 8(b)(vi).

5. REPRESENTATIONS AND WARRANTIES OF SELLER. As a material inducement to the Purchaser to execute this Agreement and perform its obligations hereunder, the Seller represents and warrants to Purchaser as follows:

- a. The Seller is a California Municipal Corporation, and its status is active under the laws of the State of California. The Seller has all requisite power and authority and has taken all requisite action necessary to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.
- b. The City Council of the City of NORWALK has approved the sale of the ASA Water Systems pursuant to Section 10061, subdivision (b) of the Public Utilities Code and has authorized the Seller entering into this Agreement.
- c. This Agreement constitutes, and all other agreements to be executed by the Seller with respect to this Agreement shall constitute, when executed and delivered, valid and binding obligations of the Seller, enforceable in accordance with their terms.
- d. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to the Seller, the Seller's Articles of Incorporation or the California Municipal Code, nor any Certificate, indenture, agreement, or other instrument to which the Seller is a party, or by which it is bound.
- e. There are no developer agreements or other contracts or agreements relating exclusively to the ASA Water Systems.
- f. The Seller does not own or lease any real property, easements, rights of way or possess any other real property interest related to the operation of the ASA Water Systems.
- g. The Seller has exclusive possession, control and ownership of the Purchased Assets. All parts of the ASA Water Systems are located within the site identified in **Appendix "A."**
- h. The Seller has good and marketable title to the ASA Water Systems and all other Purchased Assets. At Closing, the ASA Water Systems and the Purchased Assets shall not be subject to any mortgage, pledge, lien, charge, security interest, encumbrance, or restriction.
- i. Environmental Law Compliance.

i. Definitions.

- (a) **"Environmental Law"** means any federal, state, or local statute, order, regulation, or ordinance, or common law or equitable doctrine relating to the protection of human health, the environment or natural resources including all those relating to the generation, handling, transportation, treatment, storage, disposal, distribution, discharge, Release, threatened Release, control, or cleanup of any Hazardous Material and includes, but is not limited to, the California Water Code; the California Environmental Quality Act ("**CEQA**"); the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**") (42 U.S.C. § 9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Clean Water Act (33 U.S.C. § 1251 et seq.); the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.); and the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); as such laws have been amended or supplemented as of

the Closing Date or hereinafter, the regulations promulgated pursuant thereto, and in effect as of the Closing Date or as amended hereinafter and any conditions and requirements contained in any permits, licenses, certificates, variances, or other authorizations issued by any federal, state or local agencies that are required to own and operate the ASA Water Systems (collectively, the **"Environmental Permits"**).

- (b) **"Hazardous Material"** means petroleum, and any byproduct, fraction or derivative thereof, urea formaldehyde, per- and polyfluoroalkyl substances, and any substance, material, or waste which is regulated under any Environmental Law including, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "contaminant," "toxic waste," or "toxic substance" under any provision of Environmental Law.
- (c) **"Release"** means any release, spill, emission, leaking, pumping, pouring, migrating, escaping, injection, deposit, disposal, discharge, or dispersal into the environment, at or from any property owned or operated by Seller or related to Hazardous Materials generated by the Seller.
- (d) **"Remedial Action"** means all actions required to (i) clean up, remove, or treat any Hazardous Material; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (iii) perform pre- remedial studies and investigations or post-remedial monitoring and care related to or in connection with any such remedial action.

ii. Representations.

- (a) The Seller is in compliance with all applicable Environmental Laws and has no liability under Environmental Laws or related to a Release of or exposure to Hazardous Materials related to the ASA Water Systems, and there is no reasonable basis for Seller to believe that any such liability exists, except as specifically disclosed in **Appendix "E."** Seller is not required to maintain any Environmental Permits in connection with the operation of the ASA Water Systems.
- (b) The Seller has not received any oral or written notice, claim or demand, and the Seller and the ASA Water Systems are not subject to any pending or threatened proceeding alleging any violations of Environmental Laws or Environmental Permits or related to the Release, threatened Release or exposure to Hazardous Materials relating to the ASA Water Systems, except as identified in **Appendix "F"** hereto.
- (c) There is no Hazardous Material in violation of or in a manner that has or could result in liability under any Environmental Law located on the Site, no ASA Water Systems property is listed or formally proposed for listing

under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System (“**CERCLIS**”) or on any similar state list that is the subject of federal, state, or local enforcement actions or other investigations that may lead to claims against the Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury or property damage claims, including, but not limited to, claims under CERCLA, and there is no reasonable basis for the Seller to be named in such claims or for any similar action to be brought against the Seller.

