

AGENDA

SANTA MARGARITA WATER DISTRICT

BOARD OF DIRECTORS

SPECIAL BOARD MEETING

JUNE 27, 2016

7:30 A.M., BOARD ROOM, DISTRICT OFFICE

26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CALIFORNIA

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Joyce Crosthwaite, Assistant to the General Manager, at (949) 459-6507 at least 24 hours before the meeting if possible.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 24 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. When practical, these public records will also be made available on the District's Internet Web Site, accessible at <http://www.smwd.com>.

- 1. PLEDGE OF ALLEGIANCE**
- 2. PUBLIC FORUM**

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time. Comments are limited to three minutes, unless further time is granted by the Presiding Officer.

President, Charley Wilson
Vice President, Charles T. Gibson
Engineering and Operations Committee Chair, Justin McCusker
Water Policy and Innovation Committee Chair, Sandra F. Jacobs
Finance and Administration Committee Chair, Betty H. Olson
General Manager, Daniel R. Ferons

3. ACTION ITEMS

- 3.1 Consideration and Action on Request from Consolidated Youth Sports Council for a Temporary, One-time Exemption to the Lease for the Wagon Wheel Sports Park.

Recommendation: Consider a proposed lease amendment authorizing a temporary, one-time exemption to the lease to allow limited use of loudspeakers on July 2-July 11, 2016 contingent upon CYSC funding an acoustical analysis at the property limits along Panorama Drive during the July 2-July 11 timeframe and providing the analysis to the District by July 15, 2016. Lease amendment must be signed by all parties prior to June 30, 2016. After July 11, 2016 all other provisions of the lease would be strictly enforced.

4. CLOSED SESSION

- 4.1 CONFERENCE WITH REAL PROPERTY NEGOTIATORS
PURSUANT TO GOVERNMENT CODE SECTION 54956.8
PROPERTY: 30945 and 30947 Oso Parkway.**

Agency negotiator: General Manager Dan Ferons and General Counsel Scott Smith
Negotiating parties: Consolidated Youth Sports Council
Under negotiation: Price and Terms of Payment



MEMORANDUM

TO: Board of Directors

DATE: June 27, 2016

FROM: Don Bunts
Joyce Crosthwaite

SUBJECT: Consideration and Action on Request from Consolidated Youth Sports Council for a Temporary, One-time Exemption to the Lease for the Wagon Wheel Sports Park

SUMMARY:

Issue: Since 1996 the Wagon Wheel Community Sports Park (Sports Park), has been a venue for Little League teams. Issues between the Trabuco Canyon Little league (TCLL), affiliated with the Consolidated Youth Sports Council (CYSC), CZ Masters' Homeowners' Association (HOA), and its residents have occurred during the past five (5) years, generally regarding the use of loud speakers which is prohibited by the lease. The TCLL has requested a one-time, temporary use of loudspeakers during a tournament to be held July 2, 2016 through July 11, 2016.

Recommendation: Consider a proposed lease amendment authorizing a temporary, one-time exemption to the lease to allow limited use of loudspeakers on July 2-July 11, 2016 contingent upon CYSC funding an acoustical analysis at the property limits along Panorama Drive during the July 2-July 11 timeframe and providing the analysis to the District by July 15, 2016. Lease amendment must be signed by all parties prior to June 30, 2016. After July 11, 2016 all other provisions of the lease would be strictly enforced.

Fiscal Impact: None at this time; acoustical studies will be funded by CYSC. The cost of holding a special meeting has been estimated by staff at approximately \$5,000.

Previous Related Actions: Refer to chart, title "Chronology" in the following section.

Committee Status: This item was not reviewed by a committee.

DISCUSSION:

The following sections provide background information on the development of the Sports Park site, the CYSC, the TCLL and a brief chronology of the interactions between CYSC/TCLL and the District. The purpose of the background section is to provide as comprehensive a history as possible in an effort to determine the actual cost the District has incurred administering the Sports Park. While direct costs have been minimal, the impacts to staff time and the associated labor costs have been substantial.

