MUTUAL TWELVE

BOARD OF DIRECTORS MONTHLY REPORTS

February 2021

PORTFOLIO SPECIALIST REPORT

February 2021

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 in the Stock Transfer Office in the Administration Building window on the first floor for a candidate's application form.

Please see the 2021 GRF & Mutual Election and Annual Meeting Schedule in LW Weekly.

The Golden Rain Foundation provides an enhanced quality of life for our active adult community of Seal Beach Leisure World.

January 26, 2021

GRF **BOARD NEWSLETTER**

Approved Consent Agenda
MOVED and duly approved the Committee/Board meeting minutes for the month of December 2020: the minutes of the December 11, 2020 Recreation Committee Board meeting, the minutes of the December 21, 2020 Executive Committee Board meeting, the minutes of the GRF Board of Directors meeting, dated December 23, 2020, the minutes of the Special GRF Board of Directors meeting, dated December 30, 2020, the GRF Board Report, dated January 26, 2021, acceptance of the Financial Statements, December 2020, for Audit, and the Reserve Funds Investment Purchase.

General – Reopening – Amphitheater (for Religious Services)
MOVED to approve the reopening of the Trust Property amenity identified as Amphitheater (for religious purposes) under emergency action 70-1448-3D and provisions of prevalent Orange County Public Health and safety orders.

General Reopening – Mission Park (Bocce Ball and Multi-Use Courts)
MOVED to approve the reopening of Trust Property amenity identified as Mission Park, including the Bocce Ball and Multi-Use Courts, under emergency action 70-1448-3C, and provisions of prevalent Orange County Public Health and safety orders.

General Reopening – Golf Course
MOVED to approve the reopening of Trust Property amenity identified as Turtle Lake Golf Course under emergency action 70-1448-3T, and provisions of prevalent Orange County Public Health and safety orders.

General Reopening – Veterans' Plaza
MOVED to approve the reopening of Trust property commonly identified as Veterans' Plaza, under emergency action 70-1448-3P, and provisions of prevalent Orange County Public Health and safety orders.

General Non-budgeted Funding, Fire Protection Service for Trust Property
MOVED to terminate the contract with National Fire Protection for failure to provide services and award a three-year contract, for a total not to exceed $24,192, with All American Fire Systems, Operating funding, and authorize the President to sign the contract.

General Emergency Reserve Funding – Sewer Lift Station, Clubhouse Two
MOVED to ratify the emergency action and relative Reserve expenditures, in the amount of $25,547, for the replacement of critical components of the Sewer Lift Station at Clubhouse Two, per Pumpman proposal 18115R1, dated January 13, 2021.

General Non-budgeted Funding, COVID Vaccinations
MOVED to approve $50,000 of non-budget operational funding for the sole purpose to support actions of OC Heath and Optum to dispense the COVID-19 vaccine to community members on site.

Executive Committee Amend 30-5093-1, Member Rules of Conduct
MOVED to amend 30-5093-1, Member Rules of Conduct, clarifying prohibited behaviors, adding Member/Owner and Renter/Lessee wording, and adding wording applicable to GRF staff and GRF-contracted service providers while in the Mutuals.

Executive Committee Adopt 30-3182-1, Member/Owner (M/O) Responsibility for Renter/Lessee (R/L)
MOVED to adopt 30-3182-1, Member/Owner (M/O) Responsibility for Renter/Lessee (R/L).

Executive Committee Approve GRF Election Materials
MOVED to approve the 2021 election materials and the election process for the 2021 GRF Board of Directors election.

Executive Committee Award Election Provider Contract
MOVED to approve a three year contract with Accurate Voting Services, Inc. as Inspector of Elections under Civil Code §5110, in the amount of $121,552, per proposal dated January 14, 2021, and authorize the President to sign the agreement.

Recreation Committee Amend 70-1445-1, Mission Park
MOVED to amend 70-1445-1, Mission Park, adding renters/lessees as users of the multi-use facilities and indicating that 911, rather than GRF Security, be contacted in when persons are injured, as presented.

Security, Bus & Traffic Committee Conceptual approval – Contracted/Off-site Bus Service
MOVED to conceptually approve contracted off-property bus service, one day per week, for seven (7) operational hours of service and authorize the Security Bus and Traffic Committee to fully develop the necessary agreements and to seek the Finance Committee's determination if sufficient non-budgeted operational funds would be available. The Security Bus and Traffic Committee shall return to the Board a formal request upon satisfying the following conditions:

Finance Committee determination on the availability of non-budget operational funding to support the proposed transportation service, with possible cost recovery options, public health and safety orders would allow for the full use of a sixteen-passenger bus, complete contract for the proposed service, and compliance to insurance provisions as approved by the carrier.

Recap of GRF Committees' Activity January 2021

January 4, 2021, Recreation Committee

- CONCURRED to request Kathy Thayer provide written AARP guidelines for volunteer tax preparation, for the GRF Board of Directors' review;
- CONCURRED to refer the Friends of the Library Outside Storage area to the Physical Property Department to assess any repair costs and/or cost of replacement;
- MOVED to refer the pool room total renovation to the Strategic Planning Ad hoc (SPAH) Committee, for review;
- MOVED to refer the Bocce Ball Court installation to the Strategic Planning Ad hoc (SPAH) Committee, for review;
- CONCURRED to review the Ice Machine for Clubhouse Four at the February Committee meeting**;**
- MOVED to establish a Mini-farm Subcommittee to be comprised of Recreation Committee members Phil Friedman, as Chair, Marsha Gerber, Irma Heinrichs, Leah Perrotti and staff members Terry DeLeon, Vanessa Morris, and Andrew Delaney;
- MOVED to establish an Entertainment Subcommittee to be comprised of Recreation Committee members Leah Perrotti, Kathy Rapp, and Linda Stone;
- MOVED recommend the GRF BOD amend 70-1447-1, Mission Park, as presented.

