

Spearfish Canyon Country Club

Article 1

Organization and Objectives

BEST KNOWN BY ALL MEMBERS THAT THESE BYLAWS ARE SUPERSEDED BY THE ARTICLES OF INCORPORATION AND APPLICABLE SOUTH DAKOTA STATE LAW AND SHALL NOT CIRCUMVENT EITHER.

Section 1. These are the Bylaws of Spearfish Canyon Country Club, Spearfish, South Dakota 57783, a non-profit corporation. The terms Corporation and the Club are used interchangeably throughout these Bylaws. The purpose of the Club is to own, operate, support, and maintain a Country Club for golf and other lawful sports; to provide social and recreational facilities for its members; and to acquire, lease, and maintain property for the clubhouse, grounds, and other facilities to carry out such purposes.

Reference Articles of Incorporation I-II-III

Section 2. The Club's principal place of business shall be Spearfish, South Dakota, 57783, its clubhouse and office located at the intersection of Highways 14 and 14A, Spearfish, South Dakota, 57783.

Section 3. All personal pronouns in these Bylaws and Rules and Regulations shall be deemed to refer to the masculine, feminine and neuter, in the singular or plural, as the identity of the person or persons referred to may require.

Article II

Membership

Section 1. The members of the Spearfish Canyon Country Club shall be those who have been elected to membership and who pay, as a condition of that membership, the fixed membership fee and the initiation fee as set by the existing Board.

Section 2. There shall be five classes of Memberships:

- A.) Charter
- B.) Full
- C.) Business
- D.) Social
- E.) Inactive

Reference Articles of Incorporation IV

Sections 1-2

Section 3. The number of active members of the above identified classes may be limited on recommendation of the Board and approved by the membership at a special or annual meeting.

Section 4. The selection of new members; the transfer of membership; the termination of membership; and the rights and privileges of all members are described in the Articles of Incorporation.

Reference Articles of Incorporation 14

Sections 3-4-5

Section 1. An annual meeting of the members shall be held at 6:30 p.m. on the second Thursday of November in each year, at the principal office of the Corporation in the city of Spearfish, Lawrence County, South Dakota, provided that whenever such day shall fall upon a legal holiday, the meeting shall be held on the next succeeding business date. At such meeting, the members shall elect Directors who are in good standing to serve until their successors are elected. They may transact any other business appropriately presented to the members.

Section 2. A special meeting of the members may be called at any time by the President or in his absence by the Vice President, or by a majority of the Directors. It shall be the duty of the Directors, President or Vice President to call a meeting whenever so requested by ten (10) percent or more of the members entitled to vote.

Section 3. Notice of the time and place of all annual and special meetings of the members shall be given notice through electronic mail once a week for two successive weeks with the second notice to be published at least ten days before the date fixed for such meetings. In addition, notice of such meetings shall be posted at least ten days in advance of said meeting on the membership information board located in the clubhouse.

Section 4. The President, or in his absence, the Vice President, shall preside at all such meetings.

Section 5. At such meetings, each member entitled to vote, as determined by the membership list, shall have the right to cast one vote.

Section 6. Every member entitled to a vote, as determined from the membership list, shall have the right to cast one vote for as many persons as there are Directors to be elected but no more than one vote per Director to be elected.

Section 7. There shall be no proxy voting.

Section 8. A quorum for the transaction of business at any such meeting shall consist of a number of members in person representing ten (10) percent of the total number of members entitled to vote and all matters properly brought before such meeting shall be determined by a majority vote cast by members present.

Section 9. The members shall have the power, by a majority vote at any meeting, to remove any Director or Officer from office.

Article IV **The Board of Directors**

Section 1. The business and property of the Corporation shall be managed by a board of seven Directors who shall be elected by the members. Each Director shall be an active member, and shall receive no compensation for services as a Director. Termination or resignation as a member or upon the membership of a Director being placed on the inactive status shall constitute a resignation from that position.

Section 2. The Directors shall be classified with respect to the time for which they shall separately hold three years which terms shall expire in succeeding years so that at each annual meeting no more than three Directors shall be elected for a three-year term in addition to any Director to be elected to fulfill an unexpired term.

Section 3. No Director shall hold office for more than two consecutive three-year terms.

Section 4. The Board shall cause the Club to maintain, at the Club's expense, appropriate Directors, Officers and Manager's Liability Insurance including but not limited to "errors of omission".

