

**DEER SPRINGS RANCH OWNERS ASSOCIATION
MINUTES
JANUARY 15, 1998**

The following were present: Dale Clarkson, John Pardo, Dirk Clayson, Ben Clarkson, and Karon Jacobsen.

The purpose of this meeting was to set the 1998 assessment and to set the budget. After much discussion on the budget, we voted to give Vance and Diane each a raise of \$100 per month. We also decided to give the children a raise of \$700. Last year we paid them \$200 (total for all three children) a month for five months, which was during the busy season. This year they will receive \$100 a month (to be divided between the three children) during the off season.

John Pardo suggested hiring someone to help clean cabins during June, July, August, and September.

Dirk suggested putting \$15,000 in the budget to upgrade our water system so it will meet the requirements of the Utah State Health Department. We will need to drill a new well and grout it. The new well will be in the Well Field. The existing well could be used for irrigation. The state of Utah is enforcing new rules for water systems. We need to get busy and show the state we are serious about complying. The health inspectors have been to the ranch and inspected our water systems. Ben suggested that we put the new well at Half Moon. Richard Cothem is still working on sandblasting the two water tanks we purchased from him. He is making some progress.

John Pardo said that Lorin Waters has a dump truck for sale for \$1,500, and he thinks the ranch should buy it. It is a good buy.

The ranch truck is not running well, and Vance would like a better truck to drive. He suggested a price of \$7,000.

We discussed the budget and decided to meet again next week on Wednesday at 10 a.m. to finalize it. Randy Brown will put these new items in the budget and see how it looks at that time.

Dirk suggested that we increase the annual assessment \$25-\$350 to \$375. The assessment has not been increased for sometime, and we felt it would be better to increase it in small amounts rather than large ones. Dirk Clayson motioned and Ben Clarkson seconded the motion. All were in favor.

Submitted by

Karon Jacobsen

**DEER SPRINGS RANCH OWNERS ASSOCIATION
MINUTES
JANUARY 29, 1998**

The 1998 DSROA budget has been approved. Karon Jacobsen met individually with the Board of Directors over a period of a few days. Everyone approved the budget except Dirk Clayson. Dirk said the reason he voted to increase the annual assessment \$25 was to have a reserve bank account to begin saving money to build new cabins. He said he would not approve the budget unless we set aside the money we will receive from selling the ranch pickup (about \$3,000).

Other board members felt that it is more important to fix up the cabins we currently have and that we have enough money to last us through the end of the year instead of having money sitting in a bank account. We have several large expenses this year--\$15,000 for the water system, \$6,000 for a playground, \$2,200 for new showers for the Garden Cabin and \$1,000 for new floor coverings for the Garden Cabin, \$3,000 for a new barn roof, and road maintenance \$5,000. If we are able to do all of these items, we will not have these expenses next year.

Submitted by,

Karon Jacobsen

MINUTES OF THE KANE COUNTY BOARD OF COMMISSIONERS

Meeting held February 9th, 1998 in the Kane County Commission Chambers.

PRESENT: Commissioners Norman Carroll, Joe C. Judd, and Stephen R. Crosby.

ALSO PRESENT: Clerk Karla Johnson.

Appropriations and purchase orders approved as signed.

MINUTES: Motion to approve the minutes of January 26th, and February 3rd without change. Made by Commissioner Judd, seconded by Commissioner Crosby, and the vote was unanimous.

MOTION LOYD HEYBORNE

Loyd Heyborne is still the Building Inspector.

MOTION: To put Loyd Heyborne on part time employee status with full insurance benefits and part time benefits associated with part time status. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

STEVE PLATT & BILL MORRIS / INDIAN KNOLL ROAD

Mr. Morris was present to ask if Poverty flats road needs to have an improvement drawing to present to the Planning Commission. Poverty Flats Road is a Class B Road. It belongs to the County. Mr. Morris agreed to provide gravel and the Road Department agreed to do the work to upgrade Poverty Flats Road. The Commissioners said no improvement drawing is necessary.

SHERIFF

Deputy Chief Allen Johnson presented a final agreement for the Tri-County Deputy in Bullfrog. San Juan, Garfield and Kane are partners in this agreement.

MOTION: To approve the Tri-County Cooperative agreement between San Juan, Garfield, and Kane County for the Deputy at Bullfrog at an annual commitment of \$18,000.00 for Kane County. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

ROADS

Mr. Pratt was present to ask for a re-evaluation for Deon Mecham and Bert Harris.

MOTION: To correct the salary raises for Bert Harris and Deon Mecham to 4%, retroactive to the first of year. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

MOTION: To approve the purchase of a chip sealer for the Roads Department of \$15,000.00. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

CLERK'S OFFICE / PERSONNEL

Clerk Johnson presented the results of the interview board conducted to hire a new employee for the Clerk/Auditor's office. Barbara Hansen was the top candidate.

MOTION: To approve the hiring of Barbara Hansen for Deputy Clerk/Auditor at a Class 10, effective February 9th, 1998. Made by Commissioner Judd, seconded by Commissioner Crosby, carried unanimously.

PUBLIC HEARING / ZONE CHANGE / BARBARA PRICE

There was no opposition. Thayne Smith, chairman of the Planning Commission, was present and informed the Commission of the Planning Commissions approval of this zone change.

MOTION: To approve the change from MU-40 to agricultural for Barbara Price. Made by Commissioner Crosby, seconded by Commissioner Carroll, carried unanimously.

PLANNING COMMISSION

Thayne Smith was present to update the Commission on events that happened in Planning Commission.

Ken Sizemore was at the Planning Commission Meeting and presented the Kane County General Plan, the plan is not complete. Mr. Smith said there will need to be changes.

Mr. Morris of Indian Knolls asked the Planning Commission about Poverty Flats Roads and if improvements need to be made.

Deer Springs Ranch was declined an amended plat map change.

Mr. Smith said subdivisions that need to be amended need to follow the same rules.

Commissioner Judd called the state and asked about bonding for Deer Springs Ranch water system. The state said this is a County issue. We have to decide as a County if we are willing to bond.

Mr. Smith told the Commissioners once again his disapproval of amending the plat map for Deer Springs Ranch.

COLIN WINCHESTER / TAX PENALTIES / GAIL GRAHMN

Mr. Winchester asked to extend this issue until next time.

STEVE NEILMAN / ROAD PROPOSAL / BEER LICENSE

Mr. Neilman was present to ask for the pavement of Zion Ponderosa Road. The distant is two and a half miles. He is willing to put up \$10,000.00 and find a grant for an additional \$50,000.00. Mr. Pratt said Zion Ponderosa Road is on their list of improvements.

Mr. Neilman said his business is open only 6 months a year because the road is not passable the other 6 months.

Commissioner Crosby said if Zion Ponderosa will give the County \$10,000.00 and guarantee the other \$50,000.00 grant money the Roads Department can move forward.

MOTION: to approve the paving contract with Zion Ponderosa Ranch where in Zion Ponderosa Ranch will guarantee the \$50,000 grant money it is trying to get from the Utah Division of Travel Development, Tourism Destination Development Grant Program and a half miles on Zion Ponderosa Road on the guarantee of a \$50,000.00 grant for the Travel Council and \$10,000.00 from Zion Ponderosa Ranch with the Counties portion of \$160,000.00. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

MOTION: To approve the Beer license for Zion Ponderosa Ranch pending Sheriff Smiths approval. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

MOTION: To approve the liquor license for Zion Ponderosa Ranch pending Sheriff Smiths approval. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

KAREN NORDQUIST / BEER LICENSE

Ms. Nordquist business is in Big Water City limits.

RICHARD SWAPP

MOTION: To approve the change in the Assessors Office public access hours to 9:00 to 4:30. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

MIKE NOEL / WATER CONSERVANCY

Mr. Noel was present to talk to the Commissioners about water issues in the County.

Stumbling blocks with the Canyon Country water rights are accruing in Johnson Canyon. Mr. Noel said the Chidester Water Rights

precede other water rights by seventy years.

The Dunn family is in danger of losing their home because of river changes.

The issue with the National Park Service and Wild and Scenic Rivers Act is Kane County has been left out of the process. A contract was signed with the National Park Service to use the reserve water rights inside the state park and stay out of the Counties reserve water rights. The next issue is Kane County Water Conservancy district is, by contract, to be involved in any decisions made.

The Wild and Scenic Rivers General Plan is being formed now.

CYRUS MEJIA / BUSINESS LICENSE

MOTION: To approve the business license for Angel Canyon Design, Cyrus Mejia. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

BOB WIDNER / JIM MAGNER / COMPENSATION

MOTION: To have a letter sent to Bob Widner cancelling his contract as of March 1, 1998. Made by Commissioner Crosby, seconded by Commissioner Judd carried unanimously.

MOTION: To retain Jim Magner as Washington D.C. consultant for Kane County as long as funding is available. Made by Commissioner Judd, seconded by Commissioner Crosby, carried unanimously.

DEER SPRINGS RANCH / DALE CLARKSON

Mr. Clarkson started by saying it has been about eighteen months since he began working on changes at Deer Springs Ranch.

Commissioner Crosby asked Mr. Clarkson if the water he has at Deer Springs has been approved. Mr. Clarkson answered No. The water has been tested as being safe to drink. Mr. Clarkson talked about digging the well to 300 feet deep. Commissioner Crosby asked if Mr. Clarkson had a price to put the approved water system in. Mr. Clarkson said he thought it would be around \$40,000.00. Mr. Clarkson said Deer Springs Ranch needs a certified water system. He said Deer Springs Ranch is going forth on this need. Commissioner Carroll said he thinks a cash bond should be put up and if the improvements are not done the money will be used to complete the project.

Commissioner Judd said he wants to move forward. If Deer Springs Ranch is willing to post a bond the Commissioners need to know that all the rules from other agencies have been followed.

Thayne Smith told the Commissioners that in 1981 an agreement was

signed that any further development must be done to current code.

Commissioner Carroll would like to see a bond issued to start the process of the water system.

MOTION: to approve the plat amendment of Deer Springs Ranch contingent upon a 150% performance bond on the water system to Kane County. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

TRAVEL COUNCIL / DONNA CASEBOLT

Donna Casebolt was present to ask the Commissioners about the Chamber of Commerce putting in a separate phone line for the Chamber.

MOTION: to support the Travel Council in putting in a dedicated phone line for the Chamber of Commerce at the Travel Council. The Travel Council will pay the monthly bill not to exceed 400.00. Made by Commissioner Judd, seconded by Commissioner Crosby, carried unanimously.

GCSSD / BOARD MEMBER

Tabled until February 23, 1998

DAVE OWENS / FUTURE PROJECTS / WILDLAND FIRES

The 1998 Wildland Fire Budget between Kane County Utah Division of Forestry, Fire & State Lands

MOTION: To approve the fire suppression budget. Made by Commissioner Judd, seconded by Commissioner Crosby, carried unanimously.

MOTION: To approve the 1998 Software agreements. Made by Commissioner Judd, seconded by Commissioner Crosby, carried unanimously.

MOTION: To approve the payoff of the Motorola contract. Made by Commissioner Judd, seconded by Commissioner Crosby, carried unanimously.

MOTION: To approve the purchase of Pitney-Bowes postage machine. Made by Commissioner Crosby, seconded by Commissioner Judd, carried unanimously.

Document Imaging was presented by Dave Owens. The price tag is \$20,000.00. The Commissioners would like to do it but feel the price tag is just too high for this year.

Mr. Owens presented a phone system problem. We have already spent \$7,000.00. The Commissioners would like Mr. Owens to look into

other phone systems and report back to them next Commission meeting.

MONUMENT

Jim Matson presented a schedule of Monument funding to the Commissioners. This list has already been approved by the Commissioners. The addition to this schedule is the responsible person for each category.

Clerk Johnson asked for auditing clarification in regards to Monument billing. She wants to know who decides if this is actually monument related.

Commissioner Judd asked for a document to show exact figures on the Counties financial stability.

WHERE UPON MEETING ADJOURNED

NORMAN CARROLL
COMMISSION CHAIRMAN

KARLA JOHNSON
COUNTY CLERK

Daniel P. Wirt, M.D.

email: boojum@wt.net

713-797-0320

5300 N. Braeswood

Suite #233

Houston, Texas 77096

26 March 1998

CMRRR # P 094 928 059

Dale E. Clarkson
ERA Utah Properties, Inc.
30 East Center Street
Kanab, Utah 84741

Dear Dale:

The purpose of this letter is to submit the following five (5) items to the agenda for the upcoming annual meeting in June. We request that these five items be submitted to the membership for a vote at that time.

We request that you design the Notice of Annual Meeting and Proxy Statement in the common and standard format used by corporate America. Frankly, the format of the DSROA Proxy Statement last year was so confusing that the results of last year's votes may well be invalid. (Parenthetically, we will be in Kanab on April 10; we can come to your office in the early afternoon on that day; we request that you make available to us all of the 1997 original proxy statements for our inspection at that time. Please confirm this appointment in writing.)

In the standard form of a proxy statement, a stockholder proposal is printed, followed by a statement from management. Please adopt this format. Please reproduce the following five proposals verbatim as DSROA member proposals in the Notice of Annual Meeting and Proxy Statement which you send to members. Since they are DSROA member proposals, please include all parts of all five proposals just as they appear below, without editing. Following each of these proposals should be a statement from the DSROA Board of Directors. Please include the following standard language near the beginning of the Proxy Statement: "Revocability of Proxies. Any proxy

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given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to the DSROA Board of Directors a written notice of revocation or a duly executed proxy bearing a later date or by attending the meeting and voting in person."

