

**MINUTES OF ANNUAL JOINT MEETING
OF THE BOARD OF DIRECTORS OF THE TOWN OF CAREFREE UTILITIES
COMMUNITY FACILITIES DISTRICT AND THE BOARD OF DIRECTORS OF THE
CAREFREE WATER COMPANY, INC.**

WHEN: TUESDAY, JUNE 7, 2016
WHERE: CAREFREE TOWN HALL COUNCIL CHAMBERS
TIME: 4:00 P.M.

Attending were:
President Les Peterson
Vice President John Crane

Absent:

Board of Directors:
Mike Farrar
Bob Gearhart
Gene Orrico
Glenn Miller
Melissa Price

Greg Crossman, Manager; Meghan Orem, Controller; Noel Lutz, Accounting Technician;
Michael Wright, Attorney; Kandace French, Secretary/Treasurer.

President Peterson opened the meeting at 4:36 p.m. and requested a silent roll call.

AGENDA

Mr. Greg Crossman addressed the Board and introduced Noel Lutz as a permanent employee and Accounting Technician, for the Carefree Water Company. Ms. Lutz had previously worked with the Carefree Water Company on a temporary basis.

The Board welcomed Noel.

ITEM #1 Approval of the November 10, 2015 UCFD/CWC meeting minutes.

President Peterson announced the agenda item and asked if there were any changes or amendments to the Minutes. No changes were offered.

Board Member Miller made a **motion** to approve the June 2, 2015 Minutes as presented with a **second** by Vice President Crane. It was **carried** unanimously.

**ITEM #2 Discussion and possible action regarding approval of the FY 2016-2017
Carefree Water Company Budget and Rate Schedule.**

President Peterson introduced the agenda item and introduced the Carefree Water Company Manager, Greg Crossman.

Mr. Crossman provided a Power Point and presented the proposed budget and water rates for FY16-17. He provided background information and an explanation for a suggested 2% water rate increase .

There were questions by the Board of Directors regarding a larger increase and the average increase in water bills based on the 2% increase.

Mr. Crossman responded.

Mr. Crossman then presented the proposed Carefree Water Company budget. He provided information to the Board reflecting a balanced budget with revenues matching expenses. He stated that anticipated revenues for the FY16-17 year were \$2.49 million. He also proved a summary of the major expenses.

Mr. Crossman presented several spreadsheets to the Board of Directors and explained each one as it pertained to the proposed budget. He recommended deposits of \$17,000 to increase the reserve balance to \$950k. He also provided information regarding capital improvement projects and additional system improvements.

There were questions and discussion by the Board of Directors.

Mr. Crossman responded.

After additional discussion Member Orrico made a **motion** to approve and accept the proposed budget and water rate increase as submitted. There was a **second** by Member Price. It was **carried** unanimously.

PUBLIC COMMENT

Jim Van Allen, Long Rifle, appeared and spoke to the Board of Directors regarding his thoughts and opinion of the proposed budget and water rate increase.

(Taken out of Order)

ITEM #4 **Water Supply Update – informational only.**

Mr. Crossman then presented updated information regarding the water supply status. He explained that he attended the ADWR Colorado River Briefing on May 16, 2016 and expected it to become an annual event. During this briefing, there was a mixture of good and bad news. 2016 and 2017 will not be “shortage” years on the Colorado River, but 2018 has a 56% change of being a shortage year.

He stated the ground water supply was in good condition and continues to rise. The Carefree GW Basin continues to be in excellent health and there has been a reduction in the groundwater pumping. Mr. Crossman reported that Carefree Water Company benefits from recharge by Scottsdale with groundwater levels on the rise. Wells #6 and #7 are up 8 feet and DFGC Wells are up 28 feet.

There was additional discussion and questions between the Board and Water Company staff.

(Taken out of Order)

ITEM #3 Beacon Meter Reading Pilot Program – informational only.

Mr. Crossman then presented information on the Beacon program, explaining that it is essentially a new water meter head using cell phone technology to communicate with the Cloud. This information can be accessed by both Water Company staff and customers. It allows for faster retrieval of information with less cost and labor.

The Beacon Meter Reading Pilot Program started in April, 2016 with 10 Beacon meters. There is a good cross-section of customers involved in the program and the results have been positive.

There was additional discussion and questions between the Board and Water Company staff.

ITEM #5 Adjournment

Board Member Miller made a **motion** to adjourn with a **second** by Board Member Orrico. It was **carried** unanimously and the meeting adjourned at 4:50 p.m.


DATED this 8th day of June, 2016.

UCFD/CWC



Kandace French, Secretary/Treasurer

BOARD OF DIRECTORS



Les Peterson, President

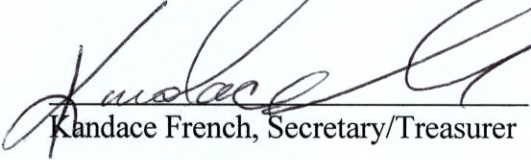
Attest:



Kandace French, Secretary/Treasurer

CERTIFICATION

I certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Carefree Water Company/Utilities Community Facilities District Board of Directors held on June 7, 2016. I further certify that the meeting was duly called and held and that a quorum was present.



Kandace French, Secretary/Treasurer

Dated this 2nd day of November, 2016.