There are two agreements, one dated 1996 and the other 2000, between the CYSC and the District relative to the lease of the Sports Park. The TCLL is one of three member organizations of CYSC and has submitted this request on behalf of CYSC.

The latest request from the CYSC through TCLL, is for a formal lease amendment to use loud speakers during an All-Star tournament to be held July 2-July 11, 2016. The TCLL was selected by District 68, one of the Little League's® Western Region districts, to serve as the host for the All Star game. District 68 comprises 8 leagues within the SMWD service area and 3 adjacent leagues in south Mission Viejo, San Juan Capistrano, and San Clemente. TCLL has stated that District 68 requires that the All Star game use loud speakers to announce players' names and other pertinent information to encourage and celebrate the players. Staff requested but had not received a copy of District 68's rules requiring the use of loud speakers at the time of posting this agenda.

Due to the past history of repeated complaints, both the CYSC and the TCLL are well-aware of the lease provisions prohibiting the use of loud speakers. For historical reference in a letter dated January 29, 2015, the TCLL had requested that the District allow for the use of loud speakers for the All-Star tournament to be held in July of 2015. This request was denied at that time as being outside of the lease provisions.

As TCLL is again hosting the All Star tournament in July of 2016, it is assumed that TCLL agreed to be the host of the tournament in January of 2016. The TCLL appeared at the June 17th District Board meeting to request a lease amendment which was then scheduled for a special meeting on June 27th. In order to comply with the request of the HOA to provide advance notification of District activities related to the lease, the District's customers along Panorama Drive, located upslope from the Sports Park, were notified of the June 27th, 2016 special meeting by mailed notices to each homeowner. The HOA was also notified and considered the item at their meeting on June 22nd.

The TCLL request stated that the loud speakers would only be used for games scheduled on Saturday July 2nd and 9th (games at 9:00 am, noon and 3:00 pm), on Sunday, July 11th (at 11:30 am and 2:30 pm) and on weekdays at 4:30 pm with last pitch no later than 8:00 pm. Speakers would be positioned to face the stands and away from the homes neighboring the park with the volume set at no more than 50% of the total volume capacity of each speaker. The TCLL representative has also stated that the request would be a one-time request. In order to accommodate the request of the CYSC and TCLL a lease amendment would be required.

The current lease is clear-cut. It states in Section 6.6 "Nuisances and Annoyances":

Lessee shall not use or permit the use of the... premises in any manner which creates a nuisance to persons outside the... premises, including, without limitation, live, recorded or broadcast entertainment or the use of loudspeakers or sound other than as may be required by law or necessary or advisable for safety purposes.

The District has shown its continued and long-term support of youth sports programs by agreeing to accept (in 1996) the significant responsibility of overseeing the construction of the Sports Park, by the continued ownership of the facility, by only requiring a token rent be paid by CYSC and by the District's willingness to work with CYSC, TCLL and neighbors to try to address recurrent issues. It is recommended that the temporary, one-time lease amendment be approved to collect data on noise levels. Therefore, the temporary lease amendment is contingent upon the CYSC hiring an acoustical engineer licensed by the State of California to monitor the noise levels from July 2nd -July 11th and provide the report to the District by July 15th. This would allow an objective analysis of the noise levels. All other provisions of the lease, including the prohibition against the use of loud speakers, would be strictly enforced after July 11th when the tournament ends.

However, the long-term policy before the District is what organizational purpose the continued ownership and administration of the Sports Park serves. The District can retain its right to construct an underground reservoir on the site and its ownership of the well and associated facilities but turn over the ownership/administration of the site to another interested group.

CEQA COMPLIANCE

Approval of the proposed lease amendment to allow the use of loud speakers during this one-time event from July 2nd – July 11th is categorically exempt from the California Environmental Quality Act pursuant to Class 1 and Class 6 exemptions. Each exemption is sufficient in its own right to exempt the whole of the action.

