

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF

DEEP CREEK WATER AND SANITATION DISTRICT

HELD: the 3rd of March, 2011, at 10:00 a.m. at 13133 East Arapahoe Road, Suite 100, Centennial, CO 80112

ATTENDANCE:

A regular meeting of the Board of Directors of Deep Creek Water and Sanitation District, Mineral County, Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

John Parker, President
Ann Parker, Secretary/Treasurer (via conference call)
William Parker, Assistant Secretary (absent, absence excused)
Ethan Hampton, Assistant Secretary (via conference call)
Margaret Hampton, Assistant Secretary (via conference call)

Marcus McAskin of Widner, Michow & Cox, LLP was also present.

CALL TO ORDER:

President Parker noted that a quorum was present for the purpose of conducting a meeting of the Board of Directors of the Deep Creek Water and Sanitation District and called the meeting of the Board of Directors of the District to order at 10:05 a.m.

CONFLICTS OF INTEREST:

The Directors present noted for the record that they have financial interests in entities active in developing property within the boundaries of the District, or are employed by such entities, and that such interests may be affected from time to time by actions of the District's Board of Directors. In accordance with state law, the Directors have filed written disclosures describing such potential conflicts of interest with the Secretary of State, and the Directors present verbally reaffirmed such disclosures on the record of this meeting.

PUBLIC COMMENT:

None.

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MINUTES:

The Board considered the minutes from the special meeting of the Board held December 2, 2010. Upon motion duly made, seconded, and unanimously approved, the Board approved the minutes as amended and authorized Secretary A. Parker to execute a copy thereof.

FINANCIALS:

President Parker noted that there are three new homes within the District that should be coming on line the summer of 2011. Tap fees collected from these new homes, as well as ongoing service charges, should help to incrementally improve District cash flow.

Long term financial outlook for the District is dependent on continued growth of residential and commercial development within the District. President Parker noted that future economic growth in the vicinity of the District will be dependent largely on whether Hecla Mining Company (the San Juan Silver Mining Joint Venture) decides to develop the resources within the Creede mining district. The Joint Venture, operating within the Creede mining district, has the potential to identify and develop in excess of 100 million ounces of silver in the area.

DIRECTOR ITEMS:

Update on current maintenance issues.

President Parker noted the following two items: (1) there is a leak in the CH-2 system, but Ron Carpenter has been unable to locate the specific source due to the fact that the ground has been frozen and that has impeded his ability to do further investigative work; (2) one of the lift station pumps may need to be replaced in 2011.

ATTORNEY ITEMS:

Exclusion of 12.59 acres from District.

Mr. McAskin noted for the record that the 12.59 acres currently owned by the County had been excluded from the District, by Court Order dated March 1, 2011.

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OLD BUSINESS:

Inclusion of 9.87 acres into District.

Mr. McAskin reminded the Board that the public hearing on the inclusion of the 9.87 acres had been opened at the December 2, 2010 meeting, and continued to today's regular meeting.

President Parker reopened the public hearing on the matter of inclusion at approximately 10:20 a.m. Seeing no public present, the public hearing was closed at 10:22 a.m.

Mr. McAskin noted for the record that the inclusion of the 9.87 acres had been contemplated in the District's 2009 intergovernmental agreement with the City of Creede regarding wastewater treatment (the "IGA"), and that no prior consent of the City to the proposed inclusion was required.

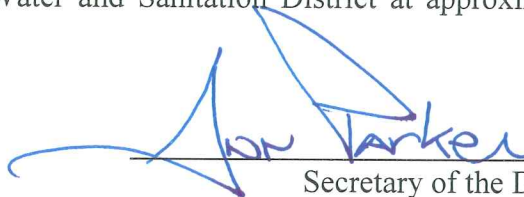
Upon motion duly made, seconded, and unanimously approved, the Board approved the inclusion of the 9.87 acres currently owned by Navajo Development Co., Inc. into the boundaries of the District, and authorized Secretary Parker to execute a certified resolution setting forth the Board's action on the inclusion of the 9.87 acres. Mr. McAskin noted that he would file the appropriate motion for inclusion and proposed order with the Mineral County District Court and would submit a copy of the order, once granted, to the City of Creede, as required under the terms of the IGA.

NEW BUSINESS:

None.

ADJOURNMENT:

There being no further business at said regular meeting, and following a motion duly made, seconded, and unanimously approved, the Board adjourned the regular meeting of the Board of Directors of Deep Creek Water and Sanitation District at approximately 10:28 a.m.



Secretary of the District