

MINUTES OF SPECIAL MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

October 27, 2011

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 10:00 a.m., President Brien Vierra presiding. Others present were Vice-President Leroy Davis, Directors Jackie Lerno, Frank Platz, and Grigger Jones, General Manager John Neil, and Secretary Cheryl Powers.


CONNECTION FEES, APARTMENTS:

The Board met to further review this issue that was tabled at the October 12 Regular meeting. Staff provided additional analyses of water demand for existing apartment complexes and converted usage into the representative connection fee. This analysis revealed that the current connection fee for apartments with a dedicated landscape meter is adequate to offset AMWC's costs to provide water resources for them.

The General Manager explained that there is justification for reducing the per-unit connection fee for apartment complexes that are metered such that the domestic water service is kept separate from the landscape water service. Six years of use data shows that the per-unit domestic component for apartment complexes with meters dedicated to landscape service is approximately half that of the per-unit use for complexes that are metered such that the domestic service and landscape service are combined.

A motion was made and seconded to maintain the current connection fee of \$9,800 per unit for apartment complexes that are metered such that the domestic service and landscape are combined, and to establish a connection fee of \$4,900 per unit for complexes that have a meter dedicated to domestic service and a meter dedicated to landscape service, with the requirement that at least one 5/8" meter dedicated to landscape service be installed. The motion carried 5 to 0.


The meeting was adjourned at approximately 10:40 a.m.



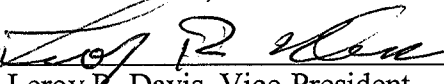
Cheryl J. Powers, Secretary

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.



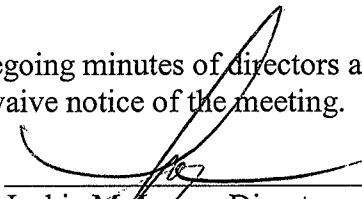
Brien C. Vierra, President



Leroy R. Davis, Vice-President



Robert M. Jones, Director



Jackie M. Lerno, Director



D. Frank Platz, Director

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

October 12, 2011

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

PUBLIC COMMENT:

Shareholder Larry Welsh stated that he is not happy that the high-usage adjustment available for the property he owns at 9900 Atascadero Avenue is minimal because a high-usage adjustment was granted for the property six years ago. There was discussion among the Board members and staff regarding the prior adjustment. The Board thanked Mr. Welsh for sharing his concern.

Shareholder Lee Swam expressed his thanks to AMWC and specifically spoke of Jaime Hendrickson's contributions to the Centennial Daffodil project.

ATASCADERO FIRE DEPARTMENT DRT TRAILER PRESENTATION:

A representative of the Atascadero Fire Department delivered a Powerpoint presentation describing the new Disaster Relief Trailer (DRT) the City is employing. He explained how the DRT will be used in the community, as well as in conjunction with the City of Paso Robles. He stated that the total cost of the project is \$100,000, and noted that the City is accepting donations from community members.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the minutes of the regular meeting of September 14, 2011. 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 all wells are operational, and that overall water use is less than last year.

FINANCIAL REPORT:

The financial reports for July were available for review. The General Manager reported that revenue is higher than projected and expenses are slightly above what was budgeted.

CONSERVATION REPORT:

The Conservation Manager reported on the October events, as well as the status of the home water surveys and rebate programs.

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

WELL LEVELS:

The water level of Monitoring Well No. 11 was 24 feet below ground surface on October 3.

NACIMIENTO WATER PROJECT:

As of September 1, Nacimiento Lake is at 73% capacity with a surface elevation of 780.8' and 276,740 acre-feet of storage. The County has replaced the PRV at AMWC's turnout to flush the pipeline, and they are still having trouble with the Santa Ysabel Pump Station.

RESOURCE CAPACITY STUDY:

The General Manager is on a Water Resource Advisory Committee (WRAC) for reviewing and commenting on the implementation of the recommendations in the County's Resource Capacity Study. He reported on activity at the last meeting.

COUNTY MASTER WATER PLAN:

The General Manager is on a Water Resource Advisory Committee (WRAC) for reviewing and commenting on the draft County Master Water Plan. He reported on activity at the last meeting.

