

Inscription Canyon Water Company

Board of Directors Meeting

February 29, 2024

DRAFT Minutes

Present:

Randy Joly – Secretary

Dan Cancelleri – VP Operations

Giles Howard – Treasurer

Mike Hubbard – committee member

Cheryl Ibbotson – Business Office

Pat Carpenter – Operations

Derek Scott – Operations

Mark Armstrong – President

Mark Armstrong called the meeting to order at 9am. Roll was taken to confirm quorum.

Mark Armstrong asked if there were any questions or changes to the minutes of the last board meeting. There were not so he made a motion to ratify Minutes to Board meeting held November 21<sup>st</sup>, 2023. The motion was seconded by Giles Howard and passed.

Finance Report

Annual Revenue Performance and Variances:

Giles Howard presented the 2023 year-end financials and the performance vs budget was very close. There were no major variances in operating expenses other than electricity costs. These were due to APS rate increases. The reports are all available on [www.ICWC.info](http://www.ICWC.info) .

### Cash Position/trajjectory:

Giles Howard also provided a projection of cash position for the rest of 2024. The company currently has \$479K in cash. This is projected to climb to an estimated \$691K by the end of 2024. This does not reflect the \$300+K cash outlay planned for the TRR well#1 replacement.

### Budget preparation for 2024/annual meeting:

Giles presented the proposed 2024 operating budget which showed a projected revenue of \$758K and a corresponding net income of approximately \$183K. Depreciation and amortization of infrastructure costs for assets assumed from Developers will be in the range of \$200K, resulting in a projected loss for the year. This assumes that the majority of the costs of TRR well#1 replacement will be capitalized and not expensed. This information will be part of the presented materials at the Annual Company Meeting on March 25th.

Giles Howard agreed to amend the budget to include the projected costs of the TRR well #1 replacement with TRR well #5.

### Operations Report

#### Well #5 status report

Mark Armstrong and Randy Joly briefed the board on a proposal that had been made to Symmetry to facilitate both the TRR #1 well replacement and a capacity increase. It involved drilling a larger well on a different plot of land owned by Talking Rock Land LLC, with a shared cost proposal. After consideration, the Symmetry response contained terms that were not acceptable to the ICWC board, or the Arizona Corporation Commission, and Mark Armstrong made a motion to fund and kickoff the original TRR well #5 project, drilling a replacement well on our current land plot, in a location that has been recommended by our Hydrologist and well technicians. All estimates provided show the cost of a 350 GPM well to be \$305K. The motion was seconded by Dan Cancelleri and passed. Mike Hubbard was given the project management responsibility and he and Giles Howard will track the costs vs estimates by month.

The permit filings and the purchase order to the drilling company will commence immediately. The timeline estimated by the engineers is for completion in the later part of this summer.

WC and TRR phase 7 acceptance:

Phase 7 developments in both Whispering Canyon and Talking Rock were tested and accepted in the past month. This added approximately 70 new homesites for future members.

Spring aquifer/well test:

The board agreed to have our hydrologist perform a capacity and aquifer recharge test later this year. The most practical timeframe was agreed to be when TRR well #5 was in production and all residential and commercial irrigation was being employed.

#### Other Business:

The board has received an inquiry from Verizon Communications regarding the potential of placing a tower on ICWC land near the Whispering Canyon storage tank. A site visit will occur in March. If the concept appears practical, a formal hearing and approval process would be required by the county. This would involve input from any residents that could see the potential tower from their property.

Dan Cancelleri announced to the board that he and his wife were planning a relocation later this year. The board thanked him for the notice and will solicit a volunteer to replace him for the balance of this year's term.

Pat Carpenter brought up the fact that the older solar powered instrumentation on the Whispering Canyon storage tank was losing the ability to retain power in the event of several cloudy days in a row. There is currently no APS power in that location. The board approved getting bids on replacement equipment.

As there was no other business, Mark Armstrong made a motion to adjourn the meeting, which was seconded by Randy Joly and passed. The meeting adjourned at 10:20am