

**MINUTES OF THE REGULAR MONTHLY MEETING
OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL TWELVE
July 9, 2015**

The Regular Meeting of the Board of Directors of Seal Beach Mutual Twelve was called to order by President Welch at 9:00 a.m. on Thursday, July 9, 2015, followed by the *Pledge of Allegiance*, in the Administration Building Conference Room A.

ROLL CALL

Present: President Welch, Vice President/CFO Ferraro, Secretary Findlay, and Directors Jaeger-Hudson, Thomas, and Anderson

Absent: Director Fluharty

GRF Representative: Mrs. Damoci

Guests: Six shareholders of Mutual Twelve

Staff: Mrs. Weller, Mutual Administration Director
Mr. Weaver, Facilities Director
Mr. Salazar, Building Inspector
Mrs. Westphal, Recording Secretary

President Welch welcomed guests and staff to the meeting.

SHAREHOLDERS' COMMENTS

President Welch invited shareholders present to speak to the Board.

MINUTES

Upon a MOTION duly made by Secretary Findlay and seconded by Vice President/CFO Ferraro, it was

RESOLVED, To approve the May 14, 2015, Regular Monthly Meeting minutes, as written.

The MOTION passed.

Upon a MOTION duly made by Secretary Findlay and seconded by Vice President/CFO Ferraro, it was

RESOLVED, To approve the Special Meeting minutes of May 26, 2015, and June 8, 2015, as well as the Organizational Meeting minutes of June 11, 2015, as written.

The MOTION passed.

BUILDING INSPECTOR'S REPORT

Building Inspector Salazar reviewed his written report summary (see attached).

GUEST SPEAKER – Mr. Weaver

Mr. Weaver said he needs to know if Mutual Twelve is planning any major projects in 2015/2016 so he can make sure his departments have ample staff to cover projects for all Mutuals.

Mr. Weaver stated that the Edison Multifamily Energy Efficiency Rebate (MFEER) Program will be starting in a couple of weeks with the installation of Energy/Star fixtures. Notices will be posted when Edison plans to do the installations in those units that want the new fixtures. The Energy Savings Assistance (ESA) Program will also be starting to assist income-eligible households that qualify. These Edison programs are designed to reduce electricity costs. In addition, Edison is still replacing transformers in the community. Notices will be posted when there will be a power outage due to the replacement of a transformer.

Mr. Weaver discussed the DirecTV proposal that was presented at the Presidents' Council that requires only one satellite dish per building for all units and asked that the Board consider signing the Right of Entry Program Agreement.

Following questions, Mr. Weaver and Mr. Salazar left the meeting at 9:38 a.m.

GOLDEN RAIN FOUNDATION REPRESENTATIVE'S REPORT

GRF Representative Damoci presented her report (attached). The *Recap of the GRF Board Meeting* and the *Committee Chair Reports* attached to the GRF Board minutes may be read in *The NEWS*.

Mrs. Damoci complimented Recreation Supervisor Terry De Leon for all the fine work he did on the 4th of July event.

Mrs. Damoci left the meeting at 10:00 a.m.

MUTUAL ADMINISTRATION DIRECTOR'S REPORT

Mrs. Weller presented her reports (attached). She said the Board members should come to the new Mutual Administration Committee Meeting. She looks forward to the work that can be done with this committee; she would like shareholders' participation.

ANNOUNCEMENTS

President Welch informed the Board members of topics discussed at the recent Presidents' Council Meeting; e.g., electrical car hookups, solar.

NEW BUSINESS

It was the consensus of the Board members to move two items listed under New Business to this part of the meeting as follows:

Following a discussion, it was the consensus of the Board members to agree to the Mutual Twelve Business Protocol.

The recommended Board committees are as follows: Physical Property/Landscape – Joe Welch, Co-Chair; Tony Anderson, Co-Chair; and Lucille Findlay. Washer/Dryer – Joe Welch, Co-Chair; Tony Anderson, Co-Chair. Community Relations – Charlotte Jaeger-Hudson, Chair.

Upon a MOTION duly made by Secretary Findlay and seconded by Director Jaeger-Hudson, it was

RESOLVED, To accept the Mutual Twelve committee assignments as recommended.

The MOTION passed.

President Welch also assigned shareholder committee chairs: Internet and Technology Chair – JoAnn Goostree and Emergency Preparedness Chair – David Nell.

OLD BUSINESS

Following a brief discussion, and upon a MOTION duly made by President Welch and seconded by Vice President/CFO Ferraro, it was

RESOLVED, To ratify adopted/posted Policy 7404.12 – Unit Water Shutoff and Re-pipe on Remodels.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Secretary Findlay, it was

RESOLVED, To ratify adopted/posted Policy 7731.12 – Internal Dispute Resolution.

After further discussion, the MOTION passed via a roll call vote with one “no” vote (Thomas).

The Board discussed the removal of the top row of deco blocks at a new transformer. No action was taken so this may be reviewed further.

NEW BUSINESS (continued)

Vice President/CFO Ferraro said two motions in the Special Executive Meeting of June 8, 2015, need to be amended because the Finance Department internal controls do not allow for CURRENT YEAR charge to prior years' savings. Expenditures must be assigned/charged to a Budget Operating Expense category or when appropriate to a Reserve Account.

Upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Secretary Findlay, it was

RESOLVED, To rescind the following resolution made in the Special Executive Meeting minutes of June 8, 2015:
RESOLVED, To approve the removal of trees from the identified flower beds for a sum not to exceed \$1,500 to be paid from the general investment savings account.

The MOTION passed.

Upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Secretary Findlay, it was

RESOLVED, To rescind the following resolution made in the Special Executive Session minutes of June 8, 2015:
RESOLVED, To approve the repair and restore the turf where trees were removed per the Peterson contract and Change Order including installation of sod and irrigation system repairs and to add installation of root barrier at Apartments 58-G and 40-G for a sum not to exceed \$3,500 to be paid out of the general investment savings account.

The MOTION passed.

Upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Director Jaeger-Hudson, it was

RESOLVED, To approve the removal of trees from the identified flower beds for a sum not to exceed \$1,500 to be paid from the Landscape Extras operating expense.

The MOTION passed.

NEW BUSINESS (continued)

Upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Director Jaeger-Hudson, it was

RESOLVED, To approve the repair and restore the turf where trees were removed per the Peterson contract and Change Order including installation of sod and irrigation system repairs and to add installation of root barrier at Apartments 58-G and 40-G for a sum not to exceed \$3,500 to be paid from the Landscape Extras operating expense.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Director Anderson, it was

RESOLVED, To amend Policy 7306.12 – Banking Resolution (posting is not required because this policy is a “procedure”).

The MOTION passed.

Vice President/CFO Ferraro said that \$139,000 in the BNY Mellon cash account needs to be invested. Bonds at BNY Mellon in the amount of \$100,000 mature August 1, 2015, and will be transferred to First Foundation Bank.

Upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Director Anderson, it was

RESOLVED, Whereas the BNY Mellon Cash Account has \$139,000 from bond redemptions, the Board authorizes the immediate transfer of \$130,000 from the BNY Mellon Cash Account to the Mutual Twelve First Foundation Bank Essential Business checking account for the purpose of purchasing one CDARS in the amount of \$130,000 for a term of six (6) months at the prevailing interest rate of .20 percent; the investment will continue to be allocated to the Roofing Reserve Fund.

The MOTION passed.

Upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Secretary Findlay, it was

NEW BUSINESS (continued)

RESOLVED, Whereas bonds held at BNY Mellon in the amount of \$100,000 are maturing on August 1, 2015, the Board authorizes the transfer of said funds upon maturity to the Mutual Twelve First Foundation Bank Essential Business Checking Account for the purpose of purchasing one CDARS in the amount of \$100,000 for a term of six (6) months at the prevailing interest rate of .20 percent.

The MOTION passed.

Vice President/CFO Ferraro informed the Board that BNY Mellon would like to review the Mutual's cash needs. Basically, BNY Mellon does wealth management investment in bonds and securities. Also, they do US Treasury Bonds that are backed by full faith and credit – 30-year Treasury Bond rate is 4.25 percent today. T-Bill rates are 6 months: .085 percent, 2 year is .65 percent. It was the consensus of the Board to decline the review.

Upon a MOTION duly made by Vice President/CFO Ferraro and seconded by Director Jaeger-Hudson, it was

RESOLVED, To approve electronic payment of regular monthly recurring operating expenses from the Mutual Twelve general checking account for payment of GRF assessments and payables, Southern California Edison, Federal and State Income Taxes, Orange County Property Tax Assessments, and CalMet Services for waste management.

The MOTION passed.

PRESIDENT'S REPORT

President Welch submitted a report to be attached to the minutes.

CFO'S REPORT

Vice President/CFO Ferraro submitted a report to be attached to the minutes.

SECRETARY'S REPORT

Secretary Findlay submitted a report to be attached to the minutes.

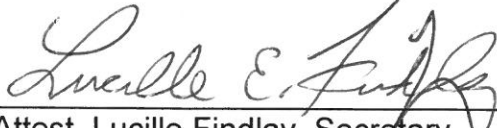
EXECUTIVE SESSION

Member and legal issues were discussed in Executive Session.

July 9, 2015

ADJOURNMENT

President Welch adjourned the meeting at 11:00 a.m. and announced that following there would be an Executive Session to discuss member and legal issues.



Attest, Lucille Findlay, Secretary
SEAL BEACH MUTUAL TWELVE

pw:7/28/15
Attachments

(These are tentative minutes, subject to approval by the Board of Directors at the next Regular Board of Directors Meeting.)

**NEXT MEETING: AUGUST 13, 2015
SPECIAL MEETING ANNOUNCEMENTS AND AGENDAS
ARE POSTED IN LAUNDRY ROOM 57 (D SIDE).
FOR INFORMAL INDIVIDUAL NOTICE OF SPECIAL MEETINGS,
CONTACT SECRETARY FINDLAY.**

**RESOLUTIONS IN THE REGULAR
MONTHLY MEETING OF JULY 9, 2015**

7/9/15

RESOLVED, To accept the Mutual Twelve committee assignments as recommended.

RESOLVED, To ratify adopted/posted Policy 7404.12 – Unit Water Shutoff and Re-pipe on Remodels.

RESOLVED, To ratify adopted/posted Policy 7731.12 – Internal Dispute Resolution.

RESOLVED, To rescind the following resolution made in the Special Executive Meeting minutes of June 8, 2015: RESOLVED, To approve the removal of trees from the identified flower beds for a sum not to exceed \$1,500 to be paid from the general investment savings account.

RESOLVED, To rescind the following resolution made in the Special Executive Session minutes of June 8, 2015: RESOLVED, To approve the repair and restore the turf where trees were removed per the Peterson contract and Change Order including installation of sod and irrigation system repairs and to add installation of root barrier at Apartments 58-G and 40-G for a sum not to exceed \$3,500 to be paid out of the general investment savings account.

RESOLVED, To approve the removal of trees from the identified flower beds for a sum not to exceed \$1,500 to be paid from the Landscape Extras operating expense.

RESOLVED, To approve the repair and restore the turf where trees were removed per the Peterson contract and Change Order including installation of sod and irrigation system repairs and to add installation of root barrier at Apartments 58-G and 40-G for a sum not to exceed \$3,500 to be paid from the Landscape Extras operating expense.

RESOLVED, To amend Policy 7306.12 – Banking Resolution (posting is not required because this policy is a “procedure”).

RESOLVED, Whereas the BNY Mellon Cash Account has \$139,000 from bond redemptions, the Board authorizes the immediate transfer of \$130,000 from the BNY Mellon Cash Account to the Mutual Twelve First Foundation Bank Essential Business checking account for the purpose of purchasing one CDARS in the amount of \$130,000 for a term of six (6) months at the prevailing interest rate of .20 percent; the investment will continue to be allocated to the Roofing Reserve Fund.