Section 5. The Board shall authorize the payment on a current basis of expense incurred, or to satisfy a judgment of fine rendered or levied against, a present or former Director and/or Officer of the Club, including reasonable legal fees and expenses related thereto, in an action brought against such person (whether or not the act alleged to have been committed by such person, acting in said capacity as a Director and/or Officer of the Board) shall determine that such Director and/or Officer was acting in good faith within what such person reasonably believed to be the scope of such person's authority and for a purpose which such person reasonably believed to be in the best interest of the Club or its members. The Club shall similarly reimburse such a person for amounts paid and expenses reasonably incurred in setting any such action or threatened action, including reasonable legal fees and expenses if the Board shall determine that

such Director and/or Officer was acting in good faith within what such person reasonably believed to be the scope of such person's authority and for a purpose which such person reasonably believed to be in the best interest of the Club and its members. The Board shall make this determination promptly, utilizing a presumption that the Director or Officer was acting properly.

Section 6. The Board may, but shall not be obligated to authorize the payment of expenses incurred by, or satisfy a judgment or fine rendered or levied against present or former employees of the Club including reasonable legal fees and expenses related thereto, in an action brought against such person (whether or not the Club is joined as a party defendant) to impose liability or penalty on such person for an act alleged to have been committed by such person, acting in said capacity as an employee of the Club. The Club may reimburse such a person for amounts paid and expenses reasonably incurred in settling any such action or threatened action, including reasonable legal fees and expenses, if the Board shall determine that such employee was acting in good faith and that the person reasonably believed to be within the scope of such person's authority and for a purpose which such person reasonably believed to be in the best interest of the Club or its members.

Article V

Meetings of the Board of Directors

Section 1. The regular meetings of the Board of Directors, hereafter referred to as the Board, shall be held at the principal office of the Club immediately after the adjournment of each annual meeting, and at such other time as the Directors may determine.

Section 2. Special meetings of the Board may be called by the President, and in his absence by the Vice President, or by a majority of the members of the Board. By unanimous consent of the Directors, special meetings of the Board may be held without notice, at any time and place.

Section 3. Any meeting of the Directors shall be open to the membership except at such time the Board meets in executive session for the sole purpose of discussing personnel matters.

Section 4. Notice of all regular and special meetings, except that specified in Section 2 of this Article, shall be made by the secretary at least five days prior to the time fixed for the meeting and posted on the Club bulletin board.

Section 5. A quorum for the transaction of business at any regular or special meeting of the Directors shall consist of a majority of the members of the Board; but a majority of those present at any regular or special meeting shall have the power to adjourn the meeting to a future date.

Section 6. The Directors shall elect the Officers of the Club. Such election shall be held at the Director's meeting following each annual members' meeting. A director may be removed for cause at any time by two-thirds vote of the full Board.

Section 7. Vacancies or unfilled positions on the Board may be filled by the remaining Directors at a regular or special meeting of the Directors. The appointee(s) shall hold office until the next annual meeting. The person or persons elected by the Board of Directors shall be selected from a list recommended by the Nominating Committee.

Section 8. At each meeting of the members, the Directors shall submit a summary of the business done during the preceding year together with a report of the general financial condition of the Club and the condition of its tangible property.

Section 9. At each annual meeting of the members, the Directors shall submit the ensuing year's operational budget for membership approval.

Section 10. No single unbudgeted capital expenditure or increase of a single budget capital expenditure in excess of fifty thousand dollars (\$50,000) in any year shall be made by the Board of Directors without first submitting the proposed expenditure to a vote of the membership for authorization.

Article VI

Nomination of the Directors

Section 1. There shall exist a nominating committee of five members composed of the current President or his designee and four (4) other active members who are appointed by the Board. The Nominating Committee shall meet at such times as necessary for the purpose of nominating one or more individuals for the position of Director. Additional nominations may only be made from the floor by an (active) member providing that such nominations are submitted in a petition signed by ten (10) active members. Said petitions may be presented at any meeting or previous to any meeting at which such Director(s) is (are) to be elected.

Article VII

Officers

Section 1. The Officers of this Corporation shall be the President, Vice President, Secretary, and Treasurer, who shall be elected for the term of one year, and shall hold office until their successors are duly elected, qualified. The offices of Secretary and Treasurer may be held by one person. The President and Vice President shall be active members (of the Corporation). The Secretary and the Treasurer are not required to be active members (of the Corporation).

