

ICR Water Users Association
2008 Annual Meeting Minutes
February 16, 2008
Approved August 26, 2008

Those Present:

Board Members

Earl Cummings, President

Bill Meyer, Secretary/Treasurer

Hal Lobaugh, Vice President

Hugh Pryor

Recording Secretary

Harvey Roberts

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1. **Call to Order** - The 2008 Annual Meeting of the ICRWUA was called to order at 10 AM. by Earl Cummings. **See Appendix A for List of Members attending.**
 2. **Proof of Notice of Meeting** – Notice included in February’s billing and was posted on door for more than one week.
 3. **Introduction of Attending Board Members and Physical Plant Operator Chris Williamson.**
 4. **Reading of 2007 Annual Meeting Minutes by Bill Meyer.**
 5. **President’s Report**

2007 ICRWUA PRESIDENTS REPORT

- ICRWUA IS A MEMBER OWNED, NOT FOR PROFIT UTILITY. IT IS MANAGED BY A BOARD OF DIRECTORS THAT ARE UNPAID VOLUNTEERS. BOARD MEMBERS ARE ELECTED TO TWO YEAR TERMS BY YOU, ITS MEMBERS. THE BOARD HAS A MANAGER REPORTING TO IT WHO MANAGES THE DAY TO DAY BUSINESS AFFAIRS OF THE COMPANY. THE OPERATION OF THE PHYSICAL PLANT IS OVERSEEN BY A LICENSED OPERATOR, AN INDEPENDENT CONTRACTOR. OUR MANAGEMENT AND ACCOUNTING SERVICES ARE CONTRACTED FOR WITH MISCELLANEOUS DEDUCTIONS, INC. IN CHINO VALLEY
- LAST YEAR WAS A BUSY YEAR FOR YOUR BOARD. IN ADDITION TO OUR TWELVE REGULAR MONTHLY MEETINGS, THERE WERE A COMPARABLE NUMBER OF OTHER MEETINGS THROUGHOUT THE YEAR. FOUR OF YOUR BOARD MEMBERS FROM 2007 REMAIN ON THE BOARD IN 2008. WE THANK R. J. HOWARD, THE RETIRING BOARD MEMBER FROM 2007 FOR HIS TWO YEARS OF SERVICE. WE WELCOMED HUGH PRYOR TO THE BOARD THIS PAST JANUARY.
- WE ARE FORTUNATE TO HAVE A DEDICATED AND TALENTED BOARD OF DIRECTORS. THEY COME FROM MANY DISCIPLINES. THE BOARD IS PRESENTLY COMPOSED OF A HYDROLOGIST WITH LONG TIME SERVICE WITH THE USGS (Bill Meyer), AN ATTORNEY WHO SPENT TIME ON THE BENCH (Shirley Lilien), AN ENGINEERING MANAGER FOR AN AEROSPACE COMPANY (Hugh Prior), INSURANCE COMPANY EXECUTIVE Hal Lobaugh), AND AN AEROSPACE PROGRAM DIRECTOR (Earl Cummings). MORE THAN 100 HOURS OF VOLUNTEER SERVICE EACH MONTH IS DONATED BY THIS GROUP. THIS IS NOT A BOARD THAT IS ONLY LOOKING OUT FOR THEIR OWN INTERESTS. IT IS A BOARD THAT STRIVES TO ACHIEVE WHAT EACH BOARD MEMBER BELIEVES BEST SERVE THE INTERESTS OF OUR MEMBERS. EACH ISSUE WE DECIDE IS CAREFULLY EXAMINED AND OFTEN VIGOROUSLY DEBATED PRIOR TO BEING VOTED ON.
- I WILL REVIEW WITH YOU SEVERAL OF OUR MILESTONES AND ACCOMPLISHMENTS IN 2007
- MEMBERS
 - 2006 364 (ICR, 218; WC, 37; PRESERVE, 1; TRR, 108)
 - 2007 439 (ICR, 226; WC, 49; PRESERVE, 2; TRR, 162)
 - EVEN WITH THE ECONOMIC SLOWDOWN WE ARE ANTICIPATING ANOTHER 30-35 HOOKUPS IN 2008
- A SECURITY FENCE WAS INSTALLED AROUND THE PERIMETER OF THE WELL FIELD SUPPLYING ICR, WHISPERING CANYON AND THE PRESERVE AT THE RANCH. THIS FENCE COST APPROXIMATELY \$9000.
- SIGNIFICANT STEPS WERE ACCOMPLISHED IN ACHIEVING NON-PROFIT STATUS WITH THE IRS
 1. THE FIRST AMENDMENT AND RESTATEMENT OF OUR ARTICLES OF INCORPORATION WAS APPROVED BY MEMBERS AT A SPECIAL MEETING IN SEPTEMBER.
 2. THE FIFTH AMENDMENT TO THE COMPANY’S BYLAWS WAS SUBSEQUENTLY APPROVED BY THE BOARD. THIS AMENDMENT BROUGHT THE NON-PROFIT PORTION OF THE BYLAWS INTO COMPLIANCE WITH THE REVISED ARTICLES OF INCORPORATION.
 3. NOW THAT THE 2007 FINANCIAL RESULTS ARE IN, WE WILL FILE WITH THE IRS FOR NON-PROFIT STATUS.

