

**MINUTES OF THE REGULAR MONTHLY MEETING  
OF THE BOARD OF DIRECTORS  
SEAL BEACH MUTUAL TWELVE  
February 8, 2024**

The Regular Meeting of the Board of Directors of Seal Beach Mutual Twelve was called to order by President Carson at 9:00 a.m. on Thursday, February 8, 2024, Building 5, Conference Room B and via Zoom Video/Conference Call Meeting.

**SHAREHOLDERS' COMMENTS**

Several shareholders made a comment.

**ROLL CALL**

Present: President Carson, Vice President Sprague, Chief Financial Officer Ferraro, Director Hoover, Director Hogan, and Director Kaplan

GRF Representative: Ms. Damoci (**entered at 9:08 a.m. via zoom**)

Guest: Two Mutual Twelve Shareholder (**in-person**)  
Two Mutual Twelve Shareholders (**via zoom**)

Staff: Mr. Antidel, Building Inspector  
Mr. Scutti, Building Inspector  
Ms. Barua, Sr. Portfolio Specialist (**via zoom**)  
Ms. Kong, Portfolio Specialist

**GRF REPRESENTATIVE**

GRF Representative, Ms. Damoci provided an update on GRF projects.

**MINUTES**

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Director Hogan, it was

RESOLVED to approve the Regular Meeting Minutes of January 11, 2024, as published.

The MOTION passed unanimously.

**BUILDING INSPECTOR'S REPORT**

Following discussion, Mr. Scutti left the meeting at 9:29 a.m.

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Vice President Sprague, it was

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RESOLVED to approve Hadi Construction proposal to install 35" block wall with round caps, stucco finish on inside block wall, wall ledger stone on outside, stamp finish on new patio concrete, and fill 18" with pavers or cement in front wall by GRF walk light and sidewalk. Sprinklers work will be done by Four Star (cost to shareholder), existing walk light to remain, and two GFI outlets in new patio for unit# 41-H. All irrigation work to be done by the mutual landscape company. Work to be done at shareholder's expense.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Director Hogan, it was

RESOLVED to approve Hadi Construction proposal to install 8x10 patio, match existing flag stone on floor, 35" block wall with stack stone, round caps, and sprinklers work will be done by Four Star (cost to shareholder) for unit# 35-H. All irrigation work to be done by the mutual landscape company. Work to be done at shareholder's expense.

The MOTION passed unanimously with one "recusal" (Sprague).

Following questions, Mr. Antidel left the meeting at 9:57 a.m.

### **UNFINISHED BUSINESS**

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Vice President Sprague, it was

RESOLVED to ratify resolution dated 12/14/23, "RESOLVED to accept the proposal from A-1 Total Services to repair 2-inch drain-line for sewer pipe at 6L in the amount of \$5500. Funds to come from Infrastructure Reserves and authorize the President to sign the work order."

The MOTION passed unanimously.

### **CONSENT CALENDAR**

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Director Hogan, it was

RESOLVED to approve the December 2023, financial statements as reviewed per California Civil Code Section 5500 (a)-(f) for audit as presented.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Chief Financial Officer Ferraro, it was

RESOLVED to withdraw \$100,000.00 from NuVision Credit Union upon

**February 8, 2024**

maturity on 2/15/2024. Funds to be deposited to the designated US Bank use account.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Director Hogan, it was

RESOLVED to reinvest certificate of deposit held at NuVision Credit Union maturing on 2/19/2024 in the amount of \$ 100,000.00 for a term not to exceed one year at the prevailing interest rate.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Chief Financial Officer Ferraro, it was

RESOLVED to reinvest certificates of deposit held at US BanCorp maturing in February, 2024 for a total of \$ 375,000.00 for term not to exceed one year at the prevailing interest rate.

The MOTION passed unanimously.

