

AGENDA
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL FIVE
September 20, 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:
Mr. Gould, GRF Representative
Ms. Hopkins, Mutual Administration Director
Mr. Alvarez, Building Inspector
Mrs. Aquino, Recording Secretary
Mutual Five shareholders and all guests from other Mutuals | Dr. Coven |
| 4. APPROVAL OF MINUTES: Regular Monthly Meeting of August 16, 2017 | Dr. Coven |
| 5. PRESIDENT’S ANNOUNCEMENTS | Dr. Coven |
| 6. SHAREHOLDERS’ COMMENTS | |
| 7. BUILDING INSPECTOR’S REPORT (pages 3-4) | Mr. Alvarez |
| 8. GRF REPRESENTATIVE’S COMMENTS | Mr. Gould |
| 9. CORRESPONDENCE | Ms. Boryta |
| 10. CHIEF FINANCIAL OFFICER’S REPORT | Ms. Tran |
| 11. OFFICER REPORTS
a. President
b. Vice President
c. Secretary | Dr. Coven
Mr. Van Wyke
Ms. Boryta |
| 12. COMMITTEES – REPORTS
a. Physical Property
b. Laundry Rooms
c. Emergency Preparedness
d. Carports
e. Landscape
f. Building Captains, etc.
g. Policy Committee
h. Architectural Review Committee
i. Special Events | Dr. Coven
Mr. Cude
Mr. Powell
Mr. Powell
Mr. Van Wyke
Ms. Deady
Ms. Boryta
Dr. Coven
Dr. Coven |
| 13. UNFINISHED BUSINESS –
a. Ratify rescinded posted Policy 7304 – <u>Financing Capital Projects (pages 5-6)</u>
b. Ratify rescinded posted Policy 7305 – <u>Depreciation–Straight Line Method (page 7)</u>
c. Ratify rescinded posted Policy 7170 – <u>Parcel Representation (page 8)</u>
d. Ratify amended posted Policy 7210 – <u>Annual Elections (pages 9-12)</u>
e. Ratify amended posted Policy 7020.05 – <u>Approval of Escrows (page 13)</u>
f. Ratify amended posted Policy 7510.05 – <u>Eligibility Requirements (pages 14-16)</u> | |

UNFINISHED BUSINESS – (continued)

g. Projects:

1. Roofing – update
2. Gutters – update
3. Asphalt – update

14. NEW BUSINESS –

- a. Review – Roofing plan 2017 to 2023 (Resolution)
- b. Review – Landscape Specifications
- c. Review – request for seismic survey
- d. Projects:
 1. Landscaping bids
 2. Tree bids

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

15. MUTUAL ADMINISTRATION DIRECTOR

Ms. Hopkins

16. DIRECTOR(S)' COMMENTS

17. SHAREHOLDERS' COMMENTS (on agenda items only)

18. ADJOURNMENT

19. EXECUTIVE SESSION (member, legal issues)

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

**NEXT REGULAR BOARD MEETING:
OCTOBER 18, 2017, 9:00 A.M.
BUILDING FIVE, CONFERENCE ROOM B**

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL (05) Five

INSPECTOR: BRUNO ALVAREZ

MUTUAL BOARD MEETING

DATE: SEPTEMBER 20 ,17

PERMIT ACTIVITY							
UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
69-E	BATHROOM REMODEL	BOTH	04/20/17	09/30/17	NO	08/17/17 FINAL	ALPHA MASTER
69-G	CARPORT CABINET	GRF	06/13/17	07/20/17	NO	NONE	HANDYMAN
69-H	FLOORING	GRF	09/01/17	10/10/17	NO	NONE	CORNERSTONE FLOORS
72-D	HEAT PUMP	BOTH	08/22/17	09/30/17	NO	09/01/17 FINAL	ALPINE
72-K	HEAT PUMP	BOTH	07/12/17	08/22/17	NO	NONE	ALPINE
90-I	INSTALL TILE	GRF	05/30/17	07/20/17	NO	NONE	BERGKVIST
90-I	LIGHT FIXTURE	GRF	05/30/17	07/20/17	NO	NONE	BERGKVIST
91-L	KITCHEN REMODEL	BOTH	08/22/17	02/09/18	NO	NONE	BERGKVIST
91-L	WASHER AND DRYER	BOTH	08/22/17	011/24/17	NO	NONE	BERGKVIST
92-L	INSTALL TILE	GRF	06/28/17	09/20/18	NO	NONE	LW DÉCOR
93-H	WALKWAY	GRF	08/15/17	09/30/17	NO	NONE	LOS AL BLDRS
93-H	INSTALL CARPORT CABINET	GR	08/20/17	09/20/17	NO	NONE	HANDYMAN
94-A	KITCHEN REMODEL	BOTH	08/25/17	10/25/17	NO	NONE	LW DÉCOR
94-F	EZ ACCESS TUB	BOTH	08/03/17	09/03/17	NO	09/01/17 FINAL	NUKOTE
96-H	HVAC	BOTH	06/12/17	09/30/17	NO	NONE	GREENWOOD
97-H	HEAT PUMP	BOTH	08/21/17	12/07/17	NO	NONE	GREENWOOD
100-I	HEAT PUMP	BOTH	08/09/17	10/12/17	NO	NONE	GREENWOOD
107-K	AC	BOTH	05/30/17	08/30/17	NO	NONE	GREENWOOD
108-G	HVAC	BOTH	08/14/17	09/14/17	NO	FINAL 8/28/17	ALPINE
108-K	KITCHEN REMODEL	BOTH	07/28/17	10/16/17	NO	NONE	GREAT WEST CONSTRUCT.
109-F	KITCHEN REMODEL	BOTH	04/27/17	08/10/17	NO	FINAL 09/11/17	MAMUSCIA CONST.
110-A	REMODEL	BOTH	08/28/17	12/04/17	NO	NONE	TOM JEAN CONSTRUCTION
110-D	REMODEL	BOTH	09/11/17	12/18/17	NO	NONE	ROBERTS CONSTRUCTION
110-D	LOWER CARTPORT STORAGE	GRF	07/14/17	08/20/17	NO	NONE	HANDYMAN
113-I	REMODEL	BOTH	06/28/17	11/30/17	NO	NONE	LW DÉCOR
113-G	EZ ACCESS TUB	BOTH	08/24/17	10/18/17	NO	NONE	NUKOTE
116-C	WASHER AND DRYER	BOTH	07/28/17	09/08/17	NO	NONE	JC KRESS
118-I	HVAC	BOTH	08/23/17	11/23/17	NO	NONE	GREENWOOD
123-I	REMODEL	BOTH	06/13/17	11/13/17	NO	08/17/17 ROUGH.	LOS AL BLDRS
123-J	HEAT PUMP	BOTH	06/12/17	09/30/17	NO	08/16/17 FINAL	GREENWOOD
124-G	HVAC	BOTH	09/08/17	12/20/17	NO	NONE	GREENWOOD

SHADED AREAS HAVE BEEN SIGNED OFF

UNIT #	ESCROW ACTIVITY						DOCUMENTS/COMMENTS
	NMI	PLI	NBO	FI	FCOEI	ROF	
72-D		07/10/17	07/17/17	07/25/17	08/08/17	08/29/17	
93-E		06/15/17	07/05/17	07/06/17	07/20/17	08/25/17	
95-L		06/15/17	08/28/17	09/05/17	09/19/17		
97-C		07/10/17					
99-J							
100-A		08/23/17					
100-D			05/08/17	05/16/17	0526/17	08/29/17	

106-L		06/15/17					
109-F		05/05/17					
110-F		08/23/17					
113-C		03/30/17	06/06/17	06/14/17		08/21/17	
113-F		07/10/17					
116-C		05/31/17	06/19/17	06/21/17			
121-F		08/18/17	08/29/17	08/31/17	09/15/17		
123-B		08/07/17					
124-F		09/01/17					

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

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL****Financing Capital Projects**

WHEREAS, Seal Beach Mutual No. _____ (all except Mutual No. Nine) recognizes the need for continuing development and improvement of the trust property of Seal Beach Leisure World for the benefit of all stockowners, and

WHEREAS, it is the desire of the Mutual Corporation to assist in the financing of capital improvements to the trust,

NOW, THEREFORE, BE IT RESOLVED that for any refund owing to the Mutual Corporation from the Golden Rain Foundation for the fiscal year 1972, this Corporation does hereby instruct the Golden Rain Foundation as their agent to:

1. Deposit to the credit of the trust fund of Seal Beach Leisure World which is held by the Golden Rain Foundation as trustee for the benefit of the Seal Beach Mutual Corporations any portion of the refund due this Corporation from the Golden Rain Foundation that is the proceeds in excess of the first \$50,000 of refund derived from the operation of the Golden Rain Foundation.
2. It is the intent of this resolution that the Golden Rain Foundation shall refund in the normal manner the first \$50,000 for the fiscal year 1972 and apply any refund in excess of \$50,000 to the capital funds of the trust in the same proportion that the original contributions were made to the trust.

BE IT FURTHER RESOLVED, that this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

Mutual No.5 (11-18-16) & Mutual No. 7 Only (Effective 11-21-00):

WHEREAS, Seal Beach Mutual No. _____ recognizes the need for continuing development and improvement of the trust property of Seal Beach Leisure World for the benefit of all stockowners, and

WHEREAS, it is the desire of the Mutual Corporation to assist in the financing of capital improvements to the trust,

NOW, THEREFORE, IT BE RESOLVED, that for any refund owing to the Mutual

Mutual No.5 (Effective 11-18-16) & Mutual No. 7 Only (Effective 11-21-00) (Cont'd.):

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL**Financing Capital Projects

Corporation from the Golden Rain Foundation for the fiscal year 1972 and following fiscal years, this Corporation does hereby instruct the Golden Rain Foundation as their agent to:

1. Deposit to the credit of the trust fund of Seal Beach Leisure World which is held by the Golden Rain Foundation as trustee for the benefit of the Seal Beach Mutual Corporations any portion of the refund due this Corporation from the Golden Rain Foundation that is the proceeds in excess of the first \$50,000 of refund derived from the operation of the Golden Rain Foundation.
2. It is the intent of this resolution that the Golden Rain Foundation shall refund in the normal manner the first \$50,000 for the fiscal year 1972 and the following fiscal years and apply any refund in excess of \$50,000 to the capital funds of the trust in the same proportion that the original contributions were made to the trust.

BE IT FURTHER RESOLVED, that this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

MUTUAL ADOPTIONAMENDEDRESCINDED

ONE		
TWO	11-16-72	
THREE	11-20-72	
FOUR	01-08-73	
FIVE	12-20-72	11-18-16
SIX	12-08-72	
SEVEN	01-19-73	11-21-00
EIGHT		
NINE	11-13-72	07-11-11
TEN	11-30-72	
ELEVEN	12-21-72	
TWELVE	11-09-72	
FOURTEEN	11-09-72	
FIFTEEN	11-10-72	
SIXTEEN	12-14-72	

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ACCOUNTING AND FISCAL****Depreciation - Straight Line Method****RESOLUTION:**

WHEREAS, the official books of this Corporation are being kept using the Sinking Fund method of depreciation, and income tax returns are submitted using the Straight Line method of depreciation, and

WHEREAS, it is desirable to use the same method on the books as is used on the tax returns, and

WHEREAS, the Internal Revenue Service will not recognize the Sinking Fund method as a generally accepted method of depreciation and give their approval for its use on the income tax returns;

THEREFORE, BE IT RESOLVED, to adopt the Straight Line method of depreciation for the official books of this Corporation.

BE IT FURTHER RESOLVED, THAT this resolution will become effective only in the event that all other Seal Beach Mutuals adopt a similar resolution.

MUTUAL ADOPTION:

ONE	03-27-75	NINE	03-10-75
TWO	03-20-75	TEN	04-24-75
THREE	03-17-75	ELEVEN	04-17-75
FOUR	04-07-75	TWELVE	03-13-75
FIVE	06-18-75	FOURTEEN	06-27-75
SIX	06-27-75	FIFTEEN	03-03-75
SEVEN	03-21-75	SIXTEEN	06-18-75
EIGHT	03-24-75		

(Jun 75)

MUTUAL OPERATIONS**RESCIND MUTUAL FIVE****ORGANIZATION OF THE BOARD****Parcel Representation**

Excerpt from Attorney W. A. Williams' letter to the Administrator, dated 15 April 1969.

"With respect to the nomination of individuals for the office of director in the corporation, it is not necessary that the nominating party be a member of the same mortgage parcel as the person nominated. The reason for this is the fact that this is one corporation, and the directors serve all members of the corporation despite the fact that the Bylaws provide that only one member may be eligible for election for each mortgage parcel."

(Removes paragraph concerning nominations from the floor which is no longer valid.)

(Apr 69)

MUTUAL OPERATIONS**AMEND POLICY MUTUAL FIVE****STOCKHOLDERS MEETINGS****Annual Elections – Mutuals 3, 4, 5, 6, 7, 11, 16, and 17**

In accordance with State Law and the Mutual Bylaws, the following policy is established for the general election of directors to the Mutual Board of Directors.

1. Candidates**a. Candidate Eligibility**

In accordance with the Mutual Bylaws, all members in good standing are eligible to run for election to the Mutual Board of Directors. "Good Standing" means that the member is not delinquent in the payment of monthly or special assessments in an amount equal to or greater than one month's assessment for a period of time greater than 30 days.

b. Notification of Nominations for Election of Directors

The Mutual Board of Directors shall also place notice in the *Golden Rain News* and in the Mutual laundry rooms not less than 90 days prior to the annual meeting that any member of the Mutual in good standing may place his/her name into nomination for the election of directors.

c. Self-Nomination by Shareholders

Mutual members who wish to nominate themselves as a candidate for election to the Mutual Board of Directors must do so in writing not more than 90 days or less than 60 days prior to the annual meeting date.

d. Nominations from the Floor

Candidates may be nominated from the floor during the annual meeting. There is no provision in the Mutual Bylaws allowing for write-in candidates.

e. Equal Access to Clubhouse Facilities

Equal access to clubhouses shall be provided at no cost to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those who are not endorsed by the Mutual Board of Directors, for purposes reasonably related to the election. The clubhouses are subject to availability by reservation only on a first-come, first-serve basis.

MUTUAL OPERATIONS**AMEND POLICY MUTUAL FIVE****STOCKHOLDERS MEETINGS****Annual Elections – Mutuals 3, 4, 5, 6, 7, 11, 16, and 17****2. Election Process**

- a. The Golden Rain Foundation will provide a contracted vendor to assume all election services, including inspector(s) of election, who will be directed to conduct the election under current applicable codes.
- b. If the Golden Rain Foundation does not provide a contracted vendor to assume all election services, then Section 3 will be prepared and processed by the Mutual Corporation or Golden Rain Foundation:

3. Election Materials**a. Notice Letter**

The notice letter, mail-in secret ballot, voting instructions and mailing instructions for the Mutual annual election shall be mailed out to each Mutual apartment no later than 30 days prior to the annual meeting.

b. Secret Ballots Returned By Mail

The mail-in secret ballot is required to be mailed to the "Inspectors of the Election" for proper verification and validation, and must be received before 4:00 p.m. on the day before the annual meeting.

The mail-in secret ballot, if sealed and properly mailed, will be opened the day of the annual meeting by the inspectors of the election. The mail-in secret ballot is irrevocable once it is validated by the inspectors of election.

4. Inspectors of the Election**a. Qualifications and Number of Inspectors**

An inspector of the election may not be a member of the Mutual Board of Directors, or a candidate for the Mutual Board of Directors, or related to a member of the Mutual Board of Directors, or under contract to the association for any compensable services.

b. Observers of the Election Appointed By the Board of Directors

MUTUAL OPERATIONS**AMEND POLICY MUTUAL FIVE****STOCKHOLDERS MEETINGS****Annual Elections – Mutuals 3, 4, 5, 6, 7, 11, 16, and 17**

There shall be three (3) observers of the election appointed by the Mutual Board of Directors (90) days before the annual meeting day. The Board may also appoint alternative observers of the election. The observers of the election may appoint and oversee additional assistant observers of the election in any number deemed to be reasonable by the Mutual Board of Directors.

c. Inspector of the Elections - Duties

- 1) Determine the number of shareholders entitled to vote and the voting power of each.
- 2) Determine the authenticity, validity and effect of proxies, if any.
- 3) Receive mail-in proxy forms and ballots.
- 4) Open mail-in proxy forms and ballots at the annual meeting.
- 5) Hear and determine all challenges and questions in connection to the right to vote.
- 6) Count and tabulate all votes.
- 7) Determine the results of the election.
- 8) Perform his or her duties expeditiously, impartially, and in good faith at all times.

5. Voting**a. Qualification for Voting**

Votes may be cast by mutual members in good standing:

- 1) By ballot in person on the day of the annual meeting; or
- 2) By using the mail-in secret ballot; or
- 3) By using the mail-in proxy form.

b. Cumulative Voting

~~In accordance with the Mutual Bylaws, voting will be "cumulative."~~

c. Voting by Secret Ballot

All ballots shall be prepared in a manner consistent with providing and ensuring that the member's vote will be by "secret ballot."

MUTUAL OPERATIONS**AMEND POLICY MUTUAL FIVE****STOCKHOLDERS MEETINGS****Annual Elections – Mutuals 3, 4, 5, 6, 7, 11, 16, and 17****6. Actions by Mutual Boards when a Contracted Vendor is Retained for Elections**

- a. Each Mutual may appoint observer(s) who may make their observations to its respective Mutual Board.
- b. Each Mutual Board shall validate its own election.

7. Actions by Shareholders – Mutual Five Only

Any shareholder or contractor of Mutual Five that allegedly intimidates or bullies another shareholder, or forges ballot signatures of another shareholder, shall be requested to appear before the Mutual Five Board of Directors in Executive Session to answer the charges or allegations. If criminal acts have been committed, the Golden Rain Foundation Security Department and the Seal Beach Police Department shall be notified and appropriate action taken.

<u>MUTUAL ADOPTION</u>	<u>AMENDED</u>	<u>MUTUAL ADOPTION</u>	<u>AMENDED</u>
ONE:	See 7210.1	TEN:	See 7210.10
TWO:	See 7210.2	ELEVEN: 15 Feb 07	
THREE: 09 Feb 07		TWELVE:	See 7210.12
FOUR: 14 Feb 07		FOURTEEN:	See 7210.14
FIVE: 21 Feb 07	17 Aug 11	FIFTEEN:	See 7210.15
SIX: 27 Feb 07		SIXTEEN: 20 Feb 07	
SEVEN: 30 Mar 07		SEVENTEEN: 06 Feb 07	See 7210.17
EIGHT:	See 7210.8		
NINE:	See 7210.9		

MUTUAL OPERATIONS

AMENDED DRAFT

Approval of Escrows – Mutual Five

RESOLUTION:

WHEREAS, Article V, Section 2, of the bylaws vests power in the Board of Directors to accept or reject all applications for membership and admission to occupancy of a dwelling unit in the cooperative housing project, and

WHEREAS, a system utilizing questionnaires ~~and a medical examination~~ has been instituted to expedite determination that the potential buyer meets all established criteria, with the responsibility for operation of said system resting on paid employees of the Foundation, and

WHEREAS, it is necessary that escrow papers be signed in a timely manner but calling special meetings of the Board to accept or reject each application in escrow would prove cumbersome,

NOW, THEREFORE BE IT RESOLVED, THAT

1. The President of this Corporation is appointed and empowered to act in behalf of the Board in signing various document in escrow that are necessary to accept or reject potential members of the Corporations.
2. Should the President be absent or otherwise unable to perform, then any officer of this Corporation shall be empowered to sign such papers on behalf of the Board.

MUTUAL ADOPTION

AMENDMENT(S)

FIVE: 12-2-16

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Five Only**

All persons seeking approval of the Board of Directors of Seal Beach Mutual No. Five to purchase a share of stock in the Mutual, and to reside in the Mutual, shall meet the following eligibility criteria:

- A. Apply for and be accepted as a member of the Golden Rain Foundation, Seal Beach, California.
- B. Meet the Mutual eligibility criteria as follows:
 1. Age

Minimum of 55 years, as confirmed by a birth certificate or passport. A driver's license is not acceptable as proof of age.
 2. Financial Ability
 - a. Verified monthly income that is at least four (4) times or greater the monthly carrying charge (Regular Assessment plus Property Tax and Fees) at the time of application, and have liquid assets of at least \$25,000. Verified monthly income/assets may be in the form of the past two years of:
 1. Tax returns;
 2. 1099s for interest and dividends;
 3. 1099-Rs for retirement income from qualified plans and annuities;
 4. SSA-1099 Social Security Benefit Statement;
 5. Brokerage statements and current interim statement.
 6. Six to twelve months of checking/savings account statements.
 - b. Adjusted Gross Income per 1040, 1040A, or 1040EZ; plus that portion of Social Security, IRA distributions, and pensions and annuities not included in adjusted gross income; plus tax exempt interest; minus income tax, Social Security, Medicare, and self-employment taxes paid; and minus Medicare medical insurance and prescription drug premiums; all divided by twelve (12) will equal net monthly income to be used in Paragraph 2.a. above.

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Five Only**

- c. Projected assessments will be the previous year's assessment (total of carrying charge less any cable charge, less Orange County Property Taxes and Fees), and the addition of the new property tax at 1.2% of the sales price plus Orange County District fees divided by twelve (12) for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times four (4) will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. Stock Transfer shall have the final say in establishing verifiable income/assets.¹

Verification shall be done by the Escrow Company and the Stock Transfer Office prior to the new buyer interview and prior to the close of escrow (the above verification will not be done by the individual Mutual Directors; Directors will not be required to study or understand the financial requirements).

- d. Only the resident shareholder's income shall be considered for qualifying.
- e. If moving within Leisure World, or if there are any additions/changes to the title, the proposed shareholder(s) must meet these eligibility requirements.

3. Health

Have reasonably good health for a person of his/her age, ~~as evidenced by a letter from his/her physician~~, so that shareholder can take care of normal living needs without calling on other members for an undue amount of assistance. Leisure World is not an assisted living or skilled nursing home facility.

- C. Assume, in writing, the obligations of the "Occupancy Agreement" in use by the Mutual Corporation.

1 If major remodeling, expansion, or addition of a bathroom is being considered, the increase in taxes over the 1.2% of the purchase price must be taken into consideration.

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Five Only**

Officers or Committees of the Board of Directors designated to approve new applicants are responsible that the eligibility criteria of this corporation is equitably applied to all applicants. Approval or disapproval of buyer(s) must be received by the Stock Transfer Office at least ten (10) working days prior to the close of escrow.

MUTUAL ADOPTION**AMENDMENT DATES****FIVE**

04-15-70

09-15-93, 04-19-06, 09-17-08