

A G E N D A
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS
SEAL BEACH MUTUAL FIFTEEN
October 19, 2020
Meeting begins at 1:00 p.m.
Zoom Video and CLUBHOUSE 4

TO ATTEND VIA ZOOM: The Shareholder will be provided with instructions on how to access the call via telephone or via video upon the Shareholder contacting GRF Mutual Administration at mutualsecretaries@lwsb.com or (562)431-6586 ext. 313 and requesting the call-in or log-in information by no later than 3:30 p.m., on 10/16/2020, the business day before the date of the meeting.

TO ATTEND IN PERSON: No reservation is required, however seating is limited. You will be required to follow strict guidelines, including physical distancing, and wearing face coverings at all times.

TO MAKE COMMENTS DURING MEETING: In order to make a comment during the open Shareholder forum, the Shareholder must submit their name, Unit number, and telephone number, via e-mail at mutualsecretaries@lwsb.com, by no later than 3:30 p.m., on 10/16/2020, the business day before the date of the meeting. If you do not have access to an email, please call (562)431-6586 ext. 313 and let us know that you wish to make a comment during the open shareholder forum.

1. CALL TO ORDER
2. BOARD ROOM DECORUM
3. SHAREHOLDER COMMENTS (2-3 minutes per shareholder. Agenda items only)
4. ROLL CALL
5. INTRODUCTION OF GRF REPRESENTATIVE, STAFF, AND GUEST(S):

Mr. Friedman, GRF Representative
Ms. Hopkins, Mutual Administration Director
Ms. Miller, Director of Finance
Mr. Antisdell, Building Inspector
Ms. Gamboa, Portfolio Specialist
Ms. Dullaart, Recording Secretary

6. APPROVAL OF MINUTES
 - a. Regular Board Meeting Minutes of September 21, 2020
7. GUEST SPEAKER Ms. Miller
 - a. Discuss and vote to approve the 2021 Operating Budget (pp. 3-11)
 - b. Discuss and vote to approve the acceptance of the CliftonLarsonAllen LLP Engagement Letter (pp. 12-24)

8. BUILDING INSPECTOR'S REPORT Mr. Antisdell
 Permit Activity; Escrow Activity; Contracts & Projects; Shareholder and Mutual Requests (pp. 25-28)
 - a. Discuss laundry doors, patio closet doors
9. GRF REPRESENTATIVE Mr. Friedman
10. CONSENT CALENDAR
 - a. Discuss and vote to authorize transfers of funds for Mutual Fifteen (p. 29)
11. UNFINISHED BUSINESS
 No unfinished business
12. NEW BUSINESS
 - a) Approval of Monthly Finances (p. 30)
 - b) Discuss and vote to amend Rules and Regulations Section 5.20 – Secondary Carport Storage Cabinets (pp. 31-33)
 - c) Discuss and vote to approve the Social Media Policy (pp. 34-37)

STAFF BREAK BY 3:00 p.m.

13. SECRETARY / CORRESPONDENCE Bruce Bowles
14. CHIEF FINANCIAL OFFICERS REPORT David Harlow
15. MUTUAL ADMINISTRATION DIRECTOR Jodi Hopkins
16. ANNOUNCEMENTS

NEXT MONTHLY BOARD MEETING: MONDAY, NOVEMBER 16, 2020 1:00 PM VIA ZOOM

17. COMMITTEE REPORTS
18. DIRECTORS' COMMENTS
19. SHAREHOLDER(S)' COMMENTS (2-3 MINUTES, IF TIME PERMITS)
20. ADJOURNMENT
21. EXECUTIVE SESSION

STAFF WILL LEAVE THE MEETING BY 4:00 p.m.

Mutual Corporation No. Fifteen

MEMO

TO: MUTUAL EIGHT BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO PASS THE 2021 BUDGET (GUEST SPEAKER, ITEM A)
DATE: OCTOBER 19, 2020
CC: MUTUAL FILE

I move to approve the 2021 Operating Budget for Mutual Fifteen of \$2,464,700.00, resulting in a regular monthly assessment of \$409.15 per apartment per month, for an increase of \$16.69 per month over the total regular assessment of 2020, as presented, and to adopt this budget forthwith.

