

BUILDING/UNIT _____
BUILDING CAPTAIN _____

**MINUTES OF THE REGULAR MONTHLY MEETING OF THE
BOARD OF DIRECTORS
SEAL BEACH MUTUAL FOURTEEN
July 15, 2014**

The Regular Monthly Meeting of the Board of Directors of Seal Beach Mutual Fourteen was called to order by President Pepper at 1:30 p.m. on Tuesday, July 15, 2014, following an open forum at 1:00 p.m. for shareholder comments, followed by the *Pledge of Allegiance*, in the Administration Building Conference Room.

ROLL CALL

Present: President Pepper, Vice President Jorgenson, Secretary Johnstone, Chief Financial Officer Destra, and Directors Harrison, Melody, Luther, Bourhenne, and Tessier

Guests: Twenty-nine shareholders of Mutual Fourteen

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

President Pepper welcomed staff members and guests.

AGENDA APPROVAL

President Pepper asked for a motion to approve the Agenda. Director Melody stated that his items for the agenda were not included. Upon a MOTION duly made by CFO Destra and seconded by Director Harrison, it was

July 15, 2014

AGENDA APPROVAL (continued)

RESOLVED, To approve the agenda, as written.

The MOTION carried with one "no" vote (Melody) and one abstention (Bourhenne).

PRESIDENT'S REPORT

President Pepper presented her report (as attached).

BUILDING INSPECTOR'S REPORT

Inspector Black updated the Board on activity in the Mutual (see his attached summary).

Director Tessier presented her Physical Property Chair report (as attached).

Following a discussion, and upon a MOTION duly made by Director Tessier and seconded by Secretary Johnstone, it was

RESOLVED, To accept the bid proposal from Empire Pipe Cleaning and Equipment, Inc., for sewer maintenance for a period of three years.

The MOTION carried with one abstention (Harrison).

Following a discussion, and upon a MOTION duly made by Director Tessier and seconded by Director Melody, it was

BUILDING INSPECTOR'S REPORT (continued)

RESOLVED, To approve Service Maintenance to perform sewer line camera inspections only in buildings where maintenance issues are found (mud, tree roots, etc.).

The MOTION carried by a unanimous vote of the Board members.

Director Tessier discussed whether to require a performance bond for contractors. Upon a MOTION duly made by Director Tessier and seconded by Director Bourhenne, it was

RESOLVED, That a performance bond for contractors will not be required in Mutual Fourteen.

The MOTION carried by a unanimous vote of the Board members.

Following a discussion, and upon a MOTION duly made by Director Tessier and seconded by Secretary Johnstone, it was

RESOLVED, To approve the termite, dry rot, and infrastructure repairs to be completed in combination with the Mutual Fourteen painting project.

After further discussion, and upon a MOTION duly made by Director Tessier and seconded by Secretary Johnstone, it was

RESOLVED, To approve Service Maintenance to start the dry rot, termite, and infrastructure repairs, per Inspector Black's submitted list, on August 19, 2014, and to pick a date to go out to bid for a painting contractor.

BUILDING INSPECTOR'S REPORT (continued)

The MOTION carried by a unanimous vote of the Board members.

The Board members discussed options to plumbing issues.

Inspector Black discussed the request from the shareholder in Unit 15-D to relocate a block wall and install a new block wall, per plan submitted. Upon a MOTION duly made by Director Tessier and seconded by Director Melody, it was

RESOLVED, To approve the request from the shareholder in Unit 15-D to relocate a block wall and install a new block wall, per plan submitted.

The MOTION carried with one abstention (Bourhenne).

Director Tessier stated that noise in some attics is Service Maintenance working on attic water pipe repairs. In addition, inspection of vacant units is currently underway.

Inspector Black left the meeting at 2:39 p.m.

GOLDEN RAIN FOUNDATION REPRESENTATIVE'S REPORT

In GRF Representative Lukoff's absence, the GRF Committee Chair Reports and the GRF Board Meeting minutes are published in the *Golden Rain News*.

July 15, 2014

MUTUAL ADMINISTRATION DIRECTOR'S REPORT

Mrs. Weller is asking the Board for patience because she has been dividing her time between the Mutual Administration office and now the Stock Transfer Office due to the resignation of the supervisor. Shareholders may rest assured that all of their needs will be taken care of in as timely a manner as possible.

OLD BUSINESS

Director Bourhenne discussed his proposal to form a mediation committee regarding Internal Dispute Resolution (IDR) requests (attached). Upon a MOTION duly made by Director Bourhenne and seconded by Director Luther, it was

RESOLVED, To form a mediation committee of at least two individuals for Internal Dispute Resolution (IDR) cases.

Following a roll call vote, the MOTION failed with five "no" votes (Pepper, Jorgenson, Johnstone, Destra, Tessier).

The Board members discussed a proposal to form an Architectural Committee. Upon a MOTION duly made by President Pepper and seconded by Secretary Johnstone, it was

RESOLVED, That Mutual Fourteen maintains the current review process for architectural changes decided by the entire Board.

Following a roll call vote, the MOTION passed with three "no" votes (Bourhenne, Melody, Luther) and one abstention (Tessier).

July 15, 2014

OLD BUSINESS (continued)

Following a discussion to amend Policy 7557.14 – Caregivers (attached), and upon a MOTION duly made by Director Harrison and seconded by Director Tessier, it was

RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, Policy 7557.14 – Caregivers.

The MOTION carried by a unanimous vote of the Board members.

NEW BUSINESS

The Board members discussed amending Policy 7531.14 – Inspection of Vacant, Unoccupied or Seasonal-Use Units. It was the consensus of the Board members not to amend the policy.

President Pepper called a break at 3:25 p.m. to 3:40 p.m.

The Board members discussed adding Advisory Directors. President Pepper thanked shareholders currently assisting Board members on projects. Upon a MOTION duly made by Secretary Johnstone and seconded by Vice President Jorgenson, it was

RESOLVED, That no Advisory Directors will be appointed this year.

The MOTION passed with two “no” votes (Bourhenne, Melody).

President Pepper discussed changing the location of the monthly Board Meetings. She said no other rooms are available at this time.

July 15, 2014

VICE PRESIDENT'S REPORT

Vice President Jorgenson presented her report (as attached).

CHIEF FINANCIAL OFFICER'S REPORT

CFO Destra presented her report (as attached).

Following a discussion, and upon a MOTION duly made by CFO Destra and seconded by Director Harrison, it was

RESOLVED, To apply the excess income of
\$21,496 to the Emergency Reserve Fund.

The MOTION carried with two abstentions (Bourhenne, Melody).

(Recording Secretary Day left the meeting at 4:15 p.m.)

Following a discussion, and upon a MOTION duly made by CFO Destra and seconded by Director Harrison, it was

RESOLVED, To reimburse Vice President Jorgenson \$23.75 for new resident binders; President Pepper \$115.11 for nine copies of Robert's Rules of Order; and CFO Destra \$20.40 for the cost of certified mail on Certificate of Deposits checks.

The MOTION carried by a unanimous vote of the Board members.

COMMITTEE REPORTS

Grounds/Landscaping

Director Luther presented her report (as attached).

Following a discussion, and upon a MOTION duly made by Director Luther and seconded by Director Bourhenne, it was

RESOLVED, To accept the bid from Pinnacle Landscape of \$575 for the removal of the Star pine tree at Building 4, Unit L.

