

**MINUTES OF THE REGULAR MONTHLY MEETING
OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL TWELVE
March 13, 2014**

The Regular Meeting of the Board of Directors of Seal Beach Mutual Twelve was called to order by President Findlay at 9:32 a.m. on Thursday, March 13, 2014, followed by the *Pledge of Allegiance*, in the Administration Building Conference Room.

ROLL CALL

Present: President Findlay, Vice President Frambach, Secretary Norlander, CFO Woodruff, and Directors Evans (9:50 a.m.), Welch, and Fluharty

GRF Representative: Mrs. Damoci

Guests: Two shareholders of Mutual Twelve

Staff: Mrs. Weller, Mutual Administration Manager
Ms. Miller, Controller
Mr. Antisdell, Building Inspector
Mrs. Westphal, Recording Secretary

President Findlay welcomed guests and staff to the meeting.

MINUTES

President Findlay called for consent agenda approval of the Regular Board Meeting minutes of February 13, 2014; the Special Meeting minutes of February 17, 2014; and the Special Meeting of February 28, 2014. Upon a MOTION duly made by CFO Woodruff and seconded by Director Welch, it was

RESOLVED, That the consent agenda for the Regular Meeting minutes of February 13, 2014; the Special Meeting minutes of February 17, 2014; and the Special Meeting of February 28, 2014, be approved as printed.

The MOTION carried with one "no" vote (Welch).

SHAREHOLDER(S)' COMMENTS

A shareholder requested from the Board permission to install a lower storage cabinet in her carport.

BUILDING INSPECTOR'S REPORT

Inspector Antisdell reviewed his written report (see attached).

Inspector Antisdell discussed the Mutual's annual fire extinguisher service.

Upon a MOTION duly made by Director Welch and seconded by Vice President Frambach, it was

BUILDING INSPECTOR'S REPORT (continued)

RESOLVED, To contract with ASI Fire Protection for maintenance of the Mutual's fire extinguishers for the next 12-month period.

The MOTION carried by a unanimous vote of the Board members.

Inspector Antisdell discussed renewing the Mutual's pest control contract. Upon a MOTION duly made by Vice President Frambach and seconded by Director Welch, it was

RESOLVED, To continue using Fenn Pest & Termite Control for termite and pest control services for a three-year period from April 1, 2014, through March 31, 2017.

The MOTION carried by a unanimous vote of the Board members.

Inspector Antisdell asked for authorization to pay the tree trimming contractor 90 percent of what is due. Upon a MOTION duly made by Director Welch and seconded by CFO Woodruff, it was

RESOLVED, To grant Inspector Antisdell authorization to pay the tree trimming contractor 90 percent of their invoice.

The MOTION carried by a unanimous vote of the Board members.

Inspector Antisdell discussed and recommended a way to repair the concrete at Laundry Room 60 because of the trip hazard there. Upon a MOTION duly made by Director Welch and seconded by Vice President Frambach, it was

RESOLVED, To replace the sidewalk at Laundry Room 60 from end to end for the price of \$4,560, with the work to be done by M. J. Jurado, Inc.

The MOTION carried by a unanimous vote of the Board members.

Inspector Antisdell discussed the root problem in the area of Laundry Room 60. Action was postponed on this. Inspector Antisdell said that he can ask the landscape contractor to supply the Board with a list of areas where roots pose a problem.

Inspector Antisdell said he will be driving around the carports to do follow-up inspections and will send out a second batch of letters to violators.

Inspector Antisdell said that Service Maintenance will be painting the one-way street lines at the end of Carport 59 as a trial. If it works well, then "Do Not Enter" signs will need to be purchased.

BUILDING INSPECTOR'S REPORT (continued)

Inspector Antisdell reported a unit that installed brick facing without Board approval. He is holding three other permits until he receives drawings and change orders from the contractor/shareholder.

The Board discussed amending Policy 7499.12 – Air Conditioning/HVAC/Heat Pump Units. Upon a MOTION duly made by Director Welch and seconded by CFO Woodruff, it was

RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, Policy 7499.12 – Air Conditioning/HVAC/Heat Pump Units.

Inspector Antisdell left the meeting at 10:20 a.m.

GOLDEN RAIN FOUNDATION REPRESENTATIVE'S REPORT

GRF Representative Damoci presented her report (as attached). In addition, the *Recap of the GRF Board Meeting* and the *Committee Chair Reports* attached to the GRF Board minutes may be read in the *Golden Rain News*.

INFORMATION TECHNOLOGY, WEBSITE COORDINATOR'S REPORT

Ms. Goostree is working on the Mutual's website. She complimented the GRF Web Specialist, Daniel Fabian, on his assistance to her.

MUTUAL ADMINISTRATION MANAGER'S REPORT

Mrs. Weller said that candidates for the Board of Directors need to fill out a form in the Stock Transfer Office by April 13. She reported that there have been 37 escrows so far this year. Her written report is attached.

President Findlay said that Mutual Twelve shareholder Mark Pogrebinsky has volunteered to be an Observer of the Election at the Annual Shareholders' Meeting and election this year. The Board was in consensus to approve this.