CANCELLED: January 6, 2020, Governing Documents Committee
CANCELLED: January 6, 2020, Physical Property Committee
CANCELLED: January 7, 2020, COVID-19 Ad hoc Committee

January 8, 2021, Executive Committee

- MOVED to accept the election provider bid packet, as presented;
- CONCURRED to review the GRF Election Materials at a work study meeting;
- MOVED to amend 30-5110-3, Executive Committee Charter;
- MOVED to review 30-5093-1, Member Rules of Conduct, at a work study meeting;
- MOVED to recommend the GRF BOD adopt 30-3812-1, Member/Owner (M/O) Responsibility for Renter/Lessee (R/L).

CANCELLED: January 11, 2021, Mutual Administration Committee

January 13, 2021, Security, Bus & Traffic Committee

- MOVED to recommend the GRF BOD conceptual approval, for one day per week contracted off-property transportation consisting of a Sixteen passenger shuttle for seven hours a day, from the GRF Amphitheater bus stop to the Long Beach Market Place (Trader Joes), at estimated cost of $29,660, Non-budgeted expense and forward to the Finance Committee for fee structure;
- CONCURRED to Committee to review all pending governing documents at a work study scheduled on February 3, 2021 at 1:00 p.m.

January 14, 2021, Communications/ITS Committee

- CONCURRED to review surveillance camera audit at the February or March Committee meeting;
- CONCURRED to request the IT Supervisor meeting with the Committee Chair prior to the February Committee meeting re: technical questions regarding Technavia;
- CONCURRED to increase the font size of Clubhouse Four dais survey and distribute to GRF BOD and recording secretaries for feedback;
- CONCURRED to review further options for the 2021 Community Guide cover.

January 15, 2021, Finance Committee

- MOVED to approve the emergency addition to the agenda under provisions of civil code, 4930(d): Emergency/Immediate Action 1, Reserve Funding – Replacement of Sewer Lift Station Core Components;
- MOVED to recommend the GRF BOD approve emergency Reserve funding, in the amount of $25,547, for the replacement of critical components of the sewer lift station at Clubhouse Two, per Pumpman proposal 18115R1, dated January 13, 2021. Action to be ratified at the January 26, 2021 GRF BOD meeting;
- MOVED to approve the emergency addition to the agenda under provisions of Civil code, 4930(d): Emergency/Immediate Action 2, Non-budgeted Funding – COVID-1 vaccine dispensing support;
- MOVED to recommend the GRF BOD approve non-budgeted funding, in the amount of $50,000, for the sole purpose to support actions required to dispense the COVID-19 vaccine to community members on site. Action to be ratified at the January 26, 2021 GRF BOD meeting;
- MOVED to recommend the GRF BOD accept for audit and forward to the GRF BOD the draft interim financial statements for the period ending December 31, 2020, as presented by the Director of Finance, and as reviewed by the Finance Committee;
- MOVED to recommend the GRF BOD authorize the purchase of brokered CDs, through Morgan Stanley, totaling $550,000 of reserve funds, with terms ranging from twelve to eighteen months,

at the prevailing interest rates at the time of purchase, and at the discretion of the financial advisors.

January 19, 2021, AB 3812 Ad hoc Committee

- CONCURRED to request the Stock Transfer Manager update the Renter/Lessee package with the Committee suggestions and send by email, the updated information to the GRF President and Committee Chair, including Mutual eight and Mutual Fourteen package, once completed;
- MOVED to recommend the GRF BOD adopt 50-1641-4A, Seal Beach Mutual Lease Agreement, as amended;
- MOVED to recommend the GRF BOD amend 30-1001-5, Glossary of Terms, as amended;
- MOVED to recommend the GRF BOD amend 50-3182-1, Member/Owner (M/O) Renter/Lessee (R/L) – Rules, as amended;
- MOVED to recommend the GRF BOD amend 50-3182-2, Member/Owner (M/O) and Renter/Lessee (R/L) – Fees, Fines and Deposits, as presented.
- MOVED to recommend the GRF BOD amend 70-1480-1, Arts and Crafts Festival, as amended;
- MOVED to recommend the GRF BOD amend 50-1641-4, Seal Beach Mutual Seventeen – Lease Agreement, as presented, as amended;

January 19, 2021, Website Redesign Ad hoc Committee

- CONCURRED to request the Chair, the Managing Editor and the IT Supervisor discuss Technavia issues prior to the next scheduled Committee meeting;
- CONCURRED to request the IT Supervisor discuss updating the Wikipedia verbiage for LWSB with the Executive Director.

Financial Recap – December 2020

As of the twelve-month period ended December 2020, the draft financial reports indicate that GRF is in a favorable financial position with a surplus of $553,267.

Major variances are:

Wages, Taxes & Benefits	1,508,959	Favorable: Wages $1.2M; P/R Taxes $106K; Workers' Comp $42K; Group Ins $160K; average FTE < budget by 34.0 due to furloughs and reorganization
Temporary Agency Fees	(869,778)	Unfavorable: Temporary help for key positions.
Utilities	111,357	Favorable: Electricity $95K; Gas $20K; Closed facilities due to COVID-19
Community Entertainment	307,624	Favorable: Cancelled events due to COVID-19
Publication Printing	71,259	Favorable: No anticipated price increase; Telephone Book, Annual Report, Spotlight publications not printed.
Rental Income	53,204	Favorable: Increase in unit sales
News Advertising	(217,422)	Unfavorable: Less demand for display ads
SRO Labor Cost Recovery	(359,304)	Unfavorable: Less billable hours due to assignment of GRF projects and less demand from Mutuals due to COVID-19.
Other Income	43,484	Favorable: GAF donation offset by unfavorable for guest passes, permits, parking rental, parking fines, show sponsorships

Reserve Funds	Fund Balance	Allocated For Current Projects	Allocated For Future Projects	For details, see page
Repairs & Replacements	$11,238,577	$1,006,025	$10,232,552	7

Capital Funds	Fund Balance	Allocated Funds	Unallocated Funds	For details, see page
Capital Improvements	$3,087,355	$834,736	$2,252,619	8

Total year-to-date approved unbudgeted operating expenses are $80,201.