**Seal Beach Mutual Fifteen
Operating Budget
Year Ended December 31, 2021**

| 502 Apartments | Average Monthly Per Apartment | | | Operating Budget In Dollars | | |
|------------------------------------|----------------------------------|---------------|---------------|--------------------------------|------------------|----------------|
| | 2021 | 2020 | Change | 2021 | 2020 | Change |
| Electricity | 7.00 | 7.00 | 0.00 | 42,168 | 42,168 | 0 |
| Telephone | 0.13 | 0.10 | 0.03 | 783 | 602 | 181 |
| Water | 14.25 | 14.25 | 0.00 | 85,842 | 85,842 | 0 |
| Trash | 9.50 | 8.89 | 0.61 | 57,228 | 53,553 | 3,675 |
| Total Utilities | 30.88 | 30.24 | 0.64 | 186,021 | 182,165 | 3,856 |
| Management Fee | 0.56 | 0.56 | 0.00 | 3,373 | 3,373 | 0 |
| Legal Fees | 5.00 | 5.00 | 0.00 | 30,120 | 30,120 | 0 |
| Investment Fees | 1.60 | 1.84 | (0.24) | 9,638 | 11,084 | (1,446) |
| Total Professional Fees | 7.16 | 7.40 | (0.24) | 43,131 | 44,577 | (1,446) |
| Custodial Services | 11.37 | 12.25 | (0.88) | 68,493 | 73,794 | (5,301) |
| Landscape - Contract | 33.52 | 32.50 | 1.02 | 201,924 | 195,780 | 6,144 |
| Landscape - Extras | 7.00 | 9.00 | (2.00) | 42,168 | 54,216 | (12,048) |
| Landscape - Trees | 6.00 | 4.50 | 1.50 | 36,144 | 27,108 | 9,036 |
| Green Waste Bins | 0.00 | 1.38 | (1.38) | 0 | 8,313 | (8,313) |
| Painting | 0.75 | 0.75 | 0.00 | 4,518 | 4,518 | 0 |
| Pest Control | 2.45 | 2.24 | 0.21 | 14,759 | 13,494 | 1,265 |
| Structural Repairs | 16.30 | 13.50 | 2.80 | 98,191 | 81,324 | 16,867 |
| Miscellaneous Services | 1.08 | 1.67 | (0.59) | 6,506 | 10,060 | (3,554) |
| Other Service Contracts | 3.60 | 3.00 | 0.60 | 21,686 | 18,072 | 3,614 |
| Escrow Expense | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Office Supplies | 0.05 | 0.10 | (0.05) | 301 | 602 | (301) |
| Standard Service | 16.75 | 17.25 | (0.50) | 100,902 | 103,914 | (3,012) |
| Total Services | 98.87 | 98.14 | 0.73 | 595,592 | 591,195 | 4,397 |
| State & Federal Taxes | 0.55 | 1.03 | (0.48) | 3,313 | 6,205 | (2,892) |
| Property & Liability Insurance | 24.32 | 23.35 | 0.97 | 146,504 | 140,660 | 5,844 |
| Total Taxes & Insurance | 24.87 | 24.38 | 0.49 | 149,817 | 146,865 | 2,952 |
| Operating Expenses | 161.78 | 160.16 | 1.62 | 974,561 | 964,802 | 9,759 |
| Income from Services | | | | | | |
| Merchandise Sales | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Laundry Machines | 3.78 | 5.38 | (1.60) | 22,771 | 32,409 | (9,638) |
| Total Services Income | 3.78 | 5.38 | (1.60) | 22,771 | 32,409 | (9,638) |
| Financial Income | | | | | | |
| Interest Income | 6.92 | 7.17 | (0.25) | 41,686 | 43,192 | (1,506) |
| Interest Income Allocation | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Gain/Loss on Investment | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Late Charges | 1.00 | 0.91 | 0.09 | 6,024 | 5,482 | 542 |
| Inspection Fees | 7.00 | 5.10 | 1.90 | 42,168 | 30,722 | 11,446 |
| Buyers Premium | 3.50 | 2.49 | 1.01 | 21,084 | 15,000 | 6,084 |
| Carport Rental | 0.28 | 0.28 | 0.00 | 1,687 | 1,687 | 0 |
| Miscellaneous | 0.61 | 0.02 | 0.59 | 3,675 | 120 | 3,555 |
| Parking Fines | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Total Financial Income | 19.31 | 15.97 | 3.34 | 116,324 | 96,203 | 20,121 |
| Operating Income | 23.09 | 21.35 | 1.74 | 139,095 | 128,612 | 10,483 |
| Net Operating Cost | 138.69 | 138.81 | (0.12) | 835,466 | 836,190 | (724) |
| Reserve Funding | 105.41 | 90.54 | 14.87 | 634,973 | 545,383 | 89,590 |
| Capital Funding | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Total Mutual Costs | 244.10 | 229.35 | 14.75 | 1,470,439 | 1,381,573 | 88,866 |
| Allocated Trust Cost | 165.05 | 163.11 | 1.94 | 994,261 | 982,575 | 11,687 |
| Regular assessment | 409.15 | 392.46 | 16.69 | 2,464,700 | 2,364,148 | 100,553 |

