

**MINUTES OF THE REGULAR MONTHLY MEETING OF THE
BOARD OF DIRECTORS, SEAL BEACH MUTUAL ONE,
A COMMON INTEREST DEVELOPMENT, CC1350, 1351(c) (4), et al
November 28, 2016**

Following the open forum for shareholders to address the Board, the Regular Monthly Meeting of the Board of Directors of Seal Beach Mutual One was called to order by President Luther-Stark at 9:15 a.m. on Thursday, November 28, 2016, in Conference Room A of the Administration Building, followed by the *Pledge of Allegiance*.

ROLL CALL

Present: President Luther-Stark, Vice President Collazo, Secretary Gambol, CFO Schweitzer, and Directors Barreras, Merritt, Singer, and Holzer

Absent: Director Rahming

GRF Representative(s): Mrs. Perrotti, Mr. Stone

Guests: Three shareholders of Mutual One

Staff: Ms. Hopkins, Mutual Administration Director
Mr. Guerrero, Security Chief (9:48 a.m.)
Mr. Antisdell, Building Inspector
Ms. Day, Recording Secretary

President Luther-Stark introduced and welcomed the staff members and guests.

MINUTES

President Luther-Stark asked if there were any corrections to the Regular Board Meeting minutes of October 27, 2016. A correction was noted on page 2: the second resolution should read "\$22,400" not \$20,000. The minutes were approved as corrected.

BUILDING INSPECTOR'S REPORT

Inspector Antisdell presented a summary of his report (attached). In addition, the walk lights paint color was discussed.

Inspector Antisdell discussed the two bid proposals received for the sewer cleanout work for each laundry room at Wheels 1, 3, 5, 9, 14, 16, and 18. Upon a MOTION duly made by Director Holzer and seconded by Director Barreras, it was

RESOLVED, To accept the bid proposal from Empire Pipe
Cleaning and Equipment, for sewer cleanout work at Wheels
1, 3, 5, 9, 14, 16, and 18.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by Director Holzer and seconded by Director Singer, it was

BUILDING INSPECTOR'S REPORT (continued)

RESOLVED, To request that Schlick Services replace the half-inch nuts on the 385 walk light posts, at a cost of \$662.20.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by Director Holzer and seconded by Director Barreras, it was

RESOLVED, To request that Schlick Services prepare and paint the slip fitters on the 385 walk light posts, at a cost of \$1,155.

The MOTION passed.

GUEST SPEAKER – Mr. Guerrero

Mr. Guerrero discussed Policy 7582 – Towing Vehicles and how the Board will handle the towing of vehicles in the Mutual.

Mr. Guerrero left the meeting at 10:00 a.m.

BUILDING INSPECTOR'S REPORT (continued)

The Board members discussed amending Policy 7465.1 – Skylights & Sola Tubes (formerly 7403.G) (attached). Upon a MOTION duly made by Vice President Collazo and seconded by Director Barreras, it was

RESOLVED, To amend Policy 7465.1 – Skylights & Sola Tubes (formerly 7403.G) on a preliminary basis until the 30-day posting period is completed.

The MOTION passed.

Inspector Antidel left the meeting at 10:15 a.m.

PRESIDENT'S COMMENTS

President Luther-Stark updated the Board on the November Presidents' Council and activity in the Mutual.

CHIEF FINANCIAL OFFICER'S REPORT

CFO Schweitzer reviewed the *Financial Statement Recap for October 31, 2016* (attached).

Following a discussion, and upon a MOTION duly made by Director Holzer and seconded by Director Barreras, it was

RESOLVED, To transfer \$60,000 from the Operating Reserve Fund to the Appliance Reserve Fund.

The MOTION passed.

MUTUAL ADMINISTRATION MANAGER'S REPORT

Ms. Hopkins discussed Mutual Administration activity.

GRF REPRESENTATIVE REPORT

GRF Representatives Perrotti and Stone reported on GRF issues.

(Recording Secretary Day left on break at 10:31 a.m. to 10:46 a.m.)

President Luther-Stark called a break at 10:35 a.m. to 10:47 a.m.

