

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL FOUR
March 13, 2019
Open Forum begins at 9:15 a.m. – Meeting begins at 9:30 a.m.
Administration Building Conference Room A

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE
2. ROLL CALL
3. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUEST(S):
 - Ms. Miller, Finance Director
 - Ms. Gerber, GRF Representative
 - Ms. Hopkins, Mutual Administration Director
 - Mr. Black, Building Inspector
 - Ms. Villalobos, Recording Secretary
4. APPROVAL OF MINUTES:
Regular Meeting Minutes of February 13, 2019
5. SECRETARY / CORRESPONDENCE Mr. Russell
6. GRF REPRESENTATIVE Ms. Gerber
7. **GUEST SPEAKER** **Ms. Miller**
 - a. Discuss and vote to approve the 2018 Audited Financial Statements (p.3)
8. BUILDING INSPECTOR'S REPORT Mr. Black

Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (p.4)

 - a. Update on Roofing Contract
9. **UNFINISHED BUSINESS**
None
10. **NEW BUSINESS**
 - a. Discuss and vote to approve the Financial Review for February 2019 (p.5)
 - b. Discuss and vote to adopt Policy – 7532.04 Second Hand Smoke/Nuisance Policy (p.6-10)
 - c. Discuss Tree Trimming 2019-2020
 - d. Shareholder Statement to Vote Cumulatively (p.11)
 - e. Cancel the May Regular Meeting due to Annual Shareholders Meeting (p.12)
 - f. Appoint Observers for the 2019-2020 Mutual Four Annual Election (p.13)

STAFF BREAK BY 11:00 A.M.

- | | |
|--|------------------------|
| 11. CHIEF FINANCIAL OFFICERS REPORT | Ms. Smith |
| 12. MUTUAL ADMINISTRATION DIRECTOR | Ms. Hopkins |
| 13. ANNOUNCEMENTS | |
| a. NEXT MEETING: WEDNESDAY, April 10, 2019 | |
| Open Forum at 9:15 a.m. – Meeting begins at 9:30 a.m. | |
| Administration Building Conference Room A | |
| 14. COMMITTEE REPORTS | |
| a. Emergency Information | Ms. Kuhl |
| b. Mutual Administration Committee | Ms. Kuhl |
| c. Recreation Committee | Ms. Kuhl |
| b. Landscape Update | Ms. Smith & Mr. Levitt |
| e. Physical Property | Mr. Russell |
| f. Presidents Council | Mr. Slater |
| 15. DIRECTORS' COMMENTS | |
| 16. SHAREHOLDER(S)' COMMENTS (2-3 MINUTES) | |
| 17. ADJOURNMENT | |
| 18. EXECUTIVE SESSION/SHAREHOLDER ISSUES | |

STAFF WILL LEAVE THE MEETING BY 12:00 p.m.

Mutual Corporation No. Four

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE/DENY THE 2018 AUDITED FINANCIAL STATEMENTS (GUEST SPEAKER ITEM A)
DATE: MARCH 13, 2019
CC: MUTUAL FILE

On March 13, 2019, Ms. Miller, Director of Finance, will review the Financial Statements as of the year ending December 31, 2018, by the Independent Accountant's Report as submitted by CliftonLarsonAllen (CLA).

I move to accept that the Board of Directors of Seal Beach Mutual Four, upon a presentation of the Financial Statements as of December 31, 2018, for the year then ended, and the proposed Accountant's Report as submitted by CliftonLarsonAllen (CLA), hereby accepts the above-mentioned Financial Statements and reports therein, and authorize the President to sign the Management Representation Letter.

