

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL SIXTEEN
March 5, 2019
Meeting begins at 9:30 a.m.
Building Five, Conference Room B

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUESTS:

Ms. Miller, Director of Finance
Ms. Hopkins, Mutual Administration Director
Mr. Antisdell, Building Inspector
Ms. Kemp, Recording Secretary
4. APPROVAL OF MINUTES:
Regular Meeting Minutes of November 6, 2018
5. BUILDING INSPECTOR'S REPORT Mr. Antisdell
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (p. 3)
6. GUEST SPEAKER Ms. Miller
 - a. Review & Acceptance of the Draft 2018 Audited Financial Statements (p. 4)
7. GRF REPRESENTATIVE
 - a. Update on GRF Representative Candidate
8. **UNFINISHED BUSINESS**
 - a. Discuss Mutual 16 / 15 Merger
9. **NEW BUSINESS**
 - a. Discuss and vote to approve/deny Board resolution authorizing transfer of funds by GRF-Mutual Sixteen (p. 5-9)
 - b. Approval of Mutual Monthly Finances (p. 10)
 - c. Shareholder Statement to Vote Cumulatively (p. 11)
 - d. Appoint Observers of the 2019-2020 Mutual Sixteen Annual Election (p. 12)
 - e. Discuss and vote to approve/deny Appointment Setting Commitment by Mutual Board of Directors (p. 13)

STAFF BREAK BY 11:00 a.m.

10. SECRETARY / CORRESPONDENCE Mrs. Clawson
11. CHIEF FINANCIAL OFFICER'S REPORT Mr. Grenrock
12. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
13. ANNOUNCEMENTS
 - a. **NEXT REGULAR BOARD MEETING:
Tuesday, April 2, 2019, at 9:30 a.m.
Building Five, Conference Room B**
14. COMMITTEE REPORTS
15. DIRECTORS' COMMENTS
 - a. President's Report
 - b. Vice President/Grounds Report
16. SHAREHOLDERS' COMMENTS (2-3 MINUTES)
17. ADJOURNMENT
18. EXECUTIVE SESSION

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

INSPECTORS MUTUAL REPORT

MUTUAL: **(16) SIXTEEN**

INSPECTOR: **Jerry Antisdel**

MUTUAL BOARD MEETING DATE: **REPORT FOR MUTUAL 16 MARCH 5TH**

PERMIT ACTIVITY

UNIT #	DESCRIPTION OF WORK	GRF/CITY	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
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ESCROW ACTIVITY

UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
53-J		2/5/2019					

NMI = New Member Inspection
 PLI = Pre-Listing Inspection
 NBO = New Buyer Orientation
FI = Final Inspection
 FCOEI = Final COE Inspection
 ROF = Release of Funds

CONTRACTS

EMPIRE PIPE CLEANING GOOD UNTIL 2020
FENN TERMITE AND PEST CONTROL GOOD UNTIL 2020
JOHNS LANDSCAPE/ANGUIANO LAWN CARE STILL ON MONTH TO MONTH
SEWER CLEANING 3 YEAR CONTRACT YEAR 1 \$280.00 YEAR 2 \$308.00 YEAR 3 \$296.00 TOTAL FOR 3 YEARS IS \$884.00 WITH EMPIRE

MUTUAL AND SHAREHOLDER REQUEST

CALLS AND VISITS TO UNITS 15

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: REVIEW & ACCEPTANCE OF THE DRAFT 2018 AUDITED FINANCIAL STATEMENTS (GUEST SPEAKER, ITEM A)
DATE: MARCH 5, 2019
CC: MUTUAL FILE

On March 5, 2019, Ms. Miller, Director of Finance, will review the Financial Statements, as of the year ending December 31, 2018, by the independent Accountant's Report as submitted by CliftonLarsonAllen (CLA).

I move to accept that the Board of Directors of Seal Beach Mutual Sixteen, upon a presentation of the Financial Statements as of December 31, 2018, for the year then ended, and the proposed Accountant's Report as submitted by CliftonLarsonAllen (CLA), hereby accepts the above mentioned Financial Statements and reports therein, and authorize the President to sign the Management Representation Letter.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY BOARD RESOLUTION
AUTHORIZING TRANSFER OF FUNDS BY GRF-MUTUAL SIXTEEN (NEW
BUSINESS, ITEM A)
DATE: MARCH 5, 2019
CC: MUTUAL FILE

In compliance with new legislation, Assembly Bill 2912 (AB 2912) – *Association Finances*, which as of January 1, 2019, has gone into effect, the Board of Directors is now required to provide a review of all Financials. This bill is intended to require the Board of Directors to provide a greater oversight of the finances of their associations in an effort to better protect against fraudulent activity and potential loss.

