

MUTUAL FIVE

**BOARD OF DIRECTORS
YEARLY REPORTS FOR**

2016

(See information attached.)

MUTUAL 5
President's Annual Report
June 14, 2016

It is my pleasure to report to the Shareholders of Mutual 5 the accomplishments of the 2015-2016 Board of Directors.

According to California corporate code 5047 a Director is elected or appointed to act as a member of the governing body of the corporation. When it comes to managing common interest developments such as Seal Beach Mutual #5, Boards of Directors are responsible for the following:

1. Maintenance. To maintain the common areas on behalf of the membership (Civ. Code §4775)

I am pleased to report the following projects were accomplished by the 2015-2016 Board.

- The ongoing Sewer camera preventive maintenance program started
- All fresh water pipes in the attics were inspected.
- The Architectural Committee developed a landscape plan for three newly installed SCE transformers when the deco block walls were removed.
- See Committee Chair reports for more information.

2. Rules Enforcement. Enforce the governing documents via warnings, hearings, fines, suspension of privileges, and litigation. In line with this responsibility the Board adopted several policies.

Policies:

- During the 2015-2016 term the Mutual 5 Board Adopted the amended policy 7425.5, Garden areas, Trees, Shrubs.
- Two policies, 7333.5- Income Items and 7336.5 - Shareholders' Interest, were revised to exclude archaic language about mortgages that have long since been paid and no longer exist.
- Policy 7426.5- Smart burners was ratified May 2016.
- Policy 7403.5 - Skylights is currently posted for shareholder review.
A resolution was passed to place a measure on the 2016 ballot to amend the Mutual 5 Bylaws to reduce the board from 8 to 7 directors.

Rules enforcement

- Carport spaces were inspected and 70 letters were sent for infractions. Happily 83% of those receiving the letters responded promptly by clearing up the situation.
- Garden infraction letters were sent. Follow up is in progress.
- This coming year, since we have a biannual Fire and Safety inspection, we will inspect the patios during this in between year.

3. Financial Management. Boards are obligated to collect assessments necessary to properly maintain the property and enforce the governing documents. (Civ. Code §5600.) To that end, they must prepare budgets, levy and collect assessments, pay bills, review financial records, and prepare year-end financial statements.

Budget

- In October 2015 the Board assed the 2016 budget of \$1.86 million.
- Once again, a Reserve study by Association Reserves was completed as has been done over the past five years.

4. Operational Management. Manage the day to day operations of the association.

Procedures

- The Board made an Agreement to have one satellite dish per building, as needed, to which all units will be connected by Direct TV..
- When an electrical receptacle in a kitchen or bathroom needs to be changed, all three will be changed to GSF1 receptacles.

- In August of last year the Board eliminated the charges in the laundry rooms.
- Consensus of the board to request the GRF to seek an emergency preparedness community-wide master plan.
- It was resolved that Mutual 5 does not require three bid proposals for contract work for jobs costing under one percent of the mutual annual budget. (\$18,600 in 2016)
- It was resolved to allow the mutual president authority to approve expenses up to \$1200 annually.

Projects - completed

- Cabinets were installed around the equipment for our three solar systems. After discussion with the Solar company it was determined to clean the solar panels three times a year. Rain counts as a cleaning.
- Sidewalk repair buildings 126, 125, 123
- Concrete roadway at carport 70
- Walkway lights – poles refurbished and painted - this should extend the life of the lights another four years.
- It was resolved that the Mutual will pay for the disposal of sandbags at the end of the rainy season. If you still have sandbags, please call your Director
- The Board started investigating Smart Burners as a fire prevention measures in September 2015. It has taken until June 2016 to investigate this product. Including the Mutual 5 order for 400 sets, the purchasing department now has enough orders to get the Smart Burner at the discount price.
- Repiping building 92 has just been completed and 125 will be done shortly. This is part of the preventive maintenance program set up in our Reserve study.

Project in progress

- In November of 2015, the Board started the process of exploring reroofing 9 buildings during 2016 as per reserve study. Only one bid was received. Therefore, our Physical Property Department had to start the bidding process again. The next time we received six bids. We have since had presentations from four of those bidders and three made it to the final round. At a special Board meeting the Board voted for Kelly Vaughn Construction and the preparation of the contract is in progress at this time. If all goes as planned, we are tentatively scheduled to reroof buildings 90, 91, 93, 94, 95, 98, 103, and 121 between August to November of this year.

Many thanks to our hardworking Directors for all of their efforts. Thanks also go out to the many employees of our Golden Rain Foundation Management Company.

We bid a fond farewell to Carol Weller, Manager of Mutual Administration.

Respectfully submitted,

Betty Coven, Ph.D.
President, Mutual 5

Mutual Five Annual Meeting
June 14, 2016
Susan Trembly, Vice President

Good morning everyone! Thank you for taking the time to attend our Annual Meeting.

The main portion of this report is to give you a snapshot report. This will focus on Landscaping and Events.

Landscaping

Turf

- Last fall we scalped and aerated the mutual, and reseeded...keeping our fingers crossed that El Nino would help our efforts. Mother nature didn't cooperate! We also applied and were accepted by the county to replace over 9,000 –water-wise sprinkler heads. This helped many areas, however we still have areas that are not ideal. Ongoing efforts to add sprinklers as needed should help in our effort to maintain our lawns during this year's warm-hot temperatures. Sprinklers are now at the allowable three times per week for 15 minutes. Believe me, all mutuals are experiencing the damage due to lack of rain.

Going forward, we will be over-seeding and fertilizing throughout the month of June and the fall, and add sprinklers as necessary.

- Gophers Yes, Mutual 5 has gophers. If you spot any gopher activity, please contact me or your director.
- Andre Landscape is doing a good job in working on resident gardens. If you see them, please say hello and thank them. The two-man crew works very hard.

Trees

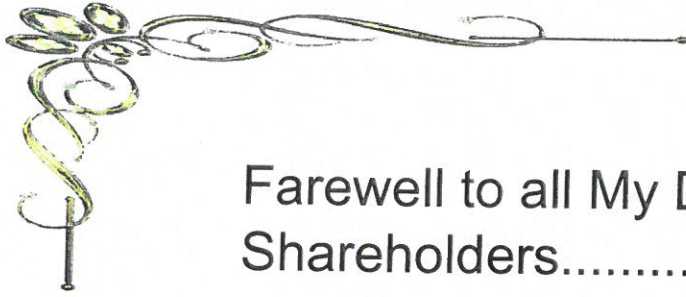
- Class One Arboriculture is near completion of the spring pruning. We have over 300 trees in Mutual Five. James Komen and his crew have done an exceptional job protecting our trees. Last year, it was necessary to remove 11 trees. However, thanks to a budgeted 10 trees, and donations, we were able to plant 13. The donation program will happen again this year. Notice will be part of the July BOD meeting.

Events

- The Board is looking forward to having a 55-Anniversary celebration in May. We are hoping some of you would like to be part of the planning committee.

I hope you all enjoy your summer!

Respectfully submitted,
Susan Trembly, Vice President
Chair, Landscape Committee
Chair, Events Committee
Member, Financial Committee
Member, Architectural Committee



Farewell to all My Dear Friends and Shareholders.....

I will be retiring from Leisure World on July 8, 2016, after thirty-four years of employment.

The wonderful Ms. Jodi Hopkins, my long-time assistant, will be taking on the position of Mutual Administration Director.

It has been my pleasure to have spent these years in service to the community.

So many memories of the wonderful people who live here and have come and gone over the years.

Thank you for everything you have done for me. God bless you all.

With My Deepest Appreciation
Carol A. Weller
Mutual Administration Director

EXECUTIVE DIRECTOR'S ANNUAL MEETING REPORT
MUTUAL FIVE
May 15, 2016

To the President, Directors and Shareholders of Mutual Five:

It's been nearly three years since I joined the GRF and I'm happy to report that the community is running well and we are working diligently to insure smooth and fully transparent operations of the Golden Rain Foundation, Seal Beach. This is due to our collective commitment to protect the value of Trust property and the enhancement of lifestyle for our fellow Shareholder/Members. Our commitment to you includes, but is not limited to, efficiency, respect, teamwork, accountability, innovation, and integrity. We are committed as an organization to the highest ethical standards and compliance with all applicable laws, rules and regulations.

I would like to acknowledge and thank Mr. Phil Hood, Mutual Five GRF Director.

However, the effectiveness of our community depends heavily on Mutual operations and Mutual leaders. Those of you who serve as a volunteer Board member for your Mutual and GRF are the embodiment of the phrase "Pay it Forward". The compassion you show to your fellow Shareholders and Members in your service should serve as an inspiration for us all. I've noticed how you treat everyone with respect and kindness, no matter what the situation is.

When I see Board members (Mutual and GRF) hard at work for our community, I think of time and values. In our lives, one thing we cannot create, accumulate, acquire, buy or even borrow is time. We have a limited amount of time for sleep, work, family and our own interests. Therefore, an individual's time is a very precious commodity.

When an individual commits themselves to volunteer on a consistent basis, they have chosen to give up their own time to support an activity to benefit others. This brings me to values. Some of the strongest values, service and sacrifices are shown when one places the needs of another above their own. The true volunteer chooses to give up their personal time and energy and expend it to help others.

Your fellow Shareholders reap the benefit of your good deeds in providing service. This speaks highly of who you are as an individual. The job can be taxing and time-consuming for you all as volunteers, but it does get done. We know how stressful it can be, and your words and actions go a long way toward helping.

"Heroes didn't leap tall buildings or stop bullets with an outstretched hand; they didn't wear boots and capes. They bled, and they bruised, and their superpowers were as simple as listening, or loving. Heroes were ordinary people who knew that even if their own lives were impossibly knotted, they could untangle someone else's. And maybe that one act could lead someone to rescue you right back."

— **Jodi Picoult, *Second Glance***

I just want you to know that your work does not go unnoticed. A simple thank you is not enough for your service!

The Golden Rain Foundation is financially healthy. You know this from your review of the 2015 yearend financial statements and current tracking from printed reports. The auditing firm of NSBN

issued an “unmodified” opinion for the 2015 audit. This is the standard of our accounting operations for which we strive.

The GRF main activities have been brought to you by your GRF Representative throughout the year. Highlights of the 2015/2016 term are included in the GRF Annual Report.

I look forward to working with the Mutual Five Board of Directors to ensure that our community continues to prosper and thrive for the betterment of all Shareholders and Members.

Thank you for allowing my staff and me to be part of your community and your lives.

Respectfully submitted,

Randy Ankeny,
Executive Director
for the Golden Rain Foundation