GOLF CLUB ESTATES WATER ASSOCIATION, INC

ANNUAL MEETING

AUGUST 3, 2025

System Transition Overview – Craig Hill
This year IDEQ rules required us to move from a Transient water system to a Community water system. This move entailed much more water testing than in the past. Quarterly we have to test Well 1 and Well 2 for about 40 different chemicals. To date we have passed every test.

On December 6, 2024 we switched off the old tank and moved to the two new tanks. This doubled the water capacity we have available. Each tank is approximately 110,000 gallons.

IDEQ required a third well to be drilled for future capacity. We were hoping for 180 gallons per minute but only got 80. The difference could be that we had to go down to 160 feet, deeper than either of the other two wells.

Infrastructure & Construction Updates – Scott Lewis
We replaced the two antennas, cabling and connectors and now have a consistent signal between the well pumps and the water tanks. This eliminated us having to go up to the new tanks twice a day to check the water level and manually turn on the pumps when the water got too low. Now we can set the pumps to automatic and a signal is sent so the pumps turn on and off as needed.

Emerick Construction has sent a new time line for completing the project. It is anticipated the well house construction will begin on August 18, 2025. That likely won't be met as IDEQ doesn't have to plans to review. Past experience with them reviewing our submissions is at least a month or more for them to get back to us. It could be if approval isn't given in time we could run out of time before winter. That would move the well house completion date into spring 2026.

Water Supply Capacity – Craig Hill
IDEQ may require us to add a 4th well in order to meet their standard for household usage as if we were fully built out and the Millie's project was fully built out…prior to any further development. The standard IDEQ is using is 800 gallons per day per household. We are working with Sewell Engineering to try and get that amount amended. Our neighboring water system for Marvin Estates meters their connections and in the high season (watering months) are just over 200 gallons per day per household. We have several years of their records we can show IDEQ that will verify those results.

Financial Impact & Rate Adjustments – Craig Hill and Mike Craigen
Unknown to us was what the financial impact of moving from a Transient to a Community Water system would be. As a Transient system we were required to test our water once a month for bacteria only. When we moved to a Community system we are now required to test once a month for bacteria and quarterly test Well 1 and Well 2 for over 35 different things in the water. We have always passed so our water is excellent. However, the costs for those tests have been averaging over $3,000 per quarter. That has had a negative impact on our operating budget. Other expenses that have gone up with the new system is our tank insurance. It has doubled because we have two tanks now. Also, we are using more electricity to run he pumps to keep two tanks full.

We should be in our third year of generating income from the Millie's project. IDEQ requirements have consistently delayed construction time lines for both our project and Millie's development. We can't start billing Millie's for water until they are connected to our line. IDEQ will not let Millie's do anything else until our project is 100% complete and approved which should be sometime next Spring.

It is pretty obvious that we are going to need a rate increase next year to keep up with the Community water system expensed. The board will work on what the 2026 rates in time for the annual invoices that go out in January.

Millie's contributed over $850,000 to this project and that included their first 36 connections. The remainder of the construction cost are to be paid by our Association members. Even with the new tank assessment we had to take out a 5 year, 7.5% $350,000 loan from Washington Trust Bank. Last September we started paying the loan back at $6,988.23 per month. As of July 2025, we have enough left in the Construction account for the next 10 months. We will explore all financial possibilities but can't rule out the need for another assessment to finish off the loan.

July 31, 2025 our account balances are:
Construction Account - $76,419.46
Money Market Account - $11,544.66
Checking Account - $506.44

We have had trouble with some owners not paying their assessments and/or annual fees. After consulting our attorney, we will now start to lien properties that are chronically in debt to us.