

A G E N D A
REGULAR MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL EIGHT

October 23, 2017 1:30 p.m.
Administration Building, Conference Room A

CALL TO ORDER/PLEDGE OF ALLEGIANCE

SHAREHOLDER COMMENTS – (2 minute limit per shareholder)

ROLL CALL

INTRODUCTION OF GUESTS AND STAFF:

Mr. McGuigan, GRF Representative
Ms. Hopkins, Mutual Administration Director
Mr. Hurtado, Building Inspector
Mrs. Aquino, Recording Secretary

APPROVAL OF MINUTES: **Regular Meeting of September 25, 2017**

BUILDING INSPECTOR'S REPORT (pages 3-4)

Mr. Hurtado

UNFINISHED BUSINESS

- a. Ratify adopted/posted Policy 7025.08 – Common Interest Development (pages 5-6)
- b. Discuss Policy 7510 – Eligibility Requirements – Presidents' Council version (pages 7-8)
- c. Policy 7406.08 – Exclusive Private Use of Common Property by Shareholders (pages 9-11)

NEW BUSINESS

- a. NSBN Engagement Letter – Motion (pages 12-21)
- b. Ratify phone poll to accept landscape bid from Bright View Corporation effective 11/1/17 (page 22)
- c. Codes of Ethics and Conduct documents – (pages 23-25)
- d. Meeting dates for Holiday schedule for Tuesday, December 19, 2017, at 9:30 a.m., Bldg. 5, Conf. Rm. B (page 26)
- e. Discuss Solar Panels – purchase from Stellar Solar for Mutual new solar system
- f. Discuss Solar Panels in Mutual Eight costs to date (20-30 minute presentation (Mr. Park)

STAFF SECRETARY BREAK (TIME TO BE DETERMINED BY PRESIDENT)

MUTUAL ADMINISTRATION DIRECTOR'S REPORT

Ms. Hopkins

GRF REPRESENTATIVE'S REPORT

Mr. McGuigan

CHIEF FINANCIAL OFFICER'S REPORT

Mrs. Berg

DIRECTOR(S') COMMENTS

ANNOUNCEMENTS

SHAREHOLDER COMMENTS – (2 minute limit per shareholder)

ADJOURNMENT

EXECUTIVE SESSION (member issues, legal)

STAFF SECRETARY WILL LEAVE THE MEETING BY 4:10 p.m.

**NEXT MEETING: November 27, 2017 at 1:30 p.m.
Administration Building, Conference Room A**

In order to view the Minutes, Agendas, etc., for Mutual 8, please follow these directions:

1. Go to LWSB website at: <http://www.lwsb.com>
2. Go across the black bar at the top of the webpage to the category called "Mutuals"
3. Scroll down to Mutual 8, click on Mutual 8
4. You are now on the website for MU 8

You will see Minutes at the top and in the bottom also. Click on Minutes or what you want to view.

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: (08) EIGHT

INSPECTOR:

MUTUAL BOARD MEETING DATE: October 23, 2017

PERMIT ACTIVITY						
UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION
186F	walkin closet, flooring	yes	03/29/17	11/15/17	no	
184K	400sq.ft. remodel,bath,kitchen	yes	03/30/17	09/25/17	no	
202A	remodel	yes	07/19/17	03/31/18	no	
202A	entry door,tile, foam trim	yes	07/27/17	02/28/18	no	
189D	heat pump	yes	06/12/17	09/30/17	no	
192L	heat pump - 3 zone	yes	08/23/17	12/18/17	no	
188B	washer dryer, entry door	yes	08/23/17	12/12/17	no	
197B	windows / slider	yes	09/07/17	10/20/17	no	
182D	window, entry door	yes	09/05/17	10/16/17	no	
204G	carport cabinet	yes	10/02/17	10/20/17	no	
197D	patio tile	yes	09/27/17	12/09/17	no	
193L	carport cabinet	yes	08/01/17	09/15/17	no	
ESCROW ACTIVITY						
UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF
178I			09/12/17	09/13/17	09/25/17	
194F		09/07/17		09/27/17	10/06/17	
194E					09/28/17	
189B		10/09/17				