- (d) No written or verbal notification of a Release of a Hazardous Material has been filed by or on behalf of the Seller or any third party with respect to the ASA Water Systems. No ASA Water System property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state list of sites requiring investigation or clean up.
 - (e) No Hazardous Material has been Released at, on, or under any ASA Water System or any water supply, treatment, distribution, and transmission facilities.
 - (f) The Seller has not entered into any agreement that may require it to guarantee, reimburse, pledge, defend, hold harmless or indemnify any other party with respect to the liabilities arising under Environmental Laws.
 - (g) Seller has provided to Purchaser copies of all environmental reports, if any, including Phase I environmental site assessments and Phase II reports and environmental compliance audits relating to the ASA Water Systems conducted in the last five (5) years, sampling data and material correspondence of any claim or proceeding related to: (i) the environmental condition associated with the ASA Water Systems; or (ii) Seller’s compliance with Environmental Laws, each in Seller’s possession or control.
- j. Except as provided in **Appendix “F”** hereto, there are no current actions, suits or proceedings at law or in equity pending or, to Seller’s knowledge, threatened against the Seller before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the ASA Water Systems or any of the Purchased Assets, including, without limitation, any threat or possible threat of contamination to the ASA Water Systems or the Purchased Assets, or the Seller’s right and ability to make and perform this Agreement, nor to the Seller’s knowledge are there any facts likely to result in any such action, suit or proceeding. The Seller is not in default with respect to any Certificate, permit, order or decree of any court or of any administrative or governmental agency or instrumentality affecting the ASA Water Systems or any of the Purchased Assets. The Seller agrees and warrants that it shall have a continuing duty to disclose up to and including the Closing Date the existence and nature

of all pending judicial or administrative suits, actions, proceedings and orders which in any way relate to the ASA Water Systems or the Purchased Assets.

- k. **Appendix "G"** sets forth: (i) a list of each customer account serviced by the ASA Water Systems as of the date of this Agreement; and (ii) the amount of consideration paid to Seller under each customer account during the most recent fiscal year.
- l. Seller's operation of the ASA Water Systems is not in violation of any applicable state or local laws, rules or ordinances, including building, zoning or other applicable requirements, nor are there any encroachments of any kind related to any real property. Following Closing, neither the Seller nor any affiliate of the Seller shall provide water within the Service Territory or any property adjacent to the Service Territory in competition with the Purchaser.
- m. No representation or warranty made by the Seller in this Agreement contains any untrue statement of material fact, nor does any such representation or warranty omit any material fact required to make the statement or statements herein contained true or correct.

6. REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to the Seller to execute this Agreement and to perform its obligations hereunder, the Purchaser represents and warrants to the Seller as follows:

- a. The Purchaser is duly organized and is a validly existing corporation under the laws of the State of California. The Purchaser has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) carry out and perform the terms and conditions of this Agreement.
- b. This Agreement constitutes, and all other agreements to be executed by the Purchaser with respect to this Agreement, shall constitute, when executed and delivered, valid and binding obligations of the Purchaser, enforceable in accordance with their terms.
- c. Subject to obtaining CPUC approval and required third-party consents, the execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Purchaser, nor any indenture, agreement, or other instrument to which Purchaser is a party, or by which it is bound.

7. SERVICE AREA SURVEY.

- a. Within thirty days after the date of this Agreement, the Seller shall provide to the Purchaser a copy of any detailed service area survey of the ASA Water Systems which shall identify the service areas and all pipes, water mains and other tangible property located thereon. The Purchaser shall have the right, but not the obligation, to require Seller to update any service area survey (showing billing addresses of customers and maps of the physical ASA Water Systems) or request a new service area survey of the ASA Water Systems. Costs incurred by the Seller to update a survey or procure a new survey shall be paid by the Seller.