MUTUAL OPERATIONS

PHYSICAL PROPERTY

Infrastructure Modifications (formerly Policy 7496.12) – Mutual Twelve

1 **SCOPE** This Policy supplements laws, codes, Golden Rain Foundation and Mutual 12 governing documents, and other requirements. It does not weaken or eliminate any requirement of any kind that is not addressed herein.

2 **GENERAL REQUIREMENTS**

2.1 Any building exterior or interior modification must be approved by Board Resolution unless Board approval is on file or clear in policy (Exception: Interior walls may be painted or papered without a GRF or Mutual permit.)

2.2 All modifications approved for shareholders shall be at shareholder expense.

2.3 Shareholder and shareholder's contractor are responsible for repair and/or replacement of any Mutual 12 infrastructure components disturbed, modified or damaged during construction.

2.4 As an example but not a limitation, repair or replacement of Mutual sidewalk light wiring damaged during and resulting from shareholder walkway replacement, sprinkler line work, grade changes, etc. must be corrected at contracting shareholder expense.

2.5 There shall be no shareholder construction or other shareholder encroachment under the attic access, in front of or in a location compromising access to or interfering in any way with any kind of electrical, electronic and or information transmission equipment including their enclosures wherever located. No encroachment shall be allowed on any kind of easement or access not mentioned above unless exempted by Board Resolution.

2.6 Neither GRF nor the Mutual allows contractors to work outside of regular business hours. See Policy 7402.12 Working Hours – Contractors, Vendors and Shareholders. If contractors or their employees are found on site outside of regular business hours a fine may be imposed for up to $500 for each occurrence in addition to other punitive action.

2.7 GRF and Mutual requirements and contract supersede GRF Building Inspector "FINISH BUILDING" sign off on the GRF Building permit.

MUTUAL OPERATIONS

PHYSICAL PROPERTY

Infrastructure Modifications (formerly Policy 7496.12) – Mutual Twelve

3 LANDSCAPE

3.1 Any time, including garden border adjustments, changes are made or turf is restored, excess soil shall be removed and any new soil shall be added at shareholder expense. In any Mutual or shareholder contract, price of soil and turf addition or removal shall be included whether specifically stated in the contract or not.

3.2 All grounds and sprinkler modification, including but not limited to grade and garden borders, must be performed by the Mutual's landscape contractor unless another contractor is authorized by Board resolution. All work performed will be at shareholder expense. (See Policy 7408.12 – Contractor Liability)

4 PRIMARY ENTRANCE WALKWAY RELOCATION AND CHANGES

4.1 Shareholder(s) of the adjoining unit, if any, must agree to the relocation of their **common** entrance walkway. A written agreement must be signed by both parties prior to any work being performed by the contractor.

4.2 New walkway**s** shall be a minimum width of four feet and a maximum width of five feet. Any flare shall be included within the five-foot width.

4.3 Walkways may include brick, flagstone, or any similar material between Mutual walkways and resident porch area. The maximum five-foot width must include at least three-inch cement mow strip on each side. Non-standard walkway damage will be the responsibility of the shareholder.

4.4 The site plans shall define the areas affected by the relocation of the entrance walkways which are connected to the main sidewalk and all affected units.

4.5 The site plans shall show:

4.5.1 The original "as is" walkway.

4.5.2 The proposed relocated walkway(s).

4.6 All grounds and sprinkler modification, including but not limited to grade and garden borders, must be performed by the Mutual's landscape contractor unless another contractor is authorized by Board resolution. All work performed will be

at shareholder expense. (See Policy 7408.12 – Contractor Liability)

5 **ADDITIONAL ENTRANCES**

5.1 Maximum of two entrances may be located at the edge of a building's footprint. Additional entrances are not allowed unless these additional entrances exit onto the separate interest patio area of the unit.

5.2 Walkways are not allowed on the additional entrances located at the edge of a building's footprint.

5.3 The stoop of an entrance located at the edge of a building's footprint shall not exceed minimum code requirements in length and width.

6 **THRESHOLDS**

6.1 Exterior sidewalk and interior slab shall not have more than 1.5" difference.

6.2 Demolition and replacement of existing patio slabs shall take place as needed to accomplish this requirement.

7 **STEPS**

7.1 Steps are not allowed anywhere on the Mutual 12 premises, interior or exterior (the concrete platforms in the back of the carports are not steps).

8 **APRONS**

8.1 Policy 7425.12 requires a 12-inch exterior apron added to the main foundation structure. Wider aprons are not permitted.

8.2 A bay foundation may be flush with the structure or have an apron not to exceed 6".

8.3 Apron to be part of monolithic pour for footing per Policy 7490 Standard Plans and Specifications diagram 9 of 15, Patio Roof Footing Slab, date May 1987.

MUTUAL OPERATIONS

PHYSICAL PROPERTY

Infrastructure Modifications (formerly Policy 7496.12) – Mutual Twelve

9 **SOUNDPROOFING**

9.1 Soundproofing is always required:

9.1.1 On all common walls exposed during construction.

9.1.2 On all walls of second bathrooms.

9.2 Soundproofing is recommended:

9.2.1 For common walls, in particular any room considered a bedroom or sleeping room.

10 **INSULATION**

10.1 Before any construction involving the attic receives the FINISH BUILDING sign off, all insulation must be put back in place or replaced so that protection is at least as good as original. Skylight structure insulation must be put in place securely.