INSPECTOR MONTHLY MUTUAL REPORT

MUTUAL: **(04) FOUR**

INSPECTOR: **Kevin Black**

MUTUAL BOARD MEETING DATE: **MARCH 13TH 2019**

PERMIT ACTIVITY							
UNIT #	DESCRIPTION OF WORK	GRF/CITY PERMIT	PERMIT ISSUE	COMP. DATE	CHANGE ORDER	RECENT INSPECTION	CONTRACTOR / COMMENTS
4-84G	remodel	both	10/18/18	01/30/19	no	footing 10/15/18- big four 1/11/19 - insulation 1/16/19 - drywall/shower pan 1/25/19	mp construction patio appr. BOD meeting 11/14/18
4-47H	remodel	both	11/15/18	08/15/19	yes ducted HVAC - pavers entry walk/patio 3/5/19	underground/rough/11/15/18- insulation 11/18/18-drywall 11/28/18	alpha master builders
4-44E	2 skylights w/flare	both	01/05/19	02/05/19	no	framing 1/14/19	m & m skylights
4-80C	sola tube	both	02/10/19	04/10/19	no		solatube home/ new roof Roofing Standards req.
4-85D	heat pump ductless repl	both	02/07/19	04/07/19	no		community action partnership of O.C.
4-44E	heat pump ductless repl.	both	02/19/19	05/19/19	no		greenwood
4-85B	flooring	GRF	02/20/19	03/01/19	no		kary's carpet
4-82L	repl. Heat pump ductless	both	02/21/19	05/21/19	no		greenwood
4-82H	washer/dryer/elec. Main	both	02/20/19	05/31/19			
4-87F	ding door/hand rail on ent	both	03/10/19	06/29/19	no		mamuscia
4-37D	flooring	qrf	03/05/19	04/30/19	no		nationwide

ESCROW ACTIVITY							
UNIT #	NMI	PLI	NBO	FI	FCOEI	ROF	DOCUMENTS/COMMENTS
4-84G		06/20/18					
4-38A		06/21/18	10/18/18	10/22/18	11/01/18		
4-50G		07/18/18	02/14/19	02/14/19	02/27/19		
4-81D		08/30/18					
4-37I		08/29/18	10/09/18	10/12/18	10/24/18		
4-78B		09/26/18					
4-76E		09/28/18					
4-49F		10/18/18					
4-44G		01/22/19					
4-49H		01/23/19	02/26/19	03/08/19			
4-52B		01/23/19					

CONTRACTOR	PROJECT
Total Landscape Maintenance- Tree Pruning:	on going now as of 3/5/19 trimming started
Fenn Pest Control - Roofing	service days are Monday and Wednesday - termites on Wednesday's only working with Will on contract - Bldgs. 87,75,74,89,76 this year
Roofing Standards: stove hoods & Piping	
Kress Const: dry rot / termite / attic repair	
B.A. Const:	
Fire Inspections	complete; re-inspections to start, dryer vent letters will be verified through GRF computer system

Shareholder Visits and Mutual Requests
80F check shower crack
80E check on roof leak
88B repl. Skylight screen
89H inspection
51E water damage tank to bowel leak
85L water damage dried out and putting back now

Mutual Corporation No. Four

MEMO

TO: MUTUAL FOUR BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE THE FINANCIAL REVIEW FOR
FEBRUARY 2019 (NEW BUSINESS ITEM A)
DATE: MARCH 13, 2019
CC: MUTUAL FILE

I move to acknowledge, that per the requirements of Civil Code Section 5500(a)-(f), a review has been completed of the Mutual's' reconciliations of the operating and reserve accounts, operating revenues and expenses compared to the current year's budget, statements prepared by the financial institutions where the Mutual has its operating and reserve accounts, income and expense statement for the Mutual's operating and reserve accounts, the check registers, the monthly general ledger and delinquent assessment receivable reports, for the month of February 2019.

Mutual Corporation No. Four

MEMO

TO: MUTUAL FOUR BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO ADOPT POLICY 7532.04- SECOND HAND SMOKE/NUISANCE POLICY (NEW BUSINESS ITEM B)
DATE: MARCH 13, 2019
CC: MUTUAL FILE

On March 13, 2019, the Board of Directors will vote to adopt Policy 7532.04 – Second Hand Smoke/Nuisance Policy.

I move to adopt Policy 7532.04 Second Hand Smoke/Nuisance Policy on a preliminary basis until the 28-day posting period is completed.

MUTUAL OPERATIONS**ADOPT****RESIDENT REGULATIONS****Secondhand Smoke/Nuisance Policy – Mutual Four****A. Background on Secondhand Smoke/Nuisance Policy**

The Board of Directors (“Board”) of the Seal Beach Mutual No. Four (“Mutual”) is charged with ensuring that the Mutual is in compliance with the law and its Governing Documents, while considering the interests of all of its shareholders and residents.

