

**LAKE MISSION VIEJO ASSOCIATION
BOARD OF DIRECTORS MEETING
January 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 offices. The meeting was called to order by Diane Lincoln at 7:06 PM.

Board Members Present:

Diane Lincoln, President
Fred Mellenbruch, Vice President
Sid Wittenberg, Vice President
Jane Chadburn, Secretary
Alan Viridinis, Treasurer

Staff Members Present:

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

Others Present: M. Ziegler, K. Kriz, J. Sobczak , A. Kotnik, J. Sperber, M. Terusa, W. Halagarda, R. Simenz, T. Hoadwonic, A. Cook, A. Waugh, , K Abele, M. Bender, P. Tietz, M. Willkie, G. Millikan, R. Heimann, N. Schmidt, R. Tiffany, W. Hugelshofer, K. Pennington and S. Byron.

Minutes: Motion duly made by Fred Mellenbruch and seconded by Alan Viridinis to approve the minutes of the December 2009 Board Meeting. Vote carried: 4-0-0. Sid Wittenberg was running late.

Members Forum: None

Delegates Forum: Nancy Schmidt (delegate from Mallorca) asked about hoist to remove boats from the lake to avoid trailers contacting the water. Staff stated that LMVA does not own a hoist for that purpose but has rented a crane hoist to load and unload boats in the past. Rod Simenz (delegate from Andalusia) thanked the staff and the Board for covering the edges of the launch ramp docks with vinyl to prevent slivers in a timely manner.

Special Presentations:

Breezeway/Concourse Project: Karel Kriz stated that the city had granted a planning permit for the project and we should have the building permit shortly. He also stated that the costs looked to be within the budget range planned for the project. It appears that we will be able to start demolition sometime in January.

Yacht Club 2010 Schedule and Request for Annual Stipend for Operations: Randy Tiffany, Commodore of the Yacht Club, addressed the Board, presented the 2010 Activities Schedule for the LMVYC and asked the Board to approve the annual stipend to offset expenses including liability insurance specific to LMVYC operations. Diane Lincoln thanked Commodore Tiffany for all his hard work and stated that the matters would be addressed in New Business.

Director's Report: None

Committee Report: Long Range Planning Committee Chair, Jane Chadburn, stated that the Board needed to make a change in the committee by removing the previous General Manager and suggested replacing him with the current General Manager. Fred Mellenbruch made a motion to remove the previous General Manager and add current General Manager Kevin Frabotta to the committee; seconded by Sid Wittenberg. Vote carried 5-0-0.

Treasurer's Report: The financial statements for month ending December 31, 2009 were distributed. The financial information discussed was contained in the statements. Alan Virdinis reported:

Revenue of	\$6,434,293	2
Gross Income of	6,359,334	3
Operating expenses of	5,856,468	5
Capital Expenditures	1,213	5
Net Income	501,365	5
Budgeted Net Income	0	5
Total Investments	7,297,949	1
Total Operating cash on hand	216,505	1
Interest Income	65,177	2

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

Alan Virdinis left the meeting at the conclusion of his report: Approximately 7:25 PM

Manager's Reports:

GENERAL MANAGER'S REPORT 01/12/10

Financial / General:

- Our 2009 fiscal year ended with an Operating Income Surplus of \$501,652 after allocating \$103,907 to our Contingency Reserve Account. The \$501,652 surplus will be allocated to the Capital Expansion Fund, and once allocated, our bottom line will zero out for the year. We are waiting to finalize this, pending any remaining minor accounting adjustments to close the year end. Any adjustments will be completed by Wednesday, January 12.
- Our Long Term Replacement Reserve Fund is currently funded at 102%, requiring no additional allocation.
- Ratification of these allocations will be discussed as New Business at our Board Meeting.

HR / Labor:

- KRA / Management Objectives for 2010 have been finalized, reviewed and implemented with our Management Team.
- Our Employee Holiday event was held December 9th at Dave and Busters in Irvine. We had excellent attendance and the feedback has been very positive.

