

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL EIGHT
FEBRUARY 26, 2018
Meeting begins 1:30 p.m.
Administration Building Conference Room A

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE
2. SHAREHOLDER COMMENTS (2-3 minutes per shareholder - agenda items only)
3. ROLL CALL
4. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUEST(S):

Mr. McGuigan, GRF Representative
Ms. Miller, Director of Finance
Ms. Hopkins, Mutual Administration Director
Mr. Hurtado, Building Inspector
Mr. Swordes, Building Inspector
Mrs. Aquino, Recording Secretary
5. APPROVAL OF MINUTES:
Regular Meeting Minutes of January 22, 2018
6. BUILDING INSPECTOR'S REPORT Mr. Hurtado/Mr. Swordes
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (handout)
 - a. Stellar Solar panel removal program – update
 - b. Discussion further amending Policy 7471.08 – Pest Control (p.)
7. GRF Representative Mr. McGuigan
8. **GUEST SPEAKER** **Ms. Miller**
 - a. **Unrestricted Operating Reserves**
9. **UNFINISHED BUSINESS**
 - a. Discussion – Maintenance and upkeep of Mutual Eight Parks 189, 204 and Brunsting Park
 - b. Discuss rescinding Policy 7701 – Personal Property Insurance and adopting Policy 7701.08 – Personal Property Insurance (p.)
 - c. Discuss further amending Policy 7510.08 – Eligibility Requirements (p.)
10. **NEW BUSINESS**
 - a. Discuss adopting Policy 7731.08 – Internal Dispute Resolution –IDR (p.)
 - b. Approve contract for gutter cleaning (p.)
 - c. Discussion of BrightView Landscape plans for Gardner services Mutual wide
 - d. Approve Board requirement of all expenditures above \$3,000 (p.)

(Wednesday, February 21, 2018 ka)

NEW BUSINESS (continued)

- e. Appointment of Committee to paint parts of Brunsting Park
- f. Appointment of Nominating Committee (p.)

STAFF SECRETARY BREAK 3:00 p.m.

- 10. SECRETARY / CORRESPONDENCE Mr. Park
- 11. CHIEF FINANCIAL OFFICERS REPORT Mrs. Berg
 - a. Approve the selling of two Bonds and the purchase of two Bonds (p.)
 - b. Approve the transfer of funds from Emergency Reserves Fund to Non-Restricted Funds (p.)
- 12. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
- 13. ANNOUNCEMENTS
 - a. Mutual Eight Town Hall meeting will take place on March 5, 2018, from 12:30 p.m. to 2:30 p.m. in CH 4
- 14. COMMITTEE REPORTS
- 15. DIRECTORS' COMMENTS
- 16. SHAREHOLDER(S)' COMMENTS (2-3 MINUTES)
- 17. ADJOURNMENT
- 18. EXECUTIVE SESSION

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

**NEXT MEETING: March 26, 2018 at 1:30 p.m.
Administration Building Conference Room A**

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS FURTHER AMENDING POLICY 7471.08 – PEST CONTROL
(BUILDING INSPECTORS REPORT ITEM B)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

Attached for your review is Policy 7471.08 – Pest Control.

MUTUAL OPERATIONS**ADOPT DRAFT****PHYSICAL PROPERTY****Pest Control – Mutual Eight**

Mutual Eight contracts with a pest control company to service the needs of the Mutual and the shareholders.

MUTUAL EIGHT PAYS FOR: Annual termite inspections, rodent bait stations throughout the Mutual, mole, gopher, skunk control, removal of bee (includes carpenter bees), wasps nests and yellow jacket hives, and fleas infesting a common area.

SHAREHOLDER PAYS FOR: Interior unit treatment for ants, roaches, silverfish, mites, gnats, mosquitoes, flies, vinegar flies, pantry pests, weevils, spiders, earwigs, crickets, lizards, bed bugs, fleas, and any other indoor pest. Mutual pays for exterior treatments required for attics, patios, and garden areas. Shareholders requesting pest control services must contact a Mutual Director who will pass the request on to Service Maintenance. Pest control services are provided weekly.

THE MUTUAL DIRECTOR WILL: Inform the shareholder of responsibility for charges and call in the shareholder request for the next weekly visit. *Any request regarding bed bug services will be reported immediately to the pest control company and will involve an additional charge to the shareholder for a special service call.* If the shareholder requests immediate service, a “service charge” will be added to their bill.

MUTUAL**ADOPTION**

EIGHT :

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS RESCINDING POLICY 7701 – PERSONAL PROPERTY INSURANCE
AND ADOPTING POLICY 7701.08 – PERSONAL PROPERTY INSURANCE
(UNFINISHED BUSINESS ITEM B)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

On September 28, 2009, the Mutual Eight Board of Directors adopted Policy 7701 – Personal Property Insurance.