It is well-known that exposure to secondhand smoke is dangerous to individual and public health.¹ This includes exposure from tobacco and marijuana smoke, in addition to smoke from other sources such as e-cigarettes, pipes, cigars, hookahs, fire pits, and barbecues, among other things.

Accordingly, the Board has crafted the policy below in an effort to address secondhand smoke within the Mutual community (“Community”).

B. California Law and Local Regulations on Smoking and Nuisance

California has prohibited smoking in places of employment, in or around public buildings, and within 25 feet of a playground or tot lot. (Labor Code §6404.5; Gov. Code §7596 – 7598, Code of Regulations §5148.)

In addition, California property owners/landlords have the right to make their properties completely smoke-free, anywhere on the property, including common area, units, private balconies, and patios. Civil Code §1947.5

The concept of nuisance can be used to describe an activity or condition that is harmful or annoying to others and interferes with their right to “quiet enjoyment.” Examples include: (1) doing something that causes loud noises or objectionable odors; (2) the harm caused by such an activity or condition; and, (3) the legal liability that arises from a combination of these two. (Civil Code §3479 *et seq.*; Civil Code §3480; Civil Code §3481; and Civil Code §3483.)

The Seal Beach Municipal Code defines a public nuisance as follows:

1. A public nuisance is any violation of the code or anything injurious to health, indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property by a neighborhood or by a considerable number of persons even when the damage inflicted is unequal.

¹ See, eg <https://www.cdc.gov/tobacco/data_statistics/fact_sheets/secondhand_smoke/index.htm>

MUTUAL OPERATIONS**ADOPT****RESIDENT REGULATIONS****Secondhand Smoke/Nuisance Policy – Mutual Four**

2. Each of the following constitutes a public nuisance: emission of noxious fumes or odors.

(Seal Beach Municipal Code 7.35.010(A)-(B).)

C. Secondhand Smoke and Nuisance Policy

This policy is intended to address secondhand smoke within the Community.

The Mutual Four Occupancy Agreement states: "...Member[s] shall not...interfere with the rights of other occupants... nor commit or permit any nuisance on the premises..." Mutual Four Occupancy Agreement, Article 5 ("Occupancy Agreement").

Accordingly, the following are the Mutual's rules regarding secondhand smoke within the Community:

1. No shareholder or occupant shall cause a nuisance to any other occupant due to his/her smoking of any substance.
2. Any nuisance caused by a shareholder or occupant shall be treated by the Mutual as a violation of these rules and the Occupancy Agreement.
3. In the event that any new shareholders anticipate that there may be any secondhand smoke within their Units, such shareholders shall have their Units insulated at the close of escrow, paid for by the new shareholders. **Please see Policy 7708.08 – Listing Inspections**
4. All insulation of shareholder Units as set forth above shall be conducted by GRF and/or a vendor of GRF, who will then invoice the shareholder for the cost.
5. In no case shall the Mutual pay for the insulation of a Unit, and/or the mitigation of the effects of a shareholder's/resident's secondhand smoke.
6. Any damages and/or liability arising from the emission of secondhand smoke by a shareholder and/or a resident/occupant/guest, will be borne by the shareholder of the offending Unit.
7. There shall be no smoking of any kind on a patio that is not enclosed and insulated.

MUTUAL OPERATIONS**ADOPT****RESIDENT REGULATIONS****Secondhand Smoke/Nuisance Policy – Mutual Four**

8. Upon the complaint of any shareholder or resident regarding a potential nuisance due to secondhand smoke, the Mutual and/or GRF will conduct an informal investigation regarding the allegations and facts.
 - a. Following the investigation, if GRF and/or the Mutual deems the complaint to be valid, the shareholder who is the subject of the complaint will be provided the opportunity to insulate his/her Unit, at his/her expense.
 - b. If he/she does not insulate the Unit or take any other steps toward resolving the issue, the Board may call the shareholder to a hearing regarding the complaint, with proper notice.
 - c. If, after the hearing, a determination is made by the Board that the shareholder and/or resident is causing a nuisance due to secondhand smoke and/or other noxious odors within his/her Unit, the shareholder shall have his/her Unit insulated at shareholder's expense.
 - d. The Board may also impose additional requirements for mitigating the issue, and/or take any disciplinary action for a violation of these rules.
 - e. All insulation shall take place within 30 days of the agreement to insulate or a determination by the Board.
9. In the event of a violation of these rules, the Mutual reserves the right to pursue any remedy under the law and its Governing Documents, including, but not limited to, imposing a fine after notice and hearing, and engaging in internal dispute resolution pursuant to Mutual Policy 7731.G, among other things.
10. If any shareholder or resident believes that he/she is entitled to an exception to any of these rules as a reasonable accommodation of a disability, he/she may submit such a request. All requests will be considered on a case-by-case basis.

