1) Call to Order – Mayor Dave Gray started the meeting at 5:30 pm.

2) Pledge of Allegiance – Pledge of Allegiance was recited.

3) Roll Call – Finance Officer, Dotti Oldenkamp called the roll. Alderwoman Pam Fowler, Alderman John Johnson, Alderman Jason Gillaspie and Alderman Roger Broer were present. The City Administrator, Brett McMacken & the City Attorney, Frank Bettman were also present.

4) Consent Calendar - Motion to approve the agenda, minutes, claims, appointment of John Gillaspie to Planning & Zoning Commission and to set May 23, 2016 as a hearing date for

- New alcoholic beverage license application – Retail (on-off sale) Malt Beverage & SD Farm Wine, Dakota Sky Stone, 219 Main Street
- Renewal alcoholic beverage license application – Retail (on-off sale) Malt Beverage & SD Farm Wine, Dakota Sky Stone, 219 Main Street
- Variance #V2016-02 – 145 Top O Hill Court – Request zero setback to allow for carport – Kim Wallum
- 1110 Quinn Drive – Dallas Alexander, Applicant – Whitney, Buyer – Kip Matkins, Owner
  - Conditional Use Permit Application #C2016-04 – Allow manufactured home in R2 zoning
  - Variance Request Application #V2016-03 – Request for 22.6” rear setback to allow for manufactured home to be placed on property

by Fowler; seconded by Broer. Mayor Gray conducted a roll call vote. All members voted aye except Jason Gillaspie abstained from appointment of John Gillaspie to Planning & Zoning Commission. Motion approved.

5) Public Comment – Roni Prautzsch from the Hill City Boys & Girls Club gave thanks to those who attended their fundraising event and noted the Boys & Girls Club raised over $24,000.

6) Action Items –

A. Zoning Application #Z2015-03 – Parcel #5229125003, Hwy 385 – Change zoning to Commercial to allow for a sales office/shop and storage facility for propane plant – Nelson’s Oil & Gas

McMacken explained this application was initially requested over a year ago. Discussion was made and the item was tabled. The request has gone through the Planning & Zoning Commission again. The Commission has recommended not to approve the application. Nelson’s purchased the forest service property which is located east of Hill City, along China Gulch Road. Nelson purchased the property with the intent of putting in a propane retail store and storage of three (3) 30,000 propane tanks. McMacken passed out a memo from Pennington County Planning Department expressing concerns with the major drainage area located in the center of the property.
which may impact the water quality of Spring Creek. McMacken also distributed more emails from concerned residents.

McMacken stated there are two (2) primary concerns with the propane facility; 1) the aesthetic appearance & 2) safety with the propane tanks. He explained the propane facility would have to follow nationwide regulations. He also explained the land is zoned as agriculture land. Initially, the Forest Service requested the City rezone the property. The Planning & Zoning Commission (P&Z) said no, they would deal with zoning issues as the issues occur. In previous discussions, the Development Services Coordinator, Chris McCurdy said a C3 zoning would be appropriate for the retail sales and office space and the conditional use permit would allow for the tank storage. McMacken further stated the City doesn’t provide water or sewer services to this property. When the zoning application and conditional use permit were presented to P&Z previously, the motion to approve failed.

The Mayor asked the public if anyone had any comments.

James Weir stepped up to state he is here to defend his cabin and heritage. He read a memo discussing the cabin and family visits to the area. Mr. Weir noted the propane facility belongs in an industrial section of town. He opposes the application.

Sam Sampson also discussed the property and provided measurements from property boundaries pointing out there is only 1.7 acres left for the actual propane facility. Mr. Sampson opposes the application due to drainage flow, pollution & that propane gas evaporates settling into low areas.

Richard Nelson came forward to state he understands why P&Z didn’t approve the applications and he understands the concerns being addressed by the surrounding property owners. Mr. Nelson stated he was available to answer questions. Mr. Nelson asked the Council how the City sees this purchased forest property being developed in the future. He asked for clarification of the process. He also stated if the property will not be allowed to be developed the taxes need to change. Mr. Nelson offered the property for sale to the surrounding property owners.

