

Inscription Canyon Water Company
2024 Annual Company Meeting
March 25th 2024
Hilton Garden Inn Downtown Prescott AZ
10am

Mark Armstrong called the meeting to order at 10am. There were 5 attendees in the room and 4 on the conference line in addition to the 4-member board of directors and contract partners.

Mark Armstrong thanked those in attendance and outlined the format for questions and comments. The agenda was also reviewed. He stated that the presentation being provided at the meeting would be posted on the website www.ICWC.info along with these minutes and other financial data after the meeting.

The board were all present and quorum was confirmed.

Mark Armstrong asked if anyone had any questions, comments or suggested changes to the Draft minutes of the board meeting held on February 29th, 2024. There were none, and Mark Armstrong made a motion to ratify those minutes. The motion was seconded by Giles Howard and passed.

Election of Board Members and officers:

Mark Armstrong stated, and the business office management confirmed, that only 4 persons were nominated for the 4 open board positions last December. For this reason, all candidates were acclaimed and the election was cancelled to avoid the costs. The elected persons were:

- Randy Joly
- Giles Howard
- Mike Hubbard
- Mark Armstrong

Three of the positions are for 2- year terms and the remaining one is the last year of a vacant position from 2023. The new board will decide which persons will fill each term at a later meeting.

Mark Armstrong made a motion to nominate Rany Joly to be Secretary. The motion was seconded by Giles Howard and passed. Mark Armstrong made a motion to nominate Giles Howard to be Treasurer. The motion was seconded by Dan Cancelleri and passed. Mark Armstrong nominated Mike Hubbard to be VP of Operations. The motion was seconded by Dan Cancelleri and passed. Randy Joly nominated Mark Armstrong to be President. The motion was seconded by Giles Howard and passed. Dan Cancelleri will be a Director for the remainder of his term. Dan Cancelleri announced his intention to relocate to

the valley as soon as his home would sell, and so the board may have an opportunity to nominate a replacement member for the remainder of 2024.

Randy Joly made a motion to accept the election results and the officer assignments. The motion was seconded by Mike Hubbard and passed.

Financial Report:

Giles Howard provided a financial summary of 2023 and cash flow and operational estimates for 2024. The summary showed a positive ordinary income for both years with a small P&L loss after non-cash expenses. The primary item of discussion was the estimated \$305K cash expense for the replacement of TRR well #1 in 2024. As a result of this required expenditure, all non-critical projects have been placed on HOLD. A summary of the review and line-item budgets are included in the links on www.ICWC.info. In 2023, expenses were \$19K under budget with revenue being 2% over plan. Cash assets at years end were \$479K. Projections for 2024 showed an operating income of \$184K with a small projected loss after non-cash expenses.

Operations Report:

Mark Armstrong and Dan Cancelleri presented a summary of water produced in 2023 and where it was used. Overall production was up 2.7% with residential usage up 6.3%. This reflects the growth in membership. A total of 1010 meters were in place at the end of 2023, and the current projection is that there will be 1200 members by the end of 2024 and 1900 at full build out. A summary of projects completed and the details on water production and usage are included in the presentation accompanying these minutes at www.ICWC.info.

New Business:

TRR well #1 replacement

TRR well #1 replacement projected was presented by Mike Hubbard and Mark Armstrong. This well was inspected last fall and found to be in similar condition to its twin well which failed in 2022. In order to ensure continuous supply to members, the Board planned and funded a replacement well to be drilled this spring. The new well, TRR #5, will be drilled on existing ICWC land and be tied into the existing electrical, and use the existing equipment from well #1. The project and permitting were done by Civiltec Engineering and Drilltec Inc. After development, testing, sanitation and mechanical connection, the well should be in production by July of 2024. It is expected to have similar production to its predecessor.

Verizon Cell Tower inquiry

Mark Armstrong presented that Verizon Wireless had approached ICWC with a proposal to place a cell tower behind the Whispering Canyon storage tank. A temporary site evaluation was performed and the board is awaiting a lease proposal. If that is agreed to, Verizon would have to go through the public County evaluation and approval process, which would not involve the water company.

Member questions and comments:

There were several inquiries about the ICWC water supply and whether some of the residential well issues to the southeast of our developments could occur here. Randy Joly explained the hydrology and

drainage of the area and the difference between drawing from a recharging aquifer and basic ground water. The Mint and Stringfield washes, which ICWC draws water from have been tested every year for the last decade and are strong and consistent. While there are more wells in the aquifer than 10 years ago, the total water available has remained constant.

A member asked why the golf course was not considered a member of the company. Mark Armstrong explained that the commodity arrangement negotiated with the golf course ownership over a decade agreed to have the golf course as a customer, as it did not meet the definition of a “member” spelled out in the CC&N granted to ICWC by the State. Under this arrangement, the company may supply water to the golf course as it has it available, through a single meter, at a price negotiated based on volume. The members of the company have priority for water delivery and for the past three years the golf course supply has been rationed to ensure adequate member supply and fire protection. In the event of a significant system disturbance, the golf course would be shut off. It is believed that the golf course ownership may eventually develop their own irrigation well on different property, and cease to purchase water from ICWC. This would definitely affect company economics.

A member also wanted to know what water sources were used for the TRR orchard, dog park, gardens and golf course. Mark Armstrong explained that these all use reclaimed water from the golf course lakes.

There was also a question about the amount of landscape water being consumed in the TRR development, and the price being paid for it based on meter size. Mike Hubbard explained that the landscape water went through 10 different regular meters spaced around Talking rock, and not one large one. The HOA was paying the same rate as in the tariff.

A member commented that all previous meeting minutes on the company website were still marked as DRAFT. Mark Armstrong apologized and agreed to correct that.

Several members commented on the Board’s request for member participation. There have been no new nominations for the past 2 annual elections. One member suggested that it might be a good idea to consider a part time manager for the company. Giles Howard replied that he had put that on the agenda for the next board meeting.

Adjournment:

As there were no additional questions or comments, Mark Armstrong made a motion to adjourn the meeting. The motion was seconded by Randy Joly and passed. The meeting was adjourned at 11:10am

Please see links to the meeting presentation and financial backup on the website www.ICWC.info