PROPOSALS:

1) We are opposed to opening up the Meadow Canyon Road to through traffic or allowing Kane County to assume control and maintenance of the road as a county road. We strongly believe that this road must remain private, with access limited by the gates now present, in order to preserve important environmental qualities at the Ranch. Any effort by Kane County to turn this road into a public, county road should be vigorously resisted. Maintaining the upper gate is particularly important. Specifically, the Meadow Canyon Road should not be opened to use by the Great Western Trail Association.

Background: Meadow Canyon Road starts in the south as the landing strip (near the water tanks) and ends up in the north at the gate between the ranch and the National Forest. It runs through the heart of the ranch.

For quite a while, the county has wanted to open this road up and maintain it as a county road. In addition, the National Forest and the Great Western Trail Association would like to see the road opened. The county would "improve" this road, which would make it possible to support a higher volume of traffic at increased speeds.

The ponds and meadows are directly adjacent to this road. In addition to increased traffic noise and dust interfering with the peaceful environment in the HEART of the ranch, we suspect that unauthorized use of the ponds and travel upon the meadows would result. The traffic would not just consist of cars and trucks, but would also consist of ATV's (all terrain vehicles, operated by Great Western Trail Association Members and others). During deer hunting season we suspect that unauthorized hunting on private land would increase.

In two recent issues of the Kanab newspaper (Southern Utah News) there is discussion of planning for tourist access to the Escalante/Grand Staircase Monument. The plans for tourist access to the Monument may make the consequences of opening the road through the center of the ranch to public traffic particularly adverse to the ranch environment.

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For example, the paper of 28 January has a front-page article entitled, " Kane reports progress on Monument studies." "The consultants recommended the following for a monument infrastructure development program. 1) Establish a visitor's center and develop a campground at the north end of Johnson Canyon or along the Skutumpah Road." (In addition, there are several other recommendations.) "IV. Transportation was reviewed and needs created by the new monument and projected visitation levels. The consultants recommended: 1) Annual traffic growth rates for paved roads is projected to be 4.5% and 7% for gravel and unsurfaced roads. SR89 east of Kanab had a daily traffic count of 4,550 in 1996. By the year 2020, the projected daily count is 13,086. 2) Pave the road from Glendale to Johnson Canyon to a "B" road classification. 3) Surface, (gravel) and widen Cottonwood Road for a short distance."

We believe that these changes will bring a lot more traffic close to the ranch, and if the ranch road is opened, a substantial increase in traffic through the ranch as well (particularly from the south side, but also from the north).

Importantly, there is a very reasonable alternative for the Great Western Trail Association which does not require opening up the Meadow Canyon Road. The Great Western Trail Association can utilize the Pack Trail, which runs on the strip of National Forest land between Bryce and the north side of the Ranch. Eventually the Pack Trail connects with the county road to the west of the Ranch.

Specific Proposal: Meadow Canyon Road will remain a private Ranch road, with access limited by the gates now present, in order to preserve important environmental qualities at the Ranch. The road is for the use of Ranch Owners and their Guests, and will not be opened up to through traffic by the general public or the Great Western Trail Association. Maintaining the gates, particularly the upper gate, is important to achieve these results. Any effort by Kane County to turn Meadow Canyon Road into a public, county road will be vigorously resisted. The bylaws and restrictive covenants will be modified accordingly. Agree or Disagree.

2) The original plat map for the Ranch, which specifies 20 acre lots (for the most part) should be maintained. Membership and lot ownership should be inseparable (the original bylaws in this regard should be maintained*). The plat map should not be amended to allow for division of existing 20 acre lots into smaller units, and the bylaws and restrictive covenants should be modified accordingly.

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Background: At the June 1997 annual meeting, the membership purportedly voted to amend the bylaws, restrictive covenants and plat map to allow subdivision of 20 acre lots into 10 acre lots. In addition, a complex and confusing system consisting of three categories of membership, "A", "B" and "C" was established, such that there can be 600 "A", "B" and "C" half units ("A" memberships are inseparably connected to each property unit and can use the common areas, but do not participate in the point system; "B" memberships participate in the point system; "C" memberships own an interest in the common areas through the DSROA and vote). "Each membership will be assessed annually to fund the budget developed by DSROA for each kind of membership beginning January 1, 1998."

This restructuring will clearly result in increased usage of Ranch resources and infrastructure, and may well adversely affect environmental qualities prized by many Ranch Owners. There is a significant danger that the amenities currently enjoyed by Ranch Owners will be diluted and/or annual assessments will need to be increased to compensate for the increased demands on resources and infrastructure. Members should ask themselves what the cost/benefit ratio might be. For example, how much harder will it become to reserve cabin or riding time, and if these resources are expanded, how much will annual assessments go up? Kane County has clearly recognized that infrastructure upgrades will be necessary, particularly in the water system, to support the increased subdivision.

In Dale Clarkson's letter of 23 January, which accompanied the 1998 assessment notices and 1998 DSROA operating budget, Dale said, "To make some necessary improvements this year, we felt it was necessary to add a little to the budget. The main improvement this year is required by the state of Utah. The health department is requiring us to upgrade our total water system which includes the well and the water tanks at the lower end of the ranch. This is a major expense which will take thousands of dollars to complete."

Scott Hacking is a District Engineer at the State of Utah Department of Environmental Quality, Southwest District Office. Mr. Hacking made a site visit to Deer Springs Ranch to inspect the drinking water system recently. In a letter of 2 February 1998, he told Dale that "Unfortunately, based on the fact that the existing wells at Deer Springs Ranch were not grouted, it is highly unlikely that they could be approved for a public drinking water supply."

However, in an 18 February telephone conversation with me (D.P.W.), Mr. Hacking said in no uncertain terms that with the current volume of usage of the water supply, a PUBLIC drinking water supply is not required by the regulations. (Please note that we are not talking about wells or springs on private lots, which are private drinking water supplies by definition. We are talking about the drinking water supply on Association land, ie. for the ranch house and the cabins.)

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According to Mr. Hacking, a PUBLIC drinking water supply is required when it is used by 25 or more people on 60 or more days per year. He explained that the water supply could be used by 24 people on 365 days, or 500 people for 59 days and 24 people for 306 days, and still not be required to meet the standards for a public drinking water system (and could remain as it is).

It is clear to us that the plans for apparently major expansion and upgrading of the Ranch water system are related to the plans for subdivision of lots and concomitant changes in human population density and usage patterns and intensity. The article in a recent Kanab paper (2-18) reporting on the County Commissioners meeting reinforces this conclusion.

Specific Proposal: The original plat map for the Ranch, which specifies 20 acre lots (for the most part) will be maintained. Membership and lot ownership will be inseparable (the original bylaws in this regard will be maintained*). The plat map will not be amended to allow for division of existing 20 acre lots into smaller units, and the bylaws and restrictive covenants will be modified accordingly. Maintaining a limit of 300 memberships and 20 acre lot size will help to ensure that the amenities enjoyed by Ranch Owners will not be diluted, that important environmental qualities are preserved, that costly upgrades and expansions of resources and infrastructure are avoided, and that increases in annual assessments are minimized. Agree or Disagree.

* "Membership in the Association is strictly limited to 300. Each property Unit of the Ranch is inseparably connected with one membership in the Association."

3) Voting in the Deer Springs Ranch Owners Association should be limited to members who pay an annual assessment, with the total votes of a given member determined by the number of lots upon which that member is current in paying an annual assessment. The payment of annual assessments must be current in order to vote. 300 lots = 300 regular memberships = 300 paid and current annual assessments = 300 votes.

Background: Currently, there are about 50 lots which vote but do not pay an annual assessment (most of these are unsold lots held by Clarkson Properties, Inc., but a few are lots which were sold without a membership in the DSROA, although this contradicts the

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DSROA bylaws). For example, the 1998 Operating Budget projects assessment revenue from only 250 of the 300 lots.

Voting in the DSROA entails making important decisions about the administration and running of the ranch which can have substantial implications, for example, financial implications and implications regarding quality of life issues. These contemporary decisions about the management of the ranch should be made by those who contribute annual assessments to the DSROA, in proportion to the amount of those assessments. The operation of Clarkson Properties, Inc. a for-profit business, must be kept separate from the operation of the Deer Springs Ranch Owners Association.

Specific Proposal: Voting in the Deer Springs Ranch Owners Association will be limited to members who pay an annual assessment, with the total votes of a given member determined by the number of lots upon which that member is current in paying an annual assessment. The payment of annual assessments must be current in order to vote. Clarkson Properties, Inc. can vote unsold lots only if Clarkson Properties, Inc. pays an annual assessment on those lots (the same annual assessment which all other lot owners pay). 300 lots = 300 regular memberships = 300 paid and current annual assessments = 300 votes. The Bylaws and Restrictive Covenants will be modified accordingly. Agree or Disagree.

4) The plans for major expansion and upgrading of the Ranch water system appear to be related to the plans for subdivision of lots and concomitant changes in human population density and usage patterns and intensity. The article in a recent Kanab paper (2-18) reporting on the County Commissioners meeting reinforces this conclusion. There are a number of questions regarding what lot owners want the ranch to be, why they own land there, and how they would like to maintain it. There are a number of questions regarding who pays for what, who benefits, and what might be lost. These questions go well beyond that of the water system, of course, but the water system is one variable in the equations.

We see three major options regarding the water system for Association land (ie, drinking water for the ranch house and for the cabins). The first is to do nothing with the main well (but replace the storage tanks, which are rusting out). This would mean that the human population and usage patterns

would have to remain about the same (in order to stay below the threshold where a public system is required). This is the least expensive option, but one disadvantage is that water cannot be hauled to private lots unless the source is an approved public water supply.

The second option is intermediate in price and results in an approved public water supply from which lot owners could draw upon to haul water to lots. This second option would be to drill another well close to the present site of the main well (which is about 1/4 mile north of the ranch house) --- this new well would be constructed so as to meet all the requirements for approval as a public water supply. The old well could be kept operational as an emergency backup. The storage tanks would be replaced per the first option. Lot owners could haul water to their lots from this new well.

The third option would be to drill other wells in addition to a new main well. This would provide a larger volume of water and have the capacity to support a larger population of people. However, this would be much more expensive, not only requiring the drilling of a second well, but also requiring the laying of substantial additional pipe for transport and distribution. Of course there are also questions of whether we want to support a substantially larger population of people and use in the area.

In particular, we would not like to see an expensive water system built at the expense of all lot owners but which preferentially serves a small minority of close-by lot owners.

Specific Proposal: The second option is the best compromise of upgrading the Ranch water system, holding down costs and benefiting the largest number of lot owners (who could haul water legally from an approved public water supply). Agree or Disagree.

5) The Ranch Manager, Vance Beckstead should be given the responsibility and a corresponding budget to maintain and improve all of the roads at the ranch. This responsibility will include the oversight of all

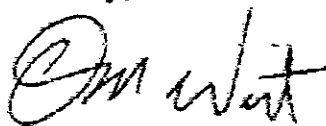
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Association equipment and the option of hiring any independent contractor that Vance Beckstead determines is necessary.

Background: Last year a substantial sum of money was paid to an independent contractor for road maintenance and improvement. There is substantial dissatisfaction with the results. For example, roads to lots were widened but improvement of drainage was not a priority. An unacceptable number of mature trees were sacrificed -- it appears that many of these could have been saved by using a chain saw to remove an obstructing limb.

Specific Proposal: Road maintenance will be performed with a specific goal of steady, incremental improvement, most importantly improvement in drainage. Mature trees will not be sacrificed except when necessary to achieve real improvements. The Ranch Manager, Vance Beckstead will be given clear responsibility for road maintenance and incremental improvement, along with an adequate budget to achieve these goals. Agree or Disagree.

Sincerely,



Daniel P. Wirt

Mikel Schow (Electronic Signature Obtained)
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Daniel P. Wirt, M.D.

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27 March 1998

CMRRR # P 094 928 058

Dale E. Clarkson
ERA Utah Properties, Inc.
30 East Center Street
Kanab, Utah 84741

Dear Dale:

The purpose of this letter is to submit the following item to the agenda for the upcoming annual meeting in June. I request that this item be submitted to the membership for a vote at that time.

I request that you design the Notice of Annual Meeting and Proxy Statement in the common and standard format used by corporate America. Frankly, the format of the DSROA Proxy Statement last year was so confusing that the results of last year's votes may well be invalid. (Parenthetically, I will be in Kanab on April 10; I can come to your office in the early afternoon on that day; I request that you make available to me all of the 1997 original proxy statements for my inspection at that time. Please confirm this appointment in writing.)

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PROPOSAL:

In the past, during deer hunting season, the Board of Directors has sold rights to hunt on the Ranch to outfitters. The purpose of this proposal is to prevent unauthorized hunting by outfitters on private property at the Ranch.

My understanding is that, according to Utah state game authorities, otherwise licensed hunters cannot be prosecuted for hunting on private property (or traversing private property to hunt elsewhere, or shooting across private property) at Deer Springs unless "No Trespassing" signs are present at the perimeter of lots. (The restrictive covenants currently prevent members from putting up "No Trespassing" signs at the perimeter of lots, unless a given lot border is also at the outside perimeter of the Ranch: "No signs, billboards, or advertising structures of any kind shall be erected or displayed except for one 'For Sale' sign. 'Private Property' signs and 'No Trespassing' signs shall be prohibited, except around and upon the outside perimeter of the property described in Schedule 'A' attached.")

