

**LAKE MISSION VIEJO ASSOCIATION
BOARD OF DIRECTORS MEETING
October 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: 07 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
Dave Kerr, Administrative Manager
Bryant Watilo, Operations Manager
Norma Risher, Billing Clerk

Others Present: J. Sperber, N. Schmidt, M. Bender, G. Virdinis, J. Chadburn, G. Millikan, K. Abele, R. Simenz, P. Tietz, K. Kriz, A. Waugh, T. Hoadwonic, M. Terusa, A. Kotnik, J. Anchell, S. Krinitt, P. Krinitt, M. Ziegler, W. Halagarda, B. Ernise, M. Ernise, A Cook and S. Byron.

Minutes: Motion duly made by Diane Lincoln and seconded by Alan Virdinis to approve the minutes of the September, 2011 Board Meeting. Vote Carried (4-0-0). Board Member Sid Wittenberg was not present at the meeting.

Members Forum: Andy Kotnik relayed a story about meeting a former LMV member at the Bass Pro store in Peoria, IL while purchasing fishing supplies for his ventures onto LMV.

Commodore Peter Tietz of the LMVYC thanked the Board and staff for their support during the 2011 yacht club season. Mr. Tietz mentioned the upcoming events to round out a great year for the yacht club. He encouraged members to attend the Parade of Lights on 12/10.

Delegates Forum: Stu Byron (Palmia) thanked staff for putting on a presentation to the Palmia residents regarding their membership in LMVA and all the amenities available to them here at the Lake.

Special Presentations: Concert Bowl Regrading

Karel Kriz gave a presentation regarding the Concert Bowl area. Mr. Kriz developed the concept after the completion of the survey of the bowl area by Hart Design Group. The survey was authorized by the Board of Directors last spring and provided elevations throughout the bowl area. Mr. Kriz stated that the basis of the design was to split the bowl area into zones with a 2 foot high retaining wall separating the front concrete area from the rest of the bowl. This concept will allow for improved viewing corridors during events. Import of approximately 60 cubic yards of soil will be needed. A 4000 square foot turf area will be placed in the center of the existing concrete pad immediately in front of the Floating Platform. A recessed area for sound and light management (front of house) will be at the back of the concrete area. Walkways paved with intermittent stones will provide access paths from the front to the

back of the bowl. At the top of the bowl, 4 stylized curbs spaced 10' apart will allow for comfortable seating for events and picnicking.

Alan Virdinis asked about the elevation change. Mr. Kriz stated that there would be a 9' elevation change from front to back of the bowl. Mr. Virdinis asked if trees would need to be removed. Mr. Kriz stated that three trees would be removed. Mr. Virdinis asked about drainage. Mr. Kriz stated that drainage would all be channeled into the existing storm drain. Mr. Virdinis asked about lighting. Mr. Kriz stated that soft lighting will be installed along the curb areas and some tree lighting will be used. Mr. Virdinis asked about ADA issues. Mr. Kriz stated that there were none. Mr. Kriz stated that the bowl would hold the same number of people, and there would be no more for additional seating. Mr. Kriz stated that this concept was designed to function for all kinds of events in the bowl area, not just the concerts. Mr. Kriz stated that the costs were preliminary estimates not actual bids. Mr. Kriz estimated the cost for the project to be \$249,000.

A general discussion took place regarding the advantages and costs and time schedule of the project. Fred Mellenbruch stated that the project is in the concept phase of development and if there is no objection from the Board the project would be referred to the Long Range Committee. Jane Chadburn stated that the project had already been recommended to the Board by the Long Range Planning Committee.

Mr. Mellenbruch stated that there are more questions lingering about the project and the Long Range Planning Committee should take a look at the project. Mr. Mellenbruch stated that fast tracking this project is not an option as we do not want to be in the same situation as we were this spring rushing to complete the project prior to the event season. He also stated that he wanted to establish a conduit with staff and members to get involved in the planning of the project. Dale Tarkington stated that he had learned a lot this past year and he wanted to make sure that we are doing the right project in the right sequence. Alan Virdinis stated that he did not want to operate like a "dog chasing his tail". He wanted to take a deep breath, let the project run through the planning process one more time and get a different perspective on the project. Diane Lincoln stated that she felt that the project should go back to the Long Range Planning committee and have Mr. Kriz and staff work together to put together a schedule to review. A general discussion took place regarding the feasibility of having construction completed before the 2012 event season. Mr. Mellenbruch stated that there is still work to do before considering funding the project. Evaluating a timeline is critical to the project.

