

Inscription Canyon Water Company

Board of Directors Meeting

February 3rd, 2026

Draft Minutes

Attendees:

Gregg Achtenhagen – President

Scott Kelly – VP Operations

Tom Bracken – Secretary and Treasurer

Paul Spitzer – Director

Randy Joly – Director (phone)

Cheryl Ibbotson – Business Office

Pat Carpenter – Aquality

Derek Scott – Operations

Mark Armstrong – Manager

The meeting was called to order at 9am by Mark Armstrong

The board was able to Confirm quorum

Mark Armstrong asked if there were any questions or modifications to the draft minutes to the meeting held December 16th, 2025. There were none. Gregg Achtenhagen made a motion to accept the minutes, which was seconded by Randy Joly and passed.

Manager Finance Report

- 2025 Year end financials were reviewed and approved for distribution and inclusion in the annual report.
  - Performance to budget/variances were reviewed, with minor differences cited in electrical power and insurance costs offset

by a slight surplus in revenue. Revenue growth was primarily in the residential usage category.

- Year end results show a net income of \$65K. The total cash outlay for capital items in addition to expensed items was approximately \$300K.
- The current Cash Position is approximately \$350K. There are several large expenditures pending in the months of January and February for well #5 completion and well #2 repair. The Q1 projection for cash is estimated at \$300K, which is the low limit of desired balance. All non-essential expenditures will be on hold until further notice.
- 2026 budget preparation is underway

#### Operations Report:

- 2025 year end production statistics show an overall production of 186.7 MM gallons. This may be approximately 3MM gallons low due to a meter discrepancy in October that is being repaired. This is marginally higher production than 2024, with roughly 5% growth in residential usage and reductions in construction and golf course consumption.
  - The current growth forecast for 2026 is a 7% increase in residential usage with a slight reduction in golf lakes consumption, due to some course modifications. The current irrigation and commercial quotas are expected to remain constant.
- The completion of well #5 was accomplished this month with the installation of the larger pump and drive. The new well produces approximately 560GPM which is substantially higher than its predecessor. Preliminary testing is underway with well #4 and #5 together to ascertain the interaction between them at full capacity.
  - Full hydrology testing will occur this summer
- In December, ICWC was finally able to find a persistent leak on Cooper Morgan trail. The repair cost was \$25K. There appears to continue to be a smaller leak in the same area. Derek Scott will arrange for a leak search in the suspected area. There has also been a leak detected in the new phase 6 section of Whispering Canyon. The

location is under investigation. These two leaks have produced losses of close to 1MM gal per month.

- The ICR Well #2 electrical/motor has failed again. There is an ongoing investigation into the cause. It appears that the spacers that were installed to keep the cable from rubbing the side of the casing were either not installed properly or wore off. A spare pump/motor was on site.
- The board has arranged a briefing to prep the new golf management personnel and TRR HOA for summer operations. A meeting with this group and the TRR HOA and landscape contractor will be held in March.

#### Other Business:

##### Proposed WIFA loan and /approval/timing

- As per previous meeting minutes, a discussion has been ongoing regarding a possible low interest loan for some major capital projects that are outside the company's ability to finance from cash flow. The board has contacted both WIFA (State infrastructure funding agency) and the ACC to review possibilities. Discussion with the Ombudsman's office of the ACC was recommended and arranged.
- Mark Armstrong reviewed the discussion with ACC Ombudsman that was had, which included Gregg Achtenhagen and Tom Bracken.
- The ACC team made several recommendations for changes to the proposed submittal document, which the board agreed to adopt. In general, the ombudsman agreed that all projects nominated for funding were justifiable.
- The submittal, once docketed, will be forwarded to both the accounting and engineering groups at the ACC for evaluation and recommendations. The process will be visible to all members just as a rate case would be. Once that is completed, the decision whether to apply for the low interest loan can be made with ICWC membership's input. The submittal for docketing the application for ACC approval requires a distinct signed resolution from the board authorizing the

submittal in addition to these meeting minutes. Mark Armstrong will prepare this for board execution.

- Mark Armstrong requested a motion from the board to approve proceeding with the submission. This was made by Gregg Achtenhagen and seconded by Scott Kelly. The motion passed.

#### Annual Meeting plan

- Mark Armstrong agreed to arrange a meeting room for late April. The notice will go out with the February billing. An agenda is under development and it will include a review of the proposed loan application from WIFA mentioned above.

#### Miscellaneous

- The contract renewal for the billing and business office function was reviewed and agreed upon after some price negotiation. A motion was made by Tom Bracken to execute a contract renewal for 1 year. The motion was seconded by Gregg Achtenhagen and passed. The rates will be retroactive to January 1<sup>st</sup> 2026.
- Mark Armstrong confirmed the renewal of the ICWC 1 year Liability/E&O insurance effective February 1<sup>st</sup>. Cost was held to the same as 2025.
- As discussed at the last board meeting, the board agreed in principle to permit the assignment of our current operations contract from AQuality Water (Pat Carpenter) to Arizona Utility operations (Derek Scott). The proposed assignment agreement and the new working arrangement with the principals was discussed. Scott Kelly made a motion to approve the assignment, which was seconded by Gregg Achtenhagen and passed. The transfer of operations contract will be effective April 1<sup>st</sup>. Derek Scott said that he would be prepared to renew the operating contract under the current terms when the expiring one came up for renewal July 1. Cheryl Ibbotson confirmed that she had all of the new company information required for the conversion.

- Mark Armstrong brought up the issue with Electrical resource scarcity. ICWC currently uses Fever controls for almost all electrical work and projects. While they are very responsive, and very competent for controls work, they are not always available for routine electrician tasks. The board asked Derek Scott to identify a local electrician for the company to use for these types of assignments.
- Paul Spitzer raised the concept of obtaining higher interest on our balances in the bank, especially in consideration of a possible loan-cash infusion. We are currently receiving less than 2% on both our current and capital accounts. The board agreed to have Paul Spitzer and Tom Bracken work on consolidating our accounts down to one operating/checking account, with the non-working capital balance being moved to a no-risk Schwab or Fidelity short term investment vehicle.

## Adjournment

As there was no further business, Mark Armstrong asked for a motion to adjourn the meeting, which was made by Gregg Achtenhagen and seconded by Tom Bracken. The meeting was adjourned at 10:45am