Property taxes are assessed to the stockholder's unit and are added to the regular assessment and become part of the monthly payment. Accordingly, they are excluded from the operating budget.

**Seal Beach Mutual Fifteen
Assessment And Reserve Funding Disclosure Summary**

- 1) The current regular assessment per ownership interest per month is \$ 409.15 and the portion allocated to reserves per ownership interest per month is \$ 91.19 .
- 2) Neither the board nor the members have approved additional assessments for any purpose.
- 3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major component during the next 30 years?
 Yes X No
- 4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?
- 5) All major components are included in the reserve study and are included in its calculations.
- 6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated required amount to be in the reserve fund at the end of the 2020 fiscal year is \$ 5,116,305 based in whole or in part on the last reserve study or update prepared by the board as of 8/26/2020. The projected reserve fund cash balance at the end of the 2020 fiscal year is \$ 2,403,158 reserves being 47.0% funded at this date.
- 7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated required amount to be in the reserve fund, the projected fund balance of those years, taking into account only assessments approved and other known revenues, and the percentage funded at the end of each of the next five years is:

| Year | Required Funding | Projected Fund Bal. | % Funded |
|------|------------------|---------------------|----------|
| 2021 | \$ 5,289,272 | 2,584,171 | 48.9% |
| 2022 | 3,195,990 | 539,360 | 16.9% |
| 2023 | 3,309,693 | 708,183 | 21.4% |
| 2024 | 3,066,166 | 537,355 | 17.5% |
| 2025 | 3,462,936 | 1,000,127 | 28.9% |

This financial representation set forth in this summary are based on the best estimates of the board at this time and is further predicated on the board maintaining the current Reserve Funding Plan.

**Seal Beach Mutual Fifteen
Replacement Reserve Summary
Budget Year 2021**

While preparing the annual operating budget, the board reviews the conditions and assumptions regarding the common interest of the Mutual. This review consists of updating the replacement cost and remaining useful life of the Mutual's common interest property. This data is used to develop reserve requirements using the formula set forth in Civil Code 5570 (b) (4). The board expects to finance all replacements through regular assessments to the shareholders. Accordingly, the board does not plan any special assessments.

| Component | Estimated | | | Reserve Funding | | | |
|------------------|--------------------|-----------------------|-------------------------|-------------------------|----------------------------|-----------------------------|---------------------------|
| | Useful Life | Remaining Life | Replacement Cost | Required Funding | Estimated Beg. Bal. | Planned 2021 Funding | Estimated % Funded |
| Paint | 10 | 1 - 7 | 676,200 | 604,260 | 459,923 | 24,211 | 80.1% |
| Roof | 1 - 30 | 0 - 29 | 3,985,200 | 2,918,043 | 1,172,506 | 103,428 | 43.7% |
| Infrastructure | 1 - 50 | 0 - 45 | 2,438,200 | 1,594,002 | 770,729 | 421,674 | 74.8% |
| Total | | | 7,099,600 | 5,116,305 | 2,403,158 | 549,313 | 57.7% |

