PELICAN LAKESHORE OWNERS ASSOCIATION
BOARD OF DIRECTORS' MEETING
JULY 25, 2008
MINUTES

The Board of Directors of Pelican Lakeshore Owners Association, a Minnesota nonprofit corporation (the "Association"), met at 11:00 A.M. on July 25, 2008, at Orr City Hall, in Orr, Minnesota. The following Directors attended the meeting in person: Len Zabrocki, Dan Donovan, John Matthews, Grover Gillespie, Jim Gray, and Jim Saranpaa. Director Ray Ingebretsen was unable to attend the meeting and was not present. Keith W. Baker also attended the meeting.

Mr. Gillespie brought the meeting to order at 11:00 A.M. He acted as chairman for the meeting. Mr. Baker acted as secretary for the meeting.

Mr. Gillespie thanked the Directors for agreeing to serve and introduced everyone. He explained that this first meeting of the Directors will cover many important matters for the Association, including the adoption of Bylaws, the election of Officers, and the approval of a bank as depository for the Association.

Next, he updated the Directors concerning the recent communication to potential Members after the June 7 "informational – organizational" meeting. Minutes of the meeting and Member enrollment and contact information forms had been mailed and/or emailed again to many tax parcel owners. In order to process the applications that have been received, however, the Board of Directors must first take some important actions, including the adoption of Bylaws. The Bylaws will establish the requirements for being eligible to become a Member and the other terms and conditions of Membership in the Association.

BYLAWS

At Mr. Gillespie's request, Mr. Baker distributed copies of a proposed form of Bylaws for review and consideration by the Directors. He reviewed several key features of the Bylaws with the Directors and responded to their questions. Highlights include the following.

The Directors first discussed the provisions relating to Membership, including the requirement for lakeshore ownership and whether "nonvoting" or other categories of Membership should be added. At this time, the Directors expressed consensus to postpone consideration of other categories of Membership. If feedback and experience over time demonstrate significant interest, other categories may be considered at a later time. In response to a question, Mr. Gillespie indicated that approximately 28 or 29 Membership applications had been received.

Other significant discussion topics included the following. The Directors reviewed and discussed the provisions of the Bylaws relating to the Association's purpose and were satisfied with the draft language. Mr. Baker noted that the Bylaws required Directors, but not Officers, to be Members. Mr. Saranpaa questioned whether the requirement for Membership should not also apply to Officers; the other Directors agreed that Officers should be Members, too. In response to questions concerning voting by Directors, Mr. Baker noted that neither the Articles of Incorporation, the draft Bylaws or Minnesota Statutes Chapter 317A contemplate giving any Director an additional vote or other right to "break ties" on any particular matter voted upon by the Directors.

After conclusion of discussion, upon motion made by Mr. Donovan and duly seconded by Mr. Saranpaa, the following resolution was unanimously approved:

> **Resolved:** The Bylaws of this corporation, in the form prepared for and reviewed by the Board of Directors, except for modification of Article V, Section 1, so as to require Membership to act as an Officer, are adopted and approved, and the Secretary or Assistant Secretary of the Association is hereby instructed to cause a copy of the Bylaws to be certified and included with the corporate records of the Association.

ANNUAL ASSESSMENT AND ASSESSMENT RELATED DATES

The Directors next considered approval of proposed initial assessment amount of $15.00 per Membership. The Directors have authority and responsibility for determining the assessment under Article II, Section 7 of the Bylaws. They agreed that until future experience and/or needs dictates otherwise, $15.00 seemed like a prudent and reasonable initial assessment amount.

In addition to the amount of the assessment, Mr. Baker noted that Article II, Section 7 of the Bylaws also requires that the Board of Directors determine any deadlines for the payment of assessment in order to be eligible to be a Member of the Corporation with respect to a specified period of time. Putting aside any special issues arising from this inaugural year for the Association, Mr. Baker suggested that a typical determination in the future may require payment of the established assessment at least thirty (30) days (or some shorter period of time) prior to the annual regular meeting of Members, in order to give the Secretary time to process payments and establish an accurate list of Members entitled to vote at the annual meeting, including voting for Directors. Similarly, Directors may also determine that payment of the established assessment will then grant full Membership rights (including voting rights) until, but not including, the next regular annual meeting of Members. The timing inherent in such a "typical" cycle may provide motivation for the payment of dues when Members are reminded of the existence and the activities of the Association in connection with an upcoming annual regular meeting, including the exercise of their right to vote at that meeting.

Mr. Gray and some of the other Directors advised that, while that may make sense for future years, they strongly felt that payment of the initial $15.00 should entitle the Member to vote at the 2009 annual regular meeting of Members. For meetings after 2009, the Board of Directors can consider requiring payment before the annual regular meeting of Members. Mr. Baker noted that the Directors can currently set a very distant deadline for payment since the Association will be continuing to actively recruit potential Members. The deadline can also be extended at a later time.

With respect to ongoing recruitment of Members, Mr. Gillespie noted that an internet website may prove to be helpful. Mr. Zabrocki suggested that another mailing to potential Members – or perhaps a small ad in the local paper – may reach those without access to a computer. Mr. Saranpaa also suggested the use of press releases. He senses that people are waiting to see what the Association is going to do. The Directors agreed that recruiting related tasks will need to be assigned.

After further discussion, upon motion made by Mr. Gillespie and seconded by Mr. Donovan, the Directors unanimously approved a $15.00 assessment as a requirement for Membership, payment of which will entitle qualified Lakeshore Parcel Owners to the privileges of Membership through the conclusion of the annual regular meeting of Members first held in 2009, with payment required by December 31, 2008 (subject to later extension of such date by the Board of Directors in its discretion).

