

**MINUTES OF THE REGULAR MONTHLY MEETING
OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL TWELVE
May 8, 2014**

The Regular Meeting of the Board of Directors of Seal Beach Mutual Twelve was called to order by President Findlay at 9:30 a.m. on Thursday, May 8, 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, Welch, and Fluharty

GRF Representative: Mrs. Damoci

Guests: Five shareholders of Mutual Twelve

Staff: 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 April 10, 2014, and the Special Meeting minutes of April 25, 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 April 10, 2014 and the Special Meeting minutes of April 25, 2014, as printed.

The MOTION carried with one abstention (Frambach).

SHAREHOLDERS' COMMENTS

A shareholder said she is glad Carol Damoci is running for the GRF Board once again, another shareholder thanked the Board for the work they do for the Mutual, a shareholder spoke about his letter regarding the Mutual's air conditioning policy and the noise level of air conditioners in the Mutual, a shareholder said they appreciate Carol Damoci's work as well as the Board members' work, the same shareholder reported that a hole was found in a wall of her unit due to the construction next door, and shareholders were welcomed because they just moved into the Mutual.

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*.

MUTUAL ADMINISTRATION MANAGER'S REPORT

In Mrs. Weller's absence, her report is attached.

OLD BUSINESS

The Board discussed amended/posted Policy 7502.12 – Carport Regulations and Common Area Traffic Policy – Mutual Twelve, and it was decided that the Directors would review it further, and it may ratified at the May 23 Special Meeting of the Board.

The Board discussed amended/posted Policy 7499.12 – Air Conditioning/HVAC/Heat Pump Units – Mutual Twelve Only, and upon a MOTION duly made by Director Fluharty and seconded by Vice President Frambach, it was

RESOLVED, To postpone the ratification of amended/posted Policy 7499.12 – Air Conditioning/HVAC/Heat Pump Units – Mutual Twelve Only, for further review.

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

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

RESOLVED, To ratify amended/posted Policy 7495 – Bay Windows.

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

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

RESOLVED, To ratify adopted/posted Policy 7427.G – Barbeque – Usage and General Safety Precautions.

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

Upon a MOTION duly made by Secretary Norlander and seconded by Vice President Frambach, it was

RESOLVED, To rescind Policy 7427.12 – Barbecues – Usage and General Safety Precautions – Mutual Twelve.

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

NEW BUSINESS

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

RESOLVED, To cancel the Regular Monthly Board Meeting on June 12, 2014, due to the Mutual Twelve Annual Shareholders' Meeting scheduled for the same day.

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

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

RESOLVED, To permanently change the Mutual Twelve Regular Monthly Board Meetings from beginning at 9:30 a.m. to beginning at 9:00 a.m.

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

The Board discussed decommissioning building hose bibs at the end of the Mutual buildings.

(GRF Representative Damoci left the meeting at 10:39 a.m.)

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

RESOLVED, To postpone action regarding the hose bibs at the end of the Mutual buildings for further study.

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

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

RESOLVED, That the GRF Finance Department will transfer all funds, except for \$10,000, from BNY Mellon to U S Bank for Mutual Twelve.

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

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

NEW BUSINESS (continued)

RESOLVED, That the GRF Finance Department will assist Mutual Twelve with opening two short-term CDs at NuVision Federal Credit Union: one \$100,000 three-month CD and one \$140,000 six-month CD.

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

PRESIDENT'S REPORT

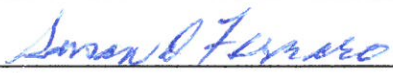
President Findlay submitted a report to be attached to the minutes.

CFO'S REPORT

CFO Woodruff submitted a report to be attached to the minutes.

ADJOURNMENT

President Findlay adjourned the meeting at 11:00 a.m. and announced that after a break, there would be an Executive Session to discuss member issues.



