

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

March 14, 2007

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 6:33 p.m., President Leroy Davis presiding. Others present were Directors Robert Jones, Jackie Lerno, Frank Platz, and Rodger Vierra, General Manager John Neil, and Assistant Secretary Cheryl Powers. Secretary Rosemary Marsango and Treasurer/CEO Ken Weathers were 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 February 14, 2007. The motion carried 5 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Operations Report was available for review. The General Manager reported that all wells are operational except for Well 1B, which is expected to be online by the end of April. He also reported that based on historical data for peak summer demand, there is approximately an 8% contingency supply. He said that irrigation could start sooner with the warmer weather, but the aquifer is full so should be sufficient for this year; in the meantime, staff is looking at other well sites.

FINANCIAL REPORT:

The Financial reports for January were available for review. The General Manager reported that revenues are slightly less than projected, as are expenses. He also reported that there is a significant amount of money in the Edward Jones account that has not been invested, and that he will discuss this issue further in Executive Session.

CONSERVATION REPORT:

The Conservation Manager reported that she had just come in from a CUWCC council meeting that was held in Santa Barbara and that numerous water conservation assembly bills are in the works; this means there could be a lot of money available from the government for water conservation programs in the future – she feels this is an indication that the value of conservation is increasing.

The Conservation Manager announced that a countywide water festival is being held at Irish Hills Plaza in San Luis Obispo on Saturday, May 5. It is anticipated that this will become an annual event, and Atascadero has been selected to host the festival next year. She also mentioned that we are currently running public service announcements citing several programs being offered at this time,

including the washing machine rebate, sprinkler retrofit program, and landscape and in-home audits, and that AMWC will be hiring a temporary employee soon to help with the audits.

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

LEAD & COPPER RULE TREATMENT:

The General Manager reported that staff has signed up 71 homeowners to participate in the in-home sampling, and the initial round of testing has been done. Staff has started the injection of phosphoric acid and will do more sampling soon.

WELL NO. 2A TRANSMISSION MAIN:

Raminha Construction has begun work on the new transmission main between Well No. 2A and Treatment Building C.

SAN MARCOS AND CHALK MOUNTAIN TANK ROOF REPLACEMENTS:

Staff has received and is reviewing the underwater inspection reports. The findings of the reports will help determine the service life of each of the tanks, which will help staff do cost/benefit analyses. Staff will have the analyses completed soon and will report findings to the Board at the April meeting.

GEOGRAPHIC INFORMATION SYSTEM (GIS):

The General Manager reported that Administrative Analyst Lorraine Halderman has been doing a great job getting the water system information into the GIS database. Many areas of the water system are now available electronically with the click of a button. The next step is to get the GIS to a point where the information can be downloaded onto a laptop that the customer service water maintenance technician can use in his truck. Ideally, a wireless link would be created sometime in the future so that the technician could receive service orders, e-mails, etc. via the laptop computer, thereby removing the necessity of having to come into the office throughout the day.

SAN MIGUEL MAIN EXTENSION WAIVER:

As previously mentioned, the time limit given to Stan Weaber for paying an in-lieu fee instead of construction a main extension along San Miguel Road has expired, and Mr. Weaber has paid only one of the three in-lieu of fees. The General Manager will not report on this item in the future.

FACILITY EXPANSION:

Additional refinements to the floor plan have been made for the administrative area, and staff is now looking at the field personnel areas. The preliminary road plans have been done, and "perk" tests have been requested. Once the floor plan has been more refined, staff will present it to the Board.

The CEO's Report was not available for review, but the General Manager reported on the Nacimiento Water Project as follows:

The General Manager and CEO have a meeting scheduled with the bond underwriter and are putting together a "dog and pony show" to show AMWC's wherewithal. The NWP committee is looking into the formation of a CSA. The County initially stated it would absorb the cost of a CSA, but now that

has changed, so it is probably not a viable option. The General Manager also explained that the formation of a CSA would likely have to go to a vote since the CSA must have taxing authority, per the County. The Board expressed concerns about a CSA creating a lot of problems, specifically that that is could politicize AMWC and that a CSA may eventually want to take over AMWC.

NEXT MEETING DATE AND TIME:

The next meeting is scheduled for April 11, 2007, at 6:30 p.m.

The following new business was discussed:

SITE LEASE, CLEARWIRE WIRELESS

John Merit, representative for ClearWire Wireless, presented the Board with information regarding ClearWire Wireless's proposal to install an internet facility site on Pine Mountain. He stated that they are looking at six sites in Atascadero, and their ability to install them is largely driven by the City Planning department. He explained that the internet installations are very small compared to the cell sites, and that they wouldn't interfere with AMWC's telemetry or SCADA operations.

Mr. Merit explained that ClearWire would start paying rent when construction begins, or within 18 months, the installations would be painted to match the tank, and the proposed expiration dated would be sometime in 2028. Mr. Merit also provided some information regarding ClearWire's anticipated revenue stream for this project.

The Board questioned the type of power to be used, and Mr. Merit explained that it is low power microwave. The Board also asked about who ClearWire's competition would be for this type of service, and he said that TCSN, Digital Putty, AT&T, and Charter Broadband would be the main competition, and that it's mostly landline but could include voice and data in the future.

Mr. Merit explained that ClearWire is planning to launch the service in the first quarter of next year, and they are targeting 76,000 residents within San Luis Obispo, with 8,000 residents of those being in Atascadero.

The General Manager explained that he is looking to the Board for direction on this item and it will be further discussed in Executive Session.

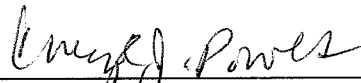
CAPITAL PROJECTIONS LIST

The General Manager reviewed with the Board the list of capital improvement projects being proposed for fiscal year 2007/2008. He explained that many of them are projects that were on last year's budget but were delayed. He also explained that he will present costs for these items with the proposed budget at the April meeting, and he is estimating approximately \$2 million in costs. The bookkeeper is in the process of entering the 2007/2008 budget numbers, and the General Manager can provide explanations for any of the items.

CORPORATE SECRETARY

A motion was made and seconded to appoint Cheryl J. Powers as Secretary and Lorraine M. Halderman as Assistant Secretary.

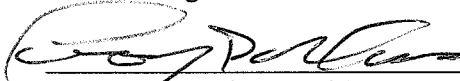
The meeting was adjourned.



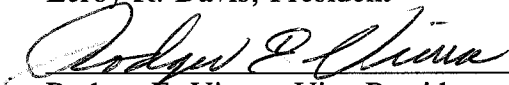
Cheryl J. Powers, Assistant Secretary

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.



Leroy R. Davis, President



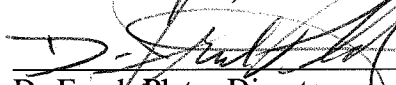
Rodger E. Vierra, Vice-President



Robert M. Jones, Director



Jackie M. Lemo, Director



D. Frank Platz, Director