Inscription Canyon Water Company

Board of Directors Meeting

July 28th, 2026

Draft - Minutes

Attendees:

Gregg Achtenhagen – President

Scott Kelly - VP Operations

Tom Bracken – Secretary and Treasurer

Paul Spitzer – Director

Cheryl Ibbotson – business office

Jeff Lamparter – Prospective director

Absent:

Randy Joly – Director

Derek Scott - Operations

Mark Armstrong called the meeting to order and confirmed quorum at 9:01am

Mark Armstrong asked if there were any questions or changes to the minutes to BOD meeting held June 16th, 2026. There were none. Gregg Achtenhagen made a motion to accept the minutes as written. The motion was seconded by Tom Bracken and passed.

Finance Report

- The board reviewed June and YTD financials. It was noted that revenue was above plan due to higher residential (irrigation) usage, and electric power and maintenance spending were above plan. Simultaneous ICR booster pump replacement was the key maintenance overage.
- Cash position was $375K as of meeting date, including interest bearing investments, operating funds and receivables. Tom Bracken and Cheryl Ibbotson have agreed on the timing/thresholds in the operating account for money transfers to/from investments.
- The infrastructure loan process was updated by Gregg Achtenhagen and Mark Armstrong. After the approval order issued by the ACC in mid-July, preliminary loan applications have been submitted to WIFA and CoBank. Responses and requests are anticipated in early August. Funding goal is October 2026.

Operations Report

- The system suffered simultaneous Magner booster pump failures in early July. Investigation revealed that one pump did suffer a seal failure, while the other had such little capacity due to worn impellor parts, that it could not maintain flow against the static head of the WC gravity tank. Fortunately, a planned on-hand spare was available to replace one of the pumps, which prevented a service outage. The incident revealed the need for several management actions to avoid future significant problems:
    - Spares need to be replaced when consumed. This is already part of standard procedure. This needs to be audited.
    - Pumps need to be routinely checked for flow vs amperage to monitor wear
        - This is outside of the normal scope of operations contracts. Civiltec will be asked if there are techs in the area to perform an annual evaluation. Gregg Achtenhagen suggested that a heat scan of major electrical connections would be a good addition to this service.
    - When this outage occurred, a notification contingency was investigated in the case that the repair time exceeded the reserve storage capacity available. It was realized that no central mechanism was in place to alert all members of an outage. A member contact system needs to be in place for outage and status updates
        - Scott Kelly and Mark Armstrong will investigate a call automation service for incoming service requests and outage reports. Scott Kelly will include an investigation into curtailment signage for development entrances as well.
- TRR Well operations status
    - A peak demand analysis has been underway since mid-May on the TRR wellfield.
    - The study shows that well #5 can reliably produce 500GPM on its own, and approximately 400GPM when run in conjunction with well #4 (due to proximity of water sources). Well #4 can produce 260GPM by itself and 200 GPM in conjunction with well #5. The well tandem has demonstrated that, at peak summer usage, the wellfield can successfully produce 600 GPM in a continuous manner, with no danger of air ingestion or pump damage.
        - In the past this would have facilitated sufficient water for all homes, the club operations, HOA Irrigation and any construction, with approximately 400GPM@ 21 hrs/day remaining for the golf course lake. Historically, this would allow the wellfield to rest and recharge for approximately 2 hours per day.

    - Under current usage patterns this summer, to fulfill these needs, the #5 well has been required to run 24x7 with the #4 well adding 14-18 hours a day of operation.
    - After the monsoon commenced, several tests were performed with the HOA irrigation shut off for several days and the golf course shut off for several days. The wellfield was observed to rest, and the usage to all sources was able to be confirmed.
    - The HOA cottage irrigation is using approximately 16% more water than past years. This is a sizable increase in demand. Discussions will be had with the contractor controlling the changes.
    - The increased demand is also significant from residential homes. This is certainly due to plant irrigation. The board requested an audit from the billing team to show how many gallons per day each account is using. Follow up actions will be discussed when the data is available.
    - TRR well performance and aquifer health are being evaluated by the company hydrologist this month. The report will be available later this year.

- Pest control improvements have started on all company out-buildings. Shooter's pest control now has a contract to provide rodent prevention services. This has been commenced ahead of the winter months where our heated buildings attract field creatures and they cause destruction to electrical wiring.
- Mark Armstrong explained that ICWC had received a legal Demand letter from the TRR HOA on behalf of a lot owner, claiming a leak in the ICWC system was causing damage to his undeveloped lot. ICWC responded, through our attorney with a list of procedures and excavations that had been performed attempting to find a leak. The response defined a process for completely isolating the distribution line in the area and running a camera through the pipe. The proposal requested that the lot owner pay for the process if no leak was located. A response has not yet been received.

<u>Other Business</u>

- Mark Armstrong informed the board that he had received, and accepted a resignation notice from Randy Joly. Randy has served on the ICWC board for 9 years, and was instrumental in the company's evolution from a volatile and inefficient operation to a professionally managed utility. The member community owes Randy a debt of gratitude for his efforts.

- Tom Bracken had previously presented Jeff Lamparter as a qualified and interested member should any board positions become available. As a result, Jeff was invited to attend several prior BOD meetings. Jeff is a resident of Inscription Canyon and has lived in the community for 2 years. Tom Bracken made a motion to appoint Jeff Lamparter to the now vacant position on the board. The motion was seconded by Paul Spitzer and passed. Jeff will be a director at large and will take over the last 18 months of Randy Joly's elected term. Welcome Jeff!
- Mark Armstrong reported that the construction of the Verizon Cell tower behind the Whispering Canyon Water tank had commenced. The right of way payment has been received and the survey for access road improvements has started. The cell tower company stated that the intention was to have the tower live prior to year end.
- Copper Tree Construction group (Whispering Canyon Developer) informed ICWC that it would be breaking ground on Whispering Canyon phase 11 next month, which will be the phase directly adjacent to Williamson Valley rd. and Whispering Canyon Dr. This phase will be the only one on the ICR system that will require a booster station. Power for that station is being run concurrent to the cell tower power install.

<u>Infrastructure Improvement Projects</u>

- The five approved projects have been roughly sized and the first pass at staffing and schedules were discussed. Mark Armstrong introduced a graphic project plan with budget and suggested leadership. Civiltec and Fever Controls will be engaged for engineering work where it is deemed necessary. This will be discussed at a kickoff meeting on August 7th. The goals will be to have the #1 well replacement ready for production by next summer, the backup power in place by next monsoon, and the SCADA and backflow projects performed during the slower winter season. The draft schedule is attached to these minutes.
- Cheryl Ibbotson outlined the infrastructure and process for administering the expenses and reimbursements for each project. She suggested that we continue to utilize National Bank of AZ for these accounts as she has several other customers using those resources. She supplied a template similar to what ICWC will use to fund projects from the loan source as they progress.
- Tom Bracken and Paul Spitzer will be charged with administering and governing the money flow and related reporting.
- Gregg Achtenhagen and Mark Armstrong will function as the program office, overseeing all projects as well as procurement.
- Business office and system operations teams will track any tasks not included in their contracted scope of work and invoice separately.

- Rate Case planning – 2027/28 has commenced. Mark Armstrong engaged the company attorney for recommendations on timing and staffing.

- Mark Armstrong asked if there were any other items for discussion. There were none. Gregg Achtenhagen motioned that the meeting be adjourned. The motion was seconded by Scott Kelly, and Mark Armstrong adjourned the meeting at 10:27am.