- **ABANDONMENT OF AN OLD WELL AT THE WEST (ICR) WELLSITE WAS ACCOMPLISHED TO THE SATISFACTION OF THE ADWR AT A COST OF ABOUT \$1900 IN MAY**
- **A LINE OF CREDIT IN THE AMOUNT OF \$50,000 WAS ESTABLISHED WITH THE NATIONAL BANK OF ARIZONA. WE ORIGINALLY SOUGHT TO OBTAIN A \$100,000 LINE OF CREDIT, BUT THE ARIZONA CORPORATION COMMISSION SCALED IT BACK BASED ON OUR CURRENT NEGATIVE EQUITY POSITION. THE CREDIT LINE CAN BE USED FOR OBTAINING AN EMERGENCY GENERATOR, SECURITY FENCING AND UNANTICIPATED REPAIRS TO THE SYSTEM FOR WHICH WE WOULD NOT HAVE THE CASH TO PAY. SETTLEMENT COSTS TO OBTAIN THE LOC WERE APPROXIMATELY \$1600. WE WILL AVOID USING THE LOC, IF WE CAN...BUT IT IS A BACKUP**
- **BILLS OF SALE WERE FINALIZED FOR THE ASSETS CONTRIBUTED TO THE WATER COMPANY BY THE DEVELOPERS OF INSCRIPTION CANYON RANCH. DEALING WITH BILLS OF SALE FOR WHISPERING CANYON AND TRR IS SLATED FOR 2008.**
- **AUTO PAYMENT OF WATER BILLS WAS INITIATED LAST YEAR. THIS WILL BE AVAILABLE IN MARCH 2008. THIS WILL FACILITATE A CUSTOMER AUTOMATICALLY PAYING THE MONTHLY WATER BILL DIRECTLY FROM THEIR BANK ACCOUNT. PARTICIPANTS WILL CONTINUE TO RECEIVE PAPER BILLS EACH MONTH FOR THEIR RECORDS. THIS WILL WORK WELL FOR MEMBERS THAT ARE SOMETIMES AWAY FOR EXTENDED PERIODS OF TIME.**
- **WE HAVE BEEN NOTIFIED BY ADEQ THAT WE ARE IN COMPLIANCE WITH THEIR STANDARD REGARDING THE PRESENCE OF LEAD AND COPPER AT OUR MEMBERS TAPS. THE FIRST ROUND OF SAMPLES WAS COMPLETED IN JUNE AND THE SECOND IN DECEMBER. THE ANNUAL SAMPLING TO STAY IN COMPLIANCE WILL OCCUR THIS COMING SUMMER.**
- **THE COMPANY'S 'ZERO TOLERANCE' WATER THEFT POLICY WAS ADOPTED AND IS BEING IMPLEMENTED. OUR NEWSLETTER KEEPS YOU ABREAST ON THIS MATTER**
- **WATER QUALITY REPORTS DETAILING WATER CHEMISTRY WERE MAILED TO EACH MEMBER IN JUNE. THESE REPORTS ARE ISSUED ANNUALLY**
- **THE COMPANY CONTRACTED WITH CONSTANCE PENNEY, CPA TO CONDUCT AN AUDIT OF OUR INTERNAL CONTROL SYSTEM. THIS AUDIT WAS CONDUCTED IN OCTOBER. IT ASSESSED THE STRENGTHS AND WEAKNESSES OF OUR INTERNAL CONTROLS OVER FINANCIAL REPORTING. A SUMMARY OF THE AUDITOR'S FINDINGS ARE:**
 - **CHECKS AND BALANCES ARE ADEQUATE TO MINIMIZE RISK AGAINST MATERIAL ERROR AND FRAUD**
 - **ADEQUATE CHECKS AND BALANCES EXIST FOR THE AUTHORIZATION OF EXPENDITURES**
 - **INTERNAL CONTROLS TO CROSS REFERENCE DATA BETWEEN COMPUTER PROGRAMS ARE ADEQUATE**
 - **MDP'S STAFF NEEDS MORE CROSS TRAINING AND TRAINED BACKUP PERSONNEL**
 - **OUR TREASURER REVIEWS GENERAL LEDGER, DETAILED CHECK REGISTER, BANK RECONCILLATION AND CANCELLED CHECKS MONTHLY.**
 - **WE NEED AN AUDITABLE LINK BETWEEN THE PURCHASE OF WATER METERS, INSTALLATION OF WATER METERS AND RECORDING OF THE EVER CHANGING INVENTORY OF METERS.**