Operations / Maintenance:

- Delegate Stu Byron asked last meeting about the status of his request to place a shade structure over the playground equipment at North Beach. We have now received a bid from the same company used for our shade structures in the snack bar area. Depending on the style, the bids ranged from \$45,000 to \$55,000.
- Also at the last meeting, Rod Simenz, from our Yacht Club, mentioned that the rough wood along the dock edges was creating a safety hazard. We have since added the same PVC edging along these docks as we have in place on the rental docks

Lake Biology:

- Our next trout stocking will be Thursday January 14th from Mt. Lassen Trout Farms in Northern California. Our trout season continues to be very successful.
- Year end Quagga Mussel issue update: We have remained Quagga Mussel free with a very diligent effort by our team in 2009.
- During 2009 LMVA inspected over 3,500 boats for the invasive Quagga Mussel.
- 202 boats were quarantined for 30 days (with a yellow tag) and 3,370 boats were tagged (green) as LMV-dedicated vessels.
- Both our trout sources (Chaulk Mound, Nebraska and Mt. Lassen, N. Calif.) have had their waters tested independently and certified clean before we accepted delivery of any fish. We will continue to require any fish delivery in the future to pass this independent testing as well.
- For the second year we have not purchased catfish from the Imperial Valley due to their questionable water sources. We continue to look for more reliable sources and will have any waters tested and certified clean before we commit to fish purchases. We plan to send LMV water samples to Scripps Institute of Oceanography for Quagga Mussel testing within the next month.
- The well is pumping at about 120gpm or about 4 a.f./wk. Currently this is keeping up with evaporation and seepage and the Lake has been at the same elevation of 700.17' above sea level for about 2 weeks.

ADMINISTRATIVE MANAGER'S REPORT

BILLING/MEMBERSHIP DEPARTMENT

- As of 01/01/10 staff has deposited \$3,545,072 in membership assessments since 6/01/09. \$993,000 of this amount is pre-payment of the 01/01-6/30/10 assessment. The remaining \$2,552,072 represent payment for 7/01-12/31/09 period and prior period delinquent accounts.
- Our outstanding balance for the membership accounts receivable as of 12/31/09 is \$231,318 vs. \$169,937 as of 12/31/08. This reflects a 36% increase in outstanding delinquent assessments.
- As of 01/01/10, 703 files are at the collections attorney's office. 276 accounts are all in arrears for assessment periods prior to and including the 2009 assessment year. 427 additional accounts are delinquent for 2009 assessments only.
- Membership counselors processed 0 new voluntary memberships during the month of November.
- Online bill payment electronic delivery program continues to be an effective tool. We are looking to expand the number of clearinghouse institutions providing this service to LMVA.

ACCOUNTING DEPARTMENT

- CD and money market rates have remained stable during the last month. We purchased 2 CD's for 6 month's @ .4%, 1 for 9 month's @ .8%, 1 for 1 year @ 1.10%, 2 for 1 year @ 1.25%.
- Enclosed in your packet is a copy of the current investment portfolio at Comerica Securities.

FINANCIAL (Revenue · Cost · Reserve · Audit)

- Financial reports for 12/31/09 will be available prior to the meeting. A second closing to clear up year end expenses will take place during the month of January.

MEMBER / COMMUNITY RELATIONS

- Clubhouse bookings for 2009 finished at 62 events with 21 being weddings and or receptions.
- We are off to a great start for 2010 with 15 events booked of which 12 are large scale events (Weddings/Receptions, Bar Mitzvahs and even a Quinceanera).
- Facility Usage fees (mainly Clubhouse rentals) are at \$57,600 year to date vs. \$45,300 for 2008 or 27% increase year over year.
- Fishing Club December tournament successful with 48 participants weighing in lots of 4 fish limits during the event. January tournament scheduled for Sat. 1/16.
- The Holiday Kids Fishing tournament event on Wed. 12/30 was very successful. Approximately 100 participants caught lots of fish. The largest trout of the tournament was caught by 4 year old Kaitlyn Stedman weighing in at 6 lb. 3 oz.

BIOLOGY / LAKE INFORMATION

Subject: Current Lake Information

Lake Elevation 700.17 (ft, asl)
Surface Water Temp. 57 (F)
Secchi Visibility 36 (ft.)

WEBSITE

Website statistics for 12/09 show 27,344 visits to the website; down 4% from 12/08. Total visits for 2009 were 416,677 vs. 407,838 for 2008 a 5.4% increase year over year.

OPERATIONS MANAGER'S REPORT

SPECIAL EVENTS / COMMUNITY RELATIONS

- We held our annual "Garage Sale" on 12-12-2009 and sold all of our used kayaks and electric trolling motors to our members, generating \$2,100 in revenue.

