Beverly Hills Mutual Water Company

3204 North Academy Boulevard, Suite 100
Colorado Springs, CO 80917
(719) 447-1777

Annual Shareholders Meeting
Monday, March 2nd, 2026

Agenda

- Board introductions
- Historical Background
- Water Usage
- Financials
- Significant activities this past year
- Reliability
- Election of one director
- Questions & Answers

Board of Directors (Term Ends)

Gene Crandall, President (2028)
7830 Coventry Drive
gmcrandall@aol.com

Aurom Mahobian (2026)
7750 Saxeborough Drive
aurommahobian@gmail.com

Mark McNary, Treasurer (2027)
7914 Saxeborough Drive
markmcnary5@gmail.com

Frank Watervoort, Vice President (2029)
7751 Saxeborough Drive
Frank@Watervoort.com

Orlando Zapata, Secretary (2030)
559 3rd Avenue
ojzapata@gmail.com

Beverly Hills Mutual Water Company 101

- BHMWC is a private, 501c (12) non-profit company; each homeowner owns an equal share in the company
- It was founded by the developer of Beverly Hills Estates in 1957 to serve what was then a remotely located community

- We have no employees
- We are run by an elected volunteer board made up of community members. Members serve for a five-year term.
- Facilities operated by contractor – Colorado Water Well
- Billing handled by Wisdom Management
  (Formerly known as Walker Schooler District Managers)

- 119 residential customers
- 1 non-residential customer (Fire House)

Billing

- Water bills are issued six times per year for the preceding two months of service
  - January 1, March 1, May 1, July 1, September 1, November 1
- Bill is based on:
  - Flat rate ($150)
  - Usage exceeding 12,000 gallons in the period ($3 per 1,000)
- You may opt to receive bills via email (20 customers, 16.7%)
- You may opt to pay automatically (44 customers, 36.7%)
  - Funds are deducted on the 25th of the billing month
- Warning letters are sent if payment is not received by the first of the following month
- A shut off notice is posted ($50 fee) if payment is not received prior to the next bill

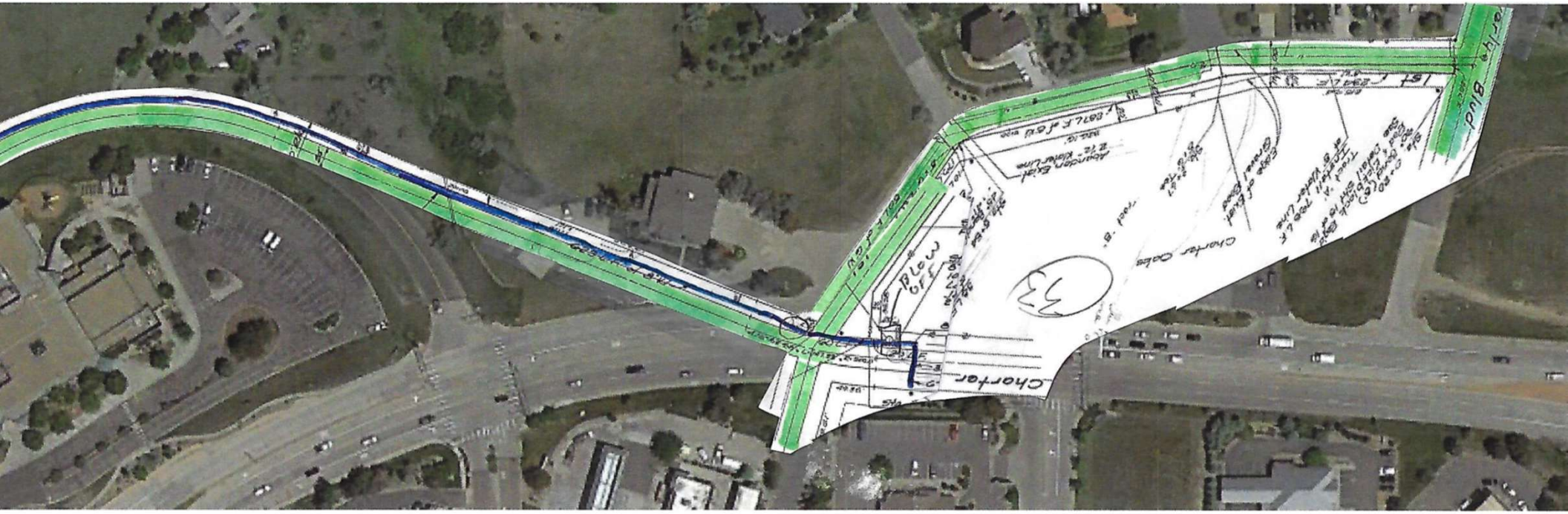
Some Historical Notes

- July 1, 1957: Articles of Incorporation filed
- 1978: BHMWC asked the county to deny additional building permits until the “Water Situation” was resolved
  - BHMWC was having trouble supplying reliable water to the 22 existing homes
- 1979: Ongoing discussions with Richard Wilson to buy remaining lots and improve and expand the water company
  - Charter Oaks replat filed December 1980
- 1980: Safeway well drilled into Denver aquifer
- June 1981: Water main expansion completed
- 1983: Initial startup of the pump house
- 1984: Charter Oaks Drive realigned and traffic moved onto newly created Castle Pines Parkway
- 1985: Dave Bomhoff of Denver Pump is named operator of record – Dave is still our operator
- 1986: 80,000 gallon reservoir completed
- 1987: Filed taxes as a non-profit
- 1990: Five new main valves installed to replace stuck valves

