

**A G E N D A**  
**REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS**  
**SEAL BEACH MUTUAL THREE**  
**February 8, 2019**  
**Meeting begins at 9:00 a.m.**  
**Building Five, Conference Room B**

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

Ms. Stone, GRF Representative  
Ms. Hopkins, Mutual Administration Director  
Mr. Van Horn, Building Inspector  
Ms. Kemp, Recording Secretary

5. APPROVAL OF MINUTES:  
**Regular Meeting Minutes of January 11, 2019**  
**Special Meeting Minutes of January 29, 2019 (p. 3)**
6. BUILDING INSPECTOR'S REPORT Mr. Van Horn  
Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and  
Mutual Requests (**handout**)
7. GRF REPRESENTATIVE Ms. Stone
8. **UNFINISHED BUSINESS**
  - a. Discuss and vote to approve/deny contract with WASH Multifamily  
Laundry Systems (**p. 4**) Ms. Ginthner
  - b. Roofing Update Mr. Turis
  - c. Sidewalk replacement Update Mr. Turis
9. **NEW BUSINESS**
  - a. Discuss and vote to approve/deny the transfer of funds from Contingency  
Fund to Appliances Fund (**p. 5**)
  - b. Discuss and vote to approve/deny the transfer of funds from Roofing Fund  
to Infrastructure Fund (**p. 6**)
  - c. Discuss and vote to approve/deny Board resolution authorizing transfer of  
funds by GRF-Mutual Three (**p. 7-11**)

**STAFF BREAK BY 11:00 a.m.**

10. SECRETARY / CORRESPONDENCE Ms. Hart
11. CHIEF FINANCIAL OFFICER'S REPORT Ms. Ledbetter
12. MUTUAL ADMINISTRATION DIRECTOR Ms. Hopkins
13. ANNOUNCEMENTS
  - a. **NEXT MEETING: March 8, 2019, 9:00 a.m., Building Five, Conference Room B**
  - b. **ELECTIONS: Candidate Applications begin March 14, 2019; pick up applications at Stock Transfer Office**
14. COMMITTEE REPORTS
15. DIRECTORS' COMMENTS
16. SHAREHOLDER(S)' COMMENTS (2-3 MINUTES)
17. ADJOURNMENT
18. EXECUTIVE SESSION

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

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS  
SEAL BEACH MUTUAL THREE**

**January 29, 2019**

A Special Meeting of the Board of Directors of Seal Beach Mutual Three was called to order by President Ginthner at 11:15 a.m. on Tuesday, January 29, 2019, in Building 5, Physical Property Conference Room, 2<sup>nd</sup> Floor.

Those members present were: President Ginthner, Vice President Turis, CFO Ledbetter, Secretary Hart, Director Harris, and Director Campbell (arrived at 11:35 a.m.). Director Robertson was absent.

The purpose of the meeting was to discuss and establish the agenda for the February 8, 2019, Regular Monthly Board Meeting.

President Ginthner adjourned the meeting at 11:52 a.m.

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Attest, Dianne Hart, Secretary  
SEAL BEACH MUTUAL THREE  
ck:01-30-2019

# *Mutual Corporation No. Three*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY CONTRACT WITH WASH  
MULTIFAMILY LAUNDRY SYSTEMS (UNFINISHED BUSINESS, ITEM A)  
**DATE:** FEBRUARY 8, 2019  
**CC:** MUTUAL FILE

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*I move to approve/deny the five-year contract with WASH Multifamily Laundry Systems for maintenance service of 78 machines at \$16.50 per machine per month.*

# *Mutual Corporation No. Three*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY THE TRANSFER OF FUNDS FROM CONTINGENCY FUND TO APPLIANCES FUND (NEW BUSINESS, ITEM A)  
**DATE:** FEBRUARY 8, 2019  
**CC:** MUTUAL FILE

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*I move to approve/deny the transfer of \$15,000 from the Contingency Fund to the Appliances Fund.*