8. CONDITIONS PRECEDENT TO CLOSING.

- a. The obligations of the Seller to close the transactions contemplated by this Agreement are subject to the conditions that, at or before the Closing Date:
 - i. The Purchaser shall not be prohibited by decree or law from consummating the transactions contemplated by this Agreement.
 - ii. There is not pending on the Closing Date any legal action or proceeding that would: (i) prohibit the sale of the ASA Water Systems or the Purchased Assets; or (ii) prohibit Seller from closing the transactions contemplated by this Agreement.
 - iii. The Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, the Purchaser shall have performed such agreements, covenants and conditions, as so qualified, in all respects.
 - iv. All of the Purchaser's representations and warranties shall be true and correct in all respects on the date hereof and at and as of the Closing as though such representation or warranty was made at and as of the Closing, except, in each case, to the extent any such representation or warranty speaks as of a specific date, in which case such representation or warranty shall be, subject to the qualifications set forth above, true and correct at and as of such specific date.
 - v. The Purchaser shall have delivered or caused to be delivered to Seller all of the documents, instruments, and agreements to be delivered pursuant to Section 11(b)(ii) on or before Closing.
- b. The obligations of the Purchaser to close the transaction contemplated by this Agreement are subject to the conditions that, at or before the Closing Date:
 - i. The Seller shall not be prohibited by decree or law from consummating the transactions contemplated by this Agreement.
 - ii. There is not pending on the Closing Date any legal action or proceeding that would: (i) prohibit the Purchaser's acquisition of the ASA Water Systems or the Purchased Assets; (ii) prohibit the Purchaser from closing the transactions contemplated by this Agreement; or (iii) inhibit or restrict in any manner Purchaser's use, title, or enjoyment of the Purchased Assets.
 - iii. The Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date; provided, that, with respect to agreements, covenants and conditions that are qualified by materiality, the Seller shall have performed such agreements, covenants and conditions, as so qualified, in all respects.
 - iv. All of the Seller's representations and warranties shall be true and correct in all respects on the date hereof and at and as of the Closing as though such

representation or warranty was made at and as of the Closing, except, in each case, to the extent any such representation or warranty speaks as of a specific date, in which case such representation or warranty shall be, subject to the qualifications set forth above, true and correct at and as of such specific date.

- v. There shall have been no material adverse change in the condition of the ASA Water Systems or the Purchased Assets. For purposes of this Agreement, a “material adverse change” shall mean any event, occurrence, fact, condition or change that is, or is reasonably likely to become, individually or in the aggregate, materially adverse to (i) the ability of the Seller to consummate the transactions contemplated hereby on a timely basis, (ii) the value of the ASA Water Systems or the Purchased Assets individually, or (iii) the ability of the Purchaser to operate the ASA Water Systems or the Purchased Assets in substantially the same scope, quality and nature as the Seller operated such assets within the twelve (12) month period prior to the Closing Date.
- vi. The Seller shall have provided to the Purchaser a replacement cost new less depreciation appraisal of the value of the ASA Water Systems.
- vii. The Purchaser shall have received CPUC authorization without condition unacceptable to the Purchaser for the acquisition of the ASA Water Systems, the Purchaser’s proposed ratemaking treatment with respect thereto and any other material requests made by Purchaser in its application or other request for authorization to the CPUC, which CPUC authorization is final and no longer subject to appeal.
- viii. The Seller shall have delivered or caused to be delivered to Purchaser all of the documents, instruments, and agreements to be delivered pursuant to Section 11(b)(i) on or before Closing.

9. PRE-CLOSING CONDUCT; SELLER COVENANTS. Prior to the Closing Date, the Seller covenants to the Purchaser, and shall conduct itself, as follows:

- a. During the period between execution of this Agreement and the Closing Date, the Seller shall:
 - i. Operate and maintain the ASA Water Systems and Purchased Assets in compliance with all applicable laws and in substantially the same scope, quality and nature as the Seller operated such assets within the twelve (12) month period prior to the date hereof to ensure that the condition of the ASA Water Systems and the Purchased Assets remain in all material respects unchanged, normal wear and tear and usage excepted;
 - ii. Maintain its inventory levels regarding the ASA Water Systems and Purchased Assets in the ordinary course of business;
 - iii. Promptly notify the Purchaser of any notification received by the Seller from any person, business, or agency of any existing or potential Environmental Law violation;