COMMITTEE REPORTS

Carport/Parking Committee

Vice President Collazo and Directors Barreras and Singer discussed additional parking spaces and a possible ballot measure for 2017. There will be further discussion on this issue at the December Regular Board Meeting.

Town Hall Meeting

Director Singer discussed the Town Hall Meeting and said there were 108 in attendance.

OLD BUSINESS

President Luther-Stark discussed amending Policy 7210.1 – Elections (attached). Upon a MOTION duly made by Secretary Gambol and seconded by Director Singer, it was

RESOLVED, To amend Policy 7210.1 – Elections on a preliminary basis until the 30-day posting period is completed.

The MOTION passed.

OLD BUSINESS (continued)

Following a discussion, and upon a MOTION duly made by Director Holzer and seconded by Vice President Collazo, it was

RESOLVED, To authorize the GRF Executive Director or Mutual Administration Director to issue zero (0) additional Guest Passes, in accordance with GRF Policy 5536.1-33. Each Guest Pass shall carry a unique identification number with a monthly report provided by the GRF Stock Transfer Office to the Mutual Board of Guest Passes issued noting the Shareholder/Member name as responsible party for the Guest.

The MOTION passed with one "no" vote (Singer) and one abstention (Barreras).

Vice President Collazo reported that Security has a couple of cameras that can be loaned to the Mutual to be placed in specific laundry rooms where there are problems.

ADJOURNMENT

President/CFO Luther-Stark adjourned the meeting at 11:30 a.m. and announced there would be an Executive Session following the meeting to discuss member issues.



Attest, Donna Gambol, Secretary
SEAL BEACH MUTUAL ONE

cd:12/07/16
Attachments

NEXT BOARD MEETING: DECEMBER 19 2016

**RESOLUTIONS IN THE REGULAR
MONTHLY MEETING NOVEMBER 28, 2016**

11/28/16 RESOLVED, To accept the bid proposal from Empire Pipe Cleaning and Equipment, for sewer cleanout work at Wheels 1, 3, 5, 9, 14, 16, and 18.

RESOLVED, To request that Schlick Services replace the half-inch nuts on the 385 walk light posts, at a cost of \$662.20.

RESOLVED, To request that Schlick Services prepare and paint the slip fitters on the 385 walk light posts, at a cost of \$1,155.

RESOLVED, To amend Policy 7465.1 – Skylights & Sola Tubes (formerly 7403.G) on a preliminary basis until the 30-day posting period is completed.

RESOLVED, To transfer \$60,000 from the Operating Reserve Fund to the Appliance Reserve Fund.

RESOLVED, To amend Policy 7210.1 – Elections on a preliminary basis until the 30-day posting period is completed.

RESOLVED, To authorize the GRF Executive Director or Mutual Administration Director to issue zero (0) additional Guest Passes, in accordance with GRF Policy 5536.1-33. Each Guest Pass shall carry a unique identification number with a monthly report provided by the GRF Stock Transfer Office to the Mutual Board of Guest Passes issued noting the Shareholder/Member name as responsible party for the Guest.

