

**PELICAN LAKESHORE OWNERS ASSOCIATION
BOARD OF DIRECTORS' MEETING
DECEMBER 28, 2009
MINUTES**

The Board of Directors of Pelican Lakeshore Owners Association, a Minnesota nonprofit corporation (the "Association"), met at 9:00 a.m., Monday, December 28, 2009, at Leiding Township's meeting hall, in Orr, Minnesota. Directors Len Zabrocki, John Poczekaj, Tom Pelach, Ray Ingebretsen, and Grover Gillespie attended the meeting. Director Dan Donovan was unable to attend the meeting. Keith W. Baker, Assistant Secretary, also attended the meeting.

Mr. Pelach, Vice President of the Association, brought the meeting to order at 9:05 a.m., noting that a quorum of Directors was present as required by the Bylaws. He acted as chairman for the meeting. Mr. Baker, the Assistant Secretary of the Association, acted as secretary for the meeting.

HAZARD MARKERS

Mr. Pelach asked Mr. Ingebretsen, President of the Pelican Lake Resort Association, to report on that association's actions with respect to buoys for the lake. Mr. Ingebretsen reported that the Resort Association had agreed to purchase, at the member resorts' expense, the remaining buoys required to mark the lake's navigational hazards as contemplated by the permit granted by St. Louis County. In 2010, the buoys will be marked with identifying numbers to correlate to their locations. As a result of the Resort Association's action and financial contribution, no additional funds are needed for buoys for the foreseeable future. Mr. Pelach thanked the Resort Association for its purchase of the remaining buoys. The Directors also briefly discussed a generous contribution received from a member to be used for the purchase of buoys. Since no funds were needed at this time, the Directors decided that the Association will contact that member for further guidance on his wishes.

TREASURER'S REPORT

Next, Mr. Zabrocki, Secretary and Treasurer of the Association, reviewed the Treasurer's report, including expenses for the 2009 members' meeting and a \$300 IRS filing fee for tax exempt status. As of December 28, 2009, the Association had \$1,131.91 on hand.

BANKING MATTERS

The Directors then discussed a modification of the Association's procedures for writing checks. Presently, two (2) signatures are required for writing checks and that had proved to be a bit burdensome on past occasions. After discussion, upon motion made by Mr. Ingebretsen and seconded by Mr. Poczekaj, the following resolutions were unanimously approved:

Resolved: American Bank of the North (the "Bank") is reaffirmed 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 one (1) of the following: Len Zabrocki and Grover Gillespie.

2010 ANNUAL DUES AND DEADLINE FOR VOTING AT 2010 MEMBERS' MEETING

Next, the Directors discussed the annual dues required for membership in the Association for calendar year 2010, as contemplated by Article II, Section 7 of the Association's Bylaws. They also discussed options for the 2010 annual meeting of Members. A consensus emerged that July 2010 will likely be a good time for the next meeting. After discussion of the Association's anticipated expenses and what constituted a reasonable and prudent amount of cash to keep on hand, upon motion made by Mr. Gillespie and seconded by Mr. Poczekaj, the

Directors unanimously approved the following: (i) dues are assessed at \$15.00 per Member and are levied for the period commencing January 1, 2010 and expiring on December 31, 2010; (ii) the deadline for paying 2010 dues and, consequently, being entitled to vote at the 2010 annual Members' meeting is June 1, 2010; and (iii) the record date for voting at the 2010 annual Members' meeting is June 30, 2010; with both items (ii) and (iii) being subject to future change as may be permitted by the Bylaws in advance of the annual meeting. The Directors may or may not revisit the dates in items (ii) and (iii) prior to the 2010 annual meeting.

PELICAN LAKE OUTLET DAM DISCUSSION

Mr. Pelach turned the Directors' attention to the Pelican Lake outlet dam. A group of Directors were successful in meeting with Rep. David Dill in November. As a result of this meeting, Rep. Dill wrote a letter to DNR Commissioner Holsten, echoing the Association's concerns with the July 2009 DNR proposal to repair the dam. Rep. Dill requested that the Commissioner meet with a few Directors of the Association to discuss these concerns before any further action was taken with respect to the dam. Mr. Gillespie suggested that a small group of the Directors travel to St. Paul to meet with Commissioner Holsten to present their concerns in person. Mr. Pelach noted that Rep. Dill should also be contacted to determine whether he received any response to his letter. Mr. Gillespie said he will check with Rep. Dill. The Directors also discussed contacting Sen. Bakk and Commissioner Forsman again.