ADMINISTRATIVE BUILDING DESIGN:

Plans are at the City for a second plan check. Staff will continue the process to keep the permit active.

ASSEMBLY BILL NO. 54, SOLORIO:

The General Manager reported that he is not getting much support in opposing some of the requirements proposed by the bill. He will keep the Board informed of any new developments.

NEXT MEETING DATE AND TIME:

The next meeting is scheduled for November 9, 2011, at 6:30 p.m.

The following new business was discussed:

CONNECTION FEES, APARTMENTS:

Staff received a request from Gaylen Little and Mike Zappas to reduce the connection fee for apartments to \$1,500 per unit from \$9,800 per unit. They are considering constructing a 100-unit apartment complex and are currently in the due diligence period for the project. Mr. Zappas gave the background information for the project.

The General Manager explained that he had previously analyzed the impacts of the apartment units on water resources by looking at historical usage for apartments. At that time, he determined that apartments typically use half the amount of water that single-family residences (SFR) do, which is the reason the connection fees are currently half the cost of a SFR connection fee. All but three apartment complexes are served by meters that combine domestic and landscape water.

He reviewed the three apartment complexes that have separate landscape meters to determine the domestic use per apartment unit. The data indicates that domestic usage of an apartment unit is approximately one-quarter of the SFR usage, or one-half the use of an apartment unit served by a meter

that combines domestic and landscape water. He suggested that this may be justification for reducing the connection fee if the landscape use is taken out and apartment units are served by a domestic meter and a landscape meter.

He explained that his recommendation is to deny the request because the reduction in the connection fees is too great and the revenue generated would not be commensurate with the impact on the water resources. However, he did offer three alternatives: 1) Make no change, 2) Change current fee but include landscape meters at no connection fee, 3) Reduce connection fees for apartment units that have dedicated domestic and landscape meters.

Mr. Zappas spoke of the benefits the project would provide to the community, and provided the Board with a handout regarding multifamily housing generating economic activity. Jerry Rioux, Executive Director of the San Luis Obispo County Housing Trust Fund, spoke about the need for affordable housing in the county due to low incomes, and he emphasized that apartments use less water than SFRs.

The Board members decided to table the item for further discussion when a full Board is present. They explained that they will try to hold a special meeting next week so they can have a decision prior to the end of the project's due diligence period.

COMMUNICATIONS SITE LEASE, RADIO BILINGUE:

The General Manager explained that the Radio Bilingue has requested that AMWC consider leasing a site at the Santa Ana Tank for a temporary radio repeater station, which would be operational for three to four months. A motion was made and seconded to authorize the General Manager and AMWC counsel to negotiate and enter into a communications site lease agreement with Radio Bilingue for a temporary radio repeater at the Santa Ana Tank site, subject to the terms and conditions noted in the action item. The motion carried 4 to 0.

The following old business was discussed:

CITY LANDSCAPE REBATE PROGRAM:

The General Manager explained that the City voiced its concerns regarding the increased cost it would experience due to the proposed rate increases and asked if AMWC would consider a special rate for the City. He reported that the City has made some adjustments and has had some considerable reductions based on the usage for June – September.

AMWC approved a matching rebate program for the City in January, and the amount AMWC might pay the City is \$9,000, and the City saved \$28,505 for the months of June to September. Staff sent the agreement to the City and it has not been returned; the city would like to meet with staff to discuss the agreement next week.


The General Manager reported that the California Corporations Code limits AMWC's ability to charge the City a different rate than other Shareholders.

The meeting was adjourned at approximately 8:05 p.m.

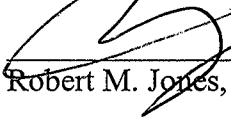

Cheryl J. Powers, Secretary

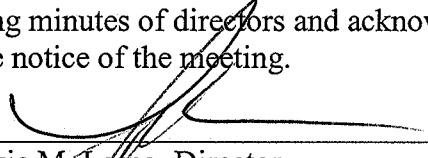
APPROVED:

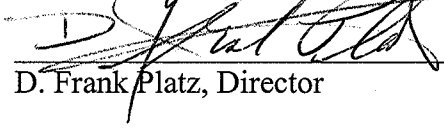
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