GUEST SPEAKER – Ms. Miller

Ms. Miller reviewed the Financial Statements as of the year ending December 31, 2013, and the proposed Accountant's Report as submitted by NSBN LLP.

Following a brief discussion, and upon a MOTION duly made by CFO Woodruff and seconded by Director Evans, it was

GUEST SPEAKER – Ms. Miller (continued)

RESOLVED, That the Board of Directors of Seal Beach Mutual Twelve, upon a presentation of the Financial Statements as of December 31, 2013, for the year then ended, and the proposed Accountant's Report as submitted by NSBN LLP, hereby accepts the above mentioned Financial Statements and reports therein.

The MOTION carried by a unanimous vote of the Board members.

Ms. Miller left the meeting at 11:10 a.m.

Following a discussion, and upon a MOTION duly made by CFO Woodruff and seconded by President Findlay, it was

RESOLVED, To close Mutual Twelve's account at Union Bank and transfer all funds to US Bank.

The MOTION carried by a unanimous vote of the Board members.

OLD BUSINESS

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

RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, and pending Board approval of specific cabinet building plans, Policy 7502.12 – Carport Regulations.

The MOTION carried by a unanimous vote of the Board members.

PRESIDENT'S REPORT

President Findlay's report is attached.

VICE PRESIDENT'S REPORT

Vice President Frambach submitted some earthquake information for attachment.

CFO'S REPORT

CFO Woodruff submitted a report to be attached to the minutes. Also attached is the 2014 Reserve Study Executive Summary.

March 13, 2014

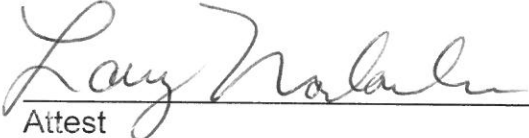
Upon a MOTION duly made by Director Welch and seconded by Vice President Frambach, it was

RESOLVED, To go into Executive Session at 12:17 p.m. to discuss member issues.

The MOTION carried by a unanimous vote of the Board members.

ADJOURNMENT

Following the Executive Session where member issues were discussed, President Findlay adjourned the meeting at 12:32 p.m.



Attest

Larry Norlander, Secretary
SEAL BEACH MUTUAL TWELVE

pw:3/25/14
Attachments

NEXT MEETING: APRIL 10, 2014

**SPECIAL MEETING ANNOUNCEMENTS AND AGENDAS
ARE POSTED IN LAUNDRY ROOM 57 (D SIDE).
FOR INDIVIDUAL NOTICE OF SPECIAL MEETINGS,
CONTACT PRESIDENT FINDLAY.**

**RESOLUTIONS IN THE REGULAR
MONTHLY MEETING OF MARCH 13, 2014**

- 3/25/14 RESOLVED, To contract with ASI Fire Protection for maintenance of the Mutual's fire extinguishers for the next 12-month period.
- RESOLVED, To continue using Fenn Pest & Termite Control for termite and pest control services for a three-year period from April 1, 2014, through March 31, 2017.
- RESOLVED, To grant Inspector Antisdell authorization to pay the tree trimming contractor 90 percent of their invoice.
- RESOLVED, To replace the sidewalk at Laundry Room 60 from end to end for the price of \$4,560, with the work to be done by M. J. Jurado, Inc.
- RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, Policy 7499.12 – Air Conditioning/HVAC/Heat Pump Units.
- RESOLVED, That the Board of Directors of Seal Beach Mutual Twelve, upon a presentation of the Financial Statements as of December 31, 2013, for the year then ended, and the proposed Accountant's Report as submitted by NSBN LLP, hereby accepts the above mentioned Financial Statements and reports therein.
- RESOLVED, To close Mutual Twelve's account at Union Bank and transfer all funds to US Bank.
- RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, and pending Board approval of specific cabinet building plans, Policy 7502.12 – Carport Regulations.

MUTUAL 12 MARCH MEETING 3/13/2014

ESCROW ACTIVITY

35-F FINAL

74-G FINAL

PRELISTINGS

69-A/ 42-K/ 39-C/ 66-K

NEW BUYER ORIENTATIONS

35-F/74-G

REMODELS

12-68-L COMPLETE / 12-65-A GETTING CLOSE TO BEING DONE /12-9-A GETTING READY TO START

CONTRACT ACTIVITY

TOUCH UP PAINTING OF DRYROT WILL START IN APRIL

ASI FIRE PROTECTION /FENN TERMITE

TREE TRIMMING OK TO PAY 90% WILL WALK TREES NEXT WEEK

LAUNDRY ROOM 60 SIDEWALK REPLACEMENT \$4,560.00 MJJURADO

FIRE INSPECTION FOLLOW UPS AFTER I FINISH FIRE INSPECTIONS IN MUTUAL 1

FOLLOW UPS ON CARPORT LETTERS AFTER I FINISH FIRE INSPECTION IN MUTUAL 1

PAINTING OF STREET BY CARPORT 141 BY BLDG. 59 MAINT. HAS ORDER

SUBMITTED BY JERRY ANTISDEL, BUILDING INSPECTOR

Carole Damoci
Mutual 12 Representative
March 13th, 2014

Monday the 17th at 3pm a new cafe, with vending machines, will open downstairs in Clubhouse 5. It will be open 7 days a week from 7am to 10pm,

We're going over the contract for an Organic farming group to bring a Farmers Market into Leisure World on Saturday mornings.