Pre-Listing Inspection NBO = New Buyer Orientation

Final COE Inspection ROF = Release of Funds

CONTRACTS						
CONTRACTOR				PROJECT		
John's Landscape				Mutual gardening		
So Cal Fire Protection				laundry room fire extinguishers		
Empire Pipe and Supply				Mutual sewer cleaning		
Fenn				termites and pests		
Ward-Tec Construction				carport 102 reconstruction		

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: (08) EIGHT

INSPECTOR:

MUTUAL BOARD MEETING DATE: October 23, 2017

SPECIAL PROJECTS					
CONTRACTOR				PROJECT	

APARTMENT VISITS				
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VARIOUS

MUTUAL OPERATIONS**ADOPT DRAFT****Common Interest Development – Mutual Eight**

Seal Beach Mutual Eight, a recognized general law corporation, and a stock cooperative common interest development, is subject to and will abide by California Civil Code Sections 1350-1378, "The Davis-Stirling Common Interest Development Act."

Robert's Rules of Order shall govern all Mutual Eight meetings.

MUTUAL**ADOPTION**

EIGHT:

(draft created on 9-6-17 ka)

Page 1 of 1

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: RATIFY POLICY 7025.08 – COMMON INTEREST DEVELOPMENT
DATE: OCTOBER 18, 2017

I move to ratify adopted/posted Policy 7025.08 – Common Interest Development.

MUTUAL OPERATIONS**PRESIDENTS' COUNCIL DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual**

All persons **Any person or persons jointly** seeking approval of the Board of Directors of Seal Beach Mutual No _____ to purchase a share of stock in the Mutual, and to reside in the Mutual, shall meet the following **income** eligibility criteria:

A. Apply for and be accepted as a member of the Golden Rain Foundation, Seal Beach, California.

B. Meet the Mutual eligibility criteria as follows:

1. Age

Minimum of 55 years, as confirmed by a birth certificate or passport. A driver's license is not acceptable as proof of age.

2. Financial Ability

a. Verified monthly income that is at least ~~(4) times~~ **4.5 times** or greater **than** the monthly carrying charge (Regular **GRF and Mutual** Assessment plus Property Taxes and Fees) at the time of application and have liquid assets of at least ~~\$25,000.~~ **\$50,000 over the purchase price.** Verified monthly income/assets can be verified by any combination of the following **and may be in the form of:**

1. Tax returns **for the past two years.**

2. 1099s for interest and dividends **for the past two years. (assets used to purchase unit will not be included in income calculations)**

3. 1099-Rs for retirement income from qualified plans and annuities **for the past two years.**

4. SSA-1099 Social Security Benefit Statements **for the past two years.**

5. Brokerage statements and current interim statement **for the past two years. (assets used to purchase unit will not be included in income calculations)**

6. **At least the most recent** ~~six to twelve~~ **month's worth** of checking/savings account statements **(assets used to purchase unit will not be included in income calculations).**

b. Adjusted Gross Income per 1040, 1040A, or 1040EZ; plus that portion of Social Security, IRA distributions, and pensions and annuities not included in adjusted gross income; plus tax exempt interest; **(assets used to purchase unit will not be**

included in income calculations) minus income tax, Social Security, Medicare, and self-employment taxes paid; and minus Medicare, medical insurance and prescription drug premiums; all divided by twelve (12) will equal net monthly income to be used in Paragraph 2.a. above.

c. Projected assessments will be the previous year's assessment (total of carrying charge less any cable charge, less Orange County Property Taxes and Fees), and the addition of the new property tax at 1.2% of the sales price plus Orange County District fees divided by twelve (12) for the new projected monthly assessment. This new figure (Regular Assessment plus Orange County Property Taxes and District Fees) times ~~four (4)~~ **4.5** will be the monthly income required. This will be verified by the escrow company and the Stock Transfer Office. Stock Transfer shall have the final say in establishing verifiable income/assets.

