

**Lake Adventure Community Association, Inc.
Closed Executive Board of Directors Meeting
Saturday, August 16th, 2008**

The Lake Adventure Community Association Board of Directors held a closed Executive Meeting on Saturday, August 16th, 2008 at the Administration Office.

PRESENT: Artie Berkey, Ed Rohs, Lenny Masucci, Thomas Annunziata, Alfredo Siaba, Alfonso Alaimo and Marietta Richard.

MANAGEMENT: None

PRESENTER: Roy Zold – Chairperson of Budget Committee & RKR Hess Associates – Wayne Gross and

CALL TO ORDER: Berkey called the meeting to order at 8:35am and requested that all stand and Pledge Allegiance to the Flag.

Berkey introduced Roy Zold and commended him and the Budget Committee's hard work. Zold presented the Board with the proposed budget and a list of recommendations by the committee. Zold, while realizing that the Board was very busy, mentioned some highlighted areas of the budget. The first area was the Dues Revenue with 1747 lots, with an 11% delinquency rate, bringing that down to approximately 1555 lots paying 1900, totaling \$2,954,500.00.

All salaries were frozen except for two office workers. A recommendation to eliminate the Compliance Officer position whose duties would be assumed by the Community Manager. A recommendation to make the Recreation Director's position to a seasonal position being paid as an outside contractor was also made. They figured for 24 weeks a year @ 40 hours per week = 960 hrs per year @ \$20 per hour comes to \$19,200 per year. An additional amount of \$50,000 was budgeted for electric utilities because an 11% increase is expected. All employees should pay 25% of their health insurance cost.

The contribution to the reserves is \$896,000. The budget results in a surplus of \$62,000. The committee requests that whatever surplus is left should be put toward the principal of the commercial loan. One last request was that if a significant change is made to their figures an explanation can be given so he could relay the reasons to the committee so they can save time next year. Berkey suggested that maybe Zold can attend the September meeting to review the budget with the Board.

Annunziata questioned how the contractor's payment saves LACA money. Zold explained that they get straight pay with no deductions. LACA does not have to contribute ½ of payroll taxes, etc. The contractor would pay all the taxes on his/her own.

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Siaba questioned why a 25% insurance deduction on employees who are not making very much money. Zold stated he agreed that maintenance was paid low, but the whole world pays some part of their health insurance.

Berkey thanked Zold and stated members would bring home the proposed budget for review and their next meeting in September would be dedicated to the Budget and hopefully a special meeting can be held for the community on Octoberfest weekend.

REVIEW OF CLOSED MINUTES OF SATURDAY JULY 19TH (08-08-501)

Motion By: Annunziata

Seconded By: Rohs

All in favor, minutes approved.

REVIEW OF FINANCIALS

Bank Account Balances for July, 2008 (08-08-502)

It was noted that the 3 month CD for \$100,000.00 matured and was deposited into the Sewer Loan account that pays the commercial loan.

Cash Disbursements for July, 2008 (08-08-503)

Berkey questioned if Richard had any problems with the cash disbursements after her review. She stated no, but be advised that the Laundry Serviceman has not come to LACA after several phone calls to repair the many broken machines, and she advised DeStefano to hold back his money and he can collect it when he comes to repair the machines.

Richard stated that buying local is too expensive and trips to Home Depot or Lowes should be made. An occasional small item is okay, but too many things are purchased local that are too high priced. Richard also stated that items are purchased before a purchase order is requested. Berkey stated he preferred Independence over Flair. Effective immediately, Bowser is to request a purchase order before the items are purchased with the hopes that items can be purchased for all upcoming work needing to be done from a few stores. Masucci stated that all electrical items should be purchased from one electrical outlet store, not 30 from one place and 20 from another.

The more we purchase from this one store, possible we can get a discount. Masucci also questioned why so many hydrant heads and hydrants kits were purchased this month and also last month.

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Richard stated that to store multiple items right now in the maintenance shop would be impossible, as it is too disorganized.

Alaimo questioned if the freezer repairs was to the new freezer. Unfortunately it was, and there was no warranty and the company has not returned calls, so we had to get it serviced from the outside.

CIF Report for July 08 (08-08-504)

This is a new report showing the income in the Capital Improvement account and also a good account of lots sold.

Breakdown of Accounts – Dues as of July 31st, 08 (08-08-505)

Rohs stated the collection rate has improved from last month.

Write On/Write Offs for July 08 (08-08-506)

MOTION BY: Annunziata

SECONDED BY: Alaimo

All in favor, write ons write offs approved.

Actual vs Budget for July 08 (08-08-507)

Berkey stated it looks okay, maintenance is over, but now is the time most of the money is spent in maintenance. Also, a lot of unexpected repairs for property owners have been done.

Berkey stated that we should start looking for someone to operate the Kitchen next year NOW. Annunziata stated someone expressed interest to him. Berkey told him to send them to the office.

Annunziata stated that the new culverts on the main road look good. Culverts have been cleaned out and the property owner has to realize that they are responsible to clean out their own culverts. Lake Adventure is only responsible for common areas.

