

**LAKE MISSION VIEJO ASSOCIATION
BOARD OF DIRECTORS MEETING
August 10, 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 7:07 PM.

Board Members Present:

Diane Lincoln, President
Fred Mellenbruch, Vice President
Sid Wittenberg, 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, Dale Tarkington, N. Schmidt, Glenda Virdinis, T. Hoadwonic, B. Thom, R. Heimann, D. Gingold, K. Abele, W. Broadhag, R. Simenz, , A Cook, A. Kotnik K. Pennington, G. Milikan, J. Ray, K. Kriz, J. Stevens and S. Byron.

Minutes: Motion duly made by Fred Mellenbruch and seconded by Alan Virdinis to approve the minutes of the July, 2010 Board Meeting. Vote Carried 4-0-1. Jane Chadburn was absent from the 7/10 meeting.

Members Forum: None

Delegates Forum: Nancy Schmidt (Mallorca) stated that the concert season has been fantastic this summer. She also stated that the screen projecting the image of the performers is a big hit with the boaters who dock on the administration dock. Delegate Dave Gingold also thanked the BOD for the screen.

Dave Gingold (Finisterra) stated that he would like to see all of the navigational buoys on the lake lighted the same as the buoys marking the entrance to the Marina. Nancy Schmidt also stated that the buoys on the lake are difficult to see in the dark. Diane Lincoln stated that the buoy lighting project is being addressed.

Stu Byron (Palmia) stated that he had recently taken his family on a party boat excursion on the lake. He stated that the dock employees were terrific and his family had a great time. Mr. Byron mentioned that members should take advantage of the boat rental amenities offered at LMVA.

Rich Heimann (Mission Ridge) stated that he felt there was a need for transparency at LMVA in referencing the scandal regarding the City of Bell. Mr. Heimann asked the Board to disclose the salaries of the management staff and the Board's salaries to the member public. Ms. Lincoln stated that LMVA board members receive zero (0) compensation for serving on the BOD.

Dave Gingold asked if members could bring private boats down to the docks in the marina the night before a concert and leave the boats tied to the dock. Diane Lincoln stated that the boats may not be left on the docks in the LMVA marina overnight.

Director's Report: None

Special Presentations: None

Treasurer's Report:

The Lake Mission Viejo Association financial statement through July 31, 2010 shows:

Actual revenue of	\$ 3,822,401	2
Gross Income of	3,775,532	3
Actual Operating Expenses of	3,327,109	5
Capital Expenditures	0	5
Net Income	448,422	5
Budgeted Net Income	(48,170)	5
Total Investments	8,178,449	1
Total Operating Cash on Hand	242,058	1
Interest Income	55,530	2

- Accruals (not including payroll) equal \$85,250 for the month.
- Concerts have started to even out and are only 2% over budget for the year.
- 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 \$50,373 year to date.
- Rental Fleet Maintenance is up for the month due to the purchase of new rubber mats for the kayaks. This line item is still under budget year to date.

Manager's Reports:

GENERAL MANAGER'S REPORT

FINANCIAL / GENERAL:

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

- Operating Revenue for July was 2% over budget and is up 2% year to date.
Highlights include:
 - Passes and Permits continue to track ahead of budget and are up 39% for the month and up 32% for the year.
 - Concert guest pass revenue is up 29% for the month and 22% for the year.
 - Interest income is under budget by 25% for the month and under 32% for the year.
- Operating Expenses for July were under budget by 8% and under budget 10% for the year to date. Highlights include:
 - Total payroll for July was on over budget by .5%, due to our increased staffing for concert events. We are under for the year by 5.5%.
 - Rental Fleet Maintenance was over budget by \$5,250 for the month, due to the timing of the purchase of new mats for the launch area. We are under budget for the year by 10%.
 - Concerts were under budget for the month by \$34,493 and are now close to even for the year to date.
- Overall, the seven month YTD results show no surprises and the budget is working efficiently.
- We are in the preliminary work on our 2011 budgets.
- We completed our initial work on our Annual Reserve Study in July. The first run of the report should be ready for our review mid August.