More Historical Notes

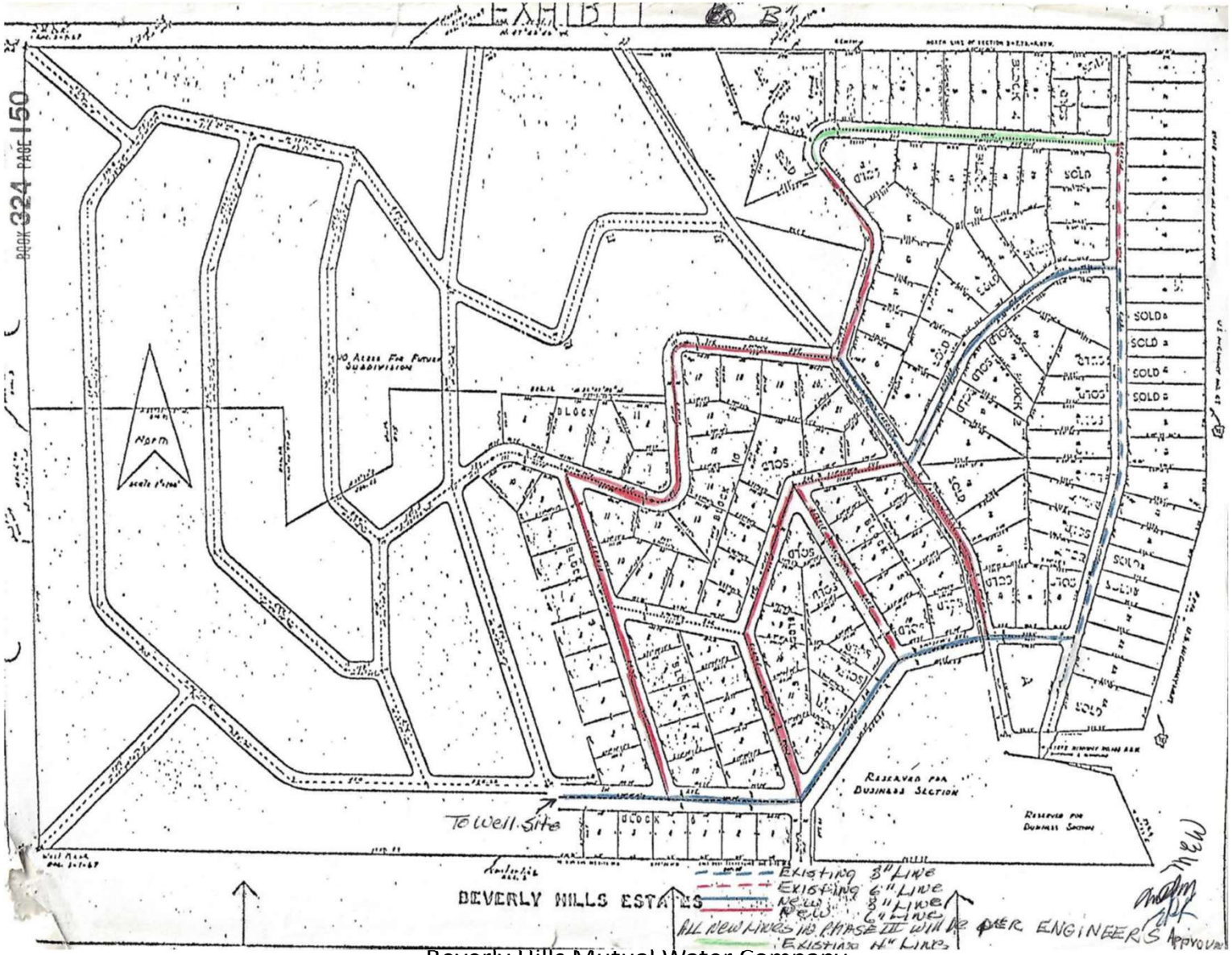
- 1992: Fence installed around pump house
- 1995: Gene Crandall elected to the board
- 1995: Special district formed to pave dirt roads in Beverly Hills
- 1996: Water company purchased rights to commercial taps back from Richard Whalen
- 2000: Installed pressure reducing valves in all homes, raised pressure in mains
- 2010: Investigated remotely readable meters – too expensive at the time
- 2012: Cleaned contact tanks of excessive sediment. Started three-year tank cleaning schedule.
- 2013: Sanitary survey found defects in 60k tank and chlorination system. Replaced tank lid, converted to liquid chlorination and incorporated tank plumbing modifications.
- 2018: Replaced all meters with remotely readable meters.
- 2018: Sanitary Survey identified tank corrosion requiring remediation
- 2019: Realigned pump house fence to the north, added fence on southern property corners.
- 2019: Moved billing to Walker Schooler District Managers
- 2020: Corrosion remediation completed
- 2021: Fire pump replaced

1984 Charter Oaks Drive Realignment



- Charter Oaks Drive was originally planned as a major thoroughfare to handle traffic into Castle Pines
- Green highlights indicate “as built” water mains