MAINTENANCE / BOAT RENTALS

- We have placed our pontoon fishing boat into our rental fleet, renting for \$25.00 per hr. This new option has been a big hit with our members. The boat has been in high demand and rented out almost every Sat. and Sun.
- We called a meeting with our Kayak vendor to discuss new technology, pricing and functionality of our kayak paddles prior to placing our next order for this year. We are now testing 2 different paddles free of charge before making our decision.

MAJOR PROJECTS /INITIATIVES

- The East Beach Gate House Refurbishment is complete. All work was completed by our Maintenance staff and included new cabinets, plumbing, some electrical and general clean up.
- The new rubber molding on the edge of the Yacht Club Dock is complete.
- The Vapor Recovery System on our Gasoline Dispenser is now complete and all final signs off obtained from the AQMD, OCFA and City of Mission Viejo.
- The R&R of the asphalt at the Handicap Parking Stalls in the Administration Parking Lot is complete (less striping). The tree roots which caused the failure have been removed and a root barrier has been installed to prevent this from happening again.
- The chain link gates above the Boat Storage Yard have been replaced for added security purposes, along with new chain link fencing and gate repair completed at the Spillway adjacent to the Clubhouse.
- The beach sand recovery project was completed in mid December. We were not only able to recover sand from the lake at our North Beach and East Beach, but we assisted our neighbors at Finisterra and Mallorca Associations with their recovery efforts.
- We received our new Blue Beach Tubs (expense approved at the last meeting) and are in the process of changing out all of our broken and damaged tubs. This project will be completed in time for our summer season.
- Jane Chadburn inquired about activity w/snack bar improvements. In the process of bidding out the countertops for North Beach, most likely stainless steel, but also considering other material options. Question was asked about any other items under consideration while it is torn up. Bryant Watilo stated may look at replacing cabinets underneath countertop if can afford. They are wood in not in very good shape – could be a health department issue if not taken care of. Waiting for pricing info on these projects. Diane Lincoln commented that LMVA will always be serving food to our membership, therefore, it is important to get this taken care of as soon as possible to meet standards set by health department. Sid Wittenberg inquired whether Tony's Sea Landing would be participating in the snack bar upgrades/expenses. Kevin Frabotta clarified that the arrangement with them is modest stipend and LMVA would maintain equipment, etc. Kevin also stated that the cabinets are in disrepair and need to be taken care of, however, there is no budget for that at this point and time.

Old Business: None

New Business:

- **Ratification of Action without a meeting:** General Manager Kevin Frabotta stated that per a phone / email poll taken of all Board Members, the Board has agreed to allocate our 2009 Operating Income Surplus by funding the Contingency Account from \$196,093 to \$300,000 with all remaining Operating Income allocated to the Future Expansion Fund. Fred Mellenbruch made a motion to ratify the phone poll allocation of excess operating funds as stated above. Second, Sid Wittenberg,. Vote Carried 4-0-0.
- Operations Manager Bryant Watilo stated that staff had received 3 bids for our 2010 Landscape Maintenance Contract. After review, staff proposes awarding the contract to O'Connell Landscape Maintenance. The monthly fee of \$14,989 is actually \$449.85 per month lower than our current contract with O'Connell Landscape (and they have absorbed the cost of monitoring our Rainmaster Irrigation Control System). With a 17 year history as our Landscape Maintenance contractor, this maintains continuity and lowers our expenses for the same scope of work. Sid Wittenberg made a motion to accept the bid

from O'Connell Landscape regarding landscape services for the 2010 calendar year, Second Jane Chadburn. Vote Carried 4-0-0.

- Yacht Club Financial Support: Per Commodore Randy Tiffany's special presentation earlier, the Yacht Club is requesting LMVA to subsidize their operational expenses by providing financial support in the same amount as last year of \$3550. This expense has come from our Special Events budget in recent years. Fred Mellenbruch made a motion to appropriate \$3,550.00 to the LMVYC for 2010 with the expense to come from Operating Account 5065 and approve the 2010 LMVYC Activities Schedule, Second, Jane Chadburn. \ Vote Carried 4-0-0.

Adjournment: There being no further business, this meeting of the Lake Mission Viejo Association was adjourned at 7:46 PM.

Attest: _____, Secretary