

RULES OF GOVERNANCE PELICAN GROUP OF LAKES IMPROVEMENT DISTRICT (“PGOLID”)

Article 1: District Name and History

The name of this organization is the Pelican Group of Lakes Improvement District, commonly referred to as PGOLID. A history of PGOLID is attached in the addendum.

Article 2: Definition of the Pelican Group of Lakes Improvement District

PGOLID is a political subdivision created under Minnesota law and through the delegation and grant of power and authority stated in the Orders issued by Otter Tail County.

The PGOLID boundaries encompass all parcels of real property, any part of which is located within 500 feet of the ordinary high water mark of Bass, Big Pelican, Fish and Little Pelican Lakes in Scambler and Dunn Townships of Otter Tail County, to include the entire tax parcel, except for all such parcels classified for agricultural use. As the use of agricultural lands within the 500 foot boundary of the District changes to nonagricultural use, the District may, by confirming the change of use to the County Auditor and Assessor, and by notifying the owner of the property and the Administrator of the Otter Tail County Department of Land and Resource Management, include those formerly agricultural lands in the District.

Article 3: PGOLID Annual Membership Meeting

Section 1. Time.

The Annual Membership Meeting shall be held on a Saturday in July or August of each year, unless changed by vote at the previous annual meeting

Section 2. Notice.

The Annual Membership Meeting shall be preceded by a minimum of two weeks' published notice in the Otter Tail County newspaper of record, and by written notice mailed at least ten days in advance of the meeting to the county board or joint county board or joint county authority, town boards and statutory and home rule charter cities wholly or partially within the District, the Minnesota Pollution Control Agency, and Commissioner of Natural Resources. If there is a proposed project by the District having a cost in excess of \$5000, at least thirty days written notice will be given to all property owners within the assessment district.

Section 3. Agenda.

At the annual PGOLID meeting, property owners present shall:

- a. Elect one or more Members to fill vacancies in the Board of Directors;
- b. Approve a budget for the fiscal year;
- c. Approve or disapprove proposed projects by the District having a cost to the District in excess of \$5000,
- d. Approve taxes or assessments to satisfy budget requirements; and
- e. Take up and consider other business that comes before them.

Section 4. Annual Report.

Each year the Board of Directors shall prepare and file a report of the financial condition of the District, the status of all projects in the District, the business transacted by the District, other matters affecting the interest of the District, and discussion of the Directors' intentions for the succeeding years. Copies of the report shall be transmitted to the county board or joint county authority, town boards and city councils of statutory and home rule charter cities wholly or partially within the District, the Commissioner of Natural Resources, and the Minnesota Pollution Control Agency by four months after the Annual Membership Meeting.

Article 4: Membership, Voting and Elections.

Section 1. Member Qualification.

The Owners of real property located in PGOLID boundaries, excluding agricultural land, are Members of PGOLID.

Section 2. Transfer of Membership.

Membership is deemed transferred from the former owner to the new owner(s) when real estate within PGOLID is sold. When a real estate sale is financed by contract for deed or similar transaction, Membership is deemed to have been transferred from the contract seller to the contract purchaser when the contract is signed. When real estate is leased or rented, Membership is deemed to have been retained by the landlord, and not transferred to the tenant.

Section 3. Eligible Voters.

Each owner of a parcel of real estate is a Member entitled to vote at the annual PGOLID Annual Membership Meeting or any special PGOLID meetings. "Owner" means all individual natural persons who are identified on the deed or other instrument of conveyance, and who have attained the age of majority. "Owner" further means individual property owners per capita, regardless of the size or number of real estate parcels owned.

“Owner” also means legal entities that are in the form of a trust, partnership, corporation, or limited liability company. One (1) representative of any such entity shall be entitled to vote if he or she is otherwise qualified, regardless of the number of natural persons owning or having an interest in the entity.

A governmental, non-profit or any other organization or entity that does not pay ad valorem real estate taxes is not be entitled to vote as a Member.

No person whose civil rights have been suspended or revoked is entitled to vote as a Member, nor shall he or she be entitled to serve on the Board of the District.

Section 4. Nominations, Elections, and Absentee Balloting.

The Board shall open nominations at least 70 days prior to the date of the Annual Membership Meeting. Nominations shall be accepted by the Election Committee for the election of property owners to the Board of Directors. The Election Committee shall be appointed by the Board of Directors at least 70 days prior to the Annual Membership Meeting, and have as its purpose the solicitation and accept of nominations to the Board.

