

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS
ATASCADERO MUTUAL WATER COMPANY

April 15, 2026

The meeting convened at the office of Atascadero Mutual Water Company, 5005 El Camino Real, Atascadero, at 4:29 p.m. President Frank Platz presiding. Vice President Brien Vierra; Directors Leroy Davis, Robert Jones, and Jackie Lerno; General Manager John Neil; and Assistant Secretary Susan Jordan were also present. Secretary Cheryl Powers was absent.

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF MINUTES:

A motion was made and seconded to approve the meeting minutes of March 11, 2026; the motion carried 5 to 0.

The following reports were reviewed:

OPERATIONS REPORT:

The Chief Operator (CO) reported that Wells 1B and 3A remain under the influence of surface water and so are not being operated at this time. Pump 5A was pulled due to reduced production. The casing was video inspected. Significant biofouling of the perforations was found. The well was wire brushed and jetted. Another video inspection will occur the week of April 19 to evaluate the effectiveness of the wire brushing. Pump 6A was also pulled because of reduced production; a hole in a collar of the column pipe was found and scaling was discovered in the well casing and are being addressed. As additional pumps are expected to be replaced over the next few years, some column pipes will be replaced in the interim and additional column piping will be installed where needed. The CO also reported that the 24-inch discharge line serving Wells 1B, 3A, 5, and 5A will need to be removed in order to accommodate the ground improvement work needed for the water treatment plant project.

FINANCIAL REPORT:

The financial reports for the period ending February 2026 were available for review. The General Manager (GM) reported that total revenue is higher than budgeted due to the PFAS settlement, while expenses are coming in lower than budgeted and are tracking as anticipated. The GM also reported that working capital is estimated to be approximately \$11 million by year end, with a significant portion of those funds expected to be used toward construction of the treatment facility.

CONSERVATION REPORT:

The Conservation Manager (CM) reported on the radio outreach program and provided updates on the Water Education School Program, landscape programs, rebate tracking, and upcoming events.

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

RAINFALL:

Total rainfall received for the period July 1 through April 15 was 19.59 inches, recorded at the weather station at 6575 Sycamore Rd. The long-term average cumulative rainfall for period July 1 through March 31 is 16.01 inches.

WELL LEVELS:

The static water level (SWL) at the northerly end of the main well field was 23.1 feet below ground surface (BGS) at the end of March, down from 14.7 feet BGS at the end of February. Groundwater levels last year at this time were at 15.7 feet BGS.

NACIMIENTO WATER PROJECT:

AMWC is not currently taking delivery from the Nacimiento Water Project but anticipates doing so this summer due to operating the deep well field to offset not having Wells 1B, 3A, 5, and 5A.

The Lake was at 66.1% capacity with 249,780 acre-feet (af) of storage on March 31, up from 65.4% capacity on February 28. Current releases from the lake are 172 cubic feet per second (341 af per day).

PFAS TREATMENT:

Staff obtained proposals from earthwork and specialty contractors for the ground improvements needed for the water treatment plant project. Bid packages have been prepared for the purchasing of long-lead equipment, including standby generators, motor control centers, and other switchgear.

NEXT MEETING DATES AND TIMES:

The next Regular meeting is scheduled for May 13, 2026, at 4:30 p.m., with the Annual Meeting following at 5:30 p.m.

NEW BUSINESS:

STATE HOSPITAL, PERMIT TO ISSUE SHARES:

The Board discussed an item that had been pulled from the agenda at the March 11 meeting and was brought forward for discussion at this meeting.

Atascadero State Hospital has requested that AMWC initiate the process to annex a portion of hospital property into the AMWC service area in order to provide water service to a proposed 88-unit multifamily residential project on portions of Lots 7 and 8, Block 7, Eaglet No. 2 (APN 045-461-003), located at the southeast corner of El Camino Real and San Rafael Road. Lots 7 & 8 were never issued AMWC shares and were not included in the 1929 deed of conveyance to AMWC.

Vice President Vierra made a motion to proceed with the annexation process for the entirety of Lots 7 and 8, or alternatively, for a newly created parcel over the underlying portions of Lots 7 and 8 that includes the proposed project with the annexation proceeding under a modified cost payment agreement for obtaining a permit to issue shares from the Department of Corporations. Director Lerno seconded the motion, and the motion carried 5-0.

ELECTRONIC PAYMENTS FEES:

The Board revisited its prior discussion regarding electronic payment processing fees, which had been tabled at the March 11, 2026, meeting pending additional information. Staff clarified which payment methods are subject to fees, available no-fee alternatives for customers, and the actual credit card processing costs charged to AMWC. Staff reported that AMWC incurs a processing fee of approximately

1.6% per transaction from the credit card processor and a \$1.00 per-transaction charge from the payment system software provider, and that these charges are compliant with State regulations.

A motion was made and seconded to approve charging a 1.6% processing fee and a \$1.00 convenience fee. The motion carried 5-0.

APPOINTMENT OF INSPECTORS:

Staff recommended John Hollenbeck and Don Vert be appointed to act as inspectors at the Annual Meeting of Shareholders to be held May 13, 2026, at 5:30 p.m. A motion was made and seconded to appoint the inspectors; the motion carried 5 to 0.


BUDGET, FYE 04/30/2027:

The GM presented a variety of options to offset the rate increase as requested by the Board during last month’s meeting.

The proposed budget and capital projects for Fiscal Year Ending (FYE) April 30, 2027, were reviewed and discussed. The General Manager reported that it is necessary to increase the revenue by approximately 15% due to upcoming capital projects and increases in operating and maintenance expenses. He stated that AMWC water rates will still be the third lowest in the County after the increases go into effect.

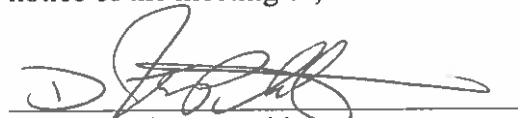
A motion was made and seconded to approve the budget for the fiscal year ending April 30, 2027, in substantial conformance with Attachments A–D of the agenda item. The General Manager’s proposed budget, as presented in Table 5.b – Alternative 2, included a 7% water rate increase and a PFAS surcharge of \$1.00 per 1,000 gallons; however, following discussion, the Board approved a 4% water rate increase and increased the PFAS surcharge to \$1.50 per 1,000 gallons. The ready-to-serve and water use rates will become effective June 15, 2026. The motion carried 5-0.

The meeting was adjourned at 5:35 p.m.


Assistant 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.


D. Frank Platz, President


Leroy R. Davis, Director


Brien C. Vierra, Vice President


Robert M. Jones, Director


Jackie M. Lerno, Director