Mayor Gray stated the City is working on an answer to these questions with the development of the Comprehensive Plan.

Mr. Nelson further commented this land is highway frontage property. This town needs businesses and businesses are typically located on highway frontage property. Mr. Nelson noted he is surprised by the reactions of the community.

John Dobler spoke on behalf of property owners of land that borders the Nelson property. He stated the owners bought this property without seeing the land. The owners intend to use the property for vacation rentals. In this area, there are two (2) lots not occupied by residential owners. Mr. Dobler stated the property owners are not opposed to commercial use of the area but want other property owners to follow the aesthetics of the rest of the area; not have the area be utilized for industrial use. Mr. Dobler also mentioned the recent fire across the highway and concern had the fire jumped the highway with propane tanks on the property.
Rod Alexander commented he feels the City should not stop what people want to do with their property. Mr. Alexander thinks the Nelsons have the right to do what they want. He further noted there should be conditional use permits so a screening process is in place. The current propane tanks sitting in Hill City haven't caused problems. Mr. Alexander also stated consideration should be given to make the property aesthetically appealing.

Mary Triplet reminded Council they have a recommendation from P&Z and the Council should go with it. She recommended the Nelson's purchase property on other areas of the highway for use & that Hill City should have an industrial area. She further noted if the propane facility were placed in this area, she would not be able to sell her property.

The Mayor called for a motion to approve the zoning application #Z2015-03 – Parcel #5229125003, Hwy 385 – Change zoning to Commercial to allow for a sales office/shop and storage facility for propane plant for Nelson's Oil & Gas. No motion made. The Mayor called again for a motion. No motion made. The Mayor called again for a motion. No motion made. The Mayor announced the action item died for lack of motion.

B. Conditional Use Permit #C2015-03 – Parcel #5229125003, Hwy 385 – Propane storage and dispensing facilities – Three (3) 30,000 tanks and associated apparatus – Nelson's Oil & Gas

The Mayor called for a motion to approve the conditional use permit #C2015-03 – Parcel #5229125003, Hwy 385 – Propane storage and dispensing facilities – Three (3) 30,000 tanks and associated apparatus for Nelson's Oil & Gas. No motion made. The Mayor called again for a motion. No motion made. The Mayor called again for a motion. No motion made. The Mayor announced the action item died for lack of motion.

C. Variance #V2016-01 – 811 Bishop Mountain Drive – Request to reduce required rear setback in order to construct garage and retaining wall – Les Gonyer

McMacken stated this variance has been presented to P&Z. Mr. Gonyer wants to build a 24'x24' garage. The lot is an odd shape and therefore difficult to achieve the 25' required setback. The rear setback is requested at 15', instead of 25'. McMacken said the code says the structures are required to be a minimum of 10' apart. Gonyer's design has a distance of 8' between structures.

Motion made to approve the variance #V2016-01 at 811 Bishop Mountain Drive to reduce required rear setback in order to construct a garage and retaining wall by Broer; seconded by Gillaspie. No further discussion. All members vote aye. Motion approved.

D. Final Plat Application #P2016-01 – Revision of Lot A of Lot 1 and Lot 2; Bonham Placer MS 626, Section 36, T1S, 4E (Proposed Lot 1 and Lot 2 of Vaquero Subdivision) – Related to Dollar General PUD – Alexander & Vaquero Ventures
McMacken noted the plat is connected to the Dollar General Store proposal. The P&Z has recommended approval. The only change from the preliminary application is the plat now identifies the internal lot line easement for utilities on all property boundaries.

Motion made to approve the Final Plat Application #P2016-01 – Revision of Lot A of Lot 1 and Lot 2; Bonham Placer MS 626, Section 36, T1S, 4E (Proposed Lot 1 and Lot 2 of Vaquero Subdivision) – Related to Dollar General PUD – Alexander & Vaquero Ventures by Gillaspie; seconded by Johnson. No further discussion. All members vote aye. Motion approved.

E. Approval of SD DOT Invoice for 2015 expense for the purchase of sand and gravel, $3,840.00

McMacken noted since the invoice was over $3,000, the invoice needs Council approval. He explained the invoice is for purchase of sand and gravel in 2015 which is not in the 2016 budget. The DOT originally sent the invoice to the wrong city which is why we received the invoice now.

