

To: Sierra Park Property Owners
From: The Ad Hoc Committee for CSD Formation
Date: January 29, 2013

Subject: January News – February Town Hall Heads Up --- 2/9/13

This mailing was made possible through generous donations from individuals at the 11/20 and 12/8 Town Hall meetings and by mail; thank you all very much. Due to its bulk, this mailing will likely exhaust the contributions we have received so we continue to solicit contributions (see below) to be able to reach those in the Park without email.

We think it worthwhile to once again reiterate the goals of the Ad Hoc Committee in support of CSD formation. In brief: ***We are interested in the Park remaining as it is in the day-to-day use of the property, including park services and the things we all enjoy. Our goal is to develop a cost-effective administrative structure that can support the Park and fairly represent every property owner. It is our belief that a Community Services District (CSD) represents the best alternative to achieve this goal.*** We are working in concert with the RA whose goal is very much in alignment with ours.

We think the only credible way to achieve this goal is to be as open, transparent, and honest as we can possibly be. However we may not have all the answers to every question you might have. If this is the case we will say so. We'll research and provide the best answer we can in time – thank you for your understanding.

Attached are the questions asked at the Town Hall meetings of 10/20 and 12/8/2012; answers were provided there and some have been enhanced with additional details. These Town Hall meetings outlined the RA LAFCo filing of the Application for CSD formation on 10/19/12, and LAFCo's subsequent request for additional information. On 12/21/12 the RA responded to the LAFCo request.

On December 13, Chris Kiriakou and Michael Lechner of the Ad Hoc committee met with LAFCo staff to discuss Application status and the Ad Hoc's efforts to keep all property owners advised of progress in trying to bring the CSD to fruition. Staff seemed genuinely appreciative of this effort. By coincidence, as the Ad Hoc team was leaving this meeting, it ran into a small group of homeowners from the Park coming to meet with LAFCo staff. It was learned that this second group of homeowners has been working behind the scenes in opposition to the formation of a CSD.

If you are unaware, there are a very small number of property owners in the park intent on trying to force the Park's water system to be regulated by the California Public Utilities Commission (CPUC). These folks are the ones who filed complaints with the CPUC just prior to the dissolution of the old Home Owners Association (OFSHA) (virtually all board members resigned). A judge subsequently ruled against the OFSHA in an amount of on the order of \$213,000 as the result of a legal action filed by the RA. This was part of the money approved by an all-property-owner-vote assessed and collected for 2011/2012 Park operations, and should have been provided to the OFSRA by OFSHA. Instead the OFSHA Board made a unilateral decision to spend a considerable portion of the collected assessments on lawyers and other unapproved items and in the end return what was left of

the assessments to the property owners. The RA continued to operate the Park as they always had, but needed to use reserve funding, now basically depleted, to do this.

As we are all aware, the RA sent out a 2012/2013 assessment for \$1024, as approved by all-property-owner vote at the 2012 annual OFSRA meeting. This is sustaining operations for the 2012/2013 budget year. There are still several property owners who have failed to send in their assessment fees.

Some of these people are quietly meeting with LAFCo independent of the Ad Hoc Committee, to try to scuttle the Certification of the RA's CSD Application **to prevent the prospects of a vote by all property owners on the formation of a SPCSD.**

While not guaranteed at this juncture, we still anticipate LAFCo Certification of the CSD Application. If this happens, LAFCo will announce a date and time for a 'protest meeting' at which a minimum of 50+% of Park owners must state they are not in favor of CSD formation. If this does not occur, there would be a subsequent vote of all property owners scheduled on whether to approve CSD formation. If 50+% of the voting property owners say "yes," then LAFCo would approve CSD formation.

The Ad Hoc Committee **SPECULATES** that if property owners vote in favor of CSD formation, the CPUC will likely vacate the complaints filed. Since it will be clear from the vote the Park wishes to maintain its right of self-governance when it comes to all services it already provides, we believe the CPUC will likely wash their hands of these complaints.

February 9, 2013 Town Hall – Lodge, 9:30 to 11:30

Draft Agenda:

- 9:00 Early Mingling / Hall Warm Up
- 9:30 Welcome and Introductions
- Information on –
 - Proposed SPCSD Operations
 - Policies and Procedures
 - Rules and Regulations
 - Election Guidelines and Process
 - Budget and Budgeting
- Q and A
- 11:30 Adjourn

CONTRIBUTIONS

If you would like to make a contribution in support of future mailings please make checks out to Michael Lechner, 1696 Husted Avenue, San Jose, CA 95124.

Sierra Park Community Service District (SPCSD)
Q&A's and Comments from 10/20/2012 Town Hall Meeting
This information is posted on the website (ssierraparkcsd.org) and was made available at the
12/8/12 Town Hall Meeting.

1. What are the disadvantages of a CSD formation? Only advantages have been discussed.

This answer needs to be couched in the context of, 'as compared to what?' The Committee believes a CSD will have the advantage allowing continuity of managing and operating Sierra Park more or less as it has been.

However, a CSD will require a General Manager (GM) and this added cost could be considered a disadvantage. At the same time, a GM would offer the advantage of providing a single, long-term point of contact for outside vendors and contractors, thus minimizing chances for confusion, which may alleviate past problems such as those with Sierra Nevada Communications.

2. Is "Enterprise" or "Non-enterprise" funding proposed?

The park will continue to operate as it has in the past using revenues collected annually based on annual budget costs allocated across the total number of lots in Sierra Park.

In the event of an unanticipated need for a capital expenditure beyond that planned for, other funding mechanisms for this expense will be considered.

3. My understanding is 67% or 2/3 of "registered voters" must sign the petition for formation not 25%...Please clarify.

The petition, which simply notified LAFCO of the desire of SP to explore forming a CSD, only required the signatures of 25% of the voters registered in Tuolumne County residing in the geographical boundaries of what would be the CSD. This requirement was exceeded.

4. Was the LAFCO application prepared in accordance with the Cortese-Hertzberg-Knox Reorganization Act?

OFSRA believes it was – and with all other statutes as required. If LAFCO ascertains there are any deficiencies in the Application, they will advise the OFSRA.

5. Will there be public input on Charter?

The 'public' (SP property owners) will be most welcomed, indeed encouraged, to provide input to the Charter as it is developed. ADDITIONALLY, all property owners are strongly urged to take an active part in helping to manage how their Park works. More details on how to do this will be forthcoming.

6. Will the GMs roles, responsibilities, goals, objectives, and level of authority be defined in writing by the BOD?

Absolutely. The General Manager will be hired by the elected Board of Directors (BOD) and serve at their pleasure. The GM will have an annual performance review that will include solicitation of input from property owners.

7. Charter: One vote per land owner/member –

Not per lot

One vote per member

The intent of the SPCSD is to be landowner-voter based. This structure provides for **one vote per property** within the CSD jurisdiction.

8. ATVs, scooters, golf carts should be able to use our private roads as long as they obey speed limits.

This is a great question to highlight how the CSD could work. If there is sufficient interest of the property owners to allow this and the elected BOD approves, then this could be possible. It will be up to the BOD, as elected by the property owners, to address issues such as this as they are raised.

9. How is the general manager picked? What are the qualifications for GMs?

We expect the elected CSD BOD will solicit resumes based on posted qualifications for the position. The Ad Hoc Committee for tentative consideration by the elected BOD is drafting the qualifications for the GM.

10. I have had confidence on previous board, current board and Ad Hoc Committee. I will continue to be a responsive and cooperative landowner. Having opportunity to continue to have input to board. I will not be able to attend board meetings even though I continue to have full interest.

Thank you for your 'vote' of confidence. It will be most important for all Park owners to stay abreast of developments and provide input as they care to and can. Open and unbiased communication between the SPCSD board and those who elect them will be a major goal for Park operation. We understand that not all owners will be able to make meetings, but that doesn't mean you can't have a say or that your voice won't be heard.

11. Who are the consultants and how are they hired?

The OFSRA hired Golden State Surveying of Sonora (Bob Ozbirn, President) to prepare documentation (the Application) for LAFCO submittal concerning the formation of a SPCSD. As noted in earlier notes from the Ad Hoc, several of its members met with Bob and representatives from LAFCO. Additionally, the RA's own legal counsel and accounting firms have participated in document review.

12. If landowner vote is approved, is the NOI (Notice of Intent) and other noticing reaching "everyone" through the Daily Union Democrat?

We don't know the exact mechanism LAFCO and/or the county would or must use for notifying every one in the park about moving forward (or not) with the next steps in CSD formation. However, the Ad Hoc Committee (and we believe, the RA) will make sure every one is aware of what is taking place and what the next steps are for land owners to be aware of.

13. Why were petitions signed by "registered voters" but formation available for "landowner" vote?

The law required that the petition be signed by at least 25% of voters registered in the county residing within the proposed boundary of the CSD. The submitted application to LAFCO stated that when formed, the CSD's governance would be by landowner-voting. We believe it is within their jurisdiction to approve this request.

14. Will LAFCO be able to estimate costs for everything?

Once the SPCSD is approved through the LAFCO process and hopefully ultimately approved by landowner vote, LAFCO will recede into the background. The Park will operate pretty much as it has with an annual budget generated by the GM and BOD **to be approved by the voters**.

15. Will the assessment be raised expense-wise?

The annual assessment will be determined as noted in the question above – total anticipated annual operational costs divided by the number of properties in the CSD.

16. I want it to run the way it was.

Unfortunately for all this is not possible. Given that, we are looking for what would be the next best acceptable alternative. The CSD appears to be that option.

17. Will the OFSRA still be active?

Yes. They will still own property around and in the Park (caretaker cabin) and function independently of the CSD. As property owners, OFSRA members are also welcome to run for positions on the CSD BOD and offer input on Park administration and budgeting. Please consult with them for more details as you wish.

18. At what stage will property upkeep requirements be implemented?

This will be up to the elected BOD of SPCSD to address. It would be anticipated that they would solicit input from all property owners on guidelines (also see answer to question 5) for this and how to implement/enforce them.

19. CPUC complaint resolution?

This is 'on hold' at the CPUC for now; we believe formation of a CSD would resolve the complaint.

20. What assets are transferred?

These are listed in the Application submitted to LAFCO, posted on our website and OFSRA's.

21. Sufficient revenues? How much do we have?

There are sufficient revenues on hand to run the Park. A detailed accounting of revenue and expenses was just provided in the RA October 2012 Newsletter.

22. What % of landowners to approve CSD?

According to the legal statutes, assuming landowner-voting for the SPCSD is approved, it would require a majority vote to approve CSD formation.

23. Prevailing wage?

Typically the issue of prevailing wage relates to solicitation of bids and compensation therein of pay for workers. If and as required by law, the SPCSD will comply with all CA statutes in this regard.

24. General manger's pay – how much?

This is to be determined. It will be a function of how many hours per month the position entails, though it is not anticipated to be a full-time position. The elected BOD will make decisions on job description, hiring and salary.

25. What is the Brown Act?

The Brown Act is California law governing disclosure and conduct of public business and meetings, and would apply to the SPCSD. In short, all CSD business must be open and transparent. There are limited exceptions for personnel matters and contract bidding, but these are well defined within the law.

26. Did Ad Hoc Committee check into Groveland CSD, if not, why not? They are a financial disaster.

We have used the more successful Twain Harte CSD as our model for CSD formation. To the extent the experiences of other CSDs, positive or negative, are good lessons for SPCSD we certainly will learn from them.

27. Do we know if the PUC will withhold action until CSD up and running before deciding on petition made to them?

We can't know for sure what the CPUC will ultimately do with regard to the complaints filed. We do know as of today (11/23) they have put a hold on any action.

28. Can you explain the schedule again? Is it 90 days for LAFCO approval and then 120 days for charter, etc?

Stand by on this. Now that the Application has been filed with LAFCO we will be able to get a better sense from them on time frames for what additional information they may need and how they will build the schedule for ongoing actions. We hope to have more detailed information on this at the 12/8 Town Hall meeting [lodge at 9:00 AM].

29. Will water and road problems cause our assessments to rise?

Just as in the past, any costs associated with repairs to the water system, roads, or other items in the Park will have to be planned and budgeted for.

30. Removal of dead and diseased trees from private property?

See response to question 18.

31. What about unkempt properties with junk and debris all over?

See response to question 18.

Sierra Park Community Services District

Q & A and Comments From 12/8/12 Town Hall Meeting

This Information is Posted on the website (sierraparkcsd.org) and will be made available at the 2/9/13 Town Hall Meeting

1. Who will pay the \$50,000-100,000 to certify the assessments per Prop 218?

We have identified no Prop 218 applications to our CSD.

2. When will the road assessment and water assessment be certified per Prop 218?

Same as above

3. Groveland CSD uses grants and donations to finance recreation. Why do you think we can go against Prop 218 and finance recreation with the lot owner's money?

CSD's are not to use regular assessments to provide recreational activities. The SPCSD will not provide recreational activities. It is hoped that the OFSRA and the Rebekahs will continue to coordinate and provide recreational activities within the park as those activities promote the sense of community within the park. It will also be possible that the residents can form their own recreation committees to plan and put on recreational activities consonant with Charter provisions and Regulations drafted by the Board. An example of this from 2012 was several movie nights.

4. Who owes the Recreation Association for the 2011 assessments?

We are not aware of who has paid their 2011/2012 assessments? If anyone wants to know they should contact the Recreation Association Board for more information.

5. Why are the "claimed" park costs anywhere from 45-60% higher than "actual" costs based on current and historical park and board records?

We are not aware of any discrepancy in the park budget between "claimed" and "actual" costs. The Recreation Association Board continues to run the park and maintain their budget.

6. Have all the requested items from LAFCO been addressed and have we provided the information requested?

The Recreation Association Board received information request from LAFCO. The RA has not asked for our assistance in responding to any of the items as asked about by LAFCO. In talking with RA representatives, it was learned that the full response to LAFCO's request was anticipated to be made the week of 12/10.

7. Please explain the unacceptable inaccuracies and misrepresentations in the CSD application and maps.

We are not aware of inaccuracies and misrepresentation in the CSD application or maps. We know that a surveyor updated the maps.

8. Why was the map submitted to LAFCO "substantially" different from the map from the signed petition? Was anyone told/notified? Why changed 2 days before meeting? Who directed the changes?

We know that the Recreation Association Board hired a surveyor to update the maps to park so they would be as accurate as they could be. This was done after the petition was circulated. We are not aware of any last minute changes so we can address this question further. The property owners will have access to the maps before the property owners actually vote for or against the CSD.

9. Not all CSD petition signers are "registered" voters with physical park addresses. This invalidates the petition and %. Please explain.

LAFCO has forwarded the petition to the County Elections Commissioner who will verify the signatories as registered voters. The reason more than the required number of voters is usually collected is that often people sign who are not registered voters and are stricken from the list by the Commissioner.

If at least 25% of the registered voters in the proposed CSD boundary signed the petition, it should be certified.

10. The CSD will cost a minimum of another 120K-200K to fund and most likely be legally denied. Why is it 10K over budget already?

Second question first – a Sierra Park CSD has not been established, there is no budget, therefore the question isn't answerable. We are going through the process of trying to bring a CSD to a formation vote by all of the Park property owners. Developing a budget for SPCSD will be part of that process.

We are not aware of a need for incurring additional costs for the CSD of another \$120K - \$200K.

11. Would service on the OFSRA Board be considered a "conflict of interest"?

Anyone who serves on the OFSRA Board will also be able to serve on the CSD board without having a conflict of interest. The reason for this is that the two boards will not share any functions. The OFSRA Board will oversee their own assets such as the back property, the caretaker's cabin, and any other financial matters that pertain only to their assets and organization. The CSD will not have any connection to those assets.

12. Question 1 - Last meeting, Chris/Michael both stated administration may or may not be (paid) position. Answer very clearly states GM is added cost and a disadvantage and completely contrary to what you told everyone. Pls justify and explain.

You are correct. The answer to Question 1 from 11/20 should have been clearer in that the GM position may be a volunteer one and not necessarily a paid position. The General Manager can be a volunteer or paid position. It can be part time or full time. It is likely that a GM will be paid but not full time so there will be some additional costs. However, there will also be costs if we don't create a CSD.

13. Explain why you think the proposed CSD is exempt from the mandates of the new CSD law signed into law in 2006?

We do not believe that the CSD is exempt from the State of California Laws.

14. How did the CSD propose to provide water when the tanks, roads, pipelines were not even on maps or included in application (they are on the county maps)?

The Water tanks, roads and pipelines will all transfer to the CSD. If the water tanks are on the land that continues to be owned by the OFSRA easements will be established to facilitate access to and from the tanks to ensure the water services can be delivered.

15. The CSD application clearly states "county" maps were used. This is untrue and incorrect. Please explain "misleading" language.

In years past maps have been established and recognized as being the official maps. The maps were updated this year at the request and provision of the OFSRA.

16. Where is the proof that OFSRA owns the roads?

See answer to number 17.

17. Who currently owns the roads?

The RA was asked by LAFCO to supply precisely this information in their 11/8/12 letter to the RA (item 6), LAFCO asked the RA to supply precisely this information.

18. Do contract services also include fire services?

No fire services are currently provided by the OFSRA and it is not planned for them to be provided by the CSD. We will continue to receive our fire services from the same entities that provide them now.

19. Re: Board member requirements/qualifications...Must be a member of the CSD? Must be a property owner?

A board member must be a property owner.

20. What will be the term of the Board of Directors?

The term for board members is stipulated to be 4 year terms. The only exception to that will be that initially there will be two or three positions that will be established for two years. That way all of the board members terms will not end at the same time. Once those initial two year terms expire all terms will be four year terms. We don't want to put ourselves in a position of losing all five board members at once.

21. Elections must be handled though County? Vote by mail or Election Day ballot?

Elections will be conducted with mail in ballots. It is possible that there will be a drop off box for ballots at the Recreation Hall on the day of the election (the last day ballots can be received).

22. Slide presentation shows "One Vote, One Lot". If you own 2 lots, is that 2 votes?

Yes - If someone owns two lots and pays two assessments they will have two votes.

A subsequent question was asked about how lots that have been joined two into one would be treated. If two lots are joined into one and recognized as one lot by the county they will be recognized as one lot for the purposes of assessments and will receive one vote.

23. Is Camp Cedarbrook property incorporated into the District boundaries?

Camp Cedarbrook is currently owned by the OFSRA. That property has been divided into two parts, a parcel that is considered to be a "lot" and the second is now part of the "back country" or "timberland". The proceeds from the sale of the "Parcel" will belong to the OFSRA. The "parcel" is considered to be an incorporated part of the CSD and will pay assessments to the CSD just like every other lot or parcel does.