

**LAKE MISSION VIEJO ASSOCIATION  
BOARD OF DIRECTORS MEETING  
January 11, 2011**

**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 Fred Mellenbruch at 7: 01 PM.

**Board Members Present:**

Fred Mellenbruch, President  
Alan Virdinis, Vice President  
Diane Lincoln, Vice President  
Dale Tarkington, Treasurer

**Staff Members Present:**

Kevin Frabotta, General Manager  
Bryant Watilo, Operations Manager  
Janice Chandler, Human Resources Manager  
Norma Risher, Billing Clerk

**Others Present:** J. Chadburn, M. Jaegerman, S. Olivier, T. Buckowski, D. Roohk, J. Sperber, M. Ziegler, M. Bender, G. Virdinis, G. Millikan, K. Abele, W. Broadhag, R. Simenz, P. Tietz, J. Anchell, K. Kriz, T. Musolino, A. Waugh, T. Hoadwonic, M. Terusa, A. Kotnik, W. Halagarda, A Cook, N. Schmidt, K. Pennington, and S. Byron.

**Minutes:** Motion duly made by Diane Lincoln and seconded by Dale Tarkington to approve the minutes of the December, 2010 Board Meeting Vote Carried (4-0-0). (Sid Wittenberg was not in attendance.)

**Members Forum:** Michael Jaegerman member from Canyon Crest stated that he was on the Board at Canyon Crest and along with fellow Canyon Crest Board member Steve Olivier were attending the meeting to observe how LMVA Board meetings are run.

**Delegates Forum:** Delegate Jan Anchell asked the Board about her responsibilities as a new delegate. Fred Mellenbruch advised her to attend regular Board meetings.

**Special Presentations:** Dave Roohk from HDR addressed the BOD regarding the 2011 contract and special projects ongoing regarding the health of LMV. Mr. Roohk gave a detailed report regarding the biological state of LMV. Mr. Roohk explained stratification and the dissolved O2 levels in the water. Mr. Roohk went on to explain the aeration system and the importance of running the system during the fall of each year. Mr. Roohk brought up the question of an upgrade to the aeration system for 2011 and have been consulting with engineer consultant Alex Horne program. A general discussion took place regarding O2 levels within the lake and algae in the lake. Fred Mellenbruch asked about removing algae off the bottom of LMV such as being

done in the ocean in Hawaii. Mr. Roohk stated that removing anaerobic water from the bottom of LMV would be a costly project. Fred Mellenbruch asked about plant life in the lake. Mr. Roohk stated that the charophytes low growing macro-algae residing near the bottom of the lake are excellent for the health of the water by producing oxygen and habitat.

### **Floating Platform Update**

Karel Kriz presented an update on the floating platform project. He stated that the City planning official has signed the planning permit and we are on our way to completing construction and installation of the platform by summer of 2011.

### **Relocation of proposed water feature, bowl grading and hardscape improvement plan/costs**

Karel introduced a concept to re-grade the concert bowl area. He stated that once the platform is completed it will have multi use capabilities. The space in front of the new stage would accommodate the new water feature in the center of the pad. The second part would be to re-grade the bowl and add a 24" high retaining wall with a curved cap roughly following the edge of grass forming a new, raised area and delineates a 13' wide walkway connecting the parking lot access and beach. The bowl would be re-graded to a gentle slope that culminates in a series of 10' wide curved wide steps at the top of the bowl. Mr. Kriz stated that the offseason use of the pad would provide outside living space with seating and portable landscaping. He went on to detail the layout of the space for the concert season. Mr. Kriz stated that the capacity of the concert bowl area is approximately 2,550 people assuming 15 square feet allocated for each person. The lifeguard dock is to be reconfigured to accommodate 3 rescue boats. Mr. Kriz stated that in order to complete a plan for this area we need to survey the bowl and produce a grading/drainage plan. Hart Design Group, a civil engineering company provided a bid to complete this work totaling \$9,370. Alan Viridinis asked about grading the slope at the back of the bowl. Mr. Kriz stated that the grading would take place below the sidewalk in the grass area of the bowl. Delegate Stu Byron asked if anything besides the cost of the floating stage has been approved. Fred Mellenbruch stated that only the conceptual cost of the fountain had been approved. A delegate asked about the existing capacity of the bowl area. Mr. Kriz stated that the bowl is open space and capacity is flexible. Alan Viridinis asked if the city had questions about parking related to building the new platform and reconfiguring the bowl. Delegate Jane Chadburn stated that the configuration of the bowl has no affect on the size of the crowd; rather the popularity of the artist determines the size of the crowd. Delegate Art Cook asked about permanent seating in the bowl area. Mr. Kriz stated that there are no new permanent seating areas planned. Space is planned to remain the same as currently used for blankets and low chairs. Mr. Mellenbruch asked about timing of the grading project. Mr. Kriz stated that the project would not be in place for the 2011 concert season. Alan Viridinis asked about the change of elevation from the front to the rear of the bowl. Mr. Kriz stated that the elevation would remain the same, only re-graded.

