

Odd Fellows Sierra Recreation Association, Inc.
Odd Fellows Sierra Homeowners' Association, Inc.

P. O. Box 116, Long Barn, CA 95335-0116
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April 27, 2007

Dear Homeowner,

Included with this letter are:

OFFICIAL NOTICE regarding the 2007 Annual meeting
2007 ANNUAL MEETING PROXY STATEMENT
2007-2008 Budget and Reserves Proposal with 4 Year Look Back
RULES & REGULATIONS (Revised 3/27/2007)

OFFICIAL NOTICE regarding the 2007 Annual meeting: This is your notification of the meeting and invitation. Please participate in this event to steer the direction of our park and become aware of the opinions of others. All Homeowners can vote on OFSHA business. Only OFSRA Members can vote on OFSRA business. If you are an OFSRA Member (Odd Fellow or Rebekah), you must bring your current paid lodge dues receipt (ID Card) to vote on OFSRA business.

2007 ANNUAL MEETING PROXY STATEMENT: Provides a method to vote on OFSRA/OFSHA business if you can not personally attend the Annual Meeting. If you are an OFSRA Member (Odd Fellow or Rebekah), you must include a copy of your current paid lodge dues receipt (ID Card) with the 2007 ANNUAL MEETING PROXY STATEMENT to vote on OFSRA business. You have three methods to execute your proxy:

- 1) Make your selections, sign, and mail the proxy to: Odd Fellows Sierra Park, P. O. Box 116, Long Barn, and CA 95335-0116. All mailed proxies must be received by May 26, 2007 to be counted.
- 2) Select an agent, fill in the agent's name, sign, and give the proxy to your agent.
- 3) Allow the Board of Directors to be your agent: Write "BOD Agent" in the field: "I authorize BOD Agent to vote as directed", sign, and mail the proxy to: Odd Fellows Sierra Park, P. O. Box 116, Long Barn, CA 95335-0116. All mailed proxies must be received by May 26, 2007 to be counted.

2007-2008 Budget and Reserves Proposal with 4 Year Look Back: This document provides an overview of expected income and expenditures related to the Basic Assessment and Reserves:

- 1) **Basic Assessment:** The Basic Assessment provides the majority of funding for budget line items. Several factors have affected the Basic Assessment this year:
 - a) The "Needle Reserve Special Assessment" has been eliminated and the equivalent amount is now listed on the "Needle Expense" line item. This has no affect on the total assessment. This was done because Pine Needle Disposal will be an on going expense from now on, and it promotes better accounting practices.
 - b) Insurance premiums have gone up. We have removed and reduced insurance on several items that were over insured or no longer existent, but have realized an increase.

- c) Inflation has caused increases though out the budget.
- d) Some of our buildings and structures are in need of maintenance, and we can no longer defer it. This is reflected in the "Maintenance/Buildings" line item.
- e) Some of our roads are in need of maintenance, and we can no longer defer it. This is because further delay could nearly triple the cost. See "Road Maintenance" latter in this letter. Traditional funding from timber has declined substantially and may not be available this year or in the near future. See "Timber Harvest" latter in this letter. This is reflected in the "Maintenance/Roads Capital Exp." line item. If timber money is available, it will be minimal and may decrease the "Maintenance/Roads Capital Exp." line item about twenty to forty percent.

2) Reserves:

- a) **Timber Reserve:** The Timber Reserve is the under the control the OFSRA Members and exists for the good of the corporation. The board refers to the OFSRA members for decisions on non timber expenditures. Often the OFSRA members authorize the expenditure of funds for emergency purposes and special projects. Recent examples of such expenditures are the Generator purchased two years ago and the emergency road maintenance last year. This reserve is funded from the sale OFSRA timber and property.
- b) **Water Reserve:** The Water Reserve is the under the control of the OFSRA Board of Directors and exists for water system improvement, replacement and major repair and maintenance projects. This reserve is funded from the Water Reserve line item of the Annual Assessment. This reserve is currently under funded for the size and scope of our water system, but it is not practical to make adjustments to funding in this fiscal year.
- c) **Equipment Reserve:** The Equipment Reserve is the under the control of the OFSRA Board of Directors and exists for equipment replacement and major repair and maintenance needs. This reserve is not currently being funded, and it is not practical to make adjustments to funding in this fiscal year.
- d) **Road Reserve:** The Road Reserve is the under the control of the OFSRA Board of Directors and exists for road improvement, replacement and major repair and maintenance needs. Since 1997, the OFSRA members have donated half the profits from the sale OFSRA timber to this reserve. During the last two years and possibly again this year, the potential profits from harvesting timber have been too low to warrant a harvest. Even if we do harvest, the income will be insufficient to meet our current maintenance needs. This reserve is currently under funded and can not meet our current maintenance needs. See "Timber Harvest" and "Road Maintenance" latter in this letter for additional information.
- e) **Needle Reserve:** The Needle Reserve is the under the control of the OFSRA Board of Directors and exists for the disposal of pine needles generated within the park. The function of this reserve has been moved to the Basic Assessment and this reserve will be eliminated.