A copy of the Trust will be mailed to each household in the near future.

The Recreation sub-committee on entertainment for this year's Thursday night Amphitheater shows has firmed up the list. The final steps are being taken to book Debbie Reynolds, Frankie Avalon, the Kingston Trio and eight other acts. Three Saturday night shows will be available for in-house talent. We expect to have a lot of groups wanting 1 of those 3 nights and will fill them from the interested groups starting with groups that didn't have a Saturday night show last year. Groups that will share a night will get special consideration.

Gates & Patrol has gone back to being called Security.

The Mutual Self Insurance Fund has ended and no more claims against it are being received. The remaining monies will be returned to the Mutuals on June 1st.

I would like to hear from each of you with your ideas on any subject concerning the community. Please feel free to contact me.

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

The Mutual Administration Manager's Report

Carol Weller



| | | |
|------------------------|--------------------|---------------------------|
| Mutual Corporations | Community Unity | Golden Rain Foundation |
|------------------------|--------------------|---------------------------|

Election Time is Here!!!!

If you wish to run for a Director's position on the Mutual Board and be included on the ballot for your Mutual election, please see the staff of the Stock Transfer Office for a candidate's application form. The deadline for turning in the candidate application form for Mutual Six is April 28, 2014.



Please attend Mutual Twelve's Annual Meeting and balloting on Thursday, June 12, 2014, at 10:00 a.m. in Clubhouse Four.



Drought

Please conserve our precious water. Simple suggestions:

Don't let water run in the sinks

Take short showers

Plant drought-resistant plantings

Replace any garden hoses with leaks

Report garden hose bib connections which drip

Protect Your Pets

Please do not feed the wildlife we live with. The consequences are bad for the wildlife and could be dire for your beloved pet.

MUTUAL 12 MARCH 13, 2014 MONTHLY MEETING

Nomination Deadlines for the 2014-15 Elections

The deadline for turning nomination forms in to Stock Transfer for the **Mutual 12 Board** is **April 14**.

If you're running for the **Golden Rain Foundation Board**, turn in your application by **April 18**.

Working together we'll have a positive, productive year.

Water heater replacements continue. By moving forward on this program we have avoided 5 potential water damage situations so far. Two of the water heaters were already leaking and three leaky pipes in the walls behind the water heaters have been found and replaced.

Touch up painting for the most recent round of dry rot termite repair has finally begun. The buildings scheduled are 6, 7, 8, 34, 35, 38, 40, 41, 42, 43, 45, 47, 57, 58, 59, 62, 64, 66, 67, 71, 72, 73, 76, 77, and 78. Work should be finished by May 2. Call Roy, Joe or Lucille if a buildings with patches of white undercoat have been missed or there are still old areas of white undercoat on the numbered buildings after that date. I say old because the termites continue to find new places to live and Service Maintenance treats, repairs and undercoats new infestations frequently. Call a Director when you find a new or recurring area. We'll notify Inspector Antisdell so it can be treated and put on the list for repair if necessary.

Lawn renovation is still on hold waiting for completion of the bid package. Thank you for your patience as we work toward improved turf areas. Part of the process is trying to achieve improved sprinkler coverage.

Common area includes everything outside your home. You may have approved plants of your choice in the garden area. Nothing may be placed in the lawn area or around and in trees without Board permission. I have recently observed items hanging from trees that gardeners could run into when mowing or working around the mutual. Please remove them.

Respectfully submitted, Lucille Findlay

To prepare now for a foreseeable, serious earthquake, store a ten-day supply of:

- Water (1 gallon per person or pet per day)
- Non-perishable food (canned, no-cook, packaged) and a manual can opener.
- First-aid kit (including first-aid manual)
- Medications (prescription and non-prescription) and eyeglasses
- Small battery-powered LED flashlights, a radio, and extra alkaline batteries. (Probably, we will have no electricity.)
- Personal-hygiene items; toilet paper, paper towels, hand sanitizer, and large trash bags for trash.

Also, think about and have on hand:

- Copies of important documents.
- Items for pets, if any (food, water, cages/leashes).
- Tools (including duct tape, neon-colored tape or rope to block off dangerous areas).
- Cash in small denominations (\$1, \$5, \$10) (ATMS and credit cards do not work if the power is out).
- Fire extinguisher (A-B-C type).
- Protective gear -- goggles, gloves, plastic drop cloths, raincoats, overcoats, etc.
- Whistle
- Change of clothing and sturdy shoes. (Prepare to walk on broken glass. It will be nearly everywhere.)
- Names, addresses, and phone numbers of doctors and pharmacists.
- Keep as much as you can of the kit in a sturdy and easy-to-carry container.
- Have a smaller-sized kit for your car.
- Provide for storage of your household's human waste by buying a camping toilet with special waste bags from a sporting goods store. (Toilets without incoming water will not flush.)

Do Not expect Mutual 12 to rescue you!

