

**LAKE MINNETONKA CONSERVATION DISTRICT
BOARD OF DIRECTORS**

7:00 P.M., Wednesday, March 27, 2013
Wayzata City Hall

1. CALL TO ORDER

Babcock called the meeting to order at 7:00 p.m.

2. ROLL CALL

Members present: Doug Babcock, Tonka Bay; Andrew McDermott, Orono; Gary Hughes, Spring Park; James Doak, Woodland; Jay Green, Mound; Anne Hunt, Minnetrista; Dennis Klohs, Minnetonka Beach; and Jeff Morris, Excelsior. Also present: Charlie LeFevere, LMCD Counsel; Greg Nybeck, Executive Director; Judd Harper, Administrative Technician; and Emily Herman, Administrative Assistant.

Members absent: Dan Baasen, Wayzata; Ann Hoelscher, Victoria; Keith Kask, Deephaven; Rob Roy, Greenwood; Sue Shuff, Minnetonka; and Mark Sylvester, Shorewood.

3. APPROVAL OF AGENDA

Babcock recommended removing agenda item 9B, "Staff update on 2013 AIS Prevention and Management Programs," due to on-going discussions.

MOTION: McDermott moved, Hunt seconded to approve the agenda as amended, removing agenda item 9B.

VOTE: Motion carried unanimously.

4. CHAIR ANNOUNCEMENTS, Chair Babcock

There were no Chair announcements.

5. APPROVAL OF MINUTES – 03/13/13 LMCD Regular Board Meeting

MOTION: McDermott moved, Hunt seconded to approve the minutes from the 03/13/13 Regular Board Meeting as submitted.

VOTE: Motion carried unanimously.

6. APPROVAL OF CONSENT AGENDA

Babcock directed the Board to documentation submitted for agenda item 6C (North Shore Marina – Browns Bay), in which he outlined the following: 1) the draft site plan, attached to the draft Findings of Fact and Order, documented the proposed additional access points (which will formally be added to the site plan after Board approval) and 2) the wording "at no charge" added to the draft Findings under Public Service amenity "C." Both of these additions were directed by the Board at their March 13th meeting.

Hunt moved, McDermott seconded to approve the consent agenda as submitted, taking into consideration the

comments noted above. Items so approved included: **6A**, Audit of vouchers (3/16/13 – 3/31/13); **6B**, January financial summary and balance sheet; and **6C, North Shore Marina (Browns Bay)**, 1) draft Findings of Fact and Order approving special density license application and 2) 2013 new multiple dock license application.

7. PUBLIC COMMENTS- Persons in attendance, subjects not on the agenda (limited to 5 minutes)

There were no public comments.

8. PUBLIC HEARING

- **Bayview Charter Cruises**, 2013 new on-sale intoxicating liquor license application for the charter boat, Elixir.

Babcock asked Harper for background on this agenda item.

Harper summarized a request from TRBK, Inc., dba, Bayview Charter Cruises, for a 2013 new intoxicating liquor license, with Sunday option, for the charter boat Elixir. This boat would replace their formerly owned charter boat, Escalade, which carried the same liquor license. The applicant has identified Bayview Event Center and the City of Wayzata docks as their ports of call, in which both municipalities have approved. He recommended that the Board approve the following: 1) a new 2013 intoxicating liquor license application, with Sunday option, for the charter boat Elixir and 2) a full refund of \$3,000 for the preliminary investigation deposit. He entertained questions and comments from the Board, in which there were none.

Babcock opened the public hearing at 7:04 p.m. There being no comments, he closed the public hearing at 7:05 p.m.

MOTION: Hunt moved, Morris seconded to approve: 1) Bayview Charter Cruises' new 2013 intoxicating liquor license application, with Sunday option, for the charter boat Elixir and 2) a full refund of \$3,000 for the preliminary investigation deposit.

VOTE: Motion carried unanimously.

9. OTHER BUSINESS

A. Abdo, Eick, & Meyers, review of draft 2012 LMCD Audit

Babcock stated that Steve McDonald was in attendance to provide an overview on this agenda item. He welcomed him on behalf of the Board.

McDonald made the following comments:

- Financial operations (all of which were completed in-house) were in compliance with State of Minnesota standards, which met the goal of an "unqualified" opinion within the audit process.
- One internal control deficiency was noted (preparation of financial statements). He explained that the account receivable portion of finances is well segregated. However, at the end of the year, it is the Executive Director (one employee) who has ultimate responsibility of the financial statements

(working closely with the treasurer), which is common in a small office setting. He believed Nybeck takes full responsibility for this task (asking very good questions and keeping the auditor accountable, which is a good compensating control measure).