Class 1 consists of the operations, permitting, and leasing of existing public or private structures, facilities, or mechanical equipment involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. (State CEQA Guidelines, section 15301.) The proposed temporary lease amendment allows for a one-time exemption of the prohibition against the use of loud speakers. Lifting the prohibition against the use of loud speakers does not expand the use beyond that existing at the current time. The capacity of the Sports Park for events remains the same. Its boundaries do not change and the number of persons who can be accommodated on the site would not increase as a result of this lease amendment. Therefore, the temporary allowance of use of loud speakers would not expand the use beyond that existing at this time and the proposed temporary lease amendment is exempt from CEQA on this basis.

Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. As explained above, the temporary lease amendment is contingent upon the CYSC hiring an acoustical engineer licensed by the State of California to monitor the noise levels from July 2nd -July 11th and provide the report to the District by July 15th. The purpose of allowing use of loud speakers during this time is to enable the District to conduct a meaningful and objective analysis of the noise levels that would result from use of loud speakers. The proposed temporary lease amendment does not otherwise affect the current prohibition of loud speakers in the lease. All other provisions of the lease, including the prohibition against the use of loud

speakers, would be strictly enforced after July 11th when the tournament ends. For these reasons, the proposed temporary lease amendment is exempt from CEQA on this basis.

Staff has evaluated the exceptions to the categorical exemptions in State CEQA Guidelines, section 15300.2 and has determined that none of those exceptions applies to the temporary lease amendments.

Staff asks that the District Board of Directors authorize staff to prepare, execute and file a notice of exemption for the temporary lease amendments within five working days of the District's approval of the temporary lease amendment.

BACKGROUND AND HISTORY

The 15-acre Sports Park is the result of cooperative efforts between the District, the County of Orange, Coto de Caza Limited and the CYSC to establish ballfields for youth soccer, baseball and softball. In 1996 the property was deeded to the District and the District leased the facility to the CYSC for operation of the fields. The County contributed \$1,250,000 for the initial park design and construction and required that the construction be completed by December 31, 1997. In addition, the developer gave \$500,000.00 as an endowment for future park maintenance and improvements.

CONSOLIDATED YOUTH SPORTS COUNCIL

On February 22, 1996, CYSC incorporated as a California nonprofit corporation in order to function as the management board for the Sports Park's operation and maintenance. The Board of the CYSC includes:

- President: Bill Brosnan
- Treasurer: John O'Neil
- Board Member: Michael Gaggiano
- Board Member: Jeff Richardson
- Board Member: Ed Berecz

The CYSC offices are located at 2061 Ritchey St, Santa Ana, CA 92705-5131. According to the 990 form, a required form of nonprofits by the State of California, CYSC had income/expenses of approximately \$190,000 in 2014 and with net assets of approximately \$60,000. None of the Board members receives compensation.

Three member organizations make up CYSC including the TCLL, American Youth Soccer Organization and Rancho Trabuco Girls Softball Association. Each member organization maintains and improves their respective facilities. TCLL maintains the Sports Park and the Coto Sports Park on Alta Drive. According to the 990 form, TCLL had income/expenses of approximately \$250,000 in 2011 (the last year available) and with net assets of approximately \$90,000.

PAST DISTRICT HISTORY WITH CYSC

Under its enabling legislation, the District had the authority to acquire property “*for the best interests of the District*” and accepted ownership of the Sports Park via a Grant Deed. As part of the Agreement, the District maintained the rights to construct an underground water storage reservoir although the District has not constructed it to-date. In return, the District accepted responsibility for park construction and, once completed, the CYSC, as part of its lease, became responsible for park maintenance and improvements.

Loud Speaker Use

The current lease states:

6.6 Nuisances and Annoyances.

Lessee shall not use or permit the use of the... premises in any manner which creates a nuisance to persons outside the... premises, including, without limitation, live, recorded or broadcast entertainment or the use of loudspeakers or sound other than as may be required by law or necessary or advisable for safety purposes.

The District has received either requests to use loud speakers or complaints about the use of loud speakers for the past four years. No record exists in the District’s archives of complaints prior to 2013 although requests or complaints may have been received.

The chronology contained in the following table illustrates the efforts taken by the District staff to address the use of loud speakers.

