

**MINUTES OF THE ANNUAL SHAREHOLDERS' MEETING
SEAL BEACH MUTUAL THREE
June 13, 2018**

The Annual Meeting of the Shareholders of Seal Beach Mutual Three, a California corporation, was called to order by President Ginthner at 10:03 a.m. on Wednesday, June 13, 2018, in Clubhouse 4.

PLEDGE OF ALLEGIANCE

Gene Vesely led the *Pledge of Allegiance*.

QUORUM

President Ginthner advised that a quorum was present, either in person or by ballot, and she declared the meeting officially in session.

SHAREHOLDER DECLARATION

At the April 13, 2018 Regular Board Meeting, Robert Gene Veseley of Unit 035-I, declared his intent to vote cumulatively at this Annual Shareholders' Meeting.

CERTIFICATION OF NOTICE OF MEETING

Secretary Hileman read the Certification Notice:

I, Judy Hileman, Secretary for Seal Beach Mutual No. Three, hereby certify that the Notice of Stockholders' Meeting and Ballots were mailed in accordance with Article IV, Section 4, of the Bylaws of said Corporation to all subscribers of common stock as of May 13, 2018.

FURTHER, IN ACCORDANCE WITH THE BYLAWS, THE CUMULATIVE VOTING PROCEDURE WILL BE USED.

EXPLANATION OF WRITE-IN CANDIDATE

Ms. Cheryl Wilson, Accurate Voting Services, Inc. explained the process of a write-in candidate and nomination of that write-in candidate.

INTRODUCTION OF CANDIDATES

The following nominated candidates were introduced as follows:

Dianne E. Hart	(New)
Judith Hileman	(Incumbent)
L. Jan Ledbetter	(New)
Danette McCloud	(New)
Gwen Robertson	(New)
Robin Sinni	(New)
Mike Turis	(Incumbent)

President Ginthner called for nominations from the floor. There being no further nominations, President Ginthner requested a motion to close the nominations. Upon a MOTION duly made by Gene Veseley, Unit 35-I, and seconded by Patty Schmitz, Unit 13-C, it was

RESOLVED, That the nominations be closed.

The MOTION passed.

BALLOTING

Ms. Cheryl Wilson from Accurate Voting Services thanked the Mutual for the opportunity to provide this election procedure for the Mutual. They are the outside independent election service company that was selected to create the ballot, mail the ballot to the shareholders, and receive the return ballots to be opened today to determine Mutual Three's new Directors.

President Ginthner announced that the ballot boxes were closed and instructed any interested shareholders to accompany Accurate Voting Services to the counting area to observe the counting of the ballots. When the counting is completed, the newly-elected Board will hold its Organizational Meeting to elect officers. The results of the election will be posted on the main doors of all the clubhouses.

The Election Observers were: Rita Johnson, Linda Morton and Sandy Geffner.

MINUTES

President Ginthner asked for a motion to dispense with reading the minutes of the last Annual Shareholders' Meeting held on June 14, 2017, and that they be approved as printed and distributed. Upon a MOTION duly made by Robert Gene Vesely, Unit 35-I and seconded by Patty Schmitz, Unit 13-C, it was

MINUTES (CONTINUED)

RESOLVED, That the Annual Shareholders' Meeting minutes of June 14, 2017 be approved as printed and distributed.

The MOTION passed.

INTRODUCTION OF CURRENT BOARD MEMBERS AND GUESTS

President Ginthner introduced the current 2017-2018 Board members:

Carol Ginthner, President
Jim Campbell, Vice President (absent)
Judi Hileman, Secretary
Phu Ngo, Chief Financial Officer

Stephen Harris, Director
Mike Turis, Director
Janis Blake, Director (absent)

President Ginthner then introduced the Golden Rain Foundation Representative, Linda Stone; Executive Director, Randy Ankeny; and Mutual Administration Director, Jodi Hopkins.

PRESIDENT'S REPORT

Mrs. Ginthner presented her report (attached).