Director's Report: None

Treasurer's Report: Treasurer Dale Tarkington stated that the Lake Mission Viejo Association financial statement through September 30, 2011 shows:

Actual revenue of	\$ 5,011,123	2
Gross Income of	4,941,932	3
Actual Operating Expenses of	4,481,083	5
Capital Expenditures	0	5
Net Income	460,849	5
Budgeted Net Income	(148,295)	5
Total Investments	7,199,731	1
Total Operating Cash on Hand	153,841	1
Interest Income	36,764	2

- Accruals (not including payroll) equal \$46,000 for the month.
- In the last 12 months we have written off \$132,682.38 in bad debts.
- Payroll Expenses are over budget for the year due to an increase in our EDD UI rate. We were not aware of the increase when preparing the budget.

Committee Reports: None

Manager's Reports:

GENERAL MANAGER'S REPORT

Financial / General:

- 2012 budgets have been completed, pending approval at this meeting. The budget incorporates, among many other issues, fully funding of the Reserve Account at 104.58% and no increase in Member's assessments.
- September financials are included in your packets. A few highlights:
 - Operating Revenue was down for the month by 2%. This is due to our Taste of The Lake ticket sales not being reflected. They will show in the October statement.
 - Special Events Revenue is zero due to this same issue.
 - Concert Revenue from guest passes was up by over \$15,000 due to the B-52s concert.
 - Total Payroll for September was under budget by 2.75%.
 - Concert expense was over due to additional staffing, sheriffs, staff Pro and other expenses associated with the B-52s concert.
 - Lakefill water was 16% under budget for the month, and is under for the year by 49%.
 - Electricity was over budget, due to running the Lake Aeration system consistently the entire month. We are still under for the year by 2%.
 - Overall, the nine month YTD results show no surprises and the budget is working efficiently.
- We are in the process of gathering information for Insurance proposals for 2012, to include general liability, property, auto, workers compensation.

Concerts / Special Events:

- September 17th Jazzfest / Taste of The Lake was very well received and attended by over 4,000 people.

- Paint The Lake Art Contest: For the first time in our contest history, we had a tie for the winner. With over a thousand votes collected, two paintings received 102 votes each.

HR/ Labor:

- The Payroll and Quit Reports are included in your packets.

Lifeguards:

- The Lifeguard statistics for September are included in your packets. There were no rescues or major incidents.

Lake Biology:

- During the month of September we purchased 33 acre feet of water from SMWD and pumped 20 acre feet from our well.

ADMINISTRATIVE MANAGER'S REPORT

BILLING/MEMBERSHIP DEPARTMENT

- Staff processed and deposited \$2,479,013 in assessment payments since 6/01/11. These payments were broken down into \$2,135,760 paid by check, \$343,252 paid electronically via online banking or paid by credit card on line. The same time period in 2010, \$2,552,633 was deposited.
- As of 10/01/11, 395 files are at the collections attorney's office vs. 10/01/10 when there were 510 files in collections. Each of these accounts is in arrears for previous assessment periods.
- Membership counselors processed 2 new voluntary memberships during 09/11.

ACCOUNTING DEPARTMENT

- CD and money market yields remain low. As of 9/01 we currently have 37 CD investments through Comerica Securities totaling \$6,365,371.52 in our portfolio with an average interest rate of 1.027%. There is additional \$834,359.48 in money market funds at Comerica and Citibank, for a total of \$7,199,731 in investments.
- Enclosed in your packet is a copy of the current CD investment portfolio at Comerica Securities.

MEMBER / COMMUNITY RELATIONS

- Clubhouse is now booked for 70 events in 2011 vs. 54 events as of 10/01/10.
- There are 12 events already on the books for 2012
- Clubhouse events held through 09/30/11 at 54 events vs. 43 events held through 09/30/10.
- 11/11 newsletter ready for mailing to the members by 11/01/11. This issue includes the 2012 Operating Budget as well as the current Reserve Study information.
- 3 Candidate Declarations for the October Board of Director's elections have been received. Two positions will be elected on 10/25 at the Annual Meeting of the Delegates/Board Elections.
- Paint the Lake art contest winners were Edison Crayne and David Kong (Sivorak). Mr. Crayne has participated in several "Paint the Lake" events and Mr. Kong is a two time winner, previously taking the prize in 2004.

BIOLOGY / LAKE INFORMATION

Subject:	Current Lake Information
Lake Elevation	700.63 (ft, asl)
Surface Water Temp.	78 (F)
Secchi Visibility	30(ft.)

OPERATIONS MANAGER'S REPORT

Marina / Lake Operations

- We have received our 1st delivery of our new Gregor fishing boats, and the dock staff is busy preparing them for LMV use. We anticipate having all 25 boats delivered, prepped and launched by the end of the month, in time for our eagerly awaited Trout Opener in Mid November.
- We have recently replaced our old dilapidated wooden kayak paddle storage box with a new lockable fiberglass storage box. This upgrade is not only visually more pleasing, but allows us the ability to secure the paddles each night at closing.

