

**BYLAWS
OF
CARIBOU LAKE PROPERTY OWNERS ASSOCIATION, INC.**

PREAMBLE

The Corporation concerns itself with matters which may effect the health, pleasure, comfort and security of those living temporarily or permanently along the shores of Caribou Lake, Bixby Lake, and the surrounding elevations constituting their overlooks. The express purpose of this Corporation is to work towards the maintenance and enhancement of the quality of life on Caribou Lake for both seasonal and permanent residents through careful attention to such matters as water quality, shoreline and watershed development, wildlife and fisheries management, and boating and swimming safety. All members are encouraged to reflect on Caribou Lake and its surrounding environs and to actively promote the Northern Minnesota ambience of the Caribou Lake community.

ARTICLE I
NAME

Section 1. Name of Corporation

The name of this Corporation is the Caribou Lake Property Owners Association, Inc., hereinafter referred to as the "Corporation."

Section 2. Non-Profit Corporation:

This Corporation is a Minnesota non-profit corporation.

ARTICLE II
OFFICES

Section 1. Registered Office:

The registered office of the Corporation shall be 3502 East Second Street, Duluth MN 55804, and the Corporation may have offices at such other places as the Board of Directors shall from time to time determine.

The principal office of the Corporation shall be located at Duluth, Minnesota. The Corporation may have such other offices, either within or without the State of Minnesota, as the Board of Directors may determine from time to time.

ARTICLE III
MEMBERSHIP

Section 1. Membership:

The Caribou Lake Property Owners Association shall be representative of the area included within the watershed of Caribou Lake. Persons eligible for membership shall include owners with property along the shores of Caribou Lake and real property along the higher elevations of Caribou Lake constituting its overlooks, such areas hereafter referred to collectively as "Caribou Lake," who wish to participate in this organization established to work for their common good and that of the Lake *itself*.

There shall be no discrimination among applicants for membership because of sex, race, creed, color, national origin, or any Other reason unrelated to the purposes of this corporation.

The members of the Corporation shall be divided into two classes as follows:

(a) Active memberships

(b) Honorary memberships

The qualifications for membership in each class shall be as follows:

(1) Active membership will be open to any person, including individuals, corporations, partnerships, associations, and any other organizations based upon the following criteria.

A. Active membership is limited to one membership per Caribou Lake land parcel. However, there shall be no additional memberships for any individuals or entities owning more than one parcel. Only registered property owners, contract for deed holders or lessees (at times collectively referred to hereafter as "registered title" may be active members.

B. The membership year runs from the date of the Annual Meeting in August or September to the date of the Annual Meeting in August or September of the following year.

C. Membership dues may be paid at the Annual Meeting or by payment mailed to the Association address.

D. A member who has not paid membership dues shall be deemed in default and shall automatically lose his/her membership rights, including voting rights, until such time as dues have been paid in full.

(2) Honorary memberships. Upon the recommendation of the Board of Directors, any past or present member of the association or any person who has distinguished himself/herself by meritorious or unusual service in the public education concerning fresh water environmental stewardship is qualified to become an honorary member.

Section 2. Application for Membership.

Any qualified person interested in becoming an active member of the Corporation shall register their Lutsen township address with and pay dues to the Association treasurer.

All applications for membership shall be approved by the Board of Directors.

Section 3. Resignation.

Any member may resign by filing a written resignation with the Secretary, but such resignation shall not reliev the member so resigned of the obligation to pay any dues, fees, or other charges theretofore accrued and unpaid.

Section 4. Termination of Membership:

The Board of Directors may, by a two-thirds (2/3) vote of those present at any regularly constituted meeting terminate the membership of any active member who becomes ineligible for membership, or suspend or expel an) active member who shall be in default in payment of any dues or assessments for the period fixed by these Bylaws or for conduct detrimental to the interests of the Corporation.

The member, upon being notified of termination of membership, may petition the Board for review, and the Board shall thereupon appoint a committee from among the membership of not less than three members to conduct a fair and impartial hearing. The committee shall report its recommendations to the Board and the Board's decision shall be final and binding.

Section 5. Reinstatement:

Upon written request signed by any former member and filed with the Secretary, the Board of Directors may, by the affirmative vote of a majority of the members of the Board, reinstate such former member to membership upon such terms as the Board of Directors may deem appropriate.