Annunziata stated we should use the jetter truck to clean out culverts. Richard stated that you have to know how to use the truck safely as it has so much power. Annunziata stated Fitzgerald can operate the machine. Berkey questioned if there is a class that the men can take to use the jetter truck safely and efficiently. He will speak with Fitzgerald. We need a few men that can use the truck.

Richard noted that Kickirillo has been backing up Ray at the sewer plant, and has been for a long time.

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9:25am – Wayne Gross and Sam Dellasandro from RKR Hess entered the meeting.

9:30am – Ben Johnson entered the meeting as a consultant for LACA

Berkey questioned the need for a denitrification system, and spending \$91,000.00 for engineering fees with a total projected figure of a million dollars. He questioned their justification for this project. Ben Johnson entered the meeting as a consultant for the Board @ 9:30am.

Sam stated that LACA was in big trouble with our sewer system a few years ago. A consent agreement was entered into with the Township and DEP that required us to do a few things. Our spray field was rebuilt, and that's when RKR Hess became involved with LACA. The Sewer Plant had a 65,000 gallon a day capacity, which worked in season and 2 10,000 gallon sand mounds that was supposed to handle the winter but it blew out. We then entered into an agreement with the DEP to expand the plant to handle 165,000 gallons a day, with 120,000 gallons a day to go into the spray field. These permits are very specific. We are allowed 120,000 gallons a day in season and 60,000 gallons a day off season. A study was done by a forester at that time and built into the permit we are required to manage the forested area in the spray field. The whole premise of the spray irrigation is that wastewater with nutrients is sprayed into the soil where the plants uptake nutrients. They can then go into the ground and percolate.

There are monitoring levels that are tested looking for pollutants. If the pollutants hit the air and migrate into the ground water, LACA could be shut down. The spray field is an intricate part of the plant.

About a year ago RKRHESS sent a forester to LACA to check the spray field. It is not producing any new seedlings and because the ground is saturated the environment is changing where the trees grew up in. Options were to start replanting, possibly change the permit to a meadow and grow canary grass. They suggested starting with an acre in the wettest patch and plant an acre to see the results. If there were problems with the piping, you could stop. The cost for reforestation is extremely high, so that's why they suggested the meadow.

The canary grass would have to be harvested once a year, being careful in between the rows of piping. Sam stated they only suggested the meadow when the cost of reforestation became so extreme.

Denitrification – there is a provision in the clean streams law for a \$10,000 a day penalty any time we are out of compliance with the permit. There is no mechanism in the sewer plant to convert the ammonia nitrogen into nitrates. There is no provision to denitrify it. Our DRBC permit says we cannot discharge into the stream between May and September. The DEP permit says you can use it when you can't use the spray field because of rain conditions. Every time Ray turns the plant on and does a stream discharge in the summer he has no way of treating nitrogen and is in violation.

Sam stated that in 2007 there were three months that were violated. Our DMR reports could be challenged and we could be fined heavily. So far this year he has not discharged into the stream. When

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the levels are over 11 he must use the spray fields, and if they cannot be used then he must use the stream, causing us to be in violation.

Berkey questioned if there is a grid for the piping in the spray field. Sam had a copy with him. Berkey questioned if the deer eat the canary grass and he stated no. The grass grows about 4 feet high with a consistency of hay.

Ben Johnson stated to try using one or two acres with the canary grass, and then buy an attachment to one of the machines to harvest the grass. Trees must be cut to ground level, all leaves raked, etc. The DEP would have to grant us a permit to transfer to a meadow.

The DRBC put on regulations that there can be no measurable change to the Delaware River as of 1992. Analysis has to be given to them on any changes being done to the sewer plant. Now they look at any permitted system for changes and rates LACA at 160,000. per day whether we use that or not.

If we go with the denitrification system, new requirements could be placed on us to have the water cooled, and whatever else they decide they wanted.

Berkey questioned how they came to a figure of \$91,000 for their engineering fees. Contracts are written, contractors are hired and if there is a problem, RKR Hess is responsible. Richards questioned if they were responsible for Pioneer's work, and they stated they were.

The 3 pump station replacement project was halted and they stated it takes 6 to 8 months to get a permit. They stated they can be replaced either all at once or one a year. However, their fees are for the three pump station designs. There is a fixed fee of \$46,000 that we pay a partial amount every month until complete. (Stations 1, 4 and 5)

The denitrification system is on hold. RKR Hess stated that if Ray doesn't have to discharge into the stream, it is okay, but if he does, there is no equipment that can denitrify.

Wayne Grosss informed the Board why the camera system was purchased for the laterals. There is an agreement with the Township to do a study of the inflow infiltration. The lateral project completed sections 2 & 3 but they ran out of money and they asked the Township if they purchased the equipment if we could find & fix the repairs ourselves.

Reports were supposed to be turned into the township on all the leaks found, or not found, and repairs done. Report for July – findings from January to June ; Report for January – Findings from June to July. RKR Hess has not gotten any copies of said reports. Annunziata stated that both the Manager and Ray were informed.

