

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

WHEN: TUESDAY, MAY 4, 2021

WHERE: ZOOM ONLINE MEETING ID: 322 972 9660*

TIME: 4:30 P.M

Attending:
Chairman Les Peterson

Absent:
Stephen Hatcher

Board Members:

John Crane
Vince D'Aliesio
Tony Geiger
Cheryl Kroyer

Also Attending:

Greg Crossman, General Manager of the Carefree Water Company, Gary Neiss, Carefree Town Administrator, Michael Wright; Attorney, Sherman & Howard LLC.

Chairman Peterson opened the meeting at 4:30 p.m.

AGENDA

ITEM #1 Approval of the April 6, 2021 UCFD/CWC meeting minutes.

Chairman Peterson read the agenda item and asked the Board if there were any changes or edits to the Minutes. There were no questions or changes.

Vice Chair Crane made a **motion** to approve the April 6, 2021 Minutes. There was a **second** by Board Member Geiger. The motion **carried** unanimously by a vote of 5 to 0 with Board Member Hatcher absent.

ITEM #2 Review, discussion and possible action to approve Resolution 2021-04 regarding the assignment of CAP water rights from the UCFD to the Carefree Water Company.

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

Mr. Crossman presented a Power Point to the Board. He stated that the matter before them was legal housekeeping and assigns 378 acre feet of CAP water rights to serve the Carefree Service Area to the Carefree Water Company. The Settlement Agreement between the Town of Carefree and the Town of Cave Creek requires Cave Creek to transfer those water rights to the UCFD for the Carefree Service Area also known as Neighborhoods A, B and C. Of that, approximately 300 acre feet is needed to serve the current customer demand in Neighborhoods A, B and C and

approximately 80 acre feet will be reserved to meet future demand for growth in those three neighborhoods. The Settlement Agreement is between the Town of Cave Creek and the UCFD. However, the Carefree Water Company holds the subcontract for all of Carefree's CAP water rights. The Resolution before them solves this problem by assigning the CAP water rights from the UCFD to the Carefree Water Company. He presented a flow chart showing the water rights transfer process. He said upon the assignment, the Carefree Water Company can seek an amendment to its CAP contract with the Bureau of Reclamation and the Central Arizona Water Conservation District. This would increase the Carefree CAP allocation from 1300 acre feet to 1678 acre feet of annual water supply from the CAP canal which ultimately comes from the Colorado River.

Chairman Peterson asked a question of attorney Michael Wright regarding the assignment and whether there should be compensation involved. Michael Wright explained it was a formality and there was no compensation needed.

There was additional discussion among the Board members. Greg explained the steps that all the involved entities would take to authorize the transfer. He also explained how the authorization will be processed by the Town of Cave Creek and moved on to the other regulatory entities for approval.

Board Member Kroyer made a motion to approve Resolution 2021-04 regarding the assignment of CAP water rights from the UCFD to the Carefree Water Company. There was a second by Board Member D'Aliesio. The motion carried unanimously by a vote of 6 to 0.

ITEM #3 Adjournment


Chairman Peterson asked for a motion to adjourn.

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

Meeting adjourned at 4:43 p.m.


DATED this 7th day of May, 2021.

UCFD/CWC



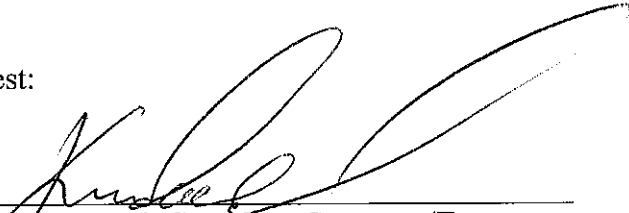
Kandace French Contreras, Secretary/Treasurer

BOARD OF DIRECTORS



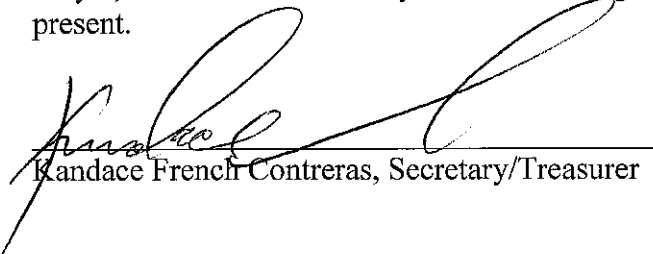
Les Peterson, Chairman

Attest:



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 May 4, 2021. I further certify that the meeting was duly called and held and that a quorum was present.



Kandace French Contreras, Secretary/Treasurer