Section 6. Transfer of Membership:

Membership in this Corporation is not transferable or assignable.

ARTICLE IV
VOTING

Section 1. Voting Rights:

Only active members may vote on any matters at a meeting of the members. Each membership carries with it the right vote at any membership meeting according to the following criteria:

- A. One vote for each individual member.
- B. Two votes if the membership consists of two or more individuals holding the registered title to the parcel as joint tenants or tenants in common.
- C. Two votes if the membership is based on registered title to the parcel held by a partnership, a limited liability company, or a corporation.

Each such voting member shall be current in payment of all dues, fees, or other assessments before being entitled to vote.

A voice vote or show of hands shall prevail at all meetings of business except as follow:

- A. In electing directors, where more than the required number of directors are nominated and stand for election, the election shall be by secret ballot.
- B. When a majority of the Board of Directors request a secret ballot.
- C. When a secret ballot is requested by a majority vote of the active members of the Association at any membership meeting.

Section 2. Majority Action and Quorum:

At any meeting of members of the Corporation, all matters considered at such meeting must be voted on and approved by a majority of the eligible voting members in attendance, and shall become effective as of the voting. In any event, no action may be taken unless twenty percent (20%) or more members are present.

ARTICLE V
ANNUAL DUES RECOMMENDATION

Section 1. Dues:

The membership fee of the Corporation shall be set as follows:

The Board of Directors shall recommend the amount of annual dues payable to the Corporation by its members. Such recommendation shall consider the financial status of the Corporation and such other relevant factors including the activities and expected responsibilities of the Corporation as the Board of Directors shall determine. The Board of Directors' recommended dues structure shall be presented to the membership at its next annual meeting.

The dues rate to be recommended to the membership shall be established by a majority vote of the voting Directors present.

ARTICLE VI
OFFICERS

Section 1. Officers:

The officers of the Corporation shall be a president, a vice-president, a secretary, a treasurer, and such other officers as may be elected or appointed in accordance with the provisions of this Article. The Board of Directors may appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. No person may hold more than one (1) office at the same time.

Section 2. Appointment and Term of Office:

The officers of the Corporation shall be appointed by the Board of Directors a regular annual meeting of the Board of Directors. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office for one year and until his/her successor has been duly elected and qualified

Section 3. Removal:

Any officer appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby.

Section 4. Vacancies:

A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Powers and Duties:

The several officers shall have such powers and shall perform such duties as may from time to time be specified in resolutions or other directives of the Board of Directors. In the absence of such specifications, each officer shall have the power and authority and shall perform and discharge the duties of officers of the same title serving in nonprofit corporations having the same or similar general purposes and objectives as this Corporation. Unless restricted by specific resolutions or other directives of the Board of Directors, the officers shall have the following general powers and duties.

Section 6. President:

The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He/she may sign, with the Treasurer or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized unless authorization thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Corporation; and in general he/she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall be ex-officio a member of all committees of the Corporation. The president shall act as chairman for all meetings of the membership and Board of Directors.

Section 7. Vice President:

In the absence of the President or in the event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him/her by the President or the Board of Directors.

Section 8. Secretary:

The Secretary shall keep the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose; see that all notices are duly given *in* accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records of the Corporation; keep a register of the address of each member, which shall be furnished to the Secretary by such member.

Section 9. Treasurer:

The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever; and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 10. Expenses of Board of Directors, Officers, Committees and Members:

Members of the Board of Directors, members of any committee of this Corporation, and any officer or members of this Corporation may be reimbursed for any out-of-pocket expenses incurred in the business of this Corporation if reimbursement is required and approved by the Board of Directors.

ARTICLE VII
DIRECTORS

Section 1. General Powers:

The affairs of the Corporation shall be managed by its Board of Directors. Directors need not be residents of the State of Minnesota.