- iv. Provide the Purchaser, or its designated agent(s), with unrestricted access to the business premises, ASA Water Systems, Purchased Assets, the Seller's books and records regarding its customers and operations, employees, agents, or representatives, each on at least one business day's advance notice and during business hours;
 - v. Maintain its existing levels of insurance on the Purchased Assets and ASA Water Systems. For the avoidance of doubt, the risk of any loss shall remain with the Seller through the Closing Date;
 - vi. Support and provide reasonable efforts to the Purchaser in the preparation and prosecution of the Purchaser's application or other request to the CPUC for: (A) the purchase of the ASA Water Systems and associated Purchased Assets; (B) extension of the service area of the Artesia System to include the ASA Water Systems; and (C) the establishment of rates for customers that reside in the ASA Water Systems area, including, but not limited to, furnishing necessary information, data or analysis regarding the project and infrastructure, submitting testimony, briefs and comments to the CPUC, and attending meetings or hearings at the CPUC; and
 - vii. Promptly notify the Purchaser of any event, activity or occurrence that has, or may have, a material adverse change upon the ASA Water Systems, Purchased Assets or this transaction.
- b. During the period between execution of this Agreement and the Closing Date, the Seller shall not:
- i. Enter into any contract, oral or written, relating to the ASA Water Systems or Purchased Assets without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed; and
 - ii. Without the prior written consent of Purchaser, which shall not be unreasonably withheld, enter into any Developer Agreements.

10. TERMINATION OF AGREEMENT.

- a. This Agreement may be terminated (i) by mutual written consent of the parties, (ii) by either party if the transactions contemplated hereby have not closed within sixty (60) days following the CPUC's approval of this Agreement and the transactions contemplated hereby, which approval shall be final and no longer subject to appeal; provided, that both parties hereto shall use commercially reasonable efforts to cause all of the other conditions precedent to Closing in Section 8 to be satisfied within that timeline, or (iii) as provided in Sections 10(b) and (c) below.
- b. The Purchaser may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

- i. The failure, in any material respect prior to Closing, of any conditions precedent to Closing, or the Seller's failure to comply with any pre-closing conduct or any covenant of Seller set forth in Section 8(a) or Section 9.
 - ii. Any material breach of this Agreement by the Seller, including, but not limited to, a material breach of any representation or warranty, if the Seller has not cured such breach within thirty (30) days after receiving notice from the Purchaser of such breach; provided, however, such breach must in any event be cured by the Closing Date unless the date for cure has been extended by the Purchaser by a confirmed writing.
- c. The Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
 - i. The failure, in any material respect prior to Closing, of any of the conditions precedent to Closing set forth in Section 8(b).
 - ii. Any material breach of this Agreement by the Purchaser, including, but not limited to, a material breach of any representation or warranty, if the Purchaser has not cured such breach within 30 days after receiving notice from the Seller, provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by the Seller.
- d. Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other by delivering the same as provided in Section 15(b).
- e. Upon the termination of this Agreement, the following shall occur:
 - i. To the extent permitted by California law, each party shall return all documents, including copies, in its possession, custody, or control, or in the possession, custody, or control, of its agents and consultants to the other, as the case may be. Each party, its agents and consultants, shall treat any information previously received from the other party as confidential, and shall not disclose or use such information, unless required or permitted by applicable law.
 - ii. Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.

11. CLOSING DATE AND CLOSING.

- a. This transaction shall close on or before December 31, 2025, at a location mutually acceptable to both parties (the "**Closing**"). This deadline may be extended at the option of either party for a period of ninety (90) days to accommodate any required regulatory approvals or to secure financing. As used in this Agreement, the term "**Closing Date**" shall mean 12:01 a.m. on the date that the Closing occurs.
- b. Deliveries at Closing:

- i. At or prior to the Closing, the Seller shall deliver (or cause to be delivered) to the Purchaser:
 - (a) Title to the ASA Water Systems and the Purchased Assets by bill of sale, special warranty deed or other conveyance instrument reasonably acceptable to the Purchaser, free of all claims, liens, or encumbrances whatsoever;
 - (b) At least ten (10) days prior to Closing, a listing of Seller's accounts by customer and individual amounts due for bills rendered in the ordinary course of business; and (II) at least three (3) days prior to Closing, an estimate of the gross revenue for water services rendered but not yet billed as of the Closing Date;
 - (c) All customer deposits and accrued interest thereon, together with the list of customers for whom such deposits have been collected and corresponding amounts of such deposits through Closing;
 - (d) A certificate, dated as of the Closing Date and signed by an authorized officer of the Seller, stating that each of the conditions set forth in Section 8(b)(iii) and Section 8(b)(iv) have been satisfied;
 - (e) An opinion from the Seller's counsel to the effect that: (i) the Seller is validly organized, existing and its status is active under the laws of the State of California; (ii) this Agreement has been duly and validly authorized, executed and delivered by the Seller and is a valid and binding agreement enforceable against Seller in accordance with its terms; and (iii) the execution, delivery and performance of this Agreement will not violate any agreement of or binding on, or any law applicable to, the Seller; and
 - (f) Such other instruments of conveyance as shall be, in the reasonable opinion of the Purchaser and its counsel, necessary to transfer the ASA Water Systems and Purchased Assets in accordance with this Agreement and, when necessary or desirable, in recordable form.
- ii. At or prior to the Closing, the Purchaser shall deliver (or cause to be delivered) to Seller:
 - (a) The Purchase Price, subject to any adjustment as provided for in this Agreement;
 - (b) A certificate, dated as of the Closing Date and signed by a duly authorized officer of the Purchaser, stating that each of the conditions set forth in Section 8(a)(iii) and Section 8(a)(iv) have been satisfied; and
 - (c) Such other instruments of conveyance as shall be, in the reasonable opinion of the Seller and its counsel, necessary to transfer the ASA Water

Systems and Purchased Assets in accordance with this Agreement and, when necessary or desirable, in recordable form.

12. TAXES AND OTHER EXPENSES.

- a. Any applicable taxes, shall be prorated as of the Closing Date and the Seller shall be required to pay its pro rata share at Closing. All other taxes, assessments and regulatory assessment fees accrued or owed by the Seller as of the date of Closing with respect to the ASA Water Systems and Purchased Assets shall remain the obligation of the Seller. All other taxes and assessments imposed or attempted to be imposed from and after the date of Closing with respect to the ASA Water Systems and Purchased Assets, if any, shall be the obligation of Purchaser.
- b. Documentary stamps, recording fees, if any, to record the deeds and any other fees, assessments or charges and related instruments necessary to deliver title to the Purchaser shall be paid for by the Seller.
- c. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement, and any documents associated with the Closing.
- d. All bills of any kind for services, materials and supplies of any kind rendered in connection with the construction, operation and maintenance of the ASA Water Systems prior to Closing, including but not limited to electricity, phone service, and payroll for a period up to and including the Closing Date, shall be paid by the Seller. The Purchaser shall be responsible for all such costs and expenses incurred subsequent to Closing.
- e. The Seller and the Purchaser agree that the Purchase Price (plus any Assumed Liabilities properly taken into account for income tax purposes) shall be allocated among the ASA Water Systems and the other Purchased Assets in accordance with the applicable provisions of the Internal Revenue Code of 1986, as amended, and the methodologies as set forth on **Appendix "H"** to this Agreement (the **"Purchase Price Allocation Schedule"**). The Purchase Price Allocation Schedule shall be prepared by the Purchaser and delivered to the Seller within one-hundred and twenty (120) days following the Closing Date. The Purchaser and the Seller shall file all tax returns (including amended returns and claims for refund) and information reports in a manner consistent with the Allocation Schedule and will not take any position inconsistent with such schedule unless required by a determination of the applicable governmental authority that is final.

13. POST CLOSING COOPERATION; SURVIVAL PERIOD.

- a. The Seller and the Purchaser shall, after the Closing Date, upon reasonable request of the other party and at no cost to the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, easements, assignments, transfers, powers of attorney and assurances as may be required in order to implement and perform any of the obligations, covenants and agreements of the parties arising from this Agreement, and to permit the Purchaser to operate and maintain the ASA Water Systems and the Purchased Assets.