RESOLVED, Whereas bonds held at BNY Mellon in the amount of \$100,000 are maturing on August 1, 2015, the Board authorizes the transfer of said funds upon maturity to the Mutual Twelve First Foundation Bank Essential Business Checking Account for the purpose of purchasing one CDARS in the amount of \$100,000 for a term of six (6) months at the prevailing interest rate of .20 percent.

RESOLVED, To approve electronic payment of regular monthly recurring operating expenses from the Mutual Twelve general checking account for payment of GRF assessments and payables, Southern California Edison, Federal and State Income Taxes, Orange County Property Tax Assessments, and CalMet Services for waste management.

Special Mtg.
5/26/15 RESOLVED, That before making the decision to purchase and install Auto-Out canisters in all Mutual apartments, to first determine the number and types that are needed during the scheduled July fire and safety inspections.

RESOLVED, To accept the proposal by Class 1 Arboriculture to prepare a comprehensive evaluation, assessment and inventory report of Mutual Twelve trees for a total of \$5,000.

Special Mtg.
6/8/15 RESOLVED, To accept Mutual Twelve Maintenance, Repair Replacement Shareholder and Mutual Responsibility flyer to be distributed to all shareholders periodically and to be included with the orientation package and annual disclosures.

July 9, 2015

• **MUTUAL ESCROW ACTIVITY:**

NMI	PLI	NBO	FI	COE	ROF
73A	11J	7K	11J	47I	
41F	34I	8F		11J	
	39F	11J			
	35D	73L			
	11K	41F			
	56C				
	39E (P)				
	55E				
	6H				
	8H (P)				

Legend: NMI = New Member Inspection

PLI = Pre Listing Inspection

NBO = New Buyer Orientation

FI = Final Inspection

COE = Close of Escrow

ROF = Release of Funds

(P) = Pending

• **CONSTRUCTION ACTIVITY: PERMITS: See Attached Mutual 12 Permit Activity Log**

• **MUTUAL PROJECTS:**

- Carport Driveway Safety Painting:
 - David Rudge is coordinating this project: Pending
 - Follow-up email sent on 6/10/2015 and pending
 - Follow-up email sent on 6/24/2015 and pending
 - Talked w/ David Rudge 7/9/2015 and he is giving me a new contact number at PCI: Pending
- Ground Vault, Grates & Walkway Posts Paint: Pending
- Irrigation Controls Installation – Applying for SoCal WaterSmart Rebate:
 - Pending Application Results & Pinnacle's Feedback

July 9, 2015

- Irrigation control project contract was cancelled between Mutual 12 and Pinnacle and the irrigation controllers order was cancelled too
- Pending new proposal from SC Yamamoto: Proposal was received on 6/10/2015
- Met with Board to discuss project details on 6/26/2015
- Conference call w/ Seth on 7/8/2015 per further information regarding project. He will be submitting a diagram to further illustrate and explain his proposal
- Carport Driveway Maintenance and Repair Project:
 - SMD Temporary Patch and Repair: Completed
 - Large Project Specification and Job Scope: Pending
- Exterior Paint Project:
 - Start Date: Change Order 08/24/2015
- Sewer Re Pipe:
 - Pending
- Gutter Installation:
 - Pending
- Stove Top Roof Vent Maintenance:
 - (11) Buildings Inspected with (19) Stovetop vents needing maintenance (Mutual 12 Has Secured (23) Stovetop vents and are being stored at building #60 laundry room)
- Garden Area Tree Removal Project:
 - (3) Bids Received and Reviewed

● **CONTRACTS**

- Carport Driveway Safety Painting awarded to PCI
- Ground Vault, Grates & Walkway Posts Paint: Pending
- Exterior Paint Project awarded to Hutton
- Sewer Maintenance and Re Pipe awarded to PENDING
- Gutter Installation awarded to PENDING
- Stove Top Roof Vent Maintenance: Pending
- Garden Area Tree Removal Project awarded to John's Landscaping

- **MUTUAL REQUESTS/VISITS**

9K	Plumbing Inspection
9K	Insect Inspection
9C	Structural Inspection
37F	Electrical Inspection
11B	Exterior Wall Inspection
75C	Plumbing Inspection
6A	Walkway Inspection
66J	Roof Inseption
8H	Structural Inspection
44D	Plumbing Inspection
11I	Structural Inspection
57D	Plumbing Inspection
6G	Structural Inspection
58A	Plumbing Inspection
7A	Structural Inspection
56J	Lockbox Inspection

- **SPECIAL INSPECTIONS**

- 2 Units

Mutual 12 Permit Activity Log 2015 Week 28										
Color Legend:	Contractor Requirements for Projects <\$4,999.99	Contractor Requirements for Projects >\$5,000.00	Physical Properties & Mutual Policies per Construction Activities			GRF Permit Required List				
Flagged										
Completed										
Building Units	Job Scope	Contractor	Plan Review Submitted	Permit Application Date	Start Date	Ground Inspection	Rough Inspection	Final Inspection	Change Orders	Due Date & Actual Completion Date
11B	Remodel	J.C. Kress	Yes	1/8/2015	1/19/2015	3/16/2015	4/21/2015 & 5/1/2015		Yes	7/23/2015 &
59E	Glass Panel Replacements	Bodie's Glass	Yes	4/23/2015	5/1/2015			6/16/2015	No	5/30/2015 & 6/16/2015
35K	Counter Top Cover Installation	Granite Transformation	Yes	4/24/2015	5/21/2015			5/26/2015	No	5/25/2015 & 5/26/2015
70C	Heat Pump Instal	Greewood HVAC	Yes	4/29/2015	5/8/2015			5/14/2015	No	6/20/2015 & 5/14/2015
47D	Shower Enclosure	24 Hour Bath	Yes	5/5/2015	5/11/2015			5/20/2015	No	5/29/2015 & 5/20/2015
39E	Remodel	Alpha Master Builders	Yes	5/21/2015	5/26/2015	6/8/2015	6/8/2015 & 6/23/2015 & 6/24/2015			6/26/2015 Extended to 7/25/2015 &
64H	Bathroom Remodel	Peek Construction	Yes	5/20/2015	6/12/2015			6/29/2015	No	6/17/2015 & 6/29/2015
44A	Remodel	Robert's Construction	Yes	5/22/2015	6/1/2015			6/10/2015	No	7/13/2015 & 6/19/2015
64J	Window Replacements	California Energy	Yes	6/10/2015	7/1/2015					8/1/2015 &
64G	Window Replacements	California Energy	Yes	6/10/2015	7/1/2015					8/1/2015 &
34G	Bathroom Remodel	Los Al Builders	Yes	6/30/2015	7/23/2015					8/27/2015 &
10I	Shower Cut-Down	NuKote	Yes	7/2/2015	7/20/2015					8/20/2015 &
63G	Water Heater Install	Kress Construction	Yes	7/7/2015	7/13/2015					8/15/2015 &
Building Units	Job Scope	Contractor	Plan Review Submitted	Permit Application Date	Start Date	Ground Inspection	Rough Inspection	Final Inspection	Change Orders	Due Date & Actual Completion Date

