

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL SIXTEEN
August 6, 2019
Meeting begins at 9:30 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. Isom, GRF Representative
Ms. Hopkins, Mutual Administration Director
Mr. Antisdell, Building Inspector
Mrs. Aquino, Recording Secretary

4. APPROVAL OF MINUTES:
Regular Meeting Minutes of July 2, 2019
5. BUILDING INSPECTOR'S REPORT Mr. Antisdell
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder
and Mutual Requests (**handout**)
6. GRF REPRESENTATIVE Ms. Isom
7. **UNFINISHED BUSINESS**
There is no unfinished business to discuss
8. **NEW BUSINESS**
 - a. Approval of mutual monthly finances (p. 3)
 - b. Appointment of a new Mutual Sixteen Director (p. 4)
 - c. Appointment of a new Mutual Sixteen Chief Financial Officer (p. 5)
 - d. Review and signing of the Mutual Sixteen Code of Conduct and Ethics (p. 6-8)
 - e. Discuss and vote to approve/deny Notice of Intent to Withdraw authorization (p. 9)
 - f. Discuss and vote to approve/deny Property Tax Postponement Application (p. 10)
 - g. Discuss and vote to approve/deny receiving monthly minutes of other Mutuals (p. 11)
 - h. Discuss and vote to approve/deny appointment setting commitment by Mutual Board of Directors (p. 12)
 - i. Discuss and vote to approve/deny maintaining procedure per Policy 7510.16 and the Stock Transfer Office (p. 13)
 - j. Discuss and vote to approve/deny disclosure of "no", "yes" and abstentions in Mutual minutes (p. 14)
 - k. Discuss and vote to approve/deny release of Mutual Board Contact information (p. 15)
 - l. Discuss and vote to approve/deny Legal Counsel Representation for Mutual Sixteen (p. 16)

STAFF BREAK BY 11:00 a.m.

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|---|--------------|
| 9. SECRETARY / CORRESPONDENCE | Mrs. Clawson |
| 10. CHIEF FINANCIAL OFFICER'S REPORT | Mr. Watkins |
| 11. MUTUAL ADMINISTRATION DIRECTOR | Ms. Hopkins |
| 12. ANNOUNCEMENTS | |
| a. NEXT REGULAR BOARD MEETING: | |
| Tuesday, September 3, 2019, at 9:30 a.m. | |
| Administration Building, Conference Room A | |
| 13. COMMITTEE REPORTS | |
| a. Grounds and Physical Property | |
| b. Emergency Preparedness | |
| 14. DIRECTORS' COMMENTS | |
| 15. SHAREHOLDERS' COMMENTS (2-3 MINUTES) | |
| 16. ADJOURNMENT | |
| 17. EXECUTIVE SESSION | |

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

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVAL MUTUAL MONTHLY FINANCES (NEW BUSINESS ITEM A)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

I move to acknowledge that per the requirements of Civil Code Section 5500(a)-(f), a review has been completed of the mutual's 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, income and expense statement for the mutual's operating and reserve accounts, the check registers, the monthly general ledger and delinquent assessment receivable reports for the month of July 2019.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPOINTMENT OF A NEW MUTUAL SIXTEEN DIRECTOR
(NEW BUSINESS ITEM B)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

On July 2, 2019 the Mutual Sixteen Board of Directors accepted the Resignation of Al Grenrock, Mutual Sixteen Director, and will appoint a new Mutual Sixteen Director for the remaining 2019 – 2020 term of office.

Per the Mutual 16 Bylaws Article V, Section 4:

Section 4. Vacancies

Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting.

I move to appoint _____ to the Mutual Sixteen Board of Directors, for the remaining 2019 –2020 term of office, effective August 6, 2019.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPOINTMENT OF A NEW MUTUAL SIXTEEN CHIEF FINANCIAL OFFICER
(NEW BUSINESS ITEM C)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

On July 2, 2019 the Mutual Sixteen Board of Directors accepted the Resignation of Al Grenrock, Mutual Sixteen Chief Financial Officer, and will appoint a new Mutual Sixteen Chief Financial Officer for the remaining 2019 – 2020 term of office.

Per the Mutual 16 Bylaws Article V, Section 4:

Section 4. Vacancies

Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting.

I move to appoint _____ as the Mutual Sixteen Chief Financial Officer, for the remaining 2019 –2020 term of office, effective August 6, 2019.

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Board Member Code of Conduct and Ethics Pledge – 2019/2020

The Board of Directors has adopted the following ethics policy for its board members and committees. This policy is intended to provide guidance with ethical issues and a mechanism for addressing unethical conduct.

A. BOARD RESPONSIBILITIES

The general duties for directors are to enforce the association's governing documents, collect and preserve the association's financial resources, insure the association's assets against loss, and keep the common areas in a state of good repair. To fulfill that responsibility, directors must:

- regularly attend board meetings,
- review material provided in preparation for board meetings,
- review the association's financial reports, and
- make reasonable inquiry before making decisions.