HR / LABOR:

- The Payroll and Quit Reports are included in your packets. No major trends to report.
- Several members of our summer staff will be leaving to go back to school over the next 3 – 4 weeks. We are adjusting schedules accordingly and may hire a few employees for the docks.

LIFEGUARDS:

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

- Our Junior Lifeguard Program participated in the California Regional competition in San Diego on July 23rd, competing with Junior Guards from all over California.

LAKE BIOLOGY:

- With the increased number of swimmers and the warmer weather, coliform testing will continue daily through September.
- Copper is being applied to beach areas where warranted by excessive bird droppings.
- In the month of July, we purchased 40 acre feet of water from SMWD and pumped 25 acre feet from our well.

ADMINISTRATIVE MANAGER'S REPORT

BILLING/MEMBERSHIP DEPARTMENT

- As of 08/01/10 staff has deposited over \$2,040,000.00 in assessment payments for the 7/01-12/31/10 assessment period which is consistent with the past deposit totals for the same period.
- Accounts become past due on 8/01 and will receive late letters during the second week of 8/10. Each past due account will be assessed a \$5.00 late fee.
- As of 08/01/10, 592 files are at the collections attorney's office. 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.
- Membership counselors processed 13 new voluntary memberships during 7/10.
- Online banking payments continue to grow as well as payments by credit card for assessment dues. Over \$200,000 in assessment payments received electronically since /01/10.
- Management is evaluating a "lockbox" service from Citibank in order to introduce additional efficiency into our accounts receivable process
- Membership/Billing staff have continued to be very busy during 7/10. Efforts to ensure that every member coming through the gate displays a valid LMVA membership ID has resulted in increased walk-in traffic on a daily basis.

ACCOUNTING DEPARTMENT

- CD and money market yields continue to be very low. We reinvested \$400,000 on 8/01 at .05% for 90 days. We have 45 investments totaling \$5,481,371 currently in our portfolio.
- Enclosed in your packet is a copy of the current investment portfolio at Comerica Securities.
- Replacement accounting consultant John O'Neill has worked on his own without problems and will be able to shoulder the load while Laura is out on maternity leave.

FINANCIAL (Revenue • Cost • Reserve • Audit)

- 2011 Budget planning is underway.

MEMBER / COMMUNITY RELATIONS

- Production on the 9/10 Noticia is near completion with Taste of the Lake/Jazz fest, final concert, election and pre-season trout teaser articles.
- Final weekend of July was very successful with Family Fun Day on Saturday and large wedding/reception events held in the Clubhouse both Saturday and Sunday evenings. Parking lots were full both days. Staff did a fine job preparing and cleaning up all weekend.
- Clubhouse events continue to book with weddings scheduled through 5/2011.
- Clubhouse events held through 7/31/10 at 31 events vs. 37 events held through 7/31/09.

BIOLOGY / LAKE INFORMATION

Subject:	Current Lake Information
Lake Elevation	700.85 (ft, asl)
Surface Water Temp.	82 (F)
Secchi Visibility	34 (ft.)

WEBSITE

- Website statistics for 7/10 show 51,543 visits up 5% from 7/09.

OPERATIONS MANAGER REPORT

EMPLOYEE RELATIONS

- We are pleased to welcome aboard our newest Facility Supervisor Diane Parker. Diane comes to us with a 20 year background in law enforcement with the Orange County Sherriff's Office and more recently as a private investigator and certified polygraph examiner. Diane's experience and more importantly her enthusiasm and people skills will help insure a safe and fun experience for our members while visiting our facility.

MARINA OPERATIONS

- We recently have taken possession of a donated boat trailer that we can offer our lakefront members the use of to pull their boats in and out of the lake for maintenance. The trailer is street legal and is registered so if Duffy, Electra Craft or other boat manufactures need to take a boat out of the water we can supply them with a quarantined trailer for that purpose.
- We have been having issues with the fabric of the new Hobie kayak seats ripping at the strap locations. This is a new design from Hobie and after discussions with them they have agreed to replace the broken seats. At this time we have received 10 new seats of the old design and will replace all the seats as needed in the future at no cost to the association.