- 2012 provided for the implementation GASB 63 and 65; providing for terminology only. This did not change the fund balance in terms of dollar amounts.
- Performing the audit provided for no disagreements or difficulties. All material requested was received and in compliance.
- The General Reserve Fund balance was up \$31,799 from the year-ending 2011 balance. He stated that this fund was budgeted for a \$44,000 decrease and the balance provided for positive revenue and expenditure results (the fines and forfeitures revenue line item was \$51,000 over budget and the legal fees expenditure line item was under budget by \$23,000). Overall, a good performance was documented for this fund (the ending fund balance was \$301,204, which provided for 65% of planned expenditures in 2013). The LMCD has a 50% General Reserve Fund balance policy.
- The Aquatic Invasive Species (AIS) Fund balance decreased \$3,164 from the year-ending 2011 balance. This was driven by higher revenue than expected (\$17,827) and the planned transfer out of funds (\$20,856). In reviewing this fund's trend, he stated there was a decrease during 2008 to 2010; however, this reserve fund has since been maintained at about 50% (\$64,433 for the 2013 \$125,000 budget).
- The Save the Lake Fund balance decreased \$16,456 from the year-end 2011 balance. This balance provided for revenue coming in under budget (i.e., contributions); providing for an ending fund balance of \$176,246.
- The Equipment Replacement Fund balance decreased \$95,465 from the year-ending 2011 balance. He acknowledged the fund's increased balance over the last couple of years (insurance settlement payments and fund transfers); offering the purchase of the harvester in 2012 for its decrease. He believed the expenditure was an acceptable reason for such.
- In summary, he offered the following: 1) the fund balances were consistent in their reserves and target levels, 2) he received good results through the audit process, and 3) the recommendation to continue building and maintaining the Equipment Replacement Fund reserves for future purchases.
- He entertained questions and comments from the Board.

There being none, Babcock thanked McDonald for his time and service.

MOTION: McDermott moved, Morris seconded to accept the Management Letter and Annual Financial Report for the year ending December 31, 2012.

VOTE: Motion carried unanimously.

C. Timetable for 2014 LMCD Budget Process

Babcock asked Nybeck for background on this agenda item.

Nybeck directed the Board to the staff memo, dated 3/20/13, which outlined the proposed timetable for the 2014 budget process. He made the following comments:

- Staff is currently obtaining market values and net tax capacity figures from both Hennepin and Carver counties. He prefaced that the levy is set by a specific percentage of the total taxable market value, which is going down annually in recent years. Therefore, the maximum levy the LMCD could forward to the member cities is going down.
- The LMCD typically initiates this process by holding a workshop session in the office; recommending the latter part of the week of April 8th or the week following.
- The first formal review by the LMCD Board is planned for April 24th. At this meeting, a budget is typically received and staff is directed to distribute such to the member cities for their review and comments. He reminded the Board that some member cities only have one city council meeting per month.
- A meeting is planned for June 6th in the LMCD office to review and discuss the budget with member city officials.
- Review and approval of the budget is planned for the June 12th Board Meeting. This meeting is typically scheduled to allow for a back-up date should future quorum issues exist. If needed, a final review is possible at the June 26th Board Meeting.
- Per state law, the approved budget must be received by the member cities by July 1st.
- He entertained questions and comments from the Board.

The consensus of the Board was to schedule a workshop session, as noted above, for April 16th, at 6:00 p.m., in the LMCD office.

Nybeck stated that staff has ordered the 12 industrial stands (previously communicated to the Board last fall) that will be utilized to store the harvesters on land. He estimated this purchase at \$2,800 and recommended paying for this purchase from the AIS Reserve Fund.

The Board did not object to Nybeck's recommendation.

10. Update from standing LMCD Committees:

Babcock asked for an update from the Chair, or designated representative, of each committee (Save the Lake, AIS Task Force, Finance, Personnel, Public Safety, and Ordinance Review).

Babcock stated that the Ordinance Review Committee met on March 20th. They reviewed recommendations offered in the drafting of a lake-wide bowfishing ordinance, in which those recommendations were forwarded to LeFevere for the drafting of the ordinance. The committee has scheduled its next meeting for April 17th, to consider prioritization in the consideration of other agenda items. The Finance Committee met this evening, in which they deposited funds into a Certificate of Deposit and have scheduled a follow-up meeting for April 10th to consider depositing additional funds.

Nybeck stated the Save the Lake Committee has a meeting scheduled for April 4th at 8:30 a.m., in the LMCD office.

There were no AIS Task Force, Public Safety, or Personnel committee reports.

McDermott asked if a meeting would be set up to meet with the marina owners prior to the beginning of the boating season.

Nybeck stated that if it is the Board's desire to have this meeting, he would coordinate such (receiving positive feedback from Rich Anderson of North Shore Marina who was present in the audience).

11. EXECUTIVE DIRECTOR REPORT

Nybeck entertained questions relative to his report, dated 3/26/13.

McDermott asked if there were any water level readings to consider and had the office heard from anyone relative to low water condition dock extensions.

Nybeck stated he spoke with Minnehaha Creek Watershed District Administrator Eric Evenson, in which the last documented reading was 927.68 feet in late November. In talking with Evenson, it was concluded that a reading prior to ice out would not be accurate. Additionally, he spoke with Lt. Saunders from the Hennepin County Sheriff's Water Patrol (and other Lake stakeholders) confirming there is about two feet of ice on the Lake at this time. In regards to the communication on low water dock extensions, the office has received a few calls. He outlined the two meetings scheduled for the month of April (10th and 24th), in which there was a possibility in considering low water conditions on the 24th (providing for the Board to call a special meeting if other dates need to be considered).

12. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:21 p.m.

Doug Babcock, Chair

Andrew McDermott, Secretary