

**LAKE MISSION VIEJO ASSOCIATION
BOARD OF DIRECTORS MEETING
January 9, 2007 --- 7:05 PM**

MEETING: Upon notice duly given and received, this meeting of the Lake Mission Viejo Association Board of Directors was held at the lake offices. The meeting was called to order by Jeff Miklaus at 7:05 PM

Board Members Present: Jeff Miklaus, President
Jane Chadburn, Vice President
Fred Mellenbruch, Vice President
Sid Wittenberg, Treasurer
Diane Lincoln, Secretary

Staff Members Present: Howard Sandler, General Manager
Dave Kerr, Administrative Manager
Chris Graham, Operations Manager

Others Present: B. Moore, M. Ziegler, T. Musolino, N. Schmidt, W. Broadhag, A. Glasky, S. Hayes, R. Simenz, J. Sobszak, A. Cook, B. Hoffman, T. Hoadwonic, M. Terusa, A. Waugh, K. Kriz.

Special Presentation: Dave Rhook, of HDR Engineering, presented an overview of what his company does concerning the lake. After his presentation a motion was made by Diane Lincoln to renew the contract with HDR Engineering for 2007. Second, Sid Wittenberg. No further discussion. Vote carried: 5-0-0.

Delegate's Report: None

Director's Report: None

Treasurer's Report: The financial statements for month ending December 31, 2006 were distributed. The financial information discussed was contained in the statements.

Sid Wittenberg reported:

Actual revenue of	\$6,198,674
Gross Income of	5,978,277
Actual operating expenses of	5,959,034
Capital Expenditures	19,243
Net Income	0
Total Investments	5,881,943
Total Operating cash on hand	111,713
Interest Income	227,912

At the end of the year our budget is working as designed. There are no trends in expense showing any problems.

We ended the year with a surplus of \$464,381. Per instructions from the Board, \$181,922 was transferred to the future expansion fund, \$250,000 was transferred to long term reserves and \$32,459 was transferred to the contingency fund bringing the balance back up to \$250,000.

Manager's Reports:

GENERAL MANAGER'S REPORT

FINANCIAL (Revenue Cost Reserve Audit)

- Assessment bills totaled \$2,610,720 for 23,476 homes plus another \$23,343 for Lakefront footage. \$1.27M collected thru end of December. Payments still being received at a brisk pace.
- All purchase orders, invoices and receipts for products and services received in December were required to be turned in by EOM to ensure that these expenses were recorded in our 2006 Year/End Financial Statement. Follow up was emphasized in this matter to prevent posting of out-of-period expenses against 2007 financial performance.
- Laura, Dave and I met on Thurs – 12/21 to determine all potential year-end accruals to ensure that all 2006 expenses were recognized in 2006 Financial Statement rather than being carried forward against 2007 performance.
- Year-End Physical Inventory of Retail & Vending Merchandise conducted allowing Laura to be able to reconcile actual on-hand levels with Balance Sheet entries made throughout 2006 and prior. Accurate count / corresponding Balance Sheet entry needed for 2007 to have a correct opening value and also to allow proper tracking of cost control / KRA performance going forward. Counts will also need to be conducted periodically in future.
- Received engagement letter from Keyhan and Associates for 2006 Audit to be performed in 2/07.
- Boat rentals back at full price from Sat 12/16 thru Sun – 1/7.

HR / LABOR TOPICS

- Open Enrollment Meetings for all group insurance plans conducted on Thurs – 12/14 and Fri – 12/15.
- Final negotiations of 2007 Group Insurance plan resulted in almost \$15K worth of reduced premiums on existing coverage levels (net of vision plan upgrade) versus what was previously projected.
 1. Successfully appealed Risk Adjustment Factor (RAF) through Health Net resulting in decrease in factor from 1.10 to 1.05 which in turn, lowered 2007 premium increase from 13.7% to 8.6%. End result was an \$18K (\$13.5K LMVA portion / \$4.5K Employee portion) increase in Health Net premiums rather than a \$29K increase.
 2. Greg Haack (Pacific Group) was also able to leverage products and rates available from Hartford to renegotiate rates with Guardian (existing carrier). End result was that the annual base dental premium was decreased by \$2K and reduced another \$2.5K by changing to a 4-tier structure from 2-tier.
 3. Additionally, long term disability quote was decreased by \$900. LTD rates were also extended thru Dec '07 resulting in 5 month savings impact. Originally, Guardian plan only ran thru July '07. This lines all group plans up on calendar year renewal schedule.
 4. With reduction in Guardian premiums, this allowed us to enhance vision care plan by moving from MES to VSP. This plan significantly expands provider network at a \$1,900 annual premium increase.
 5. Finally, an Employee Assistance Program (EAP) for support / counseling purposes was added thru Guardian *at no additional cost* to LMVA.
- 2007 KRAs (Goals & Objectives) written for all Management and Supervisors. Individual discussion of format, purpose and specifics of goals conducted with all who have been assigned KRAs. Complete KRA package provided to Board in late December.