MUTUAL OPERATIONS

ADOPT

RESIDENT REGULATIONS

Secondhand Smoke/Nuisance Policy – Mutual Four

Signature

Date

Printed Name

Signature

Date

Printed Name

DRAFT

MUTUAL
FOUR:

ADOPTION

AMENDMENT

Mutual Corporation No. Four

MEMO

TO: MUTUAL FOUR BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: STATEMENT TO VOTE CUMULATIVELY (NEW BUSINESS ITEM D)
DATE: MARCH 13, 2019
CC: MUTUAL FILE

Per the Mutual's Bylaws Article IV, Section 7, I (**please state your first and last name**), shareholder of Mutual Four, intend to vote cumulatively for the election of Directors for the 2019-2020 term of office.

Mutual Corporation No. Four

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO CANCEL THE REGULAR MEETING OF MAY 8, 2019
DUE TO ANNUAL SHAREHOLDERS MEETING (NEW BUSINESS ITEM E)
DATE: MARCH 13, 2019
CC: MUTUAL FILE

On March 13, 2019, the Board of Directors will vote to cancel the May 8, 2019 Regular Meeting due to the Shareholders Annual Meeting.

I move to cancel the May 8, 2019 Regular Board Meeting due to the Shareholders Annual Meeting.

Mutual Corporation No. Four

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPOINT OBSERVERS FOR THE 2019–2020 MUTUAL FOUR ANNUAL ELECTION (NEW BUSINESS ITEM F)
DATE: MARCH 13, 2019
CC: MUTUAL FILE

In accordance with Policy 7210 Annual Elections (attached) , Item 4, subsection b, as follows

b. Observers of the Election Appointed By the Board of Directors

There shall be three (3) observers of the election appointed by the Mutual Board of Directors (90) days before the annual meeting day. The Board may also appoint alternative observers of the election. The observers of the election may appoint and oversee additional assistant observers of the election in any number deemed to be reasonable by the Mutual Board of Directors.

The Mutual Four Board of Directors appoints the following shareholders as observers of the 2019 – 2020 Annual Election

1. _____, Unit _____
2. _____, Unit _____
3. _____, Unit _____

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Annual Elections – Mutuals 3, 4, 6, 7, 11, 16, and 17

In accordance with State Law and the Mutual Bylaws, the following policy is established for the general election of directors to the Mutual Board of Directors.

1. Candidates

a. Candidate Eligibility

In accordance with the Mutual Bylaws, all members in good standing are eligible to run for election to the Mutual Board of Directors. "Good Standing" means that the member is not delinquent in the payment of monthly or special assessments in an amount equal to or greater than one month's assessment for a period of time greater than 30 days.

b. Notification of Nominations for Election of Directors

The Mutual Board of Directors shall also place notice in the *Golden Rain News* and in the Mutual laundry rooms not less than 90 days prior to the annual meeting that any member of the Mutual in good standing may place his/her name into nomination for the election of directors.

c. Self-Nomination by Shareholders

Mutual members who wish to nominate themselves as a candidate for election to the Mutual Board of Directors must do so in writing not more than 90 days or less than 60 days prior to the annual meeting date.

d. Nominations from the Floor

Candidates may be nominated from the floor during the annual meeting. There is no provision in the Mutual Bylaws allowing for write-in candidates.

e. Equal Access to Clubhouse Facilities

Equal access to clubhouses shall be provided at no cost to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those who are not endorsed by the Mutual Board of Directors, for purposes reasonably related to the election. The clubhouses are subject to availability by reservation only on a first-come, first-serve basis.