Verification shall be done by the Escrow Company and the Stock Transfer Office **for each proposed shareholder(s)** prior to the new buyer interview **orientation** and prior to the close of escrow (the above verification will not be done by the individual Mutual Directors; Directors will not be required to study or understand the financial requirements).

d. Only the resident shareholder's income shall be considered for qualifying.

e. If moving within Leisure World, or if there are any additions/changes to the title, the proposed shareholder(s) must meet these eligibility requirements.

3. Health

Have reasonably good health for a person of his/her age, so that shareholder can take care of normal living needs without calling on other members of the cooperative for an undue amount of assistance (**see individual Mutual requirements**). Leisure World is not a skilled nursing home facility or an assisted living facility.

C. Assume, in writing, the obligations of the "Occupancy Agreement" in use by the Mutual Corporation.

Officers or Committees of the Board of Directors designated to approve new applicants are responsible that the eligibility criteria of this corporation is equitably applied to all applicants. Approval or disapproval of buyer(s) must be received by the Stock Transfer Office at least ten (10) working days prior to the close of escrow.

MUTUAL

ADOPTION

MUTUAL OPERATIONS**PHYSICAL PROPERTY****Encroachment onto Common Areas for Exclusive Private Use of Shareholder – Mutual Eight**

Mutual Eight limits Exclusive Private Use of Common Area to the following terms and conditions:

1.Exemptions:

- A. One entry walkway not to exceed 48 inches in width (6-inch decorative ribbon allowed on each side for maximum width of 60 inches) from a public sidewalk, or as required by the Uniform Building Code.
- B. A garden area of up to 36 inches from the original apartment wall in front of and at the end of the apartment. Where a sidewalk or retaining wall is 72 inches or less from the original apartment wall, the shareholder may have all garden area or all grass.
- C. One pad for an air conditioner/heat pump installed within 36 inches of the original apartment wall, or as required by Uniform Building Code. See Policy 7402.2.8.
- D. One additional single door stoop up to 36 inches deep from original apartment wall, or as required by Uniform Building Code.
- E. Up to four bay windows with the outside wall no more than 20 inches deep from original apartment wall.

2.Approvals:

- A. Any proposed exclusive private use of common area must be approved by the Mutual Eight Board and permitted by GRF under the following conditions:
 - i. A request describing the proposed exclusive use area must be made in writing to the Board via the GRF Physical Property Department supported by acceptable drawings, photos, and specifications meeting all Mutual, GRF, and city of Seal Beach requirements, setting out all specifics of the request, dimensions and the square footage needed in order for the Board to consider the request.
 - ii. Request must set out all legal information identifying the shareholder, the location of the apartment, the specific location of the encroachment, and specific use/reason for the encroachment.
 - iii. As condition of approval, the shareholder must agree to Terms and Conditions of the Addendum to the Occupancy Agreement as set out in paragraph 3 below.

3.The Addendum to the Occupancy Agreement:

(Oct 14)

MUTUAL OPERATIONS**PHYSICAL PROPERTY****Encroachment onto Common Areas for Exclusive Private Use of Shareholder – Mutual Eight**

