

**A G E N D A**  
**REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS**  
**SEAL BEACH MUTUAL ONE**  
**October 25, 2018**  
**Open Forum 9:00 a.m. – Meeting begins at 9:15 a.m.**  
**Administration Building Conference Room A**

1. CALL TO ORDER / PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUESTS:
  - Ms. Perrotti, GRF Representative
  - Mr. Stone, GRF Representative
  - Mr. Ankeny, Executive Director
  - Ms. Miller, Director of Finance
  - Ms. Hopkins, Mutual Administration Director
  - Ms. Ray, Stock Transfer Manager
  - Mr. Wyngaarden, Building Inspector
  - Ms. Kemp, Recording Secretary
4. APPROVAL OF MINUTES:  
**Regular Meeting Minutes of September 27, 2018**
5. BUILDING INSPECTOR'S REPORT Mr. Wyngaarden  
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (handout)
  - a. Discuss and vote to approve/deny Meter Doors Bids and Approval
  - b. Update on Sewer Project
  - c. Update on Annual Inspections
  - d. Discuss and vote to Replace Light Fixtures Around Laundry Rooms
6. GRF REPRESENTATIVES Ms. Perrotti & Mr. Stone
7. GUEST SPEAKER Ms. Miller
  - a. Discuss and vote to accept the 2019 Mutual Budget (p. 3)
  - b. Discuss and vote to accept the CliftonLarsonAllen LLP Engagement Letter for the 2018 Audit (p. 4)
8. GUEST SPEAKERS Mr. Ankeny and Ms. Ray
  - a. Financial Qualification Process
9. **UNFINISHED BUSINESS**
  - a. Discuss and vote to amend Policy 7510.01- Eligibility Requirements (p. 5-9)
  - b. Discuss and vote to approve/deny to place "Elimination of Cumulative Voting" on the June 2019 Ballot (p. 10)

10. **NEW BUSINESS**
  - a. Discuss and vote on Landscape Committee recommendations
  - b. Appointment of Carport Parking Committee (p. 11)
  - c. Appointment of Service Request Orders Committee (p. 12)
  - d. Discuss and vote to approve/deny Extension of Telecommunications Agreement (p. 13-15)
  - e. Discuss and vote to approve/deny the removal of a tree by Building 56D (p. 16)
  - f. Update on Townhall Meeting
  - g. Update on California Shakeout

**STAFF BREAK BY 11:00 a.m.**

11. SECRETARY / CORRESPONDENCE Ms. St .Aubin
12. CHIEF FINANCIAL OFFICERS REPORT Mr. Schweitzer
  - a. Discuss and vote to approve/deny the closure of Bond Account with Charles Schwab (p. 17)
13. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
14. ANNOUNCEMENTS  
**NEXT MEETING:  
November 29, 2018 Open Forum begins at 9:00 a.m. and Meeting begins at 9:15 a.m. in the Administration Building, Conference Room A**
15. COMMITTEE REPORTS
16. DIRECTORS' COMMENTS
17. SHAREHOLDER(S)' COMMENTS (2-3 MINUTES)
18. ADJOURNMENT
19. EXECUTIVE SESSION

**STAFF WILL LEAVE THE MEETING BY 12:00 p.m.**

# Mutual Corporation No. One

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO ACCEPT 2019 MUTUAL BUDGET  
(GUEST SPEAKER, ITEM A)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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At the September 28, 2017 Board Meeting, the Board of Directors passed the following resolution: *RESOLVED, To accept the 2018 Operating Budget for Mutual One of \$2,035,613, resulting in a regular monthly assessment of \$200.99 per apartment per month, for an increase of \$4.05 per month over the total Mutual operating costs of 2017, as presented, and to adopt this budget forthwith.*

On October 25, 2018, the Board of Directors will review and vote to approve the Mutual Budget for 2019.

*I move to approve the 2019 Operating Budget for Mutual One of \$3,726,900, resulting in a regular monthly assessment of \$367.98 per apartment per month, for an increase of \$14.29 per month over the total regular assessment of 2018, as presented, and to adopt this budget forthwith.*

# *Mutual Corporation No. One*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY THE CLIFTONLARSONALLEN LLP  
ENGAGEMENT LETTER FOR THE 2018 AUDIT (GUEST SPEAKER ITEM B)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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At the October 26, 2017, Board Meeting, the Board of Directors passed the following resolution: *RESOLVED, To accept the NSBN Engagement Letter from the 2017 Audit and authorize the President to sign the letter.*

On October 25, 2018, the Board of Directors will discuss and vote to accept the CliftonLarsonAllen LLP Engagement Letter for the 2018 Audit.