VICE PRESIDENT'S REPORT

No report – Mr. Campbell was absent.

SECRETARY'S REPORT

Mrs. Hileman presented her report (attached).

CHIEF FINANCIAL OFFICER'S REPORT

Mr. Ngo presented his report (attached).

DIRECTORS' REPORTS

Ms. Harris presented his report (attached).

Mr. Turis presented his report (attached).

The Laundry Room Repair report was presented (attached).

GOLDEN RAIN FOUNDATION REPRESENTATIVE'S REPORT

Ms. Stone presented her report (attached).

EXECUTIVE DIRECTOR'S REPORT

Mr. Ankeny presented his report (attached).

MUTUAL ADMINISTRATION DIRECTOR'S REPORT

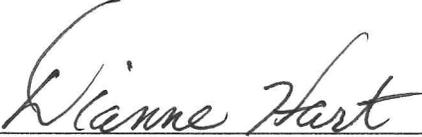
Ms. Hopkins presented her report (attached).

ELECTION RESULTS

Ms. Cheryl Wilson of Accurate Voting Service, Inc., reported the following results of the election: Dianne E. Hart, elected with 115 votes for a 2-year term; L. Jan Ledbetter, elected with 192 votes for a 2-year term; Gwen Robertson, elected with 87 votes for a 2-year term; Mike Turis, elected with 249 votes for a 2-year term.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 11:03 a.m.


Attest, ~~Judi Hiloman~~, Secretary *Dianne Hart*
SEAL BEACH MUTUAL THREE
lh: 6/13/18
Attachments

Mutual 3 Secretary's Report

6/13/18

Accounting of washers and dryers

I would like to take this time to thank everyone for the privilege of serving on the board this last year. It was a pleasure.

The following pages will show the washers and dryers that have been down, It takes quite a bit of money and work to keep our laundry rooms going.

Thanks again,

Judith Hileman

Secretary

Mutual Three

Annual Financial Report – 2017

Madam President, Members of the Board of Directors and Shareholders of Mutual Three.

At the end of 2017, Mutual Three's financial position is solid:

- The yearly operating expense totals \$ 511,025. The budget variance of (\$ 44,516) is mostly due to the over-budget expenditures in legal fees, landscaping and structural repair.
- The yearly operating income totals \$ 88, 020 which is \$ 16,481 higher than expected in the budget. This over-budget income mostly comes from the inspection fees.
- The 2017 contribution to Reserve is \$ 526,902, which makes the balance of Reserve at the end of year total \$ 2,956,227. The reserve study completed last August by Association Reserves determined that **“The Reserve Fund is ... at 67.8 % funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium”**.

In March, CliftonLarsonAllen (CLA), formerly NSBN Certified Public Accountant, completed the audit of Mutual Three Financial Statements. All the financial statements as of December 31st, 2017 such as the balance sheet, operating expenses, stockholders' equity, cash flows etc...were audited. The auditor concluded that, in summary, there were no material weaknesses or significant deficiencies identified and all the financial statements are in conformity with the accounting principles generally accepted in the United States of America.

With all the big project commitments in such areas as re-piping, sewer-lining, landscaping, sidewalks and other infrastructure upkeeps for 2018 and beyond, I believe Mutual Three will be, as it has been, a great place for us to call home.

On a personal note, I'd like to thank all the shareholders who elected me last year, my fellow directors for working with me and the GRF representatives for their guidance.

Last but not least, I thank Mr. Sandy Geffner, the former CFO. He has been both my mentor and my assistant in everything for the CFO's tasks. Without his assistance, it would have been impossible for me to "survive" the first half of my term when I was a rookie to the team.

It has been an honor and privilege for me to serve as Mutual Three's CFO.

Thank you,

Phu Ngo

CFO

June 11, 2018

Mutual 3 Annual meeting:

I would like to thank Mr. Ankeny, Linda Stone, Mr. DeLeon, David Van Horn. Of course, Ruben, Maintenance Dept. Manager and Carol Ginthner, President Mutual 3, also the entire Board of Mutual 3. I will miss Janice and Phu past board members 2017-2018.