Attest
Larry Norlander, Secretary
SEAL BEACH MUTUAL TWELVE

pw:5/20/14
Attachments

**NEXT MEETING: JUNE 12, 2014
ANNUAL SHAREHOLDERS' MEETING, CLUBHOUSE FOUR, 10:00 A.M.**

**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 MAY 8, 2014**

5/8/14 RESOLVED, To postpone the ratification of amended/posted Policy 7499.12 – Air Conditioning/HVAC/Heat Pump Units – Mutual Twelve Only, for further review.

RESOLVED, To ratify amended/posted Policy 7495 – Bay Windows.

RESOLVED, To ratify adopted/posted Policy 7427.G – Barbeque – Usage and General Safety Precautions.

RESOLVED, To rescind Policy 7427.12 – Barbecues – Usage and General Safety Precautions – Mutual Twelve.

RESOLVED, To cancel the Regular Monthly Board Meeting on June 12, 2014, due to the Mutual Twelve Annual Shareholders' Meeting scheduled for the same day.

RESOLVED, To permanently change the Mutual Twelve Regular Monthly Board Meetings from beginning at 9:30 a.m. to beginning at 9:00 a.m.

RESOLVED, To postpone action regarding the hose bibs at the end of the Mutual buildings for further study.

RESOLVED, That the GRF Finance Department will transfer all funds, except for \$10,000, from BNY Mellon to U S Bank for Mutual Twelve.

RESOLVED, That the GRF Finance Department will assist Mutual Twelve with opening two short-term CDs at NuVision Federal Credit Union: one \$100,000 three-month CD and one \$140,000 six-month CD.

Carole Damoci
Mutual 12 Representative
May 8th, 2014

The year is winding down the election is fast approaching. The wall on Seal Beach Blvd near Mutual 17 is almost finished. We are going out for bids to do the wall along the channel behind the RV lot. We've hired 2 new Building Inspectors and are looking to fill the 3rd open slot.

We've removed 17 sick and badly placed trees on St. Andrews. We are working on making St. Andrews & Interlacken a three way stop. In the new future we will be redesigning the Tam O'Shanter corner so that the driveway out of the parking lot will better line up with with Tan O'Shanter and that corner will become a 4 way stop.

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

The Mutual Self Insurance Fund has ended and the remaining monies will be returned to the Mutuels on or about June 1st.

The last 2 years have been very rewarding and I want to thank all of you for your support.

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

Laundry Rooms



Money Does Not Grow on Trees

Follow the Laundry Room Rules...Protect the Machines...
Save Money on Machine Repairs and Replacements!!!!



The Mutual laundry rooms are one of the most important conveniences provided to the shareholders. Please follow a few easy rules:

- **Laundry facilities are for shareholders and full-time caregivers**
- **Please do not overload the machines with clothes or detergent**
- **You cannot do laundry any cheaper anywhere**
- **Read your Laundry Room Use Policy 7575**

**The electricity rates are higher between 12:00 noon and 6:00 p.m.
Please do laundry in the morning or after 6:00 p.m. if you can, as well
as on the weekends when rates are lower.**

Remember to clean up after yourself, turn off the light, and shut the door after you are finished.

**Keep Laundry Room Use and Rates Low –
It is everyone's responsibility.**

MUTUAL 12 REGULAR MEETING
REPORT FOR MAY 8, 2014

This is our last regular meeting for 2014. At our Friday, May 30, Special Meeting at 9:00 in the Physical Property Conference Room we'll try to finish up pending business so the 2014-15 year can get off to a clean start.

Be sure to attend Mutual 12's Annual Meeting on Thursday, June 12, at 10:00 a.m. in Clubhouse 4. Round tables will be set up so you can enjoy a complimentary light brunch during the meeting. Last year several shareholders stayed and visited with old friends and got acquainted with newer neighbors after the meeting adjourned. You're also welcome to join the new Board in the room behind the kitchen for the Organizational Meeting.

