

**Minutes of Annual Meeting of the Members of
Pelican Lakeshore Owners Association**

Sunday, July 19, 2009

Pursuant to written notice in accordance with the bylaws of Pelican Lakeshore Owners Association (the "Association") and applicable law, the annual regular meeting of the Members of the Association was held on Sunday, July 19, 2009, at the Orr American Legion Post 480, in Orr, Minnesota. A quorum of Members was present in person and by proxy. Dan Donovan, President of the Association, acted as chairman for the meeting. Keith Baker, Assistant Secretary of the Association, acted as secretary for the meeting.

The meeting was called to order by Mr. Donovan at 1:05 p.m.

Introduction and the Association's Website

Mr. Donovan welcomed and thanked the many Members present for attending the meeting and supporting the Association. He then outlined the major activities of the Board of Directors of the Association. After last year's kickoff meeting, the initial Board of Directors was elected and then met as a group formally five (5) times in the past year. The initial list of activities considered by the Directors included: monitoring any north shore lake development; the lake's water level and issues with the outlet dam; petitioning St. Louis County for permission and funding for some level of hazard markers to be placed on the lake; and establishing a website for Association related information. The Association's website, www.pelicanlakeshoreowners.org, is "up and running," and Mr. Donovan urged Members to spread the word about the information available on the website. There is also a link for Members and others to send questions or provide comments or suggestions to the Directors by email. Going forward, there will be a greater emphasis on email communication with Members who have provided email addresses to the Association.

Outlet Dam and Lake Water Levels

Mr. Donovan proceeded to summarize the efforts undertaken by the Directors with respect to the lake's water level. The Association began with communication on two (2) fronts. First, in October 2008, a formal, written communication was sent to several DNR employees introducing the Association, its objectives, and the Members' concerns and questions with the reconstructed outlet dam and the subsequent negative impact on the lake's water level. Second, the Directors sent a letter to Sen. Bakk, Rep. Dill, and County Commissioner Forsman, again introducing the Association and its Members' concerns concerning lake water levels, the dam, and unmarked navigation hazards (rock reefs). Directors followed up several times in an effort to engage the DNR and/or the elected representatives concerning these issues. In January, 2009, Rep. Dill responded to the Association and also asked the DNR to provide him with an update concerning the dam. After some additional email and telephone calls, a meeting was held in Eveleth with five (5) DNR representatives. Just prior to that meeting, the DNR provided an updated and significantly expanded assessment and study of the outlet dam and lake level issues. (This study is available through a link on the Association's website and provides an extensive, detailed analysis from the DNR's perspective.) The Directors expressed the Members' concerns about the runout elevation of the dam, the height/settling of the dam, the "fish hole" in the dam, and the possibility of leaking due to construction problems. The DNR representatives presented a summary of the report. At this point in time, the DNR indicated that, while it would plug the fish hole and correct the settling of the dam (only about 2 inches), it would not recommend any change in the legally established "runout" elevation of the dam. A new issue also surfaced involving the DNR's concerns with the effect of increased water levels on existing wild rice stands on the lake. The Directors offered their opinion that concerns about wild rice

on the lake seemed misplaced. As noted in the expanded study, the DNR's position remained that the available data indicate that the lake's lower water levels are largely due to the effects of periodic drought during key times in recent summers. The Directors were relatively optimistic after this meeting about the closure of the fish hole, some anticipated work on correcting any settling in the dam, and the possibility of at least raising the lake's water level temporarily after rainy periods by raising the outer two (2) weirs approximately 4" to 6". The DNR emphasized, however, that Minnesota law required not only approval of a change in runout elevation by the DNR but also the granting of easements by every lakeshore and outlet rive property owner. (Information about changing the authorized runout elevation of an outlet dam is also located on the Association's website.)

In the weeks after the meeting, and after having had time to study the expanded DNR report, the Directors voiced their concerns with the report and some of its conclusions to the DNR and also updated Rep. Dill, Sen. Bakk, and Commissioner Forsman. After additional urging by Rep. Dill, DNR Assistant Commissioner Bob Meier spoke with Director Grover Gillespie about the situation with the dam. Shortly before this annual meeting, a DNR press release was issued indicating that, as soon as water levels permitted, work on the outlet dam by St. Louis County (the owner of the dam) would commence. Efforts would include correcting the settling that has occurred (about two (2) inches) and plugging the fish hole. In future years, the DNR may construct a fish ladder in place of the hole. The DNR has "dug their feet in" about raising the dam higher (e.g., six (6) inches).

Mr. Donovan noted that the Directors were still going to present their concerns with the DNR's plans, including the following: the possibility of leakage due to construction issues; the desire to have an Association representative present on site when changes in outlet runout elevations are established and how the elevation is actually measured; and the fact that, as evidenced by many Members' actual observations, for decades the runout elevation of the dam was likely substantially higher than the reconstructed dam's elevation (i.e., more than a drought issue).