Section 2. Powers of Board of Directors:

The Board of Directors shall have the power to hold meetings at such times and places as they think proper; to appoint committees for various purposes from their own membership or from the active membership of the Corporation; to enact and amend Bylaws; to provide for standing committees and define their duties; shall at a regular meeting recommend the annual dues, if any, which shall be levied upon the members of the Corporation during the ensuing year for the general expenses of the Corporation; may print and circulate documents; may devise and carry into effect such measures as they deem proper and expedient to promote the objects of the Corporation. The Board of Directors shall have the full and exclusive authority, in their discretion, to establish and implement all policies and regulations of the Corporation, construe and interpret the terms thereof, and to determine all questions arising in the administration and operation of the Corporation. Except as otherwise stated in the Articles or Bylaws or as required by law, any such construction or determinations by the Board of Directors shall be conclusive, final, determinative and binding on all persons including officers and members of the Corporation.

Section 3. Number, Tenure, Qualifications:

The Board of Directors shall consist of at least five (5) but not more than eleven (11) Directors. All Directors shall be members in good standing of the Corporation. Except as otherwise expressly provided for herein, the term of office of each director shall be for two (2) years until the annual meeting of members at which said director's term expires and the election and qualification of his/her successor. An odd number is preferable vs. an even number of Directors and terms of service should be staggered as close to evenly as possible so that approximately half of the board is elected at each annual meeting

Section 4. Regular Meetings:

A regular meeting of the Board of Directors shall be held without any other notice than this bylaw immediately prior to or after, and at the same place as, the annual meeting of the members. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings.

Section 5. Special Meetings:

Notice of special meetings of the Board of Directors shall be given at least five (5) days prior thereto by written notice delivered personally or sent by mail, electronic mail, or facsimile to each director at his/her address as shown by the

records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Section 6. Quorum:

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board but if less than a majority of the Directors are present at any meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting:

The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 8. Vacancies:

Any vacancy occurring on the Board of Directors shall be appointed by the President and approved by the majority of the Board. A director appointed to fill a vacancy shall serve for the unexpired term of his/her predecessor in office.

Section 9. Compensation:

Directors as such shall not receive any stated salaries for their services. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefore.

Section 10. Informal Action by Directors:

Any action require by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the Directors.

Section 11. Nominating Committee for Directors:

The President shall appoint a nominating committee who shall place in nomination at the annual meeting of the membership, the names of persons to be voted upon for each directorship to be filled at such election.

Section 12. Re-election as Director - Appoint to Fill Vacancy:

In the event of death, incapacity, resignation, or removal of a director, the President shall appoint a successor to fill the unexpired term and such successor shall be approved by a majority of the Board of Directors.

Section 13. Removal:

A director whose continued service is deemed detrimental to the welfare of the Corporation may be removed as a Director by a two-third (2/3) vote of the other Directors.

ARTICLE VIII
COMMITTEES

Section 1. Committees of Directors:

The Board of Directors by resolution, may designate and appoint one or more committees, or may delegate to the President the authority to make such appointments, each committee to consist of one or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation; provided, however, that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such committee; adopting a plan of merger or adopting a plan of consolidation with another corporation; amending Articles of Incorporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings thereof; adopting a plan for the distribution of the assets of the Corporation. The designation and appointment of any such committee and the delegation thereto of authority shall not relieve the President or any individual director of any responsibility imposed upon it or him/her by law.

Section 2. Other Committees:

Other committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be designated by the President. Except as otherwise provided in such resolution, members of each such committee shall be members of the Corporation, and the President shall appoint the members thereof. Any member thereof may be removed by the President whenever in his/her judgment the best interests of the Corporation shall be served by such removal.

ARTICLE IX
MEETINGS

Section 1. Annual Membership Meeting:

The membership of the organization shall meet annually for the purpose of receiving reports and of electing the Directors for the ensuing term, and for the transaction of any other business. The date and place of such annual meeting shall be held at such location as is determined by the Board of Directors in either August or September in each year, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors is not held on the day designated herein for any annual meeting, or at any adjournment thereof the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as is convenient.

Section 2. Special Meetings:

Special meetings of the members may be called by the President, or majority of the Board of Directors, or not less than ten percent (10%) of the members having voting rights, at such location as is determined by the Board of Directors.

