MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

July 8, 2026

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 4:28 p.m. President Brien Vierra presiding. Vice President Leroy Davis; Directors Robert Jones, Jackie Lerno, and Frank Platz; and General Manager John Neil were also present. Secretary Susan Jordan and Assistant Secretary Lorraine Halderman were absent.

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the meeting minutes of June 10, 2026; and carried 5 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Chief Operator (CO) reported that the rehabilitation of Well 6A has been completed. Following installation of the replacement column pipe sections, the well was disinfected, sampled, and returned to service after water quality testing confirmed satisfactory results. Well 6A is operating normally at approximately 490 gallons per minute. As part of the rehabilitation, five coated column pipe joints were replaced with uncoated carbon steel joints to provide continued service until the well is converted to a submersible pump in conjunction with the future treatment plant project. The remaining wells are operational, apart from Well 5, which remains under conversion from natural gas to electric power.

The CO also reported that repainting of the Chalk Mountain Tank is nearing completion. The tank has been repainted to match the color used on the Random Oaks, Summit Hills, and Santa Ana tanks. Surface preparation included pressure washing, with additional work performed to remove deteriorated paint. A final walkthrough and inspection of the completed work will be conducted upon project completion.

FINANCIAL REPORT:

The General Manager (GM) noted that water revenue estimates and expenses were slightly lower than expected. The balance sheet reflected working capital of approximately $11.2 million. Another installment of approximately $400,000 was received related to the PFAS settlement.

CONSERVATION REPORT:

The Conservation Manager (CM) reported that there were no changes to the radio advertising and provided an update on the upcoming events. A July bill insert promoting AMWC's Rebate Programs and Home Water Survey Program will be distributed to customers.

The CM reported that the annual school education program concluded with participation from nearly 1,000 students. This year's program expanded to include classroom presentations for kindergarten through second grade, while middle school field trip participation declined. Staff will meet with the new Science Discovery program owner to discuss enhancements for next year's program.

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

RAINFALL:

Total rainfall received for the period July 1 through June 30 was 20.53 inches, recorded at the weather station at 6575 Sycamore Rd. The long-term average cumulative rainfall for this period is 17.56 inches.

WELL LEVELS:

The static water level (SWL) at the northerly end of the main well field was ±29 feet below ground surface (BGS) at the end of June. Groundwater levels last year at this time were at 31.3 feet BGS.

NACIMIENTO WATER PROJECT:

The lake was at 58.0% capacity with 220,438 acre-feet (af) of storage on May 31, down from 63.0% capacity on April 30. Current releases from the lake are 264 af/per day.

AMWC is not currently taking delivery from the Nacimiento Water Project.

PFAS TREATMENT:

The GM reported that over-excavation at the PFAS treatment site has begun, including construction of a new access road near the Highway 41 bridge. Excavation has encountered tires, concrete structures, trash, and tree stumps, which are being stockpiled and evaluated for processing or reuse onsite. Staff is also working to install a time-lapse camera to document the project, and rapid impact compaction is expected to begin in early August.

PERMIT TO ISSUE SHARES, PASEO PALOMA II:

The GM reported that the grant deed was received from the State and that staff will begin preparing the agreements and related documents necessary for the permit to issue shares.

NEXT MEETING DATES AND TIMES:

The next Regular meeting is scheduled for August 12, 2026, at 4:30 p.m.

OLD BUSINESS:

CELL SITE LEASE PURCHASE, LANDMARK DIVIDEND:

The GM reported that Landmark Dividend submitted a revised offer to purchase AMWC's existing cell site leases, increasing the revenue split to 60/40 in AMWC's favor and the offer from $1.65 million for a 15-year lease to $1.725 million for a 16-year lease. After discussion, the GM recommended staying the course with the existing leases.

A motion was made by and seconded to reject the revised offer and carried 5 to 0.

NEW BUSINESS:

HIGH-USE BILLING ADJUSTMENT, 9233 LUCINDA LANE:

The shareholder of 9233 Lucinda Lane requested a second high-use adjustment in a 24-month period. The GM recommended that the Board approve Alternative 3, granting the request with the stipulation that the shareholder would not be eligible for another high-use adjustment until July 2028.

A motion was made by Vice President Davis to grant the shareholder a 12-month payment plan, followed by a second motion from Director Jones and carried 5 to 0.

POLICY REVISION, WISE & BENEFICIAL USE OF WATER POLICY:

The CM presented proposed revisions to Board Policy 111, Wise and Beneficial Use of Water, to comply with Assembly Bill 1572, which prohibits the use of potable water to irrigate non-functional turf on commercial, industrial, institutional, and homeowners association properties. The policy revision is required by January 1, 2027, and will include customer outreach and education. The CM noted that the change has no immediate budget impact, and any future costs related to outreach, rebates, or enforcement would be brought back to the Board.

A motion was made and seconded to approve the revisions to Board Policy 111, Wise and Beneficial Use of Water, and carried 5 to 0.

GRANT OF EASEMENT, NACIMIENTO WATER PROJECT:

The GM brought back to the table the discussion of the Easement Deed and Right-of-Way Agreement with the San Luis Obispo County Flood Control and Water Conservation District for the Nacimiento Water Project pipeline realignment. GM reported that the agreement had been revised to incorporate AMWC's requested changes, including reducing the permanent easement width from 30 feet to 15 feet following completion of construction and verification of the pipeline alignment by survey. The agreement also reserves AMWC's rights to install and maintain water facilities within the easement area, provides for unrestricted access across the easement, prohibits assignment or subleasing of the permanent easement by the District, and acknowledges the potential for ground settlement associated with AMWC's groundwater operations.

The GM recommended that the Board authorize the Board President to execute the Easement Deed and Right-of-Way Agreement granting temporary and permanent easements across portions of Parcels A and D of PMCOAL 74-306 to the San Luis Obispo County Flood Control and Water Conservation District for the Nacimiento Water Project pipeline realignment.

A motion was made and seconded, and unanimously carried to approve the recommendation and authorize the Board President to execute the agreement.

ANNUAL AUDIT:

The GM presented the draft audited financial statements for the fiscal year ended April 30, 2026, noting that the audit was substantially complete and that only minor revisions, if any, were anticipated before the final report was issued. The GM advised the Board that AMWC is required to provide financial information to shareholders within 105 days following the end of the fiscal year and invited Board members to submit any comments or questions before the audit is finalized.

The GM suggested that the Board accept the draft audited financial statements for the fiscal year ended April 30, 2026.

A motion was made, seconded, and unanimously carried 5 to 0.

The meeting was adjourned at 5:11 p.m

Secretary, Susan Jordan

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

D. Frank Platz, Director

Leroy R. Davis, Vice President

Robert M. Jones, Director

Jackie M. Lerno, Director