

Inscription Canyon Water Company

Board of Directors Meeting

September 12th, 2023

DRAFT Minutes

The meeting was called to order by Mark Armstrong at 8:57am. He confirmed quorum.

Attendees:

Randy Joly – Secretary

Giles Howard – Treasurer

Dan Cancelleri – VP operations

Pat Carpenter – Operations

Derek Scott – Operations

Mike Hubbard – committee member

Cheryl Ibbotson – Business office

Mark Armstrong – President

Mark Armstrong asked if there were any questions regarding the minutes of the BOD meeting held on June 6th. There were not so he made a motion to accept the minutes. It was seconded by Randy Joly and passed.

Finance Report

Giles Howard reviewed the year to date numbers for Revenue Performance and Variances. Revenue is down \$33K from plan due to lower water sales to the golf course. They have been rationed all summer. The only major cost variance was purchased power. Dan Cancelleri provided data that showed the systems were using approximately 5% more power than this time last year, but paying 13% more in costs. This was attributed to APS rate increases and less efficient well production.

Giles Howard also stated the company cash position was \$427K at the end of August, which is down \$75K from the beginning of the year. With the possibility of a TRR well #1 replacement (\$150K) requirement within the next year, all major capital projects not already in progress were put on HOLD.

Mark Armstrong gave a review of the new water rates that went into effect on August 1st. The new income will likely not be significant until spring as both the golf course and residents reduce or shut off irrigation in the fall. The ACC only granted the company less than half of what was requested. The effect of that shortfall as well as the increases in costs will be monitored closely.

Operations Report

Mark Armstrong reviewed the WC phase 6 acceptance and phase 7 progress. The bill of sale for Phase 6 was recorded in August and all pressure and flow tests completed. Phase 7 infrastructure is being installed now. Lyons Engineering is overseeing the installation.

Dan Cancelleri confirmed that the tie in to the water system for the Pickleball washroom structure in TRR had been completed and that Symmetry had been invoiced for the work.

As per the finance comments above, the board agreed to put the planned Flow/shutoff valve on the line to the golf course on Hold. The cost estimate for this project came in at \$100K, which was substantially above the original engineering estimate.

Mark Armstrong opened discussion on TRR Well #1 planning. The well has performed without incident all summer, but is slowly losing efficiency due to scale build up on the grates and general corrosion. Several discussions have been had with well technicians regarding the possibility of rehabilitating the well, but the risk of a failure is not insignificant. The board discussed the fact that Symmetry was still investigating an additional water source, which might negate the need to use TRR well #1 except for back up. With this in mind, Mark Armstrong made a motion to finance the engineering and permitting of a new TRR well #5, with a plan, permits and location, should a replacement become necessary with short lead time. The motion was seconded by Randy Joly and passed. The decision was

made to leave TRR well #1 as it is for now and monitor its performance. Mike Hubbard agreed to coordinate the planning work.

Randy Joly presented the results of the TRR well #4 stress tests that were completed by the hydrologist last month. The performance test results showed the maximum sustainable flow to be 200 GPM at top wellfield usage. This is almost 20% less than the well that it replaced. This will necessitate continued rationing of water to the golf course. A copy of the report was presented to both Troon and Symmetry as further evidence of a need for an additional well source.

Randy Joly also briefed the board on the outcome of a meeting he recently attended with Symmetry representatives at the AZ Water Resources Department. This meeting came about as a result of the TRR developer filing plans to re-plot a portion of the development for a different market offering. As a result of this hearing, the AZWR department is requesting a new water adequacy report for TRR. The previous report was submitted 20 years ago, and is now considered obsolete for new proposed developments. The production of this report, which needs to be performed by a certified engineer or hydrologist, is the responsibility of the entity selling the land. It is administered through the State of AZ Real Estate board and performed in conjunction with the AZ department of water resources. ICWC will provide the selected consultant with all available data.

Dan Cancelleri raised the subject of fire preparedness. All 4 of our neighborhoods have hydrants and high -volume fire pumps, which are tested weekly. The board agreed that recent fires in Maui and California have raised awareness to this danger. The board also agreed that the ICWC systems were designed to fight structure fires and not wild fires. Dan agreed to make some inquiries in the communities to see if there was expertise or volunteers to explore this.

Mark Armstrong briefed the board on a proposed line relocation on the ICR system where the main line from the wellfield crosses a road in Las Vegas Ranch. The developer there, Tom Deveraux has requested permission to re-route our main line in order to allow him to do road improvements and re-grading. He will bear all costs. Their engineer is drawing up the proposed changes. Once the drawings are approved, he will schedule the work for a one day project in October

or November. ICWC will coordinate with his team to make sure that our tanks are full prior to excavation and we will monitor the onsite work.

Other Business:

Election planning has commenced for the 2023/24 board of directors election. There will be a notice sent out with the September billing, nomination forms in October and ballots at the end of November. Ballots will be due in December, with the results being tallied at an open session in January. There are 4 vacancies open for election, 3 by term end and one unfilled. All members are encouraged to participate.

The board approved costs for an Open board meeting prior to yearend. Dates and agenda/location will be forthcoming

As there were no further items raised, Mark Armstrong made a motion to adjourn the meeting. The motion was seconded by Giles Howard and passed. The meeting was adjourned at 10:47am.