The MOTION carried by a unanimous vote of the Board members.

Director Luther recommended that the tree not be replaced due to limited space in that area.

Caregivers

Director Harrison submitted her report (as attached).

Emergency Preparedness

Vice President Jorgenson presented her report (as attached).

Following a discussion, and upon a MOTION duly made by Vice President Jorgenson and seconded by Director Harrison, it was

RESOLVED, To reimburse Vice President Jorgenson \$100 for refreshments for the informational meeting and \$23.73 for folders for information for the Building Captains of Mutual Fourteen.

July 15, 2014

COMMITTEE REPORTS (continued)

Emergency Preparedness (continued)

The MOTION carried with one "no" vote (Bourhenne).

Resolutions, Rules & Policies

Shareholder Linda Corp reported that she is in the process of updating the booklet containing Mutual Fourteen's resolutions. She noted that the policies are being reviewed as well.

Following a discussion, and upon a MOTION duly made by Director Melody and seconded by CFO Destra, it was

RESOLVED, That the Resolution, Rules & Policies Committee is charged with reviewing existing Rules and Regulations to insure they are in compliance with the Davis-Stirling Act, Mutual Fourteen's Bylaws, the Corporate Code, and to make recommendations to the Board to change those that do not comply.

The MOTION carried by a unanimous vote of the Board members.

Solar

President Pepper presented the solar report (as attached).

July 15, 2014

MINUTES

President Pepper asked for a motion to approve the Regular Monthly Meeting minutes of June 17, 2014. A correction was noted to the CFO report to change the amount recorded from 20 cents to \$2.41. Upon a MOTION duly made by Secretary Johnstone and seconded by Director Melody, it was

RESOLVED, To ratify approval of the Regular Monthly Meeting minutes of June 17, 2014, as amended.

The MOTION carried by a unanimous vote of the Board members.

Following a discussion, and upon a MOTION duly made by President Pepper and seconded by Secretary Johnstone, it was

RESOLVED, That the reports of the officers and committees of the July 15, 2014, Board Meeting be attached to these minutes.

The MOTION carried by a unanimous vote of the Board members.

DIRECTOR(S') COMMENT(S)

Several Directors made their comments.

July 15, 2014

ADJOURNMENT

President Pepper adjourned the meeting at 4:43 p.m. and announced that the Executive Session originally scheduled for this time would be postponed because the Mutual Administration Director was unable to remain due to prior commitments.

Carol M. Pepper for Secretary Johnstone
Attest, Carol Johnstone, Secretary
SEAL BEACH MUTUAL FOURTEEN

cd:8/04/14

Attachments

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

**NEXT MEETING: AUGUST 19, 2014, 1:00 P.M. OPEN FORUM,
1:30 P.M. MEETING BEGINS**

**** PLEASE SUBMIT ALL REQUESTS FOR PATIO REMODELS, CARPORT STORAGE CABINETS, AND CART PADS TO KEVIN BLACK IN THE GRF PHYSICAL PROPERTY DEPARTMENT SO HE CAN E-MAIL COPIES TO ALL MUTUAL FOURTEEN DIRECTORS AT LEAST ONE WEEK PRIOR TO THE MUTUAL FOURTEEN BOARD MEETING AT WHICH THE PROJECT WILL BE DISCUSSED. ****

**RESOLUTIONS IN THE REGULAR
MONTHLY MEETING OF July 15, 2014**

7/15/14 RESOLVED, To accept the bid proposal from Empire Pipe Cleaning and Equipment, Inc., for sewer maintenance for a period of three years.

RESOLVED, To approve Service Maintenance to perform sewer line camera inspections only in buildings where maintenance issues are found (mud, tree roots, etc.).

RESOLVED, That a performance bond for contractors will not be required in Mutual Fourteen.

RESOLVED, To approve Service Maintenance to start the dry rot, termite, and infrastructure repairs, per Inspector Black's submitted list, on August 19, 2014, and to pick a date to go out to bid for a painting contractor.

RESOLVED, To approve the request from the shareholder in Unit 15-D to relocate a block wall and install a new block wall, per plan submitted.

RESOLVED, That Mutual Fourteen maintains the current review process for architectural changes decided by the entire Board.

RESOLVED, To amend, on a preliminary basis until the 30-day posting period is completed, Policy 7557.14 – Caregivers.

RESOLVED, That no Advisory Directors will be appointed this year.

RESOLVED, To apply the excess income of \$21,496 to the Emergency Reserve Fund.

RESOLVED, To reimburse Vice President Jorgenson \$23.75 for new resident binders; President Pepper \$115.11 for nine copies of Robert's Rules of Order; and CFO Destra \$20.40 for the cost of certified mail on Certificate of Deposits checks.

RESOLVED, To accept the bid from Pinnacle Landscape of \$575 for the removal of the Star pine tree at Building 4, Unit L.

**BOARD OF DIRECTORS
MUTUAL FOURTEEN**

July 15, 2014

RESOLVED, To reimburse Vice President Jorgenson \$100 for refreshments for the informational meeting and \$23.73 for folders for information for the Building Captains of Mutual Fourteen.

RESOLVED, That the Resolution, Rules & Policies Committee is charged with reviewing existing Rules and Regulations to insure they are in compliance with the Davis-Stirling Act, Mutual Fourteen's Bylaws, the Corporate Code, and to make recommendations to the Board to change those that do not comply.

RESOLVED, To ratify approval of the Regular Monthly Meeting minutes of June 17, 2014, as amended.

RESOLVED, That the reports of the officers and committees of the July 15, 2014, Board Meeting be attached to these minutes.

July 15, 2014

1. MUTUAL ESCROW ACTIVITY

- **Prelisting Inspections**
 - 27A
 - 24E
 - 04G
- **New Buyer Orientation**
 - 50L
- **Close of Escrow**
 - 50L

2. MUTUAL PERMITS and REMODELS

- 30E- bay window/kitchen remodel= 85% complete, bay window left to finish
- 24H- ducted central F.A.U. = 85% complete
- 20K- counter tops/ microwave/ = 40% complete

3. MUTUAL PROJECTS

- **Termite/Dry Rot/ Building Repair List**
 - Refer to attached list, discussion, board action required
- **Potable Water Lines**
 - Maintenance is doing the high priority issues first.
 - Budget numbers are in for potable water re-piping for entire building, Budget figure is between \$65,000 to \$75,000 per 12 unit building.
- **Sidewalk Replacement Work**
 - M.J. Jurado has completed the 4 area's, Bldg. 31,32, carport 156/157 and carport 155 west side main sidewalk
 - Physical Property Inspector is acquiring square footage per items left on list, for bidding purpose.
 - Grind List sent to maintenance for service
- **Painting**
 - Met with Michele Caldwell about specifications for exterior building paint, hand out for directors to review, attached to report
- **Sewer Cleaning**
 - Numbers are in for a 3 year contract, company's w/numbers are attached to this report, board discussed last month, requested 30 days to evaluate. Board action required. Also included are numbers for camera inspection from Empire Pipe
- **Roofing**
 - Continue discussion?

