

Inscription Canyon Water Company

Annual Members Meeting

April 28th, 2026

DRAFT Minutes

Attending:

- Gregg Achtenhagen – President
- Scott Kelly – V.P. Operations
- Tom Bracken – Secretary and Treasurer
- Randy Joly – Director
- Paul Spitzer – Director
- Cheryl Ibbotson – Business Office
- Mark Armstrong – Manager
- Members in person and via teleconference

Board Business

Gregg Achtenhagen called the meeting to order at 10am

The board was able to confirm quorum

Mark Armstrong welcomed the members in attendance and on the conference line. He asked each Board member to introduce themselves.

Mark Armstrong reviewed the agenda for the meeting. He stated that there would be a designated member question and comment session at the end of the business agenda, and that the presentation and minutes would be posted to the website.

The next order of business was to ratify Minutes to the board meeting held April 21st, 2026. Mark Armstrong asked if there were any questions or modifications to the draft minutes. There were none, so he made a motion to ratify the minutes as published. The motion was seconded by Randy Joly and passed.

Manager Finance Report

Mark Armstrong reviewed the 2025 Year end financials. He stated that revenue was up 4% over 2024 and costs were up 5%. This momentum of cost increases in power, labor and materials will be reflected in the 2026 budget. The 2025 calendar year ended with \$377K in cash reserves.

The board presented the 2026 budget as prepared by Tom Bracken with input by Cheryl Ibbotson. The budget called for approximately the same revenue as 2025, with more sales being to residences and less to the golf course. The margin increase based on this mix substantially offset the anticipated operating cost increases. Cash position at the start of the year was \$377K with projections for it to be \$488K by end of year, subject to no major mechanical issues. This estimate included no capex from operating funds. Mark Armstrong made a motion to accept the budget as presented, which was seconded by Tom Bracken and passed.

The board presented banking changes, recently orchestrated by Tom Bracken and Paul Spitzer. The two ICWC bank accounts at NBAZ were consolidated down to one operating account and \$175K was moved to a Fidelity account and invested in a Government securities money market fund yielding 3.56%. Guidelines were put in place to ensure adequate funds for operations.

Operations Report:

- Mark Armstrong presented the 2025 production highlights:
 - Water production 191 MM Gallons
 - 87MM Gallons to the golf course
 - 4.1 % water loss
 - Onboarded 50 new customers
 - Passed all water quality tests
 - Accepted new phases in Whispering Canyon and Talking Rock Ranch
- He also presented the Growth forecast for 2026:
 - Currently 482 member-meters in TRR/ 502 member-meters in WC/IC and Preserve
 - TRR phase 7 in progress
 - WC phases 6 and 7 in progress

- WC phase 11 in planning
- Project 50 new connections in 2026
- 2027 and onward will slow
 - WC has only 1 phase remaining
 - Symmetry land lawsuit limiting new development
- The board reviewed an Infrastructure Report Card. The following has been accomplished in the last 3 years, bringing the delivery system up to date for reliable operation:
 - ICR well #2 rehabilitated in 2023
 - TRR well #2 replaced in 2024 – Now well #4
 - TRR well #1 replaced in 2025 – Now well #5
 - ICR well #1 rehabilitated 2025 (last time – will need to be replaced)
 - All tanks inspected and painted
 - All as-built drawings updated and records digitized
 - All major booster pumps rebuilt or replaced
 - All structures equipped with heat/cool
 - OSHA compliance
 - SCADA introduced to highest priority devices
 - Meters added to all well flows

Other Business:

Low interest capital loan proposal

- ICWC has requested approval from its regulators to take on up to \$900K in long-term, low interest infrastructure debt
- Several significant capital projects remain to guaranty long-term adequate, reliable and safe water for member consumption and fire safety.

Funds have been requested for:

- Replace Well #1 (30 years old and deteriorating)
- Backup power generators for well-sites and ICR booter station
- Automatic golf course shutoff valve in case of power outage

- Additional SCADA nodes to complete electronic monitoring/alarming on entire system
- Emergency tie-in valve to allow flow between systems in case of a prolonged mechanical outage or a large fire situation

Request status:

- ACC accounting has reviewed proposal and filed recommendations
- ACC engineering has reviewed plant capability
- Administrative law judge will rule on recommendations
- The matter will be read at an open ACC meeting for approval/denial by the ACC directors (Date TBD)

Member comments and questions

A member asked for the cost was estimate to replace ICR well #1. Randy Joly responded with approximately \$350K. Mark Armstrong noted that the estimates for all of the proposed projects appeared in the credit approval application, which was available in the ACC docket file. Members were given directions to access that in the March billing materials.

A member asked why the board was forecasting a decline in water consumption by the golf course. Randy Joly and Mark Armstrong explained that part of it was changes in course layout and agronomy, and part of it was due to increased effluent availability facilitated by residential growth.

A member asked if the assumption of infrastructure debt would raise water rates. Mark Armstrong replied that eventually it would contribute, just as the rising costs of power, labor and materials would. Randy Joly explained that the ACC regulated Non-profit companies like ICWC to a 6% target net profit. A rate case would be filed if the company's earnings dipped below that (for the reasons stated above) in order to guaranty ongoing solvency.

A member stated that they liked the format of the meeting. The board agreed to continue reporting in this way. The board confirmed that the presentation given at the meeting would be posted to the website shortly after the completion of the session.

There were no questions from the telephonic attendees. The board thanked the members for their participation and questions.

Adjournment

As there were no more business items or member comments, Gregg Achtenhagen made a motion to adjourn the meeting. The motion was seconded by Scott Kelly and passed. The meeting was adjourned at 11:25am.