10.2 Shareholder is encouraged to specify high quality fire resistant insulation anywhere insulation is required.

11 ACCESS

11.1 Water heater whether in the original location or relocated must not be ~~no more~~ obstructed.

11.2 Any variance, such as but not limited to under sink water purifier, requires Board approval and GRF Building Permit. Any work on obstructed original fixtures will be at shareholder's expense.

12 **ENCLOSED PATIOS**

12.1 Enclosed patios may have all screens, windows, louvered windows, acrylic, backer board, drywall, deco blocks, doors, and all other enclosure materials removed when the unit is sold. Removal of enclosure materials is at the discretion of the Mutual board. The cost of removing enclosure materials will be at the Seller's expense. Exception, if there is proof of permits, ~~otherwise~~ it will be

removed at Mutual expense.

12.2 Modifying the patio to add any enclosure materials such as windows, doors, drywall, backer board, concrete fill in deco blocks, etc., requires a GRF Building Permit.

12.3 Acrylic, plastic, etc., may not be used for patio enclosure except when it is being used as a backing material for deco blocks.

12.4 No enclosed patio addition may have a door that locks. Only doors with direct entry into the unit may have locks, i.e., front door or sliding glass door leading directly into the unit from the patio. A door outside in the patio without direct access into the unit is not considered an entry door. To clarify, there can be no door locked before arriving to the primary entrance of the unit. Any lock on a patio door must be removed or the Mutual will remove it at the shareholder expense.

13 SEWER TIE-INS AND WATER DISTRIBUTION

13.1 ~~All Sewer tie-ins to be at existing toilet at existing bath. Mutual Twelve does not allow contractors to tie into the 4 inch main line.~~

All plumbing additions, modifications, or alterations may tie-in to a Mutual Twelve 4" main line. The costs of any repair and/or replacement of any Mutual Twelve infrastructure components, disturbed, modified, or damaged during construction are the sole responsibility of the shareholder and shareholder's contractor. (See Section 2.2 and 2.3 as stated in Section 2 – GENERAL REQUIREMENTS of this policy.

13.2 Interior water distribution lines are prohibited from being laid in the slab of the unit.

14 GUTTER & DOWNSPOUTS

14.1 If Downspouts are relocated, the contractor will replace existing gutter with a one piece gutter to the middle of the center unit of the building (the location of the seam).

15 WASHER / DRYER INSTALLATION

15.1 On Washer/Dryer installs there must be easy access such as a side door to

shutoff valves.

15.2 The Washer/Dryer cabinet space must be large enough to easily remove the washer / dryer without having to remove the doors, the framing, or the molding.

ATTACHMENTS:

- **CONTRACTOR COMPLIANCE AGREEMENT**
- **SHAREHOLDER UNDERSTANDING OF RESPONSIBILITY**

MUTUAL ADOPTION	**AMENDMENTS**
TWELVE: 2003-01-09	2015-11-12, 2016-07-14 (Emergency 120 days), 2016-10-13, 2017-09-25, 03-8-18

AMEND

MUTUAL OPERATIONS

PHYSICAL PROPERTY

Infrastructure Modifications (formerly Policy 7496.12) – Mutual Twelve

CONTRACTOR COMPLIANCE AGREEMENT

I/We the undersigned, understand and agree to comply with all of the laws, codes, governing documents, and requirements of the Golden Rain Foundation and Seal Beach Mutual No. Twelve for work briefly described below applicable to:

Unit No: GRF Building Permit No.:

COMPANY NAME:

BY: Title: -
(Signature)

Name Printed: Date:

SHAREHOLDER UNDERSTANDING OF RESPONSIBILITY

Prior to signing this or any other document related to this modification of Mutual 12 property I/We have obtained any and all assistance needed to fully understand our responsibility as shareholder/owner of the separate interest.

I/We understand that the sentence, "I agree all work will comply with Foundation and Mutual Corporation policies, regulations, and procedures." is included in the NOTICE TO RESIDENT OF AGREEMENT section of the GOLDEN RAIN FOUNDATION BUILDING PERMIT.

PRINT NAME

(Signature) **Date:**

(FEB 21)

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Electric Cart Pad - Mutual Twelve Only

1 A temporary parking or charging pad for an electric golf cart (see policy 7502.12.1 for definition of a golf cart) may be adjacent to an apartment using the following guidelines: Adjacent to the apartment means next to the patio or exterior wall of the unit. Garden area will be used for the parking or charging pad to bring the pad adjacent to the unit.

A permit must be obtained from the GRF Physical Property Department before a temporary cart pad is installed.

2 The ~~material and the location~~ of the parking or charging pad must be approved by the Mutual and the GRF Physical Property Department.

3 It is recommended that the cart pad shall not exceed 5' x 8'.

4 Pouring a concrete slab for parking or charging an electric cart is not permitted on Mutual property.

5 ~~Only Pavers may be used for the cart pad.~~

6 Parking or charging pads will only be installed for Electric carts. Gas powered carts may not be parked adjacent to a unit. They may only be parked in the parking / carport area.

7 Cart pads may not be installed or used for charging Smart Cars.

8 The cost of installing a cart pad will be at the shareholder's expense.

9 The parking or charging pad shall be removed upon the resale or transfer of the share of stock, at the seller's/transferor's expense, unless the buyer/transferee is going to acquire a cart within ~~three~~ **two (2)** months of escrow close. The buyer agrees in writing to assume all of the obligations of the seller/transferor in respect to said cart pad. If a cart is not acquired within ~~three~~ **two (2)** months of escrow close the pad shall be removed at the buyers expense.

Upon sale or transfer all concrete parking or charging pads installed may be required to be removed and the turf or grass area returned to the existing garden line at seller's/transferor's expense.