### **NEW BUSINESS**

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Vice President Sprague, it was

RESOLVED to approve the planting of a pink flowering orchid tree at Unit # 78E in recognition of Darlene Milek's service to Mutual No. Twelve and great appreciation for her expertise and guidance on the Landscape Committee at a cost not to exceed \$750.00. Funds to come from Landscape Trees and authorize the President to sign any necessary documentation.

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Chief Financial Officer Ferraro, it was

RESOLVED to rescind resolution dated 12/14/23, "RESOLVED to reclassify the 2023 Interest Earned from Operating Income to Infrastructure Reserve."

The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by President Carson and seconded Chief Financial Officer Ferraro, it was

RESOLVED to propose a procedure change amending procedure 12-7175-3 – Committees, Section 2.2 – Board Committees.



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The MOTION passed unanimously.

Following a discussion, and upon a MOTION duly made by President Carson and seconded by Director Hogan, it was

RESOLVED to propose a rule change amending Rule 12-7481-1 – Infrastructure Modifications adding Section 16 – Electrical- Electrical Upgrades of the Rules and Regulations and approve 28-day posting of notice of the proposed rule change. The proposed rule change will be considered by the board at the next scheduled meeting following review of any shareholder comments received.

The MOTION passed unanimously.

### **SECRETARY / CORRESPONDENCE**

Vice President Sprague received no correspondence.

### **CHIEF FINANCIAL OFFICER'S REPORT**

Chief Financial Officer Ferraro presented her report (attached).

### **PORTFOLIO SPECIALIST REPORT**

Portfolio Specialist Kong presented her report (attached).

### **ANNOUNCEMENTS**

- a. **NEXT BOARD MEETING: Thursday, March 14, 2024, at 9:00 a.m. Location: Administration Building, Conference Room B and via Zoom Video/Conference Call Meeting.**

### **COMMITTEE REPORTS**

Governing Documents Committee  
CFO Ferraro presented no report.

Luncheon Committee  
CFO Ferraro presented a report (attached).

Landscape Committee  
Vice President Sprague presented no report.

Physical Properties Committee  
President Carson provided an update.

Pets & Caregivers  
Director Kaplan provided an update.

Financial Review Committee  
CFO Ferraro provided no update.

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**DIRECTORS' COMMENTS**

Several Directors made a comment.

**SHAREHOLDERS' COMMENTS**

No shareholder made a comment.

**ADJOURNMENT**

There being no further business to conduct, President Carson adjourned the meeting at 10:49 a.m. and announced there would be an Executive Session following the meeting.

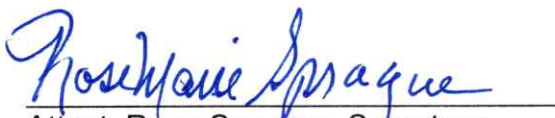
**EXECUTIVE SESSION SUMMARY**

The Board met in Executive Session on February 8, 2024, and took the following actions:

The Board approved the Regular Executive Session Meeting Minutes of January 11, 2024.

1. Legal Matters
  - a. No Legal matters were discussed.
2. Contracts
  - a. No Contracts were discussed.
3. Assessments / Delinquencies
  - a. Several Assessment/Delinquencies discussed.
4. Disciplinary Hearings
  - a. No disciplinary hearing was discussed.

The Executive Session was adjourned at 12:00 p.m.



Attest, Rose Sprague, Secretary  
SEAL BEACH MUTUAL TWELVE  
DK: 02/08/2024  
Attachments