Historical Plan for Beverly Hills

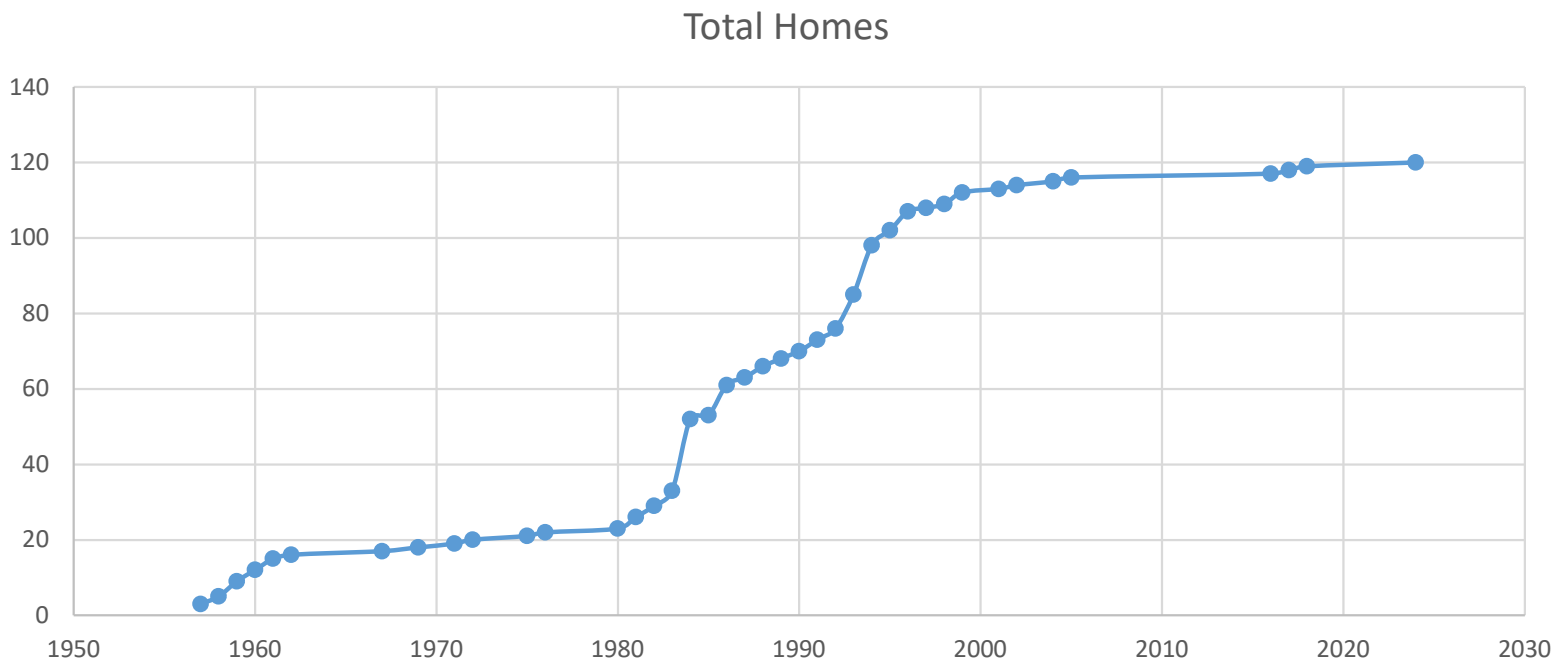


Richard Wilson Replat - 1980

Historical Growth of the BHMWC

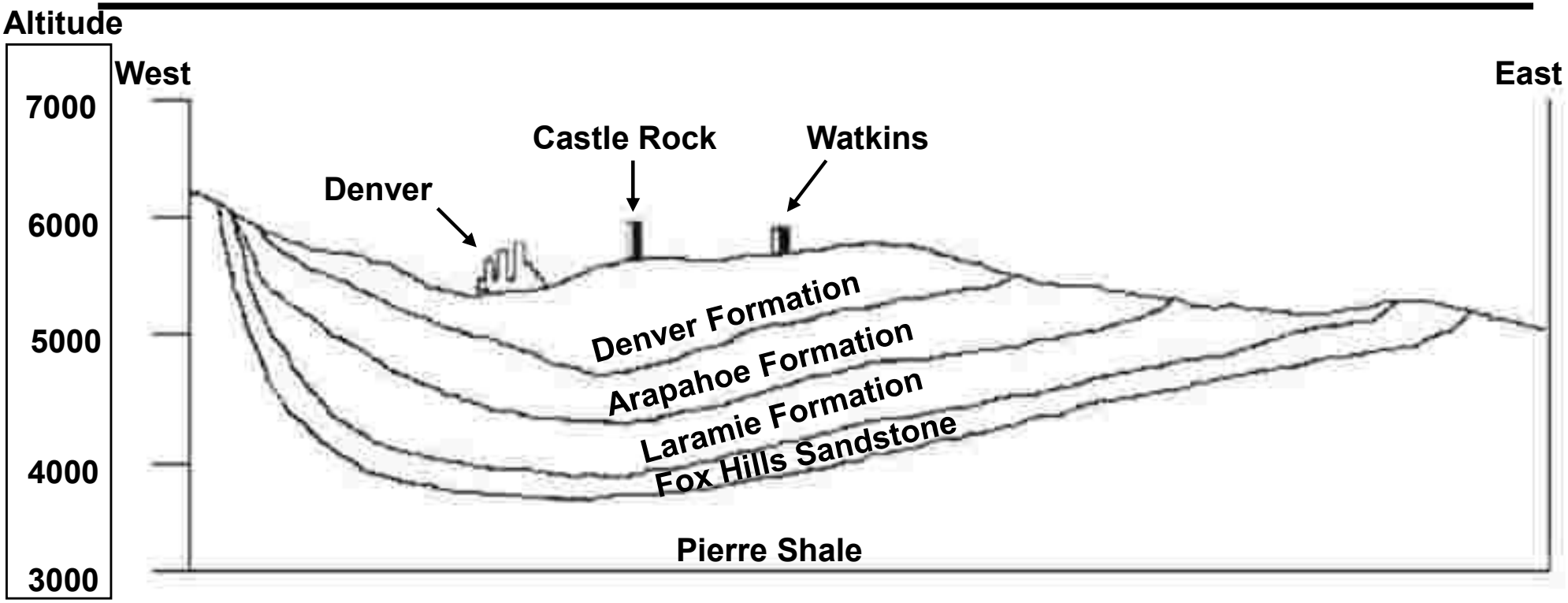
Year	Total Homes	Annual Homes	1st	2nd	3rd	Beverly	Carolyn	Castle Pines Parkway	Charter Oaks Drive	Coventry	Debbie	Saxeborough	Suffolk
1957	3	3				3							
1958	5	2		1		1							
1959	9	4				4							
1960	12	3				1	2						
1961	15	3			1	1					1		
1962	16	1			1								
1967	17	1									1		
1969	18	1		1									
1971	19	1		1									
1972	20	1				1							
1975	21	1		1									
1976	22	1			1								
1980	23	1									1		
1981	26	3								2			1
1982	29	3		1		1				1			
1983	33	4		2	1							1	
1984	52	19		1	4	1	4			6		1	2
1985	53	1								1			
1986	61	8		1	1	1		1		1	1	2	
1987	63	2		1			1						
1988	66	3			1	1	1						
1989	68	2								2			
1990	70	2							1	1			
1991	73	3		1						1		1	
1992	76	3		2								1	
1993	85	9	1				1				1	4	2
1994	98	13		2	1	2	3		1		1	2	1
1995	102	4		1	1							2	
1996	107	5		1		2						1	1
1997	108	1		1									
1998	109	1				1							
1999	112	3				2							1
2001	113	1									1		
2002	114	1				1							
2004	115	1											1
2005	116	1				1							
2016	117	1					1						
2017	118	1				1							
2018	119	1	1										
2024	120	1				1							
Totals =			2	18	12	26	13	1	2	15	7	15	9

