

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

April 14, 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 Directors Brien Vierra, Leroy Davis, and Robert Jones, Vice-President Frank Platz, General Manager John Neil, and Secretary Cheryl Powers.

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 March 10, 2010. The motion carried 5 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Operations reports were available for review. The General Manager reported that repairs and maintenance have been completed on the wells that were out of service last month. He noted that approximately 10 million gallons of water was used when the system was flushed in March, which may indicate that more water was metered/used by customers on the "Gallons Pumped Per Day" graph. He reported that the Conservation Manager will start reporting on metered water versus pumped water at the next Board meeting.

FINANCIAL REPORT:

The Financial reports for March were available for review. The General Manager reported that revenues and expenses are largely where they were anticipated to be at this time, with plant expenses slightly lower than projected and office expenses slightly higher, mainly due to conservation-related expenses.

CONSERVATION REPORT:

The Conservation report was available for review. The Conservation Manager reported that she has received requests to speak at many local public meetings, and that AMWC will be participating in a variety of local functions in the next month. She reported on the status of ongoing conservation programs and stated that the Water-Conserving Landscape Awards will be presented at the June Board meeting.

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

RAINFALL:

Total rainfall for the current rain year as of March 31 is 23.44 inches.

WELL LEVELS:

Water levels in the wells have stabilized, and the static water level in a monitoring well in the deep well field was at 12.5 feet below ground surface on March 29.

CARPENTERS' LOCAL UNION 150:

The Carpenters' Union is continuing to intermittently picket at AMWC's business office.

NACIMIENTO WATER PROJECT (NWP):

Lake Nacimiento is 63% full as of March 31.

NWP staff is still working with County staff on the budget for next year. The General Manager has indicated to County staff that he will be following the budget process closely to monitor budget figures for anticipated expenses.

An acceptable design for the pumps at the intake structure was found, and the District has allowed the Facilities Contractor to release the pumps for production. Water deliveries are now expected as soon as September. The Facilities Contractor has filed a \$1,000,000+ claim against the County for supposed design and specification deficiencies related to the intake pumps.

The North Pipeline Contractor discovered that a section of pipe that goes under Highway 101 at Wellsona Road had "shorted" with the pipe casing. The contractor had to exhume the pipe to correct the problem.

NWP staff is working with Monterey County staff regarding the quagga mussel inspection issue. Signs will be posted on Nacimiento Lake Drive and Highway 101 regarding vessel inspections.

NWP RECHARGE & RECOVERY BASINS:

Filipponi and Thompson submitted the low bid for drilling the recovery wells and a monitoring well, with a bid of \$396,790.

TECHNOLOGY IMPROVEMENT PROGRAM:

Design sessions for the new Customer Information System (CIS) are nearly complete. AMWC's consultant will be performing parallel testing with Datastream for the next two billing cycles to test and troubleshoot results. The new CIS system is scheduled to go live in late May.

NEXT MEETING DATE AND TIME:

The Annual Meeting is scheduled for May 5, 2010, at 7:00 p.m. The next regular meeting is scheduled for June 9, 2010, at 6:30 p.m.

The following new business was discussed:

APPOINTMENT OF INSPECTORS OF ELECTION FOR ANNUAL MEETING:

A motion was made and seconded to appoint Jim Corey, Don Vert, and Anita Rouse to act as inspectors of election, and to appoint Jim Corey as Chairperson of the inspectors, for the Annual Meeting of Shareholders to be held on May 5, 2010, at 7:00 p.m., at the Atascadero Mutual Water Company office located at 5005 El Camino Real, Atascadero, California. The motion carried 5 to 0.

The following old business was discussed:

FACILITY EXPANSION:

Frank Seiple, project architect, and AMWC's Conservation Manager, Jaime Lien, presented site development and demonstration garden design principles and site plans. Jaime explained that the

landscaping would consist of California/Mediterranean plants and would serve as learning grounds, including signage and the ability to demonstrate for workshops, as well as landscaping for the building. There was discussion regarding the lawn, water feature, and maintenance issues.

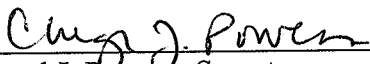
Frank Seiple addressed the issue of the structural category of the building and presented a table explaining the different occupancy categories. It was determined that it would be appropriate to construct the building to Category III requirements, which will provide a greater factor of safety against failure in a seismic event. Frank was asked to bring back costs associated with that category.

The following new business was discussed:

BUDGET, FISCAL YEAR ENDING 4/30/11:

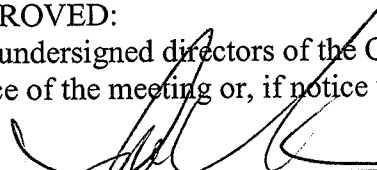
The General Manager reviewed the summary of the proposed budget for FY 2011 and discussed the four alternatives presented in the agenda item. There was discussion regarding of connection fee assumptions used, proposed water rate increases, and the effect constructing the new administrative building could have on cash reserves over the next five fiscal years. The Board indicated it would like to finish the design of the administrative building at this time, and that a decision regarding construction will be made at a later date. A motion was made and seconded to approve the budget for Fiscal Year 2011 per Attachment A of the agenda item. The motion carried 5 to 0.

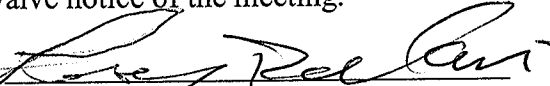
The meeting was adjourned at approximately 8:30 p.m.

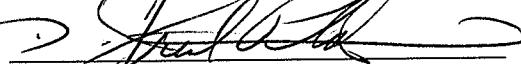

Cheryl J. Powers, Secretary

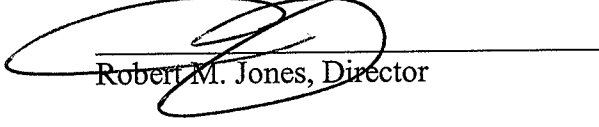
APPROVED:

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


Leroy R. Davis, Director


D. Frank Platz, Vice-President


Robert M. Jones, Director


Brien C. Vierra, Director