Motion made to approve the SD DOT invoice in the amount of $3,840 by Fowler; seconded by Johnson. No further discussion. Mayor Gray conducted a roll call vote. All members vote aye. Motion approved.

F. Twisted Pine Winery – 124 Main St
   a. Alcoholic Beverage License Transfers
      i. Retail (on-off sale) Malt Beverage
      ii. Retail (on-off sale) Wine

McMacken noted the applications are a transfer of ownership & each transfer would have to be voted on separately.

Motion made to approve the alcoholic beverage license transfer, Retail (on-off sale) Malt Beverage for Twisted Pine Winery by Broer; seconded by Gillaspie. No further discussion. All members vote aye. Motion approved.

Motion made to approve the alcoholic beverage license transfer, Retail (on-off sale) Wine for Twisted Pine Winery by Gillaspie; seconded by Johnson. No further discussion. All members vote aye. Motion approved.

G. 2016-2017 Retail (On-Off Sale) Malt Beverage Renewals
   a. Alpine Inn – 133 Main St
   b. Black Hills Central Railroad Co. – 222 Railroad Ave
   c. Bloom – 280 Main St
   d. Bumpin Buffalo – 245 Main St
   e. Desperados – 301 Main St
   f. Harney Peak Inn – 125 Main St
   g. Heart of the West Conoco – 632 Main St
   h. Heart of the Hills Convenience Store – 101 Main St
   i. Hill City Café – 209 Main St
   j. The Hubcap Diner – 317 Main St
   k. Ricos – 148 Main St
I. Slate Creek Grill – 158 Museum Drive
m. Twisted Pine Winery – 124 Main St

McMacken stated this is the annual renewal of retail (on-off sale) malt beverage licenses. He further noted we are still waiting for background checks on The Hubcap Diner & Ricos.

City Attorney, Frank Bettman noted problems with two (2) applications. The Ricos application is a sole proprietorship but the “Owner Name” on the application is presented as “Ricos”. Bettman stated “Ricos” is a fictitious name and does not identify the true owner of the alcoholic beverage license. Oldenkamp explained this section of the application has to match the sales tax license for the Special Tax Division will reject the application. Oldenkamp further noted the information in this section was confirmed by Stacia Tallon. Bettman noted the sales tax license will identify the owner as well which should be presented in this section. Bettman noted the Alpine Inn application does not identify Alpenglow Inc in this section and should be corrected. Bettman recommended approval be contingent on these corrections.

Motion made to approve the following 2016-2017 Retail (on-off sale) Malt Beverage license renewals by Gillaspie:

a. Alpine Inn – 133 Main St; contingent on corrected license application, seconded by Broer
b. Black Hills Central Railroad Co. – 222 Railroad Ave; seconded by Johnson
c. Bloom – 280 Main St; seconded by Johnson
d. Bumpin Buffalo – 245 Main St; seconded by Broer
e. Desperados – 301 Main St; seconded by Johnson
f. Harney Peak Inn – 125 Main St; seconded by Johnson
g. Heart of the West Conoco – 632 Main St; seconded by Johnson
h. Heart of the Hills Convenience Store – 101 Main St; seconded by Broer
i. Hill City Café – 209 Main St; seconded by Johnson
j. The Hubcap Diner – 317 Main St; contingent on background check, seconded by Johnson
k. Ricos – 148 Main St; contingent on background check & corrected license application, seconded by Broer
l. Slate Creek Grill – 158 Museum Drive; seconded by Johnson
m. Twisted Pine Winery – 124 Main St; seconded by Johnson

No further discussion. All members vote aye. All motions approved.

H. 2016-2017 Package (Off Sale) Malt Beverage
   a. Krull Foods of Hill City, Inc. – 531 E Main St

McMacken noted this license is an annual renewal.