MUTUAL BOARD MEETING DATE: 11/28/2016

PERMIT ACTIVITY

UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE	RECENT INSPECTION	CONTRACTOR / COMMENTS
5-A	WINDOWS	BOTH	10/10/16	10/12/16	NO	11/17/16 FINAL	BODIES GLASS SERVICE
3-A	WASHER/DRYER	BOTH	10/24/16	11/30/16	NO	11/17/16 FINAL	BERGKVIST
3-A	WASHER/DRYER	BOTH	10/24/16	11/30/16	NO	10/25/16 FRAM/ELEC/PLUM	BERGKVIST
5-D	FLOORING	GRF	11/09/16	11/17/16	NO	NONE	KARYS CARPET
5-I	FLOORING	BOTH	11/05/16	08/30/18	NO	11/14/16 FINAL	KARYS CARPET
5-L	FLOORING	GRF	11/08/16	11/09/16	NO	NONE	GUNDERSON CARPET
13-F	FLUSH BEAM	BOTH	10/06/16	12/31/16	NO	NONE	LOS AL BLDRS
14-F	STUCCO BAY WINDOWS	BOTH	10/24/16	11/18/16	NO	NONE	BERGKVIST
18-A	TILE/BLOCKS/GATE	GRF	06/29/16	07/15/16	NO	NONE	M&M SKYLIGHTS
22-G	FLOORING	GRF	11/15/16	12/15/16	NO	NONE	KARYS CARPET
22-L	HEAT PUMP	BOTH	08/08/16	11/12/16	NO	10/18/16 FINAL	GREENWOOD
30-B	SHOWER CUT DOWN	BOTH	11/29/16	12/29/16	NO	NONE	NU-KOTE
31-G	REMODEL/ADDITION	BOTH	10/12/16	03/30/17	NO	NONE	KRESS
31-G	REMODEL/ADDITION	BOTH	10/12/16	03/30/16	NO	11/10/16 UNDERGROUND	KRESS
35-H	SHOWER/WASHER/DRYER	BOTH	10/17/16	11/30/16	NO	11/07/16 PLUMBING/ELE	BJ & COMPANY
35-H	SHOWER/WASHER/DRYER	BOTH	10/17/16	11/30/16	NO	11/10/16 HOT MOP	BJ & COMPANY
42-B	DECO BLOCKS	GRF	10/07/16	11/07/16	NO	NONE	M J JURADO
43-E	REMOVE TILE AT PATIO	GRF	10/07/16	10/10/16	NO	NONE	M J JURADO.
45-F	BLOCK WALL PATIO	GRF	05/10/16	05/30/16	NO	NONE	M J JURADO
46-G	REMODEL/ADDITION	BOTH	08/08/16	02/08/17	NO	NONE	ALPHA MASTER BLDRS
46-G	REMODEL/ADDITION	BOTH	08/08/16	02/08/17	NO	08/15/16 FOOTINGS	ALPHA MASTER BLDRS
46-G	REMODEL/ADDITION	BOTH	08/08/16	02/08/17	NO	09/23/16 FRAM/PLUM/ELEC	ALPHA MASTER BLDRS
46-G	REMODEL/ADDITION	BOTH	08/08/16	02/08/17	YES	10/04/16 DRYWALL	ALPHA MASTER BLDRS
46-G	REMODEL/ADDITION	BOTH	08/08/16	02/08/17	YES	10/07/16 SCRATCH COAT	ALPHA MASTER BLDRS
46-G	HEAT PUMP	BOTH	09/01/16	12/01/17	NO	NONE	YES
47-A	HEAT PUMP	BOTH	08/14/16	11/14/16	NO	10/27/16 FINAL	GREENWOOD
48-D	WINDOW	BOTH	10/24/16	10/24/16	NO	11/16/16 FINAL	LOS AL BLDRS
49-D	WASHER/DRYER	BOTH	11/21/16	12/23/16	NO	NONE	LOS AL BLDRS
49-D	WASHER/DRYER	BOTH	11/21/16	12/23/16	NO	11/18/16 PLUMBING	
51-F	HEAT PUMP	BOTH	10/24/16	11/24/16	NO	11/03/16 FINAL	ALPINE
52-C	COUNTER TOPS	BOTH	09/12/16	09/20/16	NO	11/07/16 FINAL	CAL PATH & KITCHEN
52-L	FLOORING	GRF	11/03/16	11/03/16	NO	NONE	BIXBY CARPETS
54-G	WINDOWS	BOTH	10/11/16	11/17/16	NO	11/03/16 FINAL	SWENMAN
55-E	SHOWER/CUT DOWN	BOTH	11/09/16	12/09/16	NO	NONE	NU-KOTE
59-F	REMODEL KITCHEN	BOTH	01/16/17	02/28/17	NO	NONE	BERGKVIST
61-I	WINDOWS/SLIDER	BOTH	11/08/16	12/08/16	NO	11/16/16 FINAL	SWENMAN
65-E	HEAT PUMP	BOTH	08/31/16	12/31/16	NO	NONE	GREENWOOD
65-G	ABATEMENT	BOTH	10/06/16	10/12/16	NO	NONE	P.W. STEPHENS ENVIRONMENTAL, INC.
69-E	FLOORING	GRF	10/25/16	11/25/16	NO	11/04/16 FINAL	KARYS CARPET