## INSPECTOR MONTHLY REPORT

MUTUAL : **(12) TWELVE**

INSPECTOR : **Jerry Antisdal**

MUTUAL BOARD MEETING DATE: **FEBUARY 8TH, 2024**

### PERMIT ACTIVITY

UNIT #	DISCRIPTION OF WORK	GRF/CITY	START	FINISH	CHANGE	RESENT/FINAL INSPECTIONS	CONTRACTOR
37-F	AWNINGS	GRF	12/01/23	12/01/23	NO	NONE	AAA AWNINGS
39-G	ADD A BATH	BOTH	09/25/23	01/30/24	NO	UNDERGR. PLUMB/DRYWALL	MP CONSTRUCTION
44-E	PAVERS DRIP SYSTEM	GRF	12/04/23	03/05/24	NO	NONE	FOUR STAR
45-C	HEAT PUMP	GRF	12/04/23	03/04/24	NO	01/23/24 FINAL	GREENWOOD
45-C	FLOORING	GRF	12/20/23	01/30/24	NO	NONE	KARYS
45-E	SHOWER	BOTH	02/12/24	03/29/24	NO	NONE	BERGKVIST
65-D	CARPORT CABINET	GRF	01/29/24	03/29/24	NO	NONE	CJ CONSTRUCTION
68-B	REMODEL	BOTH	07/31/23	07/31/24	NO	JOB WAS ON HOLD	CAL CUSTOM INTERIORS
76-E	INTERIOR PATIO CONCRETE	GRF	12/18/23	03/23/24	NO	NONE	M JURADO
MUT 12	REROOFS 14 BUILDINGS	BOTH	01/16/24	01/16/25	NO	NONE	ROOFING STANDARDS
BLDG. 40	REROOF	BOTH	01/16/24	01/16/25	NO	SHEATHING	ROOFING STANDARDS
BLDG. 65	REROOF	BOTH	01/16/24	01/16/25	NO	SHEATHING	ROOFING STANDARDS
BLDG. 44	REROOF	BOTH	01/16/24	01/29/24	NO	NONE	ROOFING STANDARDS

ALL SHADED AREAS HAVE BEEN SIGNED OFF

### ESCROW ACTIVITY

**NMI** = New Member Inspection    **PLI** = Pre-Listing Inspection    **NBO** = New Buyer Orientation

**FI** = Final Inspection    **FCOEI** = Final COE Inspection    **ROF** = Release of Funds

UNIT	NMI	PLI	NBO	FI	COE	ROF	
11-G		06/23/23					
40-G		01/31/24					
34-D		10/30/23					
36-A		01/26/24					
40-A		02/24/23	01/12/24	01/12/24	01/25/24	01/30/24	BUYER SELLER
47-H		12/12/23					
63-G		09/29/23					

ALL SHADED AREAS HAVE BEEN SIGNED OFF

### CONTRACTS & PROJECTS

7. A Status Update on Fire Inspections Violations to be Re-inspected.

7. B Discuss and Vote on Patio Installation at unit # 41-H (pp.4-7)

7. C Discuss and Vote on patio installation at unit # 35-H (pp.8-11)

7. D Discuss Roofing Project and Building Schedule

<b>7. E Discuss Building 45 Roots Camera Report</b>
<b>7. F Discuss Proposals for Electrical Panels</b>
<b>FENN BAIT STATION FOR 3 YEARS CONTRACT GOOD UNTIL JULY 31 ST 2026</b>
<b>FENN TERMITE AND PEST CONTROL CONTRACT GOOD UNTIL JUNE 30 TH 2026</b>
<b>LANDSCAPE CONTRACT WITH FOUR STARS GOOD UNTIL AUGUST 31 ST 2024</b>
<b>CALLS &amp; VISITS TO UNITS</b>
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## CFO REPORT February 8, 2024 Regular Meeting

This report covers the year-end preliminary December 31, 2023 financial statements that are being audited by the accountancy firm and are subject to adjusting entries that they may recommend or require. Each member of the Board has received the year-end Financial Statement and accompanying standard reports for their review and comment. The financial review committee met for its review in compliance with Civil Code §5500 (a)-(f) and accepts the statements as presented.

Attached for your personal review is the Operating Income and Expense report for the year 2023. Mutual 12 has excess income of \$117,382 pre-audit and before depreciation expense:

Over budget Income	\$ 81,069
Under budget Expenses	<u>36,313</u>
EXCESS INCOME	<u>\$117,382</u>

**Income items:** Positive variance from budget of \$81,069:

Interest Earned was \$71,800 greater due to the unexpected rapid increase of interest rates after the 2023 budget was set.