### **Administration Building – Restroom Retrofit**

Mr. Kriz stated that the alterations to the breezeway and store front triggered ADA compliance for the entire building including the restrooms. In order to comply, the restrooms will become single user, gender specific restrooms. The fixtures, partitions and furniture will need to be relocated or removed. Mr. Kriz recommended accepting Babuscio Construction to complete the

work as they have completed several construction projects in the past and have always provided excellent service. The cost to complete the project would be \$30, 936.

**Lamp-post Replacement**

Mr. Kriz stated that existing lamp-posts in the facility are due for replacement and he hopes to come to the BOD at the next meeting with recommendation for replacement. Dale Tarkington asked how the posts were connected to the electric service. Mr. Kriz stated that he felt they were connected by rigid conduit. Mr. Tarkington stated that replacing rigid conduit could be expensive.

**Director’s Report:** None

**Treasurer’s Report:**

Treasurer Dale Tarkington stated that the Lake Mission Viejo Association financial statement through December 31, 2010 shows:

Actual revenue of	\$ 6,564,295	2
Gross Income of	6,477,697	3
Actual Operating Expenses of	5,880,376	5
Capital Expenditures	3,390	5
Net Income	593,931	5
Budgeted Net Income	0	5
Total Investments	7,628,961	1
Total Operating Cash on Hand	118,850	1
Interest Income	83,044	2

- Accruals (not including payroll) equal \$111,143 for the month.
- Legal expenses are up due to legal charges for past due accounts – current assessment period. Offset reflected in Revenue Other – up by \$118,212 year to date.
- Administrative Bank Charges are up 14% for the year. 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.
- In the last 12 months we have written off \$111,930 in bad debts.

**Committee Reports:** None

## **Manager's Reports:**

### **GENERAL MANAGER'S REPORT**

#### **FINANCIAL / GENERAL:**

- Fiscal Year End: Our 2010 Fiscal year ended with a preliminary Operating Income Surplus of \$597,000. Once we complete our final year close, I expect this number to be closer to \$585,000. At that time we will allocate the surplus per Board direction at the December meeting.

December / Year End financials are included in your packets. A few additional highlights for the year end:

- Operating Revenue for 2010 was 3% over budget.  
Highlights include:
  - Facility usage fees were 28% over budget for the year.
  - Passes and Permits were 37% over budget for the year.
  - Interest income was down, under budget by 41% for the year.
- Operating Expenses for 2010 were under budget by 6% for the year end.  
Highlights include:
  - Total payroll for 2010 was under budget by 5.4%.
  - Thanks to all of our rain, our lake fill was under budget by \$118,615 / 47%.
  - Concerts were over budget by 11%, but this was due to our increased security and OC Sheriff's expense in response to the early season crowd issues. This has been budgeted for in our 2011 budget.
- Overall, our 2010 Operating Budget worked very well and based upon our performance, we have made appropriate changes to our 2011 Budget.

#### **HR / LABOR:**

- The Payroll and Quit Reports are included in your packets. No major trends to report.
- New Employee Benefits programs are all in place as of January 1<sup>st</sup>.
- The conversion of our payroll systems from Apple One to Paycom has gone very well and we are very pleased with the ease of use and reporting capabilities.

