

**LAKE MISSION VIEJO ASSOCIATION
BOARD OF DIRECTORS MEETING
April 13 2010**

MEETING: Upon notice duly given and received, this meeting of the Lake Mission Viejo Association Board of Directors was held at the lake Clubhouse. The meeting was called to order by Diane Lincoln at 7:07 PM.

Board Members Present:

Diane Lincoln, President
Fred Mellenbruch, Vice President
Sid Wittenberg, Vice President

Staff Members Present:

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

Others Present: A. Keyhan, K. Kriz, A. Kotnik, R. Simenz, A. Waugh, M. Bender, P. Tietz, R. Heimann, P. Tietz, M. Terusa, N. Schmidt, K. Abele, S. Krinitt, P. Krnitt and S. Byron.

Minutes: Motion duly made by Sid Wittenberg and seconded by Fred Mellenbruch to approve the minutes of the March 2010 Board Meeting. Mr. Mellenbruch stated that the minutes should be amended on page one (1) to state the location of the March 2010 meeting was the Lake Clubhouse. After the amendment Diane Lincoln called for a vote. The Vote Carried 3-0-0. Diane Lincoln stated that Board Members Jane Chadburn and Alan Virdinis were not in attendance this evening for the 4/10 meeting.

Members Forum: Vice Commodore of LMVYC Peter Tietz stated that the Opening Day Ceremonies, Commodore's Brunch and following sailing regatta was very successful and thanked the Board for the use of the Clubhouse to host the ceremony and brunch.

Delegates Forum: None

Special Presentations: Ardavan Keyhan of Keyhan/Hewitt Accountancy Corp. presented the 2009 Audit report. Mr. Keyhan stated that financial reports for 2009 are similar to those of previous years but collections have slowed down this past year. An adjustment to the "Allowance for Bad Debt" has been made due to the increase of delinquent accounts. The association ended the year with approximately \$7,500,000.00 in CD investments. The majority of the cash is allocated to the future replacement of reserve items. The association collected about \$5,500,000.00 in assessments. The expenses were less than budgeted, which allowed for the absorption of this bad debt allowance. Mr. Keyhan pointed out lower than budget expense for Lake Water Refill and higher than budgeted expense for Concerts. The association allocated approximately \$550,000 to the Future Expansion fund. Diane Lincoln asked Mr. Keyhan about outstanding delinquent accounts. Mr. Keyhan stated that LMVA has an excellent collection record in reference to large associations, with only 3% outstanding debt from delinquent accounts. Delegate Rich Heiman asked about delinquent accounts status. Mr. Keyhan deferred to Administrative Manager Dave Kerr who briefly outlined the association collection procedures for accounts past due over 90 days.

Director's Report: None

Treasurer's Report:

The Lake Mission Viejo Association financial statement through March 31, 2010 were distributed. The financial information discussed was contained in the statements. Sid Wittenberg (substituting for Treasurer Alan Virdinis) reported:

Actual revenue of	\$ 1,512,016	2
Gross Income of	1,505,269	3
Actual Operating Expenses of	1,257,653	5
Capital Expenditures	0	5
Net Income	247,616	5
Budgeted Net Income	78,333	5
Total Investments	7,547,318	1
Total Operating Cash on Hand	171,165	1
Interest Income	24,381	2

Three months into the year, our budget plan is working as designed. There are no expense trends indicating any problems.

Manager's Reports:

GENERAL MANAGER'S REPORT

FINANCIAL / GENERAL:

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

- Operating Revenue for March was under budget by 6% for the month.
 - Jr. Lifeguard program revenues were budgeted at \$26,000 for March, but will actually be accounted for in April.
- Expenses for March were over budget by \$16, 710.
 - Concerts reflect an expense of \$57,301 against a zero budget for the month, due to earlier timing of payments of deposits.
 - Payroll was well controlled and under budget by 2%.
 - Overtime was under budget by 26%.
 - Water Lake refill had only a \$165 expense against a budget of \$36,000.
 - Overall, the three month YTD results show no surprises and the budget is working efficiently.

HR / LABOR:

- The Payroll and Quit Reports are included in your packets. No major trends to report.

- 3 open positions were filled during the month of March. PT 30 Lifeguard, Aquascaper and part time Clubhouse position.
- We are currently interviewing for Facility Supervisor.

