

Mountain Mutual Water Company
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2023 Annual Meeting, March 25, 2023

The 2023 annual meeting of the Mountain Mutual Water Company was held at 10:00 am on Saturday March 25, 2023, via virtual video conference call. The meeting was attended by the six board members (Ed Dunn, Jim Noble, Mike Bonar, Bill Martin, Linda Leyba, and Barbara Artimez), the MMWC General Manager Louise Noble and MMWC field tech Brian Kurtz. Members of the Cripple Creek Mountain Estates POA were also in attendance, plus several unidentified members at the CCME POA.

The meeting was called to order by President Ed Dunn at 10:02 am. A motion was made by Jim to approve the agenda, Bill seconded the motion, and all approved the agenda. The 2022 meeting minutes were provided, and the attendees were allowed several minutes to read and comment on the minutes. Bill made a motion to approve last year's meeting minutes, Barbara seconded and all approved.

Election – The election officer has tallied the votes for the two open positions. A total of 45 ballots cast were received with 45 votes for both Barb Artimez and Mike Bonar, both were re-elected to the Board. Jim moved to approve the election results and Bill seconded, all approved.

Financial Report – The financial report was provided by Jim Noble via a PowerPoint presentation. The company's overall financial condition continues to improve, the collection efforts are a continued success, (close to 200 landowners are delinquent in some fashion). The focus moving forward is financing equipment that needs replacement. Equipment needing replacement include one or two trucks and the 30-year-old backhoe. Jim compared the 2022 financial statement with the 2021 statement.

Operating expenses were high in both 2021 and 2022. There was a net operating profit in 2021 and a net operating loss in 2022. The loss in 2022 was due to unexpected large costs of a new main pump and meter.

The largest portion of income comes from user and availability fees. The rest comes from connection and repair fees charged directly to customers requiring these services. The Board has been focusing on collecting and using non-water fees to help offset any user or availability fee increases. There has been more focus on individuals paying for issues that are specific to their system rather than the entire membership covering those costs.

Operational update - The operational update was provided by Louise Noble. 2022 was an interesting year. Although the company was generally short one employee throughout most of the summer of 2022 the technicians were able to complete mainline repairs on Yorktown, Vivenda, Grey Eagle, Rattler Court and Wolftone, for a total of about 2 miles of new line. Both the main pump and the meter at the Gillette well were replaced. Due to the efficiency of the new pump the Company has been able to see an approximate \$900 per month decrease in the electric bill with the new pump. In addition, the monitoring system was upgraded and thirteen new home connections were completed.

The 2022/23 winter season has been particularly difficult with the high number of customers and portions of the mainline freezing. The freezing is mostly due to customers not preparing their system for winter

(heaters in the cistern and meter pits). In many instances, these customers freeze annually and have been informed repeatedly to address the freezing issue and do not. The freezing of the customer lines generally results in the freezing of the mainline. Once the mainline freezes, the company hauls water to the customers that no longer have water. This puts a huge strain on the staff to keep water supplied to all the customers in need. This year has been one of the worst years in the past 30 for lines freezing. The technicians are currently working on a solution to address the freezing issue for next year.

During 2022, the State of Colorado made changes to the lead and copper standards. These changes have been addressed by staff. We can anticipate that there will be new regulations in the future. These new regulations require a significant amount of time from the staff, but they continue to meet and comply with these regulations and MMWC is one of the few water companies in the state that has had a perfect sanitary survey review from the State of Colorado.

Equipment continues to be a concern, the backhoe is 30-years old and although it has been repaired, it will need to be replaced in the future. The excavator that was purchased in 2019 is still in good condition and has resulted in continued saving over renting. The road conditions throughout the community are hard on the pickups. Two of the three pickups will need to be replaced within the next couple of years.

Supply chain issues are making it difficult to obtain connection materials. Currently materials are 16 weeks out from the time the order is placed. This has required the company to have all connection requests in by April of each year so the material can be available when needed.

We now have two technicians that are certified fusion techs to fuse the HDPE pipe. This saves the company both time and money by not needing to use outside resources during pipe installation.

In addition to their normal duties, the technicians were able to complete the rough and final grade for the new building, install the cistern and the septic system, and help install the radiant heat tubing. Completion of these tasks resulted in significant cost savings as related to the new building.

The office administrator has worked diligently to track the large number of new owners within the community and has developed efficiencies in the preparation of the monthly billing, streamlining it to a two-day process. This has all been done, in addition to many other tasks, while the office administrator is here on a part-time basis.

The MMWC staff are an extremely dedicated team that always goes above and beyond to keep the system in operation, the company functioning and keeping the customers supplied with water. They consistently work well beyond what is required. The system would not function as well as it does without their knowledge, dedication, and hard work.