Nominations and candidate statements shall be closed 40 days prior to the Annual Membership Meeting. If the Annual Membership Meeting is a Saturday, the nominations and statements must be received by midnight on the Wednesday 30 days prior to the Annual Membership Meeting. Nominations and candidate statements received after the deadline shall not qualify for the pre-printed ballot of the Annual Membership Meeting or the Absentee preprinted ballot. Nominations will be accepted on the floor at the Annual Membership Meeting.

In this same mailing to all property owners the Board shall include an absentee ballot application form with instructions on how to deliver it to the proper authority. The request for an absentee ballot must be signed by the property owner. Absentee ballots shall be made available 26 days prior to the Annual Membership Meeting (on a Friday if the Annual Membership Meeting is on Saturday). Absentee ballots must be delivered to the proper authority by midnight on the Wednesday just prior to the Annual Membership Meeting. Ballots received after this date will not be accepted unless they are delivered to the Annual Membership Meeting.

The PGOLID Board or its agent shall perform the following duties as they relate to the Nomination and Election process, including Absentee voting procedures:

- a. Verify the qualification of each nominee's status as an owner as of the last date for nominations. Only verified nominees will be allowed on the ballot, and the status of each nominee shall be reported to the Board and recorded in the Board's next meeting minutes.

- b. Mail to each owner at least 70 days prior to the Annual Membership Meeting information about Board elections, to include among other things how to prepare nominations, the mailing address for submission of nominations, applicable deadlines, qualifications, and other information pertinent to the office.
- c. Receive a candidate statement with each nomination consisting of not more than 150 words, and contain background information, their reasons for seeking office, and their positions on issues or other information deemed relevant by the candidate. Candidate statements shall be mailed with absentee ballots, printed and distributed at the Annual Membership Meeting, and made available in preelection literature, websites, and Newsletter. When one candidate's statement is included, all available candidates' statements shall be included.
- d. Make absentee ballots available to all Voting Members requesting such ballots.
 - 1. The ballots shall include an envelope used to seal the ballot.
 - 2. The envelope shall have the name and signature of the absentee voter affixed to the outside of the envelope.
 - 3. If a request for an absentee ballot comes from someone who is not listed as a Voting Member in District records, an absentee ballot shall NOT be sent to this person. Instead, a letter stating that proof of qualifying ownership is required before an absentee ballot will be mailed. An absentee ballot will thereafter be issued upon receipt of such proof of ownership.
- e. Prepare to receive from an absentee voter or his or her designee an absentee ballot sealed in the appropriate envelope. Ballots may be delivered to the Annual Membership Meeting, or delivering to the District or its designated agent as specified in this section 4.
- f. All absentee ballots must be received by the District as described above in order to be valid. It shall be the sole responsibility of the absentee voter to ensure the timely delivery of the absentee ballot to the District.
- g. All absentee ballots received by the District in a timely manner shall be brought to the Annual Membership Meeting for counting with ballots cast at the Annual Membership Meeting. While the ballots are to remain sealed until voting at the Annual Membership Meeting, the identities of the absentee voter shall be ascertained before the Annual Membership Meeting to facilitate the registration of in-person voters at the Annual Membership Meeting.

Section 5. Board Election Results.

Vacancies on the Board of Directors shall be filled by the person or persons receiving the highest number of votes cast, as determine by the Election Committee and reported to the Meeting at which such election occurs. If an election would result in a majority of the Board not being residents of the District as required by MSA section 103B.551(1), vacancies on the Board shall be filled in the order of the highest votes received by such candidate(s) as will satisfy the statutory requirement.

Article 6: Special Membership Meetings

Special Membership meetings may be called by the Board of Directors with the same form of notice required for the Annual Membership Meeting. Written notice of any special meeting shall be mailed to the Membership no less than two weeks prior to the meeting, and shall specify the purpose of the special meeting.

Article 7: Board of Directors

Section 1. Officer Positions.

The officers shall consist of: Chair, Vice-Chair, Secretary, and Treasurer. No person can serve as more than one officer.

Section 2. Officers.

All officers of PGOLID shall be Directors.

Section 3. Election of Officers.

