

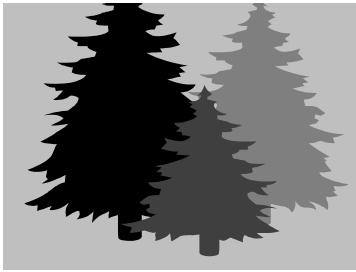
Recreation Association NEWSLETTER

Dec. 2011, Jan. 2012 and Feb. 2012

WWW.Recreation Association-PARKMGT.ORG

Phone 209-586-3098

Email Recreation Association-PARKMGT@sierrapark.org



Change is Inevitable

Directors:

President Shaun Velayas
Secretary Linda Clark
Treasurer Del Wallis
Buildings Dick Barrett
Roads Larry Adams
Equipment Friedhelm Peter
Health and Safety Larry Adams
Gate Maintenance Bill Ordwein
Water Ron Hawke

REBEKAH'S CORNER

At the Feb, HOA Board meeting, the Rebekahs were blamed for the absence of a Christmas Dinner. To clarify, the Rebekahs have NEVER offered to any board to take on the Christmas Dinner. The HOA Board chose not to have the Christmas Dinner this year. The Rebekahs will be posting their events in the upcoming newsletters and hope all who are interested will attend. Thank You.

REBEKAHS announce two fund raising events. All donations for both events will be used to refurbish the basketball court. The first will be a Wine Tasting and snacks at the Lodge hall, April 14, 4-6 pm. \$15.00 per person. Must be 21 to attend. The second is the annual bake sale Sunday May 27, 2012.

As many of you already know, the Odd Fellows Sierra Homeowners' Association (HOA) board voted on February 4, 2012 to file a complaint with the California Public Utilities Commission (PUC) regarding the Odd Fellows Sierra Recreation Association (Recreation Association)'s provision of water to the HOA (and the lot owners in the park).

According to the HOA (in the HOA's February 2012 newsletter), this complaint was filed because the Recreation Association did not accept the terms of the letter of intent delivered by the HOA to the Recreation Association on January 18, 2012. Rather than summarizing the terms of such letter of intent, I have simply attached a copy for your review. As you will see if you review such letter of intent, if the Recreation Association had accepted the terms of such letter of intent, it would have been required to sell all "common area real property" and all "equipment/personal property/reserve accounts" to the HOA for \$1,000. In addition, Recreation Association would have been required **to pay the HOA** approximately between \$187,000 and \$419,700. Last, but certainly not least, at least seventy percent (70%) of the lot owners of the park would have been required to agree to have CC&Rs recorded on their property permitting the HOA to, among other things, foreclose on their property if they did not pay their assessments.

It now seems that the HOA is determined to insure that Recreation Association's provision of water is regulated by the PUC. This is not necessarily a bad thing if you are a Recreation Association shareholder as the Recreation Association would be entitled to make a profit on the water it provides. As you know, until now, the Recreation Association has **not** profited from the providing of water, from the maintaining of roads and streets within the park, or from the multitude of other services that the Recreation Association has been providing for more than twenty-five (25) years to the HOA. In fact, the services that the Recreation Association has been providing to the HOA have been provided at a **loss** of almost \$460,000 since 1986. The Recreation Association has been covering such losses from the sale of timber on property owned by the Recreation Association that is adjacent to the park. There are other advantages to being regulated by the PUC as well.

However, there are also numerous disadvantages to being regulated by the PUC, including significantly higher cost and significantly greater regulatory oversight. These disadvantages of course only multiply if a lot owner in the park is not a Recreation Association shareholder (as such lot owner will not be able to offset such costs with the income from the sale of timber or from the profit that the Recreation Association will now be entitled to in providing water as a PUC regulated entity).

As most of you probably know, there are other options that would avoid being regulated by the PUC, including forming a mutual water company or a true homeowner's association. First, if a mutual water company was formed and all lot owners of the park agreed to become shareholders of such mutual water company, I believe the Recreation Association would agree transfer the water system to the mutual water company. The mutual water company would be owned by all lot owners of the park and managed by a board elected by the shareholders. The mutually water company would be a non-profit corporation and could basically only sell water to its shareholders (there are some exceptions) at cost. Costs could change from year to year or month to month as determined by the shareholders. The mutual water company could own the water system only.

The second option is to form a true homeowner's association. Up until now, the park has operated based on the consent of most lot owners to behave as though there were CC&Rs recorded on their respective properties. Currently, there are only a few lot owners in the park that have CC&Rs recorded on their respective lots, and these are self-recorded. However, if a true homeowner's association were formed, all lot owners would have to agree to have CC&Rs recorded on their respective properties. Without CC&Rs, there is no authoritative way to govern a homeowner's association. If a true homeowner's association were formed, I believe the Recreation Association would agree transfer the water system, all road and streets and all other areas within the park boundaries and all improvements thereon to the newly formed homeowner's association.

The Recreation Association has been reviewing each of the above options (along with submitting itself to PUC jurisdiction) and is definitely interested in pursuing such options especially in light of the HOA's letter of intent (as referenced above).

While there is much uncertainty, one thing is certain: there will be no going back to the way things have been. The system that has been in place for the last twenty-five (25) years which resulted in significant cost savings to lot owners of the park who are not Recreation Association shareholders has ended. There is a common saying that I think is very appropriate in this circumstance: "Don't look a gift horse in the mouth". This is commonly understood to mean that it makes no sense to question the value of something you have received for free. This is exactly what the HOA board is currently doing under the guise of "Justice of All".

With that being said, this does not mean that the Recreation Association will not be able to come up with a structure under which the Recreation Association will be able to continue to subsidize the lot owners of the park who are not Recreation Association shareholders. The Recreation Association is working towards that end despite the actions of the HOA board.

The Lawsuit

As you know, the HOA has collected \$830 from almost all lot owners of the park for the services being provided and to be provided by the Recreation Association to the HOA for the 2011-12 fiscal year. However, the board of the HOA has only passed on a total of \$69,350 to Recreation Association to date.

As a result of the actions of the board of the HOA, as discussed above, on February 23, 2012, the Recreation Association filed a lawsuit against the HOA for the balance due by the HOA to the Recreation Association for the services being provided and to be provided by the Recreation Association to the HOA for the 2011-12 fiscal year. Please understand that this was a last resort for the Recreation Association and such action was not undertaken lightly. However, the Recreation Association board recognized that the lot owners of the park who have paid the \$830 assessment had done so in good faith and with the understanding that the HOA board would, as it had done for 25 years, forward such assessment to the Recreation Association. We all know that this did not happen. Therefore, rather than terminating services and asking each lot owner to pay the balance due by such lot owner to the Recreation Association as a result of the non-payment by the HOA board, the Recreation Association board

decided to sue just the HOA for the balance due. This will also hopefully avoid having the lot owners of the park sue the HOA directly for return of the assessment as many have been discussing.

Board vs. Board

I have heard comments that the current conflict reflects a problem between the Recreation Association board and the HOA board. I firmly believe that it is really a problem between the HOA board and the lot owners. I believe there will be little or no fiscal impact to Recreation Association shareholders from the above actions by the HOA board. As discussed above, however, the impact that the HOA board's action will have on lot owners in the park who are not Recreation Association shareholders will be very significant.

The Survey

The Recreation Association board would like to give special thanks to the Lechners and their committee for their work in surveying the park. This was a great idea and they spent a lot of time and money to not only get the survey out but also to make sure that all respondents received a copy of the results. The Recreation Association board was delighted to see that the survey results match almost perfectly with the it priorities all the way down to the dog park which costs about \$300 dollars a year or less than a 1/10 of a percent of the yearly budget to operate.

The Recreation Association board has always been open to any ideas that anyone has and will continue to remain open.

SRA Donations to Sierra Park Since 1995

President Fred Coleman has made the following statements in the HOA newsletters. (Jan. nwsltr p.2) the OFSRA has "dominated the park for twenty five years", (Dec.. nwsltr p.3) "the old way of doing things...in sole control of the subdivision, and (Nov. nwsltr p.6) "OFSRA has lost its stranglehold over OFSHA." He infers that the SRA's control has been detrimental and has been harmful to the park. President Coleman implies that the HOA has had no say in the affairs of the park; this is untrue. Homeowners have always voted on the assessment and budget. They have also served on the board. Their input was welcome at the annual meetings. Homeowners have ALWAYS been welcome to attend any board meeting and to express their concerns. Their input has been highly valued by the SRA boards. The intention has always been to do what is right for the park and to preserve its uniqueness for future generations.

Some historical background:

ODD Fellows Sierra Recreation Association, known as OFSRA or SRA, was formed in 1986. Prior to that date, all property owners in the park were affiliated with the Odd Fellows Lodge or Rebekah Lodge. It was decided that these Lodge members would retain the ownership of the common areas in the park, lodge building, playground, pond, picnic area, and timberlands. The homeowners who own property in the park, but are not current members of an Odd Fellows Lodge or its affiliate Rebekah Lodge, are not shareholders or members of the SRA. Any property owner may become a shareholder if he joins an Odd Fellows Lodge. The ownership of timberland makes Odd Fellows Sierra Park unique. The income has helped build the park. The timberland has been well managed and has produced many dollars in revenue (referred to as the timber fund). These dollars have NEVER been distributed to the shareholders. Although the SRA membership has dwindled to twenty-four percent (24%) of the property owners, they have continued to be very generous in supporting the Park by making donations of funds to the park. These funds have been used to purchase equipment or to maintain the park. The total since 1995 exceeds \$462,000. The SRA has also made loans to the homeowners group at low or no interest rates, to fund purchases. (see the chart below) These loans were repaid to the timber fund by the homeowners. These generous contributions have substantially reduced the annual assessments, because without these dollars, the homeowners would have had to bear the costs of these expenses.

To further enhance and protect the park, SRA spent more than \$326,000 to buy the former Boy Scout property. This purchase prevents unwanted development at the back door of the park. Since 1995, SRA has spent more than \$788,000 to ensure the quality of the park and to preserve its unique opportunities, while keeping the assessments reasonable and affordable. Although these lands are owned by SRA, all homeowners are encouraged to enjoy and use these facilities. Use of the Lodge building has always been granted to members in good standing unless another use was scheduled.

OFSRA DONATIONS TO SIERRA PARK

| | | | |
|-----------------|----------|------------------|-----------|
| 1995-TRACTOR | \$67,066 | 2002-ROAD MAINT | 53,679 |
| 1995-CHIPPER | 6,730 | 2003-ROAD MAINT | 16,808 |
| 1995-ROAD MAINT | 15,271 | 2004-ROAD MAINT | 28,427 |
| 1997-ROAD MAINT | 89,232 | 2005-GENERATOR | 26,830 |
| 1999-ROAD MAINT | 54,095 | 2008-DREDGE POND | 24,325 |
| 2000-ROAD MAINT | 39,334 | TOTAL: | \$462,759 |
| 2001 ROAD MAINT | 40,962 | YEARLY AVERAGE | \$20,120 |

ANN RANKIN
arankin@annrankin.com

TERRY WILKENS
twilkens@annrankin.com

HANH PHAM
hpham@annrankin.com

OF COUNSEL

JEFFREY R. CLUETT
jcluett@annrankin.com

DOMINIC H. PORRINO
dporrino@annrankin.com

LAW OFFICES OF ANN RANKIN

3911 HARRISON STREET, OAKLAND, CA 94611

WEBSITE: www.annrankin.com

E-MAIL: info@annrankin.com

TEL: (510) 653-8886
FAX: (510) 653-8889

TOLL FREE
TEL: (800) 354-4529

January 18, 2012

By U.S. Mail and e-mail

Timothy Trujillo, Esq.
Dambacher, Trujillo & Wright
32 N. Washington Street
Sonora, CA 95370

Re: **Odd Fellows Sierra Homeowners' Association and Odd Fellows
Sierra Recreation Association: Letter of Intent**

Dear Mr. Trujillo:

The Board of Directors of Odd Fellows Sierra Homeowners' Association ("OFSHA") and I appreciated your taking the time to meet with the OFSHA board and me on January 9; we also thank the board members of the Odd Fellows Sierra Recreation Association ("OFSRA") for meeting with us.

As discussed, this letter will constitute a Letter of Intent ("LOI") evidencing the proposal of OFSHA to purchase the interior of the Park, as well as necessary maintenance and repair equipment, from OFSRA.

1. OFSHA will purchase the common area real property and equipment/personal property/reserve accounts including water rights, all equipment for the water delivery facilities, the grader, all motorized equipment, with the exception of the back-hoe which shall include all rolling stock and small engine equipment, all equipment, parts, supplies etc. used to maintain the roads, water system and the interior of the park including snow removal equipment for the sum of \$1,000.00, payable on or before April 30, 2012, contingent upon OFSHA's approval, in its sole discretion, of a feasibility study to be performed by it, and contingent upon receiving the easement, the approvals, and the lot owners' agreements to record CC&Rs, as more fully set forth below. In addition to the real property and personal property identified herein, upon close of escrow, OFSRA will transfer to OFSHA all reserves for the water system shown on the May 29, 2011 financial reports, and the \$27,000 in excess funds from the purchase of the grader, but not the timber reserves; the parties acknowledge that the timber reserves are the sole property of OFSRA. The water reserves and excess funds for the purchase of the grader were derived from assessments previously levied on lot owners by OFSHA; OFSHA therefore does not want to pay for funds that were derived from itself.

2. On or before close of business on January 31, 2012, OFSRA will provide OFSHA with access to its books and records, paid invoices, work orders and purchase orders, etc. from which OFSHA can determine the costs of maintaining, repairing, replacing and restoring the water system, the roads, and all other portions of the common area during each of the years 2009, 2010, and 2011. In addition, OFSHA will need to have access and OFSRA will provide it access, to review all contracts for maintenance, repair, replacement and restoration of roads and of the water system and other components of the interior of the park, as well as any reports on the physical condition of these components; repair recommendations; reserve studies; etc. In addition, OFSHA will need, and OFSRA will provide, a current balance sheet and profit and loss statement for OFSRA for the 2011 calendar year and for January, 2012 and a check register for the same time period. The information will be provided solely for the purpose of the OFSHA board performing its due diligence; the information will not be distributed to members or discussed in newsletter articles or the like. The information may, however, be shared with OFSHA legal counsel and accountants reasonably required to advise OFSHA on the proposed purchase. If OFSRA would like for OFSHA to sign a reasonable confidentiality agreement, OFSHA will do so; if this is of interest, please send me the proposed confidentiality agreement.
3. On or before February 29, 2012, OFSHA will complete its feasibility study and inform OFSRA in writing whether OFSHA has approved the feasibility study and is willing to go forward with the purchase, contingent upon receiving all approvals required of the OFSHA board and membership and of the OFSRA board and membership which approvals are required by the OFSHA and OFSRA governing documents.
4. On or before February 29, 2012, OFSHA will determine what dollar amount OFSHA agrees it owes OFSRA for services provided by OFSRA to lot owners during 2011-2012, and will pay OFSRA any undisputed amount. The parties will then meet and confer to discuss any disputed amounts. If the dispute cannot be resolved by negotiation, the parties will mediate the dispute and/or submit it to binding arbitration before the Judicial Arbitration and Mediation Service ("JAMS") or other mutually agreed-upon mediator and/or arbitrator or arbitration service. OFSRA and OFSHA will provide, in the final agreement, that other than any disputed amounts for the 2011-2012 fiscal year, OFSHA does not owe OFSRA any money for prior fiscal years, and, upon transfer to OFSHA of the tangible and intangible personal property identified in Paragraph 1 hereof, OFSRA does not owe OFSHA any additional sums.
5. This offer is also contingent upon at least 70% of the Lot Owners agreeing to recordation of a Declaration of Covenants, Conditions and Restrictions ("CC&Rs") in the chain of title of their lots. The CC&Rs will, at a minimum, provide that OFSHA shall maintain and repair the interior of the Park, the roads that were paved as of January 1, 2012, and the water system; that each Owner shall covenant to pay assessments to OFSHA for this purpose; and that OFSHA may record a lien and foreclose the lien, judicially or non-judicially, or may sue in order to recover delinquent assessments. My office will prepare a proposed form of CC&Rs for the lot owners' consideration. OFSHA will have the ability to charge a reimbursement assessment to any owners, or to OFSRA, for any damage done to the roads by the negligent or intentional act of the owners, and for hauling heavy loads.

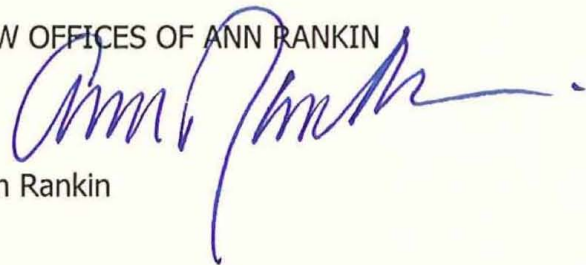
6. This agreement is also contingent upon OFSRA providing OFSHA with a recorded easement allowing it to access water lines and water tanks located on OFSRA's timber lands, and allowing it to remove, replace, add to, restore or repair the water tanks. OFSHA and OFSRA will jointly maintain the easement area, with OFSHA and OFSRA to each pay fifty percent of the cost of maintaining it. OFSHA will pay for any survey required to properly describe the easement, and to prepare an appropriate legal description of the common areas, for use in the deed, and will prepare the easement deed, subject to the approval of OFSRA. There is a hill within the interior of the park that is used for sledding; if the survey shows that this hill is not part of the common areas, then OFSHA wants an easement or a license agreement allowing the residents to continue to use the hill for sledding. The hill will be included in the liability policy to be purchased by OFSHA.
7. In the event OFSHA completes the feasibility study and wants to go forward with the purchase, and in the event the contingencies set forth in Paragraphs 3, 5 and 6 are removed by OFSHA and/or OFSRA, as the case may be, we will prepare a formal purchase offer; the parties will sign it; we will open escrow at a local title company; OFSHA will pay the agreed-upon consideration; and OFSRA will, in return, deed the property to OFSHA and sign a bill of sale for the personal property. OFSHA contemplates signing the purchase agreement, paying the consideration, and closing escrow on or before April 30, 2012. Closing costs will be paid by OFSHA.

We look forward to your response. We believe this structure would resolve the legal and governance issues facing both associations; would create a more democratic structure; and would provide for the long-term financial health of the community by establishing a more workable method of collecting assessments and protecting the income stream required to operate the community for the benefit of the property owners.

Very truly yours,

LAW OFFICES OF ANN RANKIN

Ann Rankin



cc: Client
AR:gb

SPECIAL MEETING OF THE SHAREHOLDERS OF Recreation Association
December 3, 2011

BOARD MEMBERS PRESENT: Del Wallis, Shaun Velayas, Friedham Peter, Ron Hawke, Gloria Harvey, Dick Barrett, Larry Adams and Bill Ordwein.

- 1) The meeting was called to order at 9:17 AM by President Shawn Velayas.
- 2) The invocation was given by Al Orth.
- 3) The shareholders recited the Pledge of Allegiance.
- 4) President Velayas read the "Call of Special Meeting".
Stating the purpose of the meeting, time and place.
- 5) The President stated that Gloria Harvey, the Secretary of the Corporation,, has been designated by the Board of Directors as the secretary of the meeting. Ms. Harvey shall take notes and prepare minutes of this meeting with the help of Jan Moncrieff.
- 6) Del Wallis, the Treasurer of the Corporation, has been designated by the Board of Directors as the election inspector. The election inspector will determine the number of shares outstanding, their voting rights, and the existence of a quorum and the validity of any proxies presented at the meeting. The inspector also receives and tabulates all votes, ballots or written consents; and hears and determines all challenges and questions arising in connection with the right to vote. He will also determine when voting is terminated, the result of such voting, and do "such other acts as may be proper to conduct the election or vote with fairness to all shareholder."
- 7) President – Read the Ground Rules for the meeting.

It was noted that the License Agreement and the Water Use Agreement between the Odd Fellows Sierra Homeowners Association (HOA) and the Odd Fellows Sierra Recreation Association (Recreation Association) expired on October 12, 2011, but was extended until January 10, 2012, by the SRA Board and the HOA Board of directors.

After being informed by the HOA board of directors that they would not sign the license agreements approved by the homeowners members at the May 2011 Annual Meeting, the SRA Board of Directors sought legal advice and were advised by its attorney to also not sign the License agreements. Since the Members of the SRA voted to have the SRA Board sign the agreements at the Annual Meeting in May 2011, SRA member approval to NOT sign is now needed to move forward.

Quorum determination: 32 shareholders are present and 41 proxies are approved. A quorum was present. The question was asked if proxies were sent to all members; the response was yes to the best of our knowledge and ability.

Ron Hawke stated:

I move to allow the License Agreement and the Water Use Agreement currently in place between this corporation and HOA to expire on January 10, 2012 and that this corporation not enter into any further license agreement, water use agreement or other similar type of agreement with the HOA after January 10, 2012 without approval of shareholders of this corporation. Motion was seconded.

Discussion followed:

Clark Kellogg inquired if this would mean we will not have a water agreement until another meeting such as this.

Shaun Velayas stated that the License Agreements give the HOA the authority to collect assessments. The Homeowners Association doesn't have the legal ability to collect dues according to the attorney because not all properties have filed CC&R's. The Recreation Association could bill direct for water and roads because they own the roads and the Water System.

Del Wallis spoke of the billing history in the past.

Mike (Homeowners) inquired how would the billing be done for water; would there be meters? Hawke responded saying there is no need for meters.

Velayas stated that property owners of 19 lots have not paid their dues for 2011-12.

Paul Emery stated that last May, a budget was voted on and it appears that the monies were not being spent the way they were appropriated. Velayas responded that these issues should be directed to the Homeowner's Board.

The SRA is a for-profit association and what would the association do regarding State requirements if the SRA should become a water company?

Hawke stated that the SRA falls under the California Department of Public Health. If we operate our system according to their standards we will not have a problem.

Velayas said that getting CC&R's on everyone's lot is very unlikely.

It was noted that timber sales have helped offset some of the expenses for roads and equipment purchases in the past.

It was suggested that the dues be reduced for those who filed their CC&R's while those that have not, would not receive a discount.

Elsie Manning suggested placing a lien on those lots that have not paid dues. Wallis stated that in the past liens have been filed for unpaid dues, and in some cases the property has been foreclosed.

There was discussion regarding negotiation between the SRA and HOA. It was noted that there could be no discussion unless permission was given by the majority of the SRA members to not sign the current proposed agreements as directed to do at the May meeting.

It was noted that the water reserve monies should go entirely to the water system.

Velayas stated that if the motion doesn't pass we don't know how to move forward and he would probably resign.

It was noted that a profit-making corporation can legally collect dues. The Lease Agreement with the HOA doesn't permit us to collect dues at this time. Any future License Agreement would have to be approved by the Association..

The motion was called for. A 'yes' vote would allow License Agreement and Water Agreement currently in place to expire as of January 10, 2012.

A secret ballot was collected and read. The results were: 60 yes votes; 10 no votes and 1 blank, which equals 71 votes. Motion carried.

It was moved and seconded that the meeting be adjourned. Discussion: Kellogg asked for a no vote on adjourning.. Motion carried.

Meeting was adjourned at 11:10 am

Submitted by Gloria Harvey and Jan Moncrieff

Movie night was held at the Lodge on December 29, at 6:30 p.m. The event was open to all who could attend and was well attended. Popcorn, punch and cookies as well as the movie were provided by Michael and Susie Lechner and their daughter and son-in law Kate and Kirk Knudsen. Events like this are welcome in the park and help to provide community spirit. Others are encouraged to sponsor events. If you have an idea, bring it to the Recreation Association board for approval. Thanks, to the Lechner and Knudsen families.

Recreation Association MEETING December 3, 2011

MEETING CALLED TO ORDER at 11:10 A.M. BY President Velayas

Immediately following the adjournment of the Special Recreation Association meeting.

INVOCATION was given by Al Orth earlier during the Special meeting

MEMBERS PRESENT: Larry Adams, Dick Barrett, Gloria Harvey, Ron Hawke, Bill Ordwein, Friedhelm Peter, Shaun Velayas, and Del Wallis

MEMBERS EXCUSED: none

GUESTS PRESENT: Clark Kellogg suggested that a third class of shares (C class) be issued to all homeowners. Class C shareholders would have voting rights limited to voting for BOD members and Budget matters.

Elsie Manning asked what could be done to have the HOA turn money over to the SRA.

Karin Shultz inquired why BOD members would not talk to her.

Other guests present included: John and Mary Wallace, Bob Manning, Maryanne Gennis, Mike Rainwater, Serge Peluso, Darlene and Tom Guidice, Al Orth, Barbara and Bill Engvall, Charles Varvayanis, Irene Barrettt, Verdina Hague, John Tenbrink, Mike Ford, Mike VanGundy, Mark Higgins, Nancy Hawke, Claire Velayas, Jeff Peterson, Curt Knudsen

CORRESPONDENCE

Two homeowners sent emails stating that the HOA should transfer their assessment money over to the SRA.

Homeowner requested names of the HOA Board members.

Homeowner felt the caretaker was not doing his job and another should be hired.

Homeowner requested copies of corporate documents.

HOA (Homeowners Board) requested the use of the Lodge Board room for their meetings.

Hawke moved and motion carried to grant use of Lodge building for HOA meetings.

APPROVAL OF MINUTES:

Corrections: none, Hawke moved to approve, Motion seconded and passed.

DIRECTOR REPORTS:

WATER- RON HAWKE There were no water line breaks since the Nov 12th meeting.

The two WIKI water pressure transducers used on the Wheeler tanks, to monitor water system storage level, have malfunctioned, one of them for the second time. Both were returned under warrantee. Another brand of transducer was purchased from another source for evaluation and has been installed on the main Wheeler tank.

Our D1 licensed water operator/caretaker, Mark, was called by our California Department of Public Health [CDPH] liaison and asked Mark, "How are things going?" Mark's response was, "Fine," and provided a summary of recent water system activities. I interpret this call, from our CDPH liaison, as a positive outcome following the complaint filled by a property owner in Oct. Mark has aptly interacted with our liaison and established our intention of being a proactive and compliant water supplier. On this note, **if a property owner has a complaint about the Recreation Association water service** to their property, I would encourage them to exhaust every effort to resolve the issue with the water provider, the Recreation Association, before resorting to filing a complaint with the CDPH. Such complaints might serve as a vindication or retaliation by the complainer, but can lead to long lasting problems with **an agency that can mandate very expensive compliance requirements to all property owners.**

Water pumped for the month of Oct was 1,053,000 gallons.

Respectfully submitted by Ron Hawke, December 3, 2011.

ROADS--LARRY ADAMS--No activity on the roads

BUILDINGS--DICK BARRETT--Replacing the dry rot on lodge and caretaker's cabin and diversion of the rain and snow run-off into the lodge parking lot has been postponed until spring.

Seeking information for installing a switch so the generator can be used in the shop when the power is off. Discussion followed on how much surveillance is needed in the park and it was determined that gate surveillance was the first priority.

EQUIPMENT- FRIEDHELM PETER--During the high winds, a branch hit the grader and damaged a tire. The tire has been repaired. Still seeking information on repairing the control box. Charles Varvayanis, a guest, reported that he had sought owner's manuals on the grader when the

grader was first purchased. A hard copy was provided to the caretaker sometime in the past but is not currently available. Varvayanis has provided computer discs to the caretaker with the information from the data files. He was thanked for his efforts.

Approval was given for the grader to be serviced. Since the last meeting skids have been manufactured and installed on the snowplow. Utilizing the skids will protect the road surfaces, but may not remove EVERY bit of snow. Safety on the roads in snow removal will be primary concern rather than road surface. A guest inquired about when snow stakes would be installed. After discussion, she was asked to point out areas she felt needed to be marked.

TIMBER-HARVEY NO REPORT, Wallis stated that he feels the park needs to move forward in getting the damage to the berm at the pond repaired and a new pipe installed. He will make contact with qualified contractors.

GATE-BILL ORDWEIN- one battery was replaced.

HEALTH AND SAFETY- LARRY ADAMS- Signs indicating restricted access and warning of danger in the garage buildings have been received. The signs will be installed.

FINANCE-DEL WALLIS- Vendor bills for the month were \$15,047.97. Hawke moved, Barrett seconded to pay the bills Motion carried. The monthly Budget report was circulated. Wallis reported that he was sub coding the expenses for Cedarbrook so those expenses would come out of the Timber fund monies. This will be an ongoing effort to ensure that the expenses are properly recorded. The SRA has spent \$193,000 through November. That figure includes \$17,000 in depreciation so the actual amount spent is about \$176,000.

OLD BUSINESS;

1. CAMP CEDARBROOK- Hawke reported that all repairs have been completed to secure the building and to prevent further deterioration during the winter months. A letter was received from the county regarding the lot line adjustment fee.

2. NEXT MEETING OF THE Recreation Association- January 21, 2012.

New Business:

1. Curt Knudsen- requested use of the Lodge for a movie night for anyone in the park who would like to attend on Thursday, December 29, 2011. Time will be set for 6 or 7 p.m. They will provide the movie, popcorn and drinks. The Board approved the event. Discussion followed regarding a possible pancake breakfast on that weekend. More information will be forthcoming.

12:35 p.m. Meeting adjourned

12:50 p.m. Executive session called to order

2:03 p.m. Executive session ended

2:04 p.m. Regular session called back to order

No action was taken in executive session:

2:05 pm. Regular meeting adjourned.

January 21, 2012 NEXT REGULAR MEETING

Respectfully Submitted,

Gloria Harvey
Secretary Recreation Association Board of Directors

Recreation Association MEETING January 21, 2011

BOARD MEMBERS PRESENT: Del Wallis, Shaun Velayas, Friedhelm Peter, , Dick Barrett, and Bill Ordwein. Members excused, Ron Hawke, Larry Adams and Linda Clark

Meeting called to order at 8:37 AM by President Shaun Velayas

The Invocation was given by Friedhelm Peter

Guests present were Charles Varvayanis, Mike Van Gundy, Mark Higgins

1) Correspondence included a Letter of Intent (LOI) from Ann Rankin stating the HOA's intent to purchase the interior properties of the Park currently belonging to the Recreation Association as well as a letter from Paul Emery CC ed to Recreation Association requesting refund from HOA. Letter of Intent was read aloud by Claire Velayas, who was taking minutes. Bill Ordwein said the LOI was not a legal action as he was never informed of or allowed to review the letter while acting as a Board member for the HOA and is unsure which HOA Board members were involved in drafting the letter. One item in the LOI stated that the HOA had no interest in purchasing the backhoe. Also inferred from the LOI, it appears the HOA no longer desires the donations currently provided by the Recreation Association for the maintenance of the Park which help to keep homeowners' dues low. It is unclear from the LOI how the HOA intends to support and maintain the Park without increasing homeowners' dues substantially. More will be discussed regarding the LOI in executive session.

2) Motion to approve minutes by Friedhelm Peter seconded by Bill Ordwein. Motion passed

3) Water: No line breaks since 12/3/11 meeting

676,300 Gallons used

4) Buildings: Proposal from Larry Buck (to accommodate the generators to plug into both the lodge and Fire House).

The Board would like to thank Jesse Worsham for the use of the projector screen for the Movie night and other prior events?and will look into the cost and interest of purchasing a new screen for the lodge.

1) Roads: It is time to start working on bids for road work that will be needed for next year

2) Equipment: Oil was changed on the grader. Waste oil was sold to Allied Waste. Casters will be installed on the new chair racks. New longer-range walkie talkies are on the way. The tire chains have new parts for repairing that make repairs very time consuming it may be cheaper to just do like most other companies and buy replacements rather than repairing. Still waiting on the new front wheel drive controller box for the grader.

3) Timber: Del and Shaun will share timber responsibilities since Gloria no longer can, Bill will assist. Will Dorell is looking at Cedarbrook and will have a report soon.

4) Gate: The top magnet of the gate was wired incorrectly, and the relay was bad. A new relay has been ordered. Because of the incorrect wiring, no power was going to the top magnet. The inbound power was also broken. An external relay for that was also ordered because it will be cheaper and easier to replace than the internal one.

5) Health and Safety: We got 2 bids on the work to be done on the pond drain culverts. The first was \$9,000, and second was \$7,000 from Simonacci (sp). Simonacci had a better background as well as being less expensive. The pond repair is now complete. Both gates were re-done and repainted. The final 8 feet of the drain had some issues, but the culvert directly under the levee was OK. It was recommended that the concrete obtained when the pool at Cedarbrook is demolished be used to shore up the levee. Simonacci is available to do this work, too, when is deemed necessary to be done.

6) Finance: See Del's spreadsheets. Further review of 2008 tax return led to refiling of said tax return and will provide a refund from the IRS of \$5,300. Del makes motion to approve transfer of \$31,125.70 from timber fund to general fund to pay expenses for Cedarbrook. Friedhelm seconded. Motion passes unanimously. Del made a motion to approve transfer of \$30,000 from road reserve fund to general fund. Friedhelm seconds. Motion passes unanimously. Del makes motion that \$30 be added to current auto repair bill to cover tire repair should missing bill not be found. Friedhelm seconds. Motion passes unanimously. Dell makes motion to pay approximately \$42,867.33 in vendor expenses. Friedhelm seconds. Motion passed unanimously. Dell makes motion not to pay \$830 assessment on caretaker's cabin. Friedhelm seconds. Motion passes unanimously.

7) Old Business: none

8) New Business: Date of next meeting is determined to be February 18, 2012. The Letter of Intent from Ann Rankin was previously discussed and will be discussed further in executive session. Hiring of Mike VanGundy as backup snowplow driver to be discussed in executive session. Fish and Game wardens were in due to a complaint regarding tree stumps by the streambed. Fish and Game took pictures. As a result, there are some forms to be filled out from Fresno Dept of Fish and Game. They will be given to Golden State Surveying for completion.

Decisions From Executive Session: Mike VanGundy will be hired as a backup snowplow operator to be paid hourly when needed. It was decided that the LOI from Ann Rankin did not warrant a response because of the questionable nature of the LOI. It was decided to file suit against the HOA for non-payment in the amount of approximately \$232,700. It was also decided to initiate paperwork to establish a mutual water company which would owned and be governed by all Park homeowners.

**ODD FELLOWS SIERRA RECREATION ASSOCIATION BOARD OF DIRECTORS REGULAR
MONTHLY MEETING
February 18, 2012**

INTERIM MINUTES

The meeting was called to order at 8:35 AM by President Velayas. Board members present: Adams, Barrett, Clark, Hawke, Peter, Velayas and Wallis. Board member Ordwein attended by telephone.

INVOCATION: Given by Director Peter.

HOMEOWNERS AND OTHERS PRESENT: Caretaker, Mark Higgins, Homeowners Charles Varvayanis (representing the Homeowners Association Board of Directors), Mike Van Gundy and Irene Barrett.

Charles Varvayanis requested use of the Board Room for the OFSHA regular Board of Directors meetings on March 3rd, April 7th and May 5th. He also requested use of the Lodge Room for the Home Owners meeting at noon on April 7th. This was agreed to.

CORRESPONDENCE: Clark reported the receipt of a note from Annette Van Norman with a donation check in the amount of \$25.00 to help fund the annual fishing derby in memory of Isabel Martin whose family continues to enjoy the park. A letter was received from Doug and Susan Kelly regarding the three lots they own, two of which have been merged for Tuolumne County tax purposes, since one lot was unbuildable. They are requesting that those same two lots be merged for in the Recreation Association records as well. This will be brought up under New Business later.

MINUTES OF BOARD MEETINGS of January 21, 2012: Wallis moved that the minutes be accepted as presented, Peter seconded, motion carried.

DIRECTOR REPORTS

WATER-HAWKE: Director Hawke reported there were no water line breaks since the January 21st meeting. One report of a line break was in fact not a break but the result of the homeowner's faucet being left open. Water pumped for the month of January 2012 was 721,700 gallons.

BUILDINGS-BARRETT: No report

ROADS-ADAMS: Director Adams suggested a plan for summer road work be established. After discussion, it was determined that caretaker Higgins will obtain three bids and other information for crack sealing, possible resurfacing of the in-bound entrance to the Park and inside the gate in front of the corporation yard building. He will try to have cost information available by the next regular Board meeting. Costs are needed for budgeting and planning purposes.

EQUIPMENT-PETER: Director Peter reported the grader had switch issues. New switches have been ordered. Caretaker Higgins and Larry Jones are working on repairing the sander that was damaged.

TIMBER – WALLIS: Director Wallis reported he has been in contact with forester Will Dorel regarding the timber on the old Cedar Brook property.

GATE-ORDWEIN: The key issue is being resolved – it should be here next week. Once received, the gate should be in excellent working order.

HEALTH AND SAFETY-ADAMS: No report. Discussion was held regarding new sand for the beach area. Costs are needed for budgeting purposes. Caretaker Higgins will work on determining how much will be needed and the costs. He will report back at the next regular Board meeting. Also, the playground ground cover (bark) will be researched for type and costs. Director Wallis spoke of the blockage in the

lake drainage system. Simunaci Construction spent 4-5 days working on clean-up, repair and putting screens in place to avoid future such blockage.

FINANCE-WALLIS: We received a refund check in the amount of \$1,009.68 from Tuolumne County from the purchase of the Cedar Brook property. \$5,300.00 refund on the 2008 tax return is still being reviewed by Carlson. Director Wallis moved that \$30,000 be transferred from the Water Reserve Fund to supplement the General Fund for payment of expenses for operating and running the Park business. Director Peter seconded. Motion carried. Vendor bills for the month totaled \$7,685.02. Director Peter moved to approve those bills for payment. Director Hawke seconded. Motion carried.

The monthly Budget Report and Statement of Revenue and Expenses were circulated. A bill from OSHA in the amount of \$830.00 plus late fees was received for the assessment on the caretaker cabin. Director Wallis moved that this bill not be paid. Director Peter seconded. Motion carried.

OLD BUSINESS:

FISH AND GAME: Director Wallis reported that the required forms regarding the complaint about tree stumps by the streambed have been submitted to Fish and Game. We are waiting for their response.

NEW BUSINESS:

Letter from Mr. and Mrs. Kelly. After discussion, it was determined that Secretary Clark will write a letter to the Kellys requesting further information on their property, including a diagram of the property.

ADJOURNED TO EXECUTIVE SESSION at 9:15 AM

ADJOURNED EXECUTIVE SESSION at 11:22 AM

OPEN REGULAR SESSION 11:25 AM

PRESIDENT VELAYAS ANNOUNCED that in the Executive Session a motion was passed to have a Special Meeting on April 7, 2012 at 9:00 AM, in the main lodge hall, open to all property owners for the purpose of discussing two items that will be on the agenda for the Annual OFSRA Meeting on May 27, 2012.

Those two items being:

1. A possible change in the OFSRA By-Laws in regard to the requirements to be a voter in the election of the OFSRA Board of Directors and
2. The options for the structure and billing associated with the delivery of water to Park properties..

The other item that was discussed was that in the week beginning February 20, 2012 OFSRA attorney Tim Trujillo will be filing a complaint for breach of contract, breach of the covenant good faith and fair dealing, common counts- accounts status and declaratory relief against the Odd Fellows Sierra Homeowners Association. It is still being decided whether the names of the directors and officers will be named or if we will wait for a different format.

There being no further business, President Velayas adjourned the meeting at 11:40 A.M.

THE NEXT REGULAR OFSRA BOARD MEETING WILL BE MARCH 17, 2012

Linda Clark, Secretary

**ODD FELLOWS SIERRA RECREATION ASSOCIATION
NOTICE OF A SPECIAL MEETING TO WHICH ALL PROPERTY OWNERS IN ODD FELLOWS
SIERRA PARK ARE INVITED TO ATTEND
TO BE HELD ON SATURDAY, APRIL 7, 2012 AT 9:00 A.M. IN THE PARK LODGE HALL**

The purpose of this meeting is to discuss two items that will be on the agenda of the Odd Fellows Sierra Recreation Association's annual meeting of May 27, 2012.

Those two items being:

1. A possible change in the OFSRA By-Laws in regard to the requirements to be a voter in the election of the OFSRA Board of Directors and
2. The options for the structure and billing associated with the delivery of water to Park properties.

ODD FELLOWS SIERRA RECREATION
ASSOCIATION, INC
BUDGET REPORT
PERIOD ENDED JANUARY 31, 2012

| <u>REVENUE</u> | EIGHT MONTHS ENDED 01/31/12 | REVISED 2011-2012 BUDGET | VARIANCE | % OF BUDGET EXPENDED* |
|--|-----------------------------------|--------------------------------|---------------------|-----------------------------|
| MAINTENANCE INCOME | \$ 69,350 | \$ 302,120 | \$ (232,770) | 22.95% |
| PROPERTY RENTAL(CARETAKER'S CABIN) | 4,777 | 6,900 | (2,123) | 69.23% |
| RECREATION INCOME | 123 | - | 123 | |
| REFUNDS | (250) | | | |
| INTEREST INCOME | 238 | - | 238 | |
| TIMBER INTEREST | 2,118 | - | 2,118 | |
| UNREALIZED GAIN/(LOSS) ON INVESTMENTS | (2,146) | - | (2,146) | |
| TAX REFUNDS AND MISCELLANEOUS | 10,168 | 10,138 | 30 | |
| <u>TOTAL REVENUE</u> | 84,378 | 319,158 | (234,530) | |
| <u>OPERATING EXPENSES</u> | | | | |
| ACCOUNTING SERVICE | 10,281 | 17,000 | (6,719) | 60.48% |
| AUTO EXPENSE | 18 | 200 | (182) | 9.00% |
| EQUIPMENT RENTAL | 137 | - | 137 | |
| EMPLOYEE BENEFITS/HEALTH INS REIM | 6,883 | 12,000 | (5,117) | 57.36% |
| FISH DERBY | 1,375 | 1,000 | 375 | |
| FUEL | 3,962 | 9,000 | (5,038) | 44.02% |
| GARBAGE | 9,070 | 14,000 | (4,930) | 64.79% |
| GATE EXPENSE | 802 | 3,873 | (3,071) | 20.71% |
| HEALTH & SAFETY | 5,158 | 2,000 | 3,158 | 257.90% |
| INSURANCE - GENERAL | 16,398 | 32,000 | (15,602) | 51.24% |
| MAINTAIN BUILDING | 7,425 | 9,325 | (1,900) | 79.62% |
| MAINTAIN EQUIPMENT | 9,544 | 15,000 | (5,456) | 63.63% |
| MAINTAIN ROADS | 10,045 | 15,000 | (4,955) | 66.97% |
| MAINTAIN WATER | 6,975 | 7,000 | (25) | 99.64% |
| MAINTENANCE GENERAL | 14,018 | 23,000 | (8,982) | 60.95% |
| MAINTAIN ROADS - CAPITAL EXPENSE | 21,500 | - | 21,500 | |
| MEMBER COMMUNICATION | 1,213 | 4,500 | (3,287) | 26.96% |
| PAYROLL - LABOR | 42,966 | 63,000 | (20,034) | 68.20% |
| PROFESSIONAL SERVICE | 33,654 | 30,000 | 3,654 | 112.18% |
| RECREATION SUPPLIES | 45 | 100 | (55) | 45.00% |
| RECREATION | 18 | 1,000 | (982) | 1.80% |
| SETTLEMENT EXPENSES | 500 | - | 500 | |
| SUPPLIES SHOP | 401 | 300 | 101 | 133.67% |
| TAXES - PAYROLL | 4,035 | 6,300 | (2,265) | 64.05% |
| TAXES - PROPERTY | 3,209 | 6,800 | (3,591) | 47.19% |
| TAXES - PROPERTY CEDARBROOK | * | - | 4,724 | |
| TAXES AND LICENSE | 1,000 | 1,500 | (500) | 66.67% |
| TELEPHONE | 735 | 1,200 | (465) | 61.25% |
| UTILITIES | 9,093 | 14,000 | (4,907) | 64.95% |
| UTILITIES - CEDARBROOK | * | - | 31 | |
| WATER TESTING | 2,455 | 6,050 | (3,595) | 40.58% |
| BANK CHARGES | 10 | 50 | (40) | 20.00% |
| OFFICE SUPPLIES | 391 | 300 | 91 | 130.33% |
| OUTSIDE SERVICE | 11 | 2,500 | (2,489) | 0.44% |
| PERMITS AND FEES | 301 | - | 301 | |
| DUES AND SUBSCRIPTIONS | | 360 | (360) | 0.00% |
| NEEDLE EXPENSE | 7,310 | 20,000 | (12,690) | 36.55% |
| FRANCHISE TAX | | 800 | (800) | 0.00% |
| <u>TOTAL EXPENSES BEFORE DEPRECIATION</u> | 235,693 | 319,158 | (83,465) | |
| DEPRECIATION | <u>23,144</u> | | <u>23,144</u> | |
| <u>TOTAL EXPENSES</u> | 258,837 | 319,158 | (60,321) | |
| NET | <u>(174,459)</u> | <u>-</u> | <u>\$ (174,459)</u> | |
| MAINTENANCE INCOME FOR RESERVE FUNDS | | | | |
| <u>NET AFTER NOTES</u> | \$ (174,459) | \$ - | | |

*% OF YEAR EXPIRED =67%

*Attributed to Cedarbrook expenses.
(Monies to offset Cedarbrook expenses will be transferred from the Timber/Land purchase accounts.)

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| BANK ACCOUNT BALANCES | |
| GENERAL ACCT | \$10,228 |
| MONEY MARKET | 14,492 |
| TIMBER RESERVE | 166,379 |
| ROAD RESERVE | 9,960 |
| EQUIPMENT RESERVE | 20,021 |
| WATER RESERVE | 38,002 |
| MONEY MARKET - LAND | 21,303 |