# *Mutual Corporation No. Three*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY THE TRANSFER OF FUNDS FROM ROOFING FUND TO INFRASTRUCTURE FUND (NEW BUSINESS, ITEM B)  
**DATE:** FEBRUARY 8, 2019  
**CC:** MUTUAL FILE

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***I move to approve/deny the transfer of \$140,000 from the Roofing Fund to the Infrastructure Fund.***

# *Mutual Corporation No. Three*

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## MEMO

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**TO:** MUTUAL BOARD OF DIRECTORS  
**FROM:** MUTUAL ADMINISTRATION  
**SUBJECT:** DISCUSS AND VOTE TO APPROVE/DENY BOARD RESOLUTION  
AUTHORIZING TRANSFER OF FUNDS BY GRF-MUTUAL THREE (NEW  
BUSINESS, ITEM C)  
**DATE:** FEBRUARY 8, 2019  
**CC:** MUTUAL FILE

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In compliance with new legislation, Assembly Bill 2912 (AB 2912) – *Association Finances*, which as of January 1, 2019, has gone into effect, the Board of Directors are now required to provide a review of all Financials. This bill is intended to require the Board of Directors to provide a greater oversight of the finances of their associations in an effort to better protect against fraudulent activity and potential loss.

On February 8, 2019, the Mutual Board of Directors will vote to approve/deny the Board Resolution Authorizing the Transfer of Funds by GRF for Mutual No. Three.

***I move to approve/deny the Board resolution titled, “Resolution to Authorize Fund Transfers for Golden Rain Foundation,” as written and presented herewith.***

# SEAL BEACH MUTUAL NO. THREE

## RESOLUTION TO AUTHORIZE FUND TRANSFERS

### FOR GOLDEN RAIN FOUNDATION

This Resolution to Authorize Fund Transfers for Golden Rain Foundation (“Resolution”) is made as of the date set forth below, pursuant to the following facts:

**WHEREAS**, Seal Beach Mutual No. **Three** (hereinafter, the “Mutual”), through its volunteer Board of Directors (“Board”), is responsible for management, control and administration of a residential common interest development (the “Community”), as regulated by the Federal Housing Commissioner, and on behalf of its Members, under the Articles of Incorporation (“Articles”), Bylaws, Rules, Resolutions, Policies, Occupancy Agreement, Subscription Agreement, and Declaration of Trust (“Declaration”) recorded **July 10, 1962**, and amended on **February 26, 2014** as Instrument Number **6172**, and all subsequent amendments thereto;

**WHEREAS**, Golden Rain Foundation (hereinafter, “GRF”) through its volunteer Board of Directors, has the authority to manage and govern the Mutual and the community facilities located within its trust property, under the Declaration;

**WHEREAS**, the Mutual is solely responsible for the enforcement of its own governing documents and the Board directs GRF to take action on the Mutual’s behalf, pursuant to the Management Agreement, and pursuant to applicable law;

**WHEREAS**, pursuant to Article 9 of the Occupancy Agreement, “The [Mutual] shall provide necessary management, operation and administration of the project; pay or provide for the payment of all taxes or assessments levied against the project; procure and pay or provide for the payment of fire insurance and extended coverage, and other insurance” as required by any mortgage on the property in the project, and such other insurance as the Mutual deems advisable;

**WHEREAS**, the Management Agreement between GRF and the Mutual states that GRF has the duty to “operate and maintain the Project according to the highest standards achievable consistent with the overall plan of the [Mutual] and the interests of the consenting parties...GRF shall be expected to perform such other acts and deeds as are reasonable, necessary and proper in the discharge of its duties under this Agreement.” (Management Agreement, FOURTH, Section (m));



**WHEREAS**, the Management Agreement between GRF and the Mutual states that GRF has the duty to “establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation and in a manner to indicate the custodial nature thereof, a separate bank account as Agent of the Mutual for the deposit of the moneys of the Mutual, with authority to draw thereon for any payments to be made by the Agent to discharge any liabilities or obligations incurred pursuant to this Agreement, and for the payment of the Agent fee, all of which payments shall be subject to the limitations in this Agreement.” (Management Agreement, FIFTH);