Officers will be elected by the Board of Directors from among their number at the first board meeting following the Annual Membership Meeting, or at such other time as vacancies may occur. Elections will be by secret ballot if more than one person is nominated for any office.

Section 4. Duties of Officers.

- a. The Chair shall preside over all Board meetings, and the PGOLID Annual Membership Meeting.
- b. The Vice-Chair shall preside in the absence of the Chair and perform duties normally associated with this office.
- c. The Secretary shall keep accurate records of all meetings of the Board of Directors, regularly submit minutes to the Board of Directors, ensure timely posting of meeting minutes and other pertinent Board documents to the District's internet website subsequent to Board review and approval, provide

notice of regular and special meetings, and perform all other duties normally associated with this office.

- d. The Treasurer shall present a financial statement at each meeting and ensure timely posting of District financial documents to the District's internet website subsequent to Board review and approval, and perform all other duties normally associated with this office.

Section 5. Director's and Officer's Conflicts of Interest.

All PGOLID Officers and Directors shall not:

- a. Confer or appear to confer a benefit on themselves, a relative, friend or business associate as a result of being a PGOLID Officer and/or Director;
- b. Give unwarranted special consideration or preferential treatment to any person or organization for any reason;
- c. Disclose to others, or use to further their personal interest, confidential information acquired in the course of performing official duties;
- d. Demand or accept a reward, gift, or favor of any kind from a person or organization with whom the employee is, or may be, dealing on behalf of the employer if the reward, gift or favor could reasonably be deemed to influence the employees in the performance of their duties; or
- e. Use his or her property or lands for activities associated with the official discharge of duties unless with prior approval of the Board.

Section 6. Indemnity.

Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a PGOLID Director or officer shall be indemnified by PGOLID against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, if the director or officer acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of PGOLID, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful; provided, however, PGOLID shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such indemnification is authorized by the Board of Directors. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of PGOLID, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. Provided, however, if the action referred to above is brought by or in the right of PGOLID to procure a judgment in its favor, no

indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to PGOLID unless and only to the extent that the Court in which such action or suit was brought shall determine that such person is fairly and reasonably entitled to indemnity for such expenses that Court shall deem proper.

Section 7. Board Member Portfolios.

1. Mosquito Abatement portfolio. The responsible board member(s) will lead the Mosquito Abatement Board and be responsible for communications with and between the PGOLID board, mosquito abatement contractors, and constituents.

2. Septic System portfolio. The responsible board member(s) will work with the county on septic enforcement and testing connected with suspected septic problems.

3. Lake Safety portfolio. The responsible board member(s) will address general water safety issues within PGOLID's jurisdiction, including purchasing, maintaining, and placement of buoys.

4. Water Quality Testing and Monitoring portfolio. The responsible board member(s) will monitor the progress and execution of PGOLID's lake water quality monitoring projects, which will include reporting of the results to the board and LID members. Duties include all aspects of water quality including septic problems, inflows from water sources, aquatic weeds and potential water containments.

5. Finance portfolio. The board Treasurer will be responsible for the Finance portfolio and will oversee both collections and disbursements of funds.

6. Communications portfolio. The board Secretary will be responsible for preparation and posting of meeting notices, public communications and other board communications.

7. Meeting portfolio - The board chair and vice-chair will be responsible for Board and annual meeting coordination, agenda and related arrangements.

8. Liaison Activities. The PGOLID board is as a group responsible for communications with outside organizations such as the DNR, other Lake Improvement Districts, watershed districts, and lake associations. Responsible board member(s) will report to the board no less frequently than quarterly regarding their responsibilities.

Article 8: Board of Directors' Meetings

Section 1. Meetings.

Regular Board of Directors' meetings shall be held no fewer than four times per year, in addition to the Annual Membership Meeting. Meetings shall be physically held in Otter Tail County, or within 10 miles thereof as may be necessary to secure suitable meeting facilities. Meetings shall be scheduled by the Chair, or in the Chair's absence, by a majority of the remaining members of the Executive Committee. A schedule of the PGOLID regular meetings shall be established and kept on file as required by Minnesota Statutes section 13D.04.

Special meetings may be called by the Chair, the Vice-Chair as directed by the Chair, or by either as directed by three members of the Board of Directors, as may be from time to time required to carry out the activities of the Board. The means (i.e. telephonic or electronic) and location of special board meetings shall be as provided by the convening authority, provided however that at least one location shall be available within Otter Tail County for the attendance of Board and PGOLID Members.