On February 26, 2018, the Board of Directors will vote to rescind Policy 7701 – Personal Property Insurance and adopt Policy 7701.08 – Personal Property Insurance.

I move to rescind Policy 7701 – Personal Property Insurance and adopt Policy 7701.08 – Personal Property Insurance on a preliminary basis until the 30-day posting period is completed.

MUTUAL OPERATIONS**RESCIND MUTUAL EIGHT****PHYSICAL PROPERTY****Personal Property Insurance - Mutual Four, Eight, and Fifteen Only**

Effective April 1, 2009, Mutuals Four, Eight, and Fifteen shareholders, whether residing in their apartment or not, shall carry personal property insurance to cover the personal contents of their apartment, to cover any damage to their apartment for which they are responsible, and to cover any damage, for which they are responsible, to adjacent apartments.

The following paragraph replaces paragraph one for Mutual Four only:

Effective January 2, 2010, Mutual Four shareholders, whether residing in their apartment or not, shall carry personal property insurance to cover the personal contents of their apartment, to cover any damage to their apartment for which they are responsible, and to cover any damage, for which they are responsible, to adjacent apartments.

The Golden Rain Foundation and Mutual Corporation are not responsible for personal property, or damage to personal property stored or parked on the street or in the carport, such as vehicles and other property stored in or under the storage cabinets.

Shareholder shall obtain sufficient coverage for additional living expenses should the shareholder be unable to occupy their apartment while repairs are made to their apartment.

Shareholder shall obtain personal liability insurance in an amount sufficient for the indemnification of other persons who may be injured on their property. If shareholder owns a pet, \$300,000 in personal liability coverage is recommended. If shareholder does not own a pet, it is recommended that the personal liability coverage be \$200,000.

Shareholder should consider obtaining sufficient coverage to insure the value of any artwork, jewelry, antiques or other items that would not normally be covered by an average policy for personal property.

Upon obtaining personal property insurance, and upon annual renewal of the policy, Shareholder shall provide proof of insurance to the Stock Transfer Office in the form of the policy declarations page.

MUTUAL ADOPTION

Four:	10 Nov 09
Six:	25 May 10 (See Policy 7586.G.6)
Eight:	28 Sept 09
Twelve:	14 May 09 (See Policy 7701.12)
Fifteen:	17 Aug 09

MUTUAL OPERATIONS**ADOPT DRAFT****PHYSICAL PROPERTY****Personal Property Insurance - Mutual Eight**

Effective April 1, 2009, Mutuals Eight, shareholders, whether residing in their apartment or not, shall carry personal property insurance to cover the personal contents of their apartment, to cover any damage to their apartment for which they are responsible, and to cover any damage, for which they are responsible, to adjacent apartments.

The Golden Rain Foundation and Mutual Corporation are not responsible for personal property, or damage to personal property stored or parked on the street or in the carport, such as vehicles and other property stored in or under the storage cabinets.

Shareholder shall obtain sufficient coverage for additional living expenses should the shareholder be unable to occupy their apartment while repairs are made to their apartment.

Shareholder shall obtain personal liability insurance in an amount sufficient for the indemnification of other persons who may be injured on their property. If shareholder owns a pet, \$300,000 in personal liability coverage is recommended. If shareholder does not own a pet, it is recommended that the personal liability coverage be \$200,000.

Shareholder should consider obtaining sufficient coverage to insure the value of any artwork, jewelry, antiques or other items that would not normally be covered by an average policy for personal property.

MUTUAL**ADOPTION**

Eight:

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS FURTHER AMENDING POLICY 7510.08 – ELIGIBILITY REQUIREMENTS (UNFINISHED BUSINESS ITEM C)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

On April 27, 1970, the Mutual Eight Board of Directors adopted Policy 7510.08 – Eligibility Requirements.

On February 26, 2018, the Mutual Board of Directors will vote to further amend Policy 7510.08 – Eligibility Requirements.

I move to amend Policy 7510.08 – Eligibility Requirements on a preliminary basis until the 30-day posting period is completed.

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eight**

All persons **Any person or persons jointly** seeking approval of the Board of Directors of Seal Beach Mutual No. Eight 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 supported by a Driver's License AND Birth Certificate, OR a Passport.** ~~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/**are** at least four (4) **4.5** times or greater **than** the monthly carrying charge (Regular **GRF and Mutual** Assessment plus Property Tax and Fees) at the time of application, and have liquid assets of at least \$25,000 **\$50,000 over the purchase price.**

1. **Verified monthly income/assets may be in the form of the past two years of:**

- a) **The two most recent year Tax returns; IF TAX RETURNS ARE NOT FILED, explain why, and provide the following two year history of:**

- i.) **1099s for interest and dividends;**
 ii.) **1099-R for retirement income from qualified plans and annuities;**
 iii.) **SSA-1099 Social Security Benefit Statement**