Home Construction Growth Curve

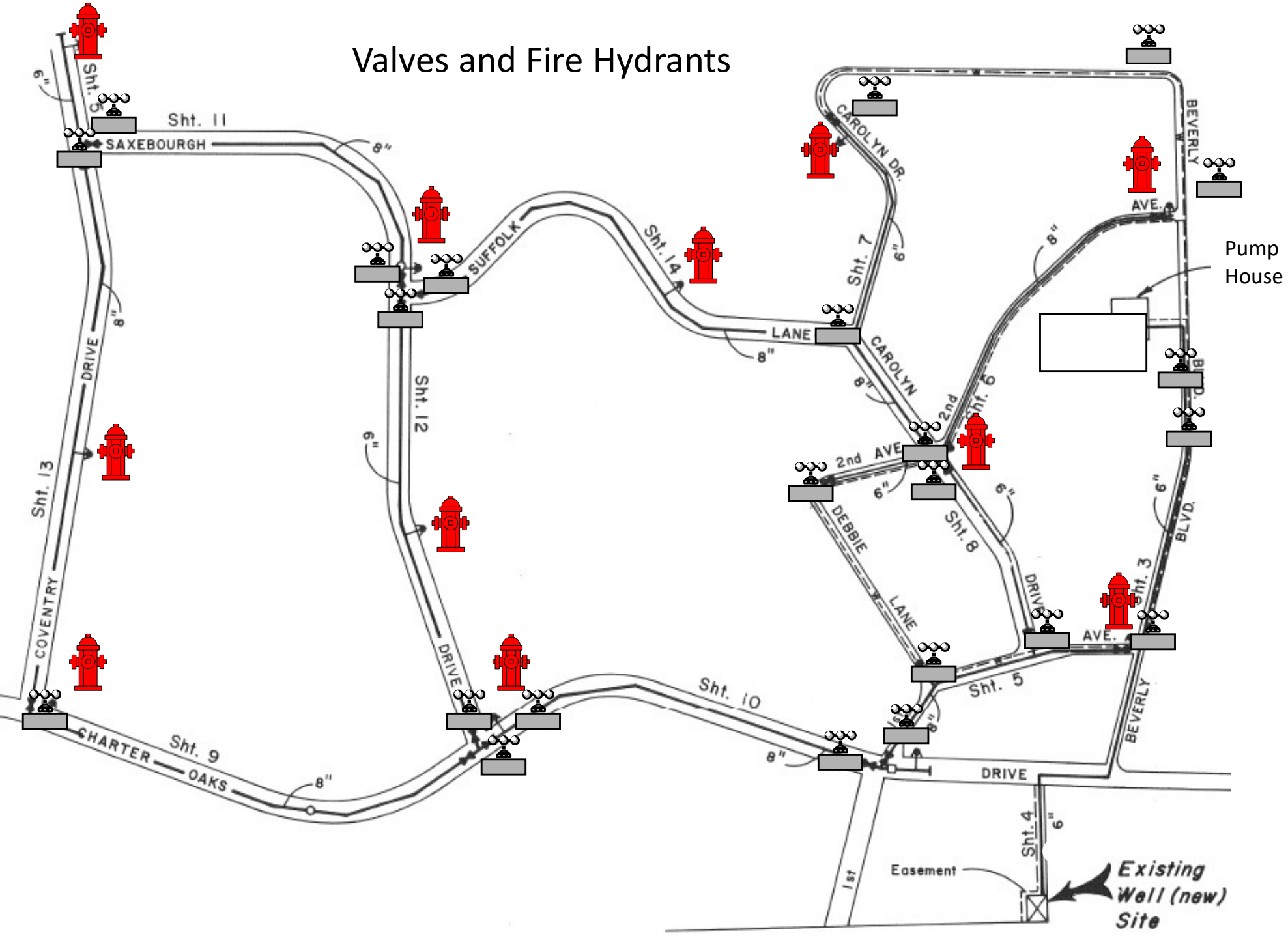


- The water district is completely built out with the completion of the last home at 7866 Beverly Boulevard in 2024

