

DRAFT Minutes -Inscription Canyon Water Company

Board of Director's Meeting

January 26th 2021 – 9am

Meeting was called to order at 9:01am by Mark Armstrong as Bob Hilb had an unanticipated scheduling conflict.

Mark Armstrong apologized for an apparent outage at the conference service provider's video system, and proceeded to explain how we would carry on with the meeting with the audio feed only. He stated that lines would be muted during the meeting and opened up for questions at the end of the agenda. The presentation that would have been seen had there been no outage will be posted to the ICWC.info website in its entirety along with these minutes.

There was a brief review of the Company Mission that was adopted last year.

Board Business:

Mark Armstrong asked for comments on the Draft agenda. There were none. He motioned for it to be made the official agenda, which was seconded by Randy Joly and approved unanimously.

Mark Armstrong asked for comments on the minutes of the ICWC board of director's meeting held on December 18, 2020. No comments were given. Mark Armstrong made a motion to accept the minutes as official, which was seconded by Randy Joly and passed unanimously.

Annual Board of Director's Election Results:

The results of the 2020-21 Board of Director's election were presented. The total ballots cast and the number of votes for each of the three candidates were reviewed. The two highest vote recipients were Mike Hubbard and Dan Cancelleri. A motion was made by Mark Armstrong to accept the results of the election and seat the two new board members. The resolution was seconded by Randy Joly and passed unanimously. The two new members of the board were welcomed.

Bob Hilb's term was completed. Thank you for your time and efforts Bob.

Election of Officers:

Giles Howard nominated Mark Armstrong to the position of Board President. The nomination was seconded by Randy Joly. The motion passed unanimously.

Giles Howard nominated Randy Joly to the position of Secretary. The nomination was seconded by Mark Armstrong. The motion passed unanimously.

Mark Armstrong nominated Giles Howard to the position of Treasurer. The nomination was seconded by Randy Joly. The motion passed unanimously.

Mark Armstrong nominated Mike Hubbard to the position of Vice President of Operations. The motion was seconded by Randy Joly. The motion passed unanimously.

Treasurer's report:

Giles Howard stated that 2020 financial performance of the company had been as planned with strong cash flow. He stated that revenue was favorable to plan as a result of higher water sales to both residents and the TRR lake.

The only significant negative variance was legal fees incurred in reorganizing the company and the unanticipated efforts required to locate a myriad of missing or misfiled records.

Recoupment of legal fees paid to defend the Lot 1-180 ICR ARC in the order of \$70K were a welcome addition to the company's cash position.

The final 2020 combined company P&L and Balance sheet will be posted to the website shortly.

Mark Armstrong made a motion to accept the financial reports and the Treasurer's Report. The motion was seconded by Randy Joly and passed unanimously.

Operations Report:

Mark Armstrong presented the summary of operations for 2020. The year end pumping summary is posted to the website. Highlights were discussed as follows:

Total water pumped was up 17% y/y

Metered losses were almost 4 times as high as 2019 due to the flushing process on the new Sterling Ranch infrastructure.

Water delivered to members was up 18% and deliveries to the TRR lake up 14% y/y

Unaccounted water loss was down 14% to 3.1% of total pumped.

A motion was made by Randy Joly to accept the annual pumping report and the operations summary. The motion was seconded by Giles Howard and passed unanimously.

Old Business:

Mark Armstrong presented a list of goals for the company that was agreed to last January. He reviewed each item briefly and described if it had been completed. The complete list of items appears in the presentation that accompanies these minutes.

The only items not completed as planned were:

Disposal of old water meters. The potential buyer for the brass material disappeared as the COVID crisis began. No further interest has occurred. The meters will be written down this month.

Transfer of the ICRWUA entity to the ICR Lot 1-180 owners for possible reconstitution of an Architectural review Committee. Preliminary discussions are underway on this potential process.

Commence preparations for an ACC Rate case. While hypothetical rate case accounting scenarios were run, the actual rate case was not able to start due to the drawn out nature of the ICWC asset transfer.