B. PROFESSIONAL CONDUCT

In general, directors and committee members must conduct all dealings with vendors and employees with honesty and fairness, and safeguard information that belongs to the association.

1. Self-Dealing

Self-dealing occurs when directors or committee members make decisions that materially benefit themselves or their relatives at the expense of the association. "Relatives" include a person's spouse, parents, siblings, children, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares the person's residence. Benefits include money, privileges, special benefits, gifts or other item of value. Accordingly, no director or committee member may:

- solicit or receive any compensation from the association for serving on the board or any committee,
- make promises to vendors unless with prior approval from the board,
- solicit or receive, any gift, gratuity, favor, entertainment, loan, or any other thing of value for themselves or their relatives from a person or company who is seeking a business or financial relationship with the association,
- seek preferential treatment for themselves or their relatives,
- use association property, services, equipment or business for the gain or benefit of themselves or their relatives, except as is provided for all members of the association.

2. Confidential Information

Directors and committee members are responsible for protecting the association's confidential information. As such they may not use confidential information for the benefit of themselves or their relatives. Except when disclosure is duly authorized or legally mandated, no director or committee member may disclose confidential information. Confidential information includes, without limitation:

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Board Member Code of Conduct and Ethics Pledge – 2019/2020

2. **Confidential Information (continued)**

- private personal information of fellow directors and committee members,
- private personnel information of the association's employees,
- disciplinary actions against members of the association,
- assessment collection information against members of the association, and
- legal disputes in which the association is or may be involved--directors may not discuss such matters with persons not on the board without the prior approval of the association's legal counsel. Failure to follow these restrictions could constitute a breach of the attorney-client privilege and loss of confidential information.

3. **Misrepresentation**

Directors and committee members may not knowingly misrepresent facts. All association data, records and reports must be accurate and truthful and prepared in a proper manner.

4. **Interaction with Employees**

To ensure efficient management operations, avoid conflicting instructions from the board to management and avoid potential liability, committee members and directors shall observe the following guidelines:

- The president of the board shall serve as liaison between the board and management and provide direction on day to day matters.
- Except for the president, committee members and directors may not give direction to management, employees or vendors.
- Directors may not contact management after hours unless there is an emergency representing a threat of harm to persons or property.
- If directors or committee members are contacted by employees with complaints, the employees shall be instructed to contact management or the board as a whole.
- No director may threaten or retaliate against an employee who brings information to the board regarding improper actions of a director or committee member.
- Directors and committee members are prohibited from harassing or threatening employees, vendors, directors, committee members, and owners, whether verbally, physically or otherwise.

5. **Proper Decorum**

Directors and committee members are obligated to act with proper decorum. Although they may disagree with the opinions of others on the board or committee, they must act with respect and dignity and not make personal attacks on others. Accordingly, directors and committee members must focus on issues, not personalities and conduct themselves with courtesy toward each other and toward employees, managing agents, vendors and members of the association. Directors shall act in accordance with board decisions and shall not act unilaterally or contrary to the board's decisions.

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Board Member Code of Conduct and Ethics Pledge – 2019/2020

C. WHEN CONFLICTS OF INTEREST ARISE

Situations may arise that are not expressly covered by this policy or where the proper course of action is unclear. Directors and committee members should immediately raise such situations with the board. If appropriate, the board will seek guidance from the association's legal counsel.

1. Disclosure & Recusal

Directors and committee members must immediately disclose the existence of any conflict of interest, whether their own or others. Directors and committee members must withdraw from participation in decisions in which they have a material interest.

2. Violations of Policy

Directors and committee members who violate the association's ethic's policy are deemed to be acting outside the course and scope of their authority. Anyone in violation of this policy may be subject to disciplinary action, including, but not limited to:

- censure,
- removal from committees,
- removal as an officer of the board,
- request for resignation from the board,
- recall by the membership, and
- legal proceedings.

Prior to taking any of the actions described above, the board shall appoint an executive committee to investigate the violation. The committee shall review the evidence of violation, endeavor to meet with the director/committee member believed to be in violation, confer with the association's legal counsel, and present its findings and recommendations to the board for appropriate action. The board shall endeavor to meet with the director/committee member in executive session prior to imposing disciplinary action against that person.

D. PLEDGE

I have read the Ethics Policy and pledge to act in accordance with my obligations as described above.