CHRONOLOGY

Date	Form	Notes
12/29/2014	Letter from the District to CYSC	Certified letter informing CYSC that loud speakers were not permitted; letter is final request before termination of lease; notes complaints in previous year
1/16/2015	Letter to District from HOA	HOA requests District enforce lease provision prohibiting use of loud speakers; does not support lease amendment; rejects District verbal offer of mediator
1/29/2015	Letter to Jim Leach from Jim Bastian	Noted TCLL has, in fact, violated lease; requested amendment to allow “limited” use of loudspeakers on: Opening Day—February World Series—week in May Tournament Championship Games-week, unspecified month All Star game—week in June or July 2015
2/6/2015	Letter to TCLL from District	District offers mediator at District expense; requests TCLL work out issues with neighbors
4/14/2015	Letter from Jim Bastian to HOA	TCLL asks for HOA help to contact residents; notes games in May; rejects District offer to provide mediator

4/24/2015— 5/22/2015	Email chain among HOA, Jim Bastian and Jim Leach	TCLL contacts HOA to arrange meeting with residents; notes All-Star game in June 2015; HOA notes that they want 100% of property owners in favor of lease; HOA also notes use of loudspeakers and lights must be disclosed to potential buyers of property; TCLL notifies all property owners; email chain concludes that one property owner is opposed.
5/20/2015	Email to Jim Leach from property owner	Property owner notes meeting with Jim Bastian; voice opposition to lease amendment; notes during last 15 years TCLL has added baseball diamonds, lighted scoreboards and used banners
7/15/2015	Letter from HOA attorney to Jim Leach	Notes meeting with TCLL attorney; reaffirms HOA opposition to proposed lease amendment to use loud speakers; request advance notice if District holds meeting to consider lease amendment.
9/28/2015	Email from TCLL to CYSC	The TCLL requests that the CYSC Council allow TCLL to request lease amendment from the District; permission granted in email response same day
10/6/2015	Email from Jim Bastian to Jim Leach	Requesting use of loud speakers
10/13/15	Ad Hoc External Affairs meeting	Committee discussed TCLL request to amend lease to allow the limited use of loudspeakers at the park. Committee did not recommend approval of lease amendment.
11/20/15	Public Comment-Jim Bastian	At the November 20, 2015 Board Meeting Jim Bastian addressed the Board regarding an amendment to the lease, requesting the use of loud speakers.
6/15/2016	Email from Nick Georggin to Jim Leach	Request amendment to lease; Jim Leach responds by telephone 6/15; email 6/16 in evening from Mr. Georggin advising that Little Leaguer parents will be at Board meeting next day.

WELL

In 1999, the District learned that the CYSC had drilled a well on-site to provide water for irrigating the ball fields since the cost of irrigation was one of the largest maintenance expenses.¹ The District allowed the completion of the construction of the well by CYSC with the following provisions:

CYSC provided the well casing, proposed pump and motor;

- Capital costs were paid by CYSC;
- The well and pump system would pump water to the Portola Reservoir for storage; and

¹ Current CYSC pays approximately \$2,700 per month for irrigation and domestic water (bathrooms). Based on the lower water rate set forth in the agreement approved by the District after the well was drilled, rebates to CYSC total approximately \$11,000 annually.

- The well system would be metered as part of the District's nondomestic system.

The District agreed to operate the well with the following provisions:

- CYSC would provide and pay for electrical service to the well;
- District would own, operate and maintain the well including minor maintenance; and
- Any expense over \$5,000 would be capital cost and would be the responsibility of CYSC.

The District also agreed to store water from the well in Portola Reservoir with the following provisions:

- The storage will be held for one year from October 15 to October 14;
- The amount of storage is determined by the meter from the well into the system with an annual adjustment for evaporation and seepage losses; and
- The District will charge CYSC for the storage through the water returned for irrigation at a rate of \$350/AF. This was a reduction from the District's rate then of \$758/AF.