My main duties as physical property Director is to make sure that your Units are always in good condition.

Within the last year I received an average of 100 calls per month. As of this moment all calls have been taken care of at my end. 100%

Why do we volunteer, because we can keep our HOA charges lower Than if we had to hire a management co. Also for me I love to be thanked for the very fine job that I do. Probably the biggest compliment I received this past year was from a share holder that told me the he was going to start a petition that I could never resign.

 6.13.18

Stephen Harris

Mutual Three - Annual Shareholders' Meeting

June 13, 2018

Physical Properties

We started replacing the old (55+ years) galvanized potable water lines with copper pipes on March 20th. In addition, old water heaters, flex tubing, smitty pans (collect water in case of leakage) and dual water sensors (alarms) are being replaced.

To date, buildings 1 through 9 have new copper water lines and building 10 started this week. The plan is to complete three buildings per month until finished in March 2019. The typical job begins on Tuesday with water shutoff on Thursday, and patching/painting completed on Monday or Tuesday of the following week.

Broken, heavily corroded, and continuously stopped up sewer lines have compelled us to reline the sewers in buildings 3, 4, and 33. We can expect additional buildings will require sewer repair or reline. A determination of repair or reline of the sewer pipe will be made by individual case analysis. The number one goal is to minimize costs and disruption to the residents while maintaining the buildings in good repair. We ask for your co-operation in following directions and instructions from the contractor in order to get the work done in an efficient and timely manner. Repairs can cost from \$15,000 to over \$60,000 and you, the resident, can help minimize these costs by flushing only toilet paper. Please, DO NOT flush products such as; flushable wipes, Depends, or other incontinence products, Kleenex or Paper Towels, they do not break down and cause plumbing blockages. The continual reaming out of these old sewer lines due to stoppages eventually leads to pipe fractures and or complete breaks.

We have identified nearly 6,200 feet of concrete sidewalk that needs to be removed and replaced throughout the Mutual. About one third of the replacement is Trust streets. GRF pays 1/3 of the costs to replace Trust street sidewalks and the Mutual picks up the remainder of the cost. The plan is to remove and replace around 1,000 feet of sidewalk each year until completed. We began the first phase of the plan in mid-April replacing 1,100 feet of concrete sidewalk on the east side of El Dorado Drive. The second phase will be the replacement of sidewalks on the west side of El Dorado Drive. As always, every effort will be made to minimize disruptions to the residents.

Twelve stop signs within the carport areas were painted and nearly 1,400 lineal feet of red curbing for fire lanes was painted. Almost 400 feet of green curb was painted yellow which allows for loading and unloading only.

Three roofs were sent out to bid and summarily rejected due to incomplete bid proposals. We have since repackaged the bids and the GRF Physical Properties Department is seeking additional contractors to bid. They may combine our roof bid with other mutuals in order to obtain favorable pricing. It is our plan to have the three buildings re-roofed this year.

It has been my honor and pleasure to serve the wonderful residents of Mutual Three and the Board of Directors.


Respectfully submitted, Mike Turis, Director

To:

The Members of the Mutual 3 Board of Directors
Fellow Shareholders of Mutual 3

It has been a very busy and productive year and the eighteen members of the Golden Rain Foundation (GRF) Board of Directors (BOD) and for the dedicated employees of the Foundation. This past year the GRF Board continued its work in repairing and updating our infrastructure, creating more leisure and recreational opportunities, providing member services, functioning as the managing agent for the 16 Mutual Corporations as well as working to improve and enhance our quality of life. As your representative, I served as President, Chair of the Strategic Planning Ad Hoc Committee and ex-officio of all committees.

Under our Executive Director, Randy Ankeny's leadership and management, we have saved thousands of dollars under our major insurance policies including, fire and liability, workers compensation and health insurance. Because of our safety record along with the Mutuals proactive actions such as changing to smart stove burners, new copper intake water lines and constant oversight on accidents and risk management there was a significant and positive impact on our operational expenses.