*I move to accept the CliftonLarsonAllen LLP Engagement Letter for the 2018 Audit and authorize the President to sign the letter.*

# Mutual Corporation No. One

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO AMEND POLICY 7510.01 -ELIGIBILITY REQUIREMENTS (NEW BUSINESS ITEM A)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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At the April 23, 1970, Board Meeting, the Board of Directors adopted Policy 7510.01 Eligibility Requirements.

On October 25, 2018, the Board of Directors will vote to amend Policy 7510.01 – Eligibility Requirements (attached).

***I move to further amend Policy 7510.01 – Eligibility Requirements on a preliminary basis until the 30-day posting period has been completed.***

**MUTUAL OPERATIONS****AMEND****RESIDENT REGULATIONS****Eligibility Requirements – Mutual One Only**

All persons seeking approval of the Board of Directors of Seal Beach Mutual No. One 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. The prospective resident shareholder must show:

1. 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.

2. Liquid assets of at least \$50,000 for the past 6 months;

3. FICO credit score of at least 680; ~~for the past 6 months;~~

4. Debt-to-income ratio of no more than 30%

b. To establish the foregoing financial qualifications:

1. Verified monthly income/assets will be in the form of the past two years of:

(A) Tax returns;

(B) 1099s for interest and dividends;

(C) 1099-Rs for retirement income from qualified plans and annuities;

(D) SSA-1099 Social Security Benefit Statement;

(E) Brokerage statements and current interim statement.

**MUTUAL OPERATIONS****AMEND****RESIDENT REGULATIONS****Eligibility Requirements – Mutual One Only**

- (F) Six to twelve months of checking/savings account statements.
2. 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.
  3. 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.<sup>1</sup>
  4. 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).
  5. Only the resident shareholder's income shall be considered for qualifying.
  6. If moving within Leisure World, or if there are any additions/changes to the title, the proposed shareholder(s) must meet these eligibility requirements unless they have been in good standing for five years.
  7. A credit check will be performed by the escrow company, with the results included in the financial package.
  8. The Debt of the Debt-to-Income Ratio shall consist of resident'

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<sup>1</sup> 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****AMEND****RESIDENT REGULATIONS****Eligibility Requirements – Mutual One Only**

shareholder's monthly mortgage payments, monthly expense for real estate taxes (if escrowed), monthly expense for homeowner's insurance (if escrowed), monthly car payments, monthly loan payments (e.g.; personal, student, co-signed loans), minimum monthly credit card payments, monthly time share payments, monthly child support of alimony payments. Income shall be the gross income of the resident shareholder.

**3. Health**

Have reasonably good health for a person of his/her age, as evidenced by a letter from his/her medical doctor, 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.

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 OPERATIONS

**AMEND**

RESIDENT REGULATIONS

Eligibility Requirements – Mutual One Only

I have read and understood what is required for eligibility consideration in the above named Mutual, including necessary documentation.

\_\_\_\_\_  
Prospective Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Buyer

\_\_\_\_\_  
Date

MUTUAL ADOPTION

ONE: 04-23-70

AMENDMENTS

09-23-93, 04-24-08, 09-25-08, 11-30-17, 04-26-18

# Mutual Corporation No. One

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY TO PLACE "ELIMINATION OF CUMULATIVE VOTING" ON THE JUNE 2019 BALLOT (UNFINISHED BUSINESS ITEM B)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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Per the Mutual One Bylaws Article IV – Meeting of Members, Section 7 – Voting Rights: Cumulative Voting.

*"Only persons in whose name shares entitled to vote stand on the stock records of the corporation on the day of any meeting of Members, unless some other day be fixed by the Board of Directors for the determination of Members of record, and then on such other day, shall be entitled to vote at such meeting.*

*Provided the candidate's name has been placed in nomination prior to the voting and one or more Member has given notice at the meeting prior to the voting of the Member's intent to cumulate the Shareholder's votes, every Member 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 multiplied by the number of votes to which his shares are entitled, or distribute his votes on the same principle among as many candidates as he deems fit...."*

***I move to approve/deny to place the "Elimination of Cumulative Voting" on the June 2019 Mutual One Ballot.***

# *Mutual Corporation No. One*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** APPOINTMENT OF CARPORT PARKING COMMITTEE  
(NEW BUSINESS ITEM B)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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I appoint \_\_\_\_\_ (Chair), \_\_\_\_\_,  
and \_\_\_\_\_ to the Carport Parking Committee.

# *Mutual Corporation No. One*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** APPOINTMENT OF SERVICE REQUEST ORDERS COMMITTEE  
(NEW BUSINESS ITEM C)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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I appoint \_\_\_\_\_ (Chair), \_\_\_\_\_,  
and \_\_\_\_\_ to the Service Request Ordes Committee.