I am not opposed to hunting per se, but I am *intent* on exercising my right to control any hunting-related activities on my property (including actual hunting, traversing my property to gain access to hunt elsewhere, or discharging firearms across my property). In fact, this last deer hunting season, I gave permission to a very responsible hunter from Salt Lake City to traverse my property.

Given the inability of lot owners to control hunting-related activities on their property via the mechanism of erecting "No Trespassing" signs, and the inadequacy of current restrictive covenants/rules and regulations in this regard, I would like to see both the covenants and rules/regulations modified to specifically address this issue.

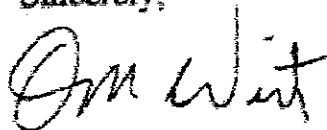
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Dale E. Clarkson
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I wish to establish a formal mechanism, on a contractual basis, by which it is made perfectly clear to these outfitters where they may and may not go, based on the specific, expressed wishes of individual lot owners. I believe that these outfitters should be required to sign a contract and post a bond which would be forfeited if the terms of the contract are violated. My specific suggestions follow.

Specific proposal: To regulate hunting and associated activities by outfitters on private Ranch property by (1) establishing a mechanism by which individual owners can give or deny permission for their lots (for outfitters to hunt upon, traverse or shoot across their lots), (2) requiring outfitters who buy rights to hunt on Deer Springs Ranch to sign a contract whose terms incorporate the expressed directions of individual lot owners in Part 1 above, and (3) requiring outfitters to post a \$5000 bond which is forfeit if the terms of the contract are violated.

Each lot owner will be asked in writing to give or deny permission for outfitters to enter, traverse or shoot across their property, and these responses will be kept on file in the records of the DSROA. Lot owners would be able to modify their response as desired. These responses from lot owners will be incorporated into a contract both in terms of a written list by lot numbers where access is denied or permitted, but also in terms of a color-coded topographical map indicating where access is denied or permitted. Before an outfitter is permitted to buy rights to hunt on DSR, that outfitter will be required to sign this contract and post a \$5000 bond. The terms and conditions of the contract will incorporate the covenants and rules/regulations of the DSROA. The bond will be forfeit if the outfitter breeches any provision of the contract.

Sincerely,



Daniel P. Wirt

DEER SPRINGS RANCH CABIN INFORMATION

CABIN #1 - SLEEPS 18 - 120 POINTS PER WEEK OR \$120 PER NIGHT - (2 night minimum for rental)
4 BEDROOMS - 2 BATHS
1 QUEEN BED, 5 DOUBLE BEDS, 2 TWIN BEDS, HIDE-A-BED, CRIB

CABIN #2 - SLEEPS 8 - 90 POINTS PER WEEK OR \$90 PER NIGHT - (2 night minimum for rental)
3 BEDROOMS - 1 BATH
2 QUEEN BEDS, 2 TWIN BEDS, HIDE-A-BED, CRIB

CABIN #3 - SLEEPS 10 - 90 POINTS PER WEEK OR \$90 PER NIGHT - (2 night minimum for rental)
5 BEDROOMS - 1 BATH
1 QUEEN BED, 4 DOUBLE BEDS, CRIB

CABIN #4 - SLEEPS 6 - 70 POINTS PER WEEK OR \$70 PER NIGHT - (2 night minimum for rental)
1 BEDROOM AND A LOFT - 1 BATH
1 QUEEN BED, 1 DOUBLE BED, 2 TWIN BEDS

CABIN #6 - SLEEPS 8 - 70 POINTS PER WEEK OR \$70 PER NIGHT - (2 night minimum for rental)
2 BEDROOMS - 2 BATHS
2 DOUBLE BEDS, A SET OF BUNKBEDS, HIDE-A-BED

CABIN #7 - SLEEPS 10 - 90 POINTS PER WEEK OR \$90 PER NIGHT - (2 night minimum for rental)
3 BEDROOMS - 1 BATH
1 QUEEN BED, 3 DOUBLE BEDS, HIDE-A-BED

CABIN #8 - SLEEPS 10 - 90 POINTS PER WEEK OR \$90 PER NIGHT - (2 night minimum for rental)
3 BEDROOMS - 1 BATH
1 QUEEN BED, 3 DOUBLE BEDS, HIDE-A-BED

CABIN #9 - SLEEPS 8 - 70 POINTS PER WEEK OR \$70 PER NIGHT - (2 night minimum for rental)
2 BEDROOMS - 3 BATHS
2 DOUBLE BEDS, 1 SET OF BUNKBEDS, HIDE-A-BED

CABIN #10 - SLEEPS 7 - 70 POINTS PER WEEK - OR \$70 PER NIGHT - (2 night minimum for rental)
2 BEDROOMS - 3 BATHS
2 DOUBLE BEDS, 1 TWIN BED

GARDEN CABIN - SLEEPS 22 - 170 POINTS PER WEEK OR \$170 PER NIGHT - (2 night minimum for rental)
6 BEDROOMS - 4 BATHS
1 QUEEN BED, 7 DOUBLE BEDS, 2 TWIN BEDS, 2 SETS OF BUNKBEDS, CRIB

MEMBERS MAY USE THEIR POINTS FOR 2 CABIN WEEKS PER YEAR

Horseback riding is available for 10 points (\$10) per hour and fishing at three points (\$3) per fish.

There is basically no electricity. We have propane refrigerators, stoves, hot water heaters, and lamps.

The cabins are furnished, the beds are made and there are towels in the bathrooms. The kitchens have eating and cooking utensils. There are wood stoves in all cabins except 9 and 10. Cabins 9 and 10 have gas heat.

Bring your food, clothes, fishing poles, bicycles, boots (for riding), a flashlight, a camera, binoculars, games, books, a jacket for the evening, and an ice chest full of ice.

DEER SPRINGS RANCH, 30 EAST CENTER STREET, KANAB, UTAH 84741

(435) 844-2444

NEW POINT SYSTEM

1996	1997	1998	1999	2000	2001	2002	2003
500	250	125	62	31	15	7	3
	500	250	125	62	31	15	7
		500	250	125	62	31	15
			500	250	125	62	31
				500	250	125	62
					500	250	125
						500	250
							500
500	750	875	937	968	983	990	993

1999 RESERVATIONS WITH 937 POINTS

Cabin #1	120 points	1 week rate	120 points
Cabin #2	90 points	1 week rate	90 points
Cabin #3	90 points	Daily rate (90 x 7)	<u>630 points</u>
			97 points

DEER SPRINGS RANCH OWNERS ASSOCIATION

MINUTES

4:15 P.M.

APRIL 15, 1998

Dale Clarkson, Larry Clarkson, Ben Clarkson, Dirk Clayson, and Karon Jacobsen were present.

We discussed the present point system. The assessment for 1998 is \$375. When your assessment is paid, you receive 500 points for 1998. In most cases points equal \$1 in value. The rental price of all cabins was updated as per the attached sheet.

The time-share program on cabin use has always been that members receive two weeks of cabin time per year. Since we began using the point system, we have deviated from the two weeks and have erroneously allowed members to use their points for as many weeks as they have points.

We started the point system in 1993 and allowed members to carry over half of their points for two years. Karon misunderstood and did not cut their points in half each year. She only divided their points in half once. For example, if a member did not use his 500 points in 1996, he had 250 carried over until 1998; in 1997, he had 250 carried over until 1998; and in 1998 he received 500 more points which gave him a total of 1,000 points. The system should have been in 1996 250 carried over to 1997 and in 1997 125 carried over to 1998. Using this system a member would have 875 points to use in 1998.

A new point system was proposed as follows: Five hundred points will be given to members each year when their assessment is paid. Carry over one-half of all unused points every year. Two weeks of cabin time per unit for each year at the points per week rate which is the rental price of a given cabin for one night (see the attached sheet). If additional time is needed, cabins can be rented using points on the per night rental basis on a two night minimum. (Karon did a study to see how the system would work on the attached sheet).

Karon retyped the CC&R's, Bylaws, and rules and added the changes that were voted at the annual meeting. The Board reviewed these documents.

We discussed the .25 acre foot water right for 20 acres. If a member sells half of his 20 acre lot, another .25 acre foot water right would need to be purchased from the ranch for the 10 acre lot.

It was voted at the annual meeting to put the real estate known as the common area in a limited liability company. It was decided that all real property like water rights, buildings, land, and mineral rights be jointly moved to an LLC. Larry made the motion, Dirk seconded the motion, and all were in favor. A new LLC will be formed and will have two members--2/3 of the company will be controlled by the DSROA members and 1/3 by

(Clarkson Investments, L.C. The LLC needs to be finished and recorded.)

Next week a newsletter will be sent out to all members. In the letter we need to report on the division of the lots into ten acre parcels. The ten acres were approved based on additional conditions. Karon will get a copy of the minutes from the Kane County Commission.

Dirk brought a picture of a Quacken pole zigzag fence which was beautiful. He thought it would look nice at the entrance of the ranch. A quarter mile of fence would cost \$2,500. A section of fence installed is \$20. It is ten feet long and five logs high. The fence is guaranteed for ten years but should last 40 to 50 years. The normal price is \$2.50 a linear foot; our price would be \$2 for promoting the fence. We could mention this in a newsletter. Dirk received the information from Ilo Twitchell.

Ben felt it would give members comfort and privacy to fence the county road from cattle guard to cattle guard. He also felt that in this area of lots of sagebrush that a straight fence would look better than a zigzag fence.

Submitted by,

Karon Jacobsen

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Dale Clarkson welcomed members to the annual meeting and asked Keith Hawkins to give the opening prayer.

The Board was introduced: Dale Clarkson, Ben Clarkson, Larry Clarkson, John Pardo. (Dirk Clayson was at a cattle show.)

Members present were: Ed and Meg Mayer (#52), Elbert and Addie Lemasters (#128), Clyde Nixon (#150), Ben and Tiffany Clarkson (#236), Dan Wirt (#30, 31, 32, 33, 40, 41, 42, 43), Wendell and Nellie Hoyt (#157, 158), Tom Hoyt (#102), Mikel and Suzann Schow (#82, 84), Eldenn and Peggy Holliday (#60, 66), Fred Searle (#99), James Gerwig (#186), Larry Walters (#244), Don Cox (#115), Ed Belinski (#73), Sam Peñ (#133, 136), John and Dolly Pardo (#6), Betty Nuttall (#151), Tom and Harriett Massengale (#154), Nathan and Shirley Millet (#11), Mark Whitney (#300), Brent and Iris Jacobsen (#135), Joe and Candy Bosze (#107), Larry Baer (#139), Dale and Marie White (#184, 185, 214), Dale and Patsy Clarkson (#184, 185, 214, et.al.), Keith and Mary Louise Hawkins (#18, 19), Richard Kimball (#57), Burke and Nancy Beesley (#55), Hugh and Winnie Johnson (#110), Carol Terwilliger (#109), Frank Leonasio (#3), Val Cram (#2), Paul Ford (#118, 127), George Hall (#137), Lynette Foster (#193), Greg Geiser (#195), Vance and Diane Beckstead (#98), Nyle Willis (#165), Randy and Cheryl Brown (#106), Larry Clarkson (#76), Tom Davis (#23), Ron Lord (#94), Deena Avery-Dryden (#291), Mark Low (#194), June Geiser (#195), Larry Walters (#244).

Larry Clarkson read the minutes of the 1997 meeting. The motion was made to accept the minutes as read; seconded and passed.

A financial report was given by Randy Brown. Randy Brown gave out two financial summary handouts: a 10 year cash operating history with actual income and expenses; and actual income and expenses for the first five months of 1998. The budget is about \$100,000 per year. Randy said a balance sheet is available and will send on request. Questions and answers:

- Has there ever been an audit? Nyle Willis has done the tax returns but there has never been an audit.**
- Discussion regarding water tank expenditures. Randy pointed out where the expenditure is recorded on the financial summary.**
- Is there a separate capital reserve fund? No.**
- How much money can a non-profit organization carry over from year to year?
Nyle Willis: No restriction on accumulation of income by non-governmental non-profits; but the DSROA is not non-profit for tax purposes because there are several sources of taxable income (eg. interest and cattle leases); however, there is not much taxable income (mostly losses carried over).**

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-Randy also pointed out that the DSROA has required loan infusions in 7 of the last 10 years; only in the last 3-4 years has there been enough income to meet expenses.

Dale Clarkson asked for a show of hands on who would like to see an audit in the budget (the show of hands was never actually counted). Regarding the cost of an audit, estimates from members ranged from \$2,500 to \$6,000. It was suggested that we get bids for an audit and bring these to next year's meeting.

Dale Clarkson recognized people who have worked hard in the past to make the Ranch work and awarded these people lots, as follows:

-Benny and Joy Jordan (Ranch managers for 10 years), #203

-Val Cram, #15

-Dale and Marie White, #183*

-Karon and Steve Jacobsen, #201

-Randy and Cheryl Brown, #202

-Garn Willis Family, #174 (Jim Willis accepted for his 91 year old mother, Ella; members sang "Happy Birthday" to Ella)

-Lynette and Scott Foster, #194 (Scott has recovered remarkably from a cervical spinal cord injury suffered after being assaulted at school; Scott has progressed from quadriplegia to being able to walk now).

***Dale White took this opportunity to describe a motorcycle club in which he and his son are involved. Dale inquired about the possibility that a race might be held at DSR. A one day event with pits on the airstrip; two or three loops of about 30 miles; chemical toilets would be brought in; they would pay about \$2,000 for the day; staying on the roads; about 200 riders, bringing campers and motor homes; government personnel (BLM) to supervise; a "hare and hound" race; Ranch shut down one day; Paul Ford raised the concern of erosion, but others pointed out that the number of vehicles is relatively small and only motorcycles (as opposed to the Mint race in Las Vegas); discussion about liability, bonds and insurance.**

Dale Clarkson turned the meeting over to the vice president, Ben Clarkson, who asked for all proxies to be turned in and for members to sign the roll of members present.