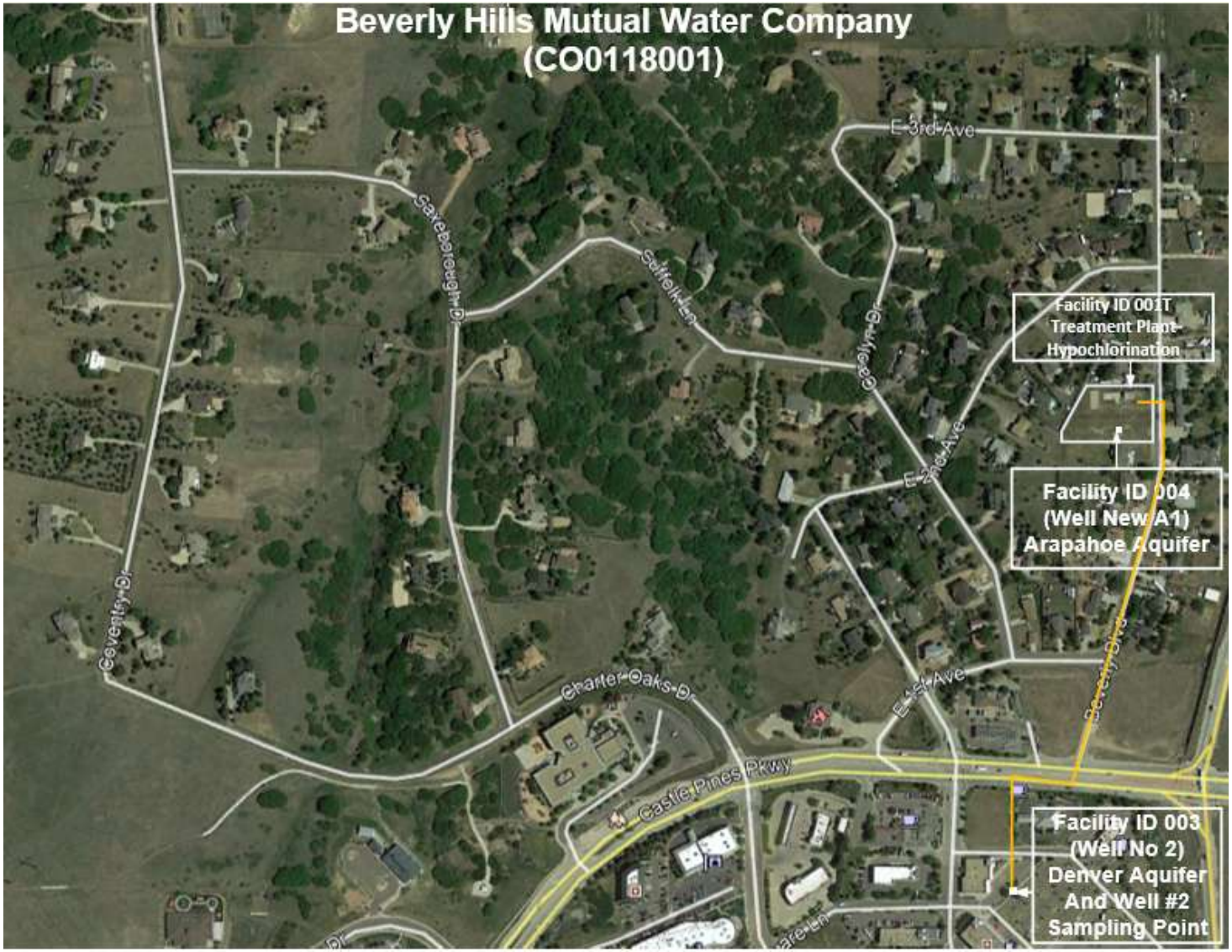
Denver Basin



Valves and Fire Hydrants

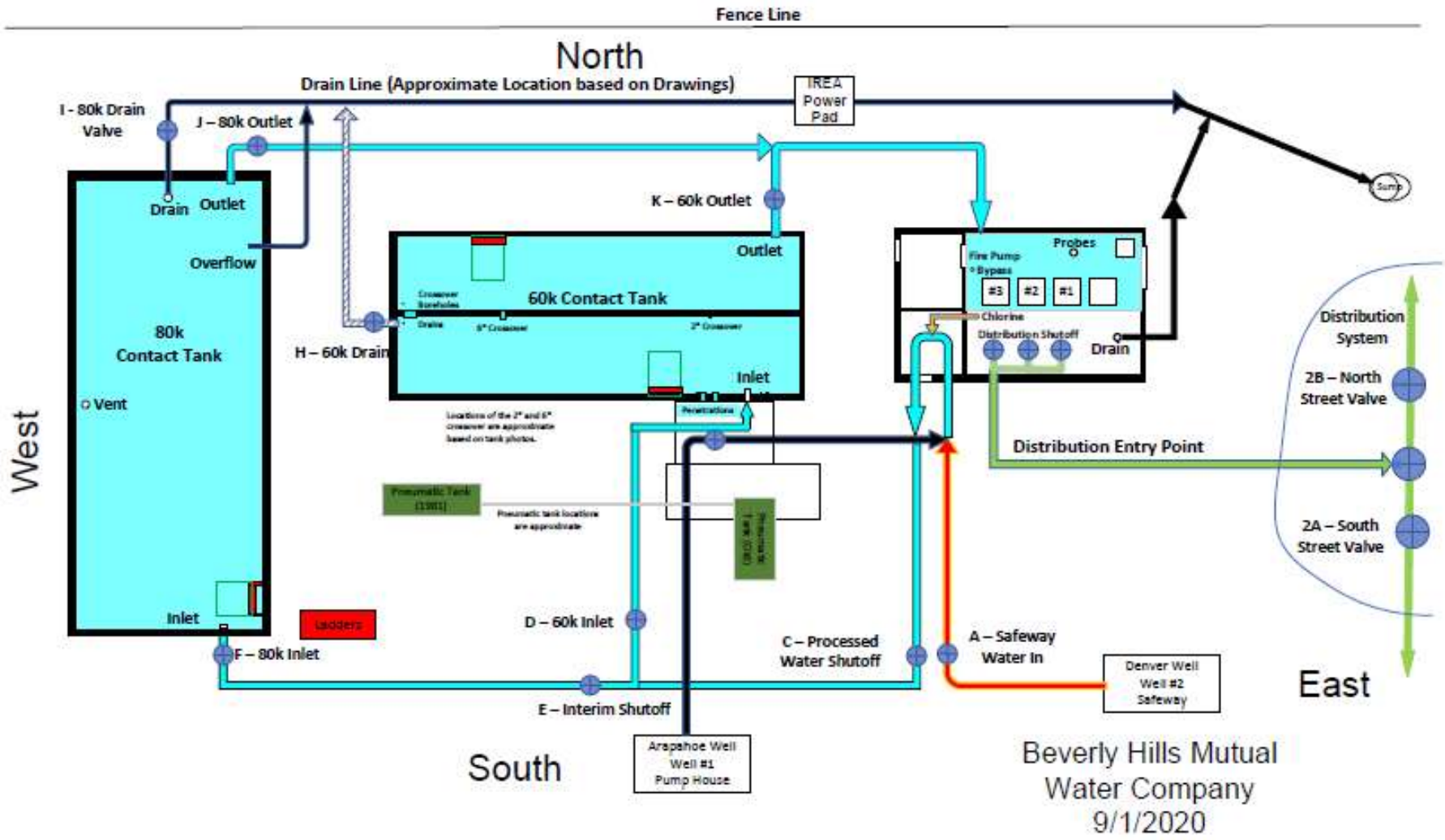


Booster Pump Station, Contact Tanks, Well #1 and Well #2 Locations



7801 Beverly Boulevard

Processing Flow



Wells and Water Rights

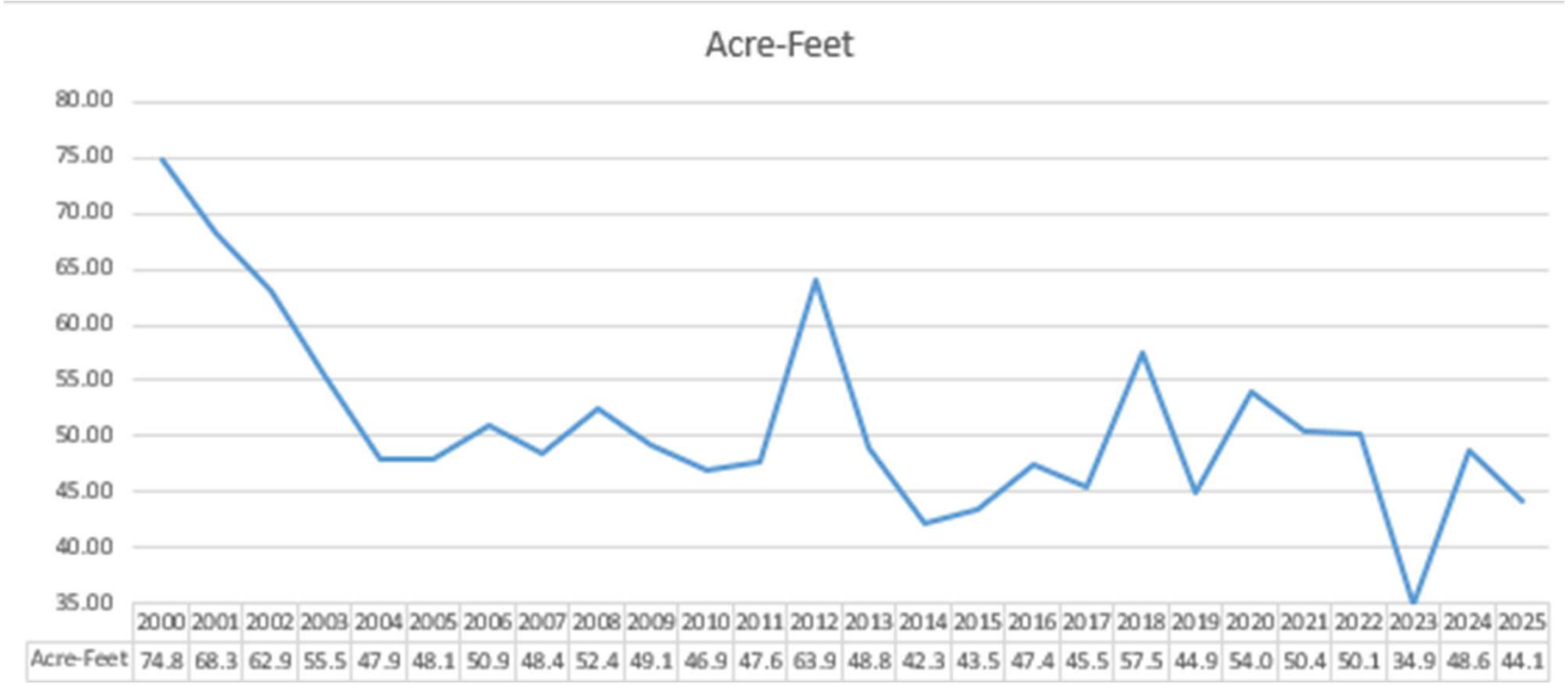
- Arapahoe Well (RF-7778)
  - Completed 2003
  - Depth = 2200 feet
  - Arapahoe Aquifer
  - 10 inches in diameter
  - Tested to 250 gpm
  - Permitted for 125 gpm
  - Old well = 60 gpm
  - Average usage = 120 gpm
  - Peak usage = 230 gpm (Total 141.14 acre feet)
  - Rehab/Motor/Pump replaced Spring 2023
- Denver (Safeway) Well (RF-7779)
  - Redrilled 1980
  - Depth = 1100 feet
  - Denver Aquifer
  - 8 5/8 inches in diameter
  - Tested to 150 gpm
  - Permitted for 125 gpm (Total 201 acre feet)
- Motor/Pump replaced 2019