**Seal Beach Mutual Fifteen
Project Listing for Budget Year
2021**

Painting Reserve Projects

| Description | Unit | | Base Line | | Year Acquird | Repl Year | Yrs. In Serv. | Useful Life | Years Left | Fnding Ratio | Required Balance | Est. Beg Bal | (Surplus)/ Deficit | % Funded |
|-------------------------------|------|---------|-----------|---------|-----------------|--------------|------------------|----------------|---------------|-----------------|---------------------|-----------------|-----------------------|-------------|
| | # | Cost | Year | Cost | | | | | | | | | | |
| Metal Fence/Rail - Repaint | 1 | 59,000 | 2021 | 59,000 | | 2022 | | | 1 | 90.0% | 53,100 | 40,416 | 12,684 | 76.1% |
| Laundry Rooms | 13 | 1,846 | 2021 | 24,000 | 2013 | 2023 | 8 | 10 | 2 | 80.0% | 19,200 | 14,614 | 4,586 | 76.1% |
| Ext. Flatworks-Carports | 1 | 40,000 | 2021 | 40,000 | 2012 | 2022 | 9 | 10 | 1 | 90.0% | 36,000 | 27,401 | 8,599 | 76.1% |
| Ext. Flatworks-Res Bldgs | 1 | 550,000 | 2021 | 550,000 | 2012 | 2022 | 9 | 10 | 1 | 90.0% | 495,000 | 376,761 | 118,239 | 76.1% |
| Parking Spaces - Restripe | 1 | 3,200 | 2021 | 3,200 | 2018 | 2028 | 3 | 10 | 7 | 30.0% | 960 | 731 | 229 | 76.1% |
| <i>Set aside for painting</i> | | | | 676,200 | | | | | | | 604,260 | 459,923 | 127,067 | 76.1% |

Roofing Reserve Projects

| Description | Unit | | Base Line | | Year Acquird | Repl Year | Yrs. In Serv. | Useful Life | Years Left | Fnding Ratio | Required Balance | Est. Beg Bal | (Surplus)/ Deficit | % Funded |
|------------------------------|------|-----------|-----------|-----------|-----------------|--------------|------------------|----------------|---------------|-----------------|---------------------|-----------------|-----------------------|-------------|
| | # | Cost | Year | Cost | | | | | | | | | | |
| Flat Roofing | 1 | 155,000 | 2021 | 155,000 | | 2029 | 7 | 15 | 8 | 46.7% | 72,333 | 29,064 | 43,269 | 40.2% |
| 2-Story (1-BR) | 1 | 47,500 | 2021 | 47,500 | | 2035 | 16 | 30 | 14 | 53.3% | 25,333 | 10,179 | 15,154 | 40.2% |
| 2-Story (2-BR) | 1 | 115,000 | 2021 | 115,000 | | 2021 | 30 | 30 | 0 | 100.0% | 115,000 | 46,208 | 68,792 | 40.2% |
| 2-Story (2-BR) | 1 | 175,000 | 2021 | 175,000 | | 2035 | 16 | 30 | 14 | 53.3% | 93,333 | 37,502 | 55,831 | 40.2% |
| 2-Story (2-BR) | 1 | 115,000 | 2021 | 115,000 | | 2036 | 15 | 30 | 15 | 50.0% | 57,500 | 23,104 | 34,396 | 40.2% |
| 2-Story (2-BR) | 1 | 250,000 | 2021 | 250,000 | | 2037 | 14 | 30 | 16 | 46.7% | 116,667 | 46,878 | 69,789 | 40.2% |
| 2-Story (2-BR) | 1 | 250,000 | 2021 | 250,000 | | 2038 | 13 | 30 | 17 | 43.3% | 108,333 | 43,530 | 64,803 | 40.2% |
| 2-Story (2-BR) | 1 | 310,000 | 2021 | 310,000 | | 2039 | 12 | 30 | 18 | 40.0% | 124,000 | 49,825 | 74,175 | 40.2% |
| 4-Unit (Atrium) | 1 | 113,100 | 2021 | 113,100 | | 2022 | 29 | 30 | 1 | 96.7% | 109,330 | 43,930 | 65,400 | 40.2% |
| 4-Unit (Atrium 2050) | 1 | 37,700 | 2021 | 37,700 | | 2050 | 1 | 30 | 29 | 3.3% | 1,257 | 505 | 752 | 40.2% |
| 4-Unit (Dbl Atrium) | 1 | 610,000 | 2021 | 610,000 | | 2022 | 29 | 30 | 1 | 96.7% | 589,667 | 236,935 | 352,732 | 40.2% |
| 4-Unit (Loft) | 1 | 99,000 | 2021 | 99,000 | | 2021 | 30 | 30 | 0 | 100.0% | 99,000 | 39,779 | 59,221 | 40.2% |
| 8-Unit (Atrium) | 1 | 1,061,000 | 2021 | 1,061,000 | | 2022 | 29 | 30 | 1 | 96.7% | 1,025,633 | 412,112 | 613,521 | 40.2% |
| 8-Unit (Atrium 2050) | 1 | 70,700 | 2021 | 70,700 | | 2050 | 1 | 30 | 29 | 3.3% | 2,357 | 947 | 1,410 | 40.2% |
| Comp Shingle-Carports | 1 | 350,000 | 2021 | 350,000 | | 2024 | 27 | 30 | 3 | 90.0% | 315,000 | 126,571 | 188,429 | 40.2% |
| Comp Shingle - Laundry | 1 | 45,000 | 2021 | 45,000 | | 2024 | 27 | 30 | 3 | 90.0% | 40,500 | 16,273 | 24,227 | 40.2% |
| Skylights - Replace | 1 | 1,200 | 2021 | 1,200 | | 2021 | 1 | 1 | 0 | 100.0% | 1,200 | 482 | 718 | 40.2% |
| Gutters Phase 1 - Replace | 1 | 180,000 | 2021 | 180,000 | | 2043 | 3 | 25 | 22 | 12.0% | 21,600 | 8,679 | 12,921 | 40.2% |
| <i>Set aside for roofing</i> | | 3,985,200 | | 3,985,200 | | | | | | | 2,918,043 | 1,172,506 | 1,745,540 | 40.2% |