ALL SHADED AREAS HAVE BEEN SIGNED OFF

MUTUAL BOARD MEETING DATE: 11/28/2016

ESCROW ACTIVITY

UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
1-F		07/02/16					
5-I		07/11/16	09/30/16	09/30/16	10/14/16	10/31/16	
6-D		09/27/16					
6-G		04/17/15	03/16/16	03/18/16	04/01/16		
6-L		12/30/13					
7-A		07/13/15	09/14/16	09/14/16	09/28/16	10/31/16	
7-E		11/13/15					
8-G		08/11/16	09/07/16	09/12/16	09/26/16	10/31/16	
9-A		02/05/16					
10-E		03/03/15					
10-F		12/18/13					
11-C		02/18/16					
11-E		09/27/16					
12-G		03/23/16					
13-A		04/13/16					
20-D		01/18/14					
20-F		05/02/16					
21-G		10/01/14					
24-A		10/25/16					
28-D		02/19/16	04/18/16	04/25/16	05/09/16		
28-L		09/07/16					
29-A		03/29/16	06/27/16	06/28/16	07/13/16		
29-C		01/11/16					
30-B		09/27/16					
31-C		04/29/16	07/27/16	08/01/16	08/15/16	11/01/16	
31-J		03/23/16	06/22/16	06/22/16	07/06/16		
32-B		07/27/15					
37-F		05/18/16					
41-A		11/14/16					
42-H		07/13/16					
46-J		04/14/14					
48-D		04/27/16	07/22/16	07/22/16			
48-D		07/29/16	10/10/16	10/12/16	10/28/16	11/01/16	
50-I		12/18/13					
50-H		08/24/16					
52-E		09/28/16	10/24/16	10/24/16	11/07/16		
53-B		09/06/16					
52-L		02/09/16	03/21/16	03/23/16	04/06/16		
57-H		11/14/16					
57-I		12/11/14					
59-I		07/25/16					
59-I	REDO NEW AGENT	09/23/16					
60-A		03/15/16					
60-I		08/16/16					
60-J		05/17/16	10/24/16	10/24/16	11/08/16		
63-J		06/28/13					
63-L		10/10/16					
64-C		06/30/16					
68-H		03/25/16					
69-G		06/22/16					
70-I		03/14/16	03/16/16	03/29/16	04/12/16		

ALL SHADE 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

MUTUAL: (01) OKE

INSPECTOR: JERRY ANTISDEI

MUTUAL BOARD MEETING DATE: 11/28/2016

CONTRACTS 2016	
CONTRACTOR	PROJECT
EMPIRE CONTRACT GOOD THROUGH 2016	FENN CONTRACT GOOD THROUGH 2016
ERC ABATEMENT THEY ARE AT BUILDING 53 AND IS MOVING ALONG GREAT	
ANDRE LANDSCAPE FOR ROTARY NOZZLE REPLACEMENTS	
ANDRE LANDSCAPE FOR SCALPING OF ALL TURF AND RYE SEED APPLICATION BUILDINGS 1-70	
MJURADO BLOCK WALL REPLACEMENT AT BUILDING 47	
SCHLICK SERVICES FOR WALK LIGHT PAINTING OF 385 LIGHT POST	
ALL SHADED AREAS HAVE BEEN COMPLETED	

MUTUAL AND SHAREHOLDER REQUEST	
INSTALL CLEAN OUTS FOR 7 WHEELS EVANS PLUMBING \$38,430.00 EMPRIE PIPE CLEANING \$12,215.00	
WALK LIGHT COLOR NEW NUTS FOR BASE OF WALK LIGHTS AND NEW SLIP FITTERS OR PAINT OLD SLIP FITTERS \$5,339.95	
ADDITIONAL PARKING AT CARPORT ONE	
CALLS AND VISITS TO UNITS 63	

