

**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, NOVEMBER 1, 2016
WHERE: FCF – HOLLAND COMMUNITY CENTER, QUAIL ROOM
TIME: 5:00 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

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

President Peterson opened the meeting at 5:00 p.m. and requested a silent roll call.

AGENDA

ITEM #1 Approval of the June 7, 2016 UCFD/CWC meeting minutes.

President Peterson introduced the agenda item.

Vice President Crane made a **motion** to approve the June 7, 2016 Minutes as presented with a **second** by Board Member Farrar. It was **carried** unanimously.

ITEM #2 Discussion and possible action regarding 2015-2016 Fiscal Year audit.

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

Mr. Crossman spoke to the Board and introduced Meghan Orem, part-time Controller for the company, and Crimson Singleton, CPA, CGFM, Audit Manager for the firm of HintonBurdick, PLLC. Ms. Singleton appeared telephonically.

Mr. Crossman and Ms. Orem outlined the goals of the audit, including the use of generally accepted accounting practices and compliance with the statements and guidelines of the

Governmental Accounting Standards Board (GASB). He reminded the Board that his office also has history of transparency, which he endeavors to continue.

Mr. Crossman provided the audit results for the Carefree Water Company and the Carefree Utilities Community Facilities District (“UCFD”). It was determined by the auditor that the accounting practices and principles were in order. Additionally, the Water Company was able to cover all liabilities and deposit additional funds into the reserves. He was pleased with the audit findings.

Ms. Crimson Singleton stated that Mr. Crossman presented the audit correctly. She was comfortable with the finding and found sound management practices for the UCFD and the Water Company. It was considered a “clean audit”.

There were no additional questions from the Board.

President Peterson asked for a motion to approve the 2015-2016 Fiscal Year Audit.

Vice President Crane made a **motion** to approve the audit as presented. There was a **second** by Board Member Orrico. It was **carried** unanimously.

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

Mr. Crossman then presented information on the “Beacon/EyeOnWater” Pilot Program. He described the use of the new meter technology and the benefits to both the Water Company and the consumer. He explained it was compatible with the existing badger meters and used cell phone technology for data communication. In addition, it provided the customer and the Water Company with hourly water use data.

Mr. Crossman explained the Pilot Program was begun in April, 2016. There were 10 systems installed throughout a cross section of customers, but mainly residential. It provided access to the EyeOnWater website.

In September, the Water Company distributed surveys to the 10 Pilot Program Participants. All 10 responded. A summary of those responses was provided to the Board. The survey results indicate the program is very successful and received very positive responses.

Mr. Crossman suggested that the Beacon/EyeOnWater program be made available to all customers on a voluntary basis. The suggested price is \$250 for a 10-year service. It would require a \$3,000.00 expenditure by the Water Company.

There were questions and discussion by the Board Members.

Mr. Crossman responded.

PUBLIC COMMENT

Cheryl Kroyer, Carefree, appeared and spoke regarding the sample size representative of survey opinions. She asked if there were any negative comments and also asked Mr. Crossman for information regarding his break-even point.

Mary Peterson, Carefree, appeared and asked Mr. Crossman if the use of the program would change how the meters are read by the Water Company.

Mr. Crossman responded.

ITEM #4 Water Supply Update – Informational Only.

Mr. Crossman provided the Board with a detailed report of the status of the water supply for the Carefree area. He outlined the status of the Colorado River and detailed the three supply conditions. He stated that years 2016 and 2017 were expected to be normal years while there was a 50/50 chance of 2018 being a shortage year. Mr. Crossman explained there was no recommendations at this time for municipal cutbacks and all cutbacks were to the agricultural community.

He then detailed the groundwater supply status and provided information on the City of Scottsdale's continued recharge of the East Basin. He stated the groundwater levels of the East Basin continue to rise. And the supply conditions of the groundwater basin continue to be good.

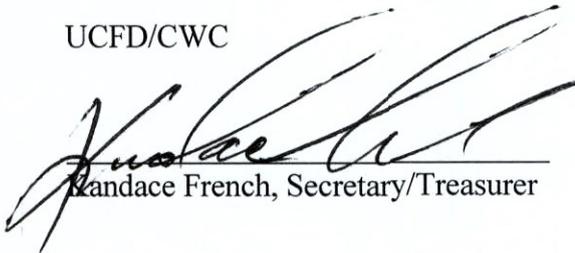
There was discussion and questions from the Board regarding future studies of the groundwater and use of water by the Town of Cave Creek.

ITEM #5 Adjournment

Board Member Farrar made a **motion** to adjourn with a **second** by Board Member Orrico. It was **carried** unanimously and the meeting adjourned at 5:47 p.m.

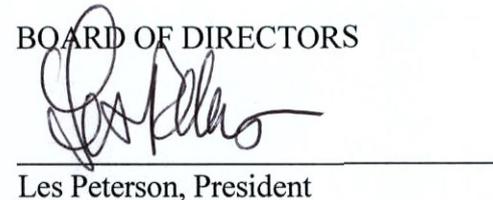
DATED this 8th day of November, 2016.

UCFD/CWC



Randace French, Secretary/Treasurer

BOARD OF DIRECTORS



Les Peterson, President

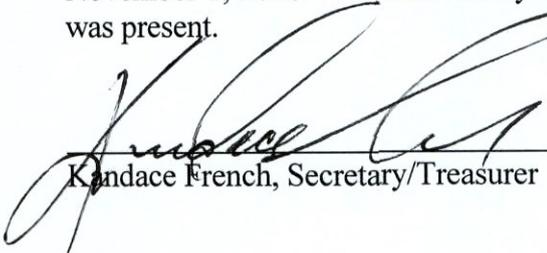
Attest:



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 November 1, 2016. I further certify that the meeting was duly called and held and that a quorum was present.



Kandace French, Secretary/Treasurer