

**MINUTES OF THE REGULAR MONTHLY MEETING OF
THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL FOUR
July 13, 2016**

The Regular Monthly Meeting of the Board of Directors of Seal Beach Mutual Four was called to order, following the open forum for shareholders to address the Board, by President Slater on Wednesday, July 13, 2016, at 9:30 a.m. in Conference Room A of the Administration Building, followed by the *Pledge of Allegiance*.

ROLL CALL

Present: President Slater, Vice President Levitt, Secretary Kuhl, Chief Financial Officer Smith, and Directors Gerber, Wade, and Harris

GRF
Representative: Mrs. Reed

Guests: Five shareholders of Mutual Four

Staff: Ms. Hopkins, Mutual Administration Director
Mr. Black, Building Inspector
Ms. Day, Recording Secretary

INTRODUCTIONS

President Slater welcomed the guests and staff members to the meeting.

MINUTES

President Slater asked if there were any corrections to the June 8, 2016, Board Meeting minutes. Upon a MOTION duly made by President Slater and seconded by Vice President Levitt, it was

RESOLVED, To approve the Regular Board Meeting
minutes of June 8, 2016, as printed.

The MOTION passed with two abstentions (Smith and Harris).

CORRESPONDENCE

There were three pieces of correspondence.

GRF REPRESENTATIVE

Mrs. Reed updated activity on the GRF Board.

BUILDING INSPECTOR'S REPORT

Inspector Black updated the Board on activity in the Mutual.

Inspector Black left the meeting at 10:02 a.m.

CHIEF FINANCIAL OFFICER'S REPORT

CFO Smith presented her financial report (attached).

OLD BUSINESS

Following a discussion, it was the consensus of the Board that President Slater will go to Purchasing and purchase 7 FireStops and 3 sets of SmartBurners. The Directors will visit their building units with those fire suppressant devices to see which device the shareholder would like installed in their unit.

Following a discussion, and upon a MOTION duly made by President Slater and seconded by Secretary Kuhl, it was

RESOLVED, To reverse the billing to two shareholders for sandbags and charge the Mutual, and the sandbags left in the Mutual, have Service Maintenance picked them up.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by Director Wade and seconded by Director Harris, it was

OLD BUSINESS (continued)

RESOLVED, To obtain a quote on Building 75 landscape.

The MOTION passed.

Following a discussion on building and carport signage, it was agreed that the signage will be installed.

NEW BUSINESS

The Board discussed next month's agenda.

The Board discussed empty units and GRF membership requirements.

Director Wade gave an update on the roofing project.

Secretary Kuhl discussed emergency preparedness in the Mutual and what is going on in the community.

A break was called at 10:44 a.m. to 10:59 a.m.

Following a discussion, and upon a MOTION duly made by CFO Smith and seconded by Director Gerber, it was

RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, Policy 7525 – Withdrawal Inspection Process Fee.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by Director Harris and seconded by Director Wade, it was

RESOLVED, To require sellers to cover non-standard items for a period of one year.

The MOTION passed.

NEW BUSINESS (continued)

Following a discussion, it was the consensus of the Board that President Slater sign Mr. C's Towing Agreement for 2016. Upon a MOTION duly made by Director Wade and seconded by CFO Smith, it was

RESOLVED, To have President Slater sign
Mr. C's Towing Agreement for 2016/2017.

The MOTION passed.

Following a discussion, and upon a MOTION duly made by President Slater and seconded by Vice President Levitt, it was

RESOLVED, That no Directors contact information
be released.

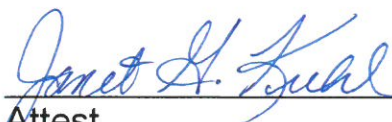
The MOTION passed with one "no" vote (Gerber).

DIRECTOR(S)' CONCERNS

Several comments were made by Directors.

ADJOURNMENT

There being no further business to conduct, President Slater adjourned the meeting at 11:26 a.m. and announced there would be an Executive Session following the meeting to discuss member issues.



