

**NOTICE OF 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, OCTOBER 3, 2017

WHERE: FCF - HOLLAND COMMUNITY CENTER, QUAIL ROOM
34250 N. 60TH STREET, BUILDING B, SCOTTSDALE, AZ 85266

TIME: 4:00 P.M.

Pursuant to A.R.S. § 10-822, notice is hereby given of the time, place, and purposes of the 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., an Arizona corporation.

The agenda for the meeting is as follows:

CALL TO ORDER

SILENT ROLL CALL

One or more members of the Board of Directors may be unable to attend the meeting in person and may participate by technological means or methods pursuant to A.R.S. § 10-708.

AGENDA

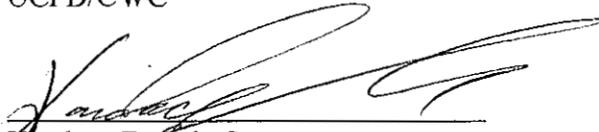
ITEM #1 Approval of the June 6, 2017 UCFD/CWC meeting minutes.

ITEM #2 Discussion and possible action to go into Executive Session pursuant to A.R.S. 38-431.03(A)(1) and (3) for the purpose of providing information and legal advice.

ITEM #3 Adjournment

DATED this 26th day of September, 2017.

UCFD/CWC



Mandace French, Secretary

Items may be taken out of order.



FOR SPECIAL ACCOMMODATIONS

Please contact the Town Clerk, 8 Sundial Circle (PO Box 740), Carefree, AZ 85377; (480) 488-3686, at least three working days prior to the meeting if you require special accommodations due to a disability.

**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 6, 2017

WHERE: FCF – HOLLAND COMMUNITY CENTER, QUAIL ROOM

TIME: 4:00 P.M.

Attending were:

President Les Peterson
Vice President John Crane

Absent:

Board of Directors:

Mike Farrar
Michael Krahe
Cheryl Kroyer
Gene Orrico
Jim Van Allen

Also attending:

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

President Peterson opened the meeting at 4:00 p.m. and requested a silent roll call.

AGENDA

ITEM #1 Approval of the November 1, 2016 UCFD/CWC meeting minutes.

President Peterson announced the agenda item and asked if there were any changes to the minutes.

Vice President Crane made a **motion** to approve the November 1, 2016 Minutes as presented with a **second** by Board Member Kroyer. It **carried** unanimously.

ITEM #2 Discussion and possible action regarding approval of the FY 2017-2018 Carefree Water Company Budget and Rate Schedule.

President Peterson announced the agenda item and introduced Greg Crossman.

Mr. Crossman introduced Megan Orem and announced that the Water Company was pleased to learn that Meagan and her husband recently welcomed their second child, Evan David.

Greg provided an overview of the major changes in the budget and reasons for operational changes. He provided information on the water rates and profit and loss analysis. He explained the cost of water increase and other budget items.

There were questions and discussion by the Board.

Board Member Farrar referenced CAP water and asked if we use all of our CAP allocation. He referenced that Cave Creek uses all their CAP water. He asked about the allocation bank and where our allocation goes if we don't use it. There were additional questions regarding Scottsdale providing treated water to Carefree.

Board Member Farrar questioned if Cave Creek could get water from other sources.

Greg Crossman responded to Board Member Farrar.

Board Member Van Allen asked if the Water Company still has capped wells. He questioned if it was possible to use additional groundwater reserves since others continue to raise their charges to the Water Company?

There were questions and discussion regarding recharging the aquifer. Mike Farrar asked where Desert Forest Golf Course obtained its water.

Mr. Crossman responded. He explained the provision of non-potable water to the golf course in return for potable water back to Carefree.

President Peterson made additional comments and observations.

There was additional discussion and questions by the Board regarding water supply and costs.

Mr. Crossman explained that a primary reason for some operational changes is to "obtain a more consistent blend of GW and CAP water throughout the system."

Mr. Crossman went over the plan to use available FY 16-17 funds to offset the purchase of hydrants (fire protection), meter replacement, system automation and technology (EyeOnWater technology) and system improvements for the 17-18 fiscal year. He then went over other budget items, General and Administrative, a 2.5% COLA for all employees and selective merit increases.

Additionally he outlined the replacement and maintenance of fixed items. He referenced an increase in tank maintenance costs, which are contractual,

There were additional questions by the Board and discussion regarding replacement of fire hydrants and installation of new hydrants.

President Peterson asked the Board if there were any additional questions.

Vice President Crane made a **motion** to approve the FY17-18 Budget and water rates. There was a **second** by Board Member Krahe.

There was an additional question by Board Member Van Allen.

Greg responded and provided information regarding the Carefree water debt service.

After additional discussion, the Motion **carried** unanimously.

ITEM #3 Water Metering/Water Conservation Update – Informational Only

President Peterson announced the agenda item.

Greg Crossman presented information regarding the EyeOnWater roll-out. He described the program which uses cell phone technology and explained that it provides the Water Company and customers with daily access to water use information via the internet.

He explained the one-time fee to customers for a 10 year service program which can be paid in full or spread over 12 monthly payments. He provided the Board with the flyer sent to customers, a FAQ handout and other information

There being no other questions, there was no action taken.

ITEM #4 Water Supply and Regulatory Update – Informational Only.

President Peterson introduced the agenda item.

Greg provided an update on Water Supply. He provided reference to the Colorado River as an Arizona water source. He explained the chances of a shortage were significantly decreased, after the 2016 – 2017 winter snow pack. He also provided an update on ground water and the increase in ground water levels.

Mr. Crossman then provided the Board with a Regulatory Update. He announced that the Carefree Water Company has been randomly selected for participation in water quality sampling under EPA's fourth Unregulated Contaminant Monitoring Rule (UCMR4) . He provided information to the Board regarding cyanotoxins, which the Water Company will be sampling for. He explained it was not an issue in groundwater but can be an issue in surface water.

There was additional discussion regarding the matter by the Board.

ITEM #5 Adjournment

There being no further discussion, President Peterson asked for a motion to adjourn.

Vice President Crane made a **motion** to adjourn. There was a **second** by Board Member Krahe.

DATED this 25th day of September, 2017.

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 6, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

Kandace French, Secretary/Treasurer