Some Mutual 12 shareholders are interested in renting carport spaces. If you're not using yours and are willing to let a Mutual 12 shareholder rent or use it, please let a director know.

Mutual 12 shareholders are not permitted to park in any carport space other than their own unless a transfer of responsibility form is on file at Stock Transfer. You can ask a Mutual 12 Director or Stock Transfer for the form. Other Leisure World residents may not park in Mutual 12 Carport spaces. Your guest from outside Leisure World may use your space while visiting but must place a form or note on the top left corner of the dash stating the name and address of the shareholder they're visiting and the length of the stay.

Don't forget to get Board permission and sometimes a Physical Property permit before you make any change outside your apartment (your separate interest). Everything including the garden area is common area and changes must be approved. "Automatic" approval is understood for garden plants in front of your apartment that conform to the requirements of Garden Policy 7425.12.

Shareholders see neighbors' changes to the property and think it's OK to do the same or a different version. Even if you want something that was approved for a neighbor, you must get approval before you do the same. Examples include anything attached to exterior walls such as ornaments, gates, or awnings; moving or changing flowerbed borders, planting flowers around trees; and anything else that adds to or changes mutual property.

Finally **landscape improvement** is still a work in progress. Sprinkler valves are breaking faster than we can supply new ones. The lower cut on the lawns that many of us have been asking for is resulting in sprinkler heads breaking. Although we get grumpy when things aren't perfect, our lawns have never been perfect and some of us think we're on the road to improvement. Thanks to those of you who are the Board's "eyes and ears" when problems occur. Do remember to tell a Board member rather than the gardeners.

Looking forward to seeing you at the annual meeting,
Lucille

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,

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

New GRF Accounting Procedure Change:

A recent GRF accounting change, driven by a 2013 audit finding/suggestion, has been implemented. As of April 2014, interest income allocated (added) to the Roofing Reserve is to be included in the Roofing Reserve “Actual” Expense total and in the Roofing Reserve “Actual” Income total. Since the budget for these items will not be adjusted to include this added interest income, this GRF accounting change will cause the reported monthly and YTD budget variances to be overstated.

It is important to note that although the budget variances will be overstated, the net impact to reported Excess Income is zero. This is because the added expense is offset by the added income.

Below is a list of budget variance reporting issues that will continue through December 2014 due to this new accounting change?

- For the month of April 2014 and for YTD ending April 2014: The reported budget variances will be overstated by \$8,860. This is due to one-time adjustments to account for interest income allocations to the roofing reserve for the months of January, February, March and April (4 mos. x \$2,215 = \$8,860).
- For May 2014 thru December 2014: The reported monthly and YTD budget variances will be overstated by \$2,215.
- No impact to reported Current Month or YTD Excess Income. Added income offsets added expense. (Note: Excess Income is calculated as “Total Income and Contributions” – “Total Expenses”).

Month-End APR 30: The Mutual Twelve operating expenses posted for the month-ending April 30, 2014 totaled \$142,600 against an operating budget of \$137,866. This represents a \$4,737 unfavorable budget variance before the budget adjustments described above are applied and a \$4,026 favorable budget variance after the budget adjustments are applied.

The primary contributors to the adjusted favorable variance are:

Water Expense - \$2,621 under budget (No corrective action required: GRF accounting does not seasonally adjust budgets, but instead divides the annual budget for an expense item by 12 to arrive at an average monthly budget that is applied to each of the 12 months in the calendar

year; thus, monthly water expenses are typically below the monthly budget in winter and spring and above the monthly budget in summer and fall).

Landscape Extra - \$1252 under budget (No corrective action required: Painting, structural repairs, as well as, Landscape related work not covered by our Landscape contract are typically grouped and scheduled to be completed based on severity and priority; thus, it is anticipated that these expenses will vary from month to month.)