Attest

Janet G. Kuhl, Secretary
SEAL BEACH MUTUAL FOUR

cd:08/02/16

Attachments

(These are tentative minutes, subject to approval by the Board of Directors at the next Regular Board of Directors Meeting.)

NEXT MEETING: WEDNESDAY, August 10, 2016, at 9:30 a.m.

**RESOLUTIONS IN THE REGULAR
MONTHLY MEETING OF JULY 13, 2016**

07/13/16 RESOLVED, To reverse the billing to two shareholders for sandbags and charge the Mutual, and the sandbags left in the Mutual, have Service Maintenance picked them up.

RESOLVED, To obtain a quote on Building 75 landscape.

RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, Policy 7525 – Withdrawal Inspection Process Fee.

RESOLVED, To require sellers to cover non-standard items for a period of one year.

RESOLVED, To have President Slater sign Mr. C's Towing Agreement for 2016/2017.

RESOLVED, That no Directors contact information be released.

ESCROW ACTIVITY

UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
14-21F		3.18.16	06/23/16	06/23/16	07/06/16		
14-18H		3.24.16		05/24/16	05/24/16	06/28/16	
14-50B			05/27/16		06/09/16	06/28/16	
14-5L		06/01/16					
14-31A			05/17/16	06/13/16	06/23/16	07/07/16	
14-27A	6/16/2016						
14-49G		06/16/16	07/14/16				
14-31F				05/10/16	05/22/16	06/28/16	
14-48K				05/05/16	05/17/16	07/11/16	
14-16A	06/28/16						
14-52J	7/12/2016						

NMI = New Member Inspection PLI = Pre-Listing Inspection NBO = New Buyer Orientation
 FI = Final Inspection FCOEI = Final COE Inspection ROF = Release of Funds

Mutual 4 Board of Directors Meeting – July 13, 2016

CFO, Suzi Smith

FINANCIAL RECAP - MAY, 2016

	Monthly Actual	Month Budget	Variance		YTD Actual	YTD Budget	Variance
Income	138,791	137,844	947		693,211	689,220	3,991
Reserves	41,858	41,858	0		209,290	209,290	0
Expenses	67,873	95,986	-28,113		479,454	479,930	-476
Total Expenses	109,731	137,844	-28,113		688,744	689,220	-476
Income/Expense	29,060	0	29,060		4,467	0	4,467

Our unrestricted cash for month end is \$344,303; restricted reserve accounts total \$2,182,425

Reserves:

Appliance	\$12,763.00
Painting	\$35,117.00
Operating	\$25,000.00
Roofing	\$1,677,078.00
Emergency	\$123,711.00
Infrastructure	\$308,756.00

Total Reserves \$2,182,425

Recap of Financials for the month ended May 31, 2016 (See above). I have prepared two complete profit and loss statements: Report A showing actual and budget expenses for the month of May, 2016 and Report B showing actual and budget expenses Year to Date.

Please note the May financials reflect the re-allocation of \$65,000 for termite/dry rot expenses in Standard Service Expenses has been moved to Reserves. The line item in May shows a NEGATIVE EXPENSE of \$21,936 and a profit for the month of \$29,060. The year to date reports shows Standard Service at \$22,533 (under budget \$1,822) and a year to date profit of \$4,467. By moving most of the termite/dry rot repair to reserves, we have made a course correction for the year and are back on track.

July CFO Council meeting welcomed new CFO's, elected your CFO Council Chair again, and discussed possible programs for the coming year. We are compiling a Mutual by Mutual comparison of various policies and expenses to identify variances. This will make it easier for boards to consider changes. Information is power or as President Lee M14 says, "We do not know what we do not know."