- A. The shareholder must complete and have an approved and signed Addendum (signed by both the shareholder and Board) and which has been delivered to the Stock Transfer Department before any construction or removal begins.
- B. The Addendum shall provide the following information and/or agreements:
 - i. Terms and conditions of use;
 - ii. Amount of square footage;
 - iii. Agreement to provide liability insurance;
 - iv. The amount of the original assessment for Exclusive Private Use and the start date of such exclusive use;
 - a. Calculation of Assessment: the original monthly assessment will be the square footage requested times the square foot value assigned by the latest Orange County Tax Assessor valuation times 10 percent (10%) ROI divided by 12 months. All assessments for Exclusive Private Use may be recalculated starting on the first day of each new decade by the GRF Finance Department.
 - b. Start Date: The start date is conditioned on an understanding that it may be delayed. Any changes or alterations will require Mutual Eight Board approval;
 - a. An agreement to maintain the Exclusive Private Use area: If the Exclusive Private Use area is not maintained to exceed or match surrounding area, the Board may cancel the Exclusive Private Use approval and terminate the Addendum to the Occupancy Agreement and restore the area to match similar common area at the shareholder's expense.
 - v. Agreement that the encroachment must be removed at selling; shareholder's expense unless buying shareholder agrees to execute a new Addendum to the Occupancy Agreement assuming all liability.

4.Existing Encroachments:

- A. Pre-January 22, 2007, Encroachments: Any encroachment added before January 22, 2007, (the original date of this policy) or previously permitted by GRF will be allowed to remain until there is a sale, request for alteration, or transfer of stock. On resale, a request for alteration, or transfer, the shareholder must remove the encroachment, restoring the common area to a condition as good as similar common area as determined by the Mutual Eight Board, or the shareholder or new shareholder must enter into a Board-approved Addendum to the Occupancy

(Oct 14)

MUTUAL OPERATIONS**PHYSICAL PROPERTY****Encroachment onto Common Areas for Exclusive Private Use of Shareholder – Mutual Eight**

Agreement for Exclusive Private Use of the common area at issue under the terms and conditions set out in paragraph 3 above.

- B. Post-January 22, 2007, Encroachments: The shareholder must remove any encroachment added without a permit from GRF or approval of the Mutual Eight Board after January 22, 2007 (original date of this policy), within 90 days of notification of the violation by the Mutual Eight Board of Directors or GRF (the management company). In the event the encroachment was not approved by the Mutual Eight Board or permitted by GRF, the shareholder may agree to execute, with Mutual Eight Board approval, an Addendum to the Occupancy Agreement under the terms and conditions set out in paragraph 3 above. In all cases, on resale, a request for alteration, or transfer, the shareholder must remove the encroachment, restoring the common area to a condition as good as similar common area as determined by the Mutual Eight Board, or the shareholder or new shareholder must enter into a Board-approved Addendum to the Occupancy Agreement for Exclusive Private Use of the common area at issue.

5. Encroachments:

The following is a non-exclusive list of common area encroachments: expanded garden areas, extra doorway stoops, extra walkways, patios or patio-like areas, golf cart parking pads, extra wide entry walkways, and any other unapproved use of common area.

Shareholder Signature: _____ Date: _____

Shareholder Signature: _____ Date: _____

Original to Stock Transfer Corporate File

MUTUAL ADOPTION

EIGHT: 01-22-07

AMENDMENTS

10-27-14

(Oct 14)



September 7, 2017

Linda Stone, GRF Board President
Golden Rain Foundation
Post Office Box 2069
Seal Beach, California 90740

Dear Linda:

We are pleased to confirm our understanding of the services we are to provide for Golden Rain Foundation (the "Company") and the 16 Seal Beach Mutual Corporations (the "Mutual Corporations") for the year ended December 31, 2017.

The Board of Directors of the Company and the Mutual Corporations (the "Boards") have requested that we audit the financial statements of the Company and the Mutual Corporations, which comprise the balance sheets as of December 31, 2017, and the related statements of operations/revenue and expenses, changes in stockholders' equity/changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements. Also, the financial statements we submit to you will include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board ("FASB"). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it.

Audit Objective

The objective of our audits is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the Company's and the Mutual Corporations' accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audits of the Company's and the Mutual Corporations' financial statements. Our reports will be addressed to the Boards and Members of the Company and to each of the Mutual Corporations. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. However, our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audits, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Company and the Mutual Corporations or to acts by management or employees acting on behalf of the Company and the Mutual Corporations.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audits and does not extend to any later periods for which we are not engaged as auditors.