Motion made to approve the 2016-2017 Package (off sale) malt beverage for Krull Foods of Hill City by Gillaspie; seconded by Johnson. No further discussion. All members vote aye. Motion approved.
I. 2016-2017 Package (Off Sale) Malt Beverage & SD Farm Wine
   a. Broken Arrow Trading Company – 249 Main St

   McMacken noted this license is an annual renewal. However, the background check
   has not yet been confirmed.

   Motion made to approve the 2016-2017 Package (off sale) malt beverage & SD farm
   wine license for Broken Arrow Trading Company contingent on the background
   check by Gillaspie; seconded by Johnson. No further discussion. All members vote
   aye. Motion approved.

7) Report Items –

   A. Pennington County Sheriff Report – Sargent Randy Harkins asked for questions.
      He further noted the new deputy Chris Tagnazian started today.

   B. Mayor – Mayor Gray thanked John Johnson for covering the last meeting while he
      was gone. He noted there is no place like Hill City. He will be attending the Chamber
      meeting.

   C. Common Council – Fowler attended P&Z. Broer attended Senior Citizen Center.
      Johnson will attend the ambulance meeting on May 17th. He noted the ambulance
      service has had 56 calls to date.

   D. City Administrator – McMacken noted he continues to work with the comprehensive
      plan. He also noted there was a hiccup with the waste water plant last week with a
      power outage. It turned out to be a computer problem. McMacken explained the
      current software is out dated, purchased in 2007 and will need to be updated. He
      further discussed a recent meeting he and Oldenkamp had with the SD Public
      Assurance Alliance. He noted Oldenkamp has done a good job on dialing in with the
      details of the City’s insurance policy.

      Mayor Gray asked about the sidewalk project. McMacken noted the City Engineer,
      Doug Sperlich is working on putting the latest draft into their CAD system.

      Mayor Gray asked about the water reservoir. McMacken stated Sperlich is still working
      on language with Rural Development for the engineer report. He further noted he
      needs to coordinate with the City Attorney, Frank Bettman.

8) Executive Session – SDCL 1-25-2 (1) – Personnel

   Motion made to enter into executive session by Gillaspie; seconded by Broer. Mayor
   called for a vote. All voted aye. Motion approved.

   Motion made to exit executive session by Broer; seconded by Fowler.
   Mayor called for a vote. All voted aye. Motion approved.
### Claims Approved:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birch Communications</td>
<td>May 2016 Phone</td>
<td>494.19</td>
</tr>
<tr>
<td>CARQUEST Auto Parts</td>
<td>Supplies-Shop</td>
<td>40.24</td>
</tr>
<tr>
<td>Golden West Telecommunications</td>
<td>IP Address for Library</td>
<td>10.00</td>
</tr>
<tr>
<td>HACH Company</td>
<td>Supplies-WWTP</td>
<td>268.89</td>
</tr>
<tr>
<td>HC Area Chamber of Commerce</td>
<td>May 2016 subsidy payment</td>
<td>12,916.67</td>
</tr>
<tr>
<td>HC Hardware Hank</td>
<td>Supplies</td>
<td>366.20</td>
</tr>
<tr>
<td>Heart of the Hills-Exxon</td>
<td>Fuel</td>
<td>294.25</td>
</tr>
<tr>
<td>Krull's Market</td>
<td>Supplies</td>
<td>15.48</td>
</tr>
<tr>
<td>Metering &amp; Technology</td>
<td>6 Water meter bases &amp; gaskets</td>
<td>270.19</td>
</tr>
<tr>
<td>Midcontinent Testing Lab</td>
<td>April 2016 Water Testing</td>
<td>52.00</td>
</tr>
<tr>
<td>Petty Cash</td>
<td>P&amp;Z-Gonyer Certified Mailing</td>
<td>71.38</td>
</tr>
<tr>
<td>Red River Waste Solutions</td>
<td>May 2016 Trash service</td>
<td>212.00</td>
</tr>
<tr>
<td>SD Depart of Transportation</td>
<td>2015 Expense for salt &amp; sand</td>
<td>3,840.00</td>
</tr>
<tr>
<td>SD Dept of Revenue</td>
<td>2016-17 Renewal Malt Bev Apps</td>
<td>2,312.50</td>
</tr>
<tr>
<td>SD Municipal League</td>
<td>2016 Budget Training</td>
<td>50.00</td>
</tr>
<tr>
<td>Servall Uniform &amp; Linen, Inc</td>
<td>Service Contract</td>
<td>31.92</td>
</tr>
<tr>
<td>Solar Sound Corporation</td>
<td>Apr 2016 Lighting Maintenance</td>
<td>223.99</td>
</tr>
<tr>
<td>South Dakota One Call</td>
<td>Message fees for April 2016</td>
<td>11.55</td>
</tr>
<tr>
<td>Southern Hills Publishing</td>
<td>Mar 28 2016 Council minutes</td>
<td>162.68</td>
</tr>
<tr>
<td>US Postal Service</td>
<td>Water/Sewer Billing Postage</td>
<td>155.00</td>
</tr>
<tr>
<td>USA BlueBook</td>
<td>Supplies-WWTP</td>
<td>837.54</td>
</tr>
<tr>
<td>Verizon Wireless</td>
<td>May 2016 Cell Phone</td>
<td>333.78</td>
</tr>
</tbody>
</table>