RKR Hess questioned the status of the Karem suit. They explained that the attorney Catina was fired and all cases were turned over to Tammy Clause, Esq.

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They can continue with the GP 5 permit as they are 75% finished, and the pump station replacement. The men stated any copies of plans they needed can be furnished.

Wayne & Sam left the meeting at 10:35pm.

Berkey asked Ben Johnson for his opinion. He feels they were very professional. He was concerned about the reports requested by the Township regarding the use of the camera equipment and our findings, and if they are being done. Ben left the meeting at 10:40am.

Berkey addressed the board stating that there are too many rumors going around LACA. If the members hear or know something, please keep it to themselves and address it together behind closed doors. He is all for being open, but let's get things straight. The violations that RKR Hess were talking about were mostly for not filing reports on time and Ray thought they had to be postmarked by a certain date when in fact they had to be in their hands by that date. This was taken care of in 2006. It was up to the property manager to handle. Siaba stated that whatever Ray recommended Gary said okay because he didn't know nor did he take the time to investigate to see if there was another alternative. The Board agreed.

Richard wanted the following noted for the record: She did not accuse nor defend Ray of anything at this point. She only recently found out that Ray came into the Office to warn Gary of a problem and he totally ignored it. She also recently found out that George from maintenance had been backing up Ray at the sewer plant. Siaba stated that George can only take readings and switch from one tank to another through Ray's okay. He is more or less a helper, not a backup operator. Siaba stated that both Terri and George can assist him and that's all. Berkey stated there is a back up plan on paper, and has been for years. If there is an emergency, such as an overflow, Ray can call in someone to work under his license. The plan will be reviewed after the open meeting.

The Board ended its morning session to attend the Open Meeting in the Pavilion @ 11am.

The Board resumed its afternoon session @ 1:15pm

Tree Permits – it seems that too many trees are being taken down without permission. After a lengthy discussion, MOTION By: Richard that effective immediately any tree taken down without a permit be assessed an additional \$100.00 per tree along with the original fine of \$100.00, along with planting 2 trees within 30 days. SECONDED By: Masucci, VOTE: all in favor, motion approved.

LAUNDRY – Berkey asked all members to go online and try and find a different company with prices and the possibility of pouring a new slab in the laundry room to stabilize the floor. After Halloween, when the count is down would be a good time to start, and have the new room ready for Memorial Day, ONCE & FOR ALL !

VECTOR – now is not the time to be looking for a new firm...before their contract is over is when the Board will take a serious look.

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Joco Realty Request

According to Vince of Joco Realty, the sales of Lake Adventure lots has decreased, and he feels that if we raise the dues credit referral up to \$950, more lots would sell.

A motion was made to raise it from 250 to 500. Richard motioned that we should ask Vince to lower his commission for selling LACA lots from 2200 to 2100, and then we will raise the dues credit to 500.

Seconded by Siaba. Vote: All in favor, motion passed.

The kitchen inspection report was noticed by the Board.

Total RV – Siaba mentioned that trailers are coming in from other places and we are not getting a commission. So far, we received a check for \$1,000 for 4 trailers sold. The Compliance Officer will check this out and keep a count from now on.

LA Dolphins want to meet with the Board regarding the Championships being held at LACA next year. They can present what they want at the October meeting. Alaimo stated we need to get rid of the 2a modified stone by the pool.

Berkey stated that a meeting is set for Sept 4th @ 3pm at Tammy Clause's Office regarding the 12 wides. She requested us getting copies of any minutes of the meetings from the township, and any advertising of a zoning change, which Joe Birrell went and obtained from the township. Berkey stated that Catina has not done anything regarding the 12 wides for the last 6 months. According to Clause, Catina should not have requested a curative amendment. This only caused the Township to feel hostility towards LACA. Since Joe Birrell spoke with the Township, the Board requested that he enter the meeting.

Joe Birrell entered the meeting @ 2:45pm. No rejection letter was sent regarding the 12 wides. Joe spoke with Karen Kleist at the township (secretary/treasurer). Birrell noted the zoning proposals by the township, and Annunziata stated the Board did review and amend the proposals to be considered by the township. In a nutshell, all we want are the same rules except the addition of 12 wides. The township also stated that they wanted to license LACA as a campground. We are not a campground, but a private community. The township was calling Coast to Coast people as transients. The other problem that Birrell stated the township has is the amount of water that flows through the sewer plant in the off season. They are now aware of the in house work being done, as Birrell told them we hired a new lateral crew. Berkey asked Birrell if he can go talk with the township. He also told Birrell that he could work full time to see if he can get something accomplished. Once again, the meeting is set with Clause on September 4th @ 3pm.

Joe Birrell left the meeting at 3:15pm.

The rest of the meeting was a discussion between Berkey, Richard, Masucci and Siaba regarding Joe Birrell. Ed Rohs entered the discussion.

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They're being no further discussion, MOTION By: Annunziata, SECONDED By: Alaimo,
Meeting adjourned at 3:45pm.

Respectfully Submitted,

Alfredo Siaba
Secretary

AS/cd

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