- b. Each of the parties hereto shall provide the other with such assistance as reasonably may be requested in connection with the preparation of any tax return, audit or other examination by any taxing authority or any judicial or administrative proceeding relating to liability for taxes relating to the transactions contemplated by this Agreement, including reasonable access during regular business hours to any and all necessary documentation and/or records. Subject to the provisions of Section 13(e) below, each party shall retain and provide the other with any records or information that may be relevant to such return, audit or examination, proceedings or determination. The party requesting assistance hereunder shall reimburse the other for reasonable expenses incurred in providing such assistance.
- c. The Seller agrees to provide assistance to the Purchaser to transition the administration (including customer services and accounting functions) and operation of the ASA Water Systems and Purchased Assets for a period of one hundred twenty (120) days after the Closing Date.
- d. If Ordered by the CPUC, the Seller and the Purchaser agree to cooperate in the preparation and submittal any subsequent filings required by the CPUC after Closing. The Seller shall file reports, if any, required to satisfy its outstanding gross receipts tax, regulatory assessment fees, and other obligations and governmental assessments through the date of Closing. All of Purchaser's costs and expense relative to the initiation of Purchaser's relationship with the CPUC, including regulatory assessment fees, shall be borne by the Purchaser. Copies of the Order(s) of the CPUC acknowledging sale of the system to the Purchaser shall be promptly provided to the Seller upon Purchaser's receipt thereof.
- e. The respective representations and warranties of the parties contained in Section 5 and Section 6 of this Agreement, or any document delivered pursuant to this Agreement, shall survive the consummation of the transactions contemplated hereby and continue for a period of one year from the Closing Date, and thereafter shall terminate.
- f. If applicable, at Closing, the Seller shall forever waive any claim or right to compensation or damages of any kind against the Purchaser or the County of Los Angeles which relates to any encroachment, damage or encumbrance of any nature, type or kind that existed on the Closing Date and affecting property of the Seller located contiguous to the ASA Water Systems as may result at any time in the future from the operation of the ASA Water Systems by the Purchaser.

14. INDEMNIFICATION PROVISIONS.

- a. Indemnification By the Seller.
 - i. Subject to the other terms and conditions of this Section 14, the Seller shall indemnify, defend and hold harmless the Purchaser and its affiliates and their respective directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents (the "**Purchaser Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all losses incurred or sustained by, or imposed upon, the

Purchaser Indemnitees based upon, arising out of, with respect to or by reason of:

- (a) any inaccuracy in or breach of any of the representations or warranties of the Seller contained in this Agreement, or in any certificate or instrument delivered by or on behalf of the Seller pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement;
- (c) any Excluded Liability; or
- (d) any third-party claim based upon, resulting from or arising out of the business, operations, properties, assets, including, without limitation, the Purchased Assets, or obligations of the Seller or any of its affiliates conducted, existing or arising on or prior to the Closing Date.

b. Indemnification by the Purchaser.

- i. Subject to the other terms and conditions of this Section 14, the Purchaser shall indemnify, defend and hold harmless the Seller and its affiliates and their respective directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents (the “**Seller Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:
 - (a) any inaccuracy in or breach of any of the representations or warranties of Purchaser contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Purchaser pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);
 - (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Purchaser pursuant to this Agreement; or
 - (c) any Assumed Liability.

c. Certain Limitations.

i. The indemnification provided for in Sections 14(a) and 14(b) shall be subject to the following limitations:

(a) For purposes of this Section 14, the calculation of the amount of losses incurred in connection with any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, material adverse change or other similar qualification contained in, or otherwise applicable to, such representation or warranty.

(b) In the event of any breach giving rise to an indemnification obligation under this Section 14, the Indemnified Party shall take, and cause its current and future affiliates to take, or cooperate with the Indemnifying Party if so requested by the Indemnifying Party in order to take, all commercially reasonable measures to mitigate the consequences of the related breach.

d. Indemnification Procedures. The party making a claim under this Section 14 is referred to as the **“Indemnified Party”**, and the party against whom such claims are asserted under this Section 14 is referred to as the **“Indemnifying Party”**.

i. If any Indemnified Party receives notice of the assertion or commencement of any action made or brought by any individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity (each a **“Person”** and, collectively, **“Persons”**) who is not a party to this Agreement or an affiliate of a party to this Agreement or a director, officer, employee, consultant, financial advisor, counsel, accountant or other agent of the foregoing (a **“Third Party Claim”**) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is actually prejudiced thereby. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and the Indemnified Party shall cooperate in good faith in such defense; provided, that if the Indemnifying Party is the Seller, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier of the Purchaser, (y) seeks an injunction or other equitable relief against the

Indemnified Party or (z) relates to or arises in connection with any criminal action in which the Indemnified Party or any of its directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents is a defendant. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 14(d)(ii), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, provided, that if in the reasonable opinion of counsel to the Indemnified Party: (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 14(d)(ii), pay, compromise and defend such Third Party Claim and seek indemnification for any and all losses based upon, arising from or relating to such Third Party Claim. The Seller Indemnitors and Purchaser shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

- ii. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 14(d)(ii). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the

Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim.