RULES & REGULATIONS: This document contains the Rules & Regulations of Odd Fellows Sierra Recreation Association and Odd Fellows Sierra Homeowners' Association. Please familiarize yourself, guests, and contractors with the park Rules and Regulations. This version of the document (3/27/2007) contains the changes since the last distribution (3/18/2006) as documented in June 2006 Minutes (Recreation Area Rental and Rules amended), the August 2006 Newsletter (Gate Card, Remote and Code Policy added), and the March 2007 Newsletter (Water System Policy - Excessive water consumption added). The Rules and Regulations may also be viewed, downloaded, and/or printed from the "Rules and Regulations" section of the park website www.varvayanis.com/sp.

Forest Thinning: There will be State money available for this year for fuel reduction projects. This is through the California Forest Improvement Program (CFIP). The State will pay 75% of the cost for thinning, pruning, burning and other fuel reduction activities. The landowner pays the remaining 25%. Applications will be available in May or June.

Keeping in mind that we are operating a tree farm, forest thinning has these benefits to us:

- 1) Reduces the fuel load improving our chances in the event of a forest fire.
- 2) Reduces the competition between trees allowing for greater and more frequent yields.
- 3) Allows us to select the types of trees in our forest allowing for greater yields.
- 4) Creates what is considered in modern terms a “healthy forest”.

We have asked our forester to provide a recommendation and cost estimate. We expect this information prior to the Annual Meeting. We have participated in this program in the past. The total cost was approximately \$25,000.00 with \$6,250.00 owed by OFSRA. Funding will come from the Timber Reserve.

Timber Harvest: A large percentage of the timber land in our area is owned and/or logged by Sierra Pacific Industries (SPI). SPI also owns and operates the only significant sawmill in our area. With timber prices down and a high percentage of the more valuable trees already harvested in our area, SPI has converted it's sawmill to processing fence board. Fence board is made from Incense Cedar; therefore SPI is not compelled to pay high prices for any timber other than Incense Cedar. The option of shipping to other sawmills is not viable due to trucking costs. This condition is likely to continue for the next five or so years.

We have asked our forester to inventory a portion of our forest (compartments 1 & 3) and produce a potential profit estimate. We expect this information prior to the Annual Meeting.

Year	From Tree Farm	To Timber Reserve	To Road Reserve	
1997	\$98,702.04	\$9,470.08	\$89,231.96	Timber net revenue and distribution of funds as of April 27, 2007. Additional detail is available in the Timber section of the website at www.varvayanis.com/sp.
1998	-\$6,888.36	-\$6,888.36	\$0.00	
1999	\$88,872.53	\$34,777.75	\$54,094.78	
2000	\$77,578.62	\$38,245.12	\$39,333.50	
2001	\$67,466.37	\$26,504.67	\$40,961.70	
2002	\$88,105.58	\$34,426.61	\$53,678.97	
2003	\$34,047.21	\$17,239.24	\$16,807.97	
2004	\$48,618.25	\$20,190.82	\$28,427.43	
2005	-\$650.00	-\$650.00	\$0.00	
2006	\$0.00	\$0.00	\$0.00	
2007	\$0.00	\$0.00	\$0.00	

Road Maintenance: The majority of the roads in the park are in excellent to good condition while several roads and parking lots are in marginal to poor condition. It is important to not allow these roads to deteriorate to bad condition. Once a road goes bad, it can become necessary to remove and dispose of the failed asphalt and re-grade the roadbed. Additional road base material (base rock gravel) may also be required. Periodic maintenance of the excellent to good roads is required: fog seal at a two to three year interval, crack seal at a one to two year interval, and patching as necessary. The marginal to poor roads are patched as necessary.

The expected road life between resurfacings (paving) in our park is 12 to 20 years depending on; the road base, maintenance, use, and weather. Although the road base is inferior in portions of our park, the majority of the roads are holding up very well. For example: Wheeler Road was resurfaced in 1997, bears the highest level of traffic in the park, and is in good condition.