Our audits will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Other Services

We will prepare the Company's and the Mutual Corporations' 2017 federal and California tax returns for the year ended December 31, 2017 based on information provided by you. We will also assist in preparing the financial statements of the Company and the Mutual Corporations in conformity with U.S. generally accepted accounting principles based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles; and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entities involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entities received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entities comply with applicable laws and regulations. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically, management understands that electronic sites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities for the financial statement preparation services, tax services, and any other non-attest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.

Johnny H. Minassian is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our audit engagement ends on delivery of our audit reports. Any follow-up services required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

As part of our audit process, we will request from management and, when appropriate, from those charged with governance, written confirmation concerning representations made to us in connection with the audits.

We also will issue a written report communicating either Auditor's Communication with Those Charged with Governance or Communicating Internal Control Related Matters Identified in an Audit, upon completion of our audits.

As part of our engagement, we will also prepare the 2017 federal and California tax returns for the year ended December 31, 2017. We will use our professional judgment in preparing your returns. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the Internal Revenue Service should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional tax, interest, or penalties.

In the event, however, that you ask us to take a tax position that, in our professional judgment, will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of ceasing to render services.

Any travel, entertainment and gifts, as well as charitable contributions, must be supported by the necessary records required by the Internal Revenue Code. It is your responsibility to insure that all such documents are properly maintained and that the documents in your possession support the deductions taken on the tax return. We will not audit or otherwise review the information maintained by you to insure the adequacy thereof.

You may have reportable state use tax if the corporation purchased goods outside of California for use, storage, or consumption in California and did not pay California sales or use tax on the purchase. You may now elect to pay use tax with your corporation income tax return, rather than on a separate use tax form filed with the Board of Equalization. Please inform us if management's position on this election has changed from the previous year.

Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having an aggregate value

exceeding \$10,000 at any time during the calendar year in a foreign country, shall report such a relationship. Although there are some limited exceptions, filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s).

For example, a corporate-owned foreign account would require filings by the corporation *and* by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties.

If you and/or your entity have a financial interest in, or signature authority over, any foreign accounts, you are responsible for providing our firm with all the information necessary to prepare the Report of Foreign Bank and Financial Accounts (FBAR) required by the U.S. Department of the Treasury in order for the FBAR to be **received by the Department on or before June 30th** of each tax year. Effective July 1, 2013, electronic filing of FBAR reports is mandatory using the Bank Secrecy Act (BSA) e-filing system for the Financial Crimes Enforcement Network (FinCEN). If you would like our firm to submit your electronic FBAR report (FinCEN Form 114) on your behalf, we must receive a signed consent form (FinCEN Form 114a) from you prior to submitting the foreign reporting form. If you do not provide our firm with information regarding any interest you may have in a foreign account, or if we do not receive your signed authorization to file your foreign reporting form, we will not be able to prepare and file any of the required disclosure statements.

In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you fall into one of the below categories, or if you have any direct or indirect foreign interests, you may be required to file applicable IRS forms:

- You are an individual or entity with ownership of foreign financial assets and meet the specified criteria (Form 8938);
- You are an officer, director or shareholder with respect to certain foreign corporations (Form 5471);
- You are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472);
- You are a U.S. transferor of property to a foreign corporation (Form 926);
- You are a U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A); or
- You are a U.S. person with interests in a foreign partnership (Form 8865).

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service and you agree to timely provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file, or untimely filing, of any of these forms.

The IRS and U.S. Treasury issued final tangible property regulations (TPRs) that govern when taxpayers must capitalize and when they can deduct expenditures for acquiring, producing or improving tangible property. These regulations were fully effective for tax years beginning on or after January 1, 2014. The final regulations created new annual elections, and while certain safe harbors and elections are implemented through filing statements or treatment of an item on a timely filed federal tax return, the IRS considers the remaining provisions to be a change in accounting method, which may require the filing of Form 3115, *Application for Change in Accounting Method*.