You may read the latest Uniform California Earthquake Rupture Forecast, the most comprehensive analysis of earthquake probabilities of which the Board of Directors of Mutual 12 is aware, at:

<http://www.usgs.gov/of/2013/1165/>

The document is technical and difficult to understand. The gist of it is that there is sufficient likelihood of one or more very large earthquakes striking southern California at any time soon that it is foolhardy for any adult to be unprepared for it or them.

Mutual 12 shareholders have been told, again and again, that Mutual 12, a California corporation, has not assumed responsibility, and does not intend to assume responsibility, for the well-being or the safety, in case of a disaster, such as an earthquake, of any person on its premises.

Seal Beach Mutual Number Twelve – Chief Financial Officer’s Report

Madam President, members of the Board of Directors, and Shareholders of Seal Beach Mutual Number TWELVE,

2013 Audited Financial Statements: An audit of Mutual Twelve financial statements has been conducted. The primary focus of the audit was on the Mutual balance sheet as of December 31, 2013 and the related statements of direct operating expenses, stockholder’s equity, and cash flows. The audit involved independent auditors performing procedures/tests to obtain audit evidence about the amounts and disclosures in the financial statements. Audit findings have been formally documented in the Independent Auditors’ Report. The following is the official auditors’ opinion statement from the Independent Auditors’ report:

“the financial statements referred to above present fairly, in all material respects, the financial position of Seal Beach Mutual No. Twelve as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. “

Note: The final audited 2013 balance sheet included the accrued 2013 expenses and refunds that were posted to the Mutual 12 accounts after the regular December 2013 monthly report was distributed. This accounts for the difference in the 2013 operating expense amount reported in the independent auditors’ report and the YTD operating expense amount reported in the December 31, 2013 regular monthly financial statement provided by GRF accounting to shareholders. 2013 accrued expenses and refunds posted to accounts after December 31, 2013 amounted to a CREDIT of \$7,236 and are listed below.

72100 – GRF Trust Maintenance Fee - (\$20,597) (GRF refund of excess income)

64776 – Landscape Extras - \$11,520 (tree trim accrued expense)

64776 – Landscape Extras - \$1,009 (general accrued expense)

64772 – Pest Control - \$12 (general accrued expense)

64773 – Structural Repair - \$830 (general accrued expense)

Monthly Financial Report: Reference attached Financial Statements Recap Report for full financial status. Summary report provided below:

Month- End FEB 28: The Mutual Twelve operating expenses posted for the month-ending February 28, 2014 totaled \$144,187 against an operating budget of \$137,866. This represents a \$6,321 unfavorable variance to the monthly operating expense budget. This over-budget condition for the month of February is due to the posting of 2013 accrued expenses (mentioned in the Audited Statements section above) in February 2014. It is important to note that the

timing of these accrued expense debits and previous month's expense credits are dictated by accounting processes/policies and have zero impact on our February YTD actual expenditures; for example, the Landscape extra expense posted in February was \$12,921, were as, the February YTD total for Landscape Extras is \$391. All 2013 accrual adjustments have been completed; thus, this type of irregularity should not show up on future monthly financial statements.

Year- to-date (YTD): YTD Mutual Twelve total operating expenses amounts to \$262,420. This represents a \$13,312 favorable variance to the YTD operating expense budget of \$275,732.

YTD total mutual income and contributions to Capital amounts to \$278,024. Subtracting total YTD expenses from this number gives mutual twelve an excess YTD income of \$15,604 (up from \$7,190). Excess 2014 income is allocated to the General Investment reserve and is used to cover future Mutual 12 2014 budget over-runs.

Restricted Reserves:

Appliance Reserve: \$50,621.12 (Down from \$69,471.79) This is to be used for future appliance replacements (cooktops, ovens, refrigerators, etc.).

Painting Reserve: \$280,714.64 (Up from \$279,653.97) This is to be used for stucco and woodwork painting of the Mutual buildings.

Roofing Reserve: \$2,191,383.68 (Up from \$2,168,707.85) This is to be used for replacement of building and carport roofs.

Infrastructure Reserve: \$477,204.70 (Up from \$465,697.53) This is to be used for major mutual infrastructure repairs/replacements (major building structural repairs, asphalt sealing/repairs, walkway repairs, lawn renovation.

Emergency Reserve: \$312,709.63 (Down from \$312,871.52) This is money set aside for emergency (unplanned) events and supplies that require immediate funding.

All reserves are funded through the monthly regular mutual shareholder assessments. Reserve funds are currently invested in FDIC insured Money Market accounts and Certificates of Deposit (CDs), and tax exempt Bonds. It is anticipated that as exiting Bond maturities are realized, funds will be reinvested in FDIC insured depository institutions.