THE AREAS THAT NEED IMPROVEMENT HAVE BEEN ACTIONED WITH THE APPROPRIATE PEOPLE.

Audited 2007 Financial results will be available within 2 months.

- **THREE NEWSLETTERS WERE PUBLISHED IN 2007. THEY WERE POSTED TO MEMBERS IN APRIL, AUGUST AND NOVEMBER. THE NEWSLETTER IS PUBLISHED PERIODICALLY TO UPDATE MEMBERS ON MATTERS OF CURRENT INTEREST OR CONCERN. WE USE THE NEWSLETTER AS OUR PRIMARY MEANS OF COMMUNICATING WITH MEMBERS.**
- **OUR RATE CASE WAS FILED WITH THE ACC ON JUNE 26, 2007. THIS CASE WAS FILED IN ACCORDANCE WITH AN ACC ORDER ISSUED IN 2002 REQUIRING THAT THE COMPANY FILE A RATE CASE WITHIN 5 YEARS. THE RATES PRESENTLY BEING CHARGED FOR WATER ARE THE SAME THAT WENT INTO EFFECT WHEN THE COMPANY FIRST WAS AUTHORIZED TO OPERATE IN 1995.**

THE COMPANY INFORMED ITS MEMBERS IN THE AUGUST 2007 NEWSLETTER THAT IT IS MEETING ITS MONTHLY FINANCIAL OBLIGATIONS. HOWEVER, WE ARE NOT BUILDING RESERVES TO COVER THE REPLACEMENT OF PLANT IN FUTURE YEARS OR FOR CAPITAL IMPROVEMENTS THAT WILL ENSURE EFFICIENT SYSTEM OPERATION IN THE FUTURE. ACCORDINGLY THE COMPANY REQUESTED A RATE INCREASE THAT WILL YIELD A 15% OPERATING MARGIN. THIS RESULTS IN A RATE INCREASE OF ABOUT 32 %. THE COMPANY PROPOSED ADOPTING A REVERSE TIER RATE STRUCTURE MEANING THE HIGHER THE WATER USE, THE HIGHER THE RATE CHARGE.

THE COMMISSION SET THE FOLLOWING RATE CASE SCHEDULE

- **SEPTEMBER 14- NOTICE TO CUSTOMERS, NOTICES IN NEWSPAPERS**
- **OCTOBER 1- INTERVENTION DEADLINE**
- **NOVEMBER 30 – STAFF AND INTERVENORS DEADLINE FOR DIRECT TESTIMONY**
- **DECEMBER 14, DEADLINE FOR REBUTTAL TESTIMONY**
- **DECEMBER 21- DEADLINE FOR SURREBUTTAL TESTIMONY**
- **JANUARY 2, 2008 – DEADLINE TO FILE OBJECTIONS TO ANY TESTIMONY OR EXHIBIT**
- **JANUARY 8 – HEARING IN PHOENIX**

THIS SCHEDULE WAS FOLLOWED UNTIL ON DECEMBER 7, 2007 WE RECEIVED AN UNDATED LETTER FROM MR. DAYNE TALYOR INFORMING US THAT HE WISHES TO INTERVENE IN THE RATE CASE. THE REQUEST FOR INTERVENTION WAS FILED WITH THE ACC ON DECEMBER 21.