Laundry Machine Income of \$8,080.

**Expense items:** Positive variance from budget of \$36,313

Utilities were under budget by \$17,869 due to water conservation and heavy rains last winter.

Outside Services were under budget by \$11,710 mostly due to fewer Service Maintenance Repair Orders

Taxes & Insurance under budget by \$6,166.

### CASH AND OTHER DEPOSITS:

Cash in the Bank \$315,335 (for operations)

### RESERVES

General Investments	\$253,258
Appliance Reserve	\$ 45,663
Painting Reserve	255,454
Roofing Reserve	1,789,910
Infrastructure Reserve	360,571



Emer/Contingency Reserve	261,329
Capital Improvement Fund	<u>2,064</u>
TOTAL	\$ 2,968,249

LESS RESERVE COMMITMENTS	\$ 24,487
Available Reserves	<u>\$ 2,943,762</u>

ACCOUNTS RECEIVABLE:

Members: \$ 49,382

There are 5 accounts owing more than \$1800. 2 ESTATE accounts that will be paid upon sale or transfer, 2 accounts are in legal collection, and one account being closely monitored.

While 2023 ended with positive cash flows, be aware that the final phase of the roofing project began in January 2024. The cash requirements will reduce the reserves by a minimum of \$1,690,000 which mean those funds are not available to invest. Please expect a drop in earned interest income in 2024.

Respectfully submitted:



Susan Ferraro  
CFO, MUTUAL TWELVE



# Income Statement - Operating

Seal Beach Mutual Twelve

12/01/2023 to 12/31/2023

Description	Current Period			Year-to-date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>OPERATING INCOME</b>							
<b>REGULAR ASSESSMENTS</b>							
5111000-000 Carrying Charges	\$141,446.92	\$141,448.87	(\$1.95)	\$1,697,363.04	\$1,697,386.00	(\$22.96)	\$1,697,386.00
<b>Total REGULAR ASSESSMENTS</b>	<b>\$141,446.92</b>	<b>\$141,448.87</b>	<b>(\$1.95)</b>	<b>\$1,697,363.04</b>	<b>\$1,697,386.00</b>	<b>(\$22.96)</b>	<b>\$1,697,386.00</b>
<b>INCOME FROM SERVICES</b>							
5375000-000 Laundry Machine Income	868.96	-	868.96	8,079.69	-	8,079.69	-
<b>Total INCOME FROM SERVICES</b>	<b>\$868.96</b>	<b>\$-</b>	<b>\$868.96</b>	<b>\$8,079.69</b>	<b>\$-</b>	<b>\$8,079.69</b>	<b>\$-</b>
<b>FINANCIAL INCOME</b>							
5397000-000 Taxable Interest Income - Mutual	10,708.73	1,293.62	9,415.11	88,645.24	15,523.00	73,122.24	15,523.00
5398100-000 Interest Income Allocation	(1,084.83)	(1,084.87)	0.04	(13,017.96)	(13,018.00)	0.04	(13,018.00)
5420000-000 Other Taxable Income	8.90	143.75	(134.85)	401.99	1,725.00	(1,323.01)	1,725.00
<b>Total FINANCIAL INCOME</b>	<b>\$9,632.80</b>	<b>\$352.50</b>	<b>\$9,280.30</b>	<b>\$76,029.27</b>	<b>\$4,230.00</b>	<b>\$71,799.27</b>	<b>\$4,230.00</b>
<b>OTHER INCOME</b>							
5610000-000 Late Charges	464.50	36.13	428.37	3,707.12	434.00	3,273.12	434.00
5921000-000 Inspection Fees	3,250.00	2,915.38	334.62	30,750.00	34,985.00	(4,235.00)	34,985.00
5924000-000 NSF Fees	125.00	-	125.00	350.00	-	350.00	-
5980000-000 Miscellaneous Income	-	-	-	1,824.78	-	1,824.78	-
<b>Total OTHER INCOME</b>	<b>\$3,839.50</b>	<b>\$2,951.51</b>	<b>\$887.99</b>	<b>\$36,631.90</b>	<b>\$35,419.00</b>	<b>\$1,212.90</b>	<b>\$35,419.00</b>
<b>CONTRIBUTIONS TO CAPITAL</b>							
5120000-000 Appliance Reserve Contributions	5,003.08	5,003.12	(0.04)	60,036.96	60,037.00	(0.04)	60,037.00
5130000-000 Painting Reserve Contributions	4,050.33	4,050.37	(0.04)	48,603.96	48,604.00	(0.04)	48,604.00
5175000-000 Roofing Reserve Contributions	23,180.42	23,180.38	0.04	278,165.04	278,165.00	0.04	278,165.00
5177000-000 Infrastructure Reserve Contributions	36,273.25	36,273.25	-	435,279.00	435,279.00	-	435,279.00
<b>Total CONTRIBUTIONS TO CAPITAL</b>	<b>\$68,507.08</b>	<b>\$68,507.12</b>	<b>(\$0.04)</b>	<b>\$822,084.96</b>	<b>\$822,085.00</b>	<b>(\$0.04)</b>	<b>\$822,085.00</b>
<b>Total OPERATING INCOME</b>	<b>\$224,295.26</b>	<b>\$213,260.00</b>	<b>\$11,035.26</b>	<b>\$2,640,188.86</b>	<b>\$2,559,120.00</b>	<b>\$81,068.86</b>	<b>\$2,559,120.00</b>
<b>OPERATING EXPENSE</b>							
<b>TRUST MAINTENANCE COSTS</b>							
7210000-000 GRF Trust Maintenance Fee	87,340.00	87,340.00	-	1,048,080.00	1,048,080.00	-	1,048,080.00
<b>Total TRUST MAINTENANCE COSTS</b>	<b>\$87,340.00</b>	<b>\$87,340.00</b>	<b>\$-</b>	<b>\$1,048,080.00</b>	<b>\$1,048,080.00</b>	<b>\$0.00</b>	<b>\$1,048,080.00</b>
<b>UTILITIES</b>							
6420000-000 Electricity	2,711.97	2,400.12	(311.85)	30,922.14	28,801.00	(2,121.14)	28,801.00
6421000-000 Telephone & Internet	-	-	-	156.17	-	(156.17)	-
6423000-000 Water	6,326.35	9,216.25	2,889.90	93,509.06	110,595.00	17,085.94	110,595.00
6424000-000 Trash	5,035.28	5,198.00	162.72	59,315.96	62,376.00	3,060.04	62,376.00
<b>Total UTILITIES</b>	<b>\$14,073.60</b>	<b>\$16,814.37</b>	<b>\$2,740.77</b>	<b>\$183,903.33</b>	<b>\$201,772.00</b>	<b>\$17,868.67</b>	<b>\$201,772.00</b>
<b>PROFESSIONAL FEES</b>							
6434000-000 Legal Fees	770.00	1,749.25	979.25	20,396.75	20,991.00	594.25	20,991.00
6435000-000 Bank Service Fees	-	-	-	25.00	-	(25.00)	-
<b>Total PROFESSIONAL FEES</b>	<b>\$770.00</b>	<b>\$1,749.25</b>	<b>\$979.25</b>	<b>\$20,421.75</b>	<b>\$20,991.00</b>	<b>\$569.25</b>	<b>\$20,991.00</b>
<b>OUTSIDE SERVICES</b>							
6475000-000 Landscape Maint. - Contract	10,932.00	10,933.88	1.88	131,184.00	131,207.00	23.00	131,207.00
6475500-000 Landscape Maint. - Extras	5,039.00	1,333.38	(3,705.62)	19,104.74	16,001.00	(3,103.74)	16,001.00
6475505-000 Landscape Maint. - Trees	17,370.00	1,414.75	(15,955.25)	19,500.00	16,977.00	(2,523.00)	16,977.00
6477100-000 Painting	-	375.13	375.13	2,432.00	4,502.00	2,070.00	4,502.00
6477200-000 Pest Control	1,043.00	1,437.37	394.37	16,019.00	17,248.00	1,229.00	17,248.00
6477300-000 Structural Repair	14,750.62	1,835.12	(12,915.50)	21,243.12	22,021.00	777.88	22,021.00
6477400-000 Miscellaneous Services	152.61	415.87	263.26	4,531.67	4,990.00	458.33	4,990.00
7552000-000 Service Maintenance-Standard	16,497.17	6,106.50	(10,390.67)	60,499.78	73,278.00	12,778.22	73,278.00
<b>Total OUTSIDE SERVICES</b>	<b>\$65,784.40</b>	<b>\$23,852.00</b>	<b>(\$41,932.40)</b>	<b>\$274,514.31</b>	<b>\$286,224.00</b>	<b>\$11,709.69</b>	<b>\$286,224.00</b>