In addition to the goals announced last January, a number of other significant operational and financial accomplishments occurred:

- Rationalized Bank accounts
 - Opened ICWC accounts/closed ICRWUA accounts
- Cleaned up/ re-cast financial reporting
- Created a Contingency Account with a balance of \$50,000.00. The Board will discuss and determine the appropriate balance for 2021.
- Created a Capital Account to prepare for the replacement of equipment in a timely and appropriate manner. Funding will be determined by appropriate depreciation schedules.
- Converted all accounts to online banking with online bill pay
- Finalized ARC lawsuit and recouped majority of legal fees
- Monitored inspections and testing in TRR Sterling Ranch
- Added rotating security cameras to hydrant locations

New Business:

The Board of Directors has identified several projects that need to be addressed, managed, or continued into the 2021 calendar year.

ACC Rate Case – Commence in April

The rate case is the first one in 11 years. The process involves public participation and hearings and will take the better part of a year to complete. The board has budgeted for both accounting and legal consulting for this process.

TRR system Capacity/water use Plan

Wellfield studies and sufficiency tests were conducted during appropriate times during 2020. The studies concluded that the TRR wellfield was reaching its maximum pumping capacity during the June -September months, and that planned expansion in TRR would exceed it's capacity in the coming years. The board will be working with both Symmetry LLC and the golf course management to arrive at making supply and demand continue to be compatible.

TRR expansion to Sterling Ranch and Cooper Hawk Ridge/WC expansion to phases 5 and 11

This involves monitoring and approving capacity for new phases of existing plans.

Reallocation of funds for Capital and contingency accounts

As a part of rationalizing the company's banking, monies will be set aside based on depreciation schedules to ensure adequate funding is available when parts of the infrastructure require replacement. Monies will also be allocated to a contingency fund for unbudgeted one time costs.

Haulage and Emergency Power Contracts for ICR wells

Implementing improvements in system delivery security noted in the survey conducted last year. This would put ICWC at the top of the list for portable electricity generation and water haulage services in the event of a prolonged power interruption or mechanical failure. There are currently no standby contracts with any suppliers of these services and so ICWC would be exposed to risk of loss of water supply on the ICR system if one of these situations occurred.

Lock Box Electronic Payments Process

This payment feature will permit all electronic payments to be transferred directly into the company bank accounts with no human intervention. It will also permit member payments by check to be received by the company bank with no third-party exposure to member account information. The process also provides real time documentation regarding payments, delinquencies and maintains electronic copies of all checks and other payments.

Transfer of ICRWUA to ICR Lot 1-180 ARC

Some discussions with owners of Lots 1-180 in the ICR development occurred with respect to re-instating the ARC after the Water Utility was separated from any connection to it. The ICWC response has been that we would be supportive of that, but that the organization and implementation of that re-instatement would have to come from the ownership group themselves.

There has been some preliminary interest shown and discussions will be held in the coming months when all of the ramifications of this proposed process are understood.

New building structure for ICR well #1/Ongoing tank and structure maintenance

This involves the ongoing maintenance and improvement of our water supply infrastructure. Tanks are routinely emptied and inspected/cleaned and painted to maintain their capacity, hygiene and reliability.

The current structure over the ICR well #1 is insufficient to allow maintenance work to be performed efficiently or, in some cases, safely.

Continued hydrant camera surveillance

The rotating placement of portable cameras at various water hydrant locations appears to have been a deterrent for the theft of water. Upon implementation and publicity of this program last year, a continuous loss on the ICR system stopped.

Annual hydrology testing

The continued monitoring of our aquifer health and capacity as well as the pumping efficiency of our wells will be continued so that patterns may be identified early.

Member Suggestions and comments:

The Floor was opened to the membership for comments or questions. There were none.

Mark Armstrong made a motion to adjourn the meeting at 9:24am. The motion was seconded by Randy Joly and passed unanimously.