"Members of the Board of Directors or any Board Committee may participate in any meeting by means of a conference telephone, Internet electronics, or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other. Participation by such means shall constitute attendance in person at the meeting."

Section 2. Notice of Meetings.

There shall be at least ten days notice given to the public and each Director for any regularly scheduled meeting. For special meetings, written or electronic notice shall be given as required by statute, but in no event shall notice to Directors be less than three days before the meeting. Directors may waive such notice by written or electronic communication to the Secretary.

Section 3. Quorum.

A majority of the Board of Directors duly serving shall constitute a quorum for the transaction of business.

Section 4. Voting.

All Board members, including without limitation all officers, are entitled to vote on all matters unless otherwise prohibited from voting due to conflict or disability.

Article 9: Expenditure of District Funds

Section 1. Approval.

All projects and expenditures must be submitted to the Board of Directors. All expenditures must be approved by a majority vote of the Board of Directors.

Section 2. Reimbursement of Director's Expenses.

Members of the Board of Directors serve without pay, but shall be reimbursed for their actual, out-of-pocket expenditures for items necessarily purchased on behalf of PGOLID. Receipts, vouchers and paid bills must be attached to each claim for reimbursement, and in the case of goods or service to be provided by a Director or a company or entity with which the Director is affiliated, all such amounts must be approved by the Board prior to the obligation being incurred.

Article 10: Committees

Section 1. Executive Committee.

The Chair, Vice-Chair, Secretary, and Treasurer are the Executive Committee. The Executive Committee may meet from time to time upon notice to other Board members for planning purposes and to facilitate the activities of the Board. The Executive Committee has no substantive decision-making authority for actions taken outside of Board meetings, except as otherwise expressly provided herein or by delegation of authority from the Board.

Section 2. Appointment and records.

The Chair with the approval of a majority of the members of the Board of Directors at any regular or special meeting called for that purpose may create and appoint such additional committees as deemed necessary. Committee members may include any person, who need not be a Member. The Chair of each committee shall be designated by the appointing authority, and each committee Chair shall regularly report their committee's progress to the Board of Directors.

Section 3. Funds.

Should any committee require funds for purposes of its work, the committee shall make application to the Board of Directors, with a full statement of the funds required and the purposes for which such funds are to be expended. Upon request of the Board of Directors, the committee shall meet with the Board at any regular or special meeting thereafter to review the request and secure approval of the same.

No committee shall expend or commit to expend any funds without the approval of the PGOLID Board of Directors. All funds secured by any committee shall as soon as practicable be turned over to the Board. All disbursement of funds for any committee shall be dispersed by the Treasurer of the PGOLID, but only after

approval by the Board and identification in the Board's meeting minutes and/or financial records and statements of the District.

Article 11: Amendment of Rules of Governance

These Rules may be amended at any annual or special meeting of the Members for which due notice has been given, but only after such amendment has been first been presented at a meeting of the Board of Directors.

Article 12: Rules of Order

All meetings of PGOLID and its Members, Directors and Committees shall be conducted pursuant to *Robert's Rules of Order (Newly Revised)* unless the issue is otherwise subject to the control or direction of Minnesota law, Otter Tail County Order(s), these Rules, or other or additional rules as may be necessary to conduct their meetings.

Article 13: Fiscal Year

The District fiscal year shall be a calendar year starting January 1 and ending December 31.

Article 14: Headings and Miscellaneous

Nothing in these Rules shall be construed to impose on individual Directors requirements or constraints greater than, or in addition to, those imposed under Minnesota law upon public officials generally.

The headings in these Rules are for convenience only and are not intended to be part of the substantive rule.

ADDENDUM

PGOLID Establishment and History:

PGOLID was established under Minnesota Statute 103B.501 by the Otter Tail County Board of County Commissioners pursuant to a Resolution of Intent dated August 7, 1993, and Order dated October 5, 1993, made effective as of June 4, 1994. The Otter Tail County Board of Commissioner's October 1993 Order was amended December 27, 2001 to delegate to PGOLID additional powers and authorities allowed by Minnesota Statutes Section 103B.551, and on August 18, 2003 to allow absentee balloting for the election of Directors at the Annual Membership Meeting.