MUTUAL 14
Physical Property Chair Report
July 15, 2014

1. MUTUAL 14 - PHYSICAL PROPERTY CHAIR RECOMMENDATIONS TO THE BOARD

- a. **Sewer Line Maintenance/Cleaning & Sewer Line Inspections**
 - i. Recommend approval of 3 year contract with Empire Pipe Cleaning for sewer maintenance.
 - ii. Recommend to approve that sewer maintenance (cleaning) be completed in all areas and that sewer line camera inspections be completed only in buildings where maintenance issues are found (i.e. mud, roots, etc)
- b. **Performance Bonds**
 - i. Recommend that they not be required for Mutual 14 at this time. There have been no recorded issues in M14 to date. If M14 begins to see a pattern of problems beginning, a policy can be implemented and put into place within 30 days.
- c. **Termite, Dry Rot, and Building Infrastructure Repairs in Combination with M14 Painting Project.**
 - i. Recommend that termite, dry rot, and building infrastructure repairs be completed in combination with M14 painting project. Cost savings of approximately \$25,000 would be generated by not having to do the prime & painting after repairs in 2014 and in 2015 M14 will have very minimal termite, dry rot, and infrastructure repairs to deal with.

2. UPDATE ON CURRENT PROJECTS

- a. **Entry Walkway & Sidewalk Repair Projects**
 - i. Visual inspection of all sidewalks completed and prioritized. Board approved **emergency/priority 1** sidewalk & entry walkway repairs (2885 sq ft - \$22,503). All others will go out for bid.
 - ii. Grinds & Fills -visual inspection of all sidewalks & walkways generated a list of uneven elevated concrete areas. M14 Board approved the repairs and the Maintenance Dept is in the process of completing the work.
- b. **Annual Termite, Dry Rot, & General Building Inspection**
 - i. Inspection completed – K. Black preparing report for presentation to the Board.
 - ii. In light of letter received from M14 attorney, Policies 7495.14 & 7505 are being reviewed for possible revisions. M. Destra will be presenting a draft to the Board.
- c. **Inspection of Attic For Water Leaks by Maintenance Department**
 - i. The Maintenance Department completed inspection of attics for possible water leaks. Board approved emergency pipe repair. Repair costs are capped at \$20,000 without further Board approval. Final report to be presented to Board.
- d. **Quarterly Vacant Unit Inspections**
 - i. The quarterly vacant unit inspections are underway. With the assistance of the M14 Physical Property Inspector (K. Black), each Director is in the process of completing their July unit inspections.

3. UPDATE ON FUTURE PROJECTS

- a. **Paint Project** – Beginning later this year or early 2015
- b. **Roofing Project** – Prep Work completed by S. Tessier - Beginning date TBD
- c. **Sidewalk Replacement & Repair Project** – Beginning date TBD
- d. **Plumbing Replacement & Repair Project** – Beginning date TBD
- e. **General Future Projects** – Planning & Timelines will be set as soon as Reserve Study is available
- f. **Senate Bill 407** (Plumbing Fixture Compliance by 1/1/19) – Inventory list to be generated during Annual Fire Inspections. New lower toilet replacement cost now available to M14. Board decision needed on whether to go ahead with replacements now or to wait.
- g. **Mutual 14 (2014) Annual Fire Inspections dates** – September 8 through October 5.

4. GENERAL INFORMATION

- a. **Noise In The Attic May Be Coming To Your Building:** Please be advised that attic water pipe repair is underway in several of M14 buildings.
- b. **Schedule Change:** The GRF Physical Property Committee Meetings will be held on the 2nd Thursday each month at 1:00 p.m. in the Admin Board Room. Meetings are open to all directors and shareholders.
- c. **Schedule Change:** The Physical Property Council Meetings will be held quarterly (Jul, Oct, Jan, Apr) on the 1st Thursday of the month at 1:30 p.m. in the Admin Board Room. Meetings are open to all directors and shareholders.

Respectfully submitted:

Sandy Tessier

Mutual 14 Director & Physical Property Chair

July 15, 2014

4. MUTUAL CONTRACT WORK

- **Termite/ Pest Control**
 - Contracting with Fenn Pest Control, on going
- **Fire Extinguisher Refill/ Repair**
 - Contracting with So Cal Fire Protection, on going
- **Landscaping/ Gardening**
 - Contracting with Pinnacle Landscape Company, on going
- **Concrete Sidewalk Replacement**
 - Contracting with M.J. Jurado, almost complete

5. MUTUAL and SHAREHOLDER REQUESTS

- **15D**
 - Re-location of block wall/ additional block wall, plan attached to report
- **Vacant/Seasonal unit check**
 - Completed w/Mrs. Harrison = 4 units
 - Completed w/ Mrs. Jorgenson = 4 units
 - Completed w/ Ms. Luther = 2, one to do on prelisting insp. coming up.

President's Report

Welcome, everyone, to our July Mutual 14 board meeting.

This month a board member asked to listen to the recording of last month's board meeting to check for a couple of potential errors in the minutes. It took a while to clarify the rules surrounding that procedure, but four board members finally gathered to listen. We listened to only a small portion of the recording in an effort to determine whether the minutes were correct in those areas.

I'm telling you about this because at the end of that listening session one board member revealed he had been secretly taping the four of us attending this closed door meeting. He'd used his phone. He insisted it was legal.

It is not. In California, it is illegal to tape anyone in such a meeting without his or her knowledge and consent, attorneys and California's "two-party consent law" agree.

You will now, however, have to consider that if you are in private meetings with a M14 board member whether you want to enquire whether that person is recording your conversation.

Because of this occurrence, Mrs. Weller has informed me that Mutual 14 will no longer be able to use her office to hear the meeting recordings. She is quite concerned that someone might record the conversation from an executive session and she does not want to be a party to that. Such an occurrence could serve to put our mutual in jeopardy of litigation. It was very generous of Mrs. Weller to turn her office over to us on this last occasion and I want to thank her for that.

Also, I have asked that any board member who wishes to listen to the recordings in future inform me first. My reasoning:

1. We can save staff time and therefore mutual money if all board members who wish to listen to a tape do it at a single sitting.
2. It would be a courtesy to any board member who might have been involved in a potential error to be afforded the opportunity to listen with the board member who raised the question.

One board member has already informed me that he does not need to offer this courtesy and will not. But I'm still asking the rest of our board to do this for the sake of each other, our very busy staff and for our mutual, which benefits when our board works together harmoniously.

I found this incident quite distressing. Even if it were legal, which again, it is not, I feel that taping one's fellow board members on the sly was a very aggressive and antagonistic act and, in my opinion, just plain tacky.

Despite such often time-consuming distractions, your board soldiers on quite well, however. Please know that during this past month some really fine work was carried out by many hard-working volunteer board members. I want to assure you that your mutual is operating very well and that we are in strong financial health to date.

You will hear about many of our projects -- from sewer cleaning and inspections to financial investments -- throughout the meeting, so let's move on to the good stuff.

Respectfully submitted,

Ann Pepper, President, Mutual 14

Vice President's Report
July 15, 2014

As lead director for Mutual 14's new owner interviews, it has been my pleasure to have recently welcomed Mr. and Mrs. Chumley to building 31 (with Director Johnstone) and Mr. and Mrs. Villa (with Director Melody) to building 50. I hope that we will all help them to feel welcome in their new homes.