Leisure World Mutual 4
Profit & Loss Budget vs. Actual Report A
May 2016

	May 16	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
ASSESSMENT			
Regular Assessment - Mutual 4	34,793.00	34,793.00	0.00
Reserves Assessment	41,857.00	41,857.00	0.00
GRF Assessment	57,083.00	57,083.00	0.00
Total ASSESSMENT	133,733.00	133,733.00	0.00
FINANCIAL INCOME			
Interest Income - Taxable	2,123.00	1,398.00	725.00
Late Charges	118.00	44.00	74.00
Total FINANCIAL INCOME	2,241.00	1,442.00	799.00
SERVICES INCOME			
Inspection Fees	1,000.00	1,251.00	-251.00
Laundry Machines	1,772.00	1,418.00	354.00
Merchandise Sales	35.00		
Miscellaneous	10.00		
Total SERVICES INCOME	2,817.00	2,669.00	148.00
Total Income	138,791.00	137,844.00	947.00
Cost of Goods Sold			
GRF MAINTENANCE FEE	57,083.00	57,083.00	0.00
Total COGS	57,083.00	57,083.00	0.00
Gross Profit	81,708.00	80,761.00	947.00
Expense			
PROFESSIONAL FEES			
Legal Fees	56.00	166.00	-110.00
Management Fee	222.00	222.00	0.00
Total PROFESSIONAL FEES	278.00	388.00	-110.00
SERVICES			
Landscape - Contract	11,900.00	11,932.00	-32.00
Landscape - Extras	0.00	1,045.00	-1,045.00
Miscellaneous Services	28.00	127.00	-99.00
Painting	0.00	44.00	-44.00
Pest Control	194.00	649.00	-455.00
Standard Service	-21,936.00	4,871.00	-26,807.00
Structural Repairs	0.00	527.00	-527.00
Total SERVICES	-9,814.00	19,195.00	-29,009.00
TAXES & INSURANCE			
Hazard/Liability Insurance	9,952.00	8,292.00	1,660.00
State & Federal taxes	67.00	67.00	0.00
Total TAXES & INSURANCE	10,019.00	8,359.00	1,660.00
UTILITIES			
Electricity	1,498.00	2,249.00	-751.00
Trash	3,117.00	3,144.00	-27.00
Water	5,483.00	5,568.00	-85.00
Total UTILITIES	10,098.00	10,961.00	-863.00
RESERVE FUNDING			
Emergency Reserve	417.00	417.00	0.00
Roof	12,917.00	12,917.00	0.00
Paint	2,042.00	2,042.00	0.00
Infrastructure	22,482.00	22,482.00	0.00
Appliances	4,000.00	4,000.00	0.00

Leisure World Mutual 4
Profit & Loss Budget vs. Actual Report A
May 2016

	<u>May 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Total RESERVE FUNDING	41,858.00	41,858.00	0.00
DEPRECIATION	209.00	0.00	209.00
Total Expense	52,648.00	80,761.00	-28,113.00
Net Ordinary Income	29,060.00	0.00	29,060.00
Net Income	<u>29,060.00</u>	<u>0.00</u>	<u>29,060.00</u>

Leisure World Mutual 4
Profit & Loss Budget vs. Actual YTD Report B
 January through May 2016