THE INTERVENTION WAS GRANTED BY THE ADMINISTRATIVE LAW JUDGE AT THE ACC HEARING ON JANUARY 8, 2008. IN THE COURSE OF THIS HEARING, THE FOLLOWING SCHEDULE WAS ESTABLISHED

- FEBRUARY 1, 2008 – THE INTERVENOR FILES HIS DIRECT TESTIMONY
- FEBRUARY 22, AMENDED STAFF REPORTS AND REBUTTAL TESTIMONY ARE FILED
- MARCH 14, SURREBUTTAL TESTIMONY AND ASSOCIATED EXHIBITS ARE FILED
- APRIL 7, OBJECTION TO TESTIMONY OR EXHIBITS ARE FILED
- APRIL 16, HEARING AT THE ACC IN PHOENIX

THIS PROCESS IS PROCEEDING. ALL DOCKETED INFORMATION IS A MATTER OF PUBLIC RECORD AND CAN BE VIEWED ON THE ACC WEBSITE. I ENCOURAGE YOU TO FOLLOW THIS CASE.

- IN JUNE 2007 WE BEGAN A DIALOGUE WITH HARVARD INVESTMENTS THE PARENT COMPANY OF TALKING ROCK RANCH. THESE DISCUSSIONS FOCUSED ON THE CURRENT YIELD OF THE WELL FIELD COMPARED TO ITS PROJECTED CAPABILITIES. THESE PROJECTED CAPABILITIES ARE REFLECTED IN THE WELL AGREEMENT THAT WAS SIGNED IN 2003. IT WAS DECIDED TO JOINTLY CONDUCT A WELL FIELD YIELD TEST. THE TEST OCCURRED OVER A THREE DAY PERIOD FROM OCTOBER 24 THROUGH 27. WE MET WITH HARVARD IN MID-DECEMBER TO DISCUSS THE WELL FIELD YIELD TEST RESULTS. SINCE OBTAINING THE TEST RESULTS, THE BOARD HAS BEEN WORKING ON HOW TO ADDRESS THE DEFICIT BETWEEN THE TESTED PRODUCTION CAPACITY OF THE WELL FIELD AND FUTURE DEMANDS AT TALKING ROCK. ANOTHER MEETING WITH HARVARD IS SCHEDULED LATER THIS MONTH. THE RESOLUTION OF THIS ISSUE WILL, MOST LIKELY, NECESSITATE MODIFICATIONS TO THE EXISTING WELL AGREEMENT. WE ARE COMMITTED TO ACHIEVING A COMPLETE SOLUTION OF THIS ISSUE AND BELIEVE THAT HARVARD ARE EQUALLY COMMITTED.

A SECOND OBJECTIVE OF THE TEST WAS TO DETERMINE THE VOLUME OF AIR IN THE DISCHARGE WATER FROM EACH OF THE WELLS. WELL #2 CONSISTENTLY CONTAINED THE HIGHEST VOLUME OF AIR IN THE DISCHARGE WATER. SUBSEQUENT TO THE COMPLETION OF THE WELL FIELD TEST, THE INLET TO THE TALKING ROCK STORAGE TANK WAS RELOCATED. THIS INLET HAS BEEN REPOSITIONED FROM THE BOTTOM OF THE TANK TO ITS TOP. IT IS BELIEVED THAT THE AIR BUBBLES WILL DISSIPATE MUCH FASTER AT THE TOP OF THE TANK. WE WILL BE BETTER ABLE TO DETERMINE IF THIS MODIFICATION COMPLETELY SOLVES THIS PROBLEM WHEN THE WATER USAGE INCREASES LATER THIS SPRING

