

**LAKE MISSION VIEJO ASSOCIATION
BOARD OF DIRECTORS MEETING
October 12, 2010**

MEETING: Upon notice duly given and received, this meeting of the Lake Mission Viejo Association Board of Directors was held at the Lake Administration Building. The meeting was called to order by Diane Lincoln at 7:10 PM.

Board Members Present:

Diane Lincoln, President
Fred Mellenbruch, Vice President
Jane Chadburn, Secretary
Alan Virdinis, Treasurer

Staff Members Present:

Kevin Frabotta, General Manager
Dave Kerr, Administrative Manager
Bryant Watilo, Operations Manager
Norma Risher Billing Clerk

Others Present: J. Sperber, M. Ziegler, M. Bender, B. Thom, G. Virdinis, A. Williams, F. Desciano, E. Desciano, D. Schmidt, N. Schmidt, D. Williams, G. Millikan, W. Halagarda, K. Abele, W. Broadhag, R. Simenz, T. Hoadwonic, M. Terusa, A. Kotnik, D. Tarkington, K. Pennington, A. Waugh, P. Tietz, and S. Byron.

Minutes: Fred Mellenbruch made a motion to approve the September 2010 minutes, Second Alan Virdinis. Vote carried 4-0-0. Sid Wittenberg was absent from the meeting.

Members Forum: Member Andrea Williams addressed the Board regarding the Japanese Pine trees in the park at Playa del Este. Ms. Williams shared pictures of the pine trees in 2005 and recently in 2010 to show the growth of the pines and how they block her view. She stated that she purchased her home in 1998 and since 2005 has written many letters, none of which she has received a response to. She stated that in her last letter, she had invited the Board to come and view the situation, but none had been to her house. Ms. Williams noted that the trees have been topped and laced and felt that this was an “admirable effort”. She stated that one of her arguments is “How would you feel if your view was compromised”. Diane Lincoln stated that she had personally walked the property and observed the size of the trees. Ms. Lincoln also stated that management has gotten back to Ms. Williams and had visited the property on several occasions. Jane Chadburn stated that the tree policy of LMVA is to trim tress only for the health of the tree. Ms. Williams stated that she had requested Mission Viejo Environmental Association to trim trees on the slopes in her neighborhood and that they had responded by trimming the trees. Ms. Williams stated that the pine trees are filthy and that she had been working on this issue for five years. She asked if the pine trees are appropriate for the park setting they are growing in? Ms. Lincoln thanked her for bringing the issue to the Board. Member Frank Desciano (a neighbor of Ms. Williams) voiced his support for Ms. Williams complaint about the trees blocking her view.

Member Derril Schmidt (lake front homeowner) stated that he has lived in his home on the lake front for 20 years. He showed pictures of his backyard where the slab has lifted and cracked adjacent to the bulkhead. Mr. Schmidt stated that he felt the problem stemmed from a crack in the bulkhead where water had seeped through the bulkhead and caused his slab to crack and lift. Mr. Schmidt asked the Board to assist him with repair to his slab. Diane Lincoln stated that the CC&R’s for LMVA and San Marino (Mr. Schimdt’s sub association) show that the property owner is responsible for improvements to his property

adjacent to the bulkhead. Ms. Lincoln asked staff to confer with Mr. Schmidt in the coming days to evaluate the issue and report back to the Board.

Member Bill Thom addressed the Board and stated that his family had recently held a memorial service for his deceased father in law and that staff had been very helpful, gracious and sympathetic in assisting he and his family with the event. Mr. Thom thanked Administrative Manager specifically for his efforts in making the memorial possible.

Delegates Forum: Delegate Joe Sperber stated that the September minutes did not reflect the comment by a member that the aftermath of the concerts left the park in a spotless manner the next morning after on of the summer concerts.

Delegate Nancy Schmidt stated that the 2010 concert season was spectacular and the Fireworks Spectacular was wonderful.

Director's Report: Director Jane Chadburn announced her retirement from the BOD after 21 years of service at the conclusion of the 10/10 meeting. The Board and audience gave Ms. Chadburn a standing ovation.

Special Presentations: None

Treasurer's Report:

The Lake Mission Viejo Association financial statement through September 30, 2010 shows:

Actual revenue of	\$ 4,989,338	2
Gross Income of	4,926,730	3
Actual Operating Expenses of	4,496,263	5
Capital Expenditures	0	5
Net Income	430,467	5
Budgeted Net Income	(166,884)	5
Total Investments	7,660,080	1
Total Operating Cash on Hand	144,872	1
Interest Income	67,162	2

- Accruals (not including payroll) equal \$38,700 for the month.
- Legal expenses are up year to date due to legal charges for past due accounts – current assessment period. Offset reflected in Revenue Other – up by \$59,992 year to date.
- Administrative Bank Charges are up 20% year to date. This is due to a combination of fee increases that we were unaware of at budget time last year and additional services being used through the online bill payment service.