Combined not to exceed 260 acre feet

Water Usage – Year Ending 10/31

Year Ending 10/31	7778-RF Arapahoe (Acre-Feet)	7779-RF Denver (Acre-Feet)	7778-F Arapahoe (Acre-Feet)	Acre-Feet	# Users	Average Gallons per Home per Month	Expenses (Including Depreciation)	Cost per 1000 Gallons
2000		46.25	28.57	74.82	112	18,140	$ 43,608	$ 1.79
2001		43.40	24.90	68.30	113	16,413	$ 54,702	$ 2.46
2002		22.61	40.33	62.94	114	14,992	$ 64,793	$ 3.16
2003	9.84	25.19	20.50	55.53	114	13,227	$ 70,782	$ 3.91
2004	33.16	14.78		47.94	115	11,320	$ 110,280	$ 7.06
2005	32.12	15.99		48.11	116	11,262	$ 71,032	$ 4.53
2006	47.46	3.51		50.97	116	11,931	$ 71,605	$ 4.31
2007	3.10	45.38		48.48	116	11,349	$ 74,592	$ 4.72
2008	4.70	47.70		52.40	116	12,266	$ 107,385	$ 6.29
2009	22.11	27.06		49.17	116	11,510	$ 140,813	$ 8.79
2010	20.51	26.42		46.93	116	10,986	$ 93,064	$ 6.09
2011	14.84	32.84		47.68	116	11,161	$ 86,724	$ 5.58
2012	4.15	59.77		63.92	116	14,963	$ 105,716	$ 5.08
2013	9.96	38.92		48.88	116	11,442	$ 104,088	$ 6.54
2014	10.10	32.24		42.34	116	9,911	$ 97,664	$ 7.08
2015	10.80	32.72		43.52	116	10,188	$ 94,888	$ 6.69
2016	12.40	35.03		47.43	117	11,008	$ 107,244	$ 6.94
2017	11.48	34.10		45.58	118	10,489	$ 143,229	$ 9.64
2018	29.49	28.05		57.54	119	13,130	$ 95,794	$ 5.11
2019	22.72	22.22		44.93	119	10,253	$ 80,271	$ 5.48
2020	26.65	27.43		54.08	119	12,340	$ 154,629	$ 8.77
2021	31.13	19.35		50.48	119	11,519	$ 115,168	$ 7.00
2022	14.14	35.98		50.12	119	11,437	$ 102,352	$ 6.27
2023	10.75	24.18		34.93	119	7,971	$ 98,865	$ 8.69
2024	23.00	25.66		48.66	120	11,011	$ 136,725	$ 8.62
2025	21.46	22.69		44.15	120	9,991	$ 114,173	$ 7.94

Water Usage Trend



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Acre-Feet	74.8	68.3	62.9	55.5	47.9	48.1	50.9	48.4	52.4	49.1	46.9	47.6	63.9	48.8	42.3	43.5	47.4	45.5	57.5	44.9	54.0	50.4	50.1	34.9	48.6	44.1

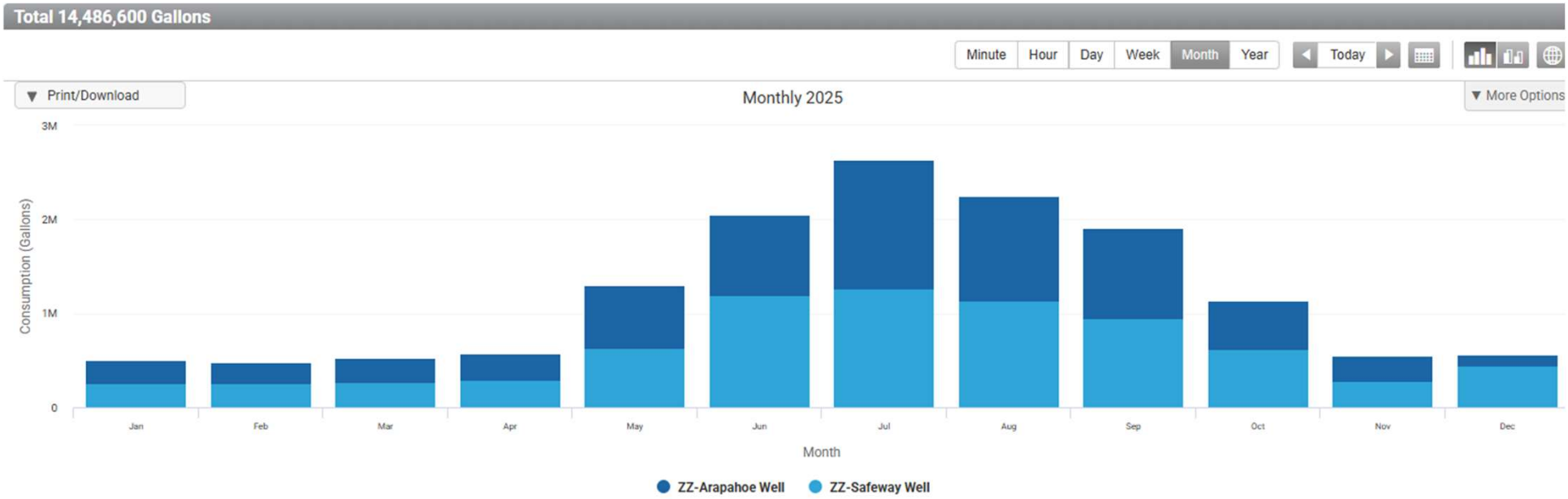
- One Acre-Foot = 325,851 gallons

Water Consumption

Month Ending	Acre-Feet Pumped	Arapahoe Gallons	Safeway Gallons	Gallons Pumped	Gallons Metered at Houses	Pumped - Metered Gallons	Adjustment (See Notes)	Adjusted Pumped - "Metered" Gallons (Unaccounted Gallons)	% Adjusted "Metered"/Pumped	Days	Leakage (Gallons per Day)	Average Gallons Pumped per Day
Month Ending	Acre-Feet Pumped	Arapahoe Gallons	Safeway Gallons	Gallons Pumped	Gallons Metered at Houses	Pumped - Metered Gallons	Adjustment (See Notes)	Adjusted Pumped - "Metered" Gallons (Unaccounted Gallons)	% Adjusted "Metered"/Pumped	Days	Leakage (Gallons per Day)	Average Gallons Pumped per Day
1/31/25	1.54	241,900	259,000	500,900	475,544	25,356		25,356	5.1%	31	818	16,158
2/28/25	1.46	224,000	252,300	476,300	438,550	37,750		37,750	7.9%	28	1348	17,011
3/31/25	1.62	257,500	268,900	526,400	458,185	68,215	30,000	38,215	7.3%	31	1233	16,981
4/30/25	1.78	284,500	295,500	580,000	545,759	34,241		34,241	5.9%	30	1141	19,333
5/31/25	3.98	669,900	627,700	1,297,600	1,251,796	45,804		45,804	3.5%	31	1478	41,858
6/30/25	6.29	854,400	1,196,200	2,050,600	1,846,781	203,819	88,086	115,733	5.6%	30	3858	68,353
7/31/25	8.11	1,371,100	1,271,300	2,642,400	2,462,907	179,493		179,493	6.8%	31	5790	85,239
8/31/25	6.89	1,111,000	1,135,300	2,246,300	2,125,671	120,629		120,629	5.4%	31	3891	72,461
9/30/25	5.88	962,300	952,900	1,915,200	946,108	969,092		969,092	50.6%	30	32303	63,840
10/31/25	3.50	518,300	621,200	1,139,500	1,068,966	70,534		70,534	6.2%	31	2275	36,758
11/30/25	1.69	264,400	285,600	550,000	500,698	49,302		49,302	9.0%	30	1643	18,333
12/31/25	1.72	118,900	442,500	561,400	511,338	50,062		50,062	8.9%	31	1615	18,110

- Issue – September meter consumption is way off versus water pumped.
  - Need to further investigate this
- Adjustments:
  - Service line leak at 141 Charter Oaks Drive
  - Main lines flush June 4-5