Watch Item: Property and Liability Insurance – \$1,776 over budget – (Corrective action: Identify other areas where cost savings can be achieved to cover increased insurance costs. The actual Leisure World Property and Liability Insurance premium for 2014 is substantially higher than the 2014 estimate provided by GRF to the Mutuals; thus, Mutual 12 Property and Liability expenses will continue to be greater than the monthly budget for this expense item through. For now, this over-budget expense item is being off-set by various other expense items that are running slightly under budget. However, to insure a formal budget adjustment is not needed in the future, cost savings in other areas must be identified.

Year- to-date (YTD): YTD Mutual Twelve total expenses totaled \$537,631 against an YTD reported expense budget of \$551,464. This represents a \$13,833 favorable variance before the accounting change related adjustments are applied and a \$22,696 favorable variance (up from \$18,569) after these adjustment are applied.

YTD total mutual income and contributions to Capital amounts to \$573,084. Subtracting total YTD expenses from this number gives Mutual Twelve an excess YTD income of \$35,453 (up from \$21,930). Excess 2014 income is allocated to Unrestricted General Investments and is used to cover future Mutual 12 2014 budget over-runs.

Restricted Reserves:

Appliance Reserve: \$14,753.46 (Down from \$32,979.61) This is to be used for future appliance replacements (cooktops, ovens, refrigerators). Note: As of January 2014, Water heaters are included as a physical asset covered by infrastructure reserves. This change is being made to insure funds are available to support future replacement of water heaters currently being installed to replace our 50 year+ old water heaters. New water heaters, on average, have a 12 year useful life; were as, our old Navy surplus water heaters had a 50 year useful life. Accounting adjustments will be made in the future to transfer water heater replacement expenses to the infrastructure reserve expense.

Painting Reserve: \$282,835.98 (Up from \$281,775.31) This is to be used for stucco and woodwork painting of the Mutual buildings (currently scheduled for 2015).

Roofing Reserve: \$2,236,735.34 (Up from \$2,214,059.51) This is to be used for replacement of building and carport roofs (currently scheduled to start in 2017 and continue through 2020).

Infrastructure Reserve: \$500,219.04 (Up from \$488,711.87) This is to be used for major mutual infrastructure repairs/replacements (major building structural repairs, asphalt sealing/repairs, walkway repairs, lawn renovation. (Major 2014 projects include replacement of original water heaters and landscape 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, of which, a minimum of \$200,000 is earmarked to cover future Mutual 12 insurance deductibles. The deductible is \$50,000 per insurable event.

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.

Mutual 12 Laundry Rooms

SUMMER SAVINGS PLAN

(Edison's "Time of Use")

June 1 through October 1

**Help keep carrying charges down by doing laundry
at the lowest rates possible.**

BEST: Weekends and holidays

EDISON'S LOWEST RATES

OK: Weekdays

Before noon and after 6:00 p.m.

WORST: Noon to 6:00 p.m. weekdays

EDISON'S HIGHEST RATES

MUTUAL 12 ANNUAL MEETING

THURSDAY, JUNE 12, 10:00 A.M.

CLUBHOUSE 4

ANNUAL REPORTS

ELECTION OF DIRECTORS

COMPLIMENTARY LIGHT

BRUNCH BUFFET



**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL TWELVE
April 25, 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. Also present was Building Inspector Antisdell.


The purpose of the meeting was to plan the agenda for the May 8, 2014, Regular Monthly Mutual Twelve Meeting.

President Findlay called for an emergency action by the Board at 10:40 a.m. Following a discussion, and upon a MOTION duly made by Director Evans and seconded by President Findlay, it was

RESOLVED, To authorize President Findlay to open a \$100,000 one-year CDARS at First Foundation Bank at prevailing interest rate and reinvest maturing \$154,478.43 CDARS at First Foundation Bank for one year at the prevailing rate.

The MOTION carried with one abstention (Fluharty).

President Findlay adjourned the meeting at 11:20 a.m.



Attest
Lucille Findlay, President
SEAL BEACH MUTUAL TWELVE