On March 5, 2019, the Mutual Board of Directors will vote to approve/deny the Board Resolution Authorizing the Transfer of Funds by GRF for Mutual No. Sixteen.

I move to approve/deny the Board resolution titled, “Resolution to Authorize Fund Transfers for Golden Rain Foundation,” as written and presented herewith.

SEAL BEACH MUTUAL NO. SIXTEEN

RESOLUTION TO AUTHORIZE FUND TRANSFERS

FOR GOLDEN RAIN FOUNDATION

This Resolution to Authorize Fund Transfers for Golden Rain Foundation (“Resolution”) is made as of the date set forth below, pursuant to the following facts:

WHEREAS, Seal Beach Mutual No. **Sixteen** (hereinafter, the “Mutual”), through its volunteer Board of Directors (“Board”), is responsible for management, control and administration of a residential common interest development (the “Community”), as regulated by the Federal Housing Commissioner, and on behalf of its Members, under the Articles of Incorporation (“Articles”), Bylaws, Rules, Resolutions, Policies, Occupancy Agreement, Subscription Agreement, and Declaration of Trust (“Declaration”) recorded **July 10, 1962**, and amended on **February 26, 2014** as Instrument Number **6172**, and all subsequent amendments thereto;

WHEREAS, Golden Rain Foundation (hereinafter, “GRF”) through its volunteer Board of Directors, has the authority to manage and govern the Mutual and the community facilities located within its trust property, under the Declaration;

WHEREAS, the Mutual is solely responsible for the enforcement of its own governing documents and the Board directs GRF to take action on the Mutual’s behalf, pursuant to the Management Agreement, and pursuant to applicable law;

WHEREAS, pursuant to Article 9 of the Occupancy Agreement, “The [Mutual] shall provide necessary management, operation and administration of the project; pay or provide for the payment of all taxes or assessments levied against the project; procure and pay or provide for the payment of fire insurance and extended coverage, and other insurance” as required by any mortgage on the property in the project, and such other insurance as the Mutual deems advisable;

WHEREAS, the Management Agreement between GRF and the Mutual states 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));

WHEREAS, the Management Agreement between GRF and the Mutual states that GRF has the duty to “establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation and in a manner to indicate the custodial nature thereof, a separate bank account as Agent of the Mutual for the deposit of the moneys of the Mutual, with authority to draw thereon for any payments to be made by the Agent to discharge any liabilities or obligations incurred pursuant to this Agreement, and for the payment of the Agent fee, all of which payments shall be subject to the limitations in this Agreement.” (Management Agreement, FIFTH);

WHEREAS, the Management Agreement between GRF and the Mutual states that GRF has a duty to “[T]ake such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal, state, county, or municipal authority having jurisdiction thereover.” (Management Agreement, FOURTH, Section (f));

WHEREAS, GRF is consequently responsible for management, control and administration of the Mutual under all applicable law, including the Davis-Stirling Common Interest Development Act (“DSA”);

WHEREAS, pursuant to *Corporations Code* Section 7210, “the board may delegate the management of the activities of the corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board;”

WHEREAS, pursuant to *Civil Code* Section 5380(a), “A managing agent of a common interest development who accepts or receives funds belonging to the association shall deposit these funds that are not placed into an escrow account with a bank, savings association, or credit union or into an account under the control of the association, into a trust fund account maintained by the managing agent in a bank, savings association, or credit union in this state;”

WHEREAS, pursuant to *Civil Code* Section 5380(b), the written request of the Board of Directors is required for GRF, who accepts or receives funds on its behalf, to deposit said funds into an interest-bearing account in a bank, savings association, or credit union in the State of California;

WHEREAS, and by way of example, pursuant to Article III, Section 3 of the Bylaws, all subscription funds received from applicants shall be subject to withdrawal, or transfer to the account of the Mutual, “only upon certification by the President and Secretary of the Corporation;”

WHEREAS, the Board wishes to authorize GRF or any authorized GRF employee, to make said deposits and transfers, electronic or otherwise, as required by the Mutual;

NOW, THEREFORE, be it resolved that the Mutual hereby adopts the following resolution concerning authorizing fund transfers by GRF or any authorized GRF employee:

1. The Mutual, through the Board, pursuant to *Civil Code* Section 5380, hereby exclusively engages GRF or any authorized GRF employee, to accept or receive funds on behalf of the Mutual, and deposit same into an interest-bearing account, provided the following requirements are met:

(a) The account is in the name of the Mutual;

(b) All of the funds in the account are covered by insurance provided by an agency of the federal government or private institution offering coverage equal to, or exceeding, such government backed insurance;

(c) GRF and/or the authorized GRF employee discloses to the Board, via account summaries, statements or otherwise, the nature of the account, how interest will be calculated and paid, whether service charges will be paid to the depository and by whom, and any notice requirements or penalties for withdrawal of funds from the account;

(d) No interest earned on funds in the account shall inure directly or indirectly to the benefit of GRF or any other party; and

(e) Transfers of greater than ten thousand dollars (\$10,000) or five percent (5%) of the Mutual's total combined reserve and operating account deposits, whichever is lower, shall not be authorized from the account without prior written approval from the Board; for purposes of this Section 1(e), this Resolution shall be deemed the "prior written approval from the Board" as required by Civil Code Section 5380.

SEAL BEACH MUTUAL NO. SIXTEEN

By: _____ Print Name: _____
Its: President

Dated: _____

SEAL BEACH MUTUAL NO. SIXTEEN

By: _____ Print Name: _____
Its: Secretary

Dated: _____

CERTIFICATE OF SECRETARY

I, the undersigned, being the duly elected and acting Secretary of **SEAL BEACH MUTUAL NO. SIXTEEN a California Non-Profit Mutual Benefit Corporation**, do hereby certify that the foregoing Resolution was adopted on _____, 2019.

This Certificate is executed under penalty of perjury on _____, 2019, in _____, California.

SEAL BEACH MUTUAL NO. SIXTEEN

By: _____ Dated: _____
Its: Secretary

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVAL OF MUTUAL MONTHLY FINANCES (NEW BUSINESS, ITEM B)
DATE: MARCH 5, 2019
CC: MUTUAL FILE

I move to acknowledge, per the requirements of the Civil Code Section 5500(a)-(f), a review of the reconciliations of the operating and reserve accounts, operating revenues and expenses compared to the current year's budget, statements prepared by the financial institutions where the Mutual has its operating and reserve accounts, an income and expense statement for the Mutual's operating and reserve accounts, the check registers, monthly general ledger and delinquent assessment receivable reports for the month of January 2019.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: SHAREHOLDER STATEMENT TO VOTE CUMULATIVELY (NEW BUSINESS, ITEM C)
DATE: MARCH 5, 2019
CC: MUTUAL FILE

Per the Mutual's Bylaws, Article IV, Section 7, I, _____ **[please state your first and last name]**, shareholder of Mutual Sixteen, intend to vote cumulatively for the election of Directors for the 2019-2020 term of office.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPOINT OBSERVERS OF THE 2019-2020 MUTUAL SIXTEEN ANNUAL ELECTION (NEW BUSINESS, ITEM D)
DATE: MARCH 5, 2019
CC: MUTUAL FILE

In accordance with Policy 7210 – Annual Elections, item 4, subsection b, as follows:

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

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.

The Mutual Sixteen Board of Directors appoints the following shareholders as observers of the 2019-2020 Annual Election.

1. _____, Unit _____

2. _____, Unit _____

3. _____, Unit _____

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY APPOINTMENT SETTING COMMITMENT BY MUTUAL BOARD OF DIRECTORS (NEW BUSINESS, ITEM E)
DATE: MARCH 5, 2019
CC: MUTUAL FILE

The GRF staff provides valuable services to all Mutuals. To maintain these valuable services, we are again soliciting all Mutual Board of Directors to help support our united mission to maintain our collective community for the betterment of all. To facilitate this mission and to help control time, focus and, most importantly, expense, I need to take this opportunity to kindly request action from all Mutual Board of Directors to help us support you, so that we may insure all goals and tasks are accomplished in a timely and productive manner.

Observe that appointments are required to meet with the following departments and staff: Mutual Administration, Accounting, Physical Property, Service Maintenance and Purchasing Department.

Yes, there are emergencies, and emergencies can be readily defined as:

- Posing an immediate threat to life, health, property, or environment
- Has already caused loss of life, health detriments, property damage, or environmental damage
- Has a high probability of escalating to cause immediate danger to life, health, property, or environment

In this, our commitment to you is:

- Response to all requests for appointments:
 - If request is made **before** 1 p.m. (business day), the same day
 - If request is made **after** 1 p.m. (business day), the next business day by 10 a.m.

I move to approve/deny a commitment by the Board of Directors of Mutual Sixteen, to help and support the unified mission of the collective Mutuals of Leisure World Seal Beach, to insure appointments are made to meet with GRF staff.