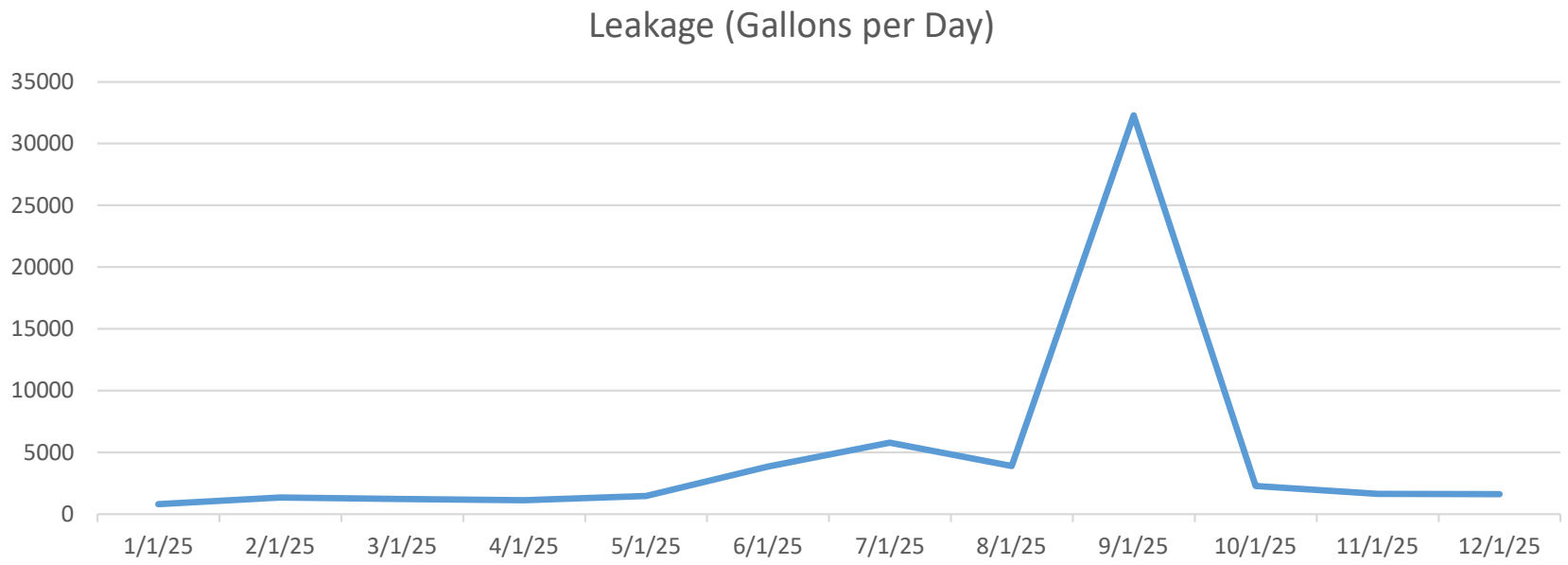
Water Comes from Both Wells



- These statistics come directly from the “beaconama.net” web site
- The wells toggle each time we top off the reservoirs, hence the even split

Water Leakage

- We meter water pumped from both wells and all water delivered to 120 users
- The difference between these two values is the leak rate
- Need to investigate error in September consumption data



Eye On Water

- Every user can monitor water consumption via EyeOnWater.com or mobile App
- Every user can set an alarm and be notified if their meter detects a leak
  - Default leak threshold is one gallon per hour (8,760 gallons per year)
- Several homeowners have detected leaks via the App
- Only 71 of 120 users have activated the App (59%)
- As of 3/1/26 there are four active leaks
  - 4.2 gallons/hour
  - 2 gallons/hour
  - 1.8 gallons/hour
  - 1.8 gallons/hour
  - None of these have an Eye On Water account
- Number of leaks increases to double digits in the summer due to sprinkler systems

FY 2025 Income Statement

Income Statement	1/31/2026	1/31/2025	1/31/2024	1/31/2023	1/31/2022	1/31/2021	1/31/2020	1/31/2019	1/31/2018	1/31/2017	1/31/2016
Revenue											
6010 - Residential	$130,364	$132,617	$116,813	$138,188	$129,123	$137,024	$149,043	$113,461	$110,851	$112,233	$92,510
Commercial							673	1,050	980	840	8,820
6050 - Late Charges	$1,050	$970		$720	$900	$700	1,290	770	650	950	1,020
6070 - Water Tap Fee		$20,000						20,000	20,000	20,000	
6090 - Miscellaneous Income		$3			$631	$1,234		1,284	7,258	1,371	1,738
6400 - Interest Income	$21,350	$21,588	$12,635	$1,779	$619	$4,606	4,567	768	786	683	648
Transfer Fees								75	400	225	200
Total Revenues	$152,764	$175,178	$129,448	$140,687	$131,273	$143,564	$155,573	$137,408	$140,925	$136,301	$104,936
Expenses											
8020 - Accounting and Audit	$675	$675	$675	$825	$0	$415	$7,375	$11,949	$14,064	$11,470	$8,875
8050 - Bank Charges	$1,608	$1,368	$1,205	$1,188	$1,180	$1,339	2,008	2,100	2,118	2,268	1,968
Consultant Fees									5,000		
8080 - Depreciation	$31,221	$30,659	$32,698	$28,850	$29,035	$29,328	29,000	35,895	38,406	38,406	38,406
Directors Fees											
8090 - Dues & Memberships	$226	$215		$734	$200	$275	275	175	175	175	175
Engineering Fees											
8110 - Insurance	$3,664	$3,476	$3,338	$3,922	$3,754	$3,537	754	2,984	2,889	2,801	2,720
8115 - Inspection Fees	$113	113	100	100	100			730	80		
Lawn Service											375
Legal Fees											
8130 - Meter Repairs	$2,960		$718				13	28	37,967		
8140 - Meter Reading	$1,195	$1,860	$1,373	$773	$2,099	$1,185	1,718	236	928	1,160	414
8145 - State Health Lab Tests	$1,803	$466	520	1,343	4,286						744
8150 - Office Expense	$6,005	$6,644	$6,223	$4,100	$4,417	$3,600	3,529	421	399	365	162
8170 - Postage	$1,153	$904	$1,012	$839	$953	$901	691	16			
8190 - Repairs & Maintenance	$36,669	$61,657	$33,420	$36,297	$44,169	$49,471	42,620	16,220	20,925	28,290	22,614
8195 - Supplies for Repairs	$139	$689	$276	$1,045	$144	$1,426					
Survey Fee								1,968	745		
8230 - Taxes & Licenses	$19		$191	-$200	$151	$150	301	152	150	250	150
8270 - Telephone	$929	$898	$747	$605	$696	$650	635	609	600	597	542
8280 - Utilities	$25,795	$27,102	$16,368	$21,931	$23,983	$30,808	20,351	21,327	18,726	21,462	17,742
Miscellaneous								984	58		
Total Expenses	$114,173	$136,725	$98,865	$102,352	$115,168	$123,086	$109,271	$95,794	$143,229	$107,244	$94,888
Net Income	$38,591	$38,453	$30,583	$38,335	$16,106	$20,479	$46,302	$41,613	($2,304)	$29,057	$10,048

