

Mountain Mutual Water Company

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The annual meeting of Mountain Mutual Water Company was held at 10:00 am, Saturday, March 24, 2012 at Rocky Mountain Chapel. The meeting was attended by 16 residents, 4 board members (Donna Brazill, Eric Cernyar, Jim Noble, and Jean Olmsted), and 4 employees (Don, Hindman, Albert Snare, Kevin Karloske, and Cheryl Petrowski).

The meeting was called to order by President Donna Brazill at 10:00 am. This was followed by an introduction of the Board Members and staff and approval of agenda for the 2012 annual meeting. Last year's annual meeting minutes were approved.

Treasurer Jim Noble reviewed the Statement of Financial Position as of 12/31/2011. Jim brought attention to the accounts receivable and doubtful accounts. Time has been spent with the outside accounting department this year to update/change accounting procedures. Assets grew by about \$10,000 on the bottom of the Financial Statement, in actuality, meter installations and payments affected the monthly income. Jim reviewed the start of internal collection process and collected \$15,000 in outstanding fees. We have been recouping money spent in 2009 and 2010 to have meters and meter pits in stock. While numbers look like we are better off, we are not. Restricted assets have been moved around to get the best rates possible in a zero point nothing environment and have increased the liquidity of the funds. Motion to approve financial reports was made and seconded, all in favor to approve.

Donna Brazill made a motion to declare the election since no one else ran, all in favor to approve.

Collections and rate increase were discussed by Jim Noble. As promised at last year's annual meeting, collections have been stepped up and are being done internally. There were not enough records available to us to turn it over to an outside collections company. A good portion of last year was spent cleaning up the records, confirming who owns what, vacated lot lines, and forfeited records. We found about 60% of forfeitures were not really forfeited. Jim is proud that as of today, we have very few user delinquencies – about 98% are current. Our availability side is a different story - a lot of availability accounts were not aware that they owe this money. Collections have been working with land owners to let them know about annual charges. It will be harder to collect from vacant land owners than users; users who don't pay may have their water shut off.

After a lot of discussion, the Board agreed that a rate increase is the only way we will be able to raise necessary funds. It was agreed to increase the rate on the product that we sell – water usage and delivery. The base fee will remain the same, water will go up 1 penny per gallon (from ½ cent to 1 ½ cents per gallon). If budget is managed, this would give us a small surplus at the end of the year, keeping with our non-profit status. This will still not be enough to cover money we intend to spend. This was the smallest rate increase we could do to keep us liquid at the end of the year. Question was asked if the rates would eventually go down – no, not in our lifetime, “water is gold”. Another question was “are all the meters in?” – Almost all are in, (8 are still outstanding) – we are currently about 98% complete. Meters are not required on vacant land unless they have a cistern and are tapped into water system.

Reviewed how electronic meter readings are going – there are some problems. Don feels the problems are usually with the cistern, not the meter reads and/or meters. There are problems that

seem to be occurring on a certain brand of cistern. It is the property owner's responsibility to maintain their cistern and systems on their side of the service connection. Any big city would charge you if you had a break in the line and used 100,000 gallons, the utility company would bill you for the 100,000 gallons.

Susan from the POA brought up delinquent properties fees and water fees. Repurchase of water rights and fees involved were discussed. The water company has a super lien that stays with the property. Policy is being discussed on delinquent and forfeited properties, currently there are no changes. Eric stated that almost 50% of our budget comes from availability fees. Collections were also talked about.

The strategic plan that was implemented 3 years ago was updated to include current accomplishments. It is our map that is showing MMWC's progress, and to have a plan in place for new Board members in the future.

Don reviewed some of the state's required testing on our 'ground water'. Don reviewed the state mandated chlorination plan for MMWC at the Gillette well. All small community chlorination exemptions are being removed by the state. This has to be done by the end of June. Donna pointed out that MMWC held a chlorination training done by Colorado Rural Water, with operators from the area invited to participate, last fall. She described that if you line up grains of rice for 1.9 miles, mathematically that equals 1,000,000 grains of rice and we are required to chlorinate the equivalent of 2 grain of rice out of the 1 million. We have to check/test the chlorine at the END of the system.

Eric mentioned that the temporary CCME augmentation plan for the ponds, if approved, is only good for 5 years.

Eric made a power point presentation on switching to HDPE and the needs associated with the change and the different costs involved.

It was asked about minutes on the web site. Eric explained he is doing what he can and would love to have someone volunteer to take over maintaining the website.

Public session brought up the question, after the Board decides on what improvements will be done and how, who make the final decision – does the membership or the Board make the final decision? Donna would like to send out a ballot to the membership and Jim pointed out that according to the by-laws and articles of incorporation the Board has the authority to so do without a vote.

On the Horizon - Donna discussed the 'Meet & Greet' she is organizing. The exterior of our building needs some work, the interior is looking (and smelling) great.

At 12:20 pm, a motion was made by Eric to adjourn the meeting, motion was seconded by Jim.