**Seal Beach Mutual Fifteen
Project Listing for Budget Year
2021**

Infrastructure Reserve Projects

| Description | Unit | | Base Line | | Year Acqurd | Repl Year | Yrs. In Serv. | Useful Life | Years Left | Fnding Ratio | Required Balance | Est. Beg Bal | (Surplus)/ Deficit | % Funded |
|--|------|-----------|-----------|-----------|----------------|--------------|------------------|----------------|---------------|-----------------|---------------------|-----------------|-----------------------|-------------|
| | # | Cost | Year | Cost | | | | | | | | | | |
| Driveway Concrete - Repa | 1 | 180,000 | 2021 | 180,000 | 2016 | 2066 | 5 | 50 | 45 | 10.0% | 18,000 | 8,703 | 9,297 | 48.4% |
| Walkway Concrete - Repa | 1 | 36,000 | 2021 | 36,000 | 2020 | 2021 | 1 | 1 | 0 | 100.0% | 36,000 | 17,407 | 18,593 | 48.4% |
| Mechanical Lifts - Refurbi | 1 | 43,500 | 2021 | 43,500 | 2020 | 2021 | 1 | 1 | 0 | 100.0% | 43,500 | 21,033 | 22,467 | 48.4% |
| Mechanical Lifts - Replace | 1 | 1,350,000 | 2021 | 1,350,000 | 1994 | 2034 | 27 | 40 | 13 | 67.5% | 911,250 | 440,606 | 470,644 | 48.4% |
| Mailboxes - Replace | 1 | 44,500 | 2021 | 44,500 | 2003 | 2023 | 18 | 20 | 2 | 90.0% | 40,050 | 19,365 | 20,685 | 48.4% |
| Metal Railings - Repair | 1 | 115,000 | 2021 | 115,000 | 2010 | 2030 | 11 | 20 | 9 | 55.0% | 63,250 | 30,583 | 32,667 | 48.4% |
| Wood Surfaces - Repair | 1 | 150,000 | 2021 | 150,000 | 2021 | 2026 | 0 | 5 | 5 | 0.0% | 0 | 0 | 0 | |
| Deck - Resurface | 1 | 97,000 | 2021 | 97,000 | 2007 | 2023 | 14 | 16 | 2 | 87.5% | 84,875 | 41,039 | 43,836 | 48.4% |
| Deck - Seal/Repair | 1 | 47,500 | 2021 | 47,500 | 2017 | 2021 | 4 | 4 | 0 | 100.0% | 47,500 | 22,967 | 24,533 | 48.4% |
| Sewer Lines - Replace | 1 | 220,000 | 2021 | 220,000 | 1974 | 2024 | 47 | 50 | 3 | 94.0% | 206,800 | 99,992 | 106,808 | 48.4% |
| Termites - Treat | 1 | 18,000 | 2021 | 18,000 | 2020 | 2021 | 1 | 1 | 0 | 100.0% | 18,000 | 8,703 | 9,297 | 48.4% |
| Walkway Pole Lights - Re | 1 | 64,000 | 2021 | 64,000 | 2003 | 2023 | 18 | 20 | 2 | 90.0% | 57,600 | 27,851 | 29,749 | 48.4% |
| Tile Floor - Replace | 1 | 50,500 | 2021 | 50,500 | 1993 | 2023 | 28 | 30 | 2 | 93.3% | 47,133 | 22,790 | 24,343 | 48.4% |
| Laundry Water Heaters - R | 3 | 2,700 | 2021 | 8,100 | 2020 | 2021 | 1 | 1 | 0 | 100.0% | 8,100 | 3,916 | 4,184 | 48.3% |
| Laundry Counter & Sink - | 1 | 2,900 | 2021 | 2,900 | 2003 | 2023 | 18 | 20 | 2 | 90.0% | 2,610 | 1,262 | 1,348 | 48.4% |
| Irrigation Controllers - Rep | 1 | 11,200 | 2021 | 11,200 | 2011 | 2023 | 10 | 12 | 2 | 83.3% | 9,333 | 4,513 | 4,820 | 48.4% |
| <i>Set aside for infrastucture</i> | | | | 2,438,200 | | | | | | | 1,594,002 | 770,729 | 823,272 | 48.4% |
| <i>Total requirement for replacement reserve</i> | | | | 7,099,600 | | | | | | | 5,116,305 | 2,403,158 | 2,695,879 | 47.0% |