**SEAL BEACH MUTUAL NO. 12
FINANCIAL STATEMENTS RECAP**
For the Two Months Ending February 28, 2014

INTERNALLY PREPARED
FOR MANAGEMENT USE ONLY

| <i>February</i> | | | <i>YTD</i> | |
|-----------------|----------------|--|------------------|----------------|
| <i>Actual</i> | <i>Budget</i> | | <i>Actual</i> | <i>Budget</i> |
| \$100,642 | \$100,642 | Regular Assessment | \$201,283 | \$201,284 |
| 35,112 | 35,112 | Reserve Funding | 70,224 | 70,224 |
| 135,754 | 135,754 | Total Regular Assessments | 271,507 | 271,508 |
| | | Service Income | 25 | |
| 1,517 | 1,215 | Financial Income | 3,254 | 2,430 |
| 1,968 | 897 | Other Income | 3,238 | 1,794 |
| 3,485 | 2,112 | Total Other Income | 6,517 | 4,224 |
| 139,239 | 137,866 | Total Mutual Income | 278,024 | 275,732 |
| 63,079 | 63,081 | Trust Maintenance Cost | 126,158 | 126,162 |
| 10,885 | 12,837 | Utilities | 20,766 | 25,674 |
| 595 | 1,270 | Professional Fees | 1,189 | 2,540 |
| 26,068 | 18,894 | Outside Services | 27,186 | 37,788 |
| 8,448 | 6,672 | Taxes & Insurance | 16,896 | 13,344 |
| 35,112 | 35,112 | Contributions To Reserves | 70,224 | 70,224 |
| 144,187 | 137,866 | Operating Expenses Before Off-Bdgt | 262,419 | 275,732 |
| (4,948) | | Excess Inc / (Exp) Before Off-Bdgt Items | 15,605 | |
| (4,948) | | Excess Inc / (Exp) After Off-Budget Items | 15,605 | |
| | | Restricted Reserves | | |
| (18,851) | | Appliance Reserve | 50,621 | |
| 1,061 | | Painting Reserve | 280,715 | |
| 22,676 | | Roofing Reserve | 2,191,384 | |
| (162) | | Emergency Reserve | 312,710 | |
| 11,507 | | Infrastructure Reserve | 477,205 | |
| | | Total Restricted Reserves | 3,312,635 | |

Executive Summary

Association: Leisure World Mutual 12 **Assoc. #: 22257-2**
Location: Seal Beach, CA
of Units: 452
Report Period: January 1, 2014 through December 31, 2014

Results

| | |
|---|-------------|
| Projected Starting Reserve Balance: | \$2,888,809 |
| Fully Funded Reserve Balance: | \$3,669,318 |
| Average Reserve Deficit (Surplus) Per Unit: | \$1,727 |
| Percent Funded: | 78.7% |
| Recommended 2014 monthly Reserve Contribution:..... | \$33,000 |
| Recommended Special Assessment this year:..... | \$0 |
| Most Recent Reserve Contribution Rate: | \$30,026 |

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves..... 1.00%
 Annual Inflation Rate 3.50%

- This is an "Update No-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2013 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- This Reserve Study was prepared by, or under the supervision of Sean Erik Andersen, a credentialed Reserve Specialist (RS#68).
- Because your Reserve Fund is between the 70% funded level and the 100% funded level at 78.7% Funded, this represents a strong position. Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$33,000.

| # | Component | Useful Life (yrs) | Rem. Useful Life (yrs) | Current Average Cost | Future Average Cost |
|------|-------------------------------------|-------------------------|------------------------------|----------------------------|---------------------------|
| 103 | Concrete Walkways - Repair | 1 | 0 | \$11,450 | \$11,851 |
| 201 | Asphalt - Removal & Replacement | 24 | 12 | \$192,200 | \$290,427 |
| 202 | Asphalt - Seal/Repair | 4 | 2 | \$16,600 | \$17,782 |
| 204 | Concrete Swales - Repair | 10 | 0 | \$11,800 | \$16,645 |
| 320 | Pole Lights - Replace | 24 | 7 | \$73,300 | \$93,258 |
| 702 | Meter Cabinet Doors - Replace | 15 | 3 | \$9,400 | \$10,422 |
| 702 | Utility Doors - Replace | 20 | 10 | \$8,850 | \$12,484 |
| 803 | Water Heaters (Pre-2000) - Replace | 1 | 0 | \$4,600 | \$4,761 |
| 803 | Unit Water Heaters (2013) - Replace | 12 | 11 | \$40,900 | \$59,713 |
| 803 | Unit Water Heaters (2014) - Replace | 12 | 0 | \$87,600 | \$132,370 |
| 803 | Unit Water Heaters (2015) - Replace | 12 | 1 | \$87,600 | \$90,666 |
| 803 | Unit Water Heaters (2016) - Replace | 12 | 2 | \$78,150 | \$83,716 |
| 901 | Toilets - Replace | 30 | 5 | \$120,000 | \$142,522 |
| 1003 | Irrigation Controllers - Replace | 12 | 4 | \$32,000 | \$36,721 |
| 1004 | Sprinkler System - Refurbish | N/A | 4 | \$100,000 | \$114,752 |
| 1110 | Laundry Room Interior - Repaint | 10 | 0 | \$13,050 | \$18,408 |
| 1115 | Stucco - Repaint | 10 | 1 | \$203,350 | \$210,467 |
| 1116 | Wood Surfaces - Repaint | 5 | 0 | \$69,800 | \$82,901 |
| 1120 | Wood Surfaces - Repair | 5 | 0 | \$42,800 | \$50,833 |
| 1122 | Plumbing - Refurbish/Replacement | 1 | 1 | \$50,000 | \$51,750 |
| 1122 | Plumbing - Refurbish/Replacement | N/A | 0 | \$100,000 | \$0 |
| 1300 | Roof Plywood (2017) - Replace | 50 | 3 | \$118,500 | \$131,383 |
| 1300 | Roof Plywood (2018) - Replace | 50 | 4 | \$123,550 | \$141,776 |
| 1300 | Roof Plywood (2019) - Replace | 50 | 5 | \$153,350 | \$182,132 |
| 1300 | Roof Plywood (2020) - Replace | 50 | 6 | \$175,250 | \$215,427 |
| 1303 | Comp Shingle Roof (2017) - Replace | 25 | 3 | \$413,200 | \$458,122 |
| 1303 | Comp Shingle Roof (2018) - Replace | 25 | 4 | \$433,800 | \$497,795 |
| 1303 | Comp Shingle Roof (2019) - Replace | 25 | 5 | \$540,350 | \$641,766 |
| 1303 | Comp Shingle Roof (2020) - Replace | 25 | 6 | \$670,150 | \$823,785 |
| 1303 | Garage Roofs (2020) - Replace | 25 | 6 | \$319,650 | \$392,931 |
| 1310 | Gutters/Downspouts - Repair | 20 | 3 | \$200,800 | \$222,631 |
| 1315 | Attic Entry Screens - Replace | 45 | 6 | \$6,650 | \$8,175 |
| 1402 | Signage - Replace | 10 | 3 | \$15,000 | \$16,631 |
| 1901 | Lawns - Renovation | 5 | 0 | \$70,000 | \$83,138 |
| 34 | Total Funded Components | | | | |