(FEB 2021)

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Electric Cart Pad - Mutual Twelve Only

10 Any modifications to the existing sprinkler system that are required as a result of the installation of an approved parking or charging pad shall be at the shareholder's expense and will be done by the Mutual's landscaper.

Cart pads may only be used to park a cart on. When the cart is not parked on the pad no other objects may be placed on the pad. Using the pad for furniture, bicycles, tricycles, scooters, barbecues, plants, etc., may result in disciplinary action by the mutual board and removal of the cart pad at the shareholder's expense.

AMEND

MUTUAL ADOPTION	AMENDMENTS
TWELVE: 9 Oct 08	2012-01-12, 2017-09-14
TWELVE: 9 Oct 08	2012-01-12, 2017-09-14

(FEB 2021)

Mutual Corporation No. Twelve

Opt-Out Notice

A member may request that the Association provide him or her with a copy of the membership list(s), including the names, property address, mailing address and, as of January 1, 2020, the email address, of each member. The member's request must be in writing and must set forth the purpose for which the list(s) is requested, which purpose must be reasonably related to the requester's interests as a member of the Association. The Association will be obligated to provide the member with a copy of such membership list(s) unless it reasonably believes that the member will use the information for another purpose. **NOTE: If filed in previous years, you are not required to submit this notice again.**

Pursuant to Civil Code Section 5220, a member can "opt out" of having his or her name and address(es) included on a membership list(s) which must be distributed to members upon request. If you would like to "opt out" of having your name and/or address(es) included on a membership list(s), please complete the following form and return by mail:

Mutual Administration
PO Box 2069, Seal Beach, CA 90740
OR
In-Person to
Mutual Administration
Administration Building A, 2nd Floor

To Whom It May Concern,

Please remove the following information related to me and my Unit _____ from the Association's membership list in accordance with Civil Code Section 5220 until further written notice from me:

(Check all that are applicable)

☐ Name

☐ Property Address

☐ Mailing Address

☐ Email Address

Date : _____

Print Name: _____

Signature: _____

Unit Address: _____

Seal Beach Mutual No. Twelve

February 25. 2021

To: Seal Beach Mutual No. Twelve Shareholder/Members

From: Mutual No. Twelve Board of directors

RE: Election of Directors Nomination Procedures/Candidate Nomination Form

Dear Member:

The Annual Meeting of the Membership for Seal Beach Mutual No. Twelve will be held in June, 2021 for the purpose of electing a Board of Directors.

At this time we are requesting candidates for the Board of Directors. The Board consists of seven members who are elected by the membership.

Candidate Qualifications are stated in Section 3 of the enclosed Rules for the Election and Removal of Directors by Secret Ballot.

If you are interested in running for the Board, please complete the enclosed Mutual Twelve Application for Candidacy and submit it in person to the Stock Transfer Office located in the Administration Building.

APPLICATION FOR CANDIDACY NORMINATION STATEMENTS MUST BE SUBMITTED PRIOR TO 4:30 P.M., MONDAY, MARCH 29, 2021 IN ORDER TO BE INCLUDED ON THE BALLOT.

SEAL BEACH MUTUAL NO. TWELVE

Mutual Operations

Common Interest Development

~~Whereas, Section 1350, the first Section of Title 6 in Part 2 of the California Civil Code, states: "This title shall be known and may be cited as the Davis-Stirling Common Interest Development Act," and~~

~~Whereas, Mutual Twelve, a stock cooperative, is defined in Section 1351(m) of this title* and, meeting all other necessary criteria for inclusion in the above noted Act, is subject to common interest development law, thus giving its shareholders the rights and protections therein.~~

~~Be it resolved that the flyer reproduced on the other side of this policy, "WELCOME NEW MUTUAL TWELVE SHAREHOLDER" be included with information given to new shareholders during escrow at their buyer interview.~~

~~"'Stock cooperative' means a development in which a corporation is formed or availed of, primarily for the purpose of holding title to, either in fee simple or for a term of years, improved real property, and all or substantially all of the shareholders of the corporation receive a right of exclusive occupancy in a portion of the real property, title to which is held by the corporation. The owners' interest in the corporation, whether evidenced by a share of stock, a certificate of membership, or otherwise, shall be deemed to be an interest in a common interest development and a real estate development for purposes of subdivision (f) of Section 25100 of the Corporations Code."~~

1. ~~PURPOSE:~~

~~The Davis-Stirling Act is a part of the California Civil Code. It specifically protects you as a shareholder in a common interest development such as ours.~~

2. ~~DUTIES:~~

2.1. ~~Without the Davis-Stirling Act, you would have no legal right to attend your Mutual Board of Directors' Meetings except for the Annual Membership Meeting – unless your Board of Directors gave you permission, and they would not be legally required to do so.~~

2.2. ~~Without the Davis-Stirling Act, you would have no legal right to be notified in advance of any meetings of your Board of Directors.~~

2.3. ~~Without the Davis-Stirling Act, you would have no legal right to inspect any of~~

SEAL BEACH MUTUAL NO. TWELVE

Mutual Operations

~~the books or business of your Mutual.~~

2.4. ~~With the Davis-Stirling Act, you have a legal right to attend all of your Mutual Board of Directors meetings except for Executive Sessions where, by law, only certain private issues may be discussed.~~

2.5. ~~With the Davis-Stirling Act, you have a legal right to be notified at least four days in advance of any meeting of your Board of Directors.~~

2.6. ~~With the Davis-Stirling Act, you have a legal right to inspect all of the books and business of your Mutual. You have a legal right to see every check written, all of the books of the Mutual, and to inspect every piece of business the Mutual conducts.~~

2.7. ~~With the Davis-Stirling Act come many, many other rights and protections that you would not have without it.~~