Nyle Willis called out all lot numbers to confirm those present for voting purposes and emphasized the "secret ballot" nature of the voting.

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Ballot One, Item #1: I vote to dissolve the current Board. Ballot One, Item #2: I vote to amend the Bylaws to set up a seven person board.

-Discussion: Mike Schow pointed out that, according to the records, the bylaws were changed in 1986 by a vote of the membership to institute a seven person Board. (At last year's meeting there was confusion regarding the origin of the seven person Board; the Board was changed back to five persons at last year's meeting.) Ben Clarkson discussed pros and cons of a five vs. seven person Board; easier to get a quorum with a five person Board. Dan Wirt: the many complex issues and large amount of work at the Ranch can be better handled by a seven person Board, utilizing the pool of expertise and volunteer spirit among members, and involvement of an outside management company is not necessary.

Dan Wirt objected, pointing out that the standard operating procedure in corporations from small to large is for shareholder (member) proposals to be presented to the membership verbatim for a vote (rather than in a digested form as interpreted by the Board). He also pointed out that the proposals he submitted to the Board were in the form of three certified letters sent to the Board.

Upon invitation by Ben Clarkson, Dan Wirt read his specific proposals to dissolve the current Board, to amend the bylaws to change back to a seven person Board, and to elect a new seven person Board.

-Results:

Ballot One, Item #1: I vote to dissolve the current Board.

Yes: 65 No: 158 1/2

Ballot One, Item #2: I vote to amend the Bylaws to set up a seven person board.

Yes: 85 No: 132 1/2

Ballot Two, Item #1: I support the Board's decision to keep the Meadow Canyon Road private and under Ranch control.

-Discussion: Dan Wirt pointed out that the Board left out two-thirds of the "pic" regarding his original member proposal. The other two-thirds being: 1) the Great Western Trail should not come down through the Ranch via the Meadow Canyon Road, and 2) these provisions should be put in the Restrictive Covenants.

John Pardo commented on the differences between representative government and democracy (which he characterized as "mob rule"), to which Val Cram said "Amen".

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The discussion ranged from opinions that the Board should have the authority to make this type of decision for the Ranch to opinions that this issue is proper for the membership to consider and decide.

Larry Walters expressed the opinion that the proposed modification to the Restrictive Covenants would "shackle" the current and future Boards.

Dan Wirt stated that if a provision to keep the Meadow Canyon Road private were not put in the Restrictive Covenants, then the Board could change their mind and open up the road as a public road two months from now, without involving the membership.

Discussion regarding the requirements necessary to change the Restrictive Covenants and what the Bylaws say about this subject.

Dan Wirt pointed out that the Great Western Trail Association and the Forest Service have lobbied to open up the Meadow Canyon Road as a public road. Patsy Clarkson made the distinction that these entities talking to Board members does not constitute lobbying the Board.

-Motion: The motion was made to amend the Board's ballot (Ballot Two, Item #1) such that the provision to keep the Meadow Canyon Road private would be added to the Restrictive Covenants. Seconded. Yes: 66 No: 183 (including Dale Clarkson's approximately 58 unsold lots).

-Results:

Ballot Two, Item #1: I support the Board's decision to keep the Meadow Canyon Road private and under Ranch control. Yes: 219 1/2 No: 1

Ballot Two, Item #2: I support the 1997 stockholder's decision to allow owners of 20 acre lots to divide their parcel into two 10 acre parcels.

-Results: Yes: 137 1/2 No: 83

Ballot Two, Item #3: I support the bylaw that provides for Utah Properties Inc. to vote unsold lots.

-Discussion: With regard to a different Association in which he is involved, Larry Walters cited an attorney's opinion ("an expert in owners association law, one of the leading people in the state on the subject") to the effect that the developer does not have to pay fees and does have the right to vote unsold units. Larry Walters: "The larger question is what's the involvement of the developer in the ongoing operation of the Association and the ongoing improvement and

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development of the Ranch... my understanding is that Utah Properties Inc. has made some investment in the Ranch over the last few years; I think, at least in the future, I'd suggest that they route those investments through the Association so they show up on their income statement — we can see how much they contribute."

Mikel Schow asked if Clarkson Properties Inc. can vote it's unsold lots on this ballot. Mike Schow: "I'm trying to get the associate back into this Association. I'm trying to put a line between Dale Clarkson, member of this Association, and Dale Clarkson, president of Clarkson Properties."

Dale Clarkson pointed out that in last year's votes, the results would not have changed if Dale's personal votes and the unsold lots were subtracted.

Paul Ford expressed the opinion that all lots, including unsold lots should pay an assessment.

ElDean Holliday asked when the developer should start paying dues on unsold lots, giving the example: if the developer sold 10 lots the first year, does that mean he has to pay dues on the other 290?

Paul Ford said that he bought his property 22 years ago and was told at the time that the developer would have about five years to sell the property and then the Association would take control. Paul added that the Association has never had control.

ElDean Holliday said that Dale has no benefits from the unsold lots.

Dan Wirt disagreed, saying that for 20 years the unsold lots have profited from the general infrastructure upgrades of the Ranch. He acknowledged that they don't use cabin time and suggested that Dale pay half Association dues on unsold lots for the past ten years plus interest. Dan Wirt added that an attorney he consulted said that there is a substantial amount of case law precedent that deals with the situation of developers keeping control too long — in this attorney's opinion, 5 years is reasonable, maybe 10 years, but not 20 years. Dan Wirt: "The interests of the Association are fundamentally different from the interests of Clarkson Properties. Clarkson Properties is in business to make a profit. The interest of the Association is to manage the Ranch such that all lot owners benefit, keeping dues to a minimum by collecting dues from all lot owners and efficiently managing the Ranch."

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Larry Walters said that there is a fundamental tension between developer and Association but disagreed that the interests of the developer and the Association are fundamentally different, saying that it is in the interest of both to get all the lots sold.

Dan Wirt said that the developer could market unsold lots in a fashion that might not be in the interest of the Association.

Richard Kimball pointed out that one section of Bylaws/Covenants provide that every lot owner shall mandatorily be a member of the Association, but elsewhere it says if a member does not pay dues then they will not have privileges as a member in the Association.

There was strong disagreement about whether voting is a membership privilege.

Dale Clarkson welcomed the idea of an audit. Dale said: "Of the half million dollars that we put into here, as of right now I have not received one dime as an owner. In fact the eight men who bought this Ranch and who did it and who put the land into this organization — no mortgage, no trust deed, no protection — those men received the first cash for their families in January of 1996. You show me any other organization whereby a certified audit, your people did not get any cash flow out of it for twenty-some years — that's the kind of dedication that these nine men had in putting this thing together. Now, in addition to that, one reason they didn't is because they agreed to double back into this organization, the Ranch here, hundreds of thousands of dollars that came in from sales, that should have gone into their pocket, they left it here, and improving things here. Val Cram knows that we paid \$40,000 for re-seeding on the Ranch. The DSROA didn't put one dime in. That goes through and through and through and through — we could list a whole group, and I'd be happy to do so for you. I can prove that Utah Properties has put not one, they have put several hundred thousand dollars into this project. I've talked the owners into doing that and waiting for their return, when and if the last 50 or 60 lots sold. More than dues than would have been required on the unsold units have in fact been paid. The developer carried the whole program in '76, '77, '78, '79, '80 — '80 we charged all of you 50 bucks. All that other was carried by the developer. Since that time they have continued to put in thousands. If any of you want to get the right background and the right facts, this whole discussion would be moot, because you'd know that nobody's in for a free ride."

Dan Wirt said that "We would like the facts, we would like a list (of the developer's contributions), we've asked for a list."

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Paul Ford made the motion that all lots, including unsold units pay assessments starting July 1, 1999. Seconded.

-Discussion: Tom Massengale stated that some live at the Ranch permanently and don't use any facilities at all, other than the roads, and don't mind paying a fair share of that assessment for those roads.

Paul Ford withdrew the motion until the ballot item on voting unsold lots is voted upon.

Mikel Schow pointed out that in the minutes of the Board meeting of December 8, 1990, the motion was made by Nellie Hoyt that unsold lots be charged \$100 each until sold; this motion was passed by the Board but never brought to the membership for a vote.

Further discussion regarding the two previous, conflicting legal opinions in 1990 regarding the issue of Utah Properties Inc. (Clarkson Properties Inc.) voting unsold lots on which no Association dues are paid.

-Results:

Ballot Two, Item #3: I support the bylaw that provides for Utah Properties Inc. to vote unsold lots. Yes: 134 1/2 No: 82

Ballot Two, Item #4: I support the Board's decision to upgrade the Ranch Headquarters drinking water system to meet state requirements.

-Discussion: Dan Wirt asked: What are the Board's current plans for upgrading the water system?

Ben Clarkson replied: To do economically the best that we can to meet the state requirements. Both upper and lower systems eventually, lower first (ranch house and lower cabins).

Dan Wirt asked: What does that mean in terms of new wells, new tanks and so forth?

Ben Clarkson replied: We would have to have a well that is grouted for contamination reasons — our present well is not grouted.

Dan Wirt asked: One well?

Ben Clarkson replied: One well.

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Dan Wirt asked: Where?

Ben Clarkson replied: Probably in the well field near the present well. In addition, water tanks that are properly sealed, in good repair and the proper size for the number of people to be served.

Dan Wirt asked: Do we have those water tanks?

Ben Clarkson replied: We have put a deposit on two 10,000 gallon tanks to replace the ones on the well field, which are leaking.

Dan Wirt asked: How much do those two tanks cost and how much have we paid on them?

Dale Clarkson replied: We bought two 10,000 gallon tanks for \$5,000 each. They had to be relined. Because of new fire codes, those two will not handle the requirements that are needed here, so we looked all over and finally found a 40,000 gallon tank, in Hurricane; it's being reconditioned right now and should be ready in a couple of weeks.

Dale Clarkson presented an estimate from an engineering firm in Cedar City for a state-approved water system. That estimate totaled \$117,783. (The company is Bulloch Brothers Engineering Inc. The estimate is dated June 10, 1998, and is described as an "estimate for the construction of a culinary drinking water system for the 'Deer Springs Ranch' Ranch Headquarters area". It consists of the following items: 6 inch diameter well approximately 300 feet deep [\$20,000]; 40,000 gallon storage tank [\$27,000]; 7280 linear feet of 6 inch pvc waterline installed at \$6.50/ft [\$47,320]; fire hydrants 2 each at \$1800 each [\$3,600]; drinking water source protection plan for well [\$4,500]; 15% engineering and contingencies [\$15,363].)

Dale Clarkson said that the new 40,000 gallon tank cost \$17,500, reconditioned and delivered. Dale said that the decision to buy this tank was made at a Board meeting about a month ago and is reflected in the minutes of that meeting. A crane will be necessary to unload the tank, Dale said that in his opinion the tank should go at the north end of the airstrip.

Dan Wirt asked if the tank in this location would preferentially serve some lots in that area. He said that no-one disputes the need for a state-approved water system, but what was in his proposal was what kind of upgrade will be pursued --- a modest upgrade that benefits all members so that everybody can haul water

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to their lots or an expensive upgrade that tends to preferentially serve and benefit some lot owners over others.

Ben Clarkson said the state requires the 40,000 gallon tank for fire codes.

Dan Wirt stated that fire requirements could not be met at the Ranch without spending a million dollars. He stated his suspicion that these requirements by the state were related to increased government scrutiny because of the ten acre subdivision plan, and that without this increased scrutiny the Association might have been able to pursue the upgrades more gradually.

Ben Clarkson denied that it had anything to do with the ten acre subdivision plan, saying that this demand on water systems is being placed on water systems in the five southwest county area. Ben said that the two 10,000 gallon tanks previously purchased will be kept and probably used in the north (upper) system.

Randy Brown clarified that the \$9,000 figure on the financial summary was for half of the new 40,000 gallon tank.

Joy Jordan pointed out that \$20,000 for a 40,000 gallon tank is a bargain.

-Results:

Ballot Two, Item #4: I support the Board's decision to upgrade the Ranch Headquarters drinking water system to meet state requirements.

Yes: 208 1/2 No: 0

Ballot Two, Item #5: I support the Board in directing the road and maintenance budget.

-Discussion: What is the budget?

Ben Clarkson referred to the 10 year budget summary. **Ben Clarkson:** "If you look at what's been spent on the roads in the last ten years it's got to take a more commanding part of the budget because that's what we're hearing that you want."

-Results:

Ballot Two, Item #5: I support the Board in directing the road and maintenance budget. **Yes: 169 1/2 No: 41**

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Ballot Two, Item #6: I support the Board's decision on tabling the Deer Hunting issue.

-Discussion: Ben Clarkson said that the Owners Association does get on average a tag a year. That is on a five year lease to an outfitter out of New Mexico. That hunting usually is not done on the private land of this Ranch. There is still time left in that lease — we must honor it. It is up in two years.

Dan Wirt: Two years from now the discussion should center around the fact that "usually" is not good enough when talking about bullets from high-powered rifles. He stated that there are two ways for private lot owners to regulate hunting on their land: contractually or putting up "No Trespassing" signs around their lots. *But, the restrictive covenants prohibit putting "No Trespassing" signs around lots.* The Restrictive Covenants can either be changed or the hunters can be regulated.