### **LIFEGUARDS:**

- The Lifeguard statistics for December are included in your packets. No major incidents to report. The heaviest activity has been fishing rules warnings.

### **LAKE BIOLOGY:**

- In the month of December, we did not purchase any water from SMWD and have not purchased any Lake-fill water since September. The Lake is full as we start 2011.
- We shut our well down during December's rains and are using this opportunity to complete preventive maintenance. Biologist Tom Buckowski has been treating the well for iron and bacteria buildup and checking for any mechanical issues.
- We have stocked 21,750 pounds of trout since opening day from MT. Lassen Trout Farms in Northern California and Chaulk Mound in Nebraska.

### **2010 YEAR-END QUAGGA MUSSEL UPDATE:**

We have remained Quagga Mussel free with a very diligent effort by our team in 2010.

- During this past year, LMVA inspected over 2,900 boats for the invasive Quagga Mussel.
- 91 boats were quarantined for 30 days (with a yellow tag) and 2,820 boats were tagged (green) as LMV-dedicated vessels.
- LMVA has been testing our own waters for Quagga Mussels via substrates and plankton samples, which are sent out quarterly to Scripps Institute of Technology for testing. Our efforts have continued to pay off and the Lake remains clean.
- Both our trout suppliers (Chaulk Mound, Nebraska and Mt. Lassen, N. Calif.) have had their waters tested independently and provided us with certification that they are clean before we have 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 third consecutive 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.

## **Administrative Manager's Report**

### **BILLING/MEMBERSHIP DEPARTMENT**

- As of 01/01/11 staff has deposited \$1,105,746 in assessment payments during 12/10 (vs. \$993,000 for the same period last year). Most of this money is prepayment of 01/01-6/30/11 assessment.
- As of 01/01/11, 669 files are at the collections attorney's office vs. 01/01/10 when there were 703 files in collections. Each of these accounts is in arrears for previous assessment periods. Approximately half are delinquent for just the 7/01-12/31/10 assessment period.
- Membership counselors processed 3 new voluntary memberships during 12/10.

### **ACCOUNTING DEPARTMENT**

- CD and money market yields rose slightly in 12/10. We reinvested \$249,000 on 12/10 @ 1.25 % for two years, \$348,000 on 12/31 @ .07% for 90 days. We have 46 investments totaling \$6,234,371.52 currently in our portfolio with an average interest rate of 1.06%.
- Enclosed in your packet is a copy of the current investment portfolio at Comerica Securities.
- Laura is closing the 2010 fiscal year. She will have a statement for the meeting but a second closing will be necessary to complete all business and close the books for 2010.

### **COMPUTER NETWORKING**

- New servers and workstations have been delivered and programming is underway.
- Fiber optic links to the Membership/Billing office and the Lifeguard Headquarters have been completed resulting in much improved network conductivity for both areas.
- Cox Cable is working on a bid to provide Internet/Telephone service to all facilities which would provide much improved bandwidth between remote sites and out to the internet.

### **MEMBER / COMMUNITY RELATIONS**

- Clubhouse is now booked for 8 events in 2011.
- Clubhouse events held through 12/31/10 total 65 events vs. 59 events held through 12/31/09.
- Kids Holiday Fishing Tournament was very successful. Under sunny skies and cool temperatures, over 100 3-10 year old anglers enjoyed the opportunity to fish in the Marina.  
Largest trout weighed over 6 lbs. Thanks to Shimano American Corp. for providing rod and reel combos for prizes.
- January Fishing Club Meeting scheduled for 01/12 and tournament set for 01/15 following this week's trout stocking.

## **BIOLOGY / LAKE INFORMATION**

Subject:	Current Lake Information
Lake Elevation	701.16 (ft, asl)
Surface Water Temp.	56 (F)
Secchi Visibility	25 (ft.)

## **WEBSITE**

- Website statistics for 12/10 show 24,417 visits, down 11% from 12/09.

## **Operations Manager's Report**

### **Marina Operations**

- We have recently purchased all new seat cushions/floating devices for our fishing fleet; these new cushions are more than twice as thick as our old ones and have been a big hit with our members.

### **Architectural Review Committee**

- There were no new submissions this month.

