

Inscription Canyon Water Company

Board of Directors Meeting

Held March 28th, 2023

DRAFT Minutes

Mark Armstrong called the meeting to order at 9am

The board confirmed quorum. In attendance:

Randy Joly – Secretary

Giles Howard – Treasurer

Dan Cancelleri – VP Operations

Mark Armstrong – President

Cheryl Ibbotson – Business office

Pat Carpenter – Aquality Water

Derek Scott – Aquality Water

Tom Sullivan – Volunteer (finance committee)

Mike Hubbard (telephonic) – Volunteer (Project Mgmt)

Mark Armstrong made a motion to ratify the minutes from the board meeting held January 31st 2023. There were no additional comments. Dan Cancelleri seconded the motion and it passed unanimously.

Mark Armstrong requested a review of the published board member responsibilities and communications contacts that was produced after the 2023 board was seated.

The assignments and contacts were reviewed as follows:

Operations:

All day to day operations communications and decisions with AQuality, the club and HOA's will initiate with Dan Cancelleri. If additional bandwidth or approvals

are required, or if he is out of town or unavailable Mark Armstrong will act as Dan Cancelleri's backup. Dan Cancelleri will also maintain the relationship with the golf course with Mark as backup. He will maintain the list of active Civiltec action items, and Mark Armstrong will own maintenance of the overall action log. Projects on those lists will be assigned various owners as the board passes motions to fund them. Mark Armstrong is also responsible for meeting administration and the company website.

Finance/admin:

Giles Howard will continue to own budget, banking and expenditure approvals. He will also administer the PO process and maintain ongoing communications with Cheryl Ibbotson regarding reporting and cash management. Giles Howard will be the governor on how fast projects are approved. He will be the main contact with Cheryl Ibbotson and her team. Giles Howard will employ the aid of Tom Sullivan as a committee volunteer to help with the estimating and tracking of capital projects.

Randy Joly owns the relationships with applicable attorneys.

Special Projects:

There are several special projects underway that require regular attention.

1. Rate Case – Mark Armstrong will drive this with participation from Randy Joly as needed. Mark Armstrong will be the Liaison with Sonn Albrecht
2. Symmetry Potential well discussions – Randy Joly will own this process with help from volunteer committee member Mark Emanuele. Other board members will participate as required.
3. TRR pressure control and check valve projects including spec, procure, install/test – Mike Hubbard has agreed to be the project owner/manager on these 2 important items. He will be designated as a committee member assigned to operations. All decisions with financial implications will be subject to review by the board.
4. Backup generator – this is on hold pending the rate case decision
5. Civiltec Relationship – Mark Armstrong will own the commercial relationship with Civiltec for scope changes, work approvals etc.

6. Well building completion/improvements and OSHA compliance – Dan Cancelleri will own this project.

All board member agreed to these guidelines.

Finance Report

Giles Howard presented the proposed Budget for comments and board approval. He outlined his assumptions for the rate case timing, the project expenditures and the expected revenue from sales to the golf course. These assumptions were all validated by the board. Giles Howard made a motion to adopt the budget, which was seconded by Mark Armstrong. The motion passed. Cheryl Ibbotson agreed to restate the Q1 financial results to include a comparison to the adopted budget.

Project accounting was also raised as a topic for discussion. Each of the approved projects, which have arisen as a result of the Civiltec engineering work, will be tracked against its own estimates. Tom Sullivan and Giles Howard will administer this with information from Mike Hubbard.

Cash Position was stable, with the higher revenue season now approaching.

Operations Report

The first order of business was a review of the current Action Log. The log, compiled after the receipt of the phase 2 report from Civiltec, contains an inventory of all recommended improvements or enhancements to the ICWC infrastructure from both the phase 1 and phase 2 studies. Dan Cancelleri and Mark Armstrong have agreed to sort and prioritize the 150+ items into the following categories:

1. Must do – already approved
2. Should do as funds become available
3. Hold for future consideration
4. Not a priority at this time

The status of the approved Civiltec projects was also reviewed. Dan Cancelleri confirmed that all personal OSHA safety items had been completed, and that several other safety related items such as ventilation were included in the well structure project, which was underway. Mike Hubbard stated that the pressure control valve and check valve projects slated for this year were still in the specification stage. Lead times on the valves was not yet known. Mike Hubbard will give an update at the next meeting.

The status of TRR well #1 was also raised. After the failure of TRR #2 last March, the board authorized the well #1 equipment to be pulled and a camera survey of the well to be performed. The results were that the inside of well #1 looked very much like that of well #2 before it failed. It appears that the screening installed in the original wells was regular steel and not stainless. After 20+ years it has corroded and scaled. The board, in consultation with the operators and well technicians, agreed that the TRR Well #1 plan should not include an attempt at rehabilitation at this time. Unlike the former TRR#2 well, the production from TRR#1 has not dropped off. For this reason, the board agreed to run the well through the summer as is, but to have a plan ready to replace the well in the case of a failure, or if rehabilitation efforts in the fall failed. Dan Cancelleri, and Giles Howard are assembling the logistics and economics for the board's review.

Note that both ICR well were inspected and videoed last year and were in good condition.

Dan Cancelleri and Mark Armstrong reviewed the Golf course water plan for summer 2023. The intention is to provide up to 325 USGPM for 21 hours per day starting April 1st. This amounts to approximately 12MM gallons per month for the months of April through July. This has been presented to the golf course management. This volume was below their request of 16MM gallons per month. Further discussions will occur the week of April 3rd. Once the performance of TRR #4 is optimized and the effects of the wet winter on the aquifer are understood, there may be some room for adjustments.

Dan Cancelleri reviewed the status of the TRR well #4 and building improvements status as well as the TRR Well #4 certification schedule. The concrete has been poured and the temperature control and ventilation devices are arriving. All miscellaneous electrical cleanup is complete. Dan Cancelleri

estimated the complete project would be completed by April 17th. All of the requested information and test data has been submitted to ADEQ and well #4 should be certified this week.

An additional bid for fencing around the Cooper Morgan tank site was also submitted for consideration.

This will be decided in the coming weeks.

Other Business:

Mark Armstrong gave a Rate Case update. The site survey of plant and equipment was passed successfully. Sonn Albrecht and Mark Armstrong have been fielding questions regarding the rate structure and the cost differences between gravity and pressurized systems as well as owned versus leased water. The ACC staff have requested additional invoices for services rendered by contractors and wanted an additional 30 days to review, The company granted the extension. The staff recommendations and report are expected to be added to the docket by the end of April.

Randy Joly gave a TRR well discussions update. There has been no additional communications from Symmetry on this topic.

As there was no further business, Mark Armstrong made a motion to adjourn the meeting at 10:10am. The motion was seconded by Randy Joly and passed.