LIFEGUARDS:

- The Lifeguard statistics for March are included in your packets. No major issues to report.
- The Seasonal Lifeguard tryouts were held on two dates in March. We had nearly 80 tryouts, resulting in 20 seasonal hires, who are now completing training along with returning guards.
- Junior Lifeguard tryouts were held on three separate dates in March and participation looks to be greater than last year.
- I have attached a great photo of our lifeguards in action during the LVMYC Regatta, up righting a capsized sailboat. This is Trevor Morgan and Haley Alexander.

LAKE BIOLOGY:

- Water samples were sent to Scripps Institute of Oceanography in March and our test results for Quagga and Zebra mussels were negative. The Analysis Report is included in your packets.
- A proposal from URS for geotechnical monitoring of the Dam is included in your packets and will be discussed under New Business.

ADMINISTRATIVE MANAGER'S REPORT

BILLING/MEMBERSHIP DEPARTMENT

- As of 04/01/10 staff has deposited \$2,393,835 in membership assessments, since 12/01/09. \$168,738 in assessment dues for the current period are still outstanding.
- 60-Day late letters have been mailed to members delinquent for the 1/10-6/30/10 assessment period.
- Approximately 860 accounts are delinquent for the current period only and will receive certified letters during the next week.
- As of 04/01/10, 514 files are at the collections attorney's office. 230 accounts are all in arrears for assessment periods prior to and including the 2009 assessment year. 284 additional accounts are delinquent for 2009 assessments only.
- Membership counselors processed 8 new voluntary memberships during the month of March.

ACCOUNTING DEPARTMENT

- CD and money market yields continue to be very low. We reinvested \$398,000 on March 1st at .10% for 90 days. We have 56 investments totaling \$6,868,371 currently in our portfolio.
- Enclosed in your packet is a copy of the current investment portfolio at Comerica Securities.

FINANCIAL (Revenue · Cost · Reserve · Audit)

- Ardavan Keyhan has completed the 2009 audit and will be at the 4/10 to present the audit in time for the May 1 publishing deadline to the members.

MEMBER / COMMUNITY RELATIONS

- May 2010 Noticia is in the final editing stages and will be mailed to the membership by 5/01 to meet Audit disclosure requirements.
- Clubhouse bookings for 2010 remain 24 events booked of which 17 are large scale parties. In comparison, as of 4/01/09 we had 28 events booked with 25 of these being large scale parties.
- Fishing Club activity concluded during March with two trout tournaments (the last regular tournament on 3/13 and the Angler of the Year “Lures Only Tournament” on 3/27). We had another exciting tournament season with lots of member participation. Once again, Shimano American Corp. provided a generous donation of rod and reel combinations for prizes throughout the year.
- The 33rd LMVYC Opening Day Regatta and Commodore’s Brunch was held on Sunday, 3/28. A marvelous turnout of sailors, dignitaries and guests enjoyed a sumptuous brunch followed by smooth sailing during the regatta. The brunch was held for the first time in the Lake Clubhouse, which handled the crowd of over 130 guests very well.
- Plans are underway for the 3rd Annual Marine Appreciation Day on Saturday, 4/24. We expect a large turnout as the past two years have proven to be very popular with the Headquarters Battalion at Camp Pendleton.

BIOLOGY / LAKE INFORMATION

Subject:	Current Lake Information
Lake Elevation	700.80 (ft, asl)
Surface Water Temp.	68 (F)
Secchi Visibility	22 (ft.)

WEBSITE

- Website statistics for 3/10 show 32,118 visits to the website; up 1% from 3/09.

OPERATIONS MANAGER REPORT

April 13, 2010

MEMBER SERVICES

- Due to our increased enforcement of Lake ID’s required to enter the facility, we have seen an increase in membership cards being updated, i.e.; expired cards, lost cards etc. We have also included messages in the last two Noticia’s and on the LMVA website reminding our members of the need to always bring a valid Lake ID with them. Feedback from our members on this initiative has been mixed.

BOAT RENTALS

- The dock staff has been hard at work preparing our rental fleet for the busy summer season, all of our sailboats and paddle boats have been pulled from the lake and power washed clean, the party boats are in the process of getting their “spring cleaning”, and the new kayaks and party boats approved at the last BOD meeting have been ordered are expecting to arrive by the end of this month.

MAJOR PROJECTS/ INITIATIVES

- Our beach sand replenishment project was completed ahead of schedule and under budget with a cost savings of \$2,368.00 to the Association. The feedback we have received from our members has been extremely positive.
- The concrete slabs and bbq's for the new picnic table area at the ADA ramp have been installed, we have left the tables off and fenced off the area to let the new grass take hold. We anticipate having this area open and ready for use by our members on Mother's Day weekend
- We have received our new mini dump truck and flatbed truck and have incorporated them into our fleet, and we are currently in discussions with O'Connell Landscape about purchasing the trucks that were replaced.
- The interior repairs and painting of all our East Beach Restrooms has been completed in time for our summer season, additionally fencing repairs, concrete grinding and repairs on our monument sign on the corner of Tindaya and Califa have been completed.

Old Business: None

New Business:

- **Facility Painting Project:** Operations Manager Bryant Watilo stated that in conjunction with the Breezeway/Concourse Remodel project, painting of the administration building, is included in the project. In order to return the LMV facilities to a nautical theme (white buildings with blue trim), staff has solicited bids to paint all the buildings at Playa del Norte and Playa del Este. Mr. Watilo stated that due to the short time frame of the bid request we only have one bid at this time. In order to move forward with the project, in a time sensitive manner and summer approaching, Mr. Watilo requested an amount not to exceed \$53,000 to complete the project with vendor choice to be determined by staff after receipt of all bids for the project. Fred Mellenbruch made a motion to approve the painting project for an amount not to exceed \$53,230 with funds coming from Contingency Account 2047. Second Sid Wittenberg. Vote Carried 3-0-0.
- **Geotechnical Dam Monitoring Contract:** General Manager Kevin Frabotta stated that we have received the 2010 URS proposal for geotechnical monitoring services for the Dam. This contract represents their scope of services for the annual monitoring of the dam, which they have performed for the last 32 years. The expense is part of our Professional Fees budget for 2010 and includes the preparation of an engineering report and submission of same to the Division of Safety of Dams. (DSOD). Fred Mellenbruch made a motion to approve the 2010 contract for Geotechnical Services with URS Corporation. Second Sid Wittenberg. Vote Carried 3-0-0
- **Appgen Database Upgrade:** Administrative Manager Dave Kerr stated that it is time for an upgrade to our database licensing with Appgen. In order to take advantage of the 64 bit processor on our new database server we need to license our 16 user licenses as well as our various application licenses: (Accounts Payable, General Ledger, Inventory Control, Bank Reconciliation, and Job Costing) plus an Appgen Development license. Our database environment has migrated from the initial 16 bit computing platform, to a 32 bit platform (which we have employed with the past 20 plus years). The current state of the art computing platform requires a 64 bit processing environment. We acquired the 64 bit server hardware this past December. The last licensing upgrade occurred in 2003 at a cost of \$5,000 (see attached Reserve

Detail). I am requesting funds in the amount of \$5,000 including tax to upgrade our Appgen licensing from Release 6.1 to Release 8.1 (which is the latest release of Appgen in a 64 bit computing environment) with funds coming from Reserve Account 2046. There is an annual reserve expense of \$7,000 planned each year for network upgrades. Fred Mellenbruch made a motion to approve the Appgen Licensing expenditure as mentioned above for an amount not to exceed \$5,000 with expense to come from Reserve Account 2046. Second Sid Wittenberg. Vote Carried 3-0-0.

- **2010 Delegate and Board Election Dates:** Administrative Manager Dave Kerr stated that each year at the April meeting, the Board approve dates for the annual Delegate and Board Election Nights to allow printing of proxies in time for mailing with the 7/01 assessment statements. In reviewing the calendar, Mr. Kerr recommended Tuesday, October, 5th for the District Delegate Elections, Tuesday, October 12th (prior the October Board Meeting) for the Reconvene District Delegate Meetings and Tuesday, October 26th for the Board Election Night. Sid Wittenberg made a motion to approve the dates proposed for the 2010 District Delegate and Board elections. Second, Fred Mellenbruch. Vote Carried 3-0-0.
- **Slurry Seal Project Area 4:** Operations Manager Bryant Watilo stated that we have received 4 bids for the asphalt slurry and re-striping of our Area 4 Parking Lot. This area consists of the upper parking lot, boat storage area and the road leading to the upper parking lot. We recommend awarding the contract to JB Bostic Company for an amount not to exceed \$10,412.00. Not only was JB Bostic Co. the low bidder, but they have been our vendor of choice for several years. Funds to come from Acct. #2046, Category 050 Asphalt. There is \$14,644.85 in Reserve for this purchase. Sid Wittenberg made a motion to approve the Slurry Seal contract as stated above. Second, Fred Mellenbruch. Vote Carried 3-0-0.