

Inscription Canyon Water Company

Board of Directors Meeting

October 17th, 2024

DRAFT Minutes

Attendees:

Randy Joly – President

Mike Hubbard – VP Operations

Giles Howard – Secretary and Treasurer

Pat Carpenter – Operations

Derek Scott Operations

Gregg Achtenhagen – Potential appointee

Fever Controls (SCADA vendor)

Mark Armstrong – Managing Director

Absent: Cheryl Ibbotson – business office

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 changes to the minutes of the board meeting held September 3rd, 2024. There were none. He made a motion to ratify the minutes, which was seconded by Giles Howard and adopted.

Manager Finance Report

- YTD Revenue Performance and Variances

Mark Armstrong reviewed the September financial reports. The only major variances were a positive revenue variance due to 20+% growth in residential usage and a corresponding variable cost overage in

purchased power and water. The golf course has thus far purchased about the same volume as last year. Maintenance and repair costs are below budget due to the emphasis on rebuilding and replacing over the past three years.

- Cash Position/trajectory/spend limits

Cash/receivables in all accounts is at approximately \$420K. This is on the planned trajectory to be at \$475K by the end of 2024, after the completion of the TRR well #5 project. There will be some spending on instrumentation in Q4 such that it may be installed when the well equipment is being updated.

- 2025 budget preliminary preparation

The current state of the business is such that it generates approximately \$800K/yr in revenue (with a 7% growth/yr) yielding approximately \$120K in cash flow after all normal expenses. Giles Howard and Mark Armstrong will develop a proposed budget for 2025 with estimated growth, known fixed and variable costs, and a capital expenditure plan of approximately \$80K.

Operations Report

SCADA Upgrades

The board asked Jonathon, the principle at Fever controls to review the SCADA enhancement study and estimates that he had provided based on a review with AQuality, Civiltec engineering and board members. He described 4 bundled enhancement opportunities based on the equipment that existed and the priority value of the information. The board reviewed the costs for each set of functionality and agreed on the priority of the potential expenditures. The first priority was to instrument the two well fields. After that, the Molly Way and Double Adobe boost stations. The costs for all of the work is approximately \$80K, so the project would need to be phased. The board will consider authorization of the TRR wellfield phase, to be performed in conjunction with the well #5 commissioning, followed by the ICR wellfield in conjunction with work on ICR well #1 in Q1 of next year.

TRR Well #5 status report

Mike Hubbard confirmed that all Costs vs estimates were tracking to plan. Pat Carpenter agreed to have Fever controls estimate the electrical connection. The design of the piping and hook up to the system is complete and the state has issued the approval to construct.

Mike Hubbard also reviewed the Project timeline and the current estimate to complete/commissioning process is to be by the end of November. The plan will be to utilize the VFD and well equipment from the current TRR #1 well for the next year prior to upgrading the #5 equipment with larger capacity equivalents at a later time. As an option, Pat Carpenter agreed to ask Drilltec what the cost of purchasing the test well equipment currently in well #5 would be, and how old the equipment was.

Summer wellfield hydrology testing report

The company's contract hydrologist performed well performance and aquifer evaluation on the ICR well #1 and well field in August. The findings confirmed what had been observed by operations personnel. The well and the equipment in the well are in need of rehabilitation/replacement. The aquifer is maintaining excellent capacity and re-charge performance. Planning for the work on ICR well #1 will be part of the 2025 budget process. It is the oldest well in the system. The final report on the entire ICR well field will be published and posted the ICWC.info prior to the end of the year.

ICR well loss meter – preliminary loss numbers vs previous estimates

Piping modifications and a new meter were installed on the ICR wells last month. This will allow the measurement of water losses when the wells cycle. Preliminary results show approximately a 2000 gallon loss per cycle when the wells start. On average the wells cycle 1.5 times per day, which would lead to a water loss of approximately 90K gallons per month. The current estimated losses based on metered production have been in the 300K Gal/month range. This would correspond to a 5 gal/min leak in the system, which is well within normal parameters.

Other Business:

Mark Armstrong updated the board on the Verizon Cell Tower project Status. The vendor working with the county on the approval process has commenced the rezoning procedure, and will be presenting to the Whispering Canyon HOA annual meeting on October 23rd.

Election dates and process has been confirmed for this fall. The notice went out with the September billing. The nomination forms will be sent with the October bills, and the ballots will be sent in November. All documents will have instructions and deadlines clearly indicated.

The board agreed to have a Public Board Meeting on Dec 2nd at the Hilton Garden Inn. Details will be posted on the website.

As there was no further business, Mark Armstrong made a motion to Adjourn the meeting at 9:48am. The motion was seconded by Randy Joly and carried.