If we become aware that you may be using an accounting method not in accordance with the final TPR regulations, our firm may need additional time to analyze your current and prior acquisitions and improvements to properly complete Form 3115. By your signature below, you accept ultimate responsibility for your capitalization analyses and decisions, and you agree to provide us with the information necessary to prepare the appropriate elections and/or method change IRS form(s). Please ask us for advice if you have any questions regarding your company's application of these regulations.

Management is responsible for the design, implementation and administration of applicable policies that may be required under the Affordable Care Act. As NSBN LLP is not rendering any legal services as part of our engagement, we will not be responsible for advising you with respect to the legal or regulatory aspects of your company's compliance with the Affordable Care Act.

Professional standards now require us to electronically file all federal and state income tax returns. Please note that, although e-filing will require both you and our firm to complete additional steps, the same filing deadlines will apply. You must therefore ensure that you complete the additional requirements before the due dates in order for our firm to be able to timely transmit your return. Our firm must transmit your return to the taxing authorities (rather than you). We will provide you with a copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the return and that, to the best of your knowledge, you feel it is correct. **We cannot transmit the returns to the taxing authorities until we have your authorization.** Therefore, if you have not provided our firm with your authorization, we will place your return on extension, even though it might already have been completed. In that event, you will be responsible for ensuring that any payment due with the extension is timely sent to the appropriate taxing authorities. You will also be responsible for any additional costs our firm incurs arising from the extension preparation.

Finally, please note that, although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

Our fees for these services will not exceed \$131,000. The fee estimate is based on anticipated cooperation from the Company's and the Mutual Corporations' personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

Your returns, of course, are subject to review by the taxing authorities. Any items which may be resolved against you by the examining agent are subject to certain rights of appeal. In the event of

such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses involved.

If, during the engagement, any extraordinary matters come to our attention for which additional services not specified in this letter are required, we will, of course, consult with you and receive your approval before expanding our services. These services will be billed at the standard billing rates of the personnel performing the services plus any direct costs incurred.

If any dispute arises among the parties, they agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under Rules for Professional Accounting and Related Services Disputes. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Arbitration Rules for Professional Accounting and Related Services Disputes of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. In agreeing to arbitration, we both acknowledge that, in the event of a dispute charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us in the envelope provided.

Sincerely,

NSBN LLP

NSBN LLP

Approved by:

This letter correctly sets forth the understanding of Golden Rain Foundation

Linda Stone, GRF Board President

Date: _____

Appendix A

Acknowledgement of services to be performed by NSBN LLP for each Mutual Corporation as documented in the engagement letter dated September 7, 2017:

Mutual 1	_____	Date: _____
	<i>Board President</i>	
Mutual 2	_____	Date: _____
	<i>Board President</i>	
Mutual 3	_____	Date: _____
	<i>Board President</i>	
Mutual 4	_____	Date: _____
	<i>Board President</i>	
Mutual 5	_____	Date: _____
	<i>Board President</i>	
Mutual 6	_____	Date: _____
	<i>Board President</i>	
Mutual 7	_____	Date: _____
	<i>Board President</i>	
Mutual 8	_____	Date: _____
	<i>Board President</i>	
Mutual 9	_____	Date: _____
	<i>Board President</i>	
Mutual 10	_____	Date: _____
	<i>Board President</i>	

Mutual 11	_____	Date: _____
	<i>Board President</i>	
Mutual 12	_____	Date: _____
	<i>Board President</i>	
Mutual 14	_____	Date: _____
	<i>Board President</i>	
Mutual 15	_____	Date: _____
	<i>Board President</i>	
Mutual 16	_____	Date: _____
	<i>Board President</i>	
Mutual 17	_____	Date: _____
	<i>Board President</i>	

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: ACCEPT NSBN ENGAGEMENT LETTER
DATE: OCTOBER 18, 2017

I move to accept the NSBN Engagement Letter from the 2017 Audit and authorize the President to sign the letter.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVE BID PROPOSAL FROM BRIGHT VIEW
DATE: OCTOBER 18, 2017

I move to approve the bid proposal from Bright View for landscape services for the next three years, effective November 1, 2017 to October 31, 2020, as follows:

Year One - \$128,064.00
Year Two - \$131,905.92
Year Three - \$135,863.10

For a grand total of \$395,833.02.