Note: a highlighted component is at the end of its useful life.

MUTUAL OPERATIONS**PHYSICAL PROPERTY****DRAFT****Air Conditioning/HVAC/Heat Pump Units - Mutual Twelve Only**

In order to conform to revised requirements of the City of Seal Beach, the Uniform Building Code, and the regulations of the Physical Property Department of Leisure World, and in accordance with the previous practices of this Mutual, the installation of air conditioning units shall be approved and confirmed as follows:

1. **Ducted air conditioning/heat pumps shall be placed in front of an apartment as close to the center as feasible on all inside units. Ducted air conditioning/heat pumps shall be placed on the short side of all corner apartments as feasible as far from the neighboring apartment as practicable. All new installations and change outs will require a four-inch-thick poured concrete base. The base must be flush with the foundation. A fiberglass pad not to exceed three inches high may be added. Size shall not exceed 2.5 ton and code plus 2 seer. All permits for apartment build outs where an air conditioning/heat pump is preexisting in a location not permitted by Policy 7499.12 must include specifications for removal or relocation of the air conditioning/heat pump to a location consistent with this policy. The requirement applies whether the build out is on an unimproved apartment or replacing an old build out.**
2. Ductless air conditioning/heat pumps shall be placed in front of an apartment within the drip line as close to the center of the apartment as feasible. All new installations and change outs will require a four-inch-thick poured concrete base. **The base must be flush with the foundation. A fiberglass pad not to exceed three inches high may be added.**
3. All HVAC and heat pump systems shall follow all current state and local codes. Both GRF and City of Seal Beach permits are required.
4. All new installations shall conform to the current local exterior noise ordinance. A noise suppresser blanket must be installed on each ducted installation around the compressor. The noise level of the air handler in the attic shall not exceed 44 DB, and the noise level of the outside condensing unit shall not exceed **55 DB during the day or 50 DB at night or per current code.**
5. Attic Access: Ducted units only. There must be attic access from the inside of resident's **shareholder's** apartment (usually in the kitchen or bathroom), or from the outside (for end apartments only), so the unit may be serviced and maintained. If attic access is required, it shall be a minimum 22" x 30"; and the cover shall be a combination of plywood laminated to a 5/8" Type X drywall, with the drywall facing the attic side.

(Draft created 3-14-14 pw)

MUTUAL OPERATIONS**PHYSICAL PROPERTY****DRAFT****Air Conditioning/HVAC/Heat Pump Units - Mutual Twelve Only**

6. Permits are required for all wall heaters. In all construction work where wall heaters replace the original ceiling heat source, a metal conduit or armored cable shall be used for the last six feet of line running from the breaker box to the wall heater(s).
7. On the occasion of change of ownership, and with a charge against the seller's escrow, all ducted and ductless air conditioning/**heat pumps** units shall be inspected and serviced or replaced, as needed, to conform with current building codes and all condensation drain lines will be checked and rodent-proofed as needed.
8. All exposed refrigerant lines on the exterior walls of the building shall be covered by a sheet metal cover. All exposed lines (beginning and end) must be covered with sheet metal and/or expandable foam so they are rot-resistant and flame-, insect-, and vermin-proof. Lines must be installed inside the drip line.
9. If the noise level as cited above in Item 4 exceeds either the inside or outside level, the **shareholder** ~~resident~~ responsible for having unit(s) repaired at once. If the unit is not repaired by the **shareholder** ~~resident~~, the unit may not be used. ~~by the resident~~. If the Mutual repairs the unit, the **shareholder** ~~resident~~ will be billed for all expenses. Repair and maintenance of all units will be the responsibility of the **shareholder** ~~resident~~.

