

# SUMMARY OF PROPOSED AMENDMENTS TO THE BYLAWS OF CALIFORNIA DOMESTIC WATER COMPANY

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- **Article I. Meetings of the Shareholders**
  - **Section 1. Annual Meeting of Shareholders (Redline page 1)**

Added language defining the time limits for when written notice of the Annual Meeting of Shareholders is to be provided to all shareholders of record.
  - **Section 2. Nominations for Members of the Board of Directors (Redline pages 1-2)**

Added language to outline and clarify the current process for the Board of Directors to extend a management slate of nominations to the shareholders for election to the Board of Directors at the Annual Meeting of Shareholders. Incorporated language from the Board of Directors Qualifications and Appointments policy statement adopted by the Board of Directors on May 22, 2015 to detail the procedures for recommending potential candidates for review and potential nomination by the Board of Directors.
  
- **Article II. Members of the Board of Directors**
  - **Section 1. Number of Directors (Redline page 3)**

Revised the language to reflect the current composition and structure of the Board of Directors.
  - **Section 2. Qualifications, Election, and Tenure of Office (Redline pages 3-5)**

Incorporated language from the Board of Directors Qualifications and Appointments policy statement adopted by the Board of Directors on May 22, 2015 to outline a summary of the necessary qualifications and skill sets for shareholders to consider when submitting names for potential nomination to the Board of Directors.
  - **Section 3. Vacancies (Redline page 5)**

Added this new section to define the procedures for handling a mid-term vacancy in the Board of Directors and appointing a new Director to serve for the unexpired term.
  - **Section 4. Performance of Duties and Liability (Redline pages 5-6)**

Added this new section to describe the expected conduct of the members of the Board of Directors in their performance of duties as a Director of the Corporation and to outline their limits of liability so long as they meet the expected standards of conduct.
  
- **Article IV. Meetings of the Board of Directors**
  - **Section 1. Regular Meetings (Redline page 10)**

Revised language to reflect the current regular meeting schedule of the Board of Directors as the 3<sup>rd</sup> Friday of each month.
  - **Section 2. Special and Emergency Meetings (Redline page 10)**

Revised the language to provide procedures and requirements for calling an emergency meeting of the Board of Directors.
  - **Section 3. Participation by Telephone or Other Communications Equipment (Redline page 10)**

**Summary of Proposed Amendments to the  
Bylaws of California Domestic Water  
Company (Continued)**

Added this new section to the Bylaws to allow for remote participation by telephone conference or other communications equipment in the meetings of the Board of Directors.

➤ **Section 5. Notice of Meetings (Redline page 11)**

Added this new section to the Bylaws to define the procedures and requirements for providing notice to the Directors for meetings of the Board of Directors.

• **Article V. Records and Reports**

➤ **Section 1. Inspection of Records (Redline page 12)**

Added this new Article and section to the Bylaws to outline how shareholders may request to inspect or receive copies of records and reports from the Company.

• **Article VIII. Stock**

➤ **Section 1. Types of Stock and Water Entitlements (Redline pages 15-16)**

Revised language specific to Common Stock to update the description of Common Stock, to define the shareholder water entitlement associated with ownership of Common Stock, and to align the language with the Rules and Regulations Governing Water Service last amended by the Board of Directors on May 19, 2023.

Added new language specific to Class A Preferred Stock to appropriately outline the description of Class A Preferred Stock, to define the shareholder water entitlement associated with ownership of Class A Preferred Stock, and to align the language with the Rules and Regulations Governing Water Service last amended by the Board of Directors on May 19, 2023.

Revised language specific to Excess Water Entitlement to align the language with the Rules and Regulations Governing Water Service last amended by the Board of Directors on May 19, 2023.

➤ **Section 2. Assessments (Redline pages 16-17)**

Revised language to appropriately state the purpose of Common Stock assessments and to align the language with the Rules and Regulations Governing Water Service last amended by the Board of Directors on May 19, 2023.

Added language to state that Class A Preferred Stock is not subject to the levy of assessments, which is the current practice of the Company.

• **Article X. Amendments (Redline page 22)**

Revised the language to outline the threshold of affirmative votes required by the Board of Directors to amend the Bylaws.

• **Secretary's Certificate of Adoption of Amended Bylaws (Redline page 23)**

Added this page to formalize and memorialize the adoption of amended Bylaws by the Company in accordance with the provisions of Article X. Amendments.