

**MINUTES 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, DECEMBER 1, 2020

**WHERE:** ZOOM ONLINE – MEETING ID: 322 972 9660

**TIME:** 4:00 P.M.

**Attending:**

Chairman Les Peterson

**Absent:**

None

**Board Members:**

John Crane  
Vince D'Aliesio  
Stephen Hatcher  
Michael Krahe  
Cheryl Kroyer  
Gene Orrico

**Also Attending:**

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

Chairman Peterson opened the meeting of the Town Of Carefree Utilities Community Facilities District And The Board Of Directors Of The Carefree Water Company, Inc. at 4:30 p.m.

**AGENDA**

**ITEM #1     Recognition of new Board Member, Tony Geiger.**

Chairman Peterson announced the agenda item and introduced Greg Crossman, General Manager of the Carefree Water Company.

Mr. Crossman announced the outgoing member of the Board of Directors, Gene Orrico and the incoming member, Tony Geiger. He stated Mr. Geiger comes to the Board with an extensive history and knowledge of water related matters. He congratulated Mr. Geiger and all the other Board members for their successful election and two years of continued service to the Board.

**ITEM #2     Approval of the June 2, 2020 UCFD/CWC meeting minutes..**

Chairman Peterson announced the agenda item asked the Board Members if there were any changes or questions. There were none.

Board Member Krahe made a **motion** to approve the June 2, 2020 minutes. There was a **second** by Vice Chairman Crane. The motion **carried** unanimously.

**ITEM #3**      **Discussion and possible action regarding 2019-2020 Fiscal Year audit.**

Chairman Peterson announced the agenda item and re-introduced General Manager, Greg Crossman.

Mr. Crossman introduced Controller, Meghan Orem. He further explained that due to a new contract, the auditors for FY20219-2020 were Jennifer Shields, CPA and Jared Young, CPA, CGFM of the firm Heinfeld Meech. He thanked the Board for their indulgence and explained that the audit presentation was one month later than usual because he had been unavailable the month before.

Mr. Crossman described the audit process and explained the goals of the audit was to assure the UCFD's financial statements were free from material misstatements, to verify the organization was observing good accounting practices and principles, to confirm compliance with Government Accounting Standards Board requirements, to guard against fraud and misuse of funds, and to provide transparency.

Mr. Crossman further explained that he felt the UCFD came out with a very clean audit. There were no financial misstatements, the accounting practices and principles were in order, the Water Company was able to cover all its liabilities and grow its reserves, and based on the audit results, the Water Company and the UCFD were in good financial health.

He wanted to point out the debt services highlighted from the audit report including that the Water Company purchase was completed in July, 2018. Bondholder payments started in 1998 with the last payment being made in July, 2018. Therefore, the Water Company is owned free and clear by the UCFD.

As a result of paying off the bondholders, that payment amount has been directed to the Town of Carefree to begin paying the loan to the Town to begin the Water Company's Capital Improvement Program. The Town loaned approximately \$3.2 million for capital improvements and, to-date, the Water Company has paid back approximately \$1.04 million with just under \$2.18 million remaining which will be completed in 2026.

Additionally, the Water Company is paying the Town for a WIFA (Water Infrastructure Finance Authority) loan which the Town has taken out in the amount of \$240,000 per year through the end of 2027. There is a balance to-date remaining to the Town in the amount of about \$800,000. The original loan amount was \$3.3 million. The Town of Carefree was originally making larger payments to the WIFA loan so it will pay off the loan in 2024 but the Water Company will continue to pay the Town for the loan through the end of 2026 to make the Town whole.

Mr. Crossman opened the meeting to the auditors for comments and observations regarding the audit.

Auditor Jennifer Shields, of Heinfeld Meech acknowledged Greg Crossman and Meghan Orem for their hard work throughout the year as it made the audit go much more smoothly because they are very involved in the transactions. She also reiterated that it was a clean audit and no adjustments were required and there were no adverse findings. There were no difficulties in performing the audit.

Mr. Crossman thanked the auditors for their smooth process. He asked if the Board had any questions.

There were no questions by the Board.

Board Member Hatcher commented that additional figures would be needed from the upcoming Cave Creek customer acquisition to make a full financial determination.

Chairman Peterson thanked both Meghan and Greg as well as Jennifer and Jared.

Board Member Hatcher asked the auditors if they felt that the continued satisfaction of the outstanding debt service by the Water Company appeared to continue to be financially satisfied with the revenue coming in.

Ms. Shields stated that a prospectus analysis was not performed but it appeared that the Water Company was doing an excellent job of charging the rates needed to generate the appropriate revenue. There was a very low delinquency rate for customers and the Water Company did an excellent job and was financially healthy.

Chairman Peterson asked Mr. Crossman if the commercial accounts impacted by COVID were back on track and paying as agreed.

Mr. Crossman stated that the largest commercial account, CIVANA, was open, on-track and paying as agreed as were the other accounts. However, CIVANA did not have a significant impact on the Water Company revenue stream which speaks to the solidity of the company finances and rate payer base.

Board Member Hatcher asked about funding for capital improvements.

Mr. Crossman responded and explained the separate account for the larger projects.

There being no further questions, Board Member Krahe made a **motion** to accept the audit findings for the FY2019-2020 audit. There was a **second** by Vice Chairman Crane. The motion **carried** unanimously.

**ITEM #4** Adjournment.

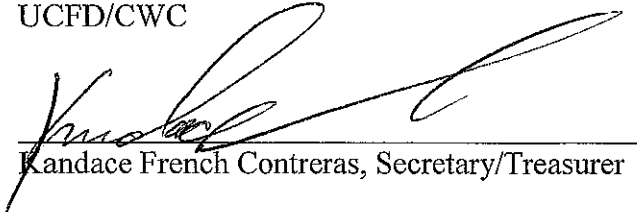
Chairman Peterson announced the agenda item and asked for a motion to adjourn.

Board Member Kroyer made a **motion** to adjourn. There was a **second** by Board Member Krahe. The motion **carried** unanimously.

The meeting adjourned at 4:53 p.m.

DATED this 2nd day of December, 2020.

UCFD/CWC



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Kandace French Contreras, Secretary/Treasurer

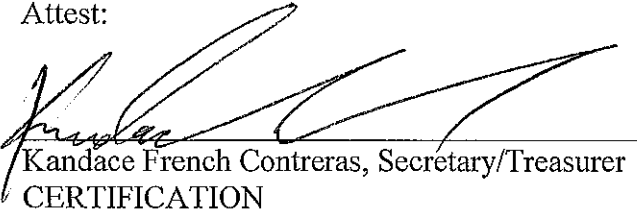
BOARD OF DIRECTORS



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Les Peterson, Chairman

Attest:

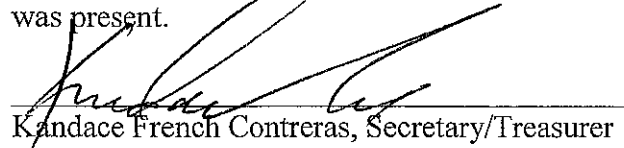


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Kandace French Contreras, Secretary/Treasurer

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 December 1, 2020. I further certify that the meeting was duly called and held and that a quorum was present.



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Kandace French Contreras, Secretary/Treasurer