- WE HAVE ANOTHER BIG YEAR AHEAD OF US. SEVERAL MATTERS THAT CARRY OVER FROM 2007 TO 2008 INCLUDE
 - COMPLETION OF THE RATE CASE
 - WELL AGREEMENT NEGOTIATIONS WITH HARVARD
 - SEPARATION OF THE ICR ARCHITECTURAL REVIEW COMMITTEE FOR UNITS 1, 2, AND 3 FROM THE WATER BOARD
 - COMPLETION OF BILLS OF SALE FOR WC AND TRR
- WE ALSO HAVE SOME MODIFICATIONS THAT NEED TO BE COMPLETED ON OUR WATER PURCHASE AGREEMENT WITH AQUA MEADOWS.
- WE ALSO HAVE STARTED LOOKING INTO A RESTATEMENT OF OUR BYLAWS. OVER THE YEARS THE BYLAWS HAVE HAD FIVE AMENDMENTS. THEY NEED SOME MAINTENANCE.
- I TRUST THIS REPORT HAS ILLUSTRATED TO YOU THAT YOUR BOARD HAS BEEN WORKING DILIGENTLY FOR YOU THIS PAST YEAR. MUCH HAS BEEN DONE, BUT THERE IS STILL AWAYS TO GO. NONETHELESS, I BELIEVE THAT MOST ALL ISSUES HAVE BEEN IDENTIFIED, DEFINED AND ARE BEING ACTIONED BY THE BOARD. THANK YOU FOR LISTENING.

6. Questions

a. Craig Brown – Can you resolve the Action Items from 2007 Annual Report?

Water Loss: Leak on West side likely. Talking Rock water is all billable and construction water being metered.

Generator: Lack of funds. Continuing Action Item.

Maintenance of ICR Entrance: Developers of Preserve at Ranch are funding landscape maintenance.

Divesture of Architectural Review Committee (ARC) will possibly include responsibility for entrance.

Williamson Valley Fire District: Not resolved. Las Vegas Ranch has not approved the agreement for ICRWUA to sell water to the fire district.

Re-Statement of Bylaws: Changes were made to reflect the Non-Profit Status and language matching with the Articles of Incorporation. Term limits are under

consideration when the By-Laws are re-stated..

- b. **Who may be a member of the Association:** Any resident of AZ having an ICRWUA water meter on their property is a member.
- c. **ARC Divesting – Committee has no funding source and would have to disband without the ICRWUA liability insurance. Please comment:** Water Board feels that ARC for lots 1->180 in Inscription Canyon is not a proper responsibility of the Water Association. The ICRWUA franchise area extends far beyond the ARC lots. The affected homeowners must decide if and how to organize. The Water Board has been advised by its lawyers that continuing the relationship puts the ICRWUA at risk. ICRWUA has not received any fees from developers to fund ARC.
- d. **John ? – Have fees been assessed on lot owners who haven't had water hook-up to fund the infrastructure that brings water to their area?** ICRWUA has no taxing authority; it can only charge owners who have connected to the system for the water they use.
- e. **Talking Rock Water Rate Order 64360 page 3 lines 19->22 mentions rate for water to be delivered to golf course:** Talking Rock owns the water being used on the golf course. This is an issue that will be decided as part of the Rate Case by the ACC. Board believes we have a valid Well Agreement with TRR(Harvard); the Agreement does need improvement.
- f. **Dayne Taylor - How much water was pumped from Well 3 to the Golf Course in 2006?** Bob Busch later provided There was 125,027,000 gallons pumped to the golf course from the 3 well field. Of that total, 50,878,610 gallons were from well #3 owned by ICRWUA.
- g. **Water Rate in Order 64360 is given as \$2.00/1000g, but currently being charged \$2.80/1000g. Why?** Board believes this is a typo error. Tariff approved by ACC calls for the rate @ \$2.80/1000gallons.
- h. **How many of these issues will be coming before the ACC?** All these issues will be decided by ACC.
- i. **What is it costing the Association to deal with the Taylor Intervention?** Through the end of 2007 the rate case has cost about \$59,000. Board is not able to project cost of the Intervention, but it is keeping track of the additional cost. Members will bear this cost.
- j. **What has it cost the Association to ignore the ACC Order 64360?** ACC order 64360 has not been ignored. The ACC will decide if the order was not properly accomplished.
- k. **Why wasn't Well 1 or Well 2 transferred from TRR to the ICRWUA?** At the time of transfer of Well #3, the Board was the Developer of ICR. We don't know the details of this transfer.
- l. **When was ownership transferred?** 2003. This agreement was approved by the ACC at that time. ACC staff has recently questioned this. The ACC will decide this.
- m. **At the time of the Order there was only one well, and it was to be immediately transferred. How did Well 3 (the worst producing well) be the one transferred?** Cannot provide an answer.
- n. **Is this the last session that members can comment on the program?** Members have two opportunities for voting on issues. First is on any changes to the Articles of Incorporation and the second is at the ballot box for election of directors.
- o. **Can members call for a Special Meeting?** Yes, that is in the Bylaws.
- p. **Are Business Management and Accounting being sub-contracted?** Yes, this keeps us from having employees.
- q. **Are we still planning to use Granite Oaks Bylaws as a model for revising our Bylaws?** We are looking at their Bylaws but ours will be amended to correspond to our situation.
- r. **What is the objective of the Board with regard to the ACC staff's determination that ICRWUA is not in compliance with the Order concerning transfer of the second well?** The Board wants to assure there is adequate water supply available to its members. Board has taken