CELL SITE

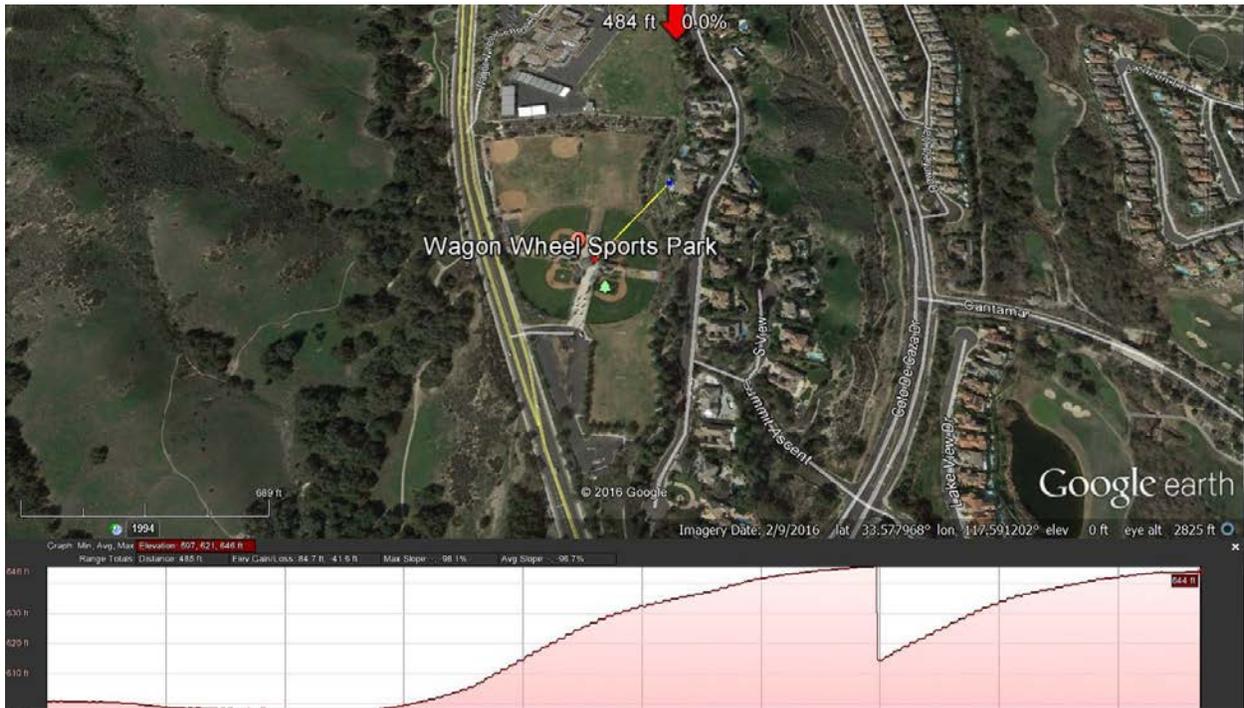
In late 2000, CYSC requested that the District approve a lease between CYSC and Cingular Wireless, LLC in order to use the income to partially defray the Sports Park's operating and maintenance expenses. On December 20, 2000, the District authorized the lease between CYSC and Pacific Bell Wireless, LLC, to construct, maintain and operate radio communications facilities on the Sports Park site with such facilities subject to the approval of the Coto de Caza Board of Review. On February 21, 2001, the Coto de Caza Board of Review approved the construction, maintenance and operation of the facilities subject to the District and CYSC each providing written assurance that "Pacific Bell Cellular" will be the only cell facility permitted on the Sports Park site.

Currently there remains just one cell facility on-site with an estimated income of \$2,500 per month (based on the District's income from its cell leases).