-Results:

Ballot Two, Item #6: I support the Board's decision on tabling the Deer Hunting issue. Yes: 218 1/2 No: 1

Ballot Two, Item #7: I support the Board in their system of handling the financial affairs of DSROA.

-Discussion: Larry Walters suggested that the Board propose a budget to be voted upon by the membership at the annual meeting.

Ben Clarkson expressed the opinion that this would take a bylaws change.

-Results:

Ballot Two, Item #7: I support the Board in their system of handling the financial affairs of DSROA. Yes: 160 1/2 No: 60

(At this point the meeting was recessed so that everyone could eat while the votes were being counted. Dutch oven chicken, spuds and trimmings prepared by the Clarkson family. \$5.00 donation. Very good.)

Ballot Three: Voting for directors (each member casts two votes for new Board members; carry-overs are Dale Clarkson, John Pardo and Ben Clarkson).

-Nominated:

Larry Clarkson

Dirk Clayson

Joe Bosze

Curtis Cutler

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-Nominated (continued):

**Paul Ford
Dale White
Nyle Willis**

-Each nominee gave a short statement.

-Results:

**Larry Clarkson 36
Dirk Clayson 26
Joe Bosze 14
Curtis Cutler 4
Paul Ford 67
Dale White 21
Nyle Willis 101**

-Note: As the third highest vote-getter, Larry Clarkson is an alternate in case another Board member is not able to fulfill their term.

NEW BUSINESS:

EIDean Holliday was given the floor to make suggestions: 1) Geographically divide up the Ranch so that all property owners have a representative on the Board, to deal with specific problems of owners. 2) Board members be assigned specific responsibilities, eg. roads, equipment, structures, budgets, etc. 3) When special projects are recommended or conceived by the Board, instead of raising dues every year or two, rather we have a special assessment and a vote by all the members on this expenditure. This would apply to expenditures over a certain amount. 4) A steering committee working in coordination with the Board. The steering committee would be composed of experienced members and give support to the Board.

Candy Bosze suggested that each geographic area have an owner representative working with the corresponding Board member assigned to that area; the owner representatives would help to communicate back to the membership.

Dan Wirt asked: How many new limited liability companies have been formed? Ben Clarkson replied: Zero. Dan Wirt asked: How many are planned? Ben Clarkson replied: The purpose is to remove the high risk areas, mainly horseback riding, fish ponds, kids drowning from the 2,000 acres of assets — also possibly the airstrip. Dan Wirt asked: Who will own the shares of the limited liability companies? Ben Clarkson replied: Shares owned by DSROA; limited liability

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Association, 20 June 1998**

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companies governed by the Board of Directors/Association. Dan Wirt asked: All 2,000 acres into a limited liability company? Ben Clarkson replied: Getting legal advice about the best strategy. Dan Wirt asked: Are there plans to make one of the limited liability companies an ATV area? Ben Clarkson replied: No; the only discussion I'm aware of, last year we discussed if there was an ATV area, that that would be on Utah state land or on BLM land where it would be their liability and not dedicating a part of the private Association land to that. Dan Wirt expressed the opinion that he would not like to see the "school section" 32 (Broad Hollow) changed into a limited liability company with an outside vendor for renting ATVs to outside people. Larry Clarkson said: We talked about that quite a bit two years ago, a year and a half ago, and the idea that came from all that discussion, we're less than an hour away from the Coral Pink Sand Dunes. Nettie Hoyt said: Send them there. Larry Clarkson said: We talked about ATV use at the Ranch being for transportation and in controlled areas... Ben Clarkson said: ...it would be more of a trail ride. Dan Wirt said: I have no trouble with the concept of ATVs used on existing roads for transportation purposes. Dan Wirt reiterated the opinion (stated at last year's meeting) that ATV activity is the Ranch's biggest potential liability. Nyle Willis made the following clarification: Limited liability companies are not corporations. A limited liability company is essentially a partnership except the partners are called members. In this case, DSROA would be the member.

Diane Beckstead was given the floor. Diane said: You are all such wonderful people and oh do we appreciate you — you are considered family and we love you. If I could bring something to your attention. The Ranch is a cattle ranch, and we keep cattle here. We have some very good neighbors and friends, the Robinsons at the Skutumpah Ranch. They lease Deer Springs in order to keep their cattle here. If the DSROA could extend to them a lease of a number of years, say ten years, they would be very interested in participating with the Owners Association in doing some real improvements on the Ranch land itself — whether that is burning or plowing and reseeding large sections that have been overgrown in brush. We have a real problem with insects in the grass here in the springtime — it keeps our grass production very low. Replacing those strains of grass with bug-resistant grasses, they would be very interested in doing that. But they are hesitant to make those kind of financial and time commitments until they can have a good, solid lease on the summer grazing on the Ranch. That would be something for the Board to consider extending to them. They're very very good people — they know the cattle operations — they have been running cattle up here for over a generation, so they know the area very well. It's a difficulty for them not being able to use the wet meadows at the upper end of the ranch — they have been leased out to another cattle owner instead. It's a difficulty for the Robinsons with their cattle operation for cattle handling reasons. Also, as a rancher, as someone who is here and

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observing things, that upper meadow area is very fragile ecologically, and I worry about overgrazing that we saw last year and the treading of cattle on that wet area as causing permanent damage. And perhaps now that we have that beautiful fence up there we could limit cattle in that area rather than concentrating them, which is the situation now. If we could limit that instead by using that fence to keep cattle out of there except at very exclusive times of the year, and see if we can't encourage the wildlife in the meadow instead of domestic animals. You are such wonderful people and we do love you. Thank you.

Ben Clarkson encouraged members to attend Board meetings if they are in the area and to call in and get on the agenda. The schedule of Board meetings should be posted so that members may attend if desired. Ben also said that he would like to see the Robinsons come before the Board of Directors.

Nellie Hoyt expressed the concern that in the past people haven't been sure that they were welcome at Board Meetings. She added that she is against paying Board members. Nellie also said: "I am not against paying Karon, because she earns it and we need her."

~~Questions directed to Dale Clarkson. Mikel Schow: "I would like to quote a great man, "It is better to ask forgiveness than to ask permission." Mikel: Regarding lots which were returned to Clarkson Properties for nonpayment, \$87,000 back assessments owed to DSROA according to minutes of 1996 annual meeting. Were liens filed for DSROA for back Association dues owed on these lots? Dale Clarkson disputed the \$87,000 figure. Dale said that over the last five or six years there have been a lot of liens filed. Dale pointed out that last year the dues jumped about \$30,000 in collections, "and a good share of that was -- if I bought those lots back, if they came back, the unpaid portion of those...if there was a lien...then that came in to DSROA, and it was through buying back or getting those things is the reason that we were able to get some \$30,000 back in." Mikel Schow quoted the minutes: "\$87,000 on the lots returned. Ben Clarkson thought this might be a misprint, and this figure might be the total back due assessments outstanding, not just on lots returned in 1996."~~

Dale Clarkson provided some specific historical details regarding lots without memberships, relating to original investors and previous litigation. Mikel Schow asked further questions regarding lots without memberships. Dale said nine lots without memberships. Two of Dick Childress' lots were the original developer lots which did not have memberships. Same with Roger Manasse on lot #4. Dale Clarkson: "I paid DSROA \$15,000 on lot #212 that in fact he (Dick Childress) did have a membership on, and that caught him up over the period of time that was

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involved." Lots without memberships: two belong to the LDS Church now (donated by an original investor), one (#4) belongs to Roger Manasse, Billy Terrel's two lots (memberships lost through litigation) and three of Dan Wirt's lots. DSROA lots had no memberships to begin with; the four DSROA lots now have memberships (two from Billy Terrel's lots [editor's note: #27 and 159] and one from Fayon Hunt's lot #157). Mike asked why three of Dan Wirt's eight lots don't have memberships. Dale said, "I don't know whether it was his suggestion or my suggestion." Dale went on to say that there are some members who want to be billed differently (for Association dues depending on different usage patterns at the Ranch), and perhaps the Board should develop an alternative plan.

Dan Wirt asked questions about a flyer which appears to represent a real estate listing to sell the whole Ranch for four million dollars — all eight thousand acres of private land, all 25,000 acres of grazing land, 13 furnished cabins, the horses, the trout ponds, the airstrip and the water system in place. Dale Clarkson said that he wrote this flyer. Ben Clarkson and Dale Clarkson thought this was written six or seven years ago. Dan Wirt: How could you represent, even seven years ago, to sell the entire Ranch, including everybody's lots for four million dollars? Dale said that the background was complex, how financially strapped the program was and looking for alternatives to keep it together. Dan Wirt: Let's say six years ago I had four million dollars — then the Ranch is mine, including Val's lot. Val Cram said: "I think you're off point." Dan Wirt responded: "Please tell me how." Val Cram said: "I don't think all the facts are out." Dan Wirt said: "OK, but I'm asking for the facts." Dale Clarkson promised to provide the facts to Dan Wirt later. Ben Clarkson said that a flyer is not a legal real estate listing. Dale White said he thought this was to show the members what a fantastic program they belonged to — a feel-good, I own a piece of the Ranch item. Dan Wirt pointed out that this flyer came from another real estate agent, not from ERA Utah Properties.

Ben said: Let's hope that this has been the burning of the bush, that we have a healing process and we come back out more flourished and beautiful. We all need to refine and talk around the ideas. I will be here next year, and if people bring up ideas that weren't circulated and fed to the Board during the year, I'm going to be critical!

The meeting was adjourned.

(Compiled from audio tapes, video tapes and written notes by Nellie Hoyt and Dan Wirt.)

Deer Springs Ranch Owners Association Ballot on Issues

June 20, 1998

105 1/2

Lots Owned

Proxy Votes

1. I SUPPORT THE BOARD'S DECISION TO KEEP THE MEADOW CANYON ROAD PRIVATE AND UNDER RANCH CONTROL.

219 1/2
Yes No 1

2. I SUPPORT THE 1997 STOCK HOLDERS DECISION TO ALLOW OWNERS OF 20 ACRE LOTS TO DIVIDE THEIR PARCEL INTO TWO 10 ACRE PARCELS.

137 1/2
Yes No 83

3. I SUPPORT THE BYLAW THAT PROVIDES FOR UTAH PROPERTIES, INC. TO VOTE UNSOLD UNITS.

134 1/2
Yes No 82

4. I SUPPORT THE BOARD'S DECISION TO UPGRADE THE RANCH HEADQUARTERS DRINKING WATER SYSTEM TO MEET STATE REQUIREMENTS.

208 1/2
Yes No 0

5. I SUPPORT THE BOARD IN DIRECTING THE ROAD AND MAINTENANCE BUDGET.

169 1/2
Yes No 41

6. I SUPPORT THE BOARD'S DECISION ON TABLING THE DEER HUNTING ISSUE.

218 1/2
Yes No 1

7. I SUPPORT THE BOARD IN THEIR SYSTEM OF HANDLING THE FINANCIAL AFFAIRS OF DSROA.

160 1/2
Yes No 60

Deer Springs Ranch Owners Association OFFICIAL BALLOT

June 20, 1998

1

Lots Owned

Proxy Votes

1. I VOTE TO DISSOLVE THE CURRENT BOARD.

Yes

65

No

108

2. I VOTE TO AMEND THE BYLAWS TO SET UP A SEVEN PERSON BOARD.

Yes

85

No

132

**DEER SPRINGS RANCH OWNERS ASSOCIATION
OFFICIAL BALLOT
June 20, 1998**

LIST OF CANDIDATES

VOTE FOR 7

LOTS OWNED _____

PROXY VOTES _____

~~DALE E. CLARKSON~~

~~JOHN PARDO~~

~~BENJAMIN K. CLARKSON~~

LARRY DALE CLARKSON ⁽³⁶⁾ 1,2,1,1,1,2,1,1,1,1,3,4, ⁽¹⁹⁾

C. DIRK CLAYSON ⁽²⁶⁾ 1,1,1,1,2,1,1,1,1,1,3,1,1, ⁽¹⁹⁾

JOE BOSZE ⁽¹⁴⁾ 1, ⁽¹⁾

CURTIS CUTLER ⁽⁴⁾ 1,1,1, ⁽⁴⁾

PAUL FORD ⁽⁶⁹⁾ 1,1,1, ⁽⁴⁾

DALE WHITE ⁽²¹⁾ 2,1, ⁽³⁾

NYLE WILLIS ⁽¹⁰¹⁾ 2,1,1,2,2,1,1,1, ⁽¹²⁾

~~Thos Chatterly~~ ⁽⁴⁾ 1,1,2, ⁽⁴⁾

⁽¹⁷⁾ 4,3,1,2,4,1,1,1,1
⁽⁷⁾ 1,4,1,1

⁽¹³⁾ 3,1,1,1,1,2,7

⁽¹⁸⁾ 2,8,37,6,1,1,1,1,1,2,2,1
1,2,1,2,3,4,1,1,1,3,2

⁽⁸⁹⁾ 2,1,2,2,1,1,1,4,1,1,2,7,2,1,2
4,1,2,8,37

MINUTES, DSROA BOARD MEETING, 3 JULY 1998

The meeting was called to order at 10 AM in the conference room of Clarkson Properties, Inc., Kanab, Utah.

Attending were: Vance Beckstead, Joe Bosze, Ben Clarkson, Dale Clarkson, Paul Ford, John Pardo, George Strain, Nyle Willis and Dan Wirt.

Introductions by the Board members were exchanged.