Marking of Lake Navigation Hazards

Mr. Donovan also updated the Members concerning the marking of lake navigation hazards. In October 2008, as noted earlier, the Directors introduced the Association to various elected officials and advised that marking the hazards on the lake was an item of interest to Members. In early January 2009, a written request was sent to St. Louis County Sheriff Litman in an effort to petition the County for funding for buoys and permission for them to be placed on the lake. In response, the Sheriff's office agreed that the lake should be marked and that some funding for a limited number of buoys may be available. After additional contact with the Sheriff's office, Sgt. Dirk Davis met with the Board of Directors on April 3, 2009. At this meeting, he explained that while funding was available for some number of buoys (subsequently, this turned out to be 26 buoys; the Association had requested 46 buoys), the County had no funds for engaging the services of a contractor to place, remove, store, and monitor the buoys. If the Association or perhaps the Pelican Lake Resort Owners Association wanted to do so, a permit could be issued allowing the placement of the buoys on the lake. In subsequent discussions, it was decided that the Pelican Lake Resort Owners Association would apply for the permit. At the time of the meeting, the Directors anticipated receiving the buoys in late April or early May, allowing them to be placed on the lake by the middle of May. Unfortunately, there were additional funding and logistical delays. The good news is that the buoys had arrived in Virginia just two (2) days prior to this annual meeting. Mr. Donovan had picked one up from Sgt. Davis and brought it to the meeting. Shortly after the meeting, the buoys should be placed on the lake. The Association's future role will be to provide some volunteer help and support with the buoys' placement, removal, and monitoring each year. Mr. Donovan noted that the buoys were a good example of the reason the Association was established. While others had tried for years to get buoys, the Association's "numbers" (Members) and its efforts helped achieve some success.

Treasurer's Report

Next, Treasurer Len Zabrocki presented the annual Treasurer's Report. A couple of days prior to the meeting, there were 123 Members. Right before the start of the annual meeting, two more Members joined. He summarized all revenues (dues) from Members that had been received and then detailed all expenses to date. As of the meeting, the Association's balance of funds stood at \$1,315.71. He noted that, if the Directors decided that additional dues should be charged for 2010, the dues will likely be \$15 or less.

Members' Questions and Suggestions

At this point in the meeting, prior to the election of Directors, Mr. Donovan called for questions, suggestions or comments from the Members present. A summary follows. The website address for the Association is www.pelicanlakeshoreowners.org. Several Members inquired about both the modification of slot limits on the lake (particularly, the slot limit for northern pike) and the possibility of stocking walleyes. The DNR's management of the lake for pike and bass, its opinion of the suitability of the lake for sustaining walleyes, the difficulty of changing a state wide slot limit, and funding issues were discussed. A few Members indicated that perhaps the Association could financially support stocking efforts. The Directors agreed that they would follow up on these issues. A Member expressed his concern over the DNR's present position on raising the height of the dam only two (2) inches. The Member suggested that he believed a variance had been granted for a dam on the Sturgeon River for a two (2) year trial period; if so, perhaps something similar could be pursued for the lake's outlet dam. The Directors responded that they were not going to stand by on the water level issue. The proposed DNR fix is "adjustable" height-wise. All Member feedback will be considered and the Directors will continue to do whatever they can to resolve the issue with the dam and the lake's water level. In response to another question, each of the Directors briefly introduced themselves to the Members. Another Member thanked the Directors for their efforts on the buoys. He requested that the coordinates for the marked reefs and for the unmarked reefs be made available to all Members. Another Member inquired whether the buoy shortage (46 versus 26) was due to a funding limitation. If so, perhaps Members and others could "sponsor" the purchase of a buoy through the Association. Many Members indicated their interest in providing some financial support for the purchase of additional buoys. In addition, a Member suggested consideration of a raffle to support the purchase of buoys and walleye fry. Another Member inquired about the Association's liability exposure with respect to the buoys. The Association is not the permit holder and will only be providing volunteer help with their placement. Finally, a Member asked whether the Members would be taking any official action at this meeting. Mr. Donovan noted that the Members will be electing Directors next.

Election of Directors

Mr. Donovan then turned the Members' attention to the election of Directors. He reviewed the ballot that had been distributed prior to the meeting during check-in and noted that some proxies that had been received reflected votes for Tony Norman, Russ Holman, and Chris Rairdon – in addition to the candidates identified on the ballots. Mr. Donovan then asked the Members to proceed and vote for Directors. All ballots were then collected and counted. The following persons were elected Directors of the Association for the ensuing year: Dan Donovan, Grover Gillespie, Ray Ingebretsen, John Matthews, Tom Pelach, John Poczekaj, and Len Zabrocki. The meeting then concluded.

/s/ Keith W. Baker

Keith W. Baker, Secretary for the Meeting