**WHEREAS**, the Management Agreement between GRF and the Mutual states that GRF has a duty to “[T]ake such action as may be necessary to comply promptly with any and all orders or requirements affecting the premises placed thereon by any federal, state, county, or municipal authority having jurisdiction thereover.” (Management Agreement, FOURTH, Section (f));

**WHEREAS**, GRF is consequently responsible for management, control and administration of the Mutual under all applicable law, including the Davis-Stirling Common Interest Development Act (“DSA”);

**WHEREAS**, pursuant to *Corporations Code* Section 7210, “the board may delegate the management of the activities of the corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board;”

**WHEREAS**, pursuant to *Civil Code* Section 5380(a), “A managing agent of a common interest development who accepts or receives funds belonging to the association shall deposit these funds that are not placed into an escrow account with a bank, savings association, or credit union or into an account under the control of the association, into a trust fund account maintained by the managing agent in a bank, savings association, or credit union in this state;”

**WHEREAS**, pursuant to *Civil Code* Section 5380(b), the written request of the Board of Directors is required for GRF, who accepts or receives funds on its behalf, to deposit said funds into an interest-bearing account in a bank, savings association, or credit union in the State of California;

**WHEREAS**, and by way of example, pursuant to Article III, Section 3 of the Bylaws, all subscription funds received from applicants shall be subject to withdrawal, or transfer to the account of the Mutual, “only upon certification by the President and Secretary of the Corporation;”

**WHEREAS**, the Board wishes to authorize GRF or any authorized GRF employee, to make said deposits and transfers, electronic or otherwise, as required by the Mutual;

**NOW, THEREFORE**, be it resolved that the Mutual hereby adopts the following resolution concerning authorizing fund transfers by GRF or any authorized GRF employee:

1. The Mutual, through the Board, pursuant to *Civil Code* Section 5380, hereby exclusively engages GRF or any authorized GRF employee, to accept or receive funds on behalf of the Mutual, and deposit same into an interest-bearing account, provided the following requirements are met:

(a) The account is in the name of the Mutual;

(b) All of the funds in the account are covered by insurance provided by an agency of the federal government or private institution offering coverage equal to, or exceeding, such government backed insurance;

(c) GRF and/or the authorized GRF employee discloses to the Board, via account summaries, statements or otherwise, the nature of the account, how interest will be calculated and paid, whether service charges will be paid to the depository and by whom, and any notice requirements or penalties for withdrawal of funds from the account;

(d) No interest earned on funds in the account shall inure directly or indirectly to the benefit of GRF or any other party; and

(e) Transfers of greater than ten thousand dollars (\$10,000) or five percent (5%) of the Mutual's total combined reserve and operating account deposits, whichever is lower, shall not be authorized from the account without prior written approval from the Board; for purposes of this Section 1(e), this Resolution shall be deemed the "prior written approval from the Board" as required by Civil Code Section 5380.

**SEAL BEACH MUTUAL NO. THREE**

By: \_\_\_\_\_  
Its: President

Print Name: \_\_\_\_\_

Dated: \_\_\_\_\_

**SEAL BEACH MUTUAL NO. THREE**

By: \_\_\_\_\_  
Its: Secretary

Print Name: \_\_\_\_\_

Dated: \_\_\_\_\_

**CERTIFICATE OF SECRETARY**

I, the undersigned, being the duly elected and acting Secretary of **SEAL BEACH MUTUAL NO. THREE** a **California Non-Profit Mutual Benefit Corporation**, do hereby certify that the foregoing Resolution was adopted on \_\_\_\_\_, 2019.

This Certificate is executed under penalty of perjury on \_\_\_\_\_, 2019, in \_\_\_\_\_, California.

**SEAL BEACH MUTUAL NO. THREE**

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
Its: Secretary