I am attaching to this report information regarding the proper disposal of trash titled "How to Get Rid of Stuff." Please read this information and follow the suggestions. I live close to two dumpster areas. I frequently have to go out and clean up these areas. This is not one of my favorite tasks! Of particular concern are items left outside the dumpsters. Sometimes people think that they are doing a good thing and that their "trash" might be another person's "treasure." Please donate these items instead of leaving them in the dumpster area.

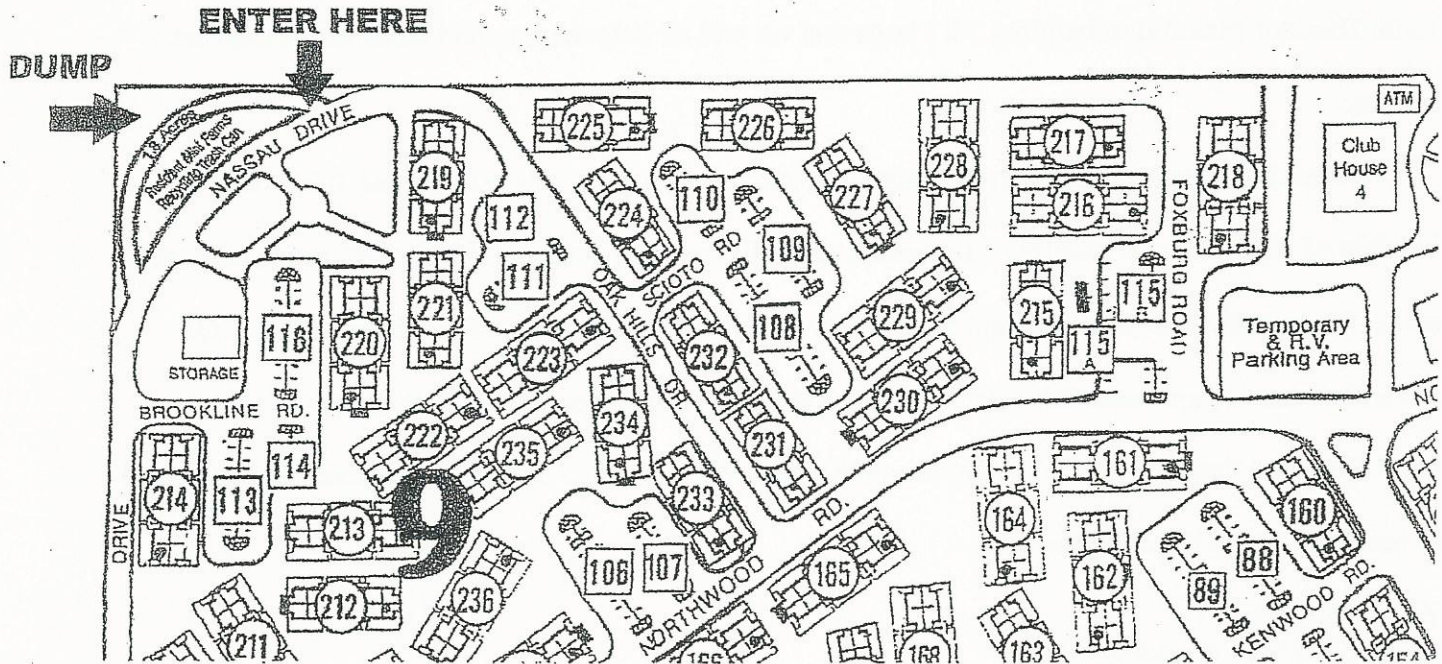
Valerie Jorgenson
Mutual 14's Vice President

HOW TO GET RID OF STUFF

CalMet, our trash pick-up service, provides us with two types of dumpsters. One is for regular trash, and one is for recyclables. CalMet WILL NOT pick up items left beside a dumpster. Maintenance charges Mutual 14 to pick up and dispose of these items. Also, CalMet does not have to pick up a dumpster if there are too many items in the dumpster for the lid to close. Placing non-recyclable items in the recycle dumpster can cause Mutual 14 to not get money for that dumpster.

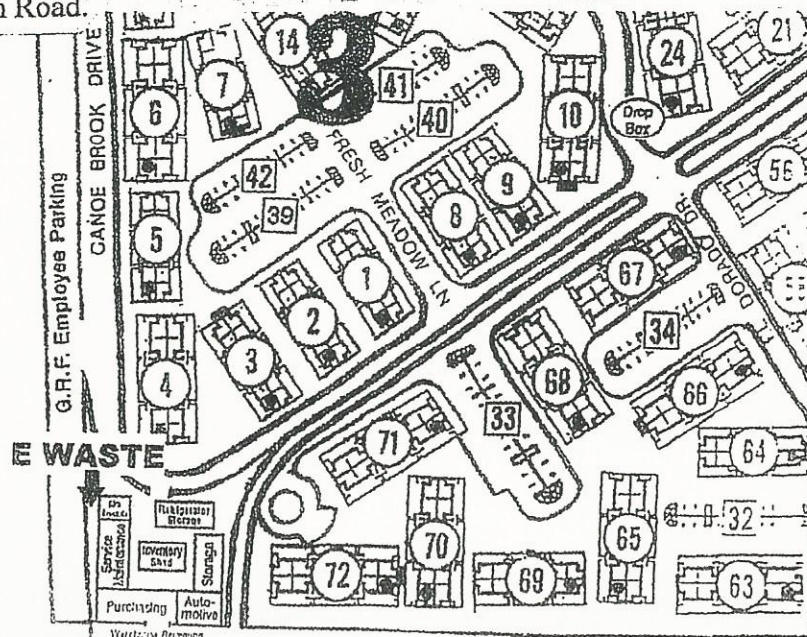
If you have an item that is too big to fit in a dumpster, you can:

- * Cut it down to fit INSIDE a dumpster. Please be considerate and realize that there needs to be room left in a dumpster for your neighbors' trash.
- * Take the item to the Leisure World "dump" located off Nassau Dr. There is no charge.