~~Mutual 12, itself, is a common interest development. It is also part of Leisure World, a common interest development. Our shareholders have the rights and protections of the Davis-Stirling Common Interest Development Act.~~

~~Most of your rights and responsibilities that are specific to the Golden Rain Foundation (a corporation of which you are a voting Member) and to Mutual 12 (a corporation of which you~~ **are a voting Shareholder) are set forth in your "Pink Book," your Occupan**~~cy Agreement, your Mutual 12 Handbook, and the Mutual Policies available to you in the Leisure World Library or online at lwsb.com.~~

Document History
Adopted: XX July 11

Keywords: Mutual Twelve Common Interest Development

MUTUAL OPERATIONS

RESIDENT REGULATIONS

Plumbing Stoppages

~~The following Mutual pays the charges for back-to-back kitchen sink stoppages:~~

~~Six Fifteen~~
~~Seven Sixteen~~

~~The following Mutual pays the charges for all stoppages except when caused by shareholder/resident neglect or misuse:~~

~~One (effective 04-27-78) Ten (effective 11-27-85)~~
~~Four (effective 03-03-86) Twelve (effective 04-18-84)~~
~~Five (effective 02-21-73) Fourteen (effective 01-15-96)~~

~~The following Mutual pays the charges for all stoppages, including toilet stoppages, except if caused by shareholder's/resident's negligence:~~

~~Eight (effective 08-26-85)~~

~~Note: All toilet stoppages in Mutuals Two, Three, Six, Seven, Fifteen, and Sixteen are charged to shareholder/resident.~~

1. Mutual No. Twelve pays the charges for all stoppages except when caused by shareholder/resident neglect or misuse.

Document History
Adopted: 27 Apr 1978

(Feb 21)

SEAL BEACH MUTUAL NO. TWELVE

PHYSICAL PROPERTY

Standard Contract – Building Alterations

In connection with issuing building alteration permits for work on apartments of this Mutual, the only acceptable contract form, properly completed and signed by the resident and contractor proposing to do the work, will be the appropriate Standard Form of Contract as drawn by the Foundation attorney. ~~and as presented by the Ad hoc Committee on Apartment Alterations.~~

Document History

Adopted:	Nov 1975	Action

Keywords:

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Rules for the Election and Removal of Directors by Secret Ballot – Mutual Twelve

In connection with the election and removal of directors, and in accordance with the California Civil Code Section 5100 et seq., the following rules and procedures shall apply:

1. Frequency. Elections for a seat on the Board of Directors shall be held at the expiration of the corresponding director's term and at least once every four years.

2. Meeting at Which Secret Ballots Shall Be Tabulated.

2.1 The inspector(s) of election or their designee(s) shall tabulate the ballots for the election and/or recall of directors at the annual meeting of the owners or a special meeting of the owners or at a special meeting of the Board of Directors duly noticed for the purpose of counting ballots.

2.2 The Board of Directors shall determine the date, time and place of said annual or special meeting of the owners and/or the special meeting of the Board of Directors in accordance with the Association's Bylaws.

2.3 The voting period for elections shall be at least thirty (30) days. The polls shall open and close as stated on the secret ballot distributed for each election or, if not stated, the polls shall open at the time of the meeting, and close at a reasonable period, thereafter, as determined by the inspectors of election.

3. Qualifications and Nomination of Candidates.

3.1 Notwithstanding anything to the contrary set forth in the Association's Bylaws, the only qualifications to be a candidate for election to the Board are as follows:

3.1.1 A candidate shall be a "Member" of the Association. If title to a unit is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a "Member" for purposes of election to the Board.

3.1.2 Each candidate must not be delinquent (as defined in the Association's collection policy) in the payment of any regular or special assessment levied by the Association (but not for nonpayment of monetary penalties, monetary penalties renamed as assessments, collection charges, late charges, or costs levied by a third party). For purposes hereof, a Member shall not be disqualified for failure to be current in payment of regular and special assessments if either of the following circumstances is true: (1) the Member has paid the regular or special assessment under protest pursuant to Civil Code Section 5658; or (2) the Member has entered into a payment plan pursuant to Civil Code Section 5665.

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3.1.3 A person may not be a candidate if the candidate discloses, or if the Association is aware of, or becomes aware of, a past criminal conviction that would either prevent the Association from purchasing the fidelity bond coverage required by Civil Code Section 5806 should the person be elected or terminate the Association's existing fidelity bond coverage as to that person should the person be elected;

3.1.4 A person may not be a candidate if such person, if elected, would be serving on the Board at the same time as another person who holds a joint ownership interest in the same unit as the person and the other person is either properly nominated for the current election or an incumbent director.

3.2 The Association shall not disqualify a person from nomination if the person has not been provided the opportunity to engage in internal dispute resolution pursuant to Civil Code Section 5900 et seq.

3.3 Owners may nominate themselves or another person. Any candidate nominated by another person will be contacted to confirm that such candidate consents to having his or her name placed in nomination for election to the Board and meets the foregoing qualifications for candidacy.

3.4 All candidates who wish to serve on the Board of Directors and, if appropriate, have confirmed their willingness to run for election to the Board of Directors, shall be listed on the secret ballot if their candidate nomination form is received by the date stated on the form.

3.5 Write-in candidates and nominations from the floor of the meeting are prohibited.

3.6 The Candidate Nomination Form must be returned to the Association at the address provided on, and by the deadline stated on, such form, which deadline must be at least seventy-five (75) days before the date the ballots for the election of directors are scheduled to be counted.

4. Voter List and Candidate List; Right to Verify Accuracy of Individual Information.

4.1 The Association shall prepare a candidate registration list following the deadline for returning nominations. The Association shall also prepare a voter list at least thirty (30) days before the secret ballots are mailed, which list shall include for each owner, the name, voting power, and either the physical address of the voter's separate interest, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's separate interest or if only the parcel number is used.