Mutual Corporation
Seal Beach Mutual No. Eight
Board Member Code of Ethics

As a member of the Board of Directors for Seal Beach Mutual No. Fifteen, I will:

- Be committed to fulfilling the mission and vision of the Association.
- Keep all confidential Board information confidential.
- Present a united front for all Board decisions.
- Focus my efforts on the goals of the Association and not my personal goals.
- At the Direction of the Mutual President serves on a committee and/or task force in a leadership capacity.
- Refrain from using my service on this Board for my own personal advantage or for the advantage of my friends or associates.
- Respect and support the majority decisions of the Board.
- Immediately disclose to the Board any perceived or real conflict of interest as soon as I have knowledge of the potential conflict.
- Approach all Board issues with an open mind, prepared to make the best decisions for everyone involved.
- Do nothing to violate the trust of those who elected or appointed me to the Board or of those we serve.
- Never exercise authority as a Board member except when acting in a board meeting or as I am delegated by the board or its President.
- Continue to maintain the Board member qualifications for the Association.
- Consider myself a trustee of this organization and do my best to ensure that it is well maintained, financially secure; growing and always operating within the best interest of those we serve.

BOARD MEMBER COMMITMENT PLEDGE

I, _____, recognizing the vital responsibility I am undertaking in serving as a member of the Board of Directors of Mutual Fifteen. I hereby pledge to carry out in a trustworthy and diligent manner the duties and obligations of my role as a Board member.

Signature

Date: _____

Print Name

Mutual Corporation
Seal Beach Mutual No. Eight
Board Member Code of Conduct

The Board Member Code of Conduct has been adopted to guide individual board members in a direction that is best for the organization. Accordingly, individual board members should:

- Understand, power resides with the "Board" not individual board members
- Maintain the confidentiality of executive session information
- Put personal interests aside and advance the best interests of the association
- Respect, abide by, and carry out the decisions of the majority of the board
 - The expertise of individual board members will be used to enhance the board's understanding of issues but will not be substituted for the judgment of the board
- Treat fellow directors, homeowners, management and vendors with respect
- Become familiar with the governing documents
- Be fully prepared for board meetings
 - Engage in board discussions prepared and with an objective, open mind
 - Provide a monthly report to be incorporated with the minutes
 - Allow actions that are required by the governing documents or law
- Monitor appropriately by internal and external reports as well as observation to ensure policies are being met
- Subscribe to the Business Judgment Rule
 - Duties are performed in good faith
 - Duties are performed in a manner believed to be in the best interests of the association
 - Duties are performed with such care, including reasonable inquiry as an ordinary prudent person in a like position would use under similar circumstances
- Maintain current assessment payments and comply with the rules and regulations so as to remain in good standing
- Avoid any conflict of interest
 - If licensed and bidding on a job said board member shall recuse him or herself from discussions and decision

Additionally, the Board as an entity shall:

- Be as open as possible in the process of conducting its business
- Not allow any individual member, managing agent or vendor to be harassed by any individual member of the board or membership
- Allow no officer, individual or board committee to prevent the board from fulfilling its commitments
- Not allow any provision of law or the governing documents to be unfulfilled
- Present a united front for all Board decisions

Signature: _____

Date: _____

Print Name: _____

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: RESCHEDULE DECEMBER REGULAR BOARD MEETING
DATE: OCTOBER 18, 2017

I move to reschedule the December 25 Regular Board Meeting to Tuesday, December 19, 2017, to be held at Building 5, Conference Room B at 9:30 a.m.