DISCUSSION WITH DNR AREA FISHERIES MANAGER

Mr. Kevin Peterson, the DNR Area Fisheries Manager, then joined the meeting, at the request of the Directors. He had traveled from his office in International Falls to discuss the status of the fishery on Pelican Lake and, in particular, his thoughts concerning walleye stocking. Several Members had expressed interest about walleye stocking at the July 2009 annual meeting. A brief summary of a lengthy discussion follows.

Mr. Peterson distributed copies of the DNR's current lake management plan for Pelican Lake and reviewed this with the Directors. He noted that the DNR does regulate stocking and a permit is required. A completed application must be forwarded to the Regional Fisheries Manager in Grand Rapids for consideration and approval/rejection. The Regional Manager will then solicit input from Mr. Peterson. Mr. Peterson emphasized that, from the DNR's perspective, the lake management plan is a key document. If the DNR were to stock Pelican Lake again, the DNR would begin by changing the lake management plan to reflect stocking. Changes to the lake management plan are published for public comment, too. In each of 1991 and 1992, the DNR did stock Pelican Lake with approximately 6 million walleye fry per year. Presently, no stocking is scheduled for the near future.

Next, Mr. Peterson presented a fairly detailed history of DNR survey data on fish species in Pelican Lake, dating back to 1946 and continuing to the present. Prior to 1946, most fish in the lake were stocked. Gill net sampling began in 1959 – and the DNR's records reflected walleyes and bluegills for the first time in 1959. Trends from 1959 to the present were discussed for several species, including walleye, perch, crappie, largemouth bass, smallmouth bass, and northern pike. He noted a correlation between the perch population changes and the increases/decreases in walleyes and other species in the lake; perch have rebounded to levels not seen since the 1950's. Presently, Pelican Lake is a first class smallmouth and largemouth bass lake, with good levels of bluegills, crappies, and northern pike. Historically, Pelican Lake has not been identified as a "walleye" fishery. That said, however, there have been periods – including the last few years – when walleye fishing (particularly measured in terms of average size, versus numbers of fish caught) has been quite good. The DNR's 2007 survey reflected one of the higher, historical walleye catches (2 per net) with an average size of 3 pounds. There were nine different year classes, ranging from 2 to 21 years old. Since fry were last stocked in 1991 and 1992, this meant there was some level of natural reproduction in the lake. Mr. Peterson said he will prepare a summary of the DNR surveys over the years and forward that to the Association.

The Directors asked Mr. Peterson what the DNR's guidelines for proper stocking of a lake like Pelican Lake and his thoughts on the outcome of any stocking efforts. The standard walleye fingerling stocking quota for Pelican Lake is 2 pounds per littoral acre of 15' or less water depth – roughly, 5,879 acres or 11,758 pounds of fingerlings, translating to 176,370 walleye fingerlings – 15 per pound. With production costs at \$18+ per pound,

a normal, "full quota" stocking effort would cost \$212,000. In addition, he noted that this would consume approximately 8% to 10% of the DNR's annual fingerling supply. While he prefers using fingerlings, stocking with fry is less expensive, but variable depending upon the source. The DNR's normal stocking rate for Pelican Lake would be 6 million fry. The DNR's production cost for 6 million fry runs about \$11,700; in the private sector, the cost may run about \$68,000. Mr. Peterson's overall assessment of walleye stocking for Pelican Lake is that stocking may not make walleye more abundant. There is also the possibility of damaging other segments of the fish population; increasing walleye could affect other species. For example, if walleye increase, the perch population may decline and consequently affect northern pike numbers and sizes; bass may also be affected, but perhaps to a lesser extent. He pointed out that the DNR's stocking efforts (with fry) in 1991 and 1992 did not have any material effect when you review the 1995 and 1998 netting results. Besides stocking, Mr. Peterson suggested that the Association consider using some of its resources to promote compliance with the current slot regulations. Even a minor amount of noncompliance may neutralize the beneficial effect of the slot limits. As an example, resources could be used to supply "catch and release" rulers.

Mr. Peterson concluded by noting he will summarize his presentation. Subject to scheduling, he also advised that he could attend the 2010 annual Members meeting to discuss the lake's fishery, stocking, and related topics. The Directors thanked him for attending the meeting and indicated he will likely be invited to the Members meeting in the summer.

DIRECTOR VACANCY

Mr. Pelach asked the Directors to address the vacancy on the Board of Directors resulting from Mr. John Matthews' resignation earlier in the month. After discussion, the Directors agreed to discuss the vacancy with two potential candidates. They will report back on those discussions by email and telephone and then take final action – most likely electing a Director by written action to finish Mr. Matthews' term.

There being no further business, upon motion made, duly seconded, and unanimously approved, the meeting was adjourned at approximately 11:30 a.m.

/s/ Keith W. Baker

Keith W. Baker, Secretary for the Meeting