FY 2025 Balance Sheet

Removed from web version

2025 Cash Expense Summary

- Operations & Maintenance (45.8%) $36,669
- Utilities – Electricity/UNCC (32.2%) $25,795
- Office Expense(WSDM)/Bank Charges/ Postage (11.0%) $8,766
- Insurance (4.6%) $3,664
- Water Testing (2.3%) $1,802
- Meter Reading (1.5%) $1,195
- Telephone (1.2%) $929
- Everything Else (1.4%) $1,172
  - Accounting, Dues/Memberships, Supplies for Repairs, Inspection Fee, Taxes and Licenses
- Grand Total $79,992

2025 Operation & Maintenance Breakdown

• Colorado Water Well	$23,436
• Elite Pipe MD	$12,250
• Mowing	$1,050
• Materials	$773
• Credit (CWW?)	($840)
• Grand Total	$36,669

2025 Colorado Water Well Activities

• Monthly Checks	$8,820
• Flush Mains	$5,670
• Service Line Repair Support (141 Charter Oaks)	$2,615
• Chlorine Room Cleanup	$1,760
• Line Locates	$1,371
• Pit Leak Repair (7892 Beverly)	$1,289
• Chlorine System Maintenance	$1,281
• Sampling (Nitrate, Radium, SOC, VOC)	$630
• Total	$23,436

Significant Activities

- Service Line Leak Repair
  - 141 Charter Oaks Drive (3/17/25)
- Complete Triannual sanitary Survey with the State (2/3/26)
  - Two Significant Deficiencies
  - One Violation
  - One Recommendation

2026 Sanitary Survey Results

- Significant Deficiencies (2)
  - 80,000 gallon tank access hatch was deemed to require a new hatch to meet the latest regulations. The new cover will better protect the hatch from possible seepage into the holding tank.
  - Existing vent on the side of the 60,000 gallon tank must be raised 24” above ground level to meet current regulations.
- Violation (1)
  - Review of chlorination records indicated that the level had dropped below the minimum of 0.2 mg/L for more than 72 hours on three occasions. To resolve this, we need to submit 5 weeks of chlorine residual readings.
    - 11/28/23-12/1/23 (0.14mg/L)
    - 4/26/24-4/30/24 (0.14mg/L)
    - 7/15/24-7/18/24 (0.14mg/L)
- Recommendation (1)
  - Perform weekly in-person chlorine measurements or install a means to remotely monitor the chlorine readout

System Reliability

- Currently have one meter/endpoint not reporting
- Second endpoint indicates an unknown problem
- One service lines failed (141 Charter Oaks Drive)

Historical Leak Repairs

- We have had a total of 17 leaks since 2004
- From 2019 through 2025 we have averaged 1.7 leak repairs per year
- Each of those repairs has averaged $7,242
- Elite Pipe MD was sold and the latest repair was substantially higher

Date	Location	Vendor Cost	Notes	Shut Off and Abandoned Service Line	Servive Line Replaced	Service Line Repaired	Main Repaired
2004	Main leaking near 422 Suffolk	$ 7,600					X
2007	594 Second	$ 4,582	tbd Leak		X		
2012	Charter Oaks Drive	$ 15,341	Major leak on Charter Oaks drive. Failed service line to open space to the south.	X			
May 2014	Charter Oaks Drive	$ 2,228	Second service line leak to open space	X			
October 2014	Charter Oaks Drive	$ 4,857	Third service line leak to open space.	X			
October 2014	Charter Oaks Drive		Proactively terminated fourth service line concurrent with third repair.	X			
2/9/2016	585 2nd	$ 8,841			X		
4/26/2019	7751 Saxeborough (Watervoort)	$ 2,500	Service line leak - local repair			X	
9/17/2019	7751 Saxeborough (Watervoort)	$ 9,350	Service line leak complete replacement from main to pit.		X		
10/21/2020	7651 Carolyn (Turnbull)	$ 8,850	Poly service line failed. Water pooling on 1st Avenue		X		
12/29/2020	7665 Saxeborough (Zamani)	$ 6,950	Poly service line failed.		X		
11/10/2021	7956 Beverly	$ 6,950	North Beverly main failure				X
8/23/2022	North Carolyn	$ 4,925	Abandoned service line failed	X			
12/20/2022	507 2nd Avenue	$ 7,175	Poly service line failed		X		
8/19/2024	7877 Saxeborough (Gresh)	$ 5,975	Poly service line failed		X		
9/16/2024	536 2nd Avenue (Abandoned Yard Tap)	$ 7,250	Shut off abandoned yard tap at the main	X			
3/17/2025	141 Charter Oaks Drive (Cannataro)	$ 12,500	Poly service line failed		X		
	Average Leak Repair Cost =	$ 7,242		6	8	1	2
			Total Leaks =	17			

Meter/Endpoint Reliability Since Meter Replacement in 2018

- Four meter failures (One warranty)
- Twelve endpoint failures
  - Eleven replaced under warranty
  - One replaced due to physical damage
- Four Encoder failures (All warranty)

- Given that the 120 home meters and two well meters were installed in 2018, this system has been extremely reliable

Planned Activity – Hydrant Replacement

- We have received bids for the replacement of the two hydrants on Beverly Boulevard several years back
  - 1957 Pacific States Hydrant – parts no longer available
  - 1959 Mueller standard hydrant – We cannot locate the hydrant isolation valve
- All other hydrants were installed in 1981
- This replacement activity is still pending
- Considering adding a hydrant at Beverly and 3rd
  - Would allow us to better flush the dead-end of that line

Major Infrastructure Risks

- Major Risks
  - Motor/Well failure. Motor/pump replaced on the Denver aquifer well (Safeway) in 2019
  - Arapahoe well motor/pump/refurb Spring 2023
  - Main leaks - Beverly main leak in 2021
- Expect continued service line failures (One failures in 2025)
- Valve functionality
  - Several valves do not work and prevent us from easily isolating parts of the system for system flushing
  - Need to prepare and execute a valve replacement plan
- All distribution pipelines were replaced during the 1980 system expansion except:
  - Beverly Boulevard
  - Debbie Lane
  - 3rd Avenue (including Beverly Blvd to 2nd Avenue and the northernmost part of Carolyn Drive)
  - No failures yet, but we believe this may be cast iron pipe.
- Each of these items represent a significant repair cost
- Current cash reserves are good. Based on rising costs we may need to review water rates.

How Clean is the Water?

- The system is operated in accordance with a Monitoring Plan filed with the state
- We pass state required tests for bacteria, heavy metals, nitrates and nitrites

Item	Frequency
Bac-T	Monthly
TTHMs and HAA5s	3 years
Lead and Copper	3 years
Nitrate	Annual
Fluoride	3 years
Inorganics Group	3 years
Synthetic Organics Group	3 years
Volatile Organics Group	3 years
Combined Radium	3 years
Combined Uranium	6 year
Gross Alpha, without Radon & Uranium	6 years
Nitrite	9 years

- Denver Basin is the source – water is high quality
- Source water is high in dissolved iron and manganese, resulting in occasional brown water
  - Periodic flushing decreases the problem
  - A system-wide filter would require an operator

Election of One Director

- Aurom Mahobian's term expires this year

Questions?