	Jan - May 16	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
ASSESSMENT			
Regular Assessment - Mutual 4	173,965.00	173,965.00	0.00
Reserves Assessment	209,285.00	209,285.00	0.00
GRF Assessment	285,415.00	285,415.00	0.00
Total ASSESSMENT	668,665.00	668,665.00	0.00
FINANCIAL INCOME			
Interest Income - Tax Exempt	236.00		
Interest Income - Taxable	9,385.00	6,990.00	2,395.00
Late Charges	530.00	220.00	310.00
Total FINANCIAL INCOME	10,151.00	7,210.00	2,941.00
SERVICES INCOME			
Inspection Fees	6,500.00	6,255.00	245.00
Laundry Machines	7,830.00	7,090.00	740.00
Merchandise Sales	35.00		
Miscellaneous	30.00		
Total SERVICES INCOME	14,395.00	13,345.00	1,050.00
Total Income	693,211.00	689,220.00	3,991.00
Cost of Goods Sold			
GRF MAINTENANCE FEE	285,418.00	285,415.00	3.00
Total COGS	285,418.00	285,415.00	3.00
Gross Profit	407,793.00	403,805.00	3,988.00
Expense			
PROFESSIONAL FEES			
Legal Fees	537.00	830.00	-293.00
Management Fee	1,110.00	1,110.00	0.00
Total PROFESSIONAL FEES	1,647.00	1,940.00	-293.00
SERVICES			
Landscape - Contract	59,500.00	59,660.00	-160.00
Landscape - Extras	500.00	5,225.00	-4,725.00
Miscellaneous Services	242.00	635.00	-393.00
Painting	3,240.00	220.00	3,020.00
Pest Control	1,015.00	3,245.00	-2,230.00
Standard Service	22,532.82	24,355.00	-1,822.18
Structural Repairs	11,618.00	2,635.00	8,983.00
Total SERVICES	98,647.82	95,975.00	2,672.82
TAXES & INSURANCE			
Hazard/Liability Insurance	49,760.00	41,460.00	8,300.00
State & Federal taxes	335.00	335.00	0.00
Total TAXES & INSURANCE	50,095.00	41,795.00	8,300.00
UTILITIES			
Electricity	8,753.00	11,245.00	-2,492.00
Trash	15,474.00	15,720.00	-246.00
Water	18,374.00	27,840.00	-9,466.00
Total UTILITIES	42,601.00	54,805.00	-12,204.00
RESERVE FUNDING			
Emergency Reserve	2,085.00	2,085.00	0.00
Roof	64,585.00	64,585.00	0.00
Paint	10,210.00	10,210.00	0.00
Infrastructure	112,410.00	112,410.00	0.00
Appliances	20,000.00	20,000.00	0.00

Leisure World Mutual 4
Profit & Loss Budget vs. Actual YTD Report B
January through May 2016

	<u>Jan - May 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Total RESERVE FUNDING	209,290.00	209,290.00	0.00
DEPRECIATION	1,045.00	0.00	1,045.00
Total Expense	<u>403,325.82</u>	<u>403,805.00</u>	<u>-479.18</u>
Net Ordinary Income	<u>4,467.18</u>	<u>0.00</u>	<u>4,467.18</u>
Net Income	<u><u>4,467.18</u></u>	<u><u>0.00</u></u>	<u><u>4,467.18</u></u>

MUTUAL OPERATIONS**DRAFT – MUTUAL 4****RESIDENT REGULATIONS**Withdrawal Inspection Process Fee

RESOLUTION:

That Mutual No. _____ will charge a \$500 (or see below) fee for the inspection process when a share of stock is listed for sale, effective _____ (see below).

<u>MUTUAL AND ADOPTION</u>	<u>AMENDED/AMT</u>	<u>EFFECTIVE DATE</u>
ONE: 01 Aug 89		
TWO: 01 Aug 89		
THREE: 01 Aug 89	04-12-13/\$1,000	05-01-13
FOUR: 01 Aug 89	_____/ \$1,000	
FIVE: 01 Aug 89	08-19-15/\$1,000	08-19-15
SIX: 01 Aug 89		
SEVEN: 01 Aug 89		
EIGHT: 01 Aug 89	07-22-13/\$1,000	07-23-13
NINE: 01 Aug 89	03-13-13/\$1,000	04-01-13
TEN: 01 Aug 89	08-27-14/\$1,000	08-27-14
ELEVEN: 01 Aug 89	09-17-15/\$1,000	09-17-15
TWELVE: 01 Aug 89	11-12-15/\$1,000	11-12-15
FOURTEEN: 01 Aug 89	09-18-15/.5% of selling price	09-18-15
	11-17-15/\$1,200	11-17-15
FIFTEEN: 01 Aug 89	04-15-13/\$1,000	05-01-13
SIXTEEN: 01 Aug 89	03-18-13/\$1,000	04-01-13
SEVENTEEN: Not Applicable		

(Draft created 7-27-16 cd)