

**A G E N D A**  
**REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS**  
**SEAL BEACH MUTUAL FIVE**  
**June 21, 2017**  
**9:00 a.m., Building 5, Room B**

1. CALL TO ORDER/ PLEDGE OF ALLEGIANCE Dr. Coven
2. ROLL CALL
3. INTRODUCTION OF GRF REPRESENTATIVE, GUEST(S), AND STAFF: Dr. Coven  
Mr. Gould, GRF Representative  
Ms. Hopkins, Mutual Administration Director  
Mr. Alvarez, Building Inspector  
Ms. Day, Recording Secretary  
Mutual Five shareholders and all guests from other Mutuals
4. APPROVAL OF MINUTES: **Regular Monthly Meeting of May 17, 2017** Dr. Coven  
**Organizational Meeting of June 12, 2017 (page 3)**
5. PRESIDENT'S ANNOUNCEMENTS Dr. Coven
6. SHAREHOLDERS' COMMENTS
7. BUILDING INSPECTOR'S REPORT (**pages 4-5**) Mr. Alvarez
8. GRF REPRESENTATIVE'S COMMENTS Mr. Gould
9. CORRESPONDENCE Ms. Deady
10. CHIEF FINANCIAL OFFICER'S REPORT Ms. Tran
11. APPOINTMENTS – Dr. Coven  
Advisory Directors: Terri Walters, Executive Administrator to the Board  
Steve Schneider, Finance Committee
12. COMMITTEES – Appointments Dr. Coven
13. BUILDING ASSIGNMENTS – Dr. Coven
14. UNFINISHED BUSINESS –
  - a. Ratify amended/posted Policy 7502.05 – Carport Regulations (**pages 6-8**)
  - b. Ratify rescinded/posted Policy 7302 – Capital Accounts; Policy 7332 – Billings for Mutuals; Policy 7333.05 – Income Items and their Distribution; Policy 7337 – Financial Reports; and Policy 7341 – Cashier Service (**pages 9-13**)
15. NEW BUSINESS –
  - a. Resolution to maintain procedure per Policy 7510 and Stock Transfer Office (**page 14**)
  - b. Resolution to authorize Board's President and/or duly appointed Officer, to act on behalf of the Board, to execute the Notice of Intent to Withdraw (**page 15**)
  - c. Andre Landscape install 133 sprinkler heads

**(STAFF SECRETARY BREAK (TIME TO BE DETERMINED BY PRESIDENT))**

16. MUTUAL ADMINISTRATION DIRECTOR
17. DIRECTOR(S)' COMMENTS
18. SHAREHOLDERS' COMMENTS (on agenda items only)
19. ADJOURNMENT
20. EXECUTIVE SESSION (member, legal issues)

Ms. Hopkins

**(STAFF WILL LEAVE THE MEETING BY 12:10 P.M.)**

**NEXT REGULAR BOARD MEETING: JULY 19, 2017, 9:00 A.M.**  
**BUILDING FIVE, CONFERENCE ROOM B**

cd:6/15/17

**MINUTES OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS  
SEAL BEACH MUTUAL FIVE  
June 13, 2017**

The Organizational Meeting of the newly-elected Board of Directors of Seal Beach Mutual Five was called to order at 11:10 a.m. by Mutual Administration Director Hopkins, acting as Chairperson, on Tuesday, June 13, 2017, in Clubhouse Four.

Those Directors present were Betty Coven, Rogell Van Wyk, Debbie Tran, Joan Boryta, Kevin Powell, Ken Cude and Connie Deady. Mutual Administration Director Hopkins, and Mutual Administration Secretary, Ms. Dailey were also present.

Acting Chairperson, Ms. Hopkins, stated that the purpose of the meeting was to elect officers for the 2017-2018 term and to establish a Regular Monthly Meeting location, day, and time for the Board of Directors.

Ms. Hopkins called for nominations for the office of President. Ms. Boryta nominated Ms. Coven for the office of President. There being no further nominations, Ms. Coven was elected to the office of President for the 2017-2018 term of office.

The chair was turned over to President Coven who called for nominations for Vice President. Ms. Boryta nominated Mr. Van Wyk for the office of Vice President. There being no further nominations, Mr. Van Wyk was elected to the office of Vice President for the 2017-2018 term of office.

President Coven called for nominations for the office of Secretary. Ms. Deady nominated Ms. Boryta for the office of Secretary. There being no further nominations, Ms. Boryta was elected to the office of Secretary for the 2017-2018 term of office.

President Coven called for nominations for Chief Financial Officer. Ms. Boryta nominated Ms. Tran for the office of Chief Financial Officer. There being no further nominations, Ms. Tran was elected to the office of Chief Financial Officer for the 2017-2018 term of office.

President Coven stated that the previous year's Organizational Meeting minutes have already been approved.

The Board discussed its Regular Monthly Meeting location, day, and time. Upon a MOTION duly made by Ms. Boryta and seconded by Mr. Powell, it was

RESOLVED, That the Regular Monthly Meeting will be held in  
Building Five, Conference Room B on the third Wednesday of each  
month at 9:00 a.m.

The MOTION passed.

The meeting was adjourned at 11:14 a.m.

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Attest, Joan Boryta, Secretary  
SEAL BEACH MUTUAL FIVE  
cad:6/16/17

# INSPECTOR MONTHLY MUTUAL REPORT

MUTUA (05) Five

INSPECTOR: **BRUNO ALVAREZ**

MUTUAL BOARD MEETING

DATE: **June 21, 2017**

PERMIT ACTIVITY							
UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
70-L	TUB	BOTH	03/15/17	05/15/17	NO	NONE	BUENOS
70-L	TUB	BOTH	03/15/17	05/15/17	NO	4/4/2017 ROUGH/PLUM/ELEC/INSL	BUENOS
B93	REROOF	BOTH	01/30/17	02/16/17	NO	04/19/17 FINAL	KELLIE VAUGH
94-A	REMODEL	BOTH	12/15/16	05/01/17	YES	NAILING	LW DÉCOR
94-A	REMODEL	BOTH	12/15/17	05/01/17	YES	05/10/17 FINAL	LW DÉCOR
95-J	REMODEL	BOTH	02/15/17	04/15/17	NO	NONE	MCCOY
97-G	HEAT PUMP	BOTH	03/13/17	06/23/17	NO	03/24/17 FINAL	GREENWOOD
97-A	REMODEL	BOTH	02/15/17	04/15/17	NO	04/14/17 FINAL	MCCOY
99-G	ROOM ADDITION	BOTH	11/07/16	05/04/17	NO	LATH	ALPHA MASTER
99-G	ROOM ADDITION	BOTH	11/07/17	05/04/17	NO	05/10/17 FINAL	ALPHA MASTER
109-F	REMODEL	BOTH	01/30/17	03/10/17	NO	ROUGH	OGAN
119-K	REMODEL	BOTH	03/20/17	04/05/17	NO	03/30/17 FINAL	OGAN
1117-D	SHOWER CUT DOWN	BOTH	10/26/16	11/26/16	NO	FINAL 01/19/17	NUKOTE
122-C	WINDOWS/ELECTRICAL	BOTH	02/25/17	04/30/17	NO	ROUGH	BJ
122-G	HEAT PUMP	BOTH	02/14/17	05/28/17	NO	03/10/17 FINAL	GREENWOOD

SHADED AREAS HAVE BEEN SIGNED OFF

UNIT #	ESCROW ACTIVITY						DOCUMENTS/COMMENTS
	NMI	PLI	NBO	FI	FCOEI	ROF	
72-K		02/16/17	03/14/17	03/21/17	04/04/17		
93-D		02/16/17					
93-E		06/15/17					
94-A		11/01/16					
95-C		03/24/15					
95-L		06/15/17					
96-F		01/04/17	02/23/17	03/01/17	03/13/17		
99-I		05/05/17					
99-J		03/17/17	05/11/17	05/12/17	05/26/17		
101-D	5/1/2017						
104-E		06/20/16					
105-E		10/12/16	04/17/17	05/02/17	05/16/17		
106-H		04/01/16					
106-I		04/01/16					
108-K		09/30/16					
109-D		01/24/17	03/20/17	04/06/17			
109-F		07/25/16					
110-D		05/05/17					
112-D		02/23/17	03/30/17	03/30/17	04/11/17		
113-I		03/14/17	04/14/17	04/19/17	05/05/17		
115-J		06/14/16					
124-F		01/04/17	03/22/17	04/05/17	04/18/17		
125-A		12/16/16					
125-D		02/16/17					

SHADED AREAS HAVE BEEN SIGNED OFF

NMI = New Member Inspection    PLI = Pre-Listing inspection    NBO = New Buyer Orientation  
 FI = Final Inspection    FCOEI = Final COE Inspection    ROF = Release of Funds

**CONTRACTS**

				PROJECT
KELLIE VAUGHN				BUILDING 93/94 HAS BEEN COMPLETED STARTED 95 05/09/17
KRESS				STOVE HOODS 93/94 HAS BEEN COMPLETED START BLDG.95 ON 05/15/17

MUTUAL OPERATIONS**DRAFT POLICY WITH AMENDMENTS****RESIDENT REGULATIONS****Carport Regulations - Mutual Five**

## A. Carport Use

1. Carports are to be used for parking of self-propelled land vehicles in operating condition. All passenger vehicles, gas, or electric carts that can be operated on city streets **MUST** have current DMV registration, current license plate tags, and sufficient insurance as mandated by the State of California Vehicle Code (CVC) § 22658. All vehicles, gas or electric, parked in the carport must have a Seal Beach Leisure World (SBLW) decal issued by the Security Department affixed and displayed on the lower left windshield.
  - a. Board approval may be granted in waiving the display and affixing of the SBLW decal in **ONLY** unique and rare circumstances.
  - b. Any vehicle that is in non-compliance with these rules may be towed at the owner's expense and as specified in CVC § 22658, and in RESIDENT REGULATIONS, Policy 7582.**05** – Towing Vehicles.
- ~~2. Your assigned carport floor is for your operative vehicle only. Various grease and other contaminants from your vehicle may be dried and contained by sprinkling Kitty Litter, which can then be swept up. A clean, dry carport floor is the responsibility of every resident.~~
- 2. Your assigned carport is for operative vehicles only. You, as the shareholder, are responsible for spilled or dripped contaminates such as oil, grease, or fuel. These contaminates can pose a significant safety hazard and must be cleaned. Failure to clean the floor of these contaminates will result in the hazard being corrected by the Mutual and charged to the shareholder.**
3. A motorcycle, three-wheeled vehicle or an electric cart may occupy your carport car space in the absence of a car, but not in addition to a car. As in the case of a car, such parking is your responsibility. In the absence of a vehicle, the carport floor space may not be used as a storage area, whether free-standing or in any type of container, and no boats or trailers of any size or kind may be parked in the carport.
4. A form titled "Carport Usage/Rental Agreement" is available in the Stock Transfer Office and must be completed and approved by your Mutual Director and/or President before renting or loaning your carport space to a Mutual Five (only) resident and automobile owner. The exchange or use of a carport space and/or storage cabinet is not permitted on a permanent basis.

(Draft created 12/13/16 jl)  
 (Draft created 03-27-17cd)



MUTUAL OPERATIONS**DRAFT POLICY WITH AMENDMENTS****RESIDENT REGULATIONS****Carport Regulations - Mutual Five**

5. A hung ladder (length not to exceed 6 feet), and/or a bicycle, and/or a tricycle, and/or a collapsible grocery cart may be stored on the raised platform under your cabinet. No other storage is allowed on the platform. Any damage to the wall or an adjacent car because of this storage is the assigned member's liability.
6. Any vehicle in your carport space must be parked front end in.
- ~~7. An electric outlet may be installed, at your expense, in your carport for charging small electric carts only upon permission of your Director and President. An additional charge will be incurred.~~
8. Your two wooden raised cabinets are for your convenience for locked storage. *NOTE:* No inflammables. Fire or combustion could damage your belongings and your neighbors' belongings and intensify your liability.
- ~~9. An assigned carport space is solely for the use of that resident if, and as long as, the resident houses an automobile, motorcycle, three or four wheel electric cart, or other vehicle regularly or part-time in Leisure World.~~
10. Residents **Shareholders, contractors or handymen must have a permit from Physical Property**, are permitted to build a cabinet directly beneath the existing cabinet in the carport;
  - a. ~~Typically,~~ The dimensions of the new cabinet shall be 92 1/2" wide x 28" deep x 48" tall (see attached drawing), and the material shall be 2x4 wood frame with 3/4" plywood.
  - b. The exterior painted color and hardware shall match the existing cabinet.
  - c. Approval must be obtained from the President and/or Board of Directors of the Mutual before cabinet is built and installed.
  - d. A permit from the GRF Physical Property Department is required for the cabinet.
  - e. Sliding doors on the cabinet may be allowed on a case-by-case basis.

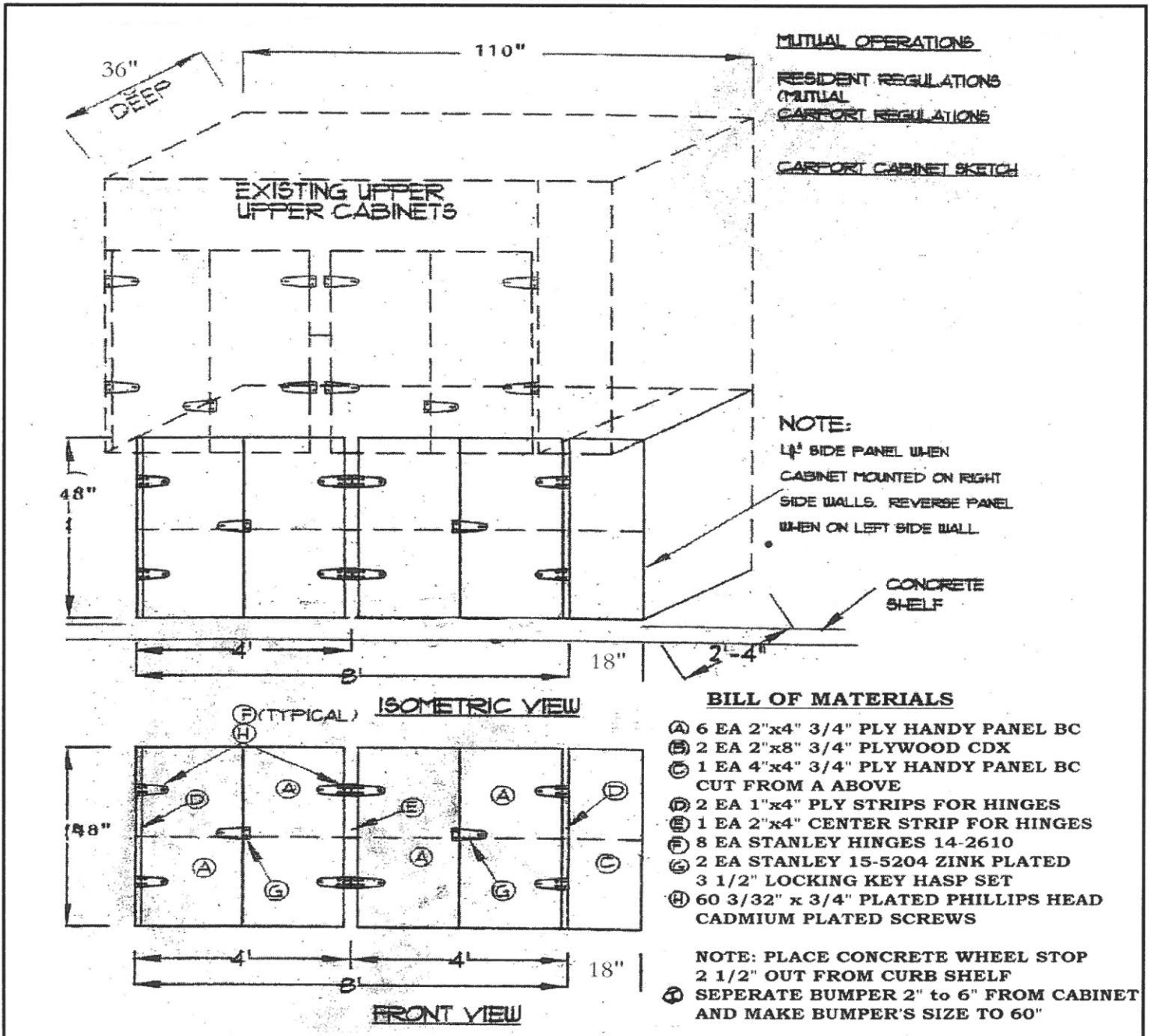
MUTUAL OPERATIONS

**DRAFT POLICY WITH AMENDMENTS**

**RESIDENT REGULATIONS**

Carport Regulations - Mutual Five

**GRF PERMIT REQUIRED**



**MUTUAL ADOPTION:**

FIVE: 04-17-68

(Draft created 12/13/16 jl)  
 (Draft created 03-27-17cd)

**AMENDMENT(S)**

09-27-90, 09-15-99, 05-17-06, 03-20-13, \*date\*



MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL**Capital Accounts

Legal opinion from Attorney W. A. Williams in letter dated 28 Oct 70 to the Controller:

"One of the unfortunate aspects of each Mutual at Leisure World is the fact that it was set up as a general corporation in its inception. This, of course, requires it to be controlled by the general corporation laws for the State of California.

With respect first to dividends, it would be unlawful for the declaration of any kind of dividend out of these funds as, in my opinion, they constitute a paid-in surplus. Paid-in surpluses cannot be used for the payment of dividends except to shares entitled to preferential dividends. None of the shares in the Mutual Corporations qualify as shares entitled to preferential dividends. I would disagree with the position that the funds are available for patronage dividends. The only funds that I would view as available for patronage dividends are those funds paid in by the members as payments in excess of the budget and remaining at the end of the year. A liability can attach to the director and the shareholder receiving those payments if they are not authorized by law. California Corporation Code holds a liability of shareholders for receipt of an unauthorized dividend in Corporation Code 1510. Illegal declaration of dividends can constitute a misdemeanor in the State as set forth in the Penal Code for the State of California.

The only source of dividends that can be made is from earned surplus or out of net profits earned during the preceding accounting period which is not to be less than six months or more than one year. In this latter instance, such dividends can be declared despite the fact that the next assets of the corporation may be less than the stated capital unless there are liquidation preferences on some share, a problem which we do not have.

The fact that these funds, however, cannot be used for dividends does not prevent their use for proper corporate purposes, particularly the establishment of reserve accounts, and I see no reason why the funds cannot be used for reserve account needs or as you have indicated, by transfer within the capital accounts. However, these funds must be clearly designated in that the original stated capital must be set forth and the paid-in surplus must be also clearly identified. It cannot be shown as an earned surplus at any time. Actually, an earned surplus could occur if the payments of the resident exceed the budget requirement set forth at the beginning of the year.

The Board of Directors will have the power to take the necessary steps for transfer of capital funds so long as those steps are within the framework of the restrictions I have indicated."

(Oct 70)

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL**Billings to Mutuals

1. Billings to the Mutuals are generated by the Golden Rain Foundation. Any profit or loss is allocated back to the Mutuals at the year's end. There are basically three types of billings:
  - A. SROs or service repair orders issued by the Service Maintenance Department for the Mutuals' maintenance needs and all community facility-related service costs.
 

Maintenance persons bill their work time to a corresponding area. Rates per hour charged by these departments are computed on a basis intended to recover wages, employer's taxes, depreciation of equipment, supplies, and other expenses. These rates are subject to periodic studies. Changes in rates result when increased costs exceed budgeted income.
  - B. Administration, recreation, and maintenance of common areas and facilities not charged in item 1, warehouse facilities, property management, transportation, security, and shop repair, are billed to the Mutuals on a pro-rata basis according to the number of apartments. Each month, the Mutual receives a billing covering one-twelfth (1/12) of its budgeted expense.
  - C. Billings for expenses paid by Golden Rain Foundation on behalf of the Mutuals and shared expenses:
    - a. If it is a bill from an outside vendor specifying more than one Mutual, the Golden Rain Foundation pays it and bills the Mutuals.
    - b. Shared expense, such as water charges and street lighting.
2. Mutuals are billed directly by outside vendors for their individual expenses.

Amended: Jul 87  
 Amended: Aug 00

Aug 00)

**MUTUAL OPERATIONS****RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL****Income Items and Their Distribution – Mutual Five**

Income is derived from the monthly apartment payments, plus other miscellaneous income received from interest on reserves, inspection fees on apartment resales, late charges, and carport rentals.

A substantial part of the income is used for impounds, reserves, Golden Rain Foundation operations, and individual Mutual maintenance and operation expenses.

**MUTUAL ADOPTION**

FIVE: 02-17-16

(Feb 16)

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE**

## ACCOUNTING AND FISCAL

Financial Reports1. Monthly Reports

The Accounting Department, under the direction of the Golden Rain Foundation Controller, prepares and distributes monthly financial reports to each Mutual Director. These reports consist of a balance sheet, an operating statement, which compares income and expenses to budget, detailed balances of the various reserve accounts, reconciliations of bank accounts, and the statements of cash receipts and disbursements of both the agency and the general accounts.

2. Annual Financial Statement

The Controller's Department prepares and distributes a preliminary year-end statement. Any necessary adjustments to this statement are made on completion of the audit. A copy of the annual statement is sent to each Mutual Director.

3. Inquiries About Financial Statements

The Controller is very willing to answer all questions pertaining to either the monthly financial statements or the published annual financial statements. However, it should be realized that the Controller's schedule is heavy, and that the established regulatory procedure is to request an appointment through the Chief Financial Officer or Treasurer of each individual Mutual corporation.

Reissued Jul 87

(Jul 87)

**MUTUAL OPERATIONS****RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL****Cashier Service**

The position of Cashier has been established to facilitate all cash payments made by those members not maintaining a commercial (checking) account who wish to transact all their business on a cash basis.

**RESCIND**

SIXTEEN: 02-07-17

## RESOLUTION TO BE ON JUNE AND JULY AGENDAS

### MOTION:

RESOLVED, That according to Policy 7510.\_\_\_\_, if there is a question of financial eligibility, Mutual \_\_\_\_\_ is to be contacted by the Stock Transfer Office in the event of a non-qualifying financial issue.



**RESOLUTION TO BE ON JUNE AGENDA**

**MOTION:**

RESOLVED, That Mutual Five authorizes the Board's President and/or duly appointed Officer, to act on behalf of the Board, to execute the Notice of Intent to Withdraw.