

**MINUTES OF THE ANNUAL MEETING OF MEMBERS
SPEARFISH CANYON OWNERS' ASSOCIATION
JULY 10, 2010 – 7:00 P.M.**

The annual meeting of the Spearfish Canyon Owners' Association was held on July 10, 2010, beginning at 7:00 p.m. at the Fire Hall in Spearfish Canyon.

Chairman Jim Nelson called the meeting to order, following a great dinner provided by Dave Brueckner and his Cheyenne Crossing staff. Approximately 100 people were present. The registrar determined that a quorum was present for conducting of business.

1. SECRETARY'S REPORT:

Richard Pluimer, Secretary of the Association, provided the Secretary's Report of the Minutes of the 2009 Annual Meeting. Upon motion and second, the Secretary's Report was duly approved.

2. TREASURER'S REPORT:

Treasurer, Jim Benson provided the Treasurer's Report. A copy of that report will be attached to these minutes. The report reflects total funds on hand of \$19, 936.05. Mr. Benson clarified that several of the expenses listed on the report, payable to members, were only reimbursement of actual out-of-pocket expenses incurred. In addition, Treasurer Benson thanked Pizza Hut for their contributions to the Firewise Lunch. Upon motion duly made and seconded, the Treasurer's Report was duly approved.

3. COMMITTEE REPORTS:

A. FOREST SERVICE ISSUES: Jim Nelson provided a brief update on the activities of the Board and attempts to obtain cooperation from the Forest Service on projects of interest to canyon owners. Jim advised that recent contacts with the Forest Service indicated that the Forest Service is still trying to work on bug trees around Cheyenne Crossing, but the actual plan and implementation are likely more than a year in the future.

B. ARCHITECTURAL REVIEW COMMITTEE: Ralph Reausaw provided the report for the Architectural Review Committee. Ralph reported that ten (10) new structures had been approved. Three violations are currently in progress. One is being handled informally. Two violations have reached the stage of a formal grievance process. Ralph reminded owners that the ARC Application is required for any improvements, alterations, repairs, excavation, grating, landscaping or any other work which alters the exterior appearance of any structure or on any real property or lot within Spearfish Canyon. There will be some instances where interior repairs do not require

ARC approval, but it will always be the better idea for homeowners to contact the ARC before undertaking any kind of construction or remodeling project.

Two members suggested that the ARC adopt specific timelines for actions on request to insure that responses are timely provided, although no example was provided that the Committee does not respond promptly upon receiving complete information. Another member raised questions regarding how non-compliance is to be reported. President Nelson advised that the Association depends upon voluntary compliance by its members, to a large extent. Instances of apparent non-compliance should be reported to any ARC member or any member of the Board of Directors.

C. FIREWISE REPORT. Ray Rossi provided the Firewise Report, which this year is set for August 21, 2010. The Committee continues to work on a formal application to receive official designation as a Firewise Community. The activities are reported as a “work in progress.”

D. WEED CONTROL REPORT. Fred Welker provided the Weed Control Report. Fred reported on weeds that were considered noxious and the alternative chemical treatments available which work best in Canyon locations. Fred also provided extra brochures to allow members to better identify noxious weeds.

E. DEPARTMENT OF TRANSPORTATION. Bob Geis provided a report on his contacts continuing with the Department of Transportation. Two canyon projects are on line, but neither is likely to occur until 2011. Questions by members were raised regarding the possibility of adding additional speed limit signs. Concerns continue to be expressed over the use of Jake brakes by large trucks traveling down the canyon.

F. WEST SPEARFISH CREEK. Harold Matti reported on efforts to clean up a selected area on west Spearfish Creek that is being overgrown, and where dead fall limits, restricts, or prohibits creek access. Harold reported that fishing quality has declined substantially in that area of the creek. Harold and his committee will be working with the South Dakota Game, Fish & Parks and the Forest Service, hoping to have a trial area designated where clean up can occur to act as a test project.