New office update – The new office update was presented by Louise Noble. A series of photos were shown documenting the progression of the construction. As previously mentioned, the technicians completed the rough and final grades, installed the cistern and septic system, and helped install the radiant heat tubing. In addition, they dug the footers for the building and installed the retaining wall. Currently the electrical and plumbing have been roughed in, the roof is nearing completion and the HVAC is being installed. We anticipate the building will be ready for occupancy in September 2023.

The current plan is to remove the old office building once we have moved into the new building. The current office building was struggling to have a functioning toilet, and the floor has begun to sag. The current building was designed as a temporary structure.

2023 and Beyond – 2023 and Beyond was presented by Bill Martin. Bill began by emphasizing that all the Board members are residents that have an interest in moving the water company forward.

The PowerPoint presentation provided the MMWC mission, core values, vision statement and was followed by a review of the strategic plan.

2023 Plan – As mentioned we plan to be in the new building by September. The company will continue to grow the contingency fund through any funds remaining at the end of the year. These funds will be used to help purchase a new backhoe. We continue to make repairs to the water truck to extend its life, but the Board is planning for its eventual replacement. The Board continues to review and update the bylaws and the strategic plan as necessary. As pipe is replaced and new components installed, they are being mapped so the future staff will know the location of the infrastructure.

The Board continues to address attacks on our water rights by keeping updated on new regulations that pertain to water rights and water supply issues. As water supplies become scarcer throughout the region and the West, the Board continues to work with an outside water rights attorney to protect our rights. MMWC has senior rights, but we cannot anticipate when or how those rights will be questioned. The Board has worked with our outside council for the past two years to defend our water from an entity challenging our rights. Addressing these challenges is very expensive and is time-consuming for both staff and the Board.

2 to 5 Year Plan – Over the next 2 to 5 years the Board will continue to evaluate the need for replacement of equipment and work to address staffing needs as our technicians are nearing retirement. The Board is also working on a handbook to better define the roles and responsibilities of the Board members and staff. We are also working to enhance both security around our tanks, wells and pumps as well as enhancing the systems used to gather information from the tanks and monitor water usage. The current financial and accounting procedures will be updated as necessary.

5 to 10 Year Plan – We will continue to replace the main arterial lines as necessary. This work will continue to be done by our technicians which will provide significant saving to the members. An original cost estimate for an outside contractor to complete this work was several million dollars; we are anticipating completing this work for significantly less, but it takes time. However, once this phase is completed the system should be in good shape well into the future.

The Board will continue to evaluate the need for new storage tanks or upgrades to the current tanks and will evaluate the aquifer conditions as weather conditions continue to become drier. We will also assess how to better serve new homes that will be added to the system.

Public Questions and Answers – Ed opened the floor to questions. *(For clarity the following are questions from the public, and the Boards response, that were asked throughout the meeting and not necessarily during the question-and-answer portion of the meeting).*

- *Clarification on what are considered user fees vs. availability fees* – User fees are the monthly water bills to the homeowner; availability fees are annual fees on vacant land.
- *Is the MMWC financial information available on the website?* – No, but the information is available upon request through either email or by calling the main office.
- *Can the financial information be provided to the President of the Cripple Creek Mountain Estates POA for it to be provided prospective home/land buyers?* – The CCME POA can request this

information, the specific topic will be addressed by the presidents of the respective Boards (CCME and MMWC) after the meeting.

- *Are the Board members paid?* – The MMWC Board members are all volunteers that meet at a minimum once a month. They are provided a \$50.00 per month stipend. Throughout the year the Board members spend a significant amount of time addressing issues related to water rights, purchase of materials and or equipment, and addressing specific homeowner issues.
- *Concerns were raised regarding access to the Board and staff* – The Board is available by email and the office may be reached by telephone or email. All incoming calls to the office and responses are logged. The office is only staffed part-time, so there may be a delay in responses if requests are made after hours.
- *Concerns were raised over transparency of the Board to the members* – The Board will take this under advisement and will discuss ways to address this issue while maintaining the information that is sensitive to running the company.
- *CCME POA requested information related to the property lines of the existing building as it relates to the future installation of mailboxes.* This will be addressed off-line between the respective Boards.
- *Are the MMWC financials audited annually?* – The financial information is reviewed by our third-party accounting firm monthly, but a formal annual audit is not required under the current state statute.
- *Will the office hours be expanded when the new building is completed?* Because the office staff is part time, the formal office hours will be Monday through Friday from 8:30 am to 1:30 pm.
- *Are there term limits for the Board members?* – Under state statutes term limits are not required, so there are currently no term limits for Board members.
- *Who is responsible for the maintenance and repair of cisterns?* – The cisterns are the homeowner's responsibility.
- *Overall concerns with transparency, accountability and communication* – The Board will take these comments under advisement and will work to address them. If members of the public have practical ideas or suggestions to address these issues, they are encouraged to contact the Board.

Ed moved to adjourn the meeting at 12:04 pm, Jim moved to approve, and Barb seconded, and all approved.

Executive session was held.