Architectural Review Committee

- None

Projects / Initiatives

- The Orange County Health Department had their annual inspection of our Snack Bars on 9-15-2011, and we are proud to report that we passed both inspections with no Major Violations, and no re-inspection was required.
- We have recently replaced the “up” lights located in the sidewalk in front of the Clubhouse. The original lights were not designed for the purpose that we were using them, and were constantly failing.
- Our Halloween event planning is now in full swing. This year due to the ever increasing popularity of this event; once again “Lake Eerie” is going to be held over 2 nights, October 21st and 22nd. 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 some new additions to this year’s graveyard that I’d love to tell you about, but I’ve been warned that I may end up in one of the coffins if I divulge too much information.
- In the never ending search to better service our members and reduce costs, staff researched the viability of finding a new trash collection vendor. Unfortunately our current vendor, Waste Management, has an exclusive agreement with the City of Mission Viejo and no other trash haulers are allowed to do business within the city.

Old Business: None

New Business:

Appointment of Election Inspectors

Fred Mellenbruch stated that Delegates Marty Bender and Rod Simenz, and Administrative Manager Dave Kerr have been nominated to be Inspectors of Election for the upcoming Board Elections on 10/25. Andy Kotnik has been nominated as the alternate. Diane Lincoln made a motion to appoint the aforementioned persons as Election Inspectors. Second, Alan Virdinis. Vote Carried 4-0-0.

Approval of the 2012 Operating Budget

Kevin Frabotta stated that work had been completed on the 2012 budget and that changes recommended by the Board had been adopted. Dale Tarkington made a motion to adopt the 2012 Operating Budget as presented. Second, Diane Lincoln. Vote Carried 4-0-0.

Approval of the Asyst Data Systems Contract

Kevin Frabotta stated that per discussion in the Executive Session prior to the meeting, he was recommending approval of the lease contract as discussed in the Executive Session to replace our existing database system. Alan Virdinis made a motion to approve the lease contract as presented. Second, Dale Tarkington. Vote Carried 4-0-0.

Replacement of Park Light Pole / Fixtures

Operations Manager Bryant Watilo stated that he has received bids to replace 13 existing North Beach light poles with new LED fixtures supplied by Cooper Lighting to match the new fixtures installed last year along the concourse area by the Administration Building. This purchase will include 9 fixtures along the park sidewalk, and 4 fixtures along the fishing area. Staff has looked at several different lighting technologies and feel LED gives us the best lighting source, along with reducing our energy foot print. We have had several discussions with SCE and we would be eligible to participate in a rebate program that they offer. Although these rebates are minor in total dollars, they do exist and we would apply for them. Staff recommends awarding the contract to Ness Electric for the not to exceed amount of \$35,155.00, with funds to come from Acct. 2046, Category 160 – Lighting. There is \$196,050.00 in Reserve for this purchase. Dale Tarkington made a motion to approve the contract to replace the Park lights and poles as stated. Second, Diane Lincoln. Vote Carried 4-0-0.

Replacement of the Lake Aeration System Motor

General Manager Kevin Frabotta stated that the original electric motor running the lake aeration system has failed. Purchase of new Aeration System motor was recommended by our consultants. Mr. Frabotta asked for an approval of a not to exceed amount of \$38,000 to replace the motor and compressor for the Lake Aeration System from US Equipment Company, with expense to come from Reserve Account 2046. There is \$53,675 reserved for this equipment. This equipment has been extended by 12 years from its original Reserve life. Diane Lincoln made a motion to approve the purchase of the motor and compressor as stated. Second, Alan Virdinis. Vote Carried 4-0-0.

Retrofit of Party Boat to Fishing Charter

Operations Manager Bryant Watilo stated that he is recommending that we convert one of our backup party boats into a 3rd fishing charter. He stated that our 1st two Charter Boats have been received well by our members. YTD rental statistics show these boats have gone out for a total of 856 hrs, with revenues to the association of \$21,400.00. We have had numerous occasions

where we have had a waiting list for the Charter Boats, and we feel a 3rd boat is much needed. The total cost to convert one of the backup boats to a Charter boat is \$1,148.33 with funds to come from Acct. # 2047 - Contingency, and all work to be completed prior to the start of our trout season. Diane Lincoln made a motion to approve the conversion expenditure as stated. Second, Dale Tarkington. Vote Carried 4-0-0.

Adjournment: There being no further business, this meeting of the Lake Mission Viejo Association was adjourned at 8:50 PM.

Attest: _____, Secretary