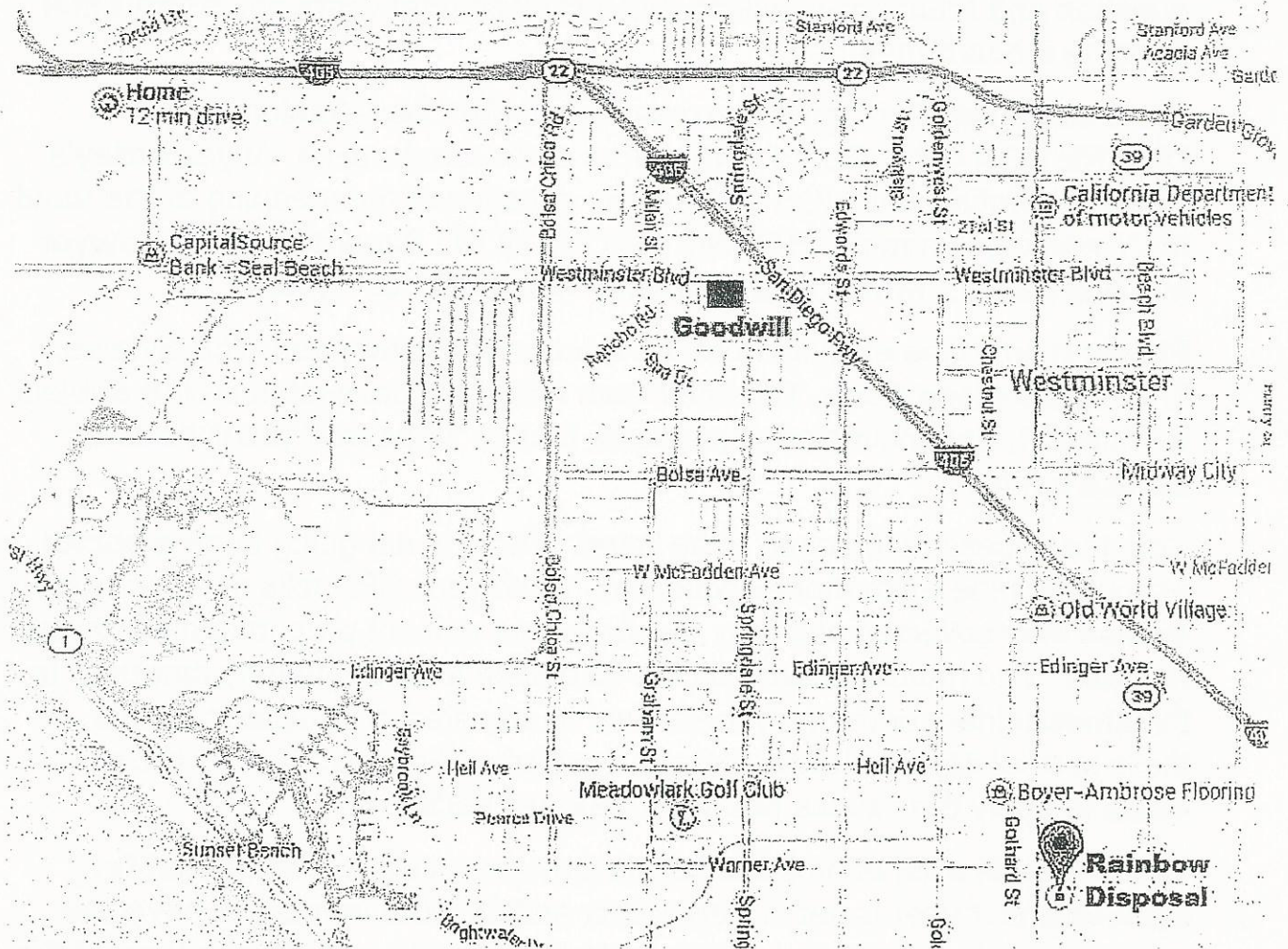
- Call **Salvation Army** at (800) 728-7825 or go to www.satruck.org, to schedule a pick-up.
- Take the item to **Goodwill**. The nearest Goodwill store is in Westminster, 5948 Westminster Blvd. at Springdale St. (714) 891-4918

Batteries and electronic waste (like T.V.s) can be dropped off at Maintenance which is located at the end of Golden Rain Road.



HOW TO GET RID OF STUFF (CONTINUED)

Hazardous waste and batteries can be taken to the **Household Hazardous Waste Collection Center** in Huntington Beach, located at Rainbow Disposal – Gate 6
17121 Nichols Lane off Warner Ave.-between Gothard St. and Beach Blvd.
Hours Tuesday-Saturday 9am-3pm Closed on rainy days and major holidays.
For more information, call (714) 834-6752 or go to www.oclandfills.com



I have included some of the information from Mutual 16's June 16, 2014, board minutes to provide this information. Thanks to the Mutual 16 person who gathered this information.

Secretary's Report

Board members, your Directors, are a team. We help each other with the tasks that are needed to run Mutual 14. But we have become part of a larger team. This past Monday, the Board Members of ALL the Mutuals in Leisure World were invited to a Directors' Training Session presented by Golden Rain's Mutual Administration. Besides recruiting three attorneys to make presentations to the Directors, Mutual Administration supplied Subway sandwiches, chips, cookies, pop and coffee. This was billed as a "light lunch", but was really a feast!!

The attorneys spoke on legal issues that Directors face in performing their jobs, including Director liability for Board actions, Board Behavior and the ever-puzzling common area quandary which is a significant issue for Stock Cooperatives, as there isn't the easily accessed maps stored at the State which show *exactly* what is considered common areas.

The attorneys themselves already represent at least one Mutual, so they are familiar with some of the issues facing Leisure World Mutuals. They were interesting and very informative! We can thank Carol Weller, Mutual Administration Manager for organizing this excellent Director Training session. I know it makes her job easier when we understand these things, but getting so many attorneys to present information in this format is quite an accomplishment!

As you heard, my report from last month was removed from the official minutes. As you saw the information regarding my qualifications, I will not repeat that, but the following information is an important part of the record.

You should know:

The election of the Board of Directors of Mutual 14 is not an election where the person with the most votes is the President. Nor is it a Board where the Shareholders elect people to fill specific offices. Rather each Share is given 9 votes which can be voted a single person per vote, or under certain circumstances, cumulatively. Once the new Board is elected, there is an Organizational Meeting. At that meeting, the Directors elect the officers. There may be one or more people running for an office. Each Director votes for the person they believe is the best person for the job. Since the 2008-2009 Board, the Director who received the most Shareholder votes has only ONCE (2013-2014) been elected the President. In fact, in 2009-2010, the year I moved into Leisure World Mutual 14, the person elected President received less Shareholder votes than 7 others who were elected Directors.

CFO Report July 17, 2014 Board of Directors Meeting

Good Afternoon Shareholders,

The issue has been raised by Director Melody about whether or not the Mutual must return excess funds to the members. This is not a new question and I remember asking this myself several years ago when I first became a board member.

The answer simply is that the excess funds MAY be refunded in the DISCRETION of the Board of Directors of the Corporation. At yesterday's Director meeting with HOA lawyers the question of the meaning of the word MAY was explained as "HAVING DISCRETION". According to the Lawyer Mr. Ray Kaiser, "MAY" does not mean "SHOULD" or "MUST".

Please refer to the exhibits from the Occupancy Agreement, The Bylaws, The Corporations Code, The letter from NSB auditors written on the subject to Mutual 1, and examples of previous Mutual 14 boards' resolutions on excess funds.

Yes, the excess funds need to be listed. There is not going to be a secret account to hide extra money collected. Each year GRF tells us how much excess they collected and they distribute that amount proportionately to the mutuals. The mutual Board has the discretion to return money amounts to the shareholders or to apply the refund to any area of expenses where there is a liability. In the past years, the Mutual Fourteen boards have voted to apply the excess refund to various needs.

The budget is a list of projected expenses and income. The budget for each calendar year is set in September and October in order to have the payment cards printed and distributed before year's end. By the time of the final audit in March when the excess amounts are known, the mutual budget may have unforeseen deficiencies. And so the Board of Directors need to use discretion in whether the excess should be returned or whether it should be applied to expenses or reserves.

The mutual's insurance policy has a \$50,000 deductible. That means if a building burns the mutual will have to pay the first \$50,000 and the insurance company will pay the balance. GRF had formed a mutual self-deductible fund with excess moneys that would cover any mutual with an insurance claim. However, GRF discontinued that fund this year and has

returned our proportionate share of \$6549.00. GRF also returned \$14,947 that is the Mutual's portion of the GRF unused budget. There may be an additional small refund of our share of \$50,000 returned due to the cause of a fire being charged to a resident. (Yes, this is a warning to have personal insurance covering property and liability.)

