

**MINUTES OF THE ANNUAL SHAREHOLDERS' MEETING
SEAL BEACH MUTUAL FIVE
August 11, 2020**

The Annual Meeting of the Shareholders of Seal Beach Mutual Five, a California corporation, was called to order by President DeRungs at 10:01 a.m. on Tuesday, August 11, 2020, in Clubhouse 4.

PLEDGE OF ALLEGIANCE

Joan Boryta led the *Pledge of Allegiance*.

QUORUM

President DeRungs advised that a quorum was present, either in person or by ballot, and she declared the meeting officially in session.

CERTIFICATION OF NOTICE OF MEETING

Secretary Gloria Shannon read the Certification Notice:

I, Gloria Shannon, Secretary for Seal Beach Mutual No. Five, hereby certify that the Notice of Stockholders' Meeting and Ballots were mailed in accordance with Article IV, Section 4, of the Bylaws of said Corporation to all subscribers of common stock as of July 12, 2020.

INTRODUCTION OF CANDIDATES

The 2020–2021 candidates were introduced as follows:

Kenneth E. Cude	(Incumbent)
Kevin Powell	(Incumbent)
Gloria Shannon	(Incumbent)
Debbie Tran	(Incumbent)

CLOSING OF NOMINATIONS

President DeRungs called for nominations from the floor. There being no further nominations, President DeRungs requested a motion to close the nominations.

Upon a MOTION duly made by John Harper, Unit 103-L, and seconded by Joan Boryta, Unit 113-G, it was

RESOLVED, That the nominations be closed.

The MOTION passed.

BALLOTING

Ms. Cheryl Wilson from Accurate Voting Services thanked the Mutual for the opportunity to provide this election procedure for the Mutual. They are the outside independent election service company that was selected to create the ballot, mail the ballot to the shareholders, and receive the return ballots to be opened today to determine Mutual Five new Directors.

President DeRungs announced that the voting was now closed. She announced that shareholders are welcome to observe the counting process on the monitors and the counting of the ballots would be shown live on YouTube.

POSTING RESULTS

President DeRungs stated that within 15-days of the election, the Board will publicize the results of the election in a communication directed to all shareholders. Results of this election will be posted on the main doors of all the clubhouses upon completion on the final tally of ballots.

MINUTES

President DeRungs asked for a motion to dispense with reading the minutes of the last Annual Shareholders' Meeting held on June 11, 2019, and that they be approved as printed and distributed.

Upon a MOTION duly made by Joan Boryta, Unit 113-G, and seconded by Susan Trembly, Unit 116-A, it was

RESOLVED, That the Annual Shareholders' Meeting minutes of June 11, 2020 be approved as printed and distributed.

The MOTION passed.

INTRODUCTION OF CURRENT BOARD MEMBERS AND GUESTS

President DeRungs introduced the current 2019-2020 Board members:

Linda DeRungs, President
Wayne Gould, Vice President
Debbie Tran, Chief Financial Officer
Gloria Shannon, Secretary

Ken Cude, Director
Connie Deady, Director
Kevin Powell, Director

President DeRungs then introduced the Golden Rain Foundation Representative, William Thompson; Executive Director, Randy Ankeny; Mutual Administration Director, Jodi Hopkins, and Mutual Recording Secretary Ripa Barua.

PRESIDENT'S REPORT

President DeRungs presented her report (attached).

VICE PRESIDENT'S REPORT

Vice President Gould presented his report (attached).

SECRETARY'S REPORT

Secretary Shannon presented her report.

CHIEF FINANCIAL OFFICER'S REPORT

Chief Financial Officer Tran presented her report (attached).

DIRECTORS' REPORTS

Director Deady presented her report (attached).

Director Cude presented his report (attached).

Director Powell presented his report (attached).

GOLDEN RAIN FOUNDATION REPRESENTATIVE'S REPORT

GRF Representative Thompson presented his report (attached).

EXECUTIVE DIRECTOR'S REPORT

Mr. Ankeny presented his report (attached).

MUTUAL ADMINISTRATION DIRECTOR'S REPORT

Ms. Hopkins presented her report (attached).

**ANNUAL SHAREHOLDERS' MEETING
SEAL BEACH MUTUAL FIVE**

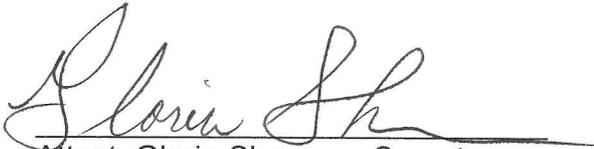
June 11, 2019

ELECTION RESULTS

Accurate Voting Services, Inc., reported the following results of the election to the shareholders present. With 234 members representing 48% of the total voting power in Seal Beach Mutual No. Five the following candidates were elected for the 2020-2022 term of office. Kenneth E. Cude elected with 190 votes, for a two-year term; Kevin Powell elected with 214 votes, for a two-year term; Gloria Shannon elected with 178 votes, for a two-year term; and Debbie (Diep) Tran elected with 186 votes, for a two-year term.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 10:52 a.m.

A handwritten signature in cursive script, appearing to read "Gloria Shannon", written over a horizontal line.

Attest, Gloria Shannon, Secretary
SEAL BEACH MUTUAL FIVE

Rb: 8/11/2020

Attachments

Annual Report 2020

Linda DeRungs, Mutual 5 President

As the President of Mutual 5, I thank you for the trust and support you have shown for all the members of your Board of Directors. Mutual 5's seven volunteer board members have been working hard to serve the needs of the mutual and its shareholders. We do our best to efficiently supervise the 31 acres that comprise our common home.

Mutual 5's downtown Leisure World location continues to entice buyers. Our 2019 unit sales rose nearly 50 percent from the year before, and we have completed over 20 new buyer orientations just since January of 2020.

The board continues its efforts to deal with a nearly 60-year-old infrastructure, guided by our annual Reserve Study. The last of our 492 units had water supply pipes replaced in 2019, and we are nearly half-way through replacing the roofs on the Mutual's 41 buildings. We are gradually building our reserve funds for future projects such as repairing and replacing sidewalks as needed, painting all the Mutual's buildings after years of the bright California sunshine, new utility doors, and much more.

We have undertaken several initiatives to enhance Mutual 5's beauty. We encourage our shareholders to beautify their gardens and upgrade their units. We are thrilled with our selection of our new landscaper, J&J Landscaping. They are doing a fine job of restoring our grounds to an excellent condition.

I would like to thank my fellow board members for their solid advice and the many hours they donate in service to our Mutual. I am so grateful that Mutual 5 has such a talented and qualified inspector—Mike Meza—to oversee every aspect of our Mutual's needs.

And last, but not least, I want to thank the GRF Board of Directors, and Leisure World's capable employees in Stock Transfer, Administration, Service Maintenance, Security—the list is endless—who we rely on each and every day to carry out the necessary functions that serve nearly 10,000 shareholders in over 6,600 units in Leisure World. We are fortunate to live in such an affordable, safe and comfortable place in Coastal California.

ANNUAL REPORT 2020
Wayne R Gould
Vice President Mutual 5

Dear Neighbors,

2019/2020 has been a challenging year for us all. No one could have predicted all the challenges thrown against us. But out of all this turmoil I am very pleased to say that your board has continued to move forward with the business of making Mutual 5 a wonderful place to live.

Taking all the safeguards demanded by the COVID 19 pandemic your board has continued to meet and do site inspections, approve permits in a timely manner, and work on policies and procedures for our mutual benefit.

The new patio policy has resulted in several beautiful patio installations. These add to the shareholders enjoyment of Leisure World life and bring increased property values.

Now for the not so good news. Our buildings are aging. Our plumbing is aging. Streets and sidewalks are showing their age. Our Roofing project is also being held back because of COVID scheduling problems. Our budget for concrete work and appliances has been hard hit. We will be addressing this as we go into the next budget planning sessions.

You might ask what can I do? You can help Mutual 5 by reducing service maintenance calls. Simple sink or bathroom stoppages can often be cleared with a simple plunger. If your appliances, like cook top or refrigerator, need replacement consider having it replaced by an outside vendor. Much nicer units are available than the ones from Service Maintenance.

Lastly I want to thank all our shareholders who have worked to clean up their patios and front garden areas. Much more needs to be done. Neighbors helping neighbors can and will make Mutual 5 shine.

MUTUAL 5 - CFO ANNUAL REPORT

Dear Mutual Five Shareholders,

Thank you to the shareholders for giving me an opportunity to serve you as a Director and thank you to the Board of Directors to trust me to handle your financial management as a Chief Financial Officer.

Beginning January 2020, Mutual Five HOA is \$208.63 which has an increase of \$5.86 per month compared to 2019.

Assuming that no delinquencies, the regular expected monthly income contribution is \$102,645.96 for 492 units.

In addition to expected monthly fee contribution, Mutual Five also received earnings from investment interest, inspection fees generated from sold and vacant units. These additional incomes fluctuate monthly depending on the interest rate and real estate market.

Mutual Five allocates fiscal budget largely based on the HOA income contribution into three different categories:

Restricted Reserves Pool is used for infrastructure maintenance : roofing, water piping, sewage, walkways ...

Non-restricted Reserves Pool is used for appliances, painting, appliance, emergency, contingency etc.

Operating funds are for daily or routine expenses of the mutual property such as service maintenance, landscape, trash, electricity for mutual street lights, carports lights and laundry rooms, water, property insurance, legal fees etc...

As of July 2020, the ending balances of Mutual Five accounts are:

7/31/2020 Morgan Stanley Investment Portfolio Balance	= \$265,814.58
7/31/2020 U.S. Bancorp Investment Portfolio Balance	= \$277,331.50
7/31/2020 Restricted Reserves Pool	= \$855,160.32
7/31/2020 Non-Restricted Reserves Pool	= \$181,571.55
7/31/2020 Operating Expense Balance	= \$55,495.03
7/31/2020 Year-to-Date Mutual Income	= \$1,117,164
7/31/2020 Year-to-Date Mutual Expense	= \$1,106,579

7/31/2020 Variance (Income minus Expense) = (+ \$10,585)

Note that the investment portfolios of Morgan Stanley and US Bancorp are less than the ending account of Restricted Reserves Pool because Mutual Five did not reinvest money until the 2021 final budget approval.

The matured CDs from these above two brokerages were automatically deposited in Restricted Reserves Pools.

Comparison 2019-2020 :

As of **July 31, 2019**, the total dollars available of Mutual Five was:

7/31/2019 Morgan Stanley Investment Portfolio Balance	= \$658,625.62
7/31/2019 U.S. Bancorp Investment Portfolio Balance	= \$875,358.50
7/31/2019 Restricted Reserves Pool	= \$209,561.39
7/31/2019 Non-Restricted Reserves Pool	= \$176,056.56
7/31/2019 Operating Expense Balance	= \$44,359.67
7/31/2019 Year-to-Date Mutual Income	= \$1,287,926
7/31/2019 Year-to-Date Mutual Expense	= \$1,337,774
7/31/2019 Variance (Income-Expense)	= (-\$111,278)

Note that particular month of July 2019 variance was negative due to water pipe-related expenses that are not in committed contract of the project.

This amount was reconciled and re-categorized to reserves pool.

Projects Commitment 2020:

Roofing 4 Buildings (69,71+Laundry room, 99, 102+Laundry room) = \$479,05 committed in January 2020.

Concrete works:

Committed contract in Jan 2020: \$118,817.25

Additional concrete works is approximately \$44,500.

In sum, Mutual Five budget is very good condition to the end of fiscal year 2020.

Respectfully submitted,

Debbie Tran
CFO – Mutual 5

Mutual 5 Annual Report
Physical Properties Committee
August 11, 2020

The Mutual 5 Physical Properties Committee is responsible for the oversight of the Mutual's buildings and grounds and includes day-to-day maintenance (except Landscaping) and the capital replacement of these facilities. The three major Capital cost centers are the Re-Roofing Program, the Fresh Water Pipe Replacement Program and the Sewer System Program. Other major areas include the repair and replacement of carport pavements and concrete sidewalks; and, repair of dry-rot and termite damage to buildings.

The first Phase of the Re-Roofing Program (2016-17) replaced the roofs for nine buildings: 90, 91, 93, 94, 95, 98, 103, 121, and 114. The cost for a shorter building (one/two-bedroom) was \$60,754 and for a longer building (two-bedroom), \$75,124 for a total roofing cost for the nine buildings of \$618,784. Additional work was needed that was done by separate contractors that cost \$72,740 for new roof gutters, new cooktop hood vents and painting repairs due to the re-roofing work.

The 2018 Re-Roofing Program included Buildings 111, 109 and 118 and cost \$282,937. All three buildings were longer two-bedroom buildings and cost \$94,312 each. The 2019 Re-Roofing Program included buildings 115, 116, and 119. The cost for a shorter building was \$78,105; and, a longer building the cost was \$97,155. These costs included replacing the roof gutters. The total cost was \$253,365. The 2020 Re-Roofing Program will include Buildings 69, 71, 99 and 102 and will start in December 2020 or January 2021. The contract total is \$475,063 (\$98,154 for shorter building; \$122,094 for longer bedroom) including rain gutters. The remaining 22 buildings and the 12 carport buildings will be re-roofed over the next six years. The funds for re-roofing all the buildings come from the Mutual's Reserves Funds.

The Fresh Water Pipe Replacement Program started on June 24, 2018 and was completed on August 18, 2019. The overall cost for all the buildings was about \$1,759,000. All the funds came from the Mutual 5 Reserve Funds. This is was a major accomplishment for the Mutual that required outstanding performances from the contractors, M-5 Board Members and Physical Property Inspectors; and, the exemplary co-operation and patience from our Shareholders.

The sewer system was cleaned in February 2020 by Empire Pipe Cleaning Company to help remove grease deposits and small roots. The GRF Service Maintenance Department was very active throughout the year repairing

stoppages in apartment drains. All shareholders should remember NO WIPES IN THE PIPES; and, do not put grease down the garbage disposal.

The Committee, in conjunction with the Building Inspectors in the GRF Physical Properties Department, reviews and signs off on building permits for remodeling applications from shareholders. During the 13 months ending July 31, 2020, 133 permits (up from 103 a year earlier) were initiated for a total cost of improvements of \$696,310 (down from \$943,936 a year earlier). This demonstrates that many M-5 Shareholders have invested in adding to and updating their units. This has an overall effect of increasing the value of our Mutual and the resale value of all Shareholders' property. The monthly permit activity is reported to the Board at each monthly meeting.

Continuing themes emphasized over the year include:

- Put no grease or handi wipes down the drain and toilet that get into the sewer system (new slogan: NO WIPES IN THE PIPES);
- DO NOT LEAVE LARGE TRASH ITEMS ON THE CONCRETE AREA OUTSIDE OR BEHIND THE DUMSTERS;
- Give key authorization when calling Service Maintenance for repair work;
- The Policy 7431, Service Maintenance, allowing Shareholders to call Service Maintenance directly for repair work is working outstandingly well.

Lastly, we thank all the GRF Physical Property Staff members, especially the Inspectors that have helped us this year, and particularly Mike Meza who is assigned to M-5 and has done an outstanding job in organizing and supervising the Roofing Program and the Re-Pipe Program and the many concrete repairs made this year.

Ken Cude, Chair Physical Properties Committee

KEC:

ANNUAL LANDSCAPE REPORT

FOR MUTUAL FIVE 2020

I AM PLEASED TO REPORT THAT J&J LANDSCAPING IS DOING A GREAT JOB! THIS IS MY THIRD COMPANY I'VE WORKED WITH AS THE LANDSCAPE DIRECTOR FOR MUTUAL 5 AND THEY ARE BY FAR THE BEST, THEIR RESPONSE TIME TO ISSUES IS USALLY WITHIN HOURS OF CONTACTING THEM WHICH IS MUCH APPRECIATED.

I AM CONTINUALLY GRATEFUL FOR OUR SHAREHOLDERS USE OF THE LANDSCAPE HOTLINE AS THAT HELPS US SO MUCH IN DISCOVERING ISSUES WE WOULD NOT OTHERWISE BE AWARE OF.

OUR PRESIDENT LINDA DARUNGS AND I ARE ALWAYS TRYING TO FIND WAYS TO HELP BEAUTIFY MUTUAL 5 IN AN ECONOMICAL AND ATTRACTIVE WAY AN WE ARE LOOKING FORWARD TO CONTINUING THAT IN 2021.

THANKS TO ALL OF OUR SHAREHOLDERS FOR PARTICIPATING IN ASSISTING US IN TRYING TO MAKE OUR MUTUAL 5 LANDSCAPE ATTRACTIVE.

Annual Laundry Report

June 2018

Good morning from the great Mutual Five ! It has been another banner year for our Laundry rooms. We have survived the drought of qualified repair technicians in Service Maintenance and continue operating our own Laundry facilities. Having resisted the temptation to outsource our machines, we have successfully run our own Laundry operations last year for a sum of \$3,761.63. Not bad!. We are still the fourth lowest in Mutual fees- a big advantage to living in our Mutual.

I put up some artwork in Laundry Room 112 to lighten the washday experience and put up colorful animal calendars in all the rest. As I find new and economical art pieces we can decorate some more of our Laundry rooms. And so continues the process of brighten our facilitates for this year.

Last year I tried plastic bound reminders seeking voluntary compliance in our program to keep shareholders from accidentally tripping our controllers by drying on High heat. It worked so well that this year I again went to that solution asking laundry room users to voluntarily refrain from disposing large soap boxes and detergent bottles into our lint buckets. It has worked out quite well. Our mutual 5 shareholders want to do what is right to help keep our laundry rooms clean and operating properly. Another shout-out to our shareholders for light sweeping in-between monthly cleaning that keeps our laundry rooms looking clean and respectable.

We are already on our way to another good year for next year. A big thanks to our President Dr Coven, my fellow Board members and to all our Mutual 5 shareholders which helps to make for a great Mutual 5.

Respectfully submitted by:

Kevin Powell Director of Laundry Operations Mutual Five