SPECIAL EVENTS & RECREATION

- Fishing Tournament #1 successfully held...40 anglers in Sat – 12/2 tournament...Big fish weighed 4 lbs. 4 oz.
- Fishing Tournament on Sat – 12/16 (25 participants --- Biggest fish = 3 lbs)...Kid's Tournament on Thurs – 12/28 with 80 participants.
- Jane, Dave K and I met with Ken Phebus (Talent Buyer) on Mon – 12/11 for initial discussion regarding booking field for 2007 Summer Concert Series. Good start to our planning process.

SAFETY & HEALTH (Incidents Inspections Etc)

- On-going work in progress relative to targeted 2007 Safety Program (KRA) measures. Active discussion and planning taking place on a weekly basis. Have also received a number of highly effective visual aid tools (posters) which will be strategically placed throughout property in connection with program.
- Paramedics called for near fainting incident at North Beach (Volleyball) on Sun morning – 12/17...Paramedics also called on Fri – 12/22 for reported knee injury of Member.

SECURITY ISSUES

- East Beach “egged” a couple times recently. Area was power washed and cleaned up by Maintenance personnel. Follow up with police to ensure awareness of vandalism activity for patrol purposes.

MAJOR PROJECTS / INITIATIVES

- Met with Karel Kriz on Tues – 12/19 to review options / details for Snack Bar seating area cover and a modular picnic shelter system (replacement) for the park as well as various thoughts pertaining to long-term expansion of Administration / Recreation Building. Further discussion is pending. Special session will be scheduled with proper notification to Delegates.

CONTRACTUAL (Bids Compliance Etc)

- Contract terms for 2007 Accounting, Printing, Publishing, Security and Landscape programs under review...Landscape proposal to be presented to Board at this Meeting...Dave Roohk (HDR Engineering) just made his presentation.
- 2007 Instructor Contracts mailed...24 contracts sent (approximately half at 80/20 revenue share and the other half at 70/30 share).

ADMINISTRATIVE MANAGER'S REPORT

BILLING DEPARTMENT

- As of December 31, 2006, staff has deposited \$1,270,000.00 in assessment payments. As of report time, staff has deposited an additional \$745,000 in assessment deposits to bring our current assessment total to \$2,015,000 deposited for this period.
- Staff is depositing assessments the next business day from receipt by mail.
- Credit card payments are coming in. We are making a few adjustments as we proceed with the new program.

MEMBERSHIP DEPARTMENT

- Membership is experiencing lots of walk-in traffic over the holiday.
- Staff has processed 2 voluntary memberships during December.
- Staff has begun the process of evaluating the boat registration files for boats stored on the lake and in our storage facilities to update 2007 registration and insurance.

ACCOUNTING DEPARTMENT

- John O'Neill on loan from the Lifeguard Department has learned the basics of accounting and is ready to let Laura take leave to have her baby. We will have Laura for a couple of days in January and then she will be back in a couple of months.
- Laura is working on closing 2006 fiscal year closing. We will have a statement for the meeting on Tuesday.

INVESTMENTS

- We are looking at short term investment options versus money market rates for the large amount of money we have deposited since the assessment billing.

PUBLICATIONS

- The February Noticia is in process with information regarding spring events, fishing news, seasonal job recruiting and various other information for the members in the new year
- We have purchased new Adobe software to improve efficiency in our Noticia and Discovery production process.

WEBSITE INFORMATION

- Karel Kris' stats show 387,388 visits to the website in 2006 versus 56,753 visits during 2000 (the first complete year of website operation). The 32,335 visits for December 2006 is a 38.6% increase over last year in December. The consistent increase in the use of the website shows that members are spending more and more time visiting our site.

SECURITY ISSUES

- During December, we suspended 3 young members for a series of minor fishing violations for the balance of the Holiday Break.

FISHING CLUB INFO

- The Fishing Club is meeting Wednesday, January 10th at 7 PM.
- The January tournament is scheduled for Saturday January 13th at 6:00 AM.
- Enclosed you will find a Casta del Sol Fishing Club schedule for 2007.

MAJOR PROJECTS / INITIATIVES

- We are still evaluating the Recreation software project. John Venegas and Karel Kriz have been working together in order to make sure that we are not purchasing software that we already have built into our database and website now. Karel has done some extensive work on the website pertaining to class registration already and John wants us to maintain one database only for ease of maintenance.

OPERATIONS MANAGER'S REPORT

SPECIAL PRESENTATIONS / MEMBER-EMPLOYEE / COMMUNITY RELATIONS

- I compliment the staff on a job well done over the holidays. The week from Christmas to the New Year was the most active in terms of fishing and boat rentals.

