

DRAFT Minutes
Inscription Canyon Water Company
Board of Director's Meeting
May 3, 2022

9am – Call to order -Roll call of directors – established quorum

In attendance:

Mark Armstrong – President

Randy Joly – secretary

Giles Howard – Treasurer

Mike Hubbard – VP operations

Dan Cancelleri – Director

Cheryl Ibbotson – Business Office

Pat Carpenter – Aquality Water

Derek Scott – Aquality Water

Special Guest – Jay Frank COO and GM TRR

The board invited Jay Frank to a portion of the meeting to give an Update on options being considered for future Golf Course water supply and usage.

Golf Course Water Supply/Usage:

In February of 2021, representatives of the ICWC board met with Symmetry executives to review hydrology and sufficiency studies that had been provided to them. The studies showed that, given the current projected home building pace, the current TRR wellfield would eventually not be able to keep up with the historical golf course demand in the May-Sept time period unless there was a significant monsoon. The shortfall was expected to start in 2022 or 2023. As a result of this discussion and an additional session in October, Symmetry began preliminary investigations into an additional water source. According to Jay Frank, those investigations have not yet proceeded very far.

Jay Frank informed the board that, instead, deeper investigation has been done on golf course watering reduction. Jay Frank stated that there were plans under review to reduce watered acreage by 10% in 2022 and up to 25% over the next couple of years. There has also been some consideration to an additional 5MM gal storage pond as part of a new amenity.

Mike Hubbard pointed out that our water balance calculations show that at 1000 homes (circa 2025), the 5MM pond would still not allow sufficient storage for ICWC to be able to pre-fill the capacity ahead of the summer.

The board confirmed that:

- a) This is not a water shortage or an aquifer health issue, but a pumping capacity issue
- b) As residents have preferential rights over the golf course, water will be rationed to the lakes as required to keep all residences and club amenities serviced.
- c) Another well in the same aquifer will have highly diminishing returns.

Jay Frank welcomed the conversation and agreed to keep Symmetry involved in the discussions going forward. The board thanked Jay for the information, committed to open communication and proceeded with the main meeting.

Finance Report:

Giles Howard reviewed Performance to budget ytd. This was as compared to the first time monthly operating budget that is posted on ICWC.info. There were no significant deviations from plan.

Giles Howard and Pat Carpenter are completing work on a purchase order and work order process for non-residential projects. This should be complete in time to handle any recommendations from the ongoing engineering assessment.

Estimated expenditures from Engineering recommendations for 2022 were discussed. Several check valves and a Cl2 vent system are 2 items that have been identified as required asap. An estimate of \$100K from the capital account was agreed to.

Cash Flow projections for the balance of 2022 were discussed. Giles Howard stated that if there were no major repair incidents other than what has been planned for, that the company would have small , but positive cash flow for the year.

Operations Report:

Mike Hubbard gave a Pumping Summary Review for the first quarter of 2022. He stated that the golf course was now on agreed upon summer SOP. The larger volume pumped returned the loss numbers to previous ranges. Pat Carpenter did note that there was one fairly significant leak repaired during March.

Mike Hubbard gave an Engineering project update to the board. He stated that the information survey and mapping phases were ready for review. He said that the team had identified several short-term, high value improvements that could be performed before completion of the entire program. These involved several valves in strategic locations to prevent single failures from draining pressure from the entire TRR system. There were also some discoveries regarding the programming of the variable drives on the well pumps and how they handled power surges and pressure fluctuations. Civiltec also identified some deficiencies in how Chemicals were being stored at the well heads. A review meeting will be held in the next 2 weeks to add details to these plans.

Dan Cancelleri produced some detailed analytics on power consumption based on the monitoring software that the board installed last year. The data showed some larger than expected increases in overall power consumption, especially in areas with a lot of construction. It suggested that not all construction water was being metered. The board will investigate. There was also some evidence that some of the older booster pumps in both systems were beginning to lose efficiency due to wear.

The data also pointed out some significant opportunities to reduce peak-set rates by scheduling some events that are determined solely by instrumentation today. An example that was discussed was the filling of storage tanks during 2pm-7pm peak periods rather than off peak times. This has the effect of changing rates from \$.09 /KWH to \$.19/kwh for same amount of energy. Dan will continue to work with AQuality to identify where some programming changes could save substantial monies.

In March, the TRR well pump#2 failed after approximately 6 years of service. When the unit was pulled, there was evidence of a lot of corrosion on the well casing. Mike Hubbard authorized the video inspection of the well, which showed approximately half of the slats were plugged. The well technicians strongly recommended a rehabilitation process.

Mark Armstrong made a motion to approve approximately \$23K to replace the well pump and rehabilitate the well. Giles Howard seconded and the motion passed unanimously. Mike Hubbard also pointed out that our recovery time for a lost well on both systems was being reduced as more homes come online. He pointed out that we have a standby pump for the ICR wells but none for the TRR ones. Mike made a suggestion followed by a motion to authorize the purchase of a standby pump for the TRR wells. The motion was seconded by Randy Joly and passed unanimously.

An incident occurred on Wed April 27th, where the drives tripped out on all of the TRR booster pumps at Cooper Morgan station. After some low water availability for parts of the system pressure was restored. The fact that the fire department was flushing hydrants at the time made the pressure droop more quickly than normal. Follow up investigation revealed that the sanitary plant, the golf course irrigation and several other sub-systems were also tripped. It appears that APS sent us a power dip, likely as a result of some construction in Las Vegas ranch. Follow up calls confirmed that several residents there were without power for more than an hour. This raised the topic of power conditioning and automatic resetting. This will also be discussed with the engineers at the next coordination meeting. John Patton, our electrical expert will be asked to attend. The incident also pointed out that the fire department is not using proper techniques when testing the hydrants. Mike Hubbard suggested that an SOP be placed on each hydrant with instructions.

Other Business:

Dan Cancelleri confirmed that all planned VFD installations were complete. He also has submitted the first rebate request to APS. The addition 4 will follow once he believes the process is understood.

The rate case that was in progress in 2021 was paused based on the fact that any decision by the golf course to supply their own water would substantially affect the ICWC financial model. With the discussion the BOD had with Jay Frank earlier in this meeting, it does not appear that a plan to go that direction has materialized and likely will not for some time. For this reason, the BOD is considering resuming the original Rate Case in order to keep the company in the black. Randy Joly and attorney Jeff Crockett will do a brief consultation with ACC staff to let them know our intentions and get any advice from them before we proceed.

The announcement for the 2022 Annual mtg went out with the April billing. It is also on the website. An agenda is being assembled and will be posted to ICWC before the meeting. All members are invited to attend.

As there were no additional items of business, Mark Armstrong motioned for Adjournment at 11am.