Project Forecast for 2016 Budget

Rate 1 through 5 with 5 being the BEST

Mutual 12

<u>Rate</u>	<u>Description</u>	<u>Comments</u>
4	Sidewalks	Continue with maintenance repairs
4	Carports	In progress per structural repairs and scheduled to paint on 8/24/2015
2	Roof	Various locations that need attention: Plan for re roofing project: Estimated between \$35,000 - \$70,000 per a 12 unit building
3	Plumbing	Consider copper re pipe project: Estimated at \$38,000.00 per a 12 unit building
2	Paint	Scheduled for 8/24/2015
3	Electrical	Consider servicing each original panel at fire inspections: Estimated cost pending
4	Foundation	No considerable deformations noted
4	Structural	In progress

3	Streets/Driveways	Planning in progress: Estimate Pending

Carole Damoci
Mutual 12 Representative
July 9, 2015

The new year has begun. This year for the second year I've been elected Vice-president of the Golden Rain Foundation and will be Chairing the Executive Committee. I'm also serving on the Physical Property, Information Technologies and Finance Committees.

I've also been elected V-P of the Golden Age Foundation and will also be serving as the Special Projects Coordinator and liaison to the GRF.

The new Amphitheater season is underway. The first two shows were well attended. I believe the major shows will fill the Amphitheater. Four years ago there were 3 shows removed from the lineup due to lack of money to fund them. This year we have returned one show to the Shareholders with less money then was spent last year.

We also just had our first 4th of July party this last Saturday at clubhouse 6 and plan more such events in the future.

It will be a full year and I'm looking forward to the challenge. As always please feel free to contact me with any questions you have.

Respectfully submitted,
Carole S. Damoci
562-405-4965

MUTUAL 12 BUSINESS PROTOCOL

Shareholder Committees

The President appoints committees from among the membership of Mutual 12. (By-Law Article VI Section 4) These committees are advisory.

Board Committees

Board Resolution appoints committees of the Board. (By-Law Article V Section 14.) The President recommends members and leaders for Board committees. The President, as ex officio member, may choose whether to participate in committee proceedings and, if the Board so resolves, in committee leadership.

The Board has authority and responsibility on the merits of any Physical Property or Landscape work beyond the basic or routine.

- The committee's job is to gather facts and advise the Board.
- The Board's job is to make informed decisions.
- The President's job is to formalize the Board's decisions.

Committee members as well as other Board members monitor contractors, both Mutual and shareholder. Problems are reported to the Mutual's Building Inspector for resolution. Security can be called when necessary. The President should be contacted when problems occur.

The Landscape Committee and the Building Inspector work directly with the Landscape Supervisor.

Washer Dryer Chairs

The brands and models of washers and dryers are determined by Board resolution. Washer Dryer Chairs are authorized to troubleshoot and report problems to Service Maintenance. The President will order necessary repairs and replacements on washers and dryers. Other Laundry Room repairs and replacements are referred to the Physical Property Chair or Board for appropriate action.

Spending Authorizations

The Building Inspector has authority up to \$1,000 for necessary repairs and work. Service Maintenance or an outside contractor may perform work.

The President has authority up to \$1,000 on necessary Physical Property repairs and work through Service Maintenance. Emergency service by an outside contractor such as a midnight flood clean up can be authorized as well. This spending authority may be delegated on appliance and fixture repairs and replacements.

The Landscape Chair may authorize up to \$500 on emergency or necessary repairs.

The President or the President's designee and the Physical Property Inspector determine what work needs to be done on apartments in escrow, inside and garden - whether at seller's expense or Mutual expense. Only unusual cases need to come to the Board.

No Director is authorized to form or amend a contract with an outside vendor, order non emergency services from Service Maintenance other than minor standard repairs and replacements, change a Board approved contract or place Purchasing orders (Exception, small items such as red flags) without Board approval.

Reporting Mutual Business:

Officer and Director reports that are attached to the Regular Monthly Meeting minutes are only for the purpose of providing information on Board-approved activities or projects. New or alternative concepts or points of view will be considered for placement on the Monthly Regular Meeting Agendas.

Laundry Room bulletin boards are for posting Mutual 12 business only.

MUTUAL 12 PRESIDENT'S REPORT

JULY 9, 2015

JOE WELCH, PRESIDENT

We're starting the 2015-16 term in the middle of lots of projects and issues that need to be taken care of.

Paint colors have been chosen and now the real work is beginning - dry rot/termite damage repair, select new rain gutters, building signs and bulletin boards, remove or cut back unauthorized or overgrown plants so the painters can get to the buildings, prepare both wood and stucco for painting to name a few.

Garden issues need to be taken care of, not just for painting but for long range safety and appearance of Mutual 12 buildings.

Landscape issues continue to be difficult to solve. What will be the best solution for water saving sprinkler controllers? How much of our uneven irrigation is due to needed repairs and how much needs to be solved with upgrade? Are there better solutions than those we have already investigated and tried?

