

Inscription Canyon Water Company

Board of Directors Meeting

September 3, 2024

9am – TRR member's lounge

DRAFT Minutes

Attendees:

Randy Joly – President

Giles Howard – Secretary and Treasurer

Mike Hubbard – VP Operations

Cheryl Ibbotson – Business Office

Pat Carpenter – Operations

Derek Scott – Operations

Mark Armstrong – Managing Director

Mark Armstrong called the meeting to order at 9am. The board was able to confirm quorum.

Mark Armstrong asked if there were any questions or suggested changes to the draft minutes of the July 16th BOD meeting there were not, so he made a motion to ratify Minutes to BOD meeting held July 16th, 2024. The motion was seconded by Randy Joly and passed.

Manager Finance Report

- The board reviewed YTD Revenue Performance and Variances. The only major cost variance was power. Revenue was up 11% vs this time last year due to both new rates and higher consumption. The business is on course for revenue of approximately \$800K with a projected positive cash flow of \$120K.

- The cash position is recovering after the costs to replace TRR well #1 and is now back to \$345K. The trajectory, with no major surprises, should put us close to the \$500K reserve that we target by year end. This will permit the board to resume planned improvements.

Operations Report

Well #5 status report

- Permitting is completed
- Costs vs estimates – tracking to the original cost, still below budget by \$20K
- Project timeline -Estimate to complete has slipped due to permitting delays. Pitless adapter is on order and the well should be production ready in late October/early November.

The board approved funding to add a meter and some piping changes to the ICR wells to allow measurement of the water lost during well start ups. The meter will be delivered this week and the piping reconfiguration should be complete this month. Mark Armstrong pointed out that the water unaccounted for on the ICR system has risen substantially over this time period last year. There appears to be a leak issue, but the meter will prove it. No leak has been located at this point.

Summer wellfield hydrology testing will be performed on the ICR wellfield on September 4th. Results to follow. ICR well #1 is beginning to demonstrate signs of the need for rehabilitation. It will be the last one of the company's 5 wells to be rehabilitated or replaced since 2019.

Other Business:

The Verizon Cell Tower proposal has been submitted to the county by the tower contractor for zoning and the public approval process. The executed land option agreement and the check for the year were received last month.

Mark Armstrong agreed to work with Cheryl Ibbotson to finalize the schedule for the upcoming election. He also proposed modifying the election announcement to include the reduction in potential board member's time commitment now that the company is using a part-time manager to address day to day items.

The board also agreed to have an open board meeting sometime prior to the end of the year. Date will be announced soon.

New Board appointee options/election candidates were discussed. Randy Joly and Giles Howard each had a potential candidate. Mark Armstrong agreed to contact an individual in Inscription Canyon that had expressed interest at the last BOD meeting.

Mark Armstrong is still working with Rusty Weathersby to obtain Symmetry bills of sale for prior phases of TRR infrastructure.

Miscellaneous

Derek Scott pointed out that, on several occasions this summer, the Cooper Morgan tank came close to minimum fire protection volume. This was due to simultaneous high demand from several sources, which primarily appear to be irrigation. Mark Armstrong agreed to get a meeting with the new TRR Hoamco person and golf course management to look at re-levelling the demand. This was done two years ago and it mitigated the issue.

Mark Armstrong pointed out that by 2025, the company could resume funding improvements and preventative maintenance. He asked the operations team to formulate a list of areas that could be addressed. Additional Scada nodes and items from the Civiltec report will be the starting point.

There were no other business items so Mark Armstrong made a motion to adjourn the meeting at 10:50am. The motion was seconded by Mike Hubbard and passed.