Ben Clarkson was nominated for president. Yes: Paul Ford, John Pardo, Nyle Willis. No: Ben Clarkson, Dale Clarkson.

Paul Ford was nominated for vice president. Yes: Unanimous.

Nyle Willis was nominated for secretary/treasurer. Yes: Unanimous.

Discussion regarding the time and place of Board meetings. The consensus was that Thursday was the best day, in particular because Vance Beckstead is in town on Thursdays, and his attendance will therefore be facilitated; his attendance was deemed important.

Motion to set Board meetings for the 2nd Thursday of every month at 3 PM. Yes: Unanimous.

Paul Ford gave a report on Karon Jacobsen's secretarial and Randy Brown's bookkeeping/accounting time worked for DSROA and salaries paid. Discussion regarding possible outsourcing of secretarial and bookkeeping/accounting in the future, but the consensus was to continue with Karon and Randy's services at least to year end, in order to avoid disruption in the middle of the season and allow more time to research other options.

Discussion of budget and finances. Approximately \$3,500 in the DSROA checking account and approximately \$250 in petty cash. How are we going to cover payroll and bills (including the new 40,000 gallon water tank)? Ongoing revenue from the cattle leases, the store, cabin rental and past due assessments should more or less cover operating expenses for the remainder

13-98

of the year, but won't be sufficient for any capital purchases (such as the new water tank and a newer truck for the Ranch). \$9,000 has already been paid on the new 40,000 gallon water tank. The total purchase price of the tank is about \$18,000, but an estimated \$4,000-\$5,000 more would be necessary to build concrete footings and set the tank in place.

Motion: Obtain at least three bids for tank concrete footings within 30 days. Yes: Unanimous.

Motion: Nyle Willis and Ben Clarkson to pursue a credit line for the remaining tank expenses. Yes: Unanimous.

Discussion: Vance brought a 1994 GMC 2500 4-wheel drive pickup for the Board members to inspect for possible purchase (about \$12,300). The old ranch truck is a 1982 3/4 tone 4-wheel drive Chevy, it still runs, but it is about worn out (the front end is very worn and it uses a moderate amount of oil). Nyle thought that it would be to the Association's advantage for Vance to purchase the truck personally and then for the Association to reimburse Vance for the ranch-related use of his truck.

Motion: Vance to check on personal financing or other options for paying for the truck. Yes: Unanimous.

Discussion regarding cattle leases. Dale signed the 1998 renewal of Brent Robinson's cattle lease agreement (this is the last year of the seven year agreement). The consensus was to ask the Robinsons to formulate and submit a detailed plan for a new extended lease within 30 days (to be available for review by the Board at the next meeting in August).

Discussion: Ben suggested that each Director have a primary and a secondary area of responsibility. Ben also suggested that each Director be responsible for a geographic area of the Ranch consisting of approximately 60 lots (in terms of representing lot owners in that geographic area). Roads: John Pardo (1st), Dale Clarkson (2nd). Agriculture: Ben Clarkson (1st), Nyle Willis (2nd). Buildings: Nyle Willis (1st), Paul Ford (2nd). Livestock:

1-3-08

Ben Clarkson (1st), John Pardo (2nd). Water: Paul Ford (1st), Dale Clarkson (2nd).

Discussion: Quarterly newsletter (January, April, July, September). Minutes of the 1998 annual meeting and Board officers/assignments to be published in the July newsletter as soon as possible. Motion: Dan Wirt to be editor of the quarterly newsletter. Yes: Unanimous.

Motion: The \$500 per month management fee to be transferred to Ben Clarkson ^{The \$500 will be kept at the end of year.} pending further evaluation. Time log to be kept and provided by Ben. Yes: Unanimous (Ben abstained).

Motion: Adjourn the meeting (at about 2:30 PM). Yes: Unanimous.

The next meeting will be on the second Thursday of August (13 August) at 3 PM.

(Minutes compiled and submitted by Vance Beckstead and Dan Wirt).

DEER SPRINGS RANCH OWNER ASSOCIATION
BOARD MEETING

August 13, 1998

Meeting was Called to order by President Ben at 3:05 PM. Attending were: Ben Clarkson, John Pardo, Paul Ford, Dale Clarkson. Nyle Willis attending CPA conference in St George. Also present were: Vance Beckstead, Joe Bosze and Ken Lint. An agenda for today's meeting and minutes of last months meeting was handed out. The minutes were approved after clarification of salary paid to Ben Clarkson, as president, for management fee.

Report by President Ben on the Newsletter - It was twenty pages long and contained the detailed minutes of the annual meeting. He condensed the newsletter into four pages and submitted it back to Dan Wirt, original editor of newsletter for his approval. He also specified some guidelines on what he thought it should be, to include a Ranch Managers Corner, News happenings, Fun activities of members on the ranch and general information or policy.

Discussion on access to the ranch and locked gates. Past practice was to have the gates locked during hunting season. Consensus was to leave that up to outfitter who had hunting permits for this year. Otherwise it was determined that roads would be posted and gates locked during certain unspecified times, that members be made aware of it and keys obtained from ranch headquarters, but policing roads or ranch boundaries for trespassers was not practical or desirable.

After discussion, Motion was made that Dan Wirt could put up gate on his private access and thirty feet away from any ranch road easement. Policy was indicated from discussion that ranch road easements would remain accessible to other ranch owners. Gates would only be allowed on private accesses.

Report/Discussion on Sherod (#152) having hazardous materials and junk on their property. Letter was written and communications were made on the storage of these items. Lengthy discussion about this and similar problems with no policy established other than it was suggested to handle problems internally rather than invite governing entities in for enforcement.

Financial Report: "We're broke". Nyle has copies of financial papers and is going over them. Vance is helping by paying an assessment and/or waiving a vehicle allowance. Discussion on delinquent accounts and past policy on collection of accounts was reviewed. Suggested that we just try to survive until end of year. All properties will be paying an assessment next year and budget process should be clearer. Loan from bank for payment of tank was expensive. Nyle Willis will loan \$10,000. to association. Terms of loan were that it was due June 1, 1999 with interest accruing at 9% with penalty of interest accelerating to 18% in not paid on due date and his accepting the tank as collateral. Final payment of \$8,800. was remitted to rehab company. This leaves \$1200 for

**DEER SPRINGS RANCH OWNER ASSOCIATION
BOARD MEETING**

August 13, 1998

footings and off-loading of tank. There were no objections to loan agreement and payment for tank. Property tax assessment was received and were more than double what they were year before.

Discussion on tank revolved around footings, mounting of tank and features of tank.

Beckstead Report: Pick-up sent back to Salt Lake. Becksteads submitted a job description outlining in general what their daily/weekly chores were. Ben was trying to set a system of accountability on their time and efforts. An argument erupted on what these responsibilities should be. Vance reported fixing some roads, washout at Broadhollow fixed dike and drainage ditch at upper pond. that leechfield in cabin #4 needs to be replaced. Horse (April Fool) needs to be removed from string as she has had 3 accidents which is limit per insurance policy. Horse was taken by Dale Clarkson in satisfaction of Stud fees and other horses. Ratification was solicited by Dale Clarkson, seconded by John Pardo. Passed. An arrangement exists with Robinson's to use some on their equipment to fix and maintain roads. Items that need immediate attention are complete siding on ranchhouse, repair water line at upper cabins, repair grader, and maybe install sprinkler system. Expectation from Vance for the next 30 days were expressed.

Agricultural Committee: Assess BLM & private grazing, fences and water holes as to condition & value. BLM has put moratorium on any improvements in grazing and intend to re-assess all units in next year or two. Consequently, Robinson's are favoring short term lease. They will be given priority on leasing the grazing. Mow brush in upper well field, around ponds and along county road. Fill washes with trees and brush to create dams so they will silt in. Maintain and plant more shade trees. Irrigate and reseed lower well field in dryland alfalfa.

Building & Facilities Committee: Inventory all cabins for contents, condition and needs giving priority to safety. Determine demand on facilities and prioritize to meet demand. Determine feasibility of restoring old cabins. Prioritize maintenance on buildings, corrals and outbuildings. feasibility of camping facilities and dump station.

Livestock and Wildlife: Assess riding horses as to number, cost, feeding and time requirements. Considerations for petting zoo location and care. Improve fish habitat so they will reproduce themselves, thereby, reducing stocking. Rehab reservoirs. Investigate hunting options and determine what to do when current lease with outfitters expires.

**DEER SPRINGS RANCH OWNER ASSOCIATION
BOARD MEETING**

August 13, 1998

Roads and Trails: Priority should be given to the most traveled roads with consideration given to people who are permanent residents. Areas that need immediate attention is across from leaf spring on the meadow canyon road and the Podunk road. Motion was made to spend \$500. before the end of year for repairs on roads.

Water rights and resources: There are files on each water resource with maps. Need \$50,000. for lower water system (around ranch house) and another \$50,000. for the upper system (pond area). Headquarters system should have priority in allocation of funds. Discussion on size, cost and when to install lower system.

Meeting dissolved at 6:15.

DEER SPRINGS RANCH OWNERS ASSOCIATION BOARD MEETING

September 10, 1998

Board members present: Paul Ford, Nyle Willis, Ben Clarkson, Dale Clarkson

Others present: Vance Beckstead, Diane Beckstead

1. Minutes

The minutes of August 13, 1998 were reviewed. Ben Clarkson made a motion seconded by Paul Ford to accept the minutes. All voted aye.

2. Letterhead

Ben presented some ideas on a new letter head for the Association. He will try to get it on computer so that it can be analyzed and modified.

3. Sherods chemicals

Ben Clarkson reported that the chemicals that had been stored on the Sherod lot had been removed or contained according to Aaron Sherod.

4. Financial

Ben Clarkson presented the financial report. A summary of past due accounts that had been collected by Barry Clarkson was reviewed. Randy Brown answered questions concerning the financial position of the Ranch and the projected income and expenses through the end of the year.

Nyle Willis made a motion seconded by Dale Clarkson to write a letter to include with the next quarterly billing of delinquent accounts to remind those not paying dues of the loss of ranch privilege etc. All voted aye.

5. Water tank

Ben Clarkson reported that Wayne and Brent Robinson had the lowest bid for preparation and siting the 40,000 gallon water tank at the north end of the air strip field. It is anticipated that it will be completed by September 12, 1998.

6. Forest Service

Dale Clarkson reported that he had an appointment with Forest Service personnel to review common problems with water drainage and sources. Nyle Willis reported that he had spoken with the Forest Service about screwing the water in north Meadow Canyon back over into the pink reservoir to eliminate some of the erosion and flood damage taking place in meadow canyon.

7. Assessments on unsold lots

Dale Clarkson stated that the assessments on unsold lots will be paid, but in turn he will possibly schedule all the cabin time in the summer months for a commercial venture. There was considerable discussion on the fairness of this action and the possible need to change reservation procedures, rental policies, and the seasonal allocation of cabin time. A committee composed of the board will review possible changes to cabin use policy and consider making seasonal point cost changes for high use periods and low use periods.

DSROA

September 10, 1998 Continued

8. Bonding for water system

Dale Clarkson reported that the bonding required by the County for the new water system should be done while the current politicians are in office. Dale said that the County would accept a property bond so that the amended plats could be filed to allow subdividing the twenty acre lots into ten acre lots. Nyle Willis asked why DSROA was even involved in furnishing property for a bond when they were not the subdivider or developer. Nyle further stated that it appeared the reason for the bond was solely to allow for amending the plat for selling ten acre lots and had little or nothing to do with developing the water system. Dale stated that it was clear to him in the votes that were made by DSROA members that they overwhelmingly wanted to subdivide their lots. Nyle responded that he felt the information going out prior to the vote was misleading and that the vote didn't give DSROA authority to provide bonding to allow lot subdivisions. Ben Clarkson stated that DSROA certainly doesn't have the financial ability to provide cash bonds and felt that the Board did not have the authority to provide property bonding at this time.

9. Vance's projects list

Vance reported on the Board's project list indicating those items finished and those items still remaining to be finished.

10. Mobile homes

Ben Clarkson made a motion seconded by Paul Ford for DSROA to write a letter to those taking old mobile homes and other unsuitable structures which do not meet building codes, telling them to remove those structures or the Association will remove them at the owners expense. The association will also withhold ranch privileges until those items are taken care of. All voted aye.

11. All terrain vehicles

Diane Beckstead reported on increased complaints received on the inappropriate use of ATV's near the cabins, ponds, and other ranch facilities. The Board will continue to explore solutions to this on-going problem.

12. Committee reports

Ben Clarkson reported on "spiking" (herbicide control) instead of mowing the sage brush in the areas around the ranch to encourage the growth of grass and other feed plants.

There was some discussion as to some erosion control projects to curtail some of the erosion taking place on the ranch.

13. Adjourn

Dale Clarkson made a motion seconded by Paul Ford to adjourn. All voted aye. (6:06 p.m.)

DEER SPRINGS RANCH OWNERS ASSOCIATION BOARD MEETING

October 8, 1998

Board members present: Paul Ford, Nyle Willis, Ben Clarkson, John Pardo

Others present: Vance Beckstead, Dale White, Mrs. White, Dan Wirt

1. Minutes

The minutes of September 10 were reviewed. Nyle Willis made a motion seconded by Ben Clarkson to approve the minutes. All voted aye.

2. Financial report

Ben presented a financial spread sheet prepared by Randy Brown showing income, expenditures, and Budget for 1998. Ben Explained that some property tax notices had increased over prior year because some of the association's property had never been assessed by the County until now.