Carport driveways are in need of more than just a coat of slurry. Roofing starts in just two years.

Figures are being bounced around for the 2016 Budget. Open special meetings will be held before the Board votes on the budget for next year. There will be an opportunity for shareholder input at each meeting.

Your thoughtful questions and ideas will help us keep Mutual 12 the best place to live in Leisure World.

Things to know from the CFO JULY 2015 Regular Meeting


Following the annual meeting, I attended the GRF sponsored "Mutual Board and GRF Board Educational Seminar" on June 29 and 30. I found the information provided by professionals specializing in common interest developments to be very helpful and it provided each director who attended a more complete understanding of a Directors role and responsibility within the community.

As we begin the new 2015/2016 year for the Board, the first order of business as CFO will be to participate in the preparation of the required reserve study performed by Association Reserves. This work is vital and an integral part of the annual budget process. **Attached** is an informational report on **Reserve Study Basics** for your review and understanding of what a Reserve Study is and how it helps the Board plan for the necessary costs. I will be working closely with our Mutual 12 Board committees to provide Association Reserves with the data required to update our existing Reserve Study for the year 2016.

In preparation for the annual budget process, I will be attending the CFO Budget Training session on July 24 conducted by the GRF Controller, Carolyn Miller. Again, with the assistance of the Board and committees, my task is to prepare a 2016 budget for Board approval that reflects the annual operational needs of Mutual Twelve and reserve contributions recommended by our professional consultant, Association Reserves, to offset the costs to maintain our 50+ year old community.

Attached are the June 30, 2015 Recap along with the Detailed Financial Statements. We have now completed the first six months of the year. As you see, we are slightly over spent on the budget at this point in time. The expenditures posted through June have some one time only extraordinary costs that will not be repeated in the next six months and savings in one category will offset some extra expenses in another. Property and Liability Insurance is another example of higher expenses in the first half which will even out during the last quarter of the year. This is due to the way the insurance company bills their premiums to GRF.

Respectfully submitted:


Susan Ferraro
CFO/VICE PRESIDENT
MUTUAL TWELVE

1012 Seal Beach Mutual No. Twelve
 Financial Statement Recap
 05/31/2015

P.O. Box 2069
 Seal Beach CA 90740

May Actual	May Budget		2015 Y-T-D Actual	2015 Y-T-D Budget
100,353	100,353	Carrying Charges	503,189	503,189
37,692	37,693	Reserve Funding	188,461	188,465
138,045	138,046	Total Regular Assessments	691,650	691,654
0	0	Service Income	70	0
2,794	2,391	Financial Income	16,876	11,955
579	1,098	Other Income	5,886	5,490
3,373	3,489	Total Other Income	22,832	17,445
141,418	141,535	Total Mutual Income	714,483	709,099
63,081	63,081	GRF Trust Maintenance Fee	316,829	316,829
9,836	12,941	Utilities	52,974	64,705
684	922	Professional Fees	3,988	4,610
13,909	18,573	Outside Services	84,426	92,865
9,953	8,326	Taxes & Insurance	52,925	41,630
37,692	37,693	Contributions to Reserves	188,461	188,465
135,155	141,536	Total Expenses Before Off-Budget	699,604	709,104
6,263	(1)	Excess Inc/(Exp) Before Off-Budget	14,879	(5)
6,263	(1)	Excess Inc/(Exp) After Off-Budget	14,879	(5)
		Restricted Reserves		
196	0	Appliance Reserve Equity	51,252	0
4,094	0	Painting Reserve	310,697	0
47,897	0	Operating Reserve Equity	47,897	0
23,486	0	Roofing Reserve	2,535,569	0
0	0	Emergency Reserve Equity	343,339	0
10,983	0	Infrastructure Reserve	451,515	0
86,656	0	Total Restricted Reserves	3,740,269	0

RESERVE STUDY BASICS

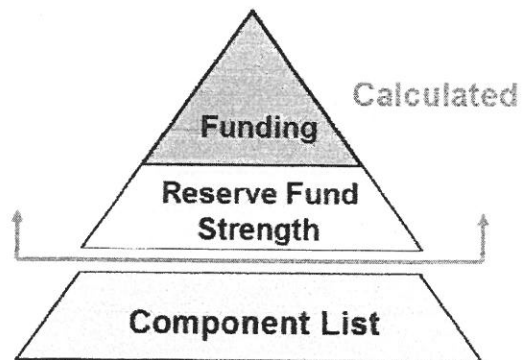
by Robert M. Nordlund, PE, RS

www.reservestudy.com

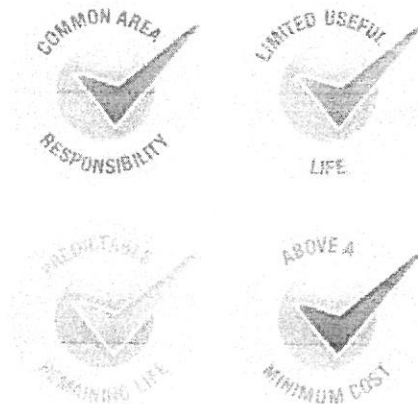
Jan 29, 2015

Reserve Studies help the board make informed decisions about the care of the main physical and financial assets of the association. Reserve Studies help prevent unsettling surprises by accurately evaluating the physical assets of the association, calculating the strength of the Reserve Fund, and calculating the funds necessary to provide for the timely repair & replacement of Reserve components.

Note: Reserve contributions are not for guesses about expenses far into the future. Reserve contributions offset the cost of ongoing, current deterioration (not "future expenses"), and the cost of that deterioration is as real as any other expense the association faces!