ELECTION OF OFFICERS

Mr. Gillespie then asked the Directors to consider the election of a slate of officers. Mr. Matthews nominated Mr. Donovan as a candidate for President. Nominations for other Officers were also made, including Mr. Saranpaa as Treasurer, Mr. Zabrocki as Secretary, Mr. Gray as Vice President, and Mr. Baker as Assistant Secretary. Upon motion made by Mr. Gillespie and seconded by Mr. Gray, the following resolutions were unanimously approved:

> **Resolved:** The following persons are elected to hold the offices set forth opposite their respective names, to serve until their successors are duly elected and qualified:

President:	Dan Donovan	Treasurer:	James Saranpaa
Vice President:	Jim Gray	Assistant Secretary:	Keith Baker
Secretary:	Len Zabrocki		

Resolved Further: The officers will receive no compensation, but will be entitled to be reimbursed for any reasonable and appropriate expenses they incur on behalf of the Association as provided in the Bylaws.

BANKING MATTERS

The Directors then turned their attention to the appointment of a bank to act as a depository for the Association's funds, including the establishment of a checking account. American Bank of the North has an office in Orr and is used by other nonprofit corporations based in Orr. The Directors agreed that American Bank of the North was a reasonable choice. The Directors also considered who would have authority to sign checks or similar payment orders and whether one or more signatures would be required depending upon the amount involved. The Directors decided that two (2) signatures will be required for all checks or similar items and that the only eligible signers will be the President, Vice President, Secretary, and the Treasurer. Upon motion made by Mr. Saranpaa and seconded by Mr. Donovan, the following resolutions were unanimously approved:

Resolved: American Bank of the North (the "Bank") is appointed and established as an authorized depository of the funds of the Association and the terms, conditions, and provisions of the Bank's standard resolutions with respect to accounts and agreements with the Bank are approved as if set forth at length.

Resolved Further: That checks, withdrawals and/or other orders for payment for the Association may be signed by any two (2) of the following Officers: President, Vice President, Secretary or Treasurer.

FISCAL YEAR AND OTHER ORGANIZATIONAL ACTS AND MATTERS

Messrs. Gillespie and Baker remarked there are other matters that must be handled on behalf of the Association, including establishment of a fiscal year under Article VIII, Section 1 of the Bylaws (recommended by Mr. Baker to be a calendar year), obtaining a federal employment identification number, filing any applications that may be necessary with respect to the nonprofit status of the corporation or similar matters. Mr. Baker reminded the Directors that the Association was intentionally not formed in a manner to seek qualification as a "501(c)(3)" charitable organization for income tax purposes. Upon motion made by Mr. Zabrocki and seconded by Mr. Saranpaa, the following resolutions were unanimously approved:

Resolved: The fiscal year for the Association will be the calendar year.

Resolved Further: Any officer of the Association, acting alone, is authorized and directed to take such other necessary and reasonable actions as may be appropriate or required to complete the organization of the Association and to comply with applicable laws, including, without limitation, obtaining a federal employment identification number and making filings with respect to the nonprofit status of the Association.

Some other organizational or "initial" matters were then covered. Receipts for many of the expenses incurred to date on behalf of the Association were delivered to Mr. Saranpaa, as Treasurer. Mr. Saranpaa indicated he would inquire about using Leiding Township's meeting hall for future meetings. A Director also noted that consideration must be given to providing a means and procedure for Members to give input to Directors or, in appropriate cases, attend meetings of the Directors. The website domain acquired by Mr. Gillespie was briefly discussed. Mr. Saranpaa suggested that the Membership "application" be updated to include a place for Members to indicate their real estate "Property Identification Numbers" (real estate tax parcel code numbers). The other Directors agreed this was an excellent suggestion.

POTENTIAL ACTIVITIES AND PROJECTS

Mr. Gillespie then asked the Directors to provide direction and guidance for the Officers with respect to activities and projects to be considered by the Association on behalf of its Members. An initial list of activities and projects included any potential future sale of State owned lakeshore and lands, lake water levels and problems associated with the dam, and the proper identification and marking by the County of lake navigation hazards.

The Directors acknowledged that the potential future sale of State owned lakeshore and adjoining lands on Pelican Lake remains a vital issue for the Association. However, at this time, there appears to be no required "action" to be taken by the Association – pending future developments. The Directors will remain vigilant with respect to this issue.

Next, the Directors discussed the process to request the County to mark the navigational hazards on Pelican Lake. The Directors agreed the Association will draft and send a letter to the County Sherriff's department that justifies and substantiates the need for marking reefs and other hazards, in order to begin the process with the County. A Director suggested that the Association solicit the joinder by the Convention and Visitors Bureau, the Chamber of Commerce, the City of Orr, and Leiding Township.

The current status of the dam, water levels, and the DNR's last report and communication were also discussed by the Directors. They agreed that the Association should formalize its position in a letter to the Minnesota Department of Natural Resources. Tentatively, the Association will indicate that it is not satisfied with the current position of the dam, the leaks and the unplugged hole, the settling that has occurred, and the DNR's proposed options. The hole needs to be plugged and other leaks repaired.

Mr. Donovan, as President, will review the navigational hazard and dam matters and assign initial responsibility for drafting letters to one or more of the Directors and Officers.

Upon motion made by Mr. Gillespie and seconded by Mr. Saranpaa, the Directors unanimously approved a resolution that the Association will proceed with drafting letters as outlined above, subject to further review by the Board of Directors before sending the letters.

OTHER BUSINESS

Mr. Saranpaa noted he had read a recent article in the Voyageur Sentinel relating to lakeshore development and buffer zones. He will provide an internet link for Directors to read more about this topic. The Directors also agreed that they will meet again by the first week of September, 2008.

There being no further business, upon motion made and duly seconded, the meeting was adjourned at 12:35pm.

Keith W. Baker, Secretary for the Meeting