MAJOR PROJECTS / INITIATIVES

- We have recently completed the quarterly maintenance of our HVAC systems with all units performing as designed. This preventive maintenance has allowed us to extend the life span of all our systems at a significant savings to the association.
- We just had our annual Orange County Health Department inspection of our snack bars. While our North Beach facility passed with several minor corrections, our East Beach facility had several issues which we are in the process of correcting. The OCHD is requiring us to add a hand washing sink that is separate from our existing 3 compartment sink. This will require us to pull a plumbing permit from the city so we can tie in to the existing drain system. The OCHD looks at this as a minor infraction and has allowed us to remain open for business with a re-inspection date of 8-31-2010
- With the completion of the stucco work around the new windows of the Administration building we have completed the last of the exterior painting of the facility.
- After several discussions with Southern California Edison we have come up with a plan to change out all of our facilities interior lighting to a more energy efficient system. The new T-12 florescent lighting system has several advantages, the bulbs burn brighter which will enable us to eliminate approximately 30% of our total fixtures, each bulb uses approximately 60% of the energy to operate than our existing bulbs, the life span of each bulb is double of the existing bulbs we are using and finally by taking advantage of the SCE rebate program we can obtain all the fixtures and accompanying motion sensors for free less tax and shipping. The total cost of tax and shipping comes to \$ 1,046.96 which we will pay for out of operating budget. SCE has estimated our return on investment will take less than 6 months.
- We have added Temporary “Recyclable Only” trash containers out in the park for our Summer Concert Series. We have exchanged one of our dumpsters for a white “recyclable only” dumpster and have been dumping all the contents of the temporary trash cans into it. At this point in time we have decided it is not economically feasible to filter through the contents to filter out the non-recyclable material but several of our members have asked for permission to do so, so the effort is not in vain.
- In an effort to continuously improve upon the experience that our members have while visiting our facility we have added a 2nd computer with a card swipe at our walk-in gate shack. This 2nd unit will be activated on concerts and special events which will allow quicker access to members that have to park outside the facility once our parking lots are full.

- We recently had our 2nd quarter employee safety meeting and are proud to announce that once again we had no work related injuries that resulted in a workman compensation claim being filed. We continue to preach and practice workplace safety as a top priority. Each Department holds their own bi-weekly safety meetings with topics geared specifically towards that department's workplace area.

Director Sid Wittenberg asked about the Injury Report that mentioned 3 first aids during July. General Manager stated that these were first aids and did not result in Worker's Compensation claims.

Old Business:

Proposed Floating Platform Extension

Karel Kriz introduced a concept for a Floating Platform that would act as an extension of the concert bowl area; whereby the platform would support the concert stage. Mr. Kriz explained the structural, engineering and practical aspects of the project to the BOD. Mr. Kriz answered questions from the BOD regarding flotation, design and placement of the platform. Sid Wittenberg asked if Mr. Kriz was aware of another venue where this type of stage had been built. Mr. Kriz stated that he and Ms. Chadburn have visited Lake Las Vegas and observed the same concept installed on the lake there. Mr. Kriz outlined uses of the stage during the concert season as well as alternative uses during the rest of the year. This would include tables and chairs for seating as well as a rental application for large parties. Mr. Kriz stated that he had used a study by LMVA biologist Tom Buckowski to measure lake levels in consideration when designing the platform. Director Alan Viridinis asked about increase in liability insurance cost to LMVA if we were to build the platform. General Manager Kevin Frabotta stated that there most likely would be an increase in our insurance costs due to an increase in square footage of our dock space. Director Fred Mellenbruch asked about the permitting process. Mr. Kriz stated that the Planning Department of the City has stated that they would deal with this as a minor modification. If it were to go to a full public hearing it would take several months to get through the permitting process. Mr. Mellenbruch asked about the worst case scenario if we would be able to complete the project prior to next summer's concert season. Mr. Kriz stated that the contractor indicated that the project would require only two weeks on site to complete the installation. Mr. Viridinis asked about the placement of the stage on the platform. Mr. Kriz stated that the stage would sit on top of the floating platform just as it sits on the concrete pad now. Delegate Andy Kotnik asked about drainage off of the platform into the lake. Mr. Kriz stated that he anticipated very little runoff from the platform into the lake. Mr. Kotnik asked about cleansers used to clean the platform. Mr. Kriz stated that staff would use the same methods currently used to clean the existing docks in the marina. Delegate Rich Heimann stated that the membership does not know about the project. He also stated that we have not published information to the general members about this project. He also stated that we have a newsletter and expressed that information about this project should be given to the members in the newsletter. Director Jane Chadburn stated that minutes of the Board meetings are available on the website for all members to read. Director