The Foundation is now responsible for the oversight and management of our recreational vehicle area. We upgraded the electrical panel, put in a new portable office and hired a part time supervisor. We also drew up a new set of rules, new leases and requirements for our residents parking their recreational vehicles and boats in the 5.18 acres. This was not an easy task, however, with special meetings and work by the staff members, the BOD managed to accomplish all items in a record amount of time.

The SB&T Committee also worked on new parking rules for the

Foundations trust streets. After acceptance of the new policies, two full time parking officers were hired, transgressors have been given citations and an IDR (Individual Dispute Resolution) panel meets monthly for those residents who feel they have been cited in error and wish to appeal their ticket. Year to date, over \$12,000 in fines has been collected.

We also added Martin Luther King Day to the employee holidays, hired six full time employees to our Security operations and raised the Amenities Fee to each new buyer in 2018 to \$3,054 of which 50% goes into the GRF Capital Improvement Fund and 50% into reserves, thereby impacting our reserves in a very positive way.

Completed projects included repaving of St. Andrews street south of the traffic signal, the main gate landscaping, Veterans Plaza by the Library and are in the finishing stages of the Mission Parks new multi-purpose court and picnic area, a new pedestrian ramp at CH 6, and new curtains, speakers and electronics at the amphitheater. We also approved of a rebuild program for the Cushman vehicles used by our service maintenance and physical property inspectors, which will save us thousands of dollars when completed.

In addition, many directors put in additional hours reviewing, rescinding and amending GRF policies. Many of our policies were outdated, some no longer complied with the Civil Code and in many cases were procedures such as how to answer the telephone. This kind of work can take hours of careful consideration, legal oversight, review and staff time. The Directors and staff involved deserve a special “thank you” for what they have accomplished. A Directors Handbook and a Bereavement Book were also developed and are available in the Stock Transfer office.

We purchased a larger Koncia copy machine and moved Distribution, now known as the Copy & Supply Center into Building 5, giving us the opportunity to enlarge our Stock Transfer Office by putting in new

counters and work stations and a much larger areas for residents to do business. The BOD believes this was important as Stock Transfer is often the first real insight of the Foundation that new buyers get in moving and purchasing a home in Leisure World.

A battery backup system was installed on our one and only signal, our sewers were cleaned out, and new air conditioners installed in the Administration Building. We have also continued our painting with CH 4, 1, 6 and the Post Office, Administration, bus depot and the Amphitheater.

Purchases included new work stations for the secretaries and staff, expanded surveillance cameras in the amphitheater, updating our servers and purchasing Microsoft 365 for our staff. The CH 4 flag pole is being relocated as there was concern residents, with visual impairments could bump into it at its current location – the middle of the entry sidewalk. The work continues with BOD approval of the refurbishing the electronics on the Administration elevator after the elevator stuck between floors with passengers riding inside. This will probably take place in July when all the parts are in place.

One challenge will continue as the Finance Committee needs to work with the new minimum wage laws which will be \$15 an hour by 2022. The impact was minimal this year as we did not have any minimum wage employees at \$11 an hour, however it will impact our budget in 2019. Budgets are the first order of business for the new term which began June 12th.

The Management Services Review Ad Hoc Committee has been reviewing all the service work done in the various departments. Physical Property and Service Maintenance have gone through their reviews and it has been a learning experience to really understand all the services they provide to our residents. The purpose of this Ad Ho Committee is to determine what is a standard service that we manage for the Mutuals and residents, wand what work could be non-standard

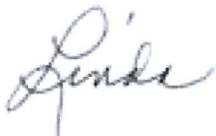
and possibly generate a charge to the resident. An example would be a resident who refuses or consistently puts off a fire inspection which is mandated by the Occupancy Agreement. If the Physical Property Inspector has made an appointment and approached the unit several times and the resident continues to refuse to let the inspector complete the inspection, should the resident be charged for all the extra time spent in trying to complete this task?

