

Mountain Mutual Water Company

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January 2016

Dear Members,

The Board of Directors at Mountain Mutual Water Company would like to send you our best wishes for a happy and prosperous 2016. The Board's job is to oversee your interests and we are proud to serve our members.

Mountain Mutual continues to move rapidly to bring our aging water system up to date as well as to continue to improve our business efficiencies and implementation of new services for our members. There is no "off season" for us anymore. Even in the cold of winter there is a constant bustle of activity.

2015 was another successful year. The team completely replaced the key transmission line from the main holding tank into the subdivision. The project included replacing over 9000 feet of old 3" PVC with new high-grade 4" HDPE along with the associated vaults, pressure valves and intersections. The new section is delivering almost twice the volume of water and has reduced the pumping burden on our aquifer. The project was finished ahead of schedule and under budget. The MMWC field and office staff are incredibly good at doing extremely high quality work with a very limited budget. Relying on our in-house staff instead of hiring outside contractors is a huge benefit to Mountain Mutual. The savings in 2015 was approximately \$500,000. We estimate we've saved close to 1 MILLION dollars in infrastructure project costs over the past 4 years.

Even though we were under budget with our major summer project, 2015 was a tough financial year for us. We unexpectedly had to replace 2 of our field trucks along with some major electrical repairs at the pump house. We self-financed the trucks from our reserve funds. We are repaying ourselves for the loans with monthly payments back into the reserves. This is far more favorable than a conventional bank loan. Piping, valves, and other replacement parts as well as increases in insurance, utilities and taxes continually strain our operating budgets. However, we were able to keep our actual operating expenses under our projected budget. For that reason, there will be NO increase in normal water rates or fees for 2016.

The State inspectors notified us late in 2015 we will be required to replace 2 or possibly 3 of our 40-year old holding tanks inside the subdivision. Although replacing and upgrading these tanks was in our future plans, the State notification forces us to make tank replacements a priority. These projects will cost upwards of \$100,000 per replacement. Unfortunately, the cost of replacing these tanks and the associated work over the next few years will not fit into our normal operating budget. The single outlay of cash per tank project is just too much for us to absorb without putting our reserves (emergency funds) in serious jeopardy.

After much consideration, The Board of Directors has enacted a multi-year special assessment to pay for the major expenses of tank replacement and continued infrastructure improvement with an added goal of increasing our cash reserves. The assessment will be \$85 invoiced annually from 2016 through 2020. If the member chooses to pay the special assessment in one lump sum the first year MMWC will discount the total assessed amount to \$350.00.

As always we continue our effort to find additional funding sources to take the burden off of our members.

The annual meeting of the Mountain Mutual Water Company membership will be held on Saturday, April 16, 2016 at the Cripple Creek Mountain Estates clubhouse. The meeting will begin at 10:00 AM. As a member of this enterprise, we encourage you to attend or submit your proxy on your behalf.

Best Regards,

MMWC Board of Directors

NOTICE OF ANNUAL MEETING

Saturday, April 16, 2016

Cripple Creek Mountain Estates Clubhouse, 4453 CR 1, Teller County, Colorado

The Annual Meeting of the Members of Mountain Mutual Water Company, a Colorado non-profit corporation (The Company), will be held at Cripple Creek Mountain Estates clubhouse across CR 1 from the Mountain Mutual Water Company office in Teller County, Colorado, on Saturday, April 16, 2016 at 10:00 AM for the following purposes:

1. To elect two officers for a three year term; and
2. To transact other such business as may properly come before the board during the meeting.

The accompanying Proxy Statement provides additional information relating to the above matters.

The Board of Directors has fixed the close of business on December 31, 2015 as the record date for members entitled to notice of and to vote at this meeting on any adjournment thereof. The transfer books will not be closed.

To ensure a quorum and full vote, members are requested to sign and mail the accompanying proxy. If you attend the meeting and vote in person, the proxy will not be used.

NOTE: Only Members in good standing are eligible to vote or submit proxies.

By order of the Board of Directors.

PROXY STATEMENT - 2015 ANNUAL MEETING OF MEMBERS APRIL 16, 2016

1. The terms for Ed Dunn and Jim Noble are about to expire. The following persons have submitted "letters of interest" to run for the vacancy, a three year term: Ed Dunn and Jim Noble. Please review the candidates. *You should vote for only two (2) people.*
2. Management is not presently aware of any other business that might be brought up at the annual meeting.

The accompanying proxy is solicited on behalf of the management. The cost of soliciting proxies will be born by the Company. In addition to the solicitation by mail, officers, and regular employees of the Company may solicit proxies by telephone or in person.

A member giving a proxy may revoke it at any time prior to the voting thereof. Any member who attends the annual meeting may revoke his/her proxy in person.

The By-Laws of the Company provide, in Part: "No member who shall become delinquent in the payment of charges or becomes delinquent in the timely payment of any debt he/she owes the corporation, shall receive or be entitled to receive any service for any purpose or to vote at any regular or special meeting of members, until such delinquency shall have been paid in full."

The Board urges each member to pay their delinquencies and vote. The Board has worked diligently to obtain the assets needed to perform the services, and the Company deserves the support of each member. The memberships in the Company are valuable and the cooperation and support of all members is needed to maintain this value. We urge each member to promptly pay all charges, and to vote.

By order of the Board of Directors.