**Seal Beach Mutual Fifteen
Reserve Contributions
Budget Year 2021**

| Fund | Estimated Remaining Life | Current Replacement Cost | Reserve Balance Required | Est. Beg. Bal. | Annual Contribution | |
|--|---|---|-------------------------------------|-----------------------|--------------------------------|----------|
| Appliance | Note (1) | 112,897 | 112,897 | 27,237 | 85,660 | |
| Monthly contribution to the Appliance fund | | | | | | 14.22 |
| Painting | 1 - 7 | 676,200 | 604,260 | 459,923 | 24,211 | Note (2) |
| Roofing | 0 - 29 | 3,985,200 | 2,918,043 | 1,172,506 | 103,428 | Note (3) |
| Infrastructure | 0 - 45 | 2,438,200 | 1,594,002 | 770,729 | 421,674 | Note (4) |
| Contributions to the Replacement Reserves | | | 5,116,305 | 2,403,158 | 549,313 | 91.19 |
| Emergency | | | | 398,368 | 0 | Note (5) |
| Capital Fund | | | | \$ 105,372 | - | Note (6) |
| Total for budget | | | | 2,934,135 | 634,973 | 105.41 |

| Project Reserve Contribution Comparison | | | | |
|---|---------|---------|--------|----------|
| Project | 2021 | 2020 | Change | Chg PAPM |
| Appliance | 85,660 | 45,757 | 39,903 | 6.62 |
| Painting | 24,211 | 24,211 | - | - |
| Roofing | 103,428 | 103,428 | - | - |
| Infrastruct | 421,674 | 371,987 | 49,687 | 8.25 |
| Emergency | - | - | - | - |
| Capital Fund | - | - | - | - |
| Total | 634,973 | 545,383 | 89,590 | 14.87 |

Notes:

- 1) The appliance fund is used to fund the replacement of appliances and fixtures. The value of this fund is calculated annually and is the five-year average units replaced times the current replacement cost adjusted for planned expenditures during the budget year. Current installed replacement cost for this calculation is \$140,125 and the adjustment is a \$27,228 decrease for a total requirement of \$112,897. The board approved the 2021 funding of this reserve for \$85,660.
- 2) The board determined funding of \$24,211 for 2021.
- 3) The board determined funding of \$103,428 for 2021.
- 4) The board determined funding of \$421,674 for 2021.
- 5) The board determined no funding was necessary for 2021.
- 6) The board decided to establish a capital fund in 2016 for future capital improvements for the Mutual. The board determined no funding was necessary for 2021.