In closing, I would like to thank all of you. It is you, the shareholders of Mutual 3 who make this the remarkable community it is. It is you, who stop and check on your neighbors when they are sick. It is you, who drive the disabled to doctor appointments. It is you, who soon after mourning the passing of old friends, welcome strangers into your midst and make them feel part of a greater family. This place we call home is an anomaly in our fast-paced world. I don't know if it could be created from scratch today. The decades of life and generations of residents have created a lifestyle and a sense of community unparalleled anywhere else.

I say to you again, it is an honor to serve you. It is a joy to live among you. Thank You!

Respectfully submitted,

Linda Stone

A handwritten signature in cursive script that reads "Linda".



Executive Director's Annual Meeting Report

To the President, Directors, and Shareholders of Mutual 3,

It's been five years since I joined the Golden Rain Foundation of Seal Beach (GRF). I am truly honored and delighted to report our community is running well, and our over 230 staff members are working diligently to insure smooth and fully transparent operations of GRF and the 16 Mutual Corporations to whom we provide service. This is due to our collective commitment to protect the value of Trust property and the enhancement of lifestyle. We collectively strive to create a foundation of accountability, responsible partnership and leadership. At its most basic, we endeavor to do truly meaningful work for our community, our Shareholder/Members, our Boards. We are committed as an organization to serving our community the highest ethical standards, finding thoughtful, effective and innovative ways to support the varied and diverse community needs, while retaining focus on efficiency, respect, teamwork, innovation, and integrity.

The strength of our community continues to come through, by collectively working together with a firm commitment to safety and risk mitigation. Our efforts have been recognized again with a notice of achievement by Philadelphia Insurance Companies for "Outstanding Risk Management"; this recognition is evident in the reduction (emphasis added) in insurance premiums for this policy period.

This speaks highly of everyone who unselfishly volunteers their time to serve on a Board. The compassion you show to those we serve, is an inspiration for us all. I've noticed how you treat everyone with respect and kindness, no matter what the situation is. We both know how stressful it can be at times; however, your words and actions have gone a long way in your collective accomplishments in helping and serving our community. Your work does not go unnoticed. The key to our success rests in you, who embody the spirit of community by unselfishly saying "what may I do for you". You are the heart and soul of Seal Beach Leisure World.

Community means strength that joins our strength to do the work that needs to be done. Arms to holds us when we falter. A circle of healing. A circle of Friends. Someplace where we can be free.

Starhawk

We look forward to working with the Boards to ensure that our community continues to prosper and thrive for the mutual benefit of all Shareholders and Members.

Thank you for allowing my staff and I to be part of your community and your lives.

Respectfully submitted,

Randy Ankeny,
Executive Director
for the Golden Rain Foundation

Annual Mutual Shareholders' Meeting 2018

Mutual Administration Director's Report

It has been a great year, all thanks to everyone's talent and unwavering effort. One of the greatest gifts you can give is your time. A Mutual nurtures the community spirit through it's volunteers. Volunteers are the lifeblood of any community. The work you have accomplished emphasizes the values and priorities of your community.

Thank you to this Mutual Board of Directors. We know that for you this is an add-on to the many things you do including your career, your family, other volunteer opportunities and your social life. Thank you for always taking our calls, answering our emails and bringing your passion, intellect, insight, experience and resources to the job of making life better for all of us.

Please join our team of staff members, along with the new or returning Mutual Directors, in continuing the legacy that was set by others many years ago. Let us also continue the growth of our community by incorporating everyone and working for the good of all.

Thank you to the Golden Rain Foundation (GRF) Board of Directors, more specifically your GRF Representative.

Thank you to our Executive Director, Randy Ankeny - working with you is a privilege. With your leadership, we look forward to the next year working with the Board to continue to provide an outstanding community.

Thank you to everyone for your part in our journey.

Respectfully,

Jodi Hopkins

Jodi Hopkins
Mutual Administration Director