Golden Rain Foundation

Golden Rain Foundation

Leisure World, Seal Beach

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## MEMO

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**TO:** EXECUTIVE COMMITTEE  
**FROM:** RANDY ANKENY, EXECUTIVE DIRECTOR  
**SUBJECT:** EXTENSION OF TELECOMMUNICATIONS AGREEMENT  
**DATE:** OCTOBER 9, 2018  
**CC:** FILE

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At the October 4, 2018 meeting of the President Council, The CEO of Superwire discussed the pending termination of the Telecommunications Agreement and loss of services by Superwire to the community. By unanimous consensus of the President Council, attached is the resolution to authorize GRF to negotiate an extension of the agreement until June 30, 2022.

Upon unanimous approval by all Mutual Boards, action would be forwarded to the GRF Board to enter into an addendum to the agreement extending services by Superwire under the terms and conditions of the existing agreement until June 30, 2022.

If you have any questions in reference to the important and time sensitive matter, please contact me.

RESOLUTION OF THE BOARD OF DIRECTORS OF

**SEAL BEACH MUTUAL NO. ONE**

**WHEREAS**, Seal Beach Mutual No. ONE (“Mutual 1”) is a non-profit mutual benefit corporation, existing under and by virtue of the laws of the State of California, organized for the purpose of providing its Members with housing on a cooperative non-profit basis pursuant to the provisions set forth in its Articles of Incorporation and Bylaws;

**WHEREAS**, Golden Rain Foundation (hereinafter “GRF”), through its volunteer Board of Directors, is the trustee under the Declaration of Trust (“Trust”), which grants GRF the authority to manage and govern trust property and community facilities, all within what is known as Leisure World, Seal Beach (“Leisure World”), consisting of sixteen (16) Mutuels (hereinafter the “Mutuals”), each of which is responsible to manage and govern their respective project (“Project”);

**WHEREAS**, Mutual 1, through its volunteer Board of Directors (“Board”), is responsible for management, maintenance and administration of a residential stock cooperative common interest development under Mutual 1’s governing documents (which include, without limitation, the Articles of Incorporation, Bylaws, Occupancy Agreement, operating rules and Board resolutions), which grant Mutual 1 the authority to manage and govern the affairs of the properties within Mutual 1;

**WHEREAS**, the Management Agreements between GRF and each Mutual state that GRF has the duty to “operate and maintain the Project according to the highest standards achievable consistent with the overall plan of the [Mutual] and the interests of the consenting parties...GRF shall be expected to perform such other acts and deeds as are reasonable, necessary and proper in the discharge of its duties under this Agreement.” (Management Agreement, FOURTH, Section (m) (Mutuals 1-11; 14-15; 17); FOURTH (o) (Mutual 12); FOURTH (n) (Mutual 16));

**WHEREAS**, Article V, Section 2 of GRF’s Bylaws state: “[T]he business and affairs of the Corporation shall be carried on and conducted by the Board of Directors. All corporate powers shall be exercised by and through the Board of Directors;”

**WHEREAS**, GRF entered into a Telecommunications Services Agreement (“Agreement”) with Superwire Telecom Inc., to provide certain telecommunications services to GRF;

**WHEREAS**, the Agreement will expire on February 18, 2019, and the GRF Board, based on the request of the Mutuals, seeks to extend the Agreement for another term;

**NOW THEREFORE, BE IT RESOLVED**, the Board of Directors of Mutual   1   hereby authorizes the Board of Directors of GRF to extend the Agreement with Superwire Telecom Inc. to extend the term of the Agreement until June 30, 2022.

**NOW THEREFORE, BE IT FURTHER RESOLVED**, The Board of Directors of GRF is hereby authorized on behalf of Mutual   1   to carry out the purpose of this Resolution.

**SEAL BEACH MUTUAL NO.   ONE  ,**  
**a California Nonprofit Corporation**

Dated: \_\_\_\_\_, 2018

By: \_\_\_\_\_  
President

Dated: \_\_\_\_\_, 2018

By: \_\_\_\_\_  
Secretary

# Mutual Corporation No. One

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY THE REMOVAL OF A TREE BY BUILDING 56D (NEW BUSINESS ITEM E)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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*I move to approve/deny the removal of a tree by Building 56D, at a cost not to exceed \$\_\_\_\_\_. Work to be completed by \_\_\_\_\_.*



# *Mutual Corporation No. One*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY THE CLOSURE OF BOND ACCOUNT WITH CHARLES SCHWAB (CHIEF FINANCIAL OFFICERS REPORT ITEM A)  
**DATE:** OCTOBER 25, 2018  
**CC:** MUTUAL FILE

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*I move to approve/deny the closure of the Charles Schwab Bond Account ending in 0594 and transfer all remaining funds to First Foundation Bank for reinvestment in CDs.*