**Seal Beach Mutual Fifteen
Appliance Replacement History**

| Item | | | | | | | | | | | | | | | | Unit | Installed Cost | |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|-----------|----------------|----------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | Total | 5 yr Avg. | Unit | Extended |
| Cooktops | 4 | 5 | 9 | 5 | 7 | 8 | 4 | 2 | 3 | 5 | 4 | 12 | 8 | 25 | 101 | 6 | \$520 | \$ 3,121 |
| Ovens | 19 | 26 | 13 | 15 | 13 | 8 | 11 | 13 | 9 | 13 | 4 | 12 | 10 | 13 | 179 | 17 | 1,147 | 19,496 |
| Refrigerators | 18 | 24 | 27 | 26 | 30 | 21 | 20 | 22 | 15 | 19 | 18 | 23 | 34 | 22 | 319 | 25 | 1,126 | 28,154 |
| Hot Water Heaters | 77 | 287 | 16 | 19 | 16 | 19 | 4 | 13 | 6 | 19 | 4 | 34 | 9 | 55 | 578 | 83 | 778 | 64,597 |
| Garbage Disposals | 20 | 17 | 11 | 16 | 10 | 17 | 11 | 14 | 8 | 17 | 13 | 19 | 22 | 18 | 213 | 15 | 233 | 3,494 |
| Sinks - Bath | 10 | 15 | 5 | 15 | 9 | 11 | 18 | 9 | 2 | 7 | 6 | 7 | 8 | 15 | 137 | 11 | 182 | 2,006 |
| Sinks - Kitchen | 0 | 8 | 2 | 4 | 4 | 2 | 4 | 2 | 3 | 10 | 5 | 4 | 9 | 15 | 72 | 4 | 662 | 2,648 |
| Counters - Bath | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 4 | 0 | 0 | 3 | 0 | 10 | 0 | 624 | 0 |
| Counters - Kitchen | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 6 | 0 | 2 | 2 | 1 | 12 | 0 | 1,470 | 0 |
| Bath Heaters and Fan | 8 | 4 | 8 | 16 | 5 | 7 | 6 | 4 | 0 | 4 | 1 | 0 | 2 | 5 | 70 | 8 | 538 | 4,301 |
| Toilets | 38 | 52 | 27 | 38 | 24 | 22 | 32 | 25 | 6 | 24 | 13 | 29 | 19 | 9 | 358 | 36 | 275 | 9,916 |
| Faucet - Bath | 16 | 15 | 13 | 19 | 12 | 10 | 19 | 5 | 4 | 11 | 9 | 7 | 9 | 19 | 168 | 15 | 143 | 2,142 |
| Faucet - Kitchen | 11 | 16 | 11 | 30 | 17 | 14 | 13 | 12 | 5 | 24 | 13 | 23 | 15 | 20 | 224 | 17 | 191 | 3,248 |
| Hot Water Tanks - Laund | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 1 | 0 | 6 | 0 | 833 | 0 |
| Washers | 0 | 0 | 3 | 2 | 3 | 5 | 4 | 4 | 4 | 6 | 6 | 1 | 4 | 2 | 44 | 2 | 936 | 1,872 |
| Dryers | 0 | 0 | 0 | 6 | 4 | 1 | 3 | 4 | 4 | 1 | 1 | 2 | 5 | 5 | 36 | 2 | 722 | 1,444 |
| Estimated replacement cost based on average replacement history - 2015 to 2019 x current pricing | | | | | | | | | | | | | | | | | \$ | 146,439 |

Adjustment based on anticipated expenditures in 2021 (33,542)
 Combined current and contingent appliance replacements **\$ 112,897**

Appliances can be billed on bill codes other than replacement. As such, total replacement expenditures to the right may be less than the total value of replacement items listed above.