### **Projects / Initiatives**

- On 12-30-2010 we installed our new granite countertops in our Clubhouse.
- We have recently completed our Clubhouse Restroom refurbishment project, this project included installing new ceramic floor tiles, new stainless steel partitions, replacing damaged toilets and new paint.
- We completed replacing the floor tile in the Upper East Beach Restrooms in mid December and have the new partitions scheduled to be installed in mid January.
- The Administration Bldg. ceiling refurbishing project is now complete. The project included removing all the old acoustic and re-texturing and painting of the ceilings.
- We have recently completed our Administration Bldg. window replacement drywall and stucco work. In addition we were able to re-use 21 of the 30 existing window blinds.
- Under the guidance of our Landscape Contractor's botanist, we have recently completed the trimming of our East Beach's native oaks. This work included the removal of dead material and the trimming of smaller branches for the overall health of the trees.
- In the recent storms we had 2 of our pine trees go down at our Lower East Beach park area. They did some damage to our aluminum fence but did no damage to any other property.
- The fumigation of our facility was completed in 2 parts: the Administration Bldg. and Lifeguard HQ were done on December 24-26; and the Maintenance Bldg and Gate Houses being done on December 31- January 2. The next step is to replace/repair identified wood areas that have been damaged by the termite infestation. That work is scheduled to start on January 18, and will take a week to complete.

- In a continuing effort to make our facility more secure we have replaced several of the chain link gates along our Mallorca slope. This work included resetting the gate posts in new concrete and installing new gates which were contoured to the concrete V ditches beneath the gates. These areas have historically been an entry point for people entering the facility illegally.

We have recently begun preliminary discussions and bidding with several asphalt vendors in regards to the refurbishment of our Maintenance and East Beach Parking Lots. This work will also include the removal and replacement of damaged concrete curb and gutter. This work is fully reserved for in the 2011 Reserve Budget, and is tentatively scheduled to be performed in late spring. It is our intent to have formal scopes of work and proposals for your consideration at the February BOD meeting.

**Old Business:** None

**New Business:**

**Approval of 2011 Contract with HDR Engineering**

Diane Lincoln made a motion to approve the 2011 HDR Engineering for an amount not to exceed \$56,500 with expense to come from operating account 5062. Motion seconded by Alan Virdinis. Vote Carried 4-0-0.

**Proposal to purchase New Concert Stage**

General Manager stated that he, Karl Kriz and Special Events Coordinator Jane Chadburn had visited All Access Staging several weeks ago and viewed the stage concept being proposed. Mr. Frabotta stated that the proposed stage was used this past New Year's Eve in Times Square and will be used at this year's Super Bowl. Mr. Frabotta stated that our production consultant Ray Woodbury has recommended this type of stage for our venue. He went on to say that we are only presenting one bid because the type of events we hold and weight bearing requirements that we need in a stage. Mr. Frabotta went on to describe the structural integrity of this type of stage. He stated that there is an opportunity to rent out the new stage during our off season. Mr. Frabotta stated that the stage is a reserve item and is fully funded for purchase of this stage configuration.

Diane Lincoln made a motion to purchase a new stage from All Access Staging for an amount not to exceed \$148,582.84; motion seconded by Alan Virdinis. Alan Virdinis asked about renting out the new stage and transportation and repair in a rental situation. Jane Chadburn stated that All Access Staging would pick up and deliver the stage if they were to rent it. Delegate Art Cook asked about what happens to the old stage. Mr. Frabotta stated that we will attempt to sell the old stage.

Diane Lincoln made a motion to approve a cost not to exceed \$10,000 from Hart Design Group. Motion seconded by Dale Tarkington. Vote Carried 4-0-0.

**Restroom Remodel**

Diane Lincoln made a motion to award a contract to remodel the administration building restrooms for a cost not to exceed \$35,600 which includes a 15% contingency that staff can authorize if needed over the contract amount of \$30,936. Motion seconded by Alan Virdinis. Vote Carried 4-0-0.

**Adjournment:** There being no further business, this meeting of the Lake Mission Viejo Association was adjourned at 8:45 PM.

**Attest:** \_\_\_\_\_, Secretary