P.O. Box 2066
 Seal Beach CA 90740

Oct Actual	Oct Budget		2016 Y-T-D Actual	2016 Y-T-D Budget
191,790	191,790	Carrying Charges	1,917,917	1,917,900
88,105	88,106	Reserve Funding	881,053	881,060
279,896	279,896	Total Regular Assessments	2,798,971	2,798,960
3,392	3,587	Service Income	32,479	35,870
2,785	3,663	Financial Income	31,156	36,630
4,315	2,254	Other Income	39,905	22,540
10,492	9,504	Total Other Income	103,540	95,040
290,387	289,400	Total Mutual Income	2,902,511	2,894,000
121,663	121,663	GRF Trust Maintenance Fee	1,216,630	1,216,630
25,609	24,408	Utilities	221,684	244,080
3,584	1,300	Professional Fees	18,779	13,000
0	25	Office Supplies	3	250
28,943	35,609	Outside Services	442,417	356,090
6,359	18,289	Taxes & Insurance	202,790	182,890
88,105	88,106	Contributions to Reserves	881,053	881,060
274,264	289,400	Total Expenses Before Off-Budget	2,983,356	2,894,000
16,124	0	Excess Inc/(Exp) Before Off-Budget	(80,846)	0
0	0	Depreciation Expense	3,858	0
16,124	0	Excess Inc/(Exp) After Off-Budget	(84,703)	0
Restricted Reserves				
45,810	0	Appliance Reserve Equity	49,224	0
4,917	0	Painting Reserve	380,526	0
(60,000)	0	Operating Reserve Equity	343,258	0
0	0	Roofing Reserve	274,702	0
0	0	Emergency Reserve Equity	477,455	0
70,572	0	Infrastructure Reserve	1,328,748	0
61,299	0	Total Restricted Reserves	2,853,914	0

MUTUAL OPERATIONS

ADOPTION DRAFT POLICY

PHYSICAL PROPERTY

Skylights & Sola Tubes – Mutual One

Maintenance of the roofs of residential buildings is defined by Article 11 of the Occupancy Agreement which states that maintenance of the roofs is the responsibility of the Mutual. Skylights may be installed through a contract between the resident **shareholder** and a contractor under inspection of the Physical Property Department. The responsibility for maintenance of skylight installations requires definition and agreement.

The diagram shows a typical skylight installation, consisting of a dome to admit light **and/or air**, a wood shaft that extends from the dome down to the interior ceiling in the room, wood curbing for mounting the dome and steel flashing to make the installation watertight.

Responsibilities are as follows:

During the warranty period, the contractor is responsible for the entire skylight installation. After the warranty period, the following responsibilities apply:

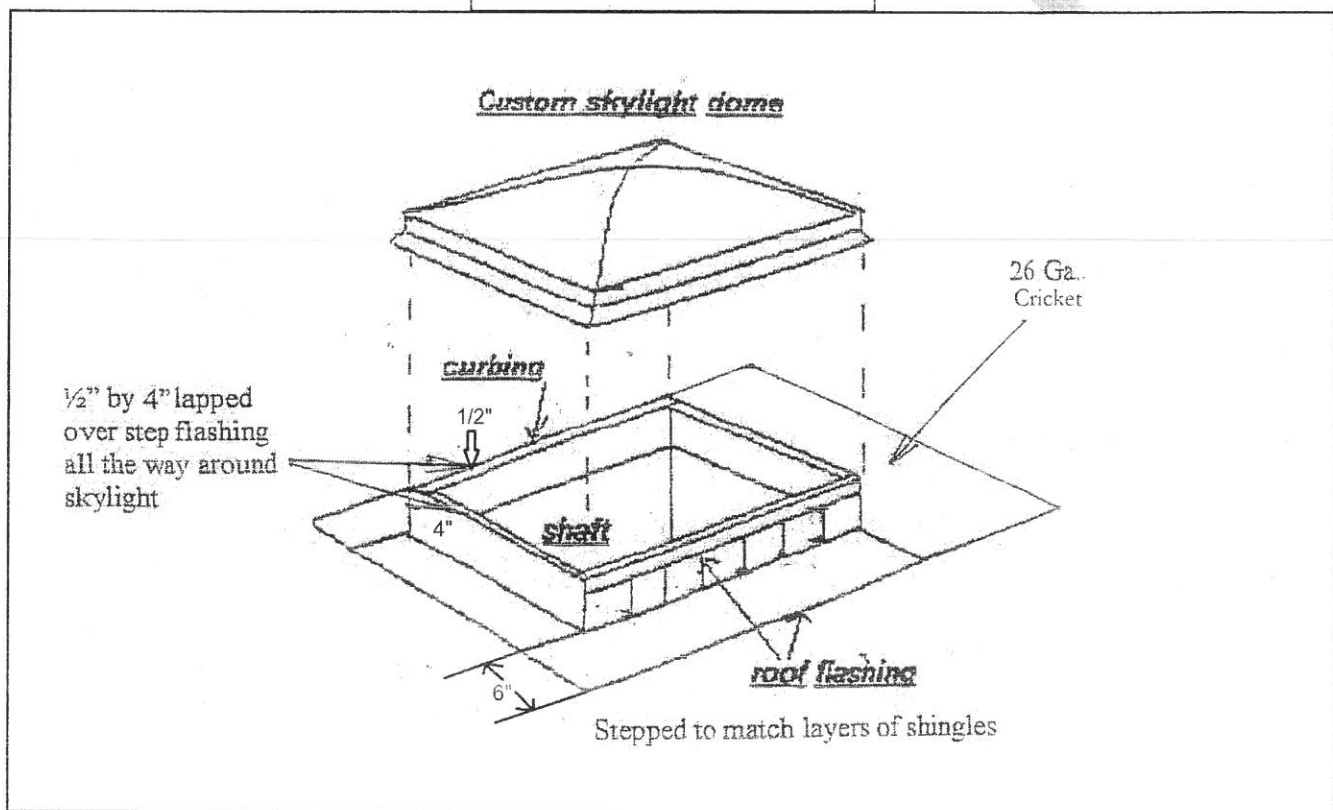
- a) Mutual: The Mutual is responsible for the curbing and flashing since this will normally be changed when the building is re-roofed.
- b) Resident **Shareholder**: The resident **shareholder** is responsible for the skylight dome, the skylight operating mechanism, the shaft (including painting), and the ceiling grid **(See Diagram 1), and the curb.**

Mutual One has defined the following specifications with regard to skylight installations:

- 1) The skylight curbing shall consist of 2" x 6" framing with a minimum **5"** rise above **the** roof sheathing; ~~and flashing (See Diagram 2).~~
- 2) All flashing material shall be at least 26-gauge and consist of galvanized sheet metal.
- 3) **All skylights to have cricket at top of skylight.**
- 4) Flashing on the sides shall be 4" x 6" and stepped to match the layers of shingles.
- 5) The bottom flashing shall be a minimum of 4" x 6".

MUTUAL OPERATIONS**ADOPTION DRAFT POLICY****PHYSICAL PROPERTY****Skylights & Sola Tubes – Mutual One**

- 6) One-half-inch x 5" **4"** flashing shall be placed on top of the curb, lapped over step flashing, all the way around the skylight.
- 7) Only curb-mounted skylights shall be allowed in the Mutual. Self-flashing skylights are prohibited.
- 8) **Sola Tubes shall be installed in accordance with manufacture specification and responsibility of domes and shaft is the shareholder.**

Diagram 1

MUTUAL OPERATIONS**ADOPTION DRAFT POLICY****PHYSICAL PROPERTY****Skylights & Sola Tubes – Mutual One****Sola Tube Installation**

- 1) All Sola tube **Sola tube** installations require a permit from the City of Seal Beach and the Physical Property of the Golden Rain Foundation, and all Sola tubes **Sola tubes** shall be installed using the manufacturer's specifications and conform to all applicable building codes.

During the warranty period, the contractor is responsible for the entire Sola tube **Sola tube** installation. After the warranty period, the resident shareholder is responsible for the Sola tube **Sola tube** and all related flashing. In the event of a roof leak as a result of the Sola tube **Sola tube** installation, the resident shareholder shall be responsible for all associated costs to repair and maintain the system, including labor and material costs, if Service Maintenance is called to cover the problematic area.

- 2) Preventative maintenance: Each year at the time of fire inspections, the Physical Property Inspector shall identify and provide Service Maintenance with a list of units that have Sola tubes **Sola tubes**. Each Sola tube **Sola tube** will be checked and maintained by Service Maintenance **or other**, at the expense of the resident **shareholder**.
- 3) All fasteners at the roof flashing shall be self-sealing screws by use of a rubber grommet and shall have roof mastic **sealant** applied over the top of the fastener.