- iii. Any action by an Indemnified Party on account of a loss which does not result from a Third Party Claim (a **“Direct Claim”**) shall be asserted by the Indemnified Party giving the Indemnifying Party written notice thereof. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Indemnified Party’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.
- e. Any indemnification payments required hereunder, shall be made by the Indemnifying Party to the Indemnified Party, within five (5) business days after the determination thereof.

15. MISCELLANEOUS PROVISIONS.

- a. This Agreement and the Appendices hereto collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.
- b. Any notice or other document required or allowed to be given pursuant to this Agreement by either party to the other shall be in writing and shall be delivered personally, or by recognized overnight courier, or by electronic correspondence or facsimile transmission with written confirmation.

If to the Seller, such notice shall be delivered at:

Jesus Gomez, City Manager
CITY OF NORWALK
12700 Norwalk Blvd.,
Norwalk, CA 90651

with a copy (which shall not constitute notice) to:

Arnold M. Alvarez-Glasman
City Attorney
City of NORWALK
ALVAREZ-GLASMAN & COLVIN
13181 Crossroads Pkwy North
Suite 400 – West Tower
City of Industry, CA 91746
Phone: (562) 699-5500
Email: aglasman@agclawfirm.com

If to the Purchaser, such notice shall be delivered at:

GOLDEN STATE WATER COMPANY
630 East Foothill Boulevard
San Dimas, CA 91773
Attn: Paul Rowley, Senior Vice President
Email: paul.rowley@gswater.com

with a copy (which shall not constitute notice) to:

WINSTON & STRAWN LLP
333 South Grand Avenue, 38th Floor
Los Angeles, California 90071
Attn: D. Stephen Antion
Email: santion@winston.com

Notices shall be effective upon receipt or failure to accept delivery, electronic correspondence or facsimile transmission shall be deemed received on the date sent if received by 4:00 p.m. Pacific Daylight Time on a business day. If received after 4:00 p.m. PDT, such transmission shall be deemed received on the next business day.

- c. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.
- d. The drafting of this Agreement was a joint effort of the parties, and in the interpretation hereof, it shall be assumed that no party had any more input or influence than any other.
- e. This Agreement is solely for the benefit of the parties hereto, and except as otherwise provided herein, no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party (other than successors and assigns), who or which is not a formal party hereto.
- f. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.
- g. This Agreement may be amended or modified only by a writing executed by both of the parties hereto.

- h. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.
- i. Except as provided for herein, this Agreement may not be assigned without the prior written consent of the non-assigning party. If properly assigned, this Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns.
- j. Notwithstanding anything to the contrary contained herein or in any other instrument or document executed by or on behalf of the Purchaser or the Seller in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement, or obligation of any present or future member, officer, employee, contractor or agent of the Purchaser or the Seller, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Purchaser or the Seller, in any such Person's individual capacity, and no such Person, in an individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the Purchase Price or for any claim based hereon or on any such stipulation, covenant, agreement, or obligation, against any such person, in an individual capacity, either directly or through the Purchaser or the Seller or any successor to the Purchaser or the Seller, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such Person, in an individual capacity, is hereby expressly waived and released. All references to the Purchaser in this paragraph shall be deemed to include the Purchaser and its officers, employees, attorneys, contractors and agents. The provisions of this Section shall survive the termination of this Agreement.
- k. The Purchaser shall bear no liability for accrued or current salaries or benefits of any kind related to Seller's construction, operation, or maintenance of the ASA Water Systems up to and including Closing.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

SELLER:

ATTEST:

CITY OF NORWALK, a California municipal corporation

City Attorney

Mayor

PURCHASER:

ATTEST:

GOLDEN STATE WATER COMPANY, a California Public Utility Water Company

Robert J. Sprowls

President and Chief Executive Officer

Eva G. Tang

Senior Vice President-Finance, Chief Financial Officer and Secretary

APPENDICES

Appendix "A" - Inventory of Purchased Assets

Appendix “B” - Service Territory

Appendix “C” – Physical Facilities

Appendix “D” – Inventory

Appendix “E” – Environmental Law Compliance Certification

Appendix “F” – Pending Legal Actions Certification

Appendix “G” – Customer Accounts

Appendix “H” – Purchase Price Allocation Schedule