In 1997 the park began the project of resurfacings all of the roads and parking lots in the park with the goal of completing all of the roads and parking lots prior to any going bad and requiring more costly removal and replacement. This project will be complete in about 5 years.

This year, our intention is to resurface Sarah Circle and the Parking Lot next to the pond and perform hot crack filling and asphalt patching throughout the park.

The park has invested from a low of \$32,900.00 to a high of \$84,150.00 for resurfacing and/or maintenance every year since 1997 except 2004 (due to lack of funds).

Funding:

- 1) Since 1997, the OFSRA Members have donated half the profits from the sale OFSRA timber to Road Reserve. During the last two years and possibly again this year, the potential profits from harvesting timber have been too low to warrant timber harvest.
- 2) In 2005, the OFSRA Operating Budget included a line item for a small road project. This was possible because the Operating Budget line items for Payroll/Labor and General Maintenance were reduced by \$24,500.00 (Park Manager position eliminated) and \$8,000.00 respectively in that year.
- 3) In 2006 the OFSRA Members voted to donate of \$32,900.00 from the Timber Fund for road maintenance on one time emergency basis.
- 4) In 2007 it will be necessary to collect an assessment to fund road maintenance. Please note the "Maintenance/Roads Capital Exp." line item of the proposed Annual Assessment. This is because OFSRA will not realize sufficient income from timber harvest, or may not harvest timber at all this year. In addition, is it likely that OFSRA Members will not donate to the Road Reserve. Neither the Timber Reserve nor it's interest are likely sources of funds for the Road Reserve because:
 - a) There will not be sufficient funding (timber harvest) to replenish the Timber Reserve.
 - b) Interest accrual is critical to keep pace with inflation.
 - c) The Timber Reserve is our only substantial savings. It must be available for emergency use.
 - d) The option of harvesting trees for a large profit in the event of an emergency no longer exists.

Board of Directors Seats: There are four seats available on the Board of Directors (BOD) this year: three three-year seats and one one-year seat. All candidates must be a Property Owner in Odd Fellows Sierra Park and nominated from the floor at the Annual General Meeting. The candidates that receive the three most votes will fill the three-year seats, the candidate that receives the next most votes will fill the one-year seat, and all other candidates will be in standby positions ranked by number of votes. The candidates that notified us prior to the printing of the Proxy are:

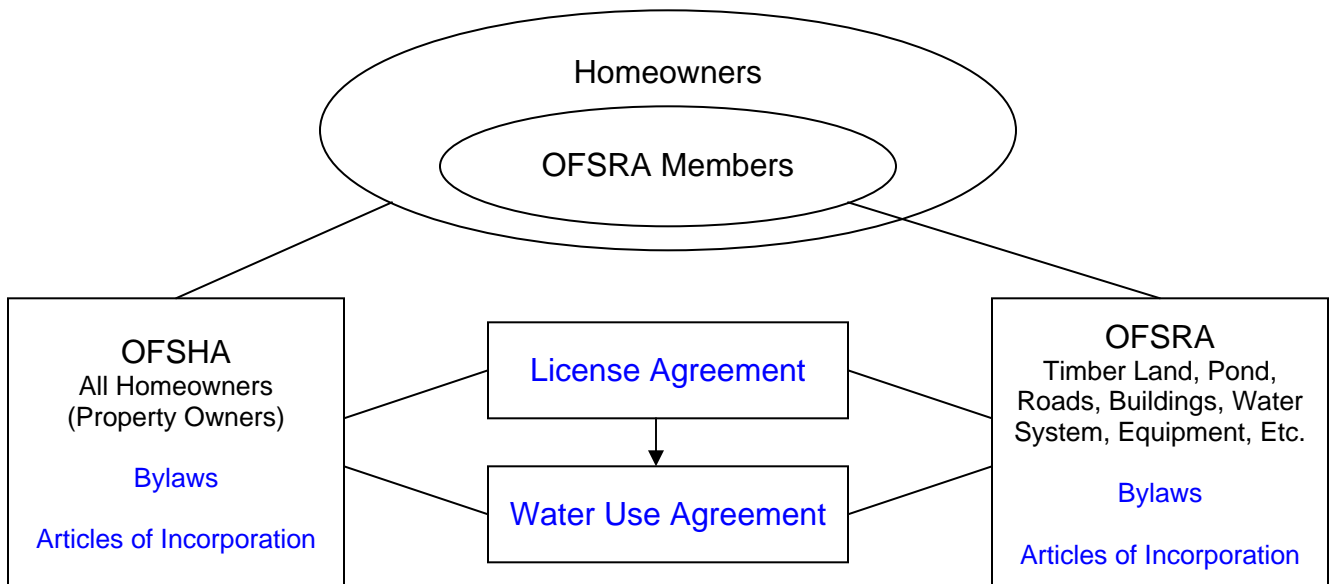
- **Alan Orth** – Al and his family have owned in the Park since 1950, and is a part time resident. Al filled a one-year seat on the BOD in 2006 and has successfully chaired the Equipment Committee. Al is willing to continue chairing the Equipment Committee if re-elected. Al is an Odd Fellow. Al has worked for a nut harvesting equipment manufacturer for 30 years; 23 years as service manager and recently as sales liaison. He has also served on the California Farm Equipment Board.
- **Mike Ford** – Mike and his family have owned in the Park since 1999, and is a part time resident. Mike filled a one-year seat on the BOD in 2006. Mike is an Odd Fellow.
- **Tom Clark** – Tom and his family have owned in the Park since 1953, and is a full time resident since 2004. Tom filled the BOD seat vacated by Mike VanGundy in 2006 and has successfully chaired the Recreation Committee. Tom is willing to continue chairing the Recreation Committee if re-elected. Tom is an Odd Fellow.