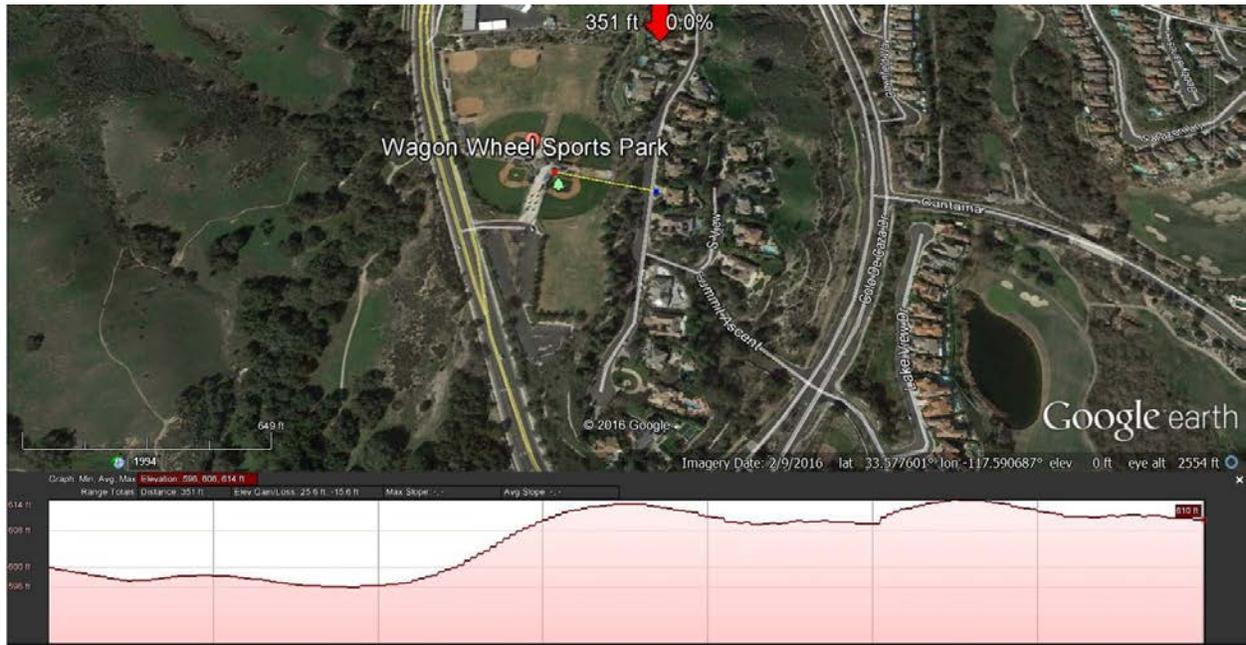
LEASE AMOUNT

Currently CYSC pays the District \$1.00 per year for use of the site. Income from leasing space to four tenants in the District's headquarters is approximately \$14,000 per month. The lease with the Boy Scouts of America for their facilities at Oso Reservoir is \$1,650 per month. The District did temporarily lease the building at O'Neil Reservoir to the California Fire Museum for \$1.00 per year; however, the Museum Board made improvements to the building and provided security for the site.

*Attachments: Proposed one-time lease amendment
Copy of "Notice of Special Meeting" sent to residents
Letter from CZ Master Association's legal counsel*



This view shows the distance (484 feet) from the Sports Park to the nearest neighboring home. The graph at the bottom of the picture shows the topography of the site along the yellow line.



This view shows the distance (351 feet) from the Sports Park to the nearest neighboring home. The graph at the bottom of the picture shows the topography of the site along the yellow line.

**FIRST AMENDMENT TO LEASE AGREEMENT BETWEEN
THE SANTA MARGARITA WATER DISTRICT AND CONSOLIDATED YOUTH
SPORTS COUNCIL**

THIS FIRST AMENDMENT TO LEASE AGREEMENT (“First Amendment”) is entered into by and between the Santa Margarita Water District (“District”) and the Consolidated Youth Sports Council (“CYSC”), a California non-profit public benefit corporation. District and CYSC are hereinafter sometimes individually referred to as “Party” and collectively referred to as the “Parties.” This First Amendment is dated (for identification purposes only) as of _____, 2016 and is made in light of the following Recitals:

RECITALS

A. On or about August 2, 1996, District and CYSC entered into that certain Lease Agreement (“Lease Agreement”) regarding the use and operation of Oso Community Sports Park (“Property”); and

B. Pursuant to the Lease Agreement, District agreed to lease the Property to CYSC subject to certain limitations; including a prohibition on the use of loud speakers or amplified sound on the Property; and

C. CYSC now desires to amend the Lease Agreement to allow the use of loud speakers and amplified sound on a limited basis; and