Signature: _____ Date: _____

Print name: _____

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY THE NOTICE OF INTENT TO WITHDRAW AUTHORIZATION (NEW BUSINESS ITEM E)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

At the July 7, 2017, Board Meeting the Mutual Sixteen Board of Directors passed the following resolution: *RESOLVED, That Mutual Sixteen authorizes the Board's President and/or duly appointed officer, to act on behalf of the Board, to execute the Notice of Intent to Withdraw effective 2017-2018.*

I move to approve/deny that Mutual Sixteen authorizes the Board's President and/or duly appointed Officer, to act on behalf of the Board, to execute the Notice of Intent to Withdraw effective 2019-2020.

a Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY THE PROPERTY TAX
POSTPONEMENT APPLICATION (NEW BUSINESS ITEM F)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

At the January 3, 2017, Board Meeting the Mutual Sixteen Board of Directors passed the following resolution: *RESOLVED, That Mutual Sixteen does not support or authorize the signing of the Property Tax Postponement Application from the State of California. The Mutual further authorizes the GRF Finance Department to notify the Board if a shareholder requests a Property Tax statement.*

I move to approve/deny that Mutual Sixteen does not support or authorize the signing of the Property Tax Postponement Application from the State of California. The Mutual further authorizes the GRF Finance Department to notify the Board if a shareholder requests a Property Tax statement.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY RECEIVING MONTHLY MINUTES OF OTHER MUTUALS (NEW BUSINESS ITEM G)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

At the August 1, 2017, Board Meeting the Mutual Sixteen Board of Directors passed the following resolution: *RESOLVED, That Mutual Sixteen discontinue receiving one hard copy of the various Mutuals' monthly minutes in their MAILBOX in the Stock Transfer Office.*

I move to approve/deny that Mutual Sixteen discontinue to receive one hard copy of the various Mutuals' monthly minutes in their MAILBOX in the Stock Transfer Office.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSSS AND VOTE TO APPROVE/DENY APPOINTMENT SETTING COMMITMENT BY MUTUAL BOARD OF DIRECTORS (NEW BUSINESS ITEM H)
DATE: AUGUST 6, 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 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.

The following departments require appointments: Mutual Administration, Accounting, Physical Properties, 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 within:
 - If request is made **before** 1 pm (business day), the same day.
 - If request is made **after** 1 pm (business day), the next business day by 10 am

At the March 5, 2019 Board Meeting the Board of Directors passed the following resolution: *RESOLVED, To approve a commitment, by the Board of Directors of Mutual Sixteen, to help support the unified mission of the collective Mutuals of Leisure World Seal Beach, to ensure appointments are made to meet with GRF staff.*

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

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MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSSS AND VOTE TO APPROVE/DENY MAINTAINING PROCEDURE PER POLICY 7510.16 AND THE STOCK TRANSFER OFFICE (NEW BUSINESS ITEM I)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

At the June 6, 2017 Board meeting the Mutual Sixteen Board of Directors passed the following resolution: *RESOLVED, That according to Policy 7510.16 – Eligibility if there is a questions of financial eligibility, Mutual Sixteen **IS NOT** to be contacted by the Stock Transfer Office in the event of a non-qualifying issue.*

Per Policy 7510.16 – Eligibility Requirements Section 2, subsection c:

- c. *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.*

This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times five (5) 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

- 1) *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 Director; Directors will not be required to study or understand the financial requirements).*

I move to approve/deny that according to Policy 7510.16 – Eligibility Requirements, if there is a question of financial eligibility; Mutual Sixteen will or will not be contacted by the Stock Transfer Office in the event of a non-qualifying financial issue, and furthermore to have the Stock Transfer Office follow Policy 7510.16 – Eligibility Requirements.

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MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSSS AND VOTE TO APPROVE/DENY DISCLOSURE OF “NO”, “YES”
AND ABSTENTIONS IN MUTUAL MINUTES (NEW BUSINESS ITEM J)
DATE: AUGUST 6, 2019
CC: MUTUAL FILE

If a motion is voted on by a “no” vote, a “yes” vote or an abstention the meeting minutes will need to reflect the vote of the Board of Directors.

I move to approve/deny that the Mutual Sixteen Board of Directors reflect a “no” vote, a “yes” vote or an abstention in the meeting minutes effective July 2019.

Mutual Corporation No. Sixteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY RELEASE OF MUTUAL BOARD CONTACT INFORMATION (NEW BUSINESS ITEM K)
DATE: AUGUST 6, 2019
CC: FILE

In the event that contact information is requested from the Mutual Administration Department, on behalf of a different Mutual Board, a Shareholder of a different Mutual, current Mutual Shareholder, the Golden Rain Foundation or a President of a different Mutual, the Mutual Administration Department will need an authorization to release the information requested.

I move to approve that the Mutual Sixteen Board of Directors will authorize or will not authorize the Mutual Administration Department to release all contact information as requested.

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MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY LEGAL COUNSEL REPRESENTATION FOR MUTUAL SIXTEEN (NEW BUSINESS ITEM L)
DATE: AUGUST 6, 2019
CC: FILE

I move to approve/deny the Law Firm of Kaiser & Swindells as Legal Counsel Representation for Mutual Sixteen, effective August 6, 2019, and authorize the President to sign the necessary documentation.