no position on this issue at this time. The well in question has high air content; we also have concerns about taking that well with its associated costs.

- s. **Why are Lead and Copper levels being tested?** This is an ADEQ requirement. Testing must be done at homeowner tap to provide protection even if water at the meter is in compliance.
- t. **Will results of individual tests be provided to affected homeowners?** Results were received in early February. These will be distributed to the members who were tested.
- u. **How will new rates affect the large water user?** New rates are being based on our model year – 2006. During the model year ICR side of road had revenues of \$143K and expenses of \$150K; the Talking Rock side had revenues of \$126K and expenses of \$121K. The expense figures include depreciation.
- v. **How much water did Talking Rock use during 2006?** Talking Rock and Las Vegas Ranch own the land where the wells are drilled and thereby own the water pumped. In 2006 84% of the water from TRR Well 3 went to the golf course; TRR paid 84% of the expenses incurred for Well 3. TRR does not charge the Water Company for the water pumped to our customers from Well 3. Las Vegas Ranch does charge the company for the water delivered to our customers from the ICR wells. TRR does not charge the company for the power used by our well.
- w. **A rate increase of 40% was in testimony before the ACC. How do you reconcile this with an earlier statement to members of a 32% increase?** Aggregate increase is 32%. The rate increase for a homeowner with a 5/8 inch meter isn't available.
- x. **Can you provide a timeline for the case before the ACC? Suggests that a Special Meeting be held to review the decision:** Hearing is scheduled for April 16 and that a final decision will be handed down within 3 months. The decision can be appealed.
- y. **Why isn't the Board taking a position to charge Talking Rock for the water taken from Well 3?** Board believes the Well Agreement is valid. The water pumped belongs to Talking Rock. Water Company does not pay for water delivered to customers from Well 3. Talking Rock pays for power to pump all the water from this well – about \$60K according to Clint Poteet.
- z. **Is the assumption of the cost of power by TRR in the Well Agreement?** No
- aa. **Do we understand the total costs for operating the TRR side well?** No. This is part of our discussions with Harvard.
- bb. **If the ACC decides to have a tariff that includes the golf course, will the Well Agreement be null and void?** Bob Busch later provided: This is a legal matter, and it may need to be decided in court.
- cc. **Did ACC approve the Well and Contractual Agreements with Harvard?** ACC has had the Well Agreement since its signing. Bob Busch later provided: We have a record that indicates all the relevant documents were sent to the Commission Staff. The Amended Extension Agreement, which calls for the transfer of wells to ICRWUA, was signed approved by the Director of the Utilities Division on Sept 19, 2003.
- dd. **Do customers on ICR side of the road use any of Well 3 water?** Systems are separate.
- ee. **Why is my water rate increasing?** Current rates are not covering costs. It has nothing to do with the golf course.
- ff. **How much is Las Vegas Ranch (Pearce) charging for water drawn from wells on his land?** \$0.17/1000g. This price was set by negotiation between the parties.
- gg. **Are expenses associated with the rate case included in the new rates?** No. Rates determined from 2006 model year. These will be written off over time as a balance sheet item. Bob Busch later provided: In fact, the legal & accounting fees associated with the rate case ARE included in the new rates. The commission allows the costs of completing a rate case to be recovered over a 3-5 year period, so at least 1/5 of the cost of the rate case is recovered in the rates each year.
- hh. **Will expenses related to hearing be sent to members?** It is public record and is available.
- ii. **Will you (Earl Cummings) consider standing down and let someone else be elected to the board?** Yes