D. The District is willing to grant a one-time exception to the prohibition on the use of loud speakers and amplified sound subject to the terms and conditions set forth in this lease amendment; and

E. Through this First Amendment, the Parties desire to amend the Agreement to provide for the one time use of loudspeakers and amplified sound.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Parties hereby amend the Agreement as follows:

1. Section 6.6. of the Lease Agreement is hereby amended to read in its entirety as follows:

6.6 Nuisances and Annoyances. Lessee shall not use or permit the use of the Demised Premise in any manner which creates a nuisance to persons outside the Demised Premises, including, without limitation, live, recorded or broadcast entertainment or the use of loudspeakers or sound other than may be required by law or necessary or advisable for safety purposes. Notwithstanding the foregoing, Lessee shall be permitted to use loudspeakers and amplified sound under the following circumstances:

6.6.1 From July 2 –July 11, 2016 during the hours of 9:00 am -5:00 pm on Saturdays; 11:30 am -5:00 pm on Sundays; and weekdays from 4:30 pm – 8:15 pm.

6.6.2 Lessee shall ensure that all speakers shall be positioned to face the stands and away from the houses neighboring the park.

6.6.3 Lessee shall ensure that the volume on all speakers is not in excess of the 50% level of the total volume capacity of each speaker.

6.6.4 Lessee shall, at Lessee's sole cost and expense, retain an acoustical engineer licensed by and registered in the State of California to assess the noise impacts to the surrounding homes and provide a written report to the District by July 15, 2016 so as to provide the District with data to determine the impact of the use of loudspeakers to the surrounding community.

2. Indemnity. Lessee shall defend, indemnify, protect and hold harmless the District and its officers, beneficiaries, employees, agents, attorneys, representatives, legal successors and assigns ("Indemnitees") from, regarding and against any and all liabilities, obligations, orders, decrees, judgments, liens, demands, actions, claims, losses, damages, fines, penalties, expenses, or costs of any kind of nature whatsoever, together with fees (including, without limitation, reasonable attorneys' fees and experts' and consultants' fees) (collectively, "Claims"), arising from or related to this Lease Amendment, the actions and activities authorized by or resulting from this Lease Amendment or CYSC's use of the Property associated with this Lease Amendment.

3. All other provisions of the Lease Agreement shall remain in full force and effect.

[Signatures on following page]

SANTA MARGARITA WATER DISTRICT
FIRST AMENDMENT TO LEASE AGREEMENT
(Consolidated Youth Sports Council)

IN WITNESS WHEREOF, the District and CYSC have executed this First Amendment to Lease Agreement on the dates indicated next to each of the signatures of their authorized representatives, as appear below.

CONSOLIDATED YOUTH SPORTS COUNCIL

Dated: _____

By: _____

Dated: _____

By: _____

DISTRICT:

SANTA MARGARITA WATER DISTRICT

Dated: _____

By: _____

APPROVED AS TO FORM:
BEST BEST & KRIEGER, LLP

By: _____
General Counsel

June 20, 2016

Notice of Special SMWD Board Meeting

Dear _____:

We're writing today to notify you of a special meeting of the Board of Directors of the Santa Margarita Water District to consider a proposal for a lease modification to allow the use of loudspeakers at Wagon Wheel Park for the period of July 2-July 11, 2016. This meeting will take place on **Monday, June 27 at 7:30 a.m.** in the Board Room at SMWD headquarters at 26111 Antonio Parkway.

The District has received a proposal by the Trabuco Canyon Little League, an affiliate of the Consolidated Youth Sports Council, for a one-time waiver of the prohibition on the use of loudspeakers at the Wagon Wheel Sports Park on Oso Parkway.

The proposal provides that SMWD would allow a one-time exception to the lease's prohibition of the use of loudspeakers at the Wagon Wheel Sports Park to accommodate the upcoming District 68 9-10 year old All Star tournament. Under the proposal, the use of loudspeakers would be permitted during the following period, at the following times, and subject to the following conditions only:

- All Star tournament scheduled to take place from July 2 - July 11, 2016.
- Games are scheduled on Saturdays beginning at 9:00 am, noon and 3:00 pm, Sundays at 11:30 am and 2:30 pm and weekdays at 4:30 pm with last pitch no later than 8:00 pm.
- Speakers would be positioned to face the stands and away from the houses neighboring the park.
- Volume would be set no more than ½ of total volume capacity of each speaker.