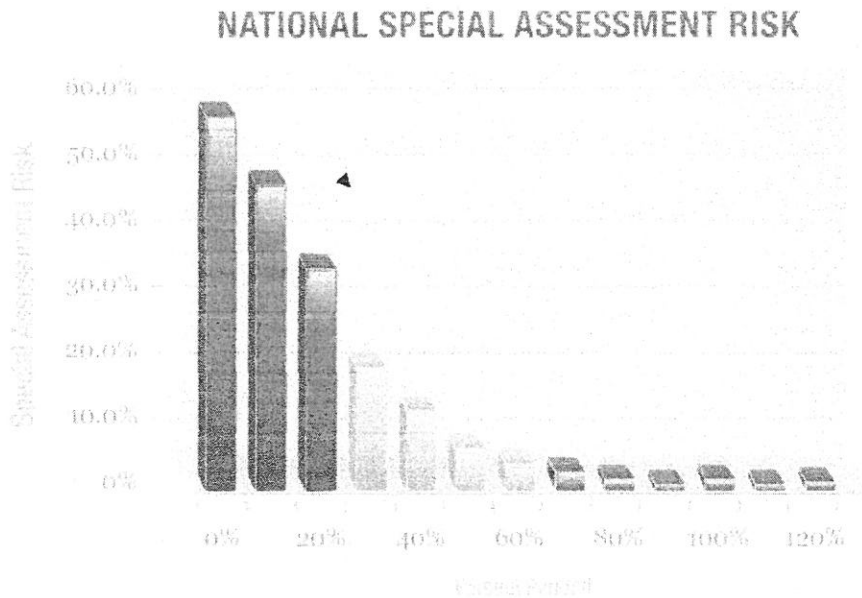


Only components that meet the National Reserve Study Standards four-part test below should appear in the Reserve Study:



RESERVE COMPONENT "FOUR-PART TEST"

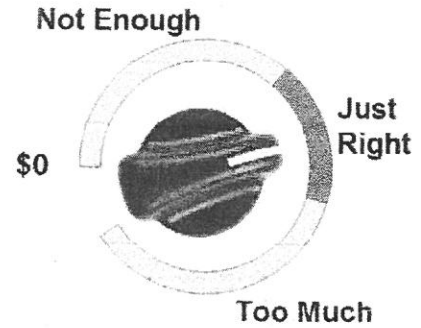
Percent Funded reveals your association's Special Assessment risk. Where is your association on this chart, and how high is your Special Assessment risk this year?



There are three types of Reserve Studies. Associations typically only need one "Full" Reserve Study. After that, they have "Update With-Site-Visit" Reserve Studies prepared every few years, with inexpensive "Update No-Site-Visit" Reserve Studies prepared in the in-between years.

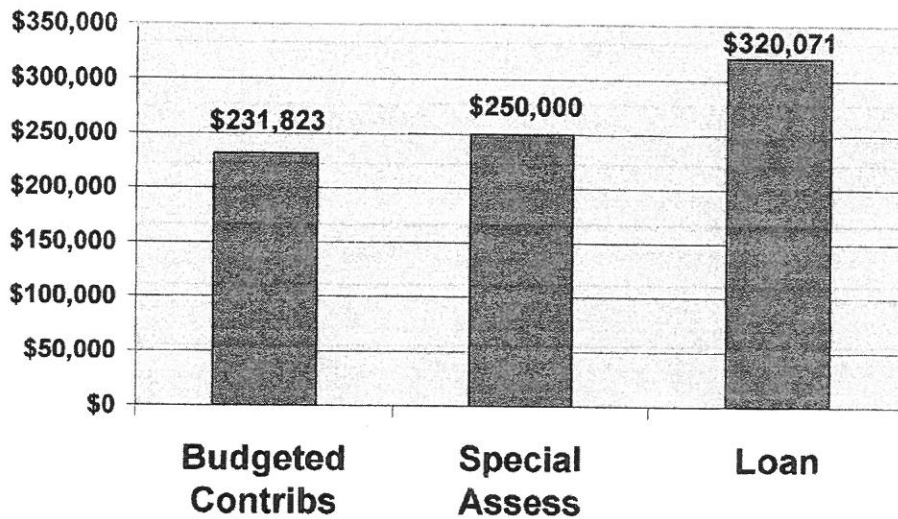
- 1 Full**
- 2 Update With-Site Visit**
- 3 Update No-Site Visit**

How much should an association set aside to fund their Reserves? Just the right amount... to offset ongoing deterioration! For most associations, adequate Reserve contributions represent 15 - 40% of their total budget (around 25% is common).



Remember – the least expensive way to fund Reserves, and the most fair way (if you’re interested in saving money and being fair), is ongoing budgeted contributions. The bank pays a share of the project cost through your ongoing interest earnings, and your owners don’t get surprised. Remember that with loans, in addition to paying the full cost of the project, you pay a healthy amount of interest to the bank!

Funding a \$250,000 Roof



No need to go it alone... Association Reserves is here to guide your association towards a successful future!

Secretary's Report, July 9, 2015

When you read this, your apartment has been or soon will be inspected for safety and other issues. In addition to building issues, your Board encourages you to have a common interest development **HO6 insurance policy** in effect and have your **File of Life** information posted on or near your refrigerator. (I have to tape mine on the cabinet because the magnetic strip doesn't stick to the brushed stainless doors.) Paramedics, firemen and Security know to look there.

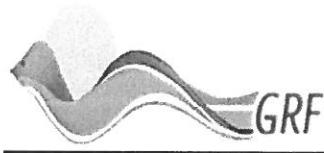
A nearby Mutual has recently been in the GRF News for one large fire and one smaller fire. Both were from causes that were the responsibility of a shareholder. Neither shareholder had HO6 insurance in effect. If you are at fault, in addition to other personal responsibility, you pay the Mutual's \$50,000 deductible in a large fire or other event and the entire cost if it's less than \$50,000.

Personally I carry earthquake insurance and loss assessment as well. Loss assessment kicks in to cover special assessment that may occur if the Mutual doesn't have enough emergency reserve to take care of its responsibility. Mutual 12 does not carry earthquake insurance because current common wisdom is that it is not cost effective. The law allows a special assessment without a vote in a serious emergency. The insurance agent of one shareholder said not to worry about loss assessment insurance, the Mutual will pay. Another recommended the coverage. Don't forget, each of us is 1/452nd of "The Mutual." If an earthquake occurs, the Board will have to decide whether to deplete reserves earmarked for maintaining the Mutual or to levy a special assessment.