So it is up to the Board's discretion whether to return those excesses totaling \$21,496. In making these decisions on excess returns, the board will have to consider whether it should set up a separate reserve to pay a \$50,000 deductible.

The logical step, I feel, is to apply the excess funds to the Emergency Reserves Fund. In this way the mutual is protected against a sudden special assessment in case we suffer an insurable loss or the funds could be used for unforeseen plumbing problems. We could add the amounts to the emergency reserve and that way it would be available for any unforeseen emergency. Since we are having our first outside reserve study, we may need to add to our infrastructure reserves at the time of budgeting. That is another factor I recommend for board members to consider in the matter of excess funds.

Therefore, I Move that the Golden Rain Foundation refunds of \$14,947 along with the Self-insurance refund of \$6549 for a total of \$21,496 be added to Mutual Fourteen's Emergency Reserve Fund.

On the matter of a required quarterly review as required by Davis Stirling.

The accounting office provides us with financial reports monthly not quarterly. And every month I, as CFO, distribute copies to each Director and review the reports myself. At the meeting I present a report highlighting any unusual financial activity and summarizing our income and expense accounts. The directors and shareholders are welcome and encouraged to ask any questions about the financial information of me or of the accounting Manager.

The financial review items listed by Davis-Stirling are found in those monthly Financial reports as listed below.

Section 5500

- 1) Reconciliation of operating accounts-pages 3 & 4

- 2) Reconciliation of the reserve accounts- page 11
- 3) Review the reserve revenues and expenses- pages 6-10
- 4) Review the latest bank account statements- page 5 and attached statements from all banks
- 5) Review the current income and expense statement- pages 1,2,3 & 4

Although the complete financial reports are not distributed monthly to the Shareholders, the income/expense report (pages 3 & 4) and the summary are attached to the CFO report. If any additional reports are desired any shareholder can always call me or the accounting department.

Our CD at America West is still earning .9% interest. There isn't an increased rate to bump up to at this time. The interest earned for the past 3 months ending 7/6/14 was \$558.72.

In August we will need to reinvest the CD currently held at Pacific Western bank. Their current rate is 1.05% for 12 months. If anyone hears of a better rate before August 18th please let me know.

The investment committee has not met because the reserve study information will help determine if there is a need to modify our investment strategy. The site visit for the reserve study will be July 21st. I invite any interested directors to join me and the representative from Reserve Studies Inc. in completing the study of our infrastructure.

Finally I need approval for 3 expenses

Val Jorgenson for New Resident binders	23.75
Ann Pepper for Robert's Rules of Order Books	115.11
Martha Destra for certified mail for CD checks	20.40

As to my analysis of this month's reports, the statement from America West was dated 7/6/14 and not included with the June reports. Due to a staff illness the reports were not available until yesterday, July 14th. Mutual 14 is performing well in comparison to the budget. The income from laundry machines, CD interest, and inspection fees have exceeded our expected budget. And, several

expense accounts are under budget for the first 6 months. However, there is one category with higher than expected expenses and that is in the area of legal fees. Hopefully we can minimize further expenses in this area, but some actions require legal counsel for the protection of the mutual.

I will be scheduling a special board meeting to discuss the reserve study results and the budget. I cannot have a date set until after next week's inspection when I hope to get a firm date for the completion of the reserve study report.

As always I am watching your money,

A handwritten signature in cursive script, appearing to read "Martha Destra".

Mutual Fourteen CFO, Martha Destra

Occupancy Agreement

ARTICLE 3. PATRONAGE REFUNDS

The Corporation agrees on its part that it may refund or credit to the Member within ninety (90) days after the end of each fiscal year, the Member's proportionate share of such sums as have been collected in anticipation of expenses which are in excess of the amount needed for expenses of all kinds, including reserves, in the discretion of the Board of Directors of Corporation.

Bylaws (Pink/Yellow Book)

(Used by All Mutuals:)

Section 2. Powers, Duties and Standard of Care. Subject to the provisions of the General Corporation Law for the State of California, effective in the year 1977, and the By-Laws relating to actions required to be approved by the Shareholders, or by the outstanding shares, the business and affairs of this corporation shall be managed by and all corporate powers shall be exercised by or under the direction of the Board of Directors. Each Director shall exercise such powers and otherwise perform such duties in good faith, in the manner such Director believes to be in the best interest of the corporation, and with such care, including reasonable inquiry, using ordinary prudence, as a person in a like position would use under similar circumstances. The powers of the Board of Directors shall include, but not be limited:

- 50 -

Auditor Letter



March 20, 2014

CERTIFIED PUBLIC ACCOUNTANTS

"The Corporation agrees on its part that it may refund or credit to the Member, within ninety (90) days after the end of each fiscal year, the Member's proportionate share of such sums as have been collected in anticipation of expenses, which are in excess of the amount needed for expenses of all kinds, including reserves, in the discretion of the Board of Directors of Corporation."

Therefore, the Mutual's Board determines the disposition of any excess income; thus, no shareholder vote is required to retain excess income. As part of the Mutual's audit, we have examined this, and the related accounting and financial reporting, finding both to be in compliance with GAAP, the Act and the Agreement.

§7411. Distributions to Members Generally Prohibited

(a) Except as provided in subdivision (b), no corporation shall make any distribution except upon dissolution.

(b) A corporation may, subject to meeting the requirements of Sections 7412 and 7413 and any additional restrictions authorized by Section 7414, purchase or redeem memberships. [1979]

§7412. Distributions Prohibited if Liabilities Cannot Be Met

Neither a corporation nor any of its subsidiaries shall make a distribution if the corporation or the subsidiary making the distribution is, or as a result thereof would be, likely to be unable to meet its liabilities (except those met in otherwise adequately provided for) as they mature. [1978]