1. ~~Tax returns;~~
 2. ~~1099s for interest and dividends;~~
 3. ~~1099-Rs for retirement income from qualified plans and annuities;~~
 4. ~~SSA-1099 Social Security Benefit Statement;~~
 5. ~~Brokerage statements and current interim statement.~~

(draft created on 02-20-18 ka)

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eight**

~~6. Six to twelve months of checking/savings account statements.~~

2.) Verified liquid assets of at least \$50,000 will be in the form of:

a.) Brokerage statements and current interim statement

b.) Six to Twelve months of checking account statements

c.) Sellers Settlement Statement of proceeds of sale of real property

- 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; 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 **2.1.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) 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.¹
- Verification shall be done by the escrow company and the Stock Transfer Office prior to the new buyer interview 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

¹ If major remodeling, expansion, or addition of a bathroom is being considered, the increase in taxes over the 1.2% of the purchase price must be taken into consideration.

(draft created on 02-20-18 ka)

MUTUAL OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS****Eligibility Requirements – Mutual Eight**

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.

4. Character

Have a reputation for good character in his/her present community.

- 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 OPERATIONS**AMENDED DRAFT****RESIDENT REGULATIONS**Eligibility Requirements – Mutual Eight

I have read and understood what is required for eligibility consideration in the above named Mutual, including necessary documentation.

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date

Prospective Buyer

Date**MUTUAL****ADOPTION****AMENDED****EIGHT:**

04-27-70

09-17-93, 08-25-08, 08-28-17

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS ADOPTING POLICY 7731.08 – INTERNAL DISPUTE RESOLUTION – IDR (NEWBUSINESS ITEM A)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

A draft version of Policy 7731.08 – Internal Dispute Resolution – IDR (attached) has been provided for your review for adoption.

I move to adopt Policy 7731.08 – Internal Dispute Resolution – IDR on a preliminary basis until the 30–day posting period is completed.

MUTUAL OPERATIONS**ADOPT DRAFT POLICY****MUTUAL ADMINISTRATION****Internal Dispute Resolution – IDR – Mutual Eight**

California Civil Code §5910 and §5915 provides that the Mutual Boards shall provide a “fair, reasonable and expeditious” procedure for resolving disputes between the Mutual and its shareholders without charging a fee to the shareholder participating in the process. The process is referred to as “Internal Dispute Resolution” (IDR) or “Meet and Confer.”

- (1) The shareholder may request the Mutual Board to meet and confer in an effort to resolve a dispute. The request shall be in writing.
- (2) Shareholders may refuse a request to meet and confer with the Board of Directors. The Board of Directors may not refuse a request to meet and confer with the shareholders.
- (3) The Board of Directors shall designate a minimum of two (2) Board Directors to meet and confer with the shareholder. The shareholder may bring another person and/or legal representative to meet and confer.
- (4) The parties shall meet promptly at a mutually convenient time and place to explain their positions to each other in an effort to resolve the dispute.
- (5) Any proposed resolution of the dispute shall be memorialized in writing and brought to the next Mutual Monthly Meeting for the Board’s consideration and final approval.
- (6) All such IDRs are considered to be confidential and may only be discussed in Executive Session.
- (7) Any final agreement between the Board of Directors and the shareholders shall be in writing and signed by all parties.

MUTUAL**ADOPTION**

EIGHT:

(draft created on 02-20-18 ka)

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVE CONTRACT FOR GUTTER CLEANING (NEWBUSINESS ITEM B)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

I move to approve / deny the contract with BrightView Landscape to clean the gutters in Mutual Eight, at a cost not to exceed \$2,200, and authorize the President to sign the contract.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVE BOARD REQUIREMENT OF ALL EXPENDITURES ABOVE \$3,000
(NEW BUSINESS ITEM D)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

I move to approve / deny that all Board expenditures above the amount of \$3,000, including Bond Purchases, must be approved by the Mutual Eight Board of Directors.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPOINTMENT OF NOMINATING COMMITTEE (NEW BUSINESS ITEM F)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

I would like to appoint _____, (as Chiar)

_____, and _____, to the Mutual Eight
nominating committee for the election term of 2018–2019.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVE THE SELLING OF TWO BONDS AND THE PURCHASE OF TWO BONDS (CHIEF FINANCIAL OFFICERS REPORT ITEM A)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

I move to approve the selling of two Bonds at a cost of \$91,087, and approve the purchase of two Bonds at a cost of \$112,431.

Mutual Corporation No. Eight

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVE THE TRANSFER OF FUNDS FROM EMERGENCY RESERVES TO
NON-RESTRICTED FUNDS (CHIEF FINANCIAL OFFICERS REPORT ITEM B)
DATE: FEBRUARY 26, 2018
CC: MUTUAL FILE

I move to approve the transfer of \$50,000 from the Emergency Reserves Fund to the Non-Restricted Funds to cover payment of Ward-Tek.