Skylights in Permanent Roof Extension & Kitchen & Bathrooms

1. **Any other locations needs Board approval.**

RESOLUTION

THAT Mutual _____ authorizes the Physical Property Department to issue permits for the installation of skylights in patio permanent roof extensions, as approved by HUD Physical Property and according to the following Mutual specifications:

1. Size

- a. **30" x 60" permanent roof extensions. Any other size needs Board approval.**

MUTUAL OPERATIONS**ADOPTION DRAFT POLICY**

PHYSICAL PROPERTY

Skylights & Sola Tubes – Mutual One

b. 22" x 22" kitchen and bathrooms

2. Number

a. One only per apartment

b. Two per apartment

c. Three per apartment

3. Location

a. Over entry way

b. Over front patio

4. In front of bedroom

5. In front of living room

6. Position

a. Thirty inches in front of building stucco wall

b. Long side of skylight parallel with rafters

c. Long side of skylight across the rafters

7. Middle rafter may be cut and headered in

(The number and location of skylights vary in each Mutual; please refer to the Mutual minutes that corresponds to the adoption dates listed below).

8. Kitchen and bathroom skylights 22" x 22" flaired is OK with attic access.

9. Total of skylights per unit is five (5) for F & G end units, four (4) for A & L units, and four (4) for one-bedroom unit.

MUTUAL ADOPTIONAMENDMENT(S)

ONE: *ratified date*

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

DRAFT POLICY WITH AMENDMENTSElections - Mutual One Only

In accordance with State Law and the Mutual One Bylaws, the following policy is established for the general election and all other elections of directors to the Mutual One Board of Directors. The general election of Mutual One is held every other year. **The elections shall be staggered. The member shall elect nine (9) directors as follows: The five (5) candidates, in even numbered years, receiving the highest number of votes shall serve for two (2) consecutive years. The four (4) candidates, in odd numbered years, receiving the highest number of votes shall serve for two (2) consecutive years.** during even-numbered years. Directors' terms are for two years.

1. Candidatesa. Candidate Eligibility

In accordance with the Bylaws, all Shareholders **in good standing** are eligible to run for election to the Mutual One Board of Directors. **Only one shareholder per unit.**

b. Notification of Nominations for Election of Directors

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

c. Self-Nomination by Shareholders

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

d. Nominating Committee

The Mutual One Board of Directors will appoint a Nominating Committee no later than 90 days before the election meeting (no later than the February Board of Directors' Meeting for the annual Board of Directors' election). The complete Nominating Committee Report, including all self-nominated candidates, all incumbents wishing to run, and others agreeing to run, must be delivered to the Inspectors of the Election 45 days before the date of the election meeting.

(date)

MUTUAL OPERATIONS**STOCKHOLDERS MEETINGS****DRAFT POLICY WITH AMENDMENTS****Elections - Mutual One Only**e. Nominations from the Floor

Candidates may be nominated from the floor during the election meeting.

f. 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 Shareholders advocating a point of view, including those who are not endorsed by the 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.

2. Election Process

- a. The Golden Rain Foundation may provide a contracted vendor to assume all election services and who will be directed to conduct the election in accordance with this policy and State Law. If the Golden Rain Foundation does not provide a contracted vendor to assume all election services, then the Golden Rain Foundation or the Mutual will conduct the election in accordance with this policy and State Law.

3. Election Materialsa. Notice Letter

The notice letter, mail-in secret ballot, voting instructions and mailing instructions for the election shall be mailed by the Inspector(s) of the Election to each Shareholder no later than thirty (30) days prior to the election meeting.

b. Secret Ballots Returned By Mail

The mail-in secret ballot or proxy form is required to be mailed to the Inspector(s) of the Election for proper verification and validation, and must be received before 4:00 p.m. on the day before the election meeting.

The mail-in secret ballot is irrevocable once the Inspector(s) of the Election validate it.

If the mail-in secret ballot or proxy form is sealed and properly mailed, the Inspector(s) of the Election will open the mail-in secret ballot or proxy form the day of the election meeting.