# Income Statement - Operating

Seal Beach Mutual Twelve

12/01/2023 to 12/31/2023

Description	Current Period			Year-to-date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
<b>TAXES &amp; INSURANCE</b>							
6720000-000 State & Federal Taxes	\$2,430.30	\$99.38	(\$2,330.92)	\$7,427.00	\$1,193.00	(\$6,234.00)	\$1,193.00
6730000-000 Property & Liability Insurance	4,490.00	14,897.88	10,407.88	166,375.00	178,775.00	12,400.00	178,775.00
<b>Total TAXES &amp; INSURANCE</b>	<b>\$6,920.30</b>	<b>\$14,997.26</b>	<b>\$8,076.96</b>	<b>\$173,802.00</b>	<b>\$179,968.00</b>	<b>\$6,166.00</b>	<b>\$179,968.00</b>
<b>CONTRIBUTIONS TO CAPITAL</b>							
7620000-000 Appliance Reserve From Assessments	5,003.08	5,003.12	0.04	60,036.96	60,037.00	0.04	60,037.00
7630000-000 Painting Reserve From Assessments	4,050.33	4,050.37	0.04	48,603.96	48,604.00	0.04	48,604.00
7675000-000 Roofing Reserve From Assessments	23,180.42	23,180.38	(0.04)	278,165.04	278,165.00	(0.04)	278,165.00
7677000-000 Infrastructure Reserve From Assessments	36,273.25	36,273.25	-	435,279.00	435,279.00	-	435,279.00
<b>Total CONTRIBUTIONS TO CAPITAL</b>	<b>\$68,507.08</b>	<b>\$68,507.12</b>	<b>\$0.04</b>	<b>\$822,084.96</b>	<b>\$822,085.00</b>	<b>\$0.04</b>	<b>\$822,085.00</b>
<b>* OFF-BUDGET ITEMS</b>							
8100000-000 Depreciation Expense	199,530.33	-	(199,530.33)	199,530.33	-	(199,530.33)	-
<b>Total OFF-BUDGET ITEMS</b>	<b>\$199,530.33</b>	<b>\$-</b>	<b>(\$199,530.33)</b>	<b>\$199,530.33</b>	<b>\$-</b>	<b>(\$199,530.33)</b>	<b>\$-</b>
<b>Total OPERATING EXPENSE</b>	<b>\$442,925.71</b>	<b>\$213,260.00</b>	<b>(\$229,665.71)</b>	<b>\$2,722,336.68</b>	<b>\$2,559,120.00</b>	<b>(\$163,216.68)</b>	<b>\$2,559,120.00</b>
<b>Net Income:</b>	<b>(\$218,630.45)</b>	<b>\$0.00</b>	<b>(\$218,630.45)</b>	<b>(\$82,147.82)</b>	<b>\$0.00</b>	<b>(\$82,147.82)</b>	<b>\$0.00</b>