HR / LABOR TOPICS

- The Management team is in the process of revising the Lake's Injury Illness Prevention Program Handbook.
- The Management team is also designing the Lake's New Hire Safety Orientation Package.

LIFEGUARDS / SAFETY & HEALTH (Incidents Inspections Etc)

- Engineer Rick Draeger with the Division of Safety of Dams will be on-site Thursday, January 11, 2007 to inspect our 48" drainage pipe that runs through the dam.
- Richard Book, Senior Safety Specialist with ICW Group, the Lake's Worker's Compensation carrier conducted an on-site inspection on December 28, 2006

- Lifeguard December Statistics in Board package.

RECREATION / SPECIAL EVENTS

- The Recreation Department is creating two new programs this year that include our first ever eight-week bass fishing league for ages 16 and older as well as a new “Young B.A.S.S. Masters” club for ages 18 and under.
- The 14th Annual Fishing Derby held on December 28 had roughly 80 kids participate. The first catches in both derbies came within seconds of the first cast hitting the water, and limits were caught within the first 20 minutes of fishing. Photos should soon be on the LMVA website. The event went very smoothly and we received many compliments.

BIOLOGY / LAKE INFORMATION

(High 701.15 – Low 700.00 Operating Range)

Lake Elevation 700.08 feet above see level
 Surface Water Temperature 57 degrees
 Secchi Visibility 38 feet

		<u>December</u>	<u>January</u>	<u>2006 Total</u>	<u>06-07 Rain Season Total</u> (July 1, 06-July 1, 07)
Purchased Water:	10 a.f	0 a.f.		206 a.f.	
Actual Rainfall:	.86	0”		10.30”	1.28”
Usual Average Rain		1.88	3.17”	15.92”	4.11”

- LMV has received 21,000 pounds of rainbow trout so far this season.
- Below is our January and first part of February trout season stocking schedule:
 Tue 1/9/2007 4,000 pounds (Lassen Trout Co. – late stocking)
 (includes 100 tagged trout for prizes)
 Tue 1/23/2007 4,500 pounds (Chaulk Mound Trout Ranch -morning stock)
 Tue 2/6/2007 4,000 pounds (Lassen Trout Co. – late stocking)

MAINTENANCE / BOAT RENTALS / LANDSCAPE / FACILITIES

- 2005-2006 Boat Rental Comparison attached.
- The Maintenance Staff has been busy taking down the holiday decorations and lights.
- Boat storage gates were refurbished on Friday, January 5, 2007.
- Due to the overwhelming number of coots (birds) entering the park from the lake, we put up an orange snow fence on the water line of the beach to minimize their access to the park. They are causing lawn damage and are responsible for the mess on the walkways.
- Landscape report attached.

MEETINGS

- Met with Rain Master and O'Connell Landscape on January 5 to discuss and evaluate smart controllers. We should have bids for the Smart Controllers by the end of the month.
- Safety Officer Meeting – Thursday, January 11, 2007 - Upstairs administration 2:00 pm.
- All LMVA Employees - Safety Training - Wednesday, January 17, 2007 - Upstairs admin 2:00 pm.
- All LMVA Employees – Disaster Preparedness Training and Exercise – Upstairs administration. Thursday, February 8, 2007 at 2:00 pm.
 Saturday, February 10, 2007 at 10 pm.
- California Association Of Community Managers Law Seminar, Tuesday, January 23, 2007.

OLD BUSINESS

Mr. Graham said we sent out RFP's for landscape maintenance. After reviewing them staff recommends retaining O'Connell Landscape for 2007. Motion made by Fred Mellenbruch to approve the landscape contract for 2007 with O'Connell Landscaping. Second Sid Wittenberg. No Further discussion. Vote carried 5-0-0.

NEW BUSINESS

Staff recommends staying with Ardavan Keyhan, of Keyhan/Hewitt, to do our annual audit. Motion made by Sid Wittenberg, Second Fred Mellenbruch. No further discussion. Vote carried 5-0-0.

Staff recommended the purchase of a new Honda motor for the Biology boat. The last time we purchased a 90 HP motor was in September 2003 for a cost of \$8,630. This motor has provided us roughly 3,100 hours of running time. Requesting the approval to purchase one 90 HP Honda outboard motor from Trade Wind Inflatables for a cost not to exceed \$9,520 from Reserves Account 2046 and the remaining \$199.15 to come from budget line item account 5082 for a total cost of \$9,719.15. Motion made by Jane Chadburn to approve the purchase. Second, Diane Lincoln. No further discussion. Vote carried 5-0-0.

Adjournment: There being no further business, this meeting of the Lake Mission Viejo Association was adjourned at 8:30PM.

Attest: _____, Secretary