G. ENVIRONMENTAL COMMITTEE. Jim Nelson provided the Environmental Committee Report and addressed issues of the FERC application to the City of Spearfish, Forest Service off-road vehicle plans, and SCOA’s effort to persuade the Forest Service to remove the entirety of Spearfish Canyon from the ability to conduct mining operations.

4. ELECTION OF DIRECTORS:

The terms of Ralph Reausaw, Dick Pluimer, and Bob Geis expire at this meeting. The Nominating Committee had put forth the names of Steve Paula, Ralph Reausaw, and Harold Matti. Biographical information on each candidate had been previously provided to members in the newsletter. President Nelson called for nominations from the floor. No nominations were submitted. A motion was duly made and seconded to accept the

recommendations of the Nominating Committee and unanimously elect Steve Paula, Ralph Reausaw, and Harold Matti. The motion was unanimously approved.

A comment was made by a member requesting that the minutes reflect the actual number of votes received by candidates in any contested election. President Nelson reported that the Board had already implemented that practice the prior year. In addition, a question was raised regarding the Committee to count the ballots, and the request that no family member serve on the Counting Committee where another family member is nominated for a Board position. President Nelson thanked the volunteers who have previously provided that assistance, and advised that new volunteers are always welcome to offer their service.

5. OLD BUSINESS:

- A. President Nelson presented plaques to outgoing Board members Bob Geis and Dick Pluimer, and publicly thanked them for their years of service to the Board of Directors. President Nelson also expressed thanks to Carol Reausaw for her faithful work on newsletter publication and other volunteer projects for the Board.
- B. No report was available from the Fire Department.
- C. President Nelson advised the members of the continuing Board review of the current and long standing practice which prohibits water in secondary structures. President Nelson advised that the rule was based upon prohibition of more than one single family residence on a lot, and the concern for water quality in Spearfish Creek if septic systems are overloaded by capacity exceeding design capabilities.

6. NEW BUSINESS:

- A. President Nelson advised of the ongoing effort of the Board of Directors to review and update the original Spearfish Canyon Covenants. Pierre Attorney Tom Adam and Secretary Dick Pluimer have been working on this project to clean up and clear up duplications, inconsistencies, and adopt more of a “plain language” version of the existing Covenants. Dick Pluimer also encouraged members who had any suggestions for further clarifications, new covenants, deletion of existing covenants, or any other changes which would improve the operation of Spearfish Canyon Owners’ Association to provide suggestions to any Board member.
- B. Covenant Violations. Dick Pluimer and Jim Nelson reported on efforts by the Board of Directors to informally address several covenant violations occurring in the Canyon as a result of

unauthorized construction, including unreported modifications to previously approved ARC permits. The Covenants require ARC approval for improvements, alterations, repairs, etc., but also provide that “no changes or deviations in or from the plans and specifications once approved by the Architectural Review Committee shall be made without prior written approval of the Architectural Review Committee”.

General discussion took place as to whether the general membership preferred that the Board accept some of these past violations, essentially “grandfathering” the violations, or take a proactive position to enforce the Covenants, as written. Dick Pluimer advised the membership that a proactive, aggressive approach by the Board of Directors may very well result in litigation which would involve a substantial cost to SCOA. This additional cost would most likely be passed along to membership through a special assessment. A healthy discussion occurred.

Following the completion of discussion, Carol Head moved to aggressively pursue violations and correction of violations, with the Board authorized to impose special assessments if necessary to cover enforcement costs. Steve McCarthy seconded the motion. On a show of hands, 37 lots voted in favor of the motion, 3 lots were opposed. The motion carried with 92.5% approval.

14. ADJOURNMENT:

There being no further business to come before the annual meeting, the meeting was duly adjourned at approximately 8:50 p.m.

Respectfully submitted this ____ day of July, 2010.

Richard A. Pluimer, Secretary

RICHARD PLUIMER

BRADY PLUIMER, P.C.

135 E. Colorado Blvd.
Spearfish, SD 57783
Website: www.blackhillslawyers.com
Phone: (605) 722-9000
Fax: (605) 722-9001
EMAIL: rpluimer@blackhillslawyers.com