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4.2 The Association shall retain, as Association election materials, both the candidate registration list and the voter list. The Association shall permit members to verify the accuracy of their individual information on both lists at least thirty (30) days before the ballots are distributed. The Association or member shall report any errors or omissions to either list to the inspector or inspectors who shall make the corrections within two (2) business days.

5. Inspector(s) of Election.

5.1 The Board of Directors shall appoint one (1) or three (3) independent third parties as inspectors of election before the secret ballots are mailed to all of the owners. An independent third party includes but is not limited to: a volunteer poll worker with the county registrar of voters; a licensee of the California Board of Accountancy; or a notary public. An independent third party may include a member of the Association provided such member is not a member of the Board of Directors or a candidate for the Board of Directors or related to a member of the Board of Directors or a candidate for the Board of Directors. An independent third party may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Association for any compensable services other than serving as an inspector of elections.

5.2 Upon appointment, the inspector(s) of election shall meet to determine, among other things, who shall prepare and deliver the nomination procedures, candidate nomination forms, notices, ballots and other information required by the Act (collectively, "Election Materials") to the members and to whom the Election Materials shall be returned on behalf of the inspector(s) of election (the "Ballot Collector"). The inspector(s) of election may delegate the task of preparing and delivering the Election Materials to a third party and may designate that Election Materials be returned to the inspector(s) of election in care of a third party. Only the inspector(s) of election shall be authorized to open and tabulate secret ballots.

5.3 The inspector(s) of election shall also do all of the following:

5.3.1 determine the number of memberships entitled to vote and the voting power of each (note: the voting rights of an owner may not be suspended under any circumstances);

5.3.2 determine the authenticity, validity, and effect of proxies, if any;

5.3.3 receive ballots;

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5.3.4 hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;

5.3.5 count and tabulate all votes;

5.3.6 determine when the polls shall close;

5.3.7 determine the result of the election; and,

5.3.8 perform any acts as may be proper to conduct the election with fairness to all members in accordance with this section, the Corporations Code and all applicable rules of the Association regarding the conduct of the election that are not in conflict with this section.

5.4 An inspector of election shall perform his or her duties impartially, in good faith, to the best of his or her ability, as expeditiously as is practical, and in a manner that protects the interest of all members of the Association. The decision or act of a majority shall be effective in all respects as the decision or act of all.

5.5 Any report made by the inspector(s) is prima facie evidence of the facts stated in the report.

5.6 The Board of Directors may remove and replace any inspector of election prior to the tabulation of ballots if an inspector of election resigns or if the Board of Directors reasonably determines that an inspector of election will not be able to perform his or her duties impartially and in good faith.

5.7 The inspector(s) of election may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector(s) of election deem appropriate, provided that the additional persons are independent third parties as defined herein.

6. Election Timeline and Mailings.

The election timeline for delivering all the statutorily required documents to members is approximately 105 days.

6.1 Nomination Procedures/Candidate Nomination Form.

At least 105 days before the date of the meeting at which the secret ballots for the election of directors or the vote to remove directors(s) and elect his/her/their replacement shall be tabulated, the Association shall, by individual notice, deliver to all members notice of the procedure and deadline for submitting a nomination, and a Candidate Nomination Form. The

deadline for returning the Candidate Nomination Forms shall be at least 30 days from the date of the mailing.

6.2 Mailing Prior to Secret Ballot Distribution.

At least sixty (60) days before the election (i.e., at least thirty (30) days before the secret ballots are mailed to owners), the Association shall provide general notice to the members of all of the following:

6.2.1 The date and time by which, and the physical address where, ballots are to be returned by mail or handed to the inspector or inspectors of elections.

6.2.2 The date, time, and location of the meeting at which ballots will be counted.

6.2.3 The list of all candidates' names that will appear on the ballot.

6.2.4 Individual notice of the above paragraphs shall be delivered pursuant to Section 4040 if individual notice is requested by a member.

6.3 Secret Ballot Procedure; Record Date.

6.3.1 The inspector(s) of election shall cause the Association to mail by first-class mail or deliver to each member not less than thirty (30) days prior to the election:

(a) Ballots and two (2) preaddressed envelopes with instructions on how to return ballots; and,

(b) A copy of these election rules. Delivery of the election operating rules may be accomplished by either of the following methods:

i. Posting the election operating rules to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: “The rules governing this election may be found here: http://www.lwsbmutual12.com/policies/

ii Individual delivery.

6.3.2 Ballots must ensure the confidentiality of the voters.

(a) A voter may not be identified by name or separate interest identifier on the ballot. The ballot shall not require the signature of the voter.

(b) The ballot itself is inserted into an envelope that is sealed. This envelope is inserted into a second envelope that is sealed. In the upper left hand corner of the second envelope, the voter shall sign his or her name, indicate his or her name and indicate the address or separate interest identifier that entitles him or her to vote. The second envelope is addressed to the inspector(s) of election, who will be tallying the votes.

6.3.3 Owners may return their secret ballot by mail, hand deliver it to the meeting or complete the ballot at the meeting; provided, only those ballots which are delivered to the inspector(s) of election prior to the polls closing shall be counted.

6.3.4 A member may request a receipt for delivery of his or her ballot.

6.3.5 The record date for purposes of voting shall be the date the ballots are mailed to all of the owners.

7. Campaigning.

7.1 Association funds may not be used for "campaign purposes" in connection with any board election. The term "campaign purposes" is defined to include, without limitation, (1) "expressly advocating the election or defeat" of any candidate that is on the ballot; or (2) "including the photograph or prominently featuring the name of a candidate on a communication" from the association (except the ballot and voting materials and equal access communications sent pursuant to this Section).