MUTUAL ADOPTION

TWELVE: 08 Oct 87

AMENDMENTS

04-11-02, 09-13-07, 10-08-09

(Draft created 3-14-14 pw)

MUTUAL OPERATIONS

RESIDENT REGULATIONS

DRAFT

Carport Regulations and Common Area Traffic Policy - Mutual TwelveCarport Use

1. Carports are to be used for parking of self-propelled land vehicles in operating condition. Any stored items in the carports must be completely contained in the carport cabinets **(except as stated in 3)**.
2. Current fire regulations prohibit the storage of fuel oil or any combustible material in **anywhere** in the carport areas.
- ~~53.~~ ~~Bicycles, tricycles, **an empty folding shopping cart**, and a ladder **or stepstool** may be stored under the cabinets in the owner's assigned or rented space. Other vehicles in operating condition, including **but not limited to** motorcycles, mopeds, electric carts, bicycles and tricycles, shall not be parked between self-propelled land vehicles because that would infringe upon another occupant's vehicle space.~~
 - ~~a. A ladder or stepstool for access to storage is allowed in front of the car.~~
- 3. One bicycle or tricycle per resident, a folding shopping cart, and a ladder or stepstool may be stored under the cabinets in the owner's assigned or rented space (chains and locks recommended). Nothing else may be stored anywhere on the floor or stoop of the carport space.**
- 4. No second vehicle of any kind may be parked beside self-propelled land vehicles because that would infringe upon another occupant's vehicle space.**
- ~~35.~~ All vehicles, when parked in the carports, must be headed in.
- ~~46.~~ At each inspection of the carports by the staff of the Physical Property Department, notice will also be given to each resident **shareholder** found in violation **stating** that the improperly stored material **items** must be removed within ten (10) days or the material **items** will be removed at the resident's **shareholder's** expense.
- 7. Installation of a power outlet in the carport for charging small (non-highway) electric carts is no longer permitted. A registered, fee paying shareholder who**

MUTUAL OPERATIONS**RESIDENT REGULATIONS****DRAFT****Carport Regulations and Common Area Traffic Policy - Mutual Twelve**

already has a power outlet in their carport space can be “grandfathered in” only for charging one cart that shareholder already owns or a replacement cart that can be charged at the existing outlet. The outlet shall be removed at the end of that shareholder’s occupancy.

Other electric cart owners shall install a charging pad at their apartment as described in Policy 7507.12.

- ~~6.~~ Installation of a power outlet in the carport for charging small (non-highway) electric carts is permitted. The Mutual/Resident Agreement for electrical outlet shall be executed and signed prior to installation.
- ~~a.~~ Maintenance of the electrical circuit is the resident’s responsibility. Failure to comply with timely payments will result in the circuit being disconnected at the member’s expense. Upon resale or transfer of the share of stock, it is the responsibility of the member to remove the electrical circuit at the member’s expense and return the carport to its original condition
- ~~b.~~ Specifications dated January 2001 shall apply and may be obtained from the Physical Property Department.
- ~~78.~~ Any damages sustained to the carport are the responsibility of the resident **shareholder**.

Carport Assignments

1. Carport assignments are controlled by the Mutual Corporation and a record of assignments is kept in the Stock Transfer Office of the Golden Rain Foundation.
- a. Any vehicle parked in a carport must bear a current vehicle decal issued by the Seal Beach Leisure World Security Department (except as stated in 4 3. a.).

MUTUAL OPERATIONS

RESIDENT REGULATIONS

DRAFT

Carport Regulations and Common Area Traffic Policy - Mutual Twelve

- b. No person shall park any vehicle in any carport not assigned to him/her without permission from the Mutual Board of Directors (2.) or a temporary visitor note on the dash (3.a.). Violators who are Mutual Twelve shareholders or their responsibility may be fined \$25 for each 24 hour period any documented offense occurs.
2. Residents desiring to change carport assignments must obtain approval of the Mutual Board of Directors so that the change can be properly recorded in the Stock Transfer Office.
- a. The request for carport re-assignment, if approved, is only temporary and is valid only so long as both participating parties agree to the temporary change. One party determining to withdraw from the agreement may do so as may the successor owner of that party's apartment. The Mutual Corporation retains, at all times, the authority to revoke and cancel this temporary change of carport assignment, at its discretion. The reassignment of carport spaces, herein provided, will automatically become null and void in the event of a sale of the stock representing either apartment, with absolutely no exceptions to the rules herein provided.
- 43.** Carport space or storage space may not be rented to or used by anyone who is not a Mutual Twelve resident shareholder and a member in good standing of the Golden Rain Foundation.
- a. ~~The carport assigned~~ A shareholder may allow temporary, short-term parking of a vehicle used by a houseguest in their assigned carport. A note containing the date, ~~resident's~~ shareholder's name and unit number ~~should~~ shall be placed on the vehicle dashboard to be read outside the vehicle.