(date)

MUTUAL OPERATIONS**STOCKHOLDERS MEETINGS****DRAFT POLICY WITH AMENDMENTS****Elections - Mutual One Only****b. Balloting and Proxies at the Election Meeting**

If a secret ballot or proxy form has not been recorded with the Inspector(s) of the Election before 4:00 p.m. on the day before the election meeting, a Mutual One Shareholder may record a qualifying secret ballot or proxy form with the Inspector(s) of the Election at the election meeting, up until the time the election is closed by the Mutual One President.

4. Inspectors of the Election**a. Qualifications and Appointment of Inspector(s)**

The Mutual One Board of Directors must appoint an Inspector or Inspector(s) of the Election no later than ninety (90) days before the election meeting (no later than the February Board of Directors' Meeting for the annual Board of Directors' election). The Inspector(s) of the Election must be qualified to conduct the election in compliance with this policy and Davis-Stirling State Law and certify the election by the end of the Shareholders' Meeting.

An inspector(s) of the election may not be a member of the Mutual One Board of Directors, or a candidate for the Mutual One Board of Directors, or related to a member of or candidate for the Mutual One Board of Directors, or under contract to Mutual One for any compensable services. (Note: Inspector(s) may be a contractor hired to conduct the election, one to three Shareholders, or any other qualified party.)

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

There shall be one or three observers of the election appointed by the Board of Directors thirty (30) days before the election meeting day. The Board may also appoint alternative observers of the election. Official observers will be seated at the counting table across from the inspector(s) to observe the complete counting process. Observers must not interfere with the counting process, but watch and listen. Any issue of concern should be brought to the attention of the lead inspector. All other shareholder observers will be seated six feet away from the counting table.

c. Inspector(s) of the Elections - Duties

1. Determine the number of shareholders entitled to vote and the voting power of each.

(date)

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2. Determine the authenticity, validity and effect of proxies, if any.
3. Establish the mailing address for mail-in ballots and proxy forms, and the contact phone number for shareholder questions.
4. Prepare and mail to all Mutual One Shareholders, no later than thirty (30) days prior to the election meeting, the notice letter, mail-in secret ballot, voting instructions and mailing instructions for the Mutual One election, in a manner consistent with providing and ensuring that the member's vote will be by "secret ballot."
5. Receive mail-in secret ballots and proxy forms.
6. Open mail-in secret ballots and proxy forms at the election meeting.
7. Hear and determine all challenges and questions in connection with the right to vote.
8. Count and tabulate all votes.
9. Determine the results of the election.
10. Perform his or her duties expeditiously, impartially, and in good faith at all times.
11. Certify the election.

5. Votinga. Qualification for Voting

Mutual One Shareholders may cast votes:

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

b. Cumulative Voting

The Secret Ballot will state: You have Nine (9) votes: "Vote for Nine (9)," OR "Distribute Nine (9) Votes for One Candidate" OR "Split the Nine (9) Votes between Multiple Candidates as long as the votes cast equal Nine (9)."

In accordance with the Mutual One Bylaws voting may be "cumulative."

The following excerpt from the Mutual One Bylaws must be stated clearly on the Secret Ballot:

(date)

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“Provided the candidate’s name has been placed in nomination prior to the voting and one or more shareholders has given notice at the meeting prior to the voting of the shareholder’s intent to cumulate the shareholder’s votes, every shareholder entitled to vote at any election for Directors may cumulate his votes and give one candidate a number of votes equal to the number of Directors to be elected or distribute his votes on the same principle among as many candidates as he deems fit.”

c. Voting by Secret Ballot

All ballots shall be prepared in a manner consistent with providing and ensuring that the shareholder’s vote will be by “secret ballot.”

MUTUAL ADOPTION**AMENDMENT**

ONE: 2-22-7

3-24-11; *date ratified***DAVIS-STIRLING COMMON INTEREST DEVELOPMENT ACT****Civil Code §1363.03, Election Procedures, Secret Ballots, Inspectors of Election**<http://www.davis-stirling.com/MainIndex/Statutes/CivilCode136303/tabid/877/Default.aspx>**(date)**