| Actual expenditures: | | |
|----------------------|----|----------------|
| 2019 | | 113,102 |
| 2018 | | 263,600 |
| 2017 | | 46,338 |
| 2016 | | 65,984 |
| 2015 | | 47,648 |
| 2014 | | 39,655 |
| 2013 | | 38,129 |
| 2012 | | 58,764 |
| 5 yr average | \$ | <u>107,334</u> |

SEAL BEACH MUTUAL FIFTEEN
FLOW OF RESERVE FUNDS

| Year | Beginning Fund | Annual Funding* | Interest** 0.00% | Loans or Assessments | Expenses | Ending Fund |
|--------|----------------|-----------------|---------------------|----------------------|------------|-------------|
| 2020 | | | | | | 2,403,158 |
| 2021 | 2,403,158 | 549,313 | 0 | | 368,300 | 2,584,171 |
| 2022 | 2,584,171 | 571,286 | 0 | | 2,616,097 | 539,360 |
| 2023 | 539,360 | 594,137 | 0 | | 425,314 | 708,183 |
| 2024 | 708,183 | 617,902 | 0 | | 788,730 | 537,355 |
| 2025 | 537,355 | 636,439 | 0 | | 173,667 | 1,000,127 |
| 2026 | 1,000,127 | 655,532 | 0 | | 297,701 | 1,357,958 |
| 2027 | 1,357,958 | 675,198 | 0 | | 127,525 | 1,905,631 |
| 2028 | 1,905,631 | 695,454 | 0 | | 135,287 | 2,465,798 |
| 2029 | 2,465,798 | 716,318 | 0 | | 391,812 | 2,790,304 |
| 2030 | 2,790,304 | 737,808 | 0 | | 289,400 | 3,238,712 |
| 2031 | 3,238,712 | 759,942 | 0 | | 345,117 | 3,653,537 |
| 2032 | 3,653,537 | 782,740 | 0 | | 1,046,203 | 3,390,074 |
| 2033 | 3,390,074 | 806,222 | 0 | | 254,214 | 3,942,082 |
| 2034 | 3,942,082 | 830,409 | 0 | | 2,139,360 | 2,633,131 |
| 2035 | 2,633,131 | 855,321 | 0 | | 515,037 | 2,973,415 |
| 2036 | 2,973,415 | 880,981 | 0 | | 579,253 | 3,275,143 |
| 2037 | 3,275,143 | 907,410 | 0 | | 648,784 | 3,533,769 |
| 2038 | 3,533,769 | 934,632 | 0 | | 595,025 | 3,873,376 |
| 2039 | 3,873,376 | 962,671 | 0 | | 874,711 | 3,961,336 |
| 2040 | 3,961,336 | 991,551 | 0 | | 187,274 | 4,765,613 |
| 2041 | 4,765,613 | 1,021,298 | 0 | | 549,600 | 5,237,311 |
| 2042 | 5,237,311 | 1,051,937 | 0 | | 1,406,010 | 4,883,238 |
| 2043 | 4,883,238 | 1,083,495 | 0 | | 808,979 | 5,157,754 |
| 2044 | 5,157,754 | 1,116,000 | 0 | | 516,685 | 5,757,069 |
| 2045 | 5,757,069 | 1,149,480 | 0 | | 313,661 | 6,592,888 |
| 2046 | 6,592,888 | 1,183,964 | 0 | | 537,683 | 7,239,169 |
| 2047 | 7,239,169 | 1,219,483 | 0 | | 254,478 | 8,204,174 |
| 2048 | 8,204,174 | 1,256,067 | 0 | | 244,341 | 9,215,900 |
| 2049 | 9,215,900 | 1,293,749 | 0 | | 353,028 | 10,156,621 |
| 2050 | 10,156,621 | 1,332,561 | 0 | | 778,138 | 10,711,044 |
| Totals | | 26,869,300 | 0 | 0 | 18,561,414 | |

* Annual contributions are inflated each year by 3% through 2029 and then 2.5% thereafter.

** Interest earned on the fund is currently not reinvested in the fund.

Mutual Corporation No. Fifteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE THE ACCEPTANCE OF THE CLIFTONLARSONALLEN LLP ENGAGEMENT LETTER (GUEST SPEAKER – ITEM B)
DATE: OCTOBER 19, 2020
CC: FILE

I move to approve the acceptance of the CliftonