

**MINUTES OF THE ANNUAL SHAREHOLDERS' MEETING  
SEAL BEACH MUTUAL FIVE  
JUNE 13, 2023**

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, June 13, 2023, in Clubhouse Four.

**PLEDGE OF ALLEGIANCE**

Massa Levitt 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**

Vice President Murphy read the Certification Notice on behalf of Secretary Gardner:

I, Laura Gardner, Secretary for Seal Beach Mutual No. Five, hereby certify that the Notice of Annual Shareholders' Meeting and Ballots was mailed in accordance with Article IV, Section 4, of the Bylaws of said Corporation to all subscribers of common stock as of May 11, 2023.

**INTRODUCTION OF CANDIDATES**

The 2023–2024 candidates were introduced as follows:

John A. Berton (Not Present)  
Linda DeRungs (Incumbent)  
Laura D. Gardner (Incumbent)  
Wayne R. Gould (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 Sandra Massa Lavitt of Unit 110-G and seconded by Mary-Susan Trembly of Unit 116-A, it was

RESOLVED, That the nominations be closed.

The MOTION passed.

**BALLOTING**

Ms. Lynn Colclough 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.

**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 14, 2022 and that they be approved as printed and distributed.

Upon a MOTION duly made by Nancy Lewis of Unit 114-H, and seconded by Helen A Johnson of Unit 125-A, it was

RESOLVED, That the Annual Shareholders' Meeting minutes of June 14, 2022 be approved as printed and distributed.

The MOTION passed.

**INTRODUCTION OF CURRENT BOARD MEMBERS AND GUESTS**

President DeRungs introduced the current 2022-2023 Board members:

Linda DeRungs, President  
Ed Murphy, Vice President  
Ken Cude, Chief Financial Officer  
Laura Gardner, Secretary

Gloria Shannon, Director  
Wayne Gould, Director  
Kevin Powell, Director

President DeRungs then introduced the Golden Rain Foundation Representative, William Thompson; Executive Director Jessica Sedgwick; Mutual Administration Director Jodi Hopkins and Assistant Portfolio Specialist Delia Equite.

**PRESIDENT'S REPORT**

President DeRungs presented her report (attached).

**VICE PRESIDENT'S REPORT**

Vice President Murphy presented his report (attached).

**CHIEF FINANCIAL OFFICER'S REPORT**

Director Gould presented the Chief Financial Officer report on behalf of Mr. Cude (attached).

**DIRECTORS' REPORTS**

Director Shannon presented a verbal report.

Director Gould presented his report (attached).

Director Powell presented a verbal report.

**GOLDEN RAIN FOUNDATION REPRESENTATIVE'S REPORT**

President DeRungs presented the GRF Representative report on behalf of Mr. Thompson (attached).

**SECRETARY'S REPORT**

No report.

**MUTUAL ADMINISTRATION DEPARTMENT'S REPORT**

Assistant Portfolio Specialist Equite presented Mutual Administration Report (attached).

President DeRungs called for a brief recess at 10:35 a.m. to 10:47 a.m.

**ELECTION RESULTS**

Accurate Voting Services, Inc., reported the following results of the election to the shareholders present. With 280 members representing 56% of the total voting power in Seal Beach Mutual No. Five the following candidates were elected for the 2023-2025 term of office. John A Berton elected with 183 votes, for a two-year term; Linda DeRungs elected with 202 votes, for a two-year term; Laura D. Gardner with 121 votes, and Wayne R. Gould elected with 227 votes, for a two-year term.

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**ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 10:56 a.m.

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Attest, Secretary  
SEAL BEACH MUTUAL FIVE  
DE: 06/13/2023  
Attachments

## **A Message from the President, June 13, 2023**

June 2022 through June 2023 was a year of challenges, with too little rain combined with too much rain. With high winds and falling trees, and roofing project delays due to weather.

Mutual 5 continues to be one of the most popular mutuals in Leisure World according to sales. Thirty units changed hands during the last 12 months. Leisure World is an oasis of affordable living in Southern California and our assessment ranks as one of the lowest of the community's 16 mutuals, despite the necessary increases.

During your walks, please notice the shiny white meter cabinets replacing the peeling plywood doors. The white attic doors are installed as soon as each roof has been replaced so we only have 12 more attic doors left. The five roofs that were supposed to be completed in 2022 were finally completed in early 2023 after a break in the rain. We are planning for the completion of 6 new roofs by the end of this year, and 6 more in 2024, completing all 41 roofs.

We have a few new shareholder patios and seating areas, as well as expanded private gardens, with more proposals arriving regularly. The public butterfly gardens near buildings 91 and 107, whose drought-resistant plants are slowly growing to maturity, are full of Monarch caterpillars.

We have made remarkable progress in replenishing our reserve accounts, which is the money we set aside to pay for expected future repairs for roofs, concrete, painting, and appliances.