Section 2. The President shall preside at all Directors' and members' meetings; shall have general supervision over the affairs of the Club and over the other Officers; shall sign all membership certificates and written contracts of the Club; countersign all checks; and shall perform all such other duties as are incident to this office. In case of the absence of the President, these duties shall be performed by the Vice President.

Section 3. The Vice President shall in the event of the absence or disability of the President, possess all powers and authority and perform all the duties of the President.

Section 4. The Secretary shall notify all Directors and members of the meetings and shall attend and keep the minutes of the same; shall have charge of all the Club books, records, and papers; shall be custodian of the corporate seal; shall attest with his or her signature and impress with the corporate seal all membership certificates and written contracts of the Club; shall maintain a membership list; and shall perform all such other duties as incident to this office. Compensation, as set by the Board, may be paid to the Secretary.

Section 5. The Treasurer shall have custody of all money and securities of the Club and shall give bond, in such sum and with such securities as the Directors may require, conditioned upon the faithful performance of the duties of the office. The Treasurer shall sign all checks of the Club except as to conditions as hereinafter set forth regarding corporate funds; shall keep regular books of the account; and shall submit them together with all voucher receipts, records and other papers to the Directors for their examination and approval as often as they may require or request; and shall perform all such other duties as are incident to the office. Compensation, as set by the Board, may be paid to the Treasurer.

Article VIII

The General Manager

Section 1. The Board shall employ and set the compensation for the General Manager who shall serve at the pleasure of the Board.

Section 2. The General Manager shall be the Chief Operational Officer of the Club and shall direct and manage the business affairs of the Corporation, its employees and staff, subject to the directives of the Board. The General Manager is responsible to the Board and shall; report to the President; assist the Officers and the Directors of the Club in the performance of their duties; attend meetings of the Board, with exception of those portions of those meetings in which the General Manager's performance evaluation and remuneration are to be discussed; and perform such other duties as may be assigned by the President.

Article IX
The Accounts Manager

Section 1. The Board shall employ and set the compensation for the Accounts Manager who shall serve at the pleasure of the Board and who shall be accountable directly to the President or to the Secretary/Treasurer if so designated by the Board.

Section 2. The Accounts Manager shall; install and manage an accounting system as directed by the President or designee of the Board; prepare monthly financial information to be used by the Corporation's certified accountants; prepare current membership lists and status as required; and perform such other duties as may be assigned.

Article X
Club Funds

Section 1. The funds of the Club shall be deposited in such bank and trust company the Directors shall designate and shall be withdrawn only upon the check or order of the Treasurer, countersigned by the President or Vice President. During a temporary absence of the Treasurer, the President and the Vice President shall, with the approval of the Board be authorized to draw checks or orders upon funds of the Club.

Article XI
Committees

Section 1. The Board shall name the following Standing Committees:

- A. Finance
- B. Golf
- C. Grounds
- D. House
- E. Membership
- F. Policies/Procedures

Section 2. The President shall appoint the new members of standing committees subject to the approval of the Board.

Section 3. The Committees shall be composed of no less than three (3) nor more than six (6) active members.

Section 4. The Committees shall be appointed for a two-year term and their terms shall be staggered so that no more than one half (1/2) of the members' terms shall expire each year.

Section 5. Standing Committees are formed to advise the Board in establishing policy for the Club and will discharge those duties herein described, as well as any other duties specifically prescribed by the Board or these Bylaws.

Section 6. The President shall appoint one Board member to serve as Chairperson of each committee. The other duties of the Chairperson may be assigned to another member on the committee.

Article XII **Duties of the Standing Committee**

Section 1. The Finance Committee shall be responsible for overseeing all fiscal matters of the Club including an annual report of the Club's financial records and accounting policies. In so doing, the Committee shall review the annual budget and submit it to the Board for consideration prior to membership approval; review annually the insurance coverage, contracting procedures, taxation, and make appropriate recommendations to the Board. The Chairperson will be responsible for submitting short and long-term planning goals as requested by the Board. Such plans shall include proposed activities and expenditures which need to be incorporated in the annual budget proposal.

Section 2. The Golf Committee shall monitor the various golf programs operated under the auspices of the Club. It shall advise the Board on policy matters regarding the Club's activities including the use of the golf course. It shall review the format and budget of all tournaments. The Chairperson will be responsible for submitting short and long-term goals as requested by the Board. Such plans shall include proposed activities and anticipated expenditures which need to be incorporated in the annual budget proposal.

Section 3. The Grounds Committee shall advise the Board regarding maintenance and beautification of the golf course and the adjacent grounds, the equipment and the facilities necessary to achieve the quality and playing conditions members' desire. The Chairperson will be responsible for submitting short and long-term planning goals as requested by the Board. Such plans shall include proposed activities and anticipated expenditures which need to be incorporated in the annual budget proposal.

Section 4. The Clubhouse and Pool Committee shall be responsible for recommending to the Board policy decisions that affect the use and maintenance of; the clubhouse building and furnishings; all food and beverage serve; and the swimming pool. This shall include recommending rules for implementation of such policy decisions and to appoint appropriate committees to facilitate related activities of the Club. The Chairperson will be responsible for submitting short and long-term planning goals as requested by the Board. Such plans shall

include proposed activities and anticipated expenditures which need to be incorporated in the annual budget proposal.

Section 5. The Membership Committee shall be responsible for implementing all Board-approved policies, procedures, and activities dealing with the recruiting, introduction, consideration and admission of nominees to candidates for membership. They will also set rules and regulations regarding termination or expulsion of current members. In addition, they shall manage any waiting list of candidates for membership. From time to time, the Membership Committee shall make recommendations to the Board regarding changes in the right, preferences, privileges and obligations of the various classes of membership. The Chairpersons will be responsible for submitting short and long-term planning goals as requested by the Board. Such plans shall include proposed activities and anticipated expenditures that need to be incorporated in the annual budget proposal.

Section 6. The Policies and Procedures Committee shall be responsible for recommending to the Board, governing rules and regulations and then develop an appropriate manual which will be distributed, along with Bylaws, to each member. They will review and recommend to the Board the disposition of alleged violations of Club Rules and Regulations or these Bylaws. The Chairperson will be responsible for submitting short and long-term planning goals as requested by the Board. Such plans shall include proposed activities and anticipated expenditures which need to be incorporated in the annual budget proposal.

Section 7. At Hoc Committee may be appointed by the President and/or Committee Chairpersons from time to time with approval of the Board. They shall undertake specific assignments or complete certain activity assignments and make recommendations or give reports to the Board at the completion of the project. Such committees shall be disbanded at the time their report is presented to the Board for appropriate action or on completion of the activity assignment.

Article XII

House and Ground Rules/Regulations

Section 1. The Board shall have the power to enact any house rule, ground rule or regulation in regard to the operation of the facilities of the Club and to set forth such rules and regulations as deemed necessary, subject to the Bylaws as adopted.

Article XIV

Fees and Dues and Inactive Memberships

Section 1. Initiation fees and transfer fees shall be determined by the members at the annual meeting or at any special meeting called for that express purpose. All terms and conditions of payment shall be determined by the Board.

Section 2. Annual dues and fees shall be set by the Board at the annual meeting of the Directors or at any special meeting called for that express purpose. All terms and conditions of payment shall be specified.

Section 3. Any Charter Membership, Full Membership, or Social Membership shall become an Inactive Membership on December 31st, of any year in which such member fails to make payment of any current annual dues or fees, or alternatively, shall become an Inactive Membership at any time thereafter that such member fails to make payment of any current annual dues and fees pursuant to the terms and conditions of payment specified by the Board.

Section 4. In accordance with established fee schedules, membership privileges shall be limited to the spouse of the member and to their legal children.

Article XV

Guests

Section 1. Members of the Club may invite guests, pursuant to the Rules and Regulations of the Club facilities to which such members are themselves entitled.

Section 2. Any paying guest shall be granted the privileges of using the Club's facilities. However, all such privileges are contingent on the guest's conformity with all appropriate and applicable Rules and Regulations which govern regular members.

Article XVI

Reciprocity

Section 1. For the purpose of these Bylaws, reciprocity is defined as the privilege to use the Club's facilities that is extended to members of the other clubs which participate in a reciprocal agreement with the Spearfish Canyon Country Club. This privilege shall be granted on terms and conditions as may be approved by the Board.

Article XVII

Amendment of the Bylaws

Section 1. These Bylaws may be repealed or amended or new Bylaws may be adopted at the annual meeting or at a special meeting to the members called for that purpose, by a vote representing a majority of the members in attendance.

Article XVII
Articles of Incorporation

Section 1. The Articles of Incorporation are made a part of the Bylaws of the Club as an attachment and in the case of discrepancies with South Dakota Law, supersede the adopted Bylaws.