The two 7000 Series Policies, Rules and Regulations changes ratified at this meeting are posted in the laundry rooms. The procedural accounting resolution passed does not need to be posted but will appear in the Policy Book and on the GRF and Mutual websites. Now that most of the Seal Beach Mutuels are Davis-Stirling compliant, we're getting help through GRF to be sure we're keeping shareholders properly informed.

As Secretary, I will continue to give informal notice of Special Meetings to requesting shareholders by e-mail or phone call. To be added to my list, call me at 562-430-8425. Special Meeting notices are posted only at the Command Post, Laundry Room 57 D side as stated in our annual disclosures.

Respectfully submitted, Lucille Findlay



Office of Mutual Administration

July 14, 2015
Mutual Administration Committee

Report to Mutual Boards One through Seventeen
From: Carol Weller – Mutual Administration Director

Mutual Election Results & Recap - 2015						
Mut	Apts.	Quorum	Ballots Received	Voting % 2014	Voting % 2015 comparison to 2014	
1	844	281	-----	50%	No Election	
2	864	288	471	50%	56% ↑ 11.32	By-Law Vote-Passed
3	432	144	265	55%	62% ↑ 11.9 %	
4	396	132	202	55%	52% ↓ 5.6%	By-Law Vote-Passed
5	492	164	243	48%	50% ↑ 4%	
6	408	136	221	54%	55% ↑ 1.8%	
7	384	128	235	61%	63% ↑ 3.2%	By-Law Vote-Passed
8	348	116	186	48%	55% ↑ 13.98%	
9	384	128	225	63%	60% ↓ 4.87%	By-Law Vote-No Passage
10	276	92	183	61%	67% ↑ 9.3%	
11	312	104	205	58%	66% ↑ 12.9%	
12	452	151	254	57%	57% ---- same	By-Law Vote-No Passage
14	328	109	209	74%	66% ↓ 11.4%	
15	502	167	288	62%	58% ↓ 6.6%	By-Law Vote-No Passage
16	60	20	45	91%	75% ↓ 19.2%	
17	126	64	66	65%	57% ↓ 13.1%	
Total Ballots Voted			3298			

MUT	2015 BYLAW AMENDMENT	YES	NO	Abstain	PASSED
7	PATIOS & ENCROACHMENT	184	44	7	YES
10	PATIOS & ENCROACHMENT	106	68	9	NO
11	PATIOS & ENCROACHMENT	136	66	1	NO
12	PATIOS & ENCROACHMENT	153	91	9	NO
02	STAGGERED ELECTIONS	354	93	21	YES



The Mutual Administration
Director's Report



Conserve Water and save our environment



It's up to you!!

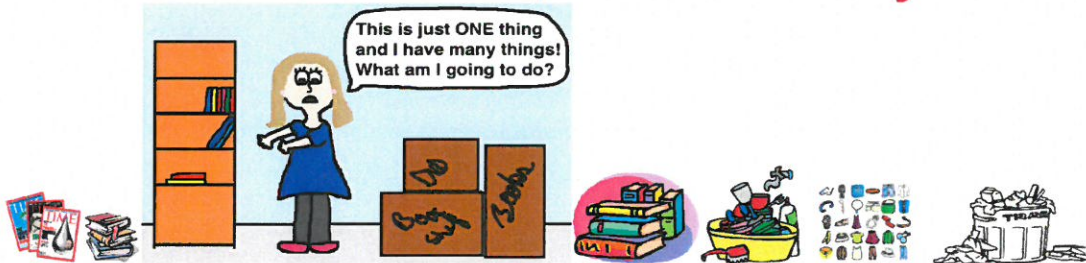
It's SPRINGTIME in Our Hometown

Community Unity

Mutuals 1-17

Are You Overwhelmed? Too Many Things and No where to Put Them!

There is help available – **Policy 7551**



Collecting and keeping too many things in your Leisure World Apartment might present a clear and present danger of rodent and insect infestation and even the possibility of creating a fire hazard within your residence. It can be difficult to let go personal items thought to be very important. Here are a few suggestions to assist you in that decision:

1. Rent an off-site storage.
2. Pass on loving memorabilia to family members or loved ones.
3. Donate extra furnishings and clothing to a charitable organization of your choice.
4. Ask for the assistance of a professional organizer.

If your inability to release an over abundance of personal belongings gets in the way of living your life comfortably, speak to your healthcare professional; there is help!



Here are a few indicators of excessive collecting:

1. Can you sit on your chairs and couches comfortably without items piled on top?
2. Is your bed totally cleared off allowing you to sleep comfortably?
3. Have you stored food or other items in your oven making cooking impossible?
4. Are all floor surfaces clear of debris and furniture assuring safe passage?
5. Is the food in your fridge edible or do you store rotting and old food?
6. **IMPORTANT:** In an emergency can a gurney be navigated through your front door?

If you have any questions or concerns, please contact Safety/Emergency Coordinator, Eloy Gomez @ (562) 431-6586, ex. 356 or the Social Services Liaison, Cindy Tostado @ (562) 431-6586, ex. 317.

HELP US ALL PRACTICE FIRE SAFETY-IT MAY SAVE A LIFE

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL NO. TWELVE**

May 26, 2015

The Special Meeting of Seal Beach Mutual No. Twelve was called to order by President Findlay at 2:02 p.m. on May 26, 2015, in the Physical Property Conference Room.

Those members present were: President Findlay, Vice President Evans (arrived 2:09 p.m.), Secretary/CFO Ferraro and Directors Welch, Fluharty, Jaeger-Hudson, and Gillon

SHAREHOLDER COMMENTS

Comments were: a thank you to the Board for its hard work and disappointment in the handling of his letters of concerns.