7.2 If any such access is provided at all, all candidates or members advocating a point of view during a campaign, including those not endorsed by the Board of Directors, shall be provided equal access to Association media, newsletters, or internet websites (if any) for purposes that are reasonably related to the election. The Association may not edit or redact any content from these communications but may include a statement specifying that the candidate or member, and not the Association, is responsible for that content.

7.3 All candidates, including those who are not incumbents, and all members advocating a point of view, including those not endorsed by the Board of Directors, for purposes reasonably related to the election, shall be provided equal access to any common area meeting space, if any exists, during a campaign at no cost.

8. Handling of Ballots.

8.1 As secret ballots are returned to the Ballot Collector, the Ballot Collector shall check off on a sign-in sheet that a ballot has been received for such unit. Subject to validation by the inspector(s) of election, once a secret ballot is received by the

inspector(s) of election, it shall be irrevocable. Any subsequent ballots received for the same unit shall be deemed invalid and shall be discarded.

8.2 The sealed ballots at all times shall be in the custody of the inspector(s) of election or at a location designated by the inspector(s) until delivered to the inspector(s) at the meeting for the opening of the ballots and the tabulation of the vote.

8.3 No person, including a member of the Association or an employee of the management company shall open or otherwise review any ballot prior to the time and place at which the ballots are counted and tabulated.

8.4 The inspectors of election shall not:

8.4.1 Deny a ballot to a member for any reason other than not being a member at the time when ballots are distributed.

8.4.2 Deny a ballot to a person with general power of attorney for a member.

8.5 After the tabulation of the vote and for one (1) year after the election or removal, election ballots shall be kept in the custody of the inspector(s) of election. After such time, the custody shall be transferred to the Association. If there is a recount or other challenge to the election process, the inspector(s) of election shall, upon written request, make the ballots available for inspection and review by an Association member or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

9. Tabulation of Votes; Quorum Requirement.

9.1 All votes shall be counted and tabulated by the inspector(s) of election or their designee(s) in public at a properly noticed open meeting of the members or of the Board of Directors. A quorum of members or a quorum of Board members, as the case may be, must be present if required by the Association's governing documents. Each ballot received by the inspector(s) of election shall be treated as a member present at a meeting for purposes of establishing a quorum.

9.2 The inspector(s) of election shall confirm that no more than one (1) ballot was returned for each unit, and that:

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9.2.1 The printed name of the member on the upper left-hand corner of the envelope is legible and matches the name of at least one of the record owners of the property as shown on the Association's membership list;

9.2.2 The member's signature is on the address envelope; and

9.2.3 The address shown on the address envelope corresponds to the member's address on the Association's membership list.

If, in the sole discretion of the inspector(s), the requirements above are not met, the envelope will not be valid for any purpose, including establishing a quorum.

9.3 The ballot of a person with general power of attorney for a member shall be counted if returned in a timely manner.

9.4 Any candidate or other member of the Association may witness the counting and tabulation of the votes from a reasonable distance of no less than five (5) feet from any inspector.

9.5 In order for the vote for the election of directors to be valid, ballots must be returned by at least a quorum of the owners if a quorum is required by the Association's governing documents. If a quorum of ballots is not received, the ballots will not be counted.

10. Announcement of Results.

10.1 The results of the election shall be promptly reported to the Board of Directors and shall be recorded in the minutes of the next meeting of the Board of Directors and shall be available for review by members of the Association.

10.2 Upon certification of the election results by the inspector(s) of election, the newly elected Board members shall be deemed to have taken office.

10.3 Within 15 days of the election, the board shall give members general notice pursuant to Civil Code Section 4045 of the tabulated results of the election.

11. Retention of Voting Materials.

The sealed (or, after tabulation, returned) ballots, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the inspector or inspectors of elections or at a location designated by the inspector or inspectors until after the tabulation of the vote, and until the time allowed by Section 5145 for challenging the election has expired, at which time custody shall be transferred to the Association. If there is

a recount or other challenge to the election process, the inspector or inspectors of elections shall, upon written request, make the ballots available for inspection and review by an Association member or the member's authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote. Signed voter envelopes may be inspected but may not be copied.

12. Other Voting/Campaign Issues

12.1 Cumulative Voting. Cumulative voting is permitted if more than two directors are being elected.

12.2 Proxies. The Association's Bylaws permit an owner to give a proxy to another person to vote a secret ballot on the owner's behalf. However, proxies shall not be construed or used in lieu of a secret ballot. In such a situation, the proxyholder will fill out the ballot and enclose it in the "secret ballot" envelope. This envelope will then be enclosed in the second envelope, as discussed above. In the upper left hand corner of the second envelope, the proxyholder will sign his or her name, indicate his or her name and indicate the address or separate interest identifier that entitles the owner to vote; however, as the "voter", the proxyholder will sign and print his/her name underneath the name and address of the owner. The proxy must be returned with the ballot, but NOT placed inside the "secret ballot" envelope. If any instruction is given in a proxy issued for an election (or other vote) that directs the manner in which the proxyholder is to cast the vote, such instruction shall be set forth on a separate page of the proxy that can be detached and given to the proxyholder to retain. A proxy may be revoked by the owner prior to the receipt of the secret ballot by the inspector(s) of election. If a proxy and a secret ballot are received for the same separate interest, the proxy shall be deemed to have been revoked and the secret ballot shall be counted (if verified by the inspector(s) of election pursuant to these rules). If more than one proxy is received on behalf of a separate interest, the most currently dated proxy shall be counted.

12.3 Voting on Other Matters. The Association may, but is not obligated to, vote by secret ballot on any other topic which requires the vote of the Owners

Mutual Adoption	Ratified	Amendment Date
Twelve 02-08-07	01-09-20	1-13-11, 03-08-12, 03-10-16, 01-20-20