- jj. Does ICRWUA publish an Accounts Receivable report?** Accounts are quite current and action taken if required. Director Pryor believes the \$15,000 billing to Harvard mentioned in the December Board minutes has been paid.
- kk. This billing to Harvard represents a significant portion of the Line of Credit. What is being done to assure timely payment?** Water manager follows up on overdue payment. With respect to this invoice, Harvard was notified that the bill must be paid within 15 days or water service could be turned off. No interest and penalties were assessed. Harvard has paid under protest.
- ll. Why do bulk users get better rates?** ACC must approve rates. Bulk users may get rate based on their covering operating costs and providing a reasonable operating margin to company.
- mm. Will the Rebuttal from the Board due by the 22nd be sent to members?** It is public record posted on the ACC website.
- nn. What was built for the \$2.350M construction expenditure noted in the testimony given to the ACC?** Bob Busch later provided: I find no reference in the testimony to 2.3 million in construction expenditures. In fact, ICRUWA had 5,331,000 in assets (plant in service) at the end of 2006. Nearly all (all but a few thousand dollars in meter additions) was funded by developers. The completed infrastructure was then either contributed or advanced to the Company. Contibuted plant is "gifted", Advanced plant must be repaid in some manner.
- oo. Another item in the testimony is \$27K for furniture. Where is that furniture?** Bob Busch later provided: There is no \$27,000 of furniture referred to in the testimony. The reference is to \$27,000 of plant added during 2006. The \$27,000 was for meters purchased and placed for new customers added to the system in 2006. ICRWUA does not have nor does it need \$27,000 worth of furniture. The only furniture purchased during the last several years has been 3 file cabinets costing less than \$200 each.
- pp. Can in the future the Business Manager be requested to attend the annual meeting?** Yes
- qq. Why wasn't the power provided by Talking Rock not included in the testimony?** It wasn't an expense in 2006.
- rr. Why does testimony refer to a rate increase in 3 years?** Might have been something included by the accountant to justify writing off the expenses for this rate increase over 3 years.
- ss. Where will we be adding additional storage capacity?** Expect that if Whispering Canyon requires additional storage it will be paid for by the developer.
- tt. Are wells geographically tagged?** Yes. Then Taylor proceeded to describe his contention that Well 1 was the only well drilled at time of ACC order and that that is the well that should be owned by the Company along with a backup.
- uu. Do we keep track of water pumped to golf course?** Yes. Limited to 400 acre-feet per year.
- vv. Where does the water come from that wells are pumping?** From the same aquifer.

MEETING ADJOURNED at 11:55 AM

Appendix A List of Members Attending

Bob & Cindy Lugo	Frank Clark
Dan & Hillary Peterson	Richard Strehlow
Harvey & Irene Roberts	Clint Poteet
Adolphus Bledsoe	Diane Gross
Jerry & Laura DeSantis	Bob Klarer
Jim & Kitty Stocker	Dave Bayle
Earl Cummings	Brian Ray & Paula Green

Bill Meyer	Roger Day
Jim & Chris Stoner	Walt Gontowski
Rick & Shirley Hoskin	John Blochberger
Gene & Shirley Leasure	Arthur Sagman
Jack Carroll	Richard Hodsdon
George Talosi	Billy Sanders
Barb Hilb	Hugh Pryor
Ron Hammer	Charles O'Brien
Carl Kay	Ann Wilbur
Vonnie Sattler	Jerry Fogarty
Craig & Sandi Brown	Dayne Taylor
Larry & Tina Bligh	M. J. Quint
Jerome Reid	John Freeman