MUTUAL OPERATIONS

STOCKHOLDERS MEETINGS

Annual Elections – Mutuals 3, 4, 6, 7, 11, 16, and 17

2. Election Process

- a. The Golden Rain Foundation will provide a contracted vendor to assume all election services, including inspector(s) of election, who will be directed to conduct the election under current applicable codes.
- b. If the Golden Rain Foundation does not provide a contracted vendor to assume all election services, then Section 3 will be prepared and processed by the Mutual Corporation or Golden Rain Foundation:

3. Election Materials

a. Notice Letter

The notice letter, mail-in secret ballot, voting instructions and mailing instructions for the Mutual annual election shall be mailed out to each Mutual apartment no later than 30 days prior to the annual meeting.

b. Secret Ballots Returned By Mail

The mail-in secret ballot is required to be mailed to the “Inspectors of the Election” for proper verification and validation, and must be received before 4:00 p.m. on the day before the annual meeting.

The mail-in secret ballot, if sealed and properly mailed, will be opened the day of the annual meeting by the inspectors of the election. The mail-in secret ballot is irrevocable once it is validated by the inspectors of election.

4. Inspectors of the Election

a. Qualifications and Number of Inspectors

An inspector of the election may not be a member of the Mutual Board of Directors, or a candidate for the Mutual Board of Directors, or related to a member of the Mutual Board of Directors, or under contract to the association for any compensable services.

b. Observers of the Election Appointed By the Board of Directors

There shall be three (3) observers of the election appointed by the Mutual Board of Directors (90) days before the annual meeting day. The Board may also appoint alternative observers of the election. The observers of the election may appoint and

MUTUAL OPERATIONS**STOCKHOLDERS MEETINGS****Annual Elections – Mutuals 3, 4, 6, 7, 11, 16, and 17**

oversee additional assistant observers of the election in any number deemed to be reasonable by the Mutual Board of Directors.

c. Inspector of the Elections - Duties

- 1) Determine the number of shareholders entitled to vote and the voting power of each.
- 2) Determine the authenticity, validity and effect of proxies, if any.
- 3) Receive mail-in proxy forms and ballots.
- 4) Open mail-in proxy forms and ballots at the annual meeting.
- 5) Hear and determine all challenges and questions in connection to the right to vote.
- 6) Count and tabulate all votes.
- 7) Determine the results of the election.
- 8) Perform his or her duties expeditiously, impartially, and in good faith at all times.

5. Voting**a. Qualification for Voting**

Votes may be cast by mutual members in good standing:

- 1) By ballot in person on the day of the annual meeting; or
- 2) By using the mail-in secret ballot; or
- 3) By using the mail-in proxy form.

b. Cumulative Voting

In accordance with the Mutual Bylaws, voting will be “cumulative.”

c. Voting by Secret Ballot

All ballots shall be prepared in a manner consistent with providing and ensuring that the member’s vote will be by “secret ballot.”

6. Actions by Mutual Boards when a Contracted Vendor is Retained for Elections

- a. Each Mutual may appoint observer(s) who may make their observations to its respective Mutual Board.
- b. Each Mutual Board shall validate its own election.

MUTUAL OPERATIONS**STOCKHOLDERS MEETINGS****Annual Elections – Mutuals 3, 4, 6, 7, 11, 16, and 17****7. Actions by Shareholders – Mutual Five Only**

Any shareholder or contractor of Mutual Five that allegedly intimidates or bullies another shareholder, or forges ballot signatures of another shareholder, shall be requested to appear before the Mutual Five Board of Directors in Executive Session to answer the charges or allegations. If criminal acts have been committed, the Golden Rain Foundation Security Department and the Seal Beach Police Department shall be notified and appropriate action taken.

<u>MUTUAL</u>	<u>ADOPTION</u>	<u>AMENDED</u>
ONE:		See Policy 7210.1
TWO:		See Policy 7210.2
THREE:	09 Feb 07	
FOUR:	14 Feb 07	
FIVE:	21 Feb 07	17 Aug 11 See Policy 7210.05
SIX:	27 Feb 07	
SEVEN:	30 Mar 07	
EIGHT:		See Policy 7210.8
NINE:		See Policy 7210.9
TEN:		See Policy 7210.10
ELEVEN:	15 Feb 07	
TWELVE:		See Policy 7210.12
FOURTEEN:		See Policy 7210.14
FIFTEEN:		See Policy 7210.15
SIXTEEN:	20 Feb 07	
SEVENTEEN:	06 Feb 07	See Policy 7210.17