**Total Accounts Payable**: 22,970.45

- Mayor and Council: Payroll 668.89
- City Administrator: Payroll 1,857.25
- Finance Department: Payroll 2,114.75
- Planning Commission: Payroll 277.04
- Public Works Department: Payroll 980.36
- Development Services: Payroll 181.74
- Highway & Street Department: Payroll 1,404.42
- Wastewater Department: Payroll 2,812.46
- Water Department: Payroll 1,616.42
- Cemetery: Payroll 186.71
- Parks Department: Payroll 323.96
- Library: Payroll 867.46
- Library Aide: Payroll 846.46
- EFTPS: Taxes 4,799.29
- Other: Other 783.85
- Health Pool of SD: Employee benefits 6,571.79
Next regularly scheduled Common Council meeting – May 23, 2016.

These minutes are subject to approval by the Common Council at their next regular meeting.

Dave Gray, Mayor

Dotti Oldenkamp, Finance Officer
<table>
<thead>
<tr>
<th>PRINT</th>
<th>SIGNATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connie Weir</td>
<td>Connie Weir</td>
</tr>
<tr>
<td>James Wei</td>
<td>James W. Wei</td>
</tr>
<tr>
<td>Val Newfeld</td>
<td>Val Newfeld</td>
</tr>
<tr>
<td>Mary Triplett</td>
<td>Mary Triplett</td>
</tr>
<tr>
<td>Dixie Kirk</td>
<td>Dixie Kirk</td>
</tr>
<tr>
<td>Monte McIntyre</td>
<td>Monte McIntyre</td>
</tr>
<tr>
<td>JT Dobler</td>
<td>JT Dobler</td>
</tr>
<tr>
<td>Richard Nelson</td>
<td>Richard Nelson</td>
</tr>
<tr>
<td>Joe Klein</td>
<td>Joe Klein</td>
</tr>
<tr>
<td>Julie Moore</td>
<td>Julie Moore</td>
</tr>
<tr>
<td>Jean Sampson</td>
<td>Jean Sampson</td>
</tr>
<tr>
<td>Sam Sampson</td>
<td>Sam Sampson</td>
</tr>
<tr>
<td>Ron Bengs</td>
<td>Ron Bengs</td>
</tr>
<tr>
<td>Hector Alexander</td>
<td>Hector Alexander</td>
</tr>
<tr>
<td>Rod Alexander</td>
<td>Rod Alexander</td>
</tr>
<tr>
<td>Liz Carlson Jones</td>
<td>Liz Carlson Jones</td>
</tr>
<tr>
<td>Leslie Gonyer</td>
<td>Leslie Gonyer</td>
</tr>
<tr>
<td>Veronica Pratzsch</td>
<td>Veronica Pratzsch</td>
</tr>
<tr>
<td>Jim Peterson</td>
<td>Jim Peterson</td>
</tr>
<tr>
<td>Angela Raduska</td>
<td>Angela Raduska</td>
</tr>
<tr>
<td>Lorena Freis</td>
<td>Lorena Freis</td>
</tr>
</tbody>
</table>