

Inscription Canyon Water Company

Board of Directors Meeting

August 10, 2022

DRAFT Minutes

10am – Mark Armstrong called the meeting to order – established quorum

In attendance:

Randy Joly – Secretary

Giles Howard – Treasurer

Mike Hubbard – VP operations

Dan Cancelleri – Director

Cheryl Ibbotson – Business Office

Pat Carpenter – Aquality

Derek Scott – Aquality

Mark Armstrong - President

Mark Armstrong made a motion to accept the minutes of the meeting held July 7th, 2022. There were no questions or comments and the motion was seconded by Giles Howard and passed.

Finance Report:

Giles Howard reported that there were no major variances to budget except for routine repairs being favorable and the unbudgeted well replacement costs. He also stated that ICWC has been able to finance the replacement of TRR well #2 using available cash, and has not yet needed to access reserves.

He also reviewed the current cash position, which was approximately \$80K, including a \$24K contingency allowance, and he provided a year end cash flow analysis, which showed a reasonable positive cash position at the end of the year, with all anticipated expenses accounted for.

Giles Howard also produced a summary of all of the costs associated with the drilling, testing and equipping of TRR well #4. The estimated total cost of well replacement will be approximately \$135K.

Cheryl Ibbotson stated that there were no payment delinquencies at this time and that all payment methods were being used..

Operations report:

Mike Hubbard and Pat Carpenter gave an update on the TRR #4 well commissioning. The well is now online again after some adjustments to the pump equipment. The original pump had incorrect impellers installed. There are still some adjustments to be made to the drive frequency after we receive the pump curve data from the manufacturer. It does appear that the new well will have slightly lower production than the one it replaced. Pat Carpenter is going to verify the depth of the pump piping with Drill tech and perform a drawdown test this week. The plan is to restore the golf course to its normal allotment based on those tests.

Mike Hubbard and Mark Armstrong reviewed the effects of changes they requested from the golf course and the TRR HOA for common area irrigation, as well as some fill logic changes to the Molly way storage tank. The level in the Cooper Morgan tank is now stable and the large swings have been eliminated.

There was some discussion of the apparent large increase in water flowing through the commercial meters at TRR. Mike Hubbard committed to verifying that none of that water was being used for irrigation.

A question was raised regarding the large quantity of construction water reported on the ICR system. Mark Armstrong explained that the Whispering Canyon phase 6 and 7 excavating was well underway and consuming a lot of water for dust control. Derek Scott also informed the board members that an increase in the lost water percentage on the ICR system in July resulted from a multi-hour tank overflow caused by a faulty level sensor.

Dan Cancelleri described an issue some neighbors were having on Badlands way. It appears the issue was mostly an HOA problem.

Pat Carpenter presented 2 bids for inspection and cleaning of the 4 system storage tanks this fall. Mark Armstrong made a motion to accept the bid from Inland Potable Services, which was \$1K lower than the other bid. The motion was seconded by Dan Cancelleri and passed. Mark Armstrong will execute the contract and Pat Carpenter will coordinate the scheduling later this year.

Mark Armstrong reported on his inquiry regarding purchasing a used generator from the Granite Oaks utility. It appears that the project to replace that unit may not happen until next year, so other generator sources will continue to be investigated.

Randy Joly briefed the board on the plans for Hydrology testing later this month. Our hydrologist from NAU will be conducting well and wellfield tests commencing August 17th. She will also conduct a capacity test on the new TRR well and recommend its operational flow range. The resulting report will be posted to the ICWC website once completed.

Engineering Work

Mike Hubbard and Dan Cancelleri presented the outcome of the Phase 1 project review with Civiltec. The review produced a list of a few health and safety items and several high priority vulnerability improvements. Once rough cost estimates are received from Civiltec, the board will prioritize and set schedules for these items, based on economics. Mark Armstrong raised the subject of project management for some of the more complex items. The board agreed to have Mike Hubbard inquire with Civiltec to see if they would be able to quote those services.

Mike Hubbard also stated that the Civiltec site visit for Phase 2 portions of the project was occurring Thurs August 17th. Phase 2 of the project includes system modelling, such that changes to controls and logic could be used to reduce power consumption and increase reliability.

Mark Armstrong stated that the proposed plans for a Whispering Canyon phase 11 boost station have been reviewed and approved. These were now included in the scope of the project.

Rate Case

Randy Joly and Mark Armstrong are prepared to resume the rate case process this September. Mark Armstrong agreed to contact the consultant engaged for this process to verify her availability. Some additional budget was added to this process because of the need to update the base year from 2020 to 2021 at the request of the ACC.

Miscellaneous

Dan Cancelleri has begun initial feasibility investigation into using solar power to augment our purchased electricity at 2 sites on the TRR system.

There were no other items of business so Mark Armstrong made a motion to adjourn the meeting. The motion was seconded by Dan Cancelleri and the meeting was adjourned at 11:05am.