

**MINUTES OF THE ANNUAL MEETING OF MEMBERS
SPEARFISH CANYON OWNERS' ASSOCIATION
JULY 12, 2008 – 7:00 P.M.**

The annual meeting of the Spearfish Canyon Owners' Association was held on July 12, 2008 beginning at 7:00 p.m. at the Fire Hall in Spearfish Canyon.

President Jim Nelson called the meeting to order, following a great meal prepared by C-J Catering. A full house of approximately 110 members and guests were present. The registrar determined that a quorum was present for the conducting of business.

1. FOREST SERVICE REPORT: District Ranger Rhonda O'Byrne and Assistant Jeff Gies, provided reports of forest service activity affecting Spearfish Canyon. Current activities include the West Rim Project, work on buffers around Canyon properties, and other potential fuel reduction programs. Additional plans are being developed and the Forest Service always encourages suggestions and comments. A comprehensive map of recent and current USFS fuels reduction/thinning activities was provided by Ranger O'Byrne and is posted in the Fire Hall.

2. FIREWISE REPORT: Dave Brueckner provided the FIREWISE report. Dave advised that more than seventy percent (70%) of Canyon properties have been inspected under the Fire Wise program, and that the Canyon is eligible for official designation. Work is under way to obtain that official designation. The 2008 "FIREWISE Day" is set for August 23, 2008. Additional volunteers are always welcome.

3. TREASURER'S REPORT: Treasurer, Dave Brueckner, provided the Treasurer's Report. Dave advised that the Organization has been successful in collecting previously unpaid assessments, as well as locating a number of dues payments made at the time of the 2007 annual meeting, which had not been recorded or entered. Total revenue from July 2007 to July 2008 totaled \$8,791.02. This consisted of collected dues of \$7,515, a donation of \$1,000 from the Jack Cole Estate and approximately \$275 in interest income from the checking and CD accounts. Total expenditures consisted of \$5,700 including annual meeting expense, newsletter publication, liability insurance, website development, building inspector and various administration mailing and copying expenses. At the time of the annual meeting, the checking balance consisted of \$8,737.54. The CD balance was \$6,627.67 for total cash on hand of \$15,365.21. Upon motion and second, the Treasurer's report was unanimously approved.

4. SECRETARY'S REPORT: Secretary, Richard Pluimer, provided a report of the minutes of the 2007 Annual Meeting, including adoption of By-Law amendments at the 2006 Annual Meeting as well as the Covenant amendments and the Canyon Review Guideline Modifications. Upon motion and second, the Secretary's Report was unanimously approved.

5. ARC COMMITTEE: Ralph Reausaw, Chairman of the Arc Committee, provided a brief report of committee activities. Included in Ralph's report was a discussion of a building inspector who had contracted with SCOA to complete inspection of then pending projects.

Ralph reported that eleven building permits had been issued in the Canyon from July 2007 to July 2008. The report was duly approved.

6. WEED REPORT: Carol Head was not present to provide the weed report, but reference was made to the complete report included in the June 2008 newsletter.

7. CLEAN-UP COMMITTEE: Bob Geis reported the clean-up committee will meet at Spearfish Canyon Lodge on Saturday, July 19, 2008 at 8:00 o'clock a.m. Approximately two miles of the Canyon in each direction are scheduled for clean up at that time.

8. ROUGHLOCK FALLS ANNOUNCEMENT: President Nelson advised the members present that the South Dakota Game, Fish & Parks would conduct a dedication of the improvements at Roughlock Falls on Sunday, July 13th from 1-4 p.m.

9. ENVIRONMENTAL COMMITTEE: Jim Nelson provided a brief report of the Environmental Committee, much of which was summarized in the most recent newsletter. Jim briefly reported on the West Rim Project, the City of Spearfish and its FERC license application, as well as the status of the HOV planning in progress.

10. ELECTION OF DIRECTORS: Jim Nelson turned the election of directors over to Bob Geis. Bob introduced the candidates, each of whom was given a brief opportunity to introduce themselves. Candidates included Jim Nelson, Jim Benson, Spencer Rossi and Dan Schroedermeier. Current director, Dave Brueckner withdrew his nomination, thanking the membership for the opportunity to serve, but declining future service due to conflicting business obligations. Written ballots were submitted and tabulated based upon written votes received by mail, as well as votes cast at the meeting. Annual meeting business continued pending distribution and counting of ballots.

11. FIRE DEPARTMENT REPORT: Gerry Bennett provided the report on behalf of the Spearfish Canyon Fire Department. Gerry advised of training sessions scheduled as well as the need to obtain both new members and new members certified in structure fires to obtain decreases in insurance rates to the Canyon owners. Gerry was pleased to advise that fire calls during the summer of 2008 were down 75% from the prior year.

12. NEW BUSINESS: President Nelson had requested that open discussion take place regarding the current language of the Covenants regarding rental to single family users "from time to time". President Nelson requested that Dick Pluimer lead that portion of the discussion, including discussion on new legislation arising from Senate Bill 32. The current Covenant language permits rentals "from time to time" but only to single families. The question was raised as to whether the Association should consider modifying the Covenant language to clarify the position of Members, including potential modification to take into account Sturgis Rally activity. Substantial discussion followed, including the following comments:

- A. Don't just define the rules, give specific examples of what is and what is not permitted;
- B. Leave the Covenants alone. If there isn't a problem, don't try to fix it.

- C. While many members do not rent out their property, there does not seem to have been significant problems with those that do;
- D. Make certain that Members who do rent their property make clear that the owners remain responsible for enforcement of the Covenants, and need to ensure that any rental arrangements do not result in excess noise, garbage, traffic or other disturbance to neighbors;
- E. Make an exception for the Sturgis Rally. Some members depend upon rental income to cover real estate taxes and maintenance;
- F. Owners will attempt to enforce a requirement for rental to single family, recognizing that a number of groups have traveled together and stayed in the Canyon without problems, for many years;
- G. It would be very difficult, if not impossible, for the Board to actually attempt to enforce single family limitations;
- H. Significant concerns were expressed regarding ownership of Canyon properties by Limited Liability Companies and Corporations who were obviously not restricting occupancy to single family uses;
- I. Some members would rather restrict or prohibit rentals altogether than open the Canyon to commercial, vacation types of rentals by multi-member companies; and,
- J. Consider starting from scratch and revising all of the rules to take into account changes that have occurred since the transfer of Homestake ownership.

Members were encouraged to provide both written and oral comments to Board members, and to continue to refine the Association's position. The Board will take the matter up at its Fall meeting for further consideration. No formal rule changes will be made unless submitted to Members at a future annual meeting. Members were advised that Pierre Attorney and SCOA member Tom Adam has graciously agreed to assist the Board in review of the Covenants, with special emphasis on definitions and inconsistencies and suggest changes to eliminate glitches. With this assistance from Tom, the Board can concentrate its energies on issues such as rental policy and thus hopefully accelerate the update of these key documents.

13. ELECTION RESULTS: Bob Geis, on behalf of the Election Committee, reported that Jim Benson, Jim Nelson and Dan Schroedermeier had been duly elected to three-year terms as Directors of the Association.

14. RECOGNITION: President Nelson recognized Steve McCarthy for two terms of service on the Board of Directors. President Nelson also presented an award to DeAnna Hoyer (who was not present) in thanks for her work on the Association's website, canyonsowners.org.

There being no further business to come before the meeting, the Members meeting was duly adjourned at 9:40 p.m.

Respectfully submitted this 15th day of July, 2008.

/S/ Richard Pluimer

RICHARD A. PLUIMER, Secretary