SEAL BEACH MUTUAL NO. 14

Income And Expense Report

For the Six Months Ending June 30, 2014

INTERNALLY PREPARED
FOR MANAGEMENT USE ONLY

June				YTD				ANNUAL			
Actual	Budget	Budget Variance	Account	Description	Actual	Budget	Budget Variance	Budget	Budget Variance	Budget	Unused Budget
Expenses											
Trust Maintenance Cost											
\$45,774	\$45,776	\$2	72100	GRF Trust Maintenance Fee	\$274,644	\$274,656	\$12	\$549,308	\$274,664	\$274,664	
45,774	45,776	2		Total Trust Maintenance Cost	274,644	274,656	12	549,308			
Utilities											
1,871	2,276	405	64200	Electricity	12,839	13,656	817	27,316	14,477	14,477	
4,843	4,599	(244)	64230	Water	21,296	27,594	6,298	55,183	33,887	33,887	
2,509	2,545	36	64240	Trash Collection	14,870	15,270	400	30,543	15,673	15,673	
9,223	9,420	197		Total Utilities	49,005	56,520	7,515	113,042	64,037		
Professional Fees											
184	184		64300	Management Fee	1,104	1,104		2,204	1,100	1,100	
9,904	627	(9,277)	64340	Legal	9,904	3,762	(6,142)	7,518	(2,386)	(2,386)	
181	217	36	64350	Investment Fees	1,158	1,302	144	2,598	1,440	1,440	
10,269	1,028	(9,241)		Total Professional Fees	12,166	6,168	(5,998)	12,320	154		
Outside Services											
519	249	(270)	64770	Miscellaneous	2,593	1,494	(1,099)	2,991	398	398	
244	699	455	64771	Painting	1,721	4,194	2,473	8,384	6,663	6,663	
223	525	302	64772	Pest Control	1,201	3,150	1,949	6,298	5,097	5,097	
240	1,437	1,197	64773	Structural Repairs	5,545	8,622	3,077	17,240	11,695	11,695	
8,709	8,708	(1)	64775	Landscape - Contract	52,254	52,248	(6)	104,501	52,247	52,247	
190	1,624	1,434	64776	Landscape - Extras	3,993	9,744	5,751	19,483	15,490	15,490	
145		(145)	64777	Escrow Expense	502		(502)		(502)	(502)	
5,955	6,229	274	75520	Service Maintenance - Standard	19,533	37,374	17,841	74,745	55,212	55,212	
3,419		(3,419)	75522	Service Maintenance - Replacement	13,155		(13,155)		(13,155)	(13,155)	
(3,419)		3,419	59101	Transfers from Funded Reserves	(13,155)		13,155		13,155	13,155	
16,225	19,471	3,246		Total Outside Services	87,342	116,826	29,484	233,642	146,300		
Taxes & Insurance											
33	33		67200	State & Federal Taxes	197	198	1	394	197	197	
6,081	4,792	(1,289)	67300	Property & Liability Insurance	36,488	28,752	(7,736)	57,505	21,017	21,017	
6,114	4,825	(1,289)		Total Taxes & Insurance	36,685	28,950	(7,735)	57,899	21,214		
41,831	34,744	(7,087)		Total Operating Expense	185,198	208,464	23,266	416,903	231,705		
Contributions to Capital											
1,213	1,213		76200	Appliance Reserve	7,280	7,278	(2)	14,559	7,280	7,280	
1,447	1,447	1	76300	Painting Reserve	8,679	8,682	3	17,358	8,679	8,679	
17,545	17,545		76400	Roofing Reserve	105,270	105,270		210,541	105,271	105,271	
2,401	2,401		76420	Infrastructure Reserve	14,406	14,406		28,811	14,405	14,405	
22,606	22,606			Total Contributions to Capital	135,635	135,636	2	271,269	135,635		
110,211	103,126	(7,085)		Total Expenses	595,477	618,756	23,279	1,237,480	642,003		

SEAL BEACH MUTUAL NO. 14
Income And Expense Report
For the Six Months Ending June 30, 2014

INTERNALLY PREPARED
FOR MANAGEMENT USE ONLY

June			YTD			ANNUAL		
Actual	Budget	Budget Variance	Account	Description	Actual	Budget	Budget Variance	Unused Budget
\$110,211	\$103,126	(\$7,085)		Total Expenses (From Prev. Page)	\$595,477	\$618,756	\$23,279	\$1,237,480
				Operating Income				\$642,003
				Income From Services				
940	791	149	53200	Refrigerator Resales	25		25	25
940	791	149	53750	Laundry Machines	6,076	4,746	1,330	(3,410)
				Total Income From Services	6,101	4,746	1,355	(3,385)
				Financial Income				
1,190	64	1,126	55100	Taxable Interest Income	5,448	384	5,064	4,682
1,521	2,331	(810)	55110	Tax Exempt Interest Income	10,138	13,986	(3,848)	(17,829)
2,711	2,395	316		Total Financial Income	15,585	14,370	1,215	(13,148)
				Other Income				
52	10	42	59100	Late Fees	300	60	240	182
1,000	833	167	59500	Inspection Fees	5,250	4,998	252	(4,747)
			59700	Miscellaneous Income	125		125	125
1,052	843	209		Total Other Income	5,675	5,058	617	(4,440)
4,703	4,029	674		Total Operating Income	27,361	24,174	3,187	(20,973)
				Contributions To Capital				
1,213	1,213		51200	Appliance Reserve	7,280	7,278	2	(7,280)
1,447	1,447	(1)	51300	Painting Reserve	8,679	8,682	(3)	(8,679)
17,545	17,545		51400	Roofing Reserve	105,270	105,270		(105,271)
2,401	2,401		51420	Infrastructure Reserve	14,406	14,406		(14,405)
22,606	22,606			Total Contributions To Capital	135,635	135,636	(2)	(135,635)
				Regular Assessments				
76,490	76,491	(1)	51110	Carrying Charges	458,938	458,946	(8)	(458,939)
76,490	76,491	(1)		Total Regular Assessments	458,938	458,946	(8)	(458,939)
103,798	103,126	672		Total Income And Contributions To Capital	621,934	618,756	3,178	(615,546)
(6,413)		(6,413)		Excess Inc. / (Exp) Before Off-Budget Items	26,457		26,457	26,457
				Off-Budget Items				
(6,413)		(6,413)		Excess Inc. / Exp. After Off-Budget Items	26,457		26,457	26,457

SEAL BEACH MUTUAL NO. 14
FINANCIAL STATEMENTS RECAP
For the Six Months Ending June 30, 2014

INTERNALLY PREPARED
FOR MANAGEMENT USE ONLY

June

YTD

<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>
\$76,490	\$76,491	Regular Assessment	\$458,938	\$458,946
22,606	22,606	Reserve Funding	135,635	135,636
99,096	99,097	Total Regular Assessments	594,573	594,582
940	791	Service Income	6,101	4,746
2,711	2,395	Financial Income	15,585	14,370
1,052	843	Other Income	5,675	5,058
4,703	4,029	Total Other Income	27,361	24,174
103,799	103,126	Total Mutual Income	621,934	618,756
45,774	45,776	Trust Maintenance Cost	274,644	274,656
9,223	9,420	Utilities	49,005	56,520
10,269	1,028	Professional Fees	12,166	6,168
16,225	19,471	Outside Services	87,342	116,826
6,114	4,825	Taxes & Insurance	36,685	28,950
22,606	22,606	Contributions To Reserves	135,635	135,636
110,211	103,126	Operating Expenses Before Off-Bdgt	595,477	618,756
(6,412)		Excess Inc / (Exp) Before Off-Bdgt Items	26,457	
(6,412)		Excess Inc / (Exp) After Off-Budget Items	26,457	
		Restricted Reserves		
(2,206)		Appliance Reserve	19,715	
1,447		Painting Reserve	171,360	
17,545		Roofing Reserve	1,251,886	
		Emergency Reserve	35,751	
2,401		Infrastructure Reserve	67,625	
		Total Restricted Reserves	1,546,337	

Mutual 14
Landscape Report
July 15, 2014

Tree Removal

We have one request for tree removal. Building 4L has a large star pine, located in a small mutual lawn bordering a common walkway on St. Andrews. The tree is leaning significantly, draining sap, and appears insecure. The opinion of the landscape supervisor is that it is not correctable and poses a danger to both pedestrians and SH's in the adjoining property. On that basis, I requested 3 bids, 2 of which were submitted. Pinnacle has given us the best price and we would like to have them proceed with this immediately.

Because of the limited space and the bus bench also located on that property, I do not recommend a replacement tree. Also, due to the extra safety needed during the removal, I will contact Security to assist with both pedestrian and auto traffic restriction as needed.

