

Inscription Canyon Water Company

2021 Annual Meeting

Draft Minutes – June 15, 2021

The 2021 annual meeting of the Inscription Canyon Water Company was held on June 15, 2021 at the Wing-space meeting area in Prescott. The meeting was also streamed on -line. Eight persons attended the meeting “live” and an additional 11 persons attended on-line. The in-person attendance list is attached to these minutes.

Board members/guests attending:

Randy Joly – Secretary

Giles Howard – Treasurer

Dan Cancelleri – Director

Cheryl Ibbotson – Business Office

Mark Armstrong – President

Absent – Mike Hubbard VP Operations

9:30am – Mark Armstrong called the meeting to order.

The newest attending board member, Dan Cancelleri was introduced to those in attendance as this was the first live meeting the company has hosted since the COVID epidemic started in 2020.

Mark Armstrong made a motion to approve the minutes of the ICWC annual meeting from 2020. The motion was seconded by Giles Howard and passed unanimously. Note that for the 2020 annual meeting of the ICWC in September of 2020, the asset transfer from ICRWUA had not yet been approved by the ACC, and therefore there were no members or business conducted other than follow up items for the re-incorporation process.

Finance Review – Giles Howard

Giles Howard provided highlights of the current performance to budget. He explained the major variances were due to a large main repair earlier this year. He explained that much of that expense was assigned to our contingency account rather than planned repairs. He also explained that the ytd revenue number was below plan because it is currently budgeted as annual divided by 12 and not based on history. The numbers will catch up as the golf course purchases summer water. The board hopes to change that next year.

He also reviewed the company’s re structured reporting, whereby all company finances are consolidated instead of being reported by system. The ICWC also adopted an industry standard chart of accounts

approved for non-profit private utilities. He also added that all budget information, financial reports and variance summaries are all on the ICWC.info website.

Giles Howard also reported that the company was in a strong and stable cash position and that there was \$500K in our reserve account for future replacements of infrastructure such as tanks and pumps.

Lastly, he gave a summary of the various options members now have for payment of their monthly bill. These included paper check, direct e-payment (no paper check sent), ACH and credit card. An update mailer on these payments systems and how to sign up/use each one will be included in this month's billing.

Operations Review – Mark Armstrong

Mark Armstrong presented a list of targets and accomplishments from 2020/21 and a list of goals for this year. He reported that the company had successfully disposed of the old brass water meters for cash. He also reported that the Lot 1-180 ARC had been given the opportunity to be re-instated, which was a side-goal of the ICWC re-incorporation. Charles Lehr, who was in attendance and is on the board of the ARC stated that they had just sent a questionnaire out to owners of those lots to determine if the ARC would be fully re-instated or allowed to go dormant.

Mark Armstrong also reported that the new structure for the ICR #1 well had been completed.

The board also presented some production comparisons from 2020 vs 2019 and noted the increases in water use for construction, landscaping and the golf lakes. The presentation is included in the links to these minutes.

Mark Armstrong also confirmed that the company had successfully renewed the purchase agreement with Aqua Meadows LLC for the next 25 -year term at a new base price of \$0.35/1000 gallons. This is the source for the 2 ICR wells. Giles Howard also confirmed that ICWC had renewed the operations contract with A-Quality Water for 5 years.

A brief update was given on the engineering and documentation efforts that Mike Hubbard and Dan Cancelleri are leading. They have 2 civil engineering firms bidding to perform a system resiliency evaluation. The bid would also document the operation and maintenance procedures as well as make recommendations for stocked spares.

Rate Case Presentation

Mark Armstrong presented an analysis of the need, process and predicted outcome of the ACC rate case that has commenced. The presentation is included with these minutes. He outlined the results of the theoretical case that the company had performed by an accounting consultant last year. It showed that the proposed rate increase would be in the order of 11-12%. It also showed that the golf course revenue is currently subsidizing resident's rates. Mark Armstrong stated that he would be presenting this same material to HOA's and any other groups that showed interest. Alan Cocherell asked if he could arrange a session with the NWVRA resident's group and the board agreed that it would support that. Mark Armstrong also stated that there would be time on the board meeting agendas in August and September for members to comment and ask questions regarding the rate case. He also noted that all

owners would receive a copy of the application, and that there would be a public hearing on the matter later this year.

Public Comments and Questions

Eileen McGowan suggested that the weed over growth around the Magnar tank area needed to be addressed as a fire risk.

Bob Hilb inquired as to whether the search for old inactive meters had been completed as planned. He believed that some may have been missed.

There was some discussion regarding the “leak check” process with the new meters. The process today is as follows:

During the monthly meter read on the 15th of the month, if the meter being scanned shows abnormally high usage or has recorded continuous usage for a previous 24- hour period, an alarm is detected and reported.

This alarm causes a call to the owner of record for that meter by the business office. If the business office does not reach the owner or does not receive a telephone or email response from the owner on file, the operations person is dispatched to knock on the door of the home.

If there is no response and the leak is obvious, the water may be shut off pending a response.

There was discussion as to whether the operations person should knock on the door first, and also whether an additional drive-by tour of the service area should be instated at the end of each month to potentially detect leaks sooner. Mark Armstrong and Giles Howard committed to investigate the cost of this.

Tom Sullivan enquired about the increase in lake fill revenue in 2020 over 2019. Randy Joly explained that ICWC had requested that the golf course fill the lakes in November rather than waiting until February in order to ease load on the system in case of a dry winter.

After all questions and comments were addressed, Randy Joly made a motion to adjourn the meeting at 10:46 am. The motion was seconded by Dan Cancelleri and the meeting was adjourned.