- **Sue Collie** – Sue and her family have owned in the Park since 2000, and is a full time resident since 2000. Sue filled the BOD seat vacated by Dan Meade in 2006 and was instrumental in solving a potential legal issue that was faced by the park. Sue is willing to chair a Committee if re-elected. Sue is a Property Owner. Sue serves on the Board of Directors of WATCH (Local Shelter for Handicap Adults).
- **Jessie Worsham** – Jessie and his family have owned in the Park since 1999, and will become a full time resident this summer. Jessie has indicated that he would consider filling the Treasures' Office if elected. Jessie will be initiated as an Odd Fellow at the Knight's Ferry Lodge on May 1, 2007. Jessie services anesthesia equipment and owns a landscaping business and a plumbing business.
- **Linda Santos** – Linda and her family have owned in the Park since 1991, and is a full time resident since 2002. Linda is a Property Owner. Linda has indicated that she is neither interested in chairing a Committee nor accepting an officers' position if elected. Linda is a retired Customer Service Manager from a public utility and was a 12 year member of Soroptimist of Turlock, serving two terms as Vice-President and President each. She is a member of the Tuolumne County Garden Club serving as Vice-President and President Elect.

Only OFSRA Members can vote for board members.

What is an OFSRA Member? An OFSRA Member is a Homeowner in Odd Fellows Sierra Park that is also an Odd Fellow or Rebekah. See "Sierra Park Organizational Structure" and descriptions below.

Sierra Park Organizational Structure



Homeowner: A property owner in the I.O.O.F. Odd Fellows Sierra Camp subdivision (Odd Fellows Sierra Park).

OFSRA Member: A Homeowner as described above that is also an Odd Fellow or Rebekah.

OFSHA: Odd Fellows Sierra Homeowners' Association is a California Nonprofit Mutual Benefit Corporation comprised of Homeowners as described above. OFSHA provides for management, maintenance, and preservation of the I.O.O.F. Odd Fellows Sierra Camp (Odd Fellows Sierra Park) subdivision. OFSHA owns no property and has no significant assets.

OFSRA: Odd Fellows Sierra Recreation Association is a California corporation comprised of OFSRA Members. OFSRA owns and operates the timber land surrounding the subdivision, meadow, pond, and other lands within and around the subdivision, roads, water system, buildings, equipment, and other items within the park.

License Agreement: Provides OFSHA Members access to OFSRA roads, land, and facilities, and sets forth that OFSRA will maintain said roads, land, and facilities, and that OFSHA will reimburse OFSRA the amounts expended for maintaining said roads, land, and facilities. The term of this agreement is 25 years and expires on October 12, 2011. This agreement should be renewed at that time.

Water Use Agreement: OFSRA will provide OFSHA Members water for domestic use, OFSRA will maintain the water system, and OFSHA will pay OFSRA for water furnished. The term of this agreement is 25 years and expires on October 12, 2011 and automatically terminates with the termination of the License Agreement above. This agreement should be renewed at that time.

Additional information can be found in Corporate Documents, Road Documents, Timber Documents, Annual Meeting Minutes, Newsletters, Board of Directors Minutes, and other documents on the park's website at www.varvayanis.com/sp.

If you have any questions, comments, or suggestions, please contact us at sierrapark@sierrapark.org, or feel free to contact the president Charles Varvayanis directly, whose contact information can be found below.

Sincerely,



Charles P. Varvayanis
President
Odd Fellows Sierra Recreation Association, Inc.

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