Other Landscape Issues

Coco Palm Trees – All 9 trees were trimmed per the approval last meeting.

Irrigation System – We are continuing with our plan of evaluations of the lawns and irrigation equipment.

New Landscape Policy – Our Landscape Committee will be meeting again on July 23rd. At that time, we will lay out the plan for the initial evaluation of SH garden areas for compliance and correction, as needed. We will have more to report on this next month.

Respectfully submitted,

A handwritten signature in cursive script that reads "Muriel Luther".

Muriel Luther
Landscape Chair

EMERGENCY PREPAREDNESS REPORT
JULY 17, 2014

The first meeting of Mutual 14's Emergency Preparedness Committee was held on June 25, 2014. The committee's chair's and members' duties were discussed. Preliminary emergency/earthquake drill assignments were distributed for the drill to take place on October 16 at 10:16 a.m. In order to prepare for this drill, an informational event will take place on September 10, 2014, at 10 a.m. in Clubhouse 4, Room A, for building captains, directors, emergency volunteers, and interested residents. I am requesting \$100 to cover the cost of light refreshments for this event. The next Emergency Preparedness Committee meeting will be on Wednesday, August 13, at 10 a.m. in the Physical Properties conference room.

I have been working to update the information in the building captains' day packs which are located in the emergency sheds. There are no current captain's emergency survey forms available for some residents. Forms have been delivered to residents who don't have a current form (usually 2 years old or less) on file. Thanks to Linda Corp, Carol Johnstone, Carol Kern, and Steve Moody for their assistance in delivering a large stack of forms. The information on the forms is confidential. Although returning these form to me is optional, the information on the forms might be very helpful in the event of a major emergency (such as a major earthquake).

This month's safety tip is to have night lights (which come on when it is dark) plugged into electrical outlets to light the path from the bedroom to the bathroom. Residents should be sure that there aren't items along the path which can be tripped over.

Valerie Jorgenson
Emergency Preparedness Chair

18 RESIDENTS HAVE CAREGIVERS IN MUTUAL 14

SOME RESIDENTS HAVE 3 DIFFERENT CAREGIVERS PER
DAY...MORNING/NOON AND NIGHT

37 CAREGIVER AGENCIES..MUTUAL 14 EMPLOYS 12

SOCIAL WORKER REPORT ...5 VISIT THIS MONTH

ANY QUESTIONS PLEASE CALL

RUTH HARRISON 598-5104

INTERNAL DISPUTE RESOLUTION

Meet & Confer. Associations must provide a "fair, reasonable and expeditious" procedure for resolving disputes between the association and its members without charging a fee to the member participating in the process. (Civ. Code §5910.) The process is referred to as "Internal Dispute Resolution" (IDR) or "Meet and Confer."

Default Procedure. If an association does not establish its own procedures, then the following procedures automatically apply (Civ. Code §5915):

(1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

(2) A member of an association may refuse a request to meet and confer. The association may not refuse a request to meet and confer.

(3) The association's board of directors shall designate a member of the board to meet and confer.

(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute.

(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

Notice. Associations must notify their members of both ADR and IDR dispute resolution procedures.

"Appealing" a Penalty. There is no specific appeals procedure described in the Davis-Stirling Act for penalties imposed by an association against a member for violation of the rules and regulations. However, the IDR procedures described above could be used to appeal a decision since a meet and confer is mandatory if requested by a member. When it comes to ADR (mediation and arbitration), the association has no obligation to accept a request for ADR. If, however, the member is planning to sue the association, the member may be obligated to make an offer of ADR before filing suit, at which point the association may be more inclined to accept the offer.

CAUTION: Unlike mediation, statements made in an IDR meeting are not confidential and can be used in any subsequent litigation.

MUTUAL OPERATIONS**DRAFT****RESIDENT REGULATIONS****Caregivers - Mutual Fourteen Only****1. Licensing Requirements**

- a. In order to work as a caregiver in Mutual Fourteen, caregiver must have a valid Seal Beach Business License or work for an agency with a valid Seal Beach Business License, per Seal Beach City Ordinance 1435. A copy of the license must be in the possession of caregiver at all times.
- b. Upon completion of the application form, caregivers will receive a copy of the guidelines for Mutual Fourteen.**
- ~~c~~b. A caregiver working in Mutual Fourteen must have a valid driver's license if driving a vehicle into Leisure World.

2. Pass and Badge Requirements

- a. All caregivers, whether working ~~as a family member~~, as an individual, or through an agency, must apply and receive a caregiver's pass and clear badge holder through the Golden Rain Foundation Stock Transfer Office.
 - 1) The pass must be renewed every year, ~~six months~~.
 - 2) The pass must be worn in clear sight at all times.
 - 3) Passes or badge holders may not be transferred or lent to anyone.

3. Use of Laundry Facilities

- a. Part-time caregivers may use laundry facilities for shareholder's laundry only. ~~Part-time caregivers who use Mutual laundry facilities for their personal or family use will be permanently barred from Leisure World.~~
- b. Caregivers who are 24-hour live-ins may use washers and dryers for their personal use, but may not use the washers and dryers for other family members or friends.
- c. Washers and dryers are to be cleaned after every use.
- d. Only two washers and dryers may be used at a time.

MUTUAL OPERATIONS**DRAFT****RESIDENT REGULATIONS****Caregivers - Mutual Fourteen Only**

- e. Washed items are not allowed to be hung on patios.
- f. ~~Part time caregivers who use Mutual laundry facilities for their personal or family use will be permanently barred from Leisure World.~~

4. General Requirements

- a. Caregiver must cease any noise that could be considered disruptive after 10 p.m., i.e., no loud televisions, radios, or talking, so as not to disturb the quiet enjoyment of neighbors.
- b. Caregivers are not allowed to bring family members or friends to the apartment.
- c. Caregivers are not allowed to bring pets into Leisure World.
- d. Caregivers are not allowed to use community facilities. ~~including laundry facilities, unless caregiver is a 24-hour live-in.~~

5. Parking Regulations

- a. If shareholder does not have a vehicle, caregiver may use the carport space for their own vehicle after obtaining a temporary parking pass through the Stock Transfer Office.
 - 1) The temporary parking pass must be clearly displayed on dashboard of caregiver's vehicle at all times.

MUTUAL ADOPTION

FOURTEEN: 18 Nov 08

SIGN-IN SHEET

BOARD OF DIRECTORS MEETING MUTUAL NO. FOURTEEN DATE: July 15, 2014

	GUEST NAME
1.	Sara Spannenberg
2.	Kathy Palmateer
3.	Natalie Nicholson
4.	Phil Arnold
5.	Joan B. Smith
6.	Millie Sorenson
7.	Doris Anderson
8.	Les Jorgenson
9.	Susan Matalon
10.	Mike Skinner
11.	Etta Hulett
12.	Brooksie Silva
13.	Larry Lowman
14.	Demetra Monios
15.	Maryann Shadow
16.	Mike Supple
17.	Sue Worthington
18.	Ken Harpham
19.	Harold Bonnema
20.	Millie Bonnema
21.	Gayle Chapin
22.	Flo Dartt
23.	Phyllis Specht
24.	Linda Corp
25.	Frank Destra
26.	David Corp
27.	Bunny Harpham
28.	Eric Soderholm
29.	Marian Soderholm