OLD BUSINESS:

Following a discussion on MOTION made by Director Welch and seconded by Director Gillon, it was:

RESOLVED: That before making the decision to purchase and install Auto Out canisters in all Mutual apartments, to first determine the number and types that are needed during the scheduled July fire and safety inspections.

The MOTION was carried unanimously by the Board members present

Director Welch nominated Rosemary Sprague (35H) and Florence Conley (39C) as two additional Election Observers. Director Jaeger-Hudson seconded the nominations.

The nominations were unanimously approved.

President Findlay presented the contract proposal from Class 1 Arboriculture for professional services in assessing Mutual 12 Trees. Following a discussion on MOTION made by Director Gillon and seconded by Vice President Evans, it was:

RESOLVED: To accept the proposal by Class 1 Arboriculture to prepare a comprehensive evaluation, assessment and inventory report of Mutual 12 trees for a total of \$5,000.

The MOTION was carried unanimously by the Board members present.

President Findlay called for a short 4 minute break at 2:48 p.m.

NEW BUSINESS:

CFO Ferraro presented a proposal from Association Reserves to update the required annual reserve studies. Following a discussion and upon MOTION made by CFO Ferraro and seconded by Director Jaeger-Hudson, it was:

RESOLVED: That in accordance with Civil Code Section 5550(a) to prepare reserve studies with annual updates, the Board accepts the proposal from Association Reserves to provide annual reserve studies over the next three consecutive years beginning 2015 for an annual flat fee of \$1,420.00 per year.

A roll call vote was taken and the MOTION carried with 1 no vote (Fluharty)

The Board discussed replacement of angle stops for mutual buildings 63 and 64. Upon MOTION by Vice President Evans and seconded by Director Jaeger-Hudson, it was:

RESOLVED: To approve the immediate replacement of angle stops for Buildings 63 and 64, work to be performed by Service Maintenance and authorizes them to complete the work as a Saturday project.

The MOTION was carried unanimously by the Board members present.

President Findlay asked for any Director comments, of which there were none, and then stated that there would be a very brief executive session.

The meeting was adjourned at 3:10 p.m. go into executive session.



Attest:
Susan Ferraro, Secretary
SEAL BEACH MUTUAL NO. TWELVE

/sf

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL NO. TWELVE**

June 8, 2015

The Special Meeting of Seal Beach Mutual No. Twelve was called to order by President Findlay at 2:00 p.m. on Monday, June 8, 2015 in Administration Conference Room B

Those members present were: President Findlay, Vice President Evans, Secretary/CFO Ferraro, Directors Welch, Fluharty, Gillon and Jaeger-Hudson (arrived 2:08 p.m.)

The meeting was adjourned to Executive Session at 2:01 p.m.

The special meeting was reconvened at 3:28 p.m.

There was one shareholder in attendance.


A draft of an informational flyer titled "Mutual 12 Maintenance, Repair and Replacement – Shareholder Responsibility, Mutual Responsibility" was circulated among the board members for review and comment. Following a review that included content edits, and upon Motion by Welch and seconded by Evans, it was:

RESOLVED: To accept Mutual 12 Maintenance, Repair Replacement Shareholder and Mutual Responsibility flyer to be distributed to all shareholders periodically and to be included with the orientation package and annual disclosures.

The MOTION passed.

There were no shareholder comments.

President Findlay adjourned the Special Meeting at 3:47 p.m.



Attest:
Susan Ferraro, Secretary
SEAL BEACH MUTUAL NO. TWELVE
/sf

**MINUTES OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL TWELVE
June 11, 2015**

The Organizational Meeting of the newly-elected Board of Directors of Seal Beach Mutual Twelve was called to order at 11:37 a.m. by Mutual Administration Director Weller, acting as Chairperson, on Thursday, June 11, 2015, in Section C of Clubhouse Four.

Those Directors present were: Joe Welch, Roy Fluharty, Tony Anderson, Jackie Thomas, Lucille Findlay, and Susan Ferraro. Charlotte Jaeger-Hudson was absent. Also present were shareholders, Mutual Administration Director Weller and Recording Secretary Westphal.

Mrs. Weller announced that the purpose of the meeting was to elect the officers of the newly-elected Board of Directors for the 2015-2016 term of office and to set the location, day, and time for the Regular Monthly Meeting of the Board of Directors.

Mrs. Weller called for nominations for the office of President. Mr. Welch nominated himself for President. Mr. Fluharty nominated Ms. Ferraro who declined. There being no further nominations, Mr. Welch was elected President for the 2015-2016 term of office.

The Chair was turned over to President Welch, who asked for nominations for Vice President. Mr. Welch nominated Ms. Ferraro for the office of Vice President. There being no further nominations, Ms. Ferraro was elected Vice President for the 2015-2016 term of office.

President Welch called for nominations for the office of Secretary. Ms. Ferraro nominated Ms. Findlay for the office of Secretary. There being no further nominations, Ms. Findlay was elected Secretary for the 2015-2016 term of office.

President Welch called for nominations for the office of Chief Financial Officer. Ms. Findlay nominated Ms. Ferraro for the office of Chief Financial Officer. Mr. Fluharty nominated Mr. Anderson. There being no further nominations, and after a secret ballot vote, Ms. Ferraro was elected Chief Financial Officer for the 2015-2016 term of office.

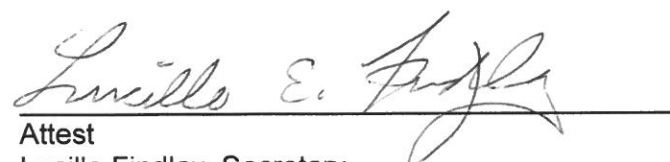
President Welch said he will assign the committees at a later date.

Upon a MOTION duly made by Ms. Ferraro and seconded by Ms. Findlay, it was

RESOLVED, That the Mutual Twelve Regular Monthly Meetings will be held in the Administration Conference Room on the second Thursday of each month at 9:00 a.m.

The MOTION passed.

There being no further business, President Welch adjourned the meeting at 11:48 a.m.



Attest
Lucille Findlay, Secretary
SEAL BEACH MUTUAL TWELVE