Section 3. Place of Meeting:

The Board of Directors may designate any place either within or without the State of Minnesota as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made or if a

special meeting be otherwise called, the place of meeting shall be in Cook County, Minnesota; but if a majority of the members shall meet at any time and place, either within or without the State of Minnesota and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 4. Notice of Meeting:

Written or printed notice stating the place, day, and hour of any meeting of members shall be delivered either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his/her address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5. Informal Action by Members:

Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by a majority of the members entitled to vote with respect to the subject matter thereof.

Section 6. Quorum:

Attendance at any membership meeting by twenty percent (20%) of the members shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 7. Proxies:

No proxies shall be recognized at any meeting of members.

Section 8. Voting by Mail:

Where the Board of Directors determines by a majority vote to conduct a vote by mail, the same shall be considered the action of the Corporation if passed by a majority of eligible voting members. Such mail voting shall be conducted on the subject and in such a manner as the Board of Directors may determine.

ARTICLE X
RULES OF ORDER

The rules of parliamentary procedure contained Roberts Rules of Order Revised shall govern all meetings of the Corporation except where the Bylaws provide otherwise.

ARTICLE XI
AMENDMENTS

These Bylaws may be amended at any meeting of the Board of Directors by a two-third (2/3) vote of the Board. No amendment shall be considered at any such meeting unless written notice setting forth in substance the proposed amendment shall have been mailed to the members of the Board at least (10) ten days prior **to** such meeting.

ARTICLE XII
INDEMNIFICATION

The Corporation shall indemnify each director and officer of the Corporation against all expenses, including attorney's fees, amounts paid pursuant to a judgment or settlement agreement, reasonably incurred by him/her in connection with or arising out of any action, suit or proceeding in which he/she may be involved by reason of his/her being or having been a director or officer of the Corporation, whether or not he/she is a director or officer at the time of incurring such expenses and whether or not the claim asserted against such officer or director is based on matters which occurred prior to the adoption of this rule. The foregoing right of indemnification shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law.

ARTICLE XIII
CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts:

The Board of Directors may authorize any officer or officers or agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or may be confined to specific instances.

Section 2. Checks, drafts, etc.:

All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers or agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and shall also be countersigned by either the President or Vice President of the Corporation.

Sections. Deposits:

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 4. Gifts:

The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for any purpose of the Corporation.

Section 5. Investment of Funds:

The surplus funds of the Corporation may be invested in such manner as shall be determined by the Board of Directors or the Board of Directors may delegate such authority under their discretion and supervision, jointly to the President and Treasurer.

ARTICLE IVX
BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and all committees having and exercising any of the authority of the Board of Directors, and shall keep at the principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Corporation may be inspected by any member, or his/her agent or attorney, for any proper purpose at any reasonable time.

ARTICLE XV
FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

ARTICLE XVI
MEMBERSHIP DUES

Section 1. Annual Membership Dues:

The Board of Directors shall recommend to the membership at the annual membership meeting the amount of annual dues, if any, payable to the Corporation by members. The amount payable to the Corporation by members shall be established each year by the majority vote of the membership present and voting at the annual meeting.

Section 2. Payment of Dues:

Membership dues, if any, shall be due and payable at the Annual Meeting or within one month thereafter by payment mailed to the Association address.

ARTICLE XVII
CORPORATE SEAL

This Corporation shall have no corporate seal.

ARTICLE XVIII
WAIVER OF NOTICE

Whenever any notice, if required to be given, under the provisions of Minnesota laws or under the provisions of the Articles of Incorporation or the Bylaws of the Corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIX
DISSOLUTION AND DISTRIBUTION OF ASSETS

Section 1. Notice and Member Voting:

Dissolution shall be made pursuant to the provisions of the applicable Minnesota Statutes and this Corporation's Articles of Incorporation. Dissolution shall be only upon the affirmative vote of a full two-thirds (2/3) of all voting members present at a membership meeting. Said vote shall take place at a meeting of which written notices was given ten (10) days prior to such proposed dissolution meeting.

Section 2. Pecuniary Benefits:

This Corporation shall not furnish any pecuniary gain to its members, nor pay dividends or any other pecuniary remuneration to its members.

Section 3. Distribution of Assets on Dissolution:

Upon the dissolution of this Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of this Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the District Court of Cook County, Minnesota exclusively for such purposes or to such organization or organizations, as said Court shall determine which are organized and operated exclusively for such tax exempt purposes.