Committee Reports: None

Manager's Reports:

GENERAL MANAGER'S REPORT

FINANCIAL / GENERAL:

September financials are included in your packets. A few highlights:

- Operating Revenue for September was 3% over budget and is up 3% year to date.
Highlights include:
 - Passes and Permits continue to track ahead of budget and are up 84% for the month and up 41% for the year.
 - Concert guest pass revenue is up 413% for the month and 97% for the year.
 - Retail Merchandise Sales were up 44% for the month.
 - Interest income is under budget by 56% for the month and under 36% for the year.
- Operating Expenses for September were under budget by 2% and under budget 8% for the year to date.
Highlights include:
 - Total payroll for September was under budget by 4.64%.
 - Administrative Bank Charges continue to trend over budget due to increased credit card usage. (\$1,082 over budget)
 - Maintenance Equipment and Supplies was over budget for the month by \$5,891. \$5,000 will be rebated back to us once our lighting project is completed.
 - Structure Maintenance was over budget for the month by \$3,300 due to our roofing project of replacing broken tiles. We are still under budget for the year to date in this category by 21%.
- Overall, the nine month YTD results show an operating surplus resulting from the combination of increased revenues and under budget expenses.
- We are in the process of updating information for insurance renewal quotes on Property, General Liability, Worker's Compensation, Marine/Docks, D&O coverage and Vehicles.

HR / LABOR:

- The Payroll and Quit Reports are included in your packets. No major trends to report.
- We are in the final phase of interviews for Lifeguard Lieutenant. After receiving 27 applications for the position, we have narrowed the field to 11 candidates (5 internal and 6 external). Final interviews will take place Monday October 11th, with a decision within approximately 1 week following.

LIFEGUARDS:

- The Lifeguard statistics for September are included in your packets.

LAKE BIOLOGY:

- In the month of September, we purchased 24.6 acre feet of water from SMWD and pumped 21.9 acre feet from our well.
- Biologist Tom Buckowski attended a two day meeting of CALMS (California Lake Management Society) this past week.

ADMINISTRATIVE MANAGER'S REPORT

BILLING/MEMBERSHIP DEPARTMENT

- As of 10/01/10 staff has deposited over \$2,552,105.00 in assessment payments for the 7/01-12/31/10 assessment period.
- As of 10/01/10, approximately 510 files are at the collections attorney's office vs. 10/01/09 when there were 350 files in collections. Each of these accounts is in arrears for previous assessment periods. Approximately half are delinquent for just the 1/01-6/30/10 assessment period.
- 90-Day past due accounts for the current assessment period will receive certified letters during the next week.
- Membership counselors processed 3 new voluntary memberships during 9/10.
- Membership/Billing activity was consistent through the Kenny Loggins concert 9/18. The past two weeks of September has been much quieter.

ACCOUNTING DEPARTMENT

- CD and money market yields continue to be very low. We reinvested \$398,000 on 9/01 at .01% and 015% for 90 days, another \$250,000 on 9/14 at 1.01% for one year. We have 44 investments totaling \$5,380,371 currently in our portfolio with an average interest rate of 1.283%.
- Enclosed in your packet is a copy of the current investment portfolio at Comerica Securities.
- Laura completed work on the 2011 budget and we are ready for publication to the members prior to the 11/01 deadline.

FINANCIAL (Revenue • Cost • Reserve • Audit)

MEMBER / COMMUNITY RELATIONS

- Delegate District elections were held on 10/05 with 9 districts making quorum requirements. 6 unrepresented districts were filled with new delegates and the other 3 district delegates were reelected for another year.
- November Noticia del Lago nearing completion for mailing to the members prior to the 11/01 deadline. This issue includes the annual budget, reserve, insurance and collection disclosure items required by law.
- Clubhouse events continue to book with 56 total events booked thus far for 2010 vs. 64 total for 2009. Several business meetings have been booked and held during the past month.
- Clubhouse events held through 9/30/10 at 44 events vs. 47 events held through 9/30/09.

BIOLOGY / LAKE INFORMATION

Subject: Current Lake Information
Lake Elevation 700.40 (ft, asl)

Surface Water Temp. 76 (F)
Secchi Visibility 44 (ft.)

WEBSITE

- Website statistics for 9/10 show 34,552 visits down 4% from 9/09.

OPERATIONS MANAGER REPORT

Marina Operations

- We have begun preparing our rental fishing fleet for our November trout opener. This work includes power washing of all fishing boats, new anchor rope, new paint on the wood seats, new no skid tape applied to the rear of the boats, oars sanded and re-varnished, all seat cushions and life jackets inspected and replaced as needed and all electric motors inspected and refurbished as needed. In addition we have ordered all new batteries for the fishing fleet with an estimated delivery date of the 1st week of November.
- The Yacht Club held their annual Pancake Breakfast on 10/02 followed by one of their Fall Regatta's. It was a fun day of sailing and as I can personally attest, some great food.

Architectural Review Committee

- The Architectural Review Committee received and approved (1) application from a lakefront homeowner to do a backyard remodel of their lot.

Projects/Initiatives

- Our Halloween event planning is now in full swing. This year due to the ever increasing popularity of this event; "Lake Eerie" is going to held over 2 nights, October 22nd and 23rd. Our Maintenance Staff is busy building props for our "graveyard" and we are starting to sign up our cast of "ghouls and goblins" for our event. In addition to the graveyard we will again be setting up a pumpkin patch area for our littlest members to enjoy.
- We have recently finished installing the last of our solar powered lighted green buoys at the lakes aeration system area and have been so pleased with the results we have now ordered lighted red buoys for our marina area. We anticipate having these buoys in place prior to our fishing opener.
- We are currently in the process of meeting with vendors and contractors in regards to updating our Clubhouse and Upper East Beach Restrooms. Several years ago we upgraded the Snack Bar and Fisherman's Restrooms and this process is designed to bring the Clubhouse and Upper East Beach Restrooms up to that same level. We hope to have estimated costs and proposals for your consideration at the next B.O.D. meeting in November.

Old Business: None

New Business:

Inspectors of Elections

Board President Diane Lincoln stated that the Board needed to appoint Inspectors of Elections for the upcoming Board Elections on 10/26/10. Delegates Martin Bender, Art Cook and LMVA Administrative Manager Dave Kerr were nominated as inspectors. Delegate Andy Kotnik was nominated as an alternate inspector. Jane Chadburn made a motion to appoint said inspectors, Second, Alan Viridinis. Vote Carried 4-0-0.

Approval of the 2011 Operating Budget

General Manager Kevin Frabotta recommended approval of the 2011 LMVA Operating Budget as prepared by staff and reviewed previously by the Board of Directors. Fred Mellenbruch made a motion to approve the 2011 Budget as proposed, Second, Alan Viridinis. Vote Carried 4-0-0.

Approval of the 2010 Reserve Study

General Manager Kevin Frabotta recommended approval of the 2010 Reserve Study prepared by Steve Jackson of Advanced Reserve Solutions Inc. in 08/10. Fred Mellenbruch made a motion for approval of the proposed Reserve Study, Second, Alan Viridinis. Vote Carried 4-0-0.

Lifeguard Digital Radios

General Manager Kevin Frabotta stated that the 4 digital radios purchased earlier this year were working as an excellent communications solution for lifeguard emergency operations and recommended purchase of additional radios to convert the entire emergency communications system to digital radios. The cost to complete this purchase is \$19,839.00 with \$8,624.00 to come from Reserve Account 2046 and the balance of \$11,215.27 to come from Contingency Account 2047. Fred Mellenbruch made a motion to approve the purchase of the radios as recommended, Second, Alan Viridinis. Vote Carried 4-0-0.

Clubhouse Dressing Room

Operations Manager Bryant Watilo stated that there is need for a feasibility study regarding a remodel at the Clubhouse to provide a dressing room within the existing maintenance area of the Clubhouse. The need for such a room has arisen due to the large number of weddings taking place in the Clubhouse. Plans are for an 11 X 12 room with a dressing table, mirror that opens into Room C of the Clubhouse. Mr. Watilo asked for an amount not to exceed \$2,500.00 to cover design and engineering costs. He also estimated that construction costs would not exceed \$20,000 to complete the project. Diane Lincoln asked if staff had considered adding a bathroom for the room. Mr. Watilo stated that it would be very costly to add a bathroom due to the proximity to the sewer system. Jane Chadburn stated that the cost of adding a bathroom along with the construction complications would not be feasible. Jane Chadburn made a motion to approve \$2,500.00 for a feasibility study to cover design and engineering costs associated with building a dressing room at the Clubhouse, Second Fred Mellenbruch. Vote Carried 4-0-0.

President Diane Lincoln once again thanked Board Member Jane Chadburn for 21 years of dedicated service to LMVA.

Adjournment: There being no further business, this meeting of the Lake Mission Viejo Association was adjourned at 8:14 PM.

Attest: _____, Secretary