C. Mutual Driveway/Roadway Restrictions

1. The speed limit is 10 miles per hour. All vehicles must park with the flow of traffic. Parking is limited to 30 minutes in green zones and is not allowed in red zones. Violators who are Mutual Twelve shareholders or their responsibility

MUTUAL OPERATIONS**RESIDENT REGULATIONS****DRAFT****Carport Regulations and Common Area Traffic Policy - Mutual Twelve**

may be fined \$25 for each 24-hour period any documented offense occurs.

2. Mutual Twelve shareholder RVs may park on driveways less than 48 hours for loading and unloading only. Visitor and vacation RVs may park on Trust streets and the Clubhouse 4 lot, not on Mutual Twelve driveways.

D. Inoperable or Leaking Vehicles

No inoperable, wrecked, unlicensed, or leaking vehicles may be brought into or parked on or within 10 feet of Mutual Twelve property.

E. Towing Vehicles

The Security Department is hereby authorized by the Board of Directors of Mutual Twelve, pursuant to clause (1) of subparagraph (E) of paragraph (1) of subdivision (1) of Section 22658 of the California Vehicle Code to cause the removal and towing of a vehicle which is parked on any Mutual Twelve property within 15 feet of a fire hydrant or in a fire lane, or in a manner which interferes with an entrance or exit from the private property, so long as such towing conforms to other provisions of said Section 22658.

Any towing that results from this authorization will be at the vehicle owner's expense in conformity with the provisions of Section 22658.

F. Sidewalk Traffic

1. Gasoline-powered vehicles are prohibited from using sidewalks in this Mutual. Exceptions shall be limited to the following:
 - a. Emergency medical vehicles belonging to the Health Care Center
 - b. Service vehicles designated for sidewalk use belonging to the GRF
 - c. Service vehicles designated for sidewalk use belonging to contractors or vendors doing business with residents or the Mutual Twelve Corporation

MUTUAL OPERATIONS**RESIDENT REGULATIONS****DRAFT****Carport Regulations and Common Area Traffic Policy - Mutual Twelve**

- 2. Due to potential safety hazards, visitors in Mutual Twelve who are the responsibility of shareholders may not use roller skates, roller blades, or skateboards on Mutual sidewalks or streets.**
- 3. Except for employees working in Leisure World, visitors residing outside Leisure World may ride bicycles or tricycles on Mutual sidewalks or streets only if accompanied by a shareholder.**

G. Lower Carport Cabinets

(The Board has approved in concept lower cabinets. When language and specifications have been drafted and approved, that section will be entered here for shareholder input and ratification.)

(Inclusions and exclusions of GRF Policy 4090 noted in Policy 7581.12 – Enforcement Carport Regulations and Common Area Traffic Policy – Mutual Twelve, of Traffic Regulations, are reflected in this policy. To the extent of any conflict between GRF Policy 1920 and this policy, Mutual 12 Policy 7502.12 – Carport and Common Area Traffic Regulations shall prevail on Mutual Twelve Corporation property.)

MUTUAL ADOPTION**AMENDMENT(S)**

TWELVE: 04-11-68

10-09-80; 04-11-85; 02-08-01, 08-12-04, 01-06-06

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

February 17, 2014

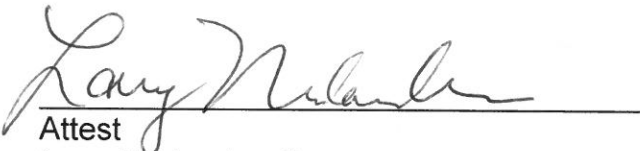
The Special Meeting of Seal Beach Mutual No. Twelve was called to order by President Findlay at 10:32 a.m. on February 17, 2014, at Apartment 58-F in Mutual Twelve. Those members present were: President Findlay, Vice President Frambach, Secretary Norlander, CFO Woodruff, and Directors Evans and Welch. Director Fluharty was absent. Also present was one shareholder.

The purpose of the meeting was to continue discussion and make a decision on ratification of posted/rescinded policy 7303 - Self Insurance Fund. After discussion, and upon a MOTION duly made by Vice President Frambach and seconded by Director Evans, it was

RESOLVED, To ratify posted/rescinded Policy 7303 –
Self-Insurance Fund.

The MOTION carried by a unanimous vote of the Board members present.

The meeting was adjourned by President Findlay at 10:55 a.m.



Attest
Larry Norlander, Secretary
SEAL BEACH MUTUAL NO. TWELVE

cd:2/25/14

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL TWELVE**


February 28, 2014

A Special Meeting of the Board of Directors of Seal Beach Mutual Twelve was called to order by President Findlay at 9:10 a.m. on Friday, February 28, in the Physical Property Department Conference Room.

Those members present were: President Findlay, Secretary Norlander, and Directors Fluharty, Evans and Welch. Vice President Frambach and CFO Woodruff were absent.

The purpose of the meeting was to plan the agenda for the March 13, 2014, Regular Monthly Mutual Twelve Meeting.

President Findlay adjourned the meeting at 11:30 a.m.


Attest
Larry Norlander, Secretary
SEAL BEACH MUTUAL TWELVE

pw:3/6/14