There was some discussion concerning collecting late assessments and a method to encourage payment of delinquent accounts. Paul Ford made a motion seconded by Ben to charge a late fee to delinquent assessments equaling all costs involved in collection including attorney fees plus interest already being charged. Three voted in favor, one no.

Nyle Willis made a motion seconded by Ben to increase the rate of interest charged on delinquent accounts to 18% per annum beginning January 1, 1999. Three voted in favor, one no.

3. Budget committee

The assigned budget committee plus anyone else who wants to be involved will prepare and present a preliminary budget for the 1999 season at the November meeting

4. Forest service

Vance Beckstead reported on a meeting with Carl Gillette with the Panguitch off ice of the Forest Service concerning repairing water diversions above the metal gate in meadow canyon. The Forest Service has given their permission to repair the diversion.

Ben Clarkson made a motion seconded by Nyle Willis to have someone fix the diversion above the metal gate to turn the water back over into the Pipe Line Canyon pink reservoir. All voted aye.

5. Gates and roads

Ben read a letter from a new owner (Trappell?) Requesting a road across from water tanks to lot 155. Ben made a motion seconded by John Pardo to build a road from the tanks to BLM boundary and up the lot lines to the new water tank. Two voted in favor, two opposed.

John Pardo made a motion seconded by Paul Ford to table the road issue until the next meeting. All voted aye.

DSROA, 1998/1998 CONTINUED

John Pardo made a motion seconded by Paul Ford that Dan Wirt be given permission to place gate at the end of the ranch road hat his property with access by ranch lock and provide a turn around near the gate. All voted aye.

Ben further stated that gates on ranch roads are ranch gates and should be accessible by ranch keys.

6. Dale White water right

Ben Clarkson made a motion seconded by Paul Ford to grant Dale White by means of quit claim his .25 acre foot water right for the improvements he has made to the system. All voted aye.

7. Reservation system

There was discussion concerning modification of the "point system" for summer use of cabins etc. from Memorial Day to Labor Day. The Budget committee with consider changes in reservation scheduling and points charged in conjunction with financial requirements for budget.

8. Safety and visitation video

Ben Clarkson made a motion seconded by Nyle Willis to accept Dale White's offer to make a video to be provided to ranch visitors emphasizing safety and visitation concerns. This would explain the operations of the ranch and provide a way to make safety and visitation rules known. All voted aye.

9. Beckstead report

Ranch resident manager Vance Beckstead reported on items that he has been doing and things that need to be accomplished. He expressed concern about over grazing in the Meadow area and not being able to determine who is hunting on the ranch and if they are authorized to hunt there.

John Pardo made a motion seconded by Ben Clarkson to appoint a wildlife committee to set guidelines and regulate who has permission or authority to use the ranch for hunting purposes. All voted aye.

10. Committee reports

Agricultural committee suggested spiking fields with herbicide to increase grass growth.

Building committee suggested planning to refurbish one cabin each year. Also to see if cabins can be furnished with donated and possibly used motel furniture when available.

John Pardo reported on a proposal by a local gravel contractor to mine gravel at the north end of the air strip and setting it. In addition to revenue from the sales, there would be the potential for material for improving ranch roads. John made a motion seconded by Nyle Willis for the road committee to establish criteria for setting up a commercial gravel operation and providing safeguards to protect the ranch. All voted aye.

John proposed that 1.3% of the budget go for roads including the purchase of a road grader and other items. No action was taken on this proposal.

11. Adjourn

Ben Clarkson made a motion seconded by Nyle Willis to adjourn. All voted aye.

JOHNNY BROWN HOMESTEAD MUTUAL WATER ASSOCIATION
30 East Center Street, Kanab, Utah 84741
(435) 644-2444

November 9, 1998

Dear Neighbor:

Our records show that you own Lot No. _____ on the Johnny Brown Homestead or the Podunk area of Deer Springs Ranch. The subdivision of this homestead was filed in 1981 showing 27 twenty acre lots. Twenty-four of these parcels enjoy a membership in Deer Springs Ranch Owners Association which holds title to the water rights and the improvements in this area.

The development of the spring water right, its expansion and delivery system has been worked on over the past 22 years. Dale Clarkson made the enlarged filing on September 13, 1976, for water to serve 25 home sites. It is projected that the completed water system will cost \$60,000. There are 24 lots entitled to purchase an interest in the water delivery system, and the entitlement fee is \$2,500 per lot. The fee of \$2,500 per hookup is available only until December 31, 1998. Cash payment is required or approved financial arrangements may be considered by the neighborhood committee.

The payment schedule for those who are unable to meet the December 31 deadline will be as follows:

January 1, 1999	\$2,600
February 1, 1999	2,700
March 1, 1999	2,800
April 1, 1999	2,900
May 1, 1999	3,000
June 1, 1999	3,100
July 1, 1999	3,200
August 1, 1999	3,300
September 1, 1999	3,400
October 1, 1999	3,500
November 1, 1999	3,600
December 1, 1999	3,700

We hope each lot owner will be able to send their money immediately or make the required financial arrangements prior to December 31, 1998. There are eight other 20-acre parcels of land in the neighborhood which may be offered unclaimed water right hookups for a price of \$6,000.

You are seriously encouraged to communicate with Johnny Brown Homestead Mutual Water Association, 30 East Center, Kanab, Utah 84741, concerning your payments and interest in the water system. Funds have already been received from six of the 24 available hookups. We trust that we will hear from you immediately. Having water available to your lot from this common system could increase the value of your investment by \$8,000 to \$10,000. May we hear from you soon.

Sincerely,

Your Neighborhood Committee

Certified Mail

JOHNNY BROWN HOMESTEAD MUTUAL WATER ASSOCIATION
30 East Center Street, Kanab, Utah 84741
(435) 644-2444

I, _____, the owner of Lot No. _____ DEER SPRINGS
RANCH SUBDIVISION, hereby pay \$ _____ for one water hookup so I can receive water
evidenced by my 0.25 acre foot water right from the Certificate of Beneficial Use dated May 22,
1998, Water Users Claim 89-1250.

The 0.25 acre foot water right was made available through Deer Springs Ranch Owners
Association membership vote on June 22, 1996.

Date _____ Signed _____

Please issue a receipt for my distribution as follows:

Name _____
Address _____
Phone _____

Dating

PROPOSED 1988 BUDGET

DESCRIPTOR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTALS
REVENUE													
Assessment (67X187.5)	\$1,000	\$10,000	\$10,000	\$12,000	\$10,000	\$8,000	\$8,000	\$4,000	\$4,000	\$2,000	\$1,750	\$2,000	\$60,000
Unsold Oil (67X187.5)			\$12,500										\$12,500
Assessments	\$200	\$200	\$200	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$200	\$12,000
Revenue					\$500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$200	\$10,000
Agribusiness Revenue				\$500	\$500	\$1,000	\$1,500	\$1,500	\$1,000	\$2,000	\$500	\$500	\$10,000
Buildings & Facilities Revenue				\$500	\$500	\$1,000	\$1,500	\$1,500	\$1,000	\$2,000	\$500	\$500	\$10,000
Livestock & Wildlife Revenue				\$500	\$500	\$1,000	\$1,500	\$1,500	\$1,000	\$2,000	\$500	\$500	\$10,000
Roads & Trails Revenue				\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,000
Water Resource Revenue				\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$50,000
Misc. Other Revenue				\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,000
OPERATING EXPENDITURES													
ACTIVITIES													
Caring													\$200
Land Equipment				\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,000
Supplies				\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,000
AGRICULTURE													
Crop Management			\$1,000	\$1,000							\$1,000		\$3,000
Soil Control			\$500								\$500		\$1,000
Fencing					\$4,500								\$4,500
Grazing Fees												\$1,000	\$1,000
BUILDINGS & FACILITIES													
Cabin Maintenance	\$1,000	\$1,000	\$1,000	\$1,000	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$10,000
Cabin Supplies			\$225	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$225		\$3,000
Handcarriers-Berthelands/Sheets				\$2,000	\$200	\$200	\$200	\$200	\$200	\$200			\$3,000
Handcarriers-Prevention				\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,000
Lundry	\$100	\$100	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,000
Propane			\$1,000			\$1,500			\$1,500				\$4,000
Town Owned	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$200
ROADS & TRAILS													
Contract Service				\$7,500				\$2,500					\$10,000
Equipment					\$100	\$100	\$100	\$100	\$100				\$500
Storage & Maintenance					\$500			\$500					\$1,000
4 X Gravel Run & Snow Removal	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$500
WATER RESOURCE													
System Maintenance/Repairs												\$500	\$500
Reservoir & Dam Maintenance				\$2,500									\$2,500
Water resource preservation						\$500							\$500
RANCH STAFF													
Auto Expense	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,000
Voice	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,200
Clubs	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Summer Help			\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$9,600
Payroll Tax	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Fringe Benefit - credit	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Workman's Comp. Insurance	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
GENERAL & ADMINISTRATIVE													
Accounting	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Administrative Management	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Advertising													\$5
Insurance-Prop./Liab.						\$4,500							\$4,500
Legal			\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Office Rent						\$250			\$250				\$500
Printing & Postage				\$200					\$200				\$400
Reservators	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Secretary Exp.													\$5
Taxes-Prop./Inc./Other				\$1,500							\$4,500		\$6,000
Telephone-644-5007	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
644-7777	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
IMPROVEMENT													
Handcarriers Water System						\$5			\$20,000				\$20,000
Lease- Nys Wells						\$10,000							\$10,000
TOTAL-CAP. IMPROVEMENT						\$10,000			\$20,000				\$30,000
TOTAL	\$2,520	\$4,520	\$14,450	\$28,250	\$26,520	\$4,900	\$8,500	\$5	\$14,700	\$4,200	\$7,120	\$8,170	\$130,810

Less Financial Collection

Est Credit

Nuts Loose

Handwritten signature and initials.

**DEER SPANISH RANCH OWNERS ASSC.
PROPOSED 1989 BUDGET**

DESCRIPTION	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTALS
REVENUE													
1988 Cash Carry Forward	\$1,156												\$1,156
1989 Assessments (22@7000PA)	\$8,000	\$10,000	\$12,000	\$12,000	\$10,000	\$8,000	\$8,000	\$4,000	\$4,000	\$2,000	\$2,000	\$2,000	\$80,000
1988 Unexp. Inc. (87X187.5)			\$12,363										\$12,363
Dykeport Assessments	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,800
Activities Revenue				\$800	\$800	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500			\$8,600
Agriculture Revenue				\$500	\$500	\$500	\$500	\$500	\$500	\$500			\$3,500
Buildings & Facilities Revenue				\$800	\$750	\$1,000	\$1,500	\$1,500	\$1,000	\$750	\$500		\$7,800
Livestock & Wildlife Revenue					\$100	\$100	\$100	\$100	\$100	\$100			\$500
Roads & Trails Revenue				\$100	\$100	\$100	\$100	\$100	\$100				\$500
Water Resource Revenue				\$500	\$500	\$500	\$500	\$500	\$500				\$3,000
Misc./Other Revenue				\$500	\$500	\$500	\$500	\$500	\$500				\$3,000
OPERATING EXPENDITURES													
ACTIVITIES													\$5
Carrying				\$500									\$500
Rental Equipment				\$500									\$500
Store/Supplies				\$500									\$500
SUB-TOTAL	\$0	\$0	\$0	\$500	\$400	\$400	\$400	\$400	\$400	\$0	\$0	\$0	\$2,000
AGRICULTURE													\$3,000
Crop Management			\$7,000	\$1,000									\$8,000
Erosion Control			\$500										\$500
Fencing				\$4,000									\$4,000
Grass/Plant					\$4,000	\$0	\$0	\$0	\$0	\$0	\$1,000	\$2,000	\$7,000
SUB-TOTAL	\$0	\$0	\$7,500	\$5,000	\$4,000	\$0	\$0	\$0	\$0	\$0	\$1,000	\$2,000	\$14,500
BUILDINGS & FACILITIES													\$10,000
Cash Insurance	\$7,500	\$7,500	\$7,500	\$7,500	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$8,000
Cabin/Supplies				\$200	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$3,200
Hardware/Tools/Maintenance				\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$8,000
Hardware Preservation				\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,000
Laundry	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,000
Repairs			\$1,000		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,600
Trash Disposal	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$120
SUB-TOTAL	\$8,010	\$8,510	\$9,310	\$8,510	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810	\$13,020
LIVESTOCK & WILDLIFE													\$1,200
Hay & Supplies				\$1,200	\$1,200								\$2,400
Hoards/Tools/Other											\$50	\$500	\$550
Horse Feed	\$500	\$500	\$500	\$50		\$4,000							\$5,000
Trucks-Holds				\$200									\$200
Trig Zoonotic Animals	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$850
Trig Zoonotic Hens				\$125						\$125			\$125
Veterinarian	\$125	\$125	\$125	\$1,000	\$175	\$4,200	\$80	\$80	\$80	\$80	\$100	\$125	\$7,300
SUB-TOTAL	\$765	\$765	\$765	\$1,805	\$1,775	\$4,280	\$80	\$80	\$80	\$80	\$175	\$125	\$13,300
RANCH & TRAILS													\$10,000
Contract Service			\$7,500										\$7,500
Equipment				\$500	\$100	\$100	\$100	\$100	\$100	\$100			\$1,000
Storage & Maps				\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$500
4 X 4 Repair/Parts & Snow Removal	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$960
SUB-TOTAL	\$80	\$80	\$80	\$730	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$1,740
WATER RESOURCE													\$500
System Maintenance/Repairs				\$2,500									\$2,500
Reservoir & Ditch Maintenance					\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Water source preservation				\$3,000	\$0	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$3,200
SUB-TOTAL	\$0	\$0	\$0	\$5,500	\$500	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$6,200
RANCH STAFF													\$3,000
Auto Expense	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Vases	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$13,200
Olives	\$650	\$650	\$650	\$650	\$650	\$650	\$650	\$650	\$650	\$650	\$650	\$650	\$7,800
Summer Help				\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Payroll Tax	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Prescription/Drugs/Exam	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Workman's Comp. Insurance	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
SUB-TOTAL	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$30,600
GENERAL & ADMINISTRATIVE													\$4,200
Accounting	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$9,600
Administrative Management	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Advertising						\$4,000							\$4,000
Insurance-Prop./Liab.			\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Legal							\$250						\$250
Office Rent				\$250		\$250				\$250			\$1,000
Printing & Postage	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Reservations												\$4,000	\$4,000
Secretary Exp.				\$1,000		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Telex-Prop./Inc./Other	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Telephone-644-5007	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
644-3007	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
SUB-TOTAL	\$1,150	\$1,150	\$1,150	\$1,400	\$1,150	\$6,170	\$1,150	\$1,200	\$1,250	\$1,250	\$1,250	\$1,250	\$14,720
NET REVENUE	\$3,700	\$4,500	\$14,680	\$24,290	\$8,000	\$4,300	\$8,000	\$8,000	\$8,000	\$12,070	\$3,700	\$47,840	\$138,918
OTHER													\$20,000
Members Water System					\$4,000	\$10,000							\$14,000
Loans- Any Wilds			\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
How-Cash Lim Credit	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
TOTAL-OTHER	\$250	\$250	\$5,250	\$5,250	\$4,750	\$12,750	\$2,750	\$2,750	\$2,750	\$5,250	\$5,250	\$5,250	\$58,000

