

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF

DEEP CREEK WATER AND SANITATION DISTRICT

HELD: Thursday, the 1st day of December, 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
William Parker, Assistant Secretary (via conference call)
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 10:00 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.

MINUTES:

The Board considered the minutes from the regular meeting of the Board held March 3, 2011. Upon motion duly made, seconded, and unanimously approved, the Board approved the minutes and authorized Secretary A. Parker to execute a copy thereof.

FINANCIAL MATTERS:

RESOLUTION TO ADOPT REVISED SCHEDULE OF FEES AND CHARGES:

President Parker noted for the record that the Board has to consider an increase in the monthly sewer fee, due to the fact that the City of Creede is increasing the monthly user fee that it charges the District. Under the intergovernmental agreement with the City, the District is required to pay the City a monthly user fee that is equal to the EQR wastewater billing system established for City residents.

The original monthly user fee paid to the City was \$10.48 per EQR. When the IGA was signed (in 2009), the rate was \$12.98 per EQR. In January, the City is raising its monthly user fee to \$14.07. The District has not raised its sewer rate from the time that it was remitting the original monthly rate of \$10.48 to the City.

Upon motion duly made, seconded, and unanimously carried, the Board approved resolution adopting a revised fee schedule. The resolution increases the combined water and sewer rate by \$3.59, from the current level of \$46.00 per month to \$49.59 per month. The rate change will be effective on January 1, 2012.

2012 BUDGET:

President Parker declared the public hearing on the 2012 budget opened at 10:12 a.m. Mr. McAskin confirmed that public notice of the budget hearing had been published in accordance with Colorado Statutes. Upon motion duly made, seconded, and unanimously carried, the Board closed the public hearing on the 2012 budget at 10:13 a.m.

The Board reviewed the final proposed 2012 budget, as prepared by Rosemary Gentry, CPA. Upon motion duly made, seconded, and unanimously carried, the Board: (1) approved and adopted the 2012 budget as presented; (2) approved the appropriation and expenditure of funds as shown therein; (3) approved and adopted a 0.000 mill levy to be certified in 2011 (for collection in 2012); (4) authorized President Parker and Secretary A. Parker to execute the necessary

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documentation; and (5) directed Mr. McAskin to submit the certification of tax levies to the Mineral County Board of County Commissioners no later than December 15, 2011, and file the 2012 budget with the Division of Local Government prior to January 31, 2012.

DIRECTOR ITEMS:

President Parker discussed the October 4, 2011 correspondence that he had received from the Colorado Department of Public Health and Environment (CDPHE). The October 4th letter summarizes the findings of a survey conducted by the Engineering Section of the Water Quality Control Division at Creede Haven No. 1. The survey recommended the following:

- Creede Haven No. 1 system is required to implement an improved cross-connection control program.
- System operator (Ron Carpenter) should complete an emergency response plan (ERP). CDPHE recommends that the ERP include the state's 24-hour incident reporting line at 1-877-518-5608.
- CDPHE recommends that the system implement a regular valve inspection and exercising program.

President Parker noted that he would be following up with Mr. Carpenter regarding the completion of the emergency response plan (ERP).

President Parker also discussed some general maintenance items, including the potential need to replace one of the pumps at the lift station.

ATTORNEY ITEMS:

Discussion of 2012 Election

Mr. McAskin noted for the Board that the District is required to conduct a regular election on May 8, 2012. At such election, all seats on the Board will be open for election (three for a four year term, and two for a two year term). Upon motion duly made, seconded, and unanimously carried, the Board adopting a resolution naming Joyce Abraham as the designated election official (DEO) for purposes of the 2012 election, and authorizing the DEO to cancel the election if at the close of business on the sixty-third (63rd) day before the election there are not more candidates than offices to be filled, including candidates filing affidavits of intent to run as write-in candidates. Mr. McAskin noted that a notice of the election and a call for nominations would be published in the month of February in accordance with law.

2012 Regular Meeting Schedule

Upon motion duly made, seconded, and unanimously carried, the Board selected the following dates in 2012 on which to conduct the regular meetings of the Board of Directors of the District: the 2nd Thursday of the months of March, June, September and December at 10:00 a.m., with all such regular meetings to be held at the offices of Widner, Michow & Cox, LLP, 13133 East Arapahoe Road, Suite 100, Centennial, CO 80112.

NEW BUSINESS:

President Parker advised the Board as to the status of the following land development activities within the service area of the District: (1) a potential trade with the Division of Wildlife (3.4 acre parcel, potential for lot to be tied into District sanitary sewer system); and (2) the potential sale of property to Roland Zimmerman.

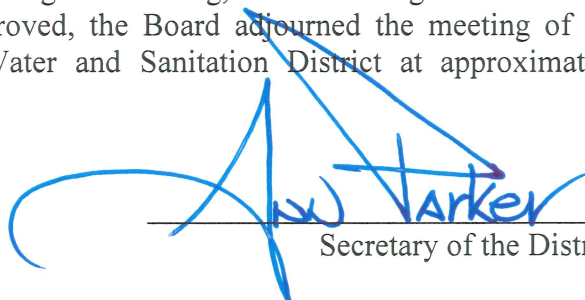
Additional details of the Zimmerman deal were discussed, including potential need for the District to supply water to the Zimmerman development.

OTHER BUSINESS:

Upon motion duly made, seconded, and unanimously approved, the Board ratified all Board actions taken during calendar year 2011 for the record.

ADJOURNMENT:

There being no further business at said regular meeting, and following a motion duly made, seconded, and unanimously approved, the Board adjourned the meeting of the Board of Directors of Deep Creek Water and Sanitation District at approximately 10:40 a.m.


Secretary of the District