

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

January 12, 2010

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 6:30 p.m., President Jackie Lerno presiding. Others present were Vice President Frank Platz, Directors Brien Vierra and Leroy Davis, General Manager John Neil, and Secretary Cheryl Powers. Director Robert Jones was absent.

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the minutes of the regular meeting of December 9, 2009. The motion carried 4 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Operations reports were available for review. The General Manager reported that well levels in the deep wells have come up approximately 40 feet, all wells are operational, and all water needs are being met using only the shallow wells. He also noted that the Year Usage chart indicates a 15% reduction in use was realized during several months this year due to staff's strong conservation efforts.

FINANCIAL REPORT:

The Financial reports for December were available for review. The General Manager noted that the Conservation Rebate Program is over the budgeted amount due to the popularity of the landscape rebate and washing machine rebate programs. He also noted that revenue from the drought rates in effect over the summer more than offset the additional rebate expenses.

CONSERVATION REPORT:

The Conservation report was available for review. The Conservation Manager reported that new sign boards have been developed and will be installed throughout town in February. She also reported that the clothes washer and high-efficiency toilet rebate programs continue to be utilized by customers, and that approximately \$8,000 in landscape rebates are scheduled to be issued.

The Manager's Report was available for review as follows:

RAINFALL:

Total rainfall for the current rain year is 10.70 inches through December 31, which is well above average for December.

NACIMIENTO WATER PROJECT (NWP):

The project is ahead of schedule and under budget. Testing of the booster stations and other facilities is underway, and water deliveries are expected by July 2010.

WATER SYSTEM FLUSHING:

During the week of December 28, an unknown event occurred which resulted in discolored water in the south end of town. It took three days of flushing in that area to resolve the discolored water. The lack of flushing during the year due to drought conditions, as well as the use of orthophosphate to address the copper levels, likely contributed to the discolored water issue.

CHALK MOUNTAIN TANK:

Speiss Construction installed the new roof. The tank is scheduled to be painted in March.

NWP RECHARGE & RECOVERY BASINS:

The recharge basin is ready for final inspection. Specs for the recovery well are nearly complete and requests for bids for the project will be going out soon.

FACILITY EXPANSION:

Work on the new garage and storage barn will be completed in the next couple of weeks. Paving around the new buildings and existing shop is complete.

TECHNOLOGY IMPROVEMENT PROGRAM:

The new financial system is operational. The fixed asset data has been entered into the new system, which will allow for much more detailed and accurate tracking of assets, as well as give staff the ability to more accurately capture capital labor costs. Design sessions for the new customer information system will begin the first week of February.

LEAD & COPPER RULE COMPLIANCE:

The last round of testing showed that copper levels were reduced and are now in compliance with the Lead and Copper Rule.

STANDBY SERVICE FEES:

A letter from Mr. Dino Williams regarding the recent increase in standby fees was discussed. Staff explained that fewer than 10 customers of the 400 on standby have made any comment on the new rate. The Board made no changes to the standby fee in response to Mr. Williams' request.

NEXT MEETING DATE AND TIME:

The next meeting is scheduled for February 10, 2010, at 6:30 p.m.

The following new business was discussed:

SITE LEASE, RAMINHA CONSTRUCTION:

The General Manager explained that Raminha Construction currently leases property on Sycamore Road from AMWC, and the lease is scheduled to expire 12/31/10. Mr. Raminha has asked if AMWC would consider extending the lease, using the same terms and conditions of the existing lease, for an additional five years. A motion was made and seconded to authorize the General Manager to negotiate a lease with Raminha Construction for five years when the current lease expires, using the same terms and conditions of the existing lease. The motion carried 4 to 0.

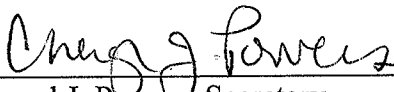
WATER USE RATES, MULTI-FAMILY RESIDENTIAL CUSTOMERS:

The General Manager explained that in response to a shareholder's comments regarding multi-family water rates and landscape meters at last month's meeting, he prepared analysis to determine how/if water usage and charges differ between multi-family customers with landscape meters and those without landscape meters. His analysis revealed that multi-family properties with landscape meters pay more per unit than those without landscape meters.

He noted that AMWC does not currently have a policy regarding installation of landscape meters, and that it could be to AMWC's benefit to require them for multi-family residences because the landscape meters could be turned off during times of drought. He also reported that the State has required the City to adopt an ordinance to require landscape meters to comply with its Model Water-Efficient Landscape Ordinance legislation. There was discussion regarding connection fees for landscape meters and special rates for landscape meters that benefit the community, such as public parks.

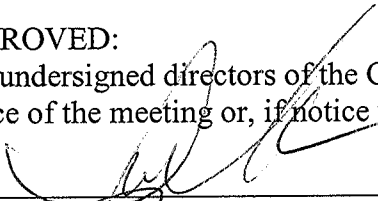
The Board is not considering a change regarding landscape meters at this time. The General Manager will do more research and bring back more information regarding this issue at the next meeting.

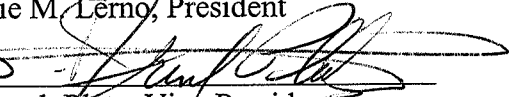
The meeting was adjourned at approximately 7:30 p.m.

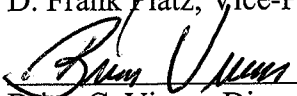

Cheryl J. Powers, Secretary


APPROVED:

The undersigned directors of the Company approve the foregoing minutes of directors and acknowledge notice of the meeting or, if notice was not properly given, waive notice of the meeting.


Jackie M. Lerno, President


D. Frank Platz, Vice-President


Brian C. Vierra, Director


Leroy R. Davis, Director


Robert M. Jones, Director