#1

ROBINSON/DSROA PROPOSED CATTLE GRAZING LEASE

Let it be known by these presence that DEER SPRINGS RANCH OWNERS ASSOCIATION (hereafter DSROA) agrees to lease to Brent Robinson (hereafter Robinson) that portion of the private land which is known commonly as Deer Springs Ranch. (Except the meadow pasture) Together with their BLM and Utah State Grazing leases.

This lease shall be for the 1999 summer grazing season, May 15- October 15.

Robinson will pay a fee of \$8.00 per month for each cow or weaned calf. Robinson will also provide their tractor and brush mower for 100 hours of work. DSROA will pay for fuel.

Robinson will outline project, coordinate, get approval, and make range improvements. This includes applying for and obtaining matching funds to pay for the project. (Apprx. \$5,000.00)

Robinson is responsible to provide material and labor in repairing and maintaining the described fences and water holes to working order. See attached exhibit A.

Robinson must rotate cows on agreed schedule. See attached exhibit B.

Robinson's are responsible to track and make a written report of the number of animals, dates moved, and location whether private or public. A report is due in the 15th of November to summarize the events that took place.

Grazing fee's will be paid on the 1st of each month.

Robinson will need to become a member of DSROA, or be obligated to pay the BLM surcharge.

Robinson's are responsible if the cows get out. When cows are out, DSROA will notify this number () - . If cows are not in within 48 hours DSROA may round up cattle and be reimburse by the Robinsons at \$25/hr per horse and rider.

DSORA is not responsible for the health, care or loss of any cattle owned by the Robinsons.

Robinson Brand: _____ Brand Location: _____ Registered to: _____

Robinson Signature: _____ Date: _____

Brent Robinson

DSROA Signature: _____ Date: _____

Benjamin K. Clarkson, President

#1
DM

HUNT/DSROA PROPOSED CATTLE GRAZING LEASE

Let it be known by these presence that DEER SPRINGS RANCH OWNERS ASSOCIATION (hereafter DSROA) agrees to lease to Douglas I. Hunt (hereafter Hunt) that portion of the private land which is fenced and commonly known as the "wet meadow".

This lease shall be for the 1999 summer grazing season, June 15- November 1. If growth does not permit cows to be turned out on June 15th then DSROA will provide a feed lot, running water, and labor to feed hay for a fee of \$25/day. The Hunts will need to provide the hay. This option is also available prior to June 15th, but DSROA would need advance notice to prepare.

A fee of \$12.00 per month for each cow or weaned calf. Also a \$15.00 per month fee for a horse. The Hunt's will pay 50% of estimated fee's when the cattle are moved in and the balance prior to their removal.

The Hunt's must divide the meadow into three pastures and rotate the cows evenly.

The Hunt's are responsible for material and labor to repair and maintain all fences. The Hunt's must also replace the "new" fence to it's original condition before June 15th
PAIR

Hunt's are responsible to track and make a written report of the number of animals and dates moved in and out. A report is due in the 15th of November to summarize the events that took place.

The Hunt's are responsible if the cows get out. When cows are out, DSROA will notify this number () - . If cows are not in within 48 hours DSROA may round up cattle and be reimburse by the Hunt's at \$25/hr per horse and rider.

DSORA is not responsible for the health, care or loss of any cattle owned by the Hunts.

Hunt's Brand: _____ Brand Location: _____ Registered to: _____

Hunt Signature: _____ Date: _____
Douglas I. Hunt

DSROA Signature: _____ Date: _____
Benjamin K. Clarkson, President

**DEER SPRINGS RANCH OWNERS ASSOCIATION
BOARD MEETING**

November 12, 1998



Board members present: Paul Ford, Nyle Willis, Ben Clarkson, Dale Clarkson

Others present: Vance Beckstead

1. Minutes

The minutes of October 8, 1998 were reviewed. Paul Ford made a motion seconded by Nyle Willis to approve the minutes. All voted aye.

2. Financial report

BE CLARIN FULL
Ben Clarkson reported on financial needs for funds to cover past due bills and current payroll. He will work delinquent accounts to see if we can collect delinquents.

3. Dale White

There was some discussion about problems with deeding Dale White a water right exceeding available water in area. Dale Clarkson will work with Dale White on water right to see what can be arranged.

4. Trapnell road

After some discussion, no action was taken on road to Trapnell lot.

5. Letterhead and reservation cards

Ben will ask Kirk and Loretta Clayson for some ideas for a letterhead logo for DSROA.

6. Beckstead report

Vance Beckstead reported on cabin repairs and other ranch activities that have taken place.

WPA IT DONE
Dale Clarkson reported that the main road up to Meadow Canyon is in very bad shape and needs to be repaired.

7. Agriculture committee

There was continued discussion on the grazing lease renewal. Two cattle owners would like exclusive use of the ranch and have made proposals for use. Nyle Willis complained that the proposals keep changing and its hard to compare the changes. Decision for grazing lease was deferred.

8. Building and facilities committee

Paul Ford reported on costs of building materials for cabin repairs. Priorities for repair funding will be established.

DSROA, 11/12/1998 CONTINUED

9. Roads and trails

The diversion above the Meadow gate on the Forest has been made to turn the runoff water back over into Pipeline Canyon and the Pink Reservoir. There was some discussion on needs to repair existing reservoirs for cattle and wildlife watering.

10. Budget

Ben Clarkson presented a preliminary budget prepared by budget committee for calendar year 1999. Final budget will be approved at December, 1998 meeting.

11. Adjourn

Nyle Willis made motion to adjourn seconded by Paul Ford. All voted aye.

**DSROA Agenda
Meeting Agenda**

Meeting Title: Deer Springs Ranch
Owners Association
Date: 12/10/98

Start Time: 3 P.M.
Stop Time: 6 P.M.
Place: Clarkson Properties office

- | | |
|---------------------------------------|------------------------------|
| 1. Ben Clarkson- President | 5. Dale Clarkson |
| 2. Paul Ford- Vice President | 6. Vance and Diane Beckstead |
| 3. Nyle Willis - Secretary/Treasurer. | 7. |
| 4. John Pardo | 8. |

Items to be Discussed

- | | |
|--|-------------------------------------|
| 3:00 Call to order | 5:00 Agriculture Committee |
| | Grazing Lease |
| 3:10 Approval of minutes of the last meeting | Buildings and Facilities Committee |
| | Livestock and Wildlife Committee |
| 3:15 Financial Report | Roads and trails Committee |
| Theobald Foreclosure | Water Rights and Resource Committee |
| Income Tax | Ditches & reservoirs |
| 3:30 Future of DSR-Dale | 5:30 Beckstead Report |
| | Beckstead new action items |
| 4:00 1999 Budget & Assessments | 5:55 Confirm next meeting |
| Policy Changes | |
| | 6:00 Adjourn |

Action Items

Who

<i>Pave Road</i>	<i>16617 people</i>	<i>2.4/car</i>
<i>Reinforce Paris permit</i>		
<i>10 acre plat</i>		
<i>FENCING</i>		
<i>QUAKE POLES FREE</i>		
<i>2000 ACRES IN LLC</i>		
<i>WATER</i>	<i>"</i>	<i>"</i>
<i>RISK</i>	<i>"</i>	<i>"</i>

DEER SPRINGS RANCH OWNERS ASSOCIATION BOARD MEETING

December 10, 1998



Board members present: Paul Ford, Nyle Willis, Ben Clarkson, John Pardo, Dale Clarkson.

Others present: Vance Beckstead

1. Minutes

The minutes of November 12, 1998 were reviewed. Ben Clarkson made a motion seconded by Paul Ford to approve the minutes. All voted aye.

2. Financial report

Ben Clarkson gave financial report. The Association may have a profit for 1998 with a tax implication. Ben also reported on the Theobald sheriff's sale of lots.

3. Organization management

Ben Clarkson read an article on management strategies and how they may apply to Deer Springs Ranch Owners Association Board.

4. DSROA 1999 policy changes

Ben Clarkson presented the following policy changes for consideration and adoption by the Board.

1. DSROA will open and use its own post office box. Ben Clarkson made a motion to approve this change seconded by Paul Ford. All voted aye.

2. DSROA will budget for and acquire its own telephone line and telephone number. John Pardo made a motion to approve this change seconded by Ben Clarkson. All voted aye.

3. DSROA will print new letterhead, envelopes, and reservation forms using the new post office box and telephone number. Nyle Willis made a motion to approve this policy seconded by Paul Ford. All voted aye.

4. DSROA will print information/instruction form to be sent to all non-member renters with confirmation. This information will explain the Ranch consists of rustic co-op cabins with no power, a cleaning policy, and a refund policy. John Pardo made a motion seconded by Ben Clarkson to approve this policy. All voted aye.

5. DSROA will discontinue the present rental pool. All unused cabin time will be considered DSROA time. DSROA will continue to rent cabins as vacancy permits with all funds returning to the DSROA budget under building and facilities revenue. Members may rent their unused time but reservation will be made in the owner/renters name and owner will remain responsible for any damages or uncleaned cabin and collecting money. Ben Clarkson made a motion to approve this policy seconded by Nyle Willis. Ben, Nyle, and Paul voted aye, John voted Nay and Dale abstained.

6. DSROA will develop and use one combined tracking form for reservations, confirmations, insurance waiver, activity sign-up, check-in, check-out, cabin cleaning, point system accounting, and billing if any. This form will be developed by Ben Clarkson subject to approval by the Board. John Pardo made a motion to approve this policy seconded by Paul Ford. All voted aye.

7. DSROA will charge a flat rate of 10 points to fish plus 3 points for each fish kept. The "tracking" form will be used to know if guests fish at the ranch. Nyle Willis made a motion seconded by Ben Clarkson to approve this policy. All voted aye.

DSROA, 12/10/1998 CONTINUED

4. DSROA policy changes continued

8. DSROA will require a log of staff activities on a standardized form to be reported monthly. John Pardo made a motion seconded by Paul Ford to approve this policy. All voted aye.

9. DSROA will charge 10 points for a horse wrangler in addition to the regular charges for horse rides. John Pardo made a motion seconded by Paul Ford. All voted aye.

5. 1999 member assessments

Nyle Willis made a motion seconded by John Pardo to set the 1999 assessments at \$ 375.00 per lot. All voted aye. Nyle Willis made a motion seconded by Ben Clarkson to set the 1999 assessment for all inventory (never been sold) lots owned by the developer at one-half the annual rate paid by members. The unsold lots would have voting rights but no other ranch benefits or use. (Dale Clarkson approved this agreement). All voted aye.

6. Budget

Ben Clarkson presented the budget prepared by budget committee for calendar year 1999. John Pardo made a motion seconded by Nyle Willis to approve the budget. Those voting aye in roll call vote: Ben Clarkson, Nyle Willis, John Pardo, Dale Clarkson. Those voting nay: Paul Ford.

7. Road problems

People have been making unauthorized roads in west area of ranch. (Area west of water tanks and south of "Hitson-Myers" ranch.) Ben Clarkson was directed to write letter to those involved to not continue this activity or vehicle trespass on Association or member's property without authorization.

8. Agricultural committee

Ben Clarkson reported on proposed grazing leases for 1999. Paul Ford made a motion seconded by John Pardo to approve those leases. All voted aye.

9. Beckstead report

Vance Beckstead reported on repairs on generator and locating survey corners on Association property for cross fencing purposes.

10. Limited liability company

Ben Clarkson made a proposal to contact legal counsel to see about transferring some Association property and or activities to a LLC for liability protection. Seconded by John Pardo. All voted aye.

11. Adjourn

Nyle Willis made a motion seconded by Ben Clarkson to adjourn. All voted aye. 6:24 p.m.