# Chief Financial Officer (CFO) Report

## Annual Meeting June 13, 2023

The Mutual 5 Bylaws, Article VI, Section 7 ([www.lwsbmual05.com](http://www.lwsbmual05.com)), states that the CFO is responsible for the oversight of the Mutual financial accounts for all receipts and disbursements in the books of the Mutual 5 Corporation. This covers the Operating Budget and Reserve Funds, and both are included in the overall Annual Budget (Budget). The third major part of the Budget is the GRF Trust Maintenance Fee. In the 2023 Budget the three major components are:

1. Golden Rain Foundation (GRF) Maintenance Fee	\$1,140,830		41.9%
2. Mutual Operating Budget	707,240	45.6%	26.6%
3. Annual Contribution to Capital Reserves	<u>877,461</u>	<u>554.4%</u>	<u>31.5%</u>
	\$2,725,531	100.0%	100.0%

The 2024 Budget process will commence in late July with a GRF Finance Training meeting and conclude in September when the new Budget will be presented to the Board for review, shareholder input and tentative approval. The final approval has historically occurred in October.

A major part of the Budget process is the Annual Reserve Study as required by the Davis-Stirling Act (California Civil Code Section 5550) and is prepared by Association Reserves, Inc., Orange County. We have provided input for the new Study and expect the new 2024 Report to be here in July when the Budget Committee will start working on the 2024 Budget.

The monthly assessment (often referred to as the carrying charge) paid each month by shareholders provide funds to pay Mutual operating expenses such as water, trash, and electricity; legal services fees, landscaping services, minor building repairs and painting, and Standard Services such as appliance and plumbing repairs and replacements. Funds are placed into the Reserve Fund accounts for future major replacement projects like sewer repair and re-line, painting the buildings, re-roofing the buildings, and repairing and replacing concrete sidewalks, concrete carport pavement and the Mutual's walk light system. Mutual 5 in 2019 completed the \$1.5 million fresh water re-piping project of all Mutual buildings. In December 2021, Mutual 5 completed the final carport concrete pavement project. All carport pavement is now concrete. We are on schedule to complete the roof replacement project by 2026.

The Finance Committee (CFO Cude, President DeRungs, Vice President Murphy, and Shareholder Steve Schneider) along with the full Board are committed to responsibly maintaining our units and our quality of life while avoiding unnecessary costs. This requires good planning, good management and continuous attention to expenses and details. The 2024 Budget carrying charge will reflect the Committee and Board's best efforts in estimating the income and expense levels for 2024. The goal is to insure that the level of service called for in the Occupancy Agreement is maintained.

The 2022 Financial Statements Audit Report, prepared by Mutual Auditor CliftonLarsonAllen LLP, is under review but a final copy is not available at this time.

The 2023 Operating Budget is in decent shape at mid-year; however, the Mutual Reserve Fund is at a 23.7% funded level. This is a Weak funding level. The Mutual Budget Committee meetings starting in August will address the appropriate Reserve Funding level for the Mutual for the coming years.

Thank you to the GRF Finance Department, Mallorie Hall, Barbara Shuler, Diane Schultze, and all the other staff members for their invaluable efforts, help, guidance, and patience throughout the year.

Ken Cude, CFO and Chair Finance Committee and Budget Committee

Wayne R Gould  
Annual Directors Report 2022-2023

As physical Properties Chair it is my pleasure to report to you that the Physical Properties Committee has had a very successful year.

Remodeling of units throughout Mutual Five continues at a brisk pace constantly improving the look and value of our units. Patio additions continue to reduce the space formerly occupied by high maintenance grass. Patios also add to our resident's quality of life and a more quality appearance to the mutual.

Sidewalk repair continues to be a major cost item but is adding to better quality drainage and a safer environment. This is an ongoing project.

Our mutual, along with all of Leisure World, is showing its age. Physical Properties continues to look for ways to maintain the aging infrastructure as well as find creative ways to enhance the look of the Mutual.

Respectfully,

Wayne R. Gould



## ANNUAL HOMEOWNERS' MEETING 2023

Good Morning,

It is a pleasure to join everyone at this year's Annual Shareholder Meeting to acknowledge all that you have voluntarily given to your community.

Thank you for keeping up your spirits and continuing to volunteer by being flexible, open minded, and doing the work to keep your community moving forward.

All that is completed here in Leisure World is done with the vision, ideas, labor, and support of all of who volunteer on each board and each committee.

Thank you to the GRF Board of Directors and the Mutual Board of Directors whom year after year commit to represent their shareholders, effectively run the Community, and provide insightful knowledge to all of us.

The work continues and we look forward to working with a team dedicated to providing a high quality of life to your active adult community.

Sincerely,

Mutual Administration Department