If you have an interest in this issue, you are invited to attend this meeting.

Sincerely,



Joyce Crosthwaite
Assistant to the General Manager

Cane, Walker & Harkins LLP

Bradley D. Walker
David E. Cane
James C. Harkins, IV

17821 East Seventeenth Street
Suite 140
Tustin, CA 92780
Telephone (714) 573-8990
Facsimile (714) 573-8999

bwalker@linkline.com
dcane@linkline.com
jharkins@linkline.com

July 15, 2015

File 30293-001

VIA E-MAIL AND 1ST CLASS MAIL
jiml@smwd.com

James M. Leach, Director, External Affairs
Santa Margarita Water District
2611 Antonio Parkway
Rancho Santa Margarita, CA 92688

Re: CZ Master Association / Santa Margarita Water District
Subject: Wagon Wheel Sports Park – Objection to Anticipated Request of Trabuco
Canyon Little League to Amend Lease

Dear Mr. Leach:

Cane, Walker & Harkins LLP serves as legal counsel for the CZ Master Association. In that capacity, the Association requested our office to contact you regarding the Trabuco Canyon Little League's ("TCLL") use of the Wagon Wheel Sports Park (the "Park") pursuant to the Lease Agreement entered into with the Santa Margarita Water District ("SMWD") ("Lease").

As you are aware, TCLL has been advocating for permission to use loudspeakers at events they hold at the Park, notwithstanding the objections from neighboring residents within the CZ Master Association community, and the prohibition against use of loudspeakers or similar devices in Paragraph 6.6 of the Lease. Understandably, the neighboring residents do not wish to have the loudspeakers causing a nuisance and otherwise interfering with the quiet enjoyment of their homes. You suggested to TCLL that they meet with the impacted homeowners to discuss whether a mutually agreeable accommodation could be achieved for changing TCLL's current permitted use of the Park under the Lease. We have been informed that TCLL's legal counsel met with representatives of the impacted homeowners and the parties were unable to agree upon TCLL using loudspeakers at the Park. TCLL's legal counsel indicated that TCLL nevertheless intends to seek SMWD's agreement to amend the Lease to permit TCLL's use of loudspeakers at the Park, notwithstanding the neighbors' objections.

In your letter of February 6, 2015, SMWD confirmed that if TCLL and the homeowners were unable to agree upon an accommodation, that SMWD will enforce the terms of the Lease or terminate the Lease if TCLL did not comply with the Lease terms. The Association and impacted neighboring homeowners appreciate SMWD confirming that it will respect the rights of neighboring property owners concerning TCLL's use of the Park.

Mr. Leach
July 15, 2015
Page 2

The Association requested our office to send this correspondence to reaffirm that the Association and the neighbors object to any amendment to Paragraph 6.6 of the Lease, or any other provision of the Lease, that would permit TCLL to use loudspeakers or similar devices at the Park or otherwise violate the restrictions in Paragraph 6.6, which are intended to prevent TCLL from using the Park in a manner that creates a nuisance to persons outside the Park.

If SMWD intends to hold a meeting with TCLL to discuss this matter, or if SMWD otherwise intends to consider amending the Lease to permit TCLL to use loudspeakers or similar devices at the Park, the Association requests SMWD to provide the Association reasonable advance written notice and an opportunity to be heard on the matter before making any decision.

The Association and neighboring homeowners appreciate SMWD's courtesy and cooperation in this matter. If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Very truly yours,

CANE, WALKER & HARKINS LLP

James C. Harkins

James C. Harkins, IV

JCH

cc: Board of Directors
James C. Bastian, Jr., Esq.
Trabuco Canyon Little League
31441 Santa Margarita Parkway, Suite A-190
Rancho Santa Margarita, CA 92688