Diane Lincoln reiterated that all minutes are published on the website. Mr. Heimann stated that information about an upcoming project should be published to the members in the Noticia del Lago. Alan Virdinis stated that all delegates are responsible to attend regular meeting and bring back information to their respective districts. Mr. Heimann stated that there is a Noticia published every month or two and he does not feel that there is enough transparency involved in approving projects. Director Sid Wittenberg stated that he agreed with Mr. Heimann and that he was uncomfortable with the project. Ms. Chadburn and Ms. Lincoln expressed that they both feel that the BOD strives to achieve transparency. Member Dale Tarkington asked what is the purpose of the Noticia. Mr. Tarkington asked if there was a policy that stated the purpose of the Noticia. Mr. Mellenbruch stated that the newsletter is used to meet the annual disclosures to the members as policy. Ms. Lincoln stated that the information in the Noticia is about what is going on at LMV. Member Kathy Abele thanked the Board for their volunteer work and for making hard decisions and expressed that maybe we should write an article in the Noticia explaining the minutes and information regarding projects is available on the website.

Ms. Lincoln thanked Karl for all his hard work and asked for a motion. Jane Chadburn made a motion to approve the Floating Platform for a budget of \$400,000 with expense to come from Account 2045 Capital Expansion. Second, Fred Mellenbruch. Vote Carried 4-1-0. Sid Wittenberg stated that he voted No because of the expanse of concrete and he doesn't see what problem the project solves.

Interactive Fountain

Karl Kriz introduced a concept of an Interactive Fountain to be placed on a patch of grass adjacent to the current stage. Mr. Kriz explained the structural, engineering, and use aspects of the fountain. Mr. Kriz stated that the idea of the fountain is for people to walk into the area and get wet. Mr. Kriz stated that he felt a conservative cost estimate of \$300,000 would be needed to complete the project. Mr. Kriz estimated the maintenance costs to be \$800/month. Sid Wittenberg asked if the maintenance cost was to be approximately \$14,000. Mr. Kriz stated that \$14,000 was a conservative annual maintenance estimate. Fred Mellenbruch made a motion to approve \$15,000 of startup and design fees to start the project with expense to come from Account 2045 Capital Expansion. Second, Jane Chadburn. Alan Viridins asked about water to be used in the fountain. Mr. Kriz stated that treated drinking water would be used. Mr. Wittenberg asked about increased insurance costs. Mr. Frabotta estimated that there would be some increased liability risk. Mr. Wittenberg asked about the materials used for construction. Mr. Kriz stated that it would be mostly concrete with some adjacent landscaping. Ms. Chadburn stated that a water feature here would be nice. The space would be useable for seating for concerts and the water feature would enhance the new platform staging area. Ms. Lincoln called for a vote. Vote carried 3-2. (Directors Virdinis and Wittenberg, Nay)

Monument Sign

Karl Kriz introduced a concept to replace the monument sign at the North Beach entrance with a larger sign that accommodates the LMVA logo, the name Lake Mission Viejo, Playa del Norte and the address. The sign would be 9 feet in length with improved lighting. Mr. Kriz presented a bid for \$12,645.00. Mr. Wittenberg asked if there were other bids. Mr. Kriz stated that there was only one bid. Jane Chadburn made a motion to approve the bid to replace the current sign at the entrance to Playa del Norte with a new monument sign at a cost of \$12645.00 with the

expense to come from Account 2045 Capital Expansion. Second, Fred Mellenbruch. Mr. Wittenberg asked if the sign had to be so large. Ms. Lincoln stated that measurements have been taken and the sign would not be much larger than the existing sign. Vote Carried 5-0-0.

Railing Replacement

Karl Kriz introduced a concept to replace the existing aluminum railing along the bulkhead at North Beach. Mr. Kriz stated that the current railing does not comply with current code. He went on to say that current code restrictions state that a sphere of 4 inches in diameter cannot pass through an opening in a railing. The current railing has been in place almost 25 years and it is worn. Mr. Kriz stated that he is suggesting removing the railing in sections and replace it with a new railing that is in compliance with current code restrictions. The new rail would have 1” pickets and be cantilevered toward the interior side of the bulkhead that would stop people from climbing over the rail. Mr. Kriz stated that the cost would be approximately \$130,000 plus \$4,000 for removal of the existing railing. There was a general discussion regarding the decorative reliefs including safety of the reliefs. Mr. Kriz assured the BOD that safety issues would be addressed prior to construction. Mr. Frabotta asked about potential damage to the existing concrete railing supports when removing the old railing. Mr. Kriz stated that he felt the contractor would have very little trouble with the existing foundations when replacing the rail. Alan Viridinis made a motion to approve the railing project with a cost not to exceed \$134,000 with expense to come from Account 2045 Capital Expansion. Second, Fred Mellenbruch. Vote carried 5-0-0.

New Business:

Webcam Replacement

Karl Kriz presented a bid to replace the existing webcam that has been out of service for several months. Mr. Kriz proposed purchase of an Axis 215 PTZ network camera that can pan 170 degrees. The cost of this camera would be \$1,412.00. Mr. Mellenbruch asked about a high definition camera to enhance the picture presented on the website. Mr. Kriz stated that due to bandwidth restrictions and web posted 72 dpi constraints we would not be able to take advantage of a high definition camera. Mr. Frabotta asked if we could turn off the PTZ features of the camera. Mr. Kriz stated we can just use the snapshot feature of the camera. Mr. Frabotta asked if we would be taxing our bandwidth with the new camera. Mr. Kriz stated that we would need to upgrade our bandwidth to take advantage of the PTZ features. Mr. Viridinis asked if this camera too advanced for our use. Mr. Kriz detailed some of the technical features of the camera and stated that he felt this is an excellent choice to replace the current system. Sid Wittenberg made a motion to approve the purchase of the new webcam for an amount not to exceed \$1412.00 with expense to come from Account 2045 Capital Expansion. Second Fred Mellenbruch. Vote Carried 5-0-0. Director Jane Chadburn stated that she was opposed to the use of the Pan, Tilt and Zoom features of the new camera due to privacy issues.

Window/Door Replacement Admin Building

Karl Kriz introduced a bid to replace the balance of the original windows and the door into the membership office in the administration building with double glazed energy efficient windows framed with bronze anodized aluminum for a cost of \$32,596.00. The bid does not include the upper light windows in the main corridor in the administration building. Mr. Frabotta stated that

this cost does not include new window coverings. Mr. Wittenberg expressed a concern for spending large sums of money without alternative bid estimates. Mr. Mellenbruch asked the staff to explore competing bids. Mr. Mellenbruch then made a motion to approve the “not to exceed” bid of \$32,596.00 to replace the remaining windows and door in the administration building with double glazed energy efficient glass and aluminum frames with staff securing competing bids and expense to come from Account 2045 Capital Expansion. Vote carried 5-0-0.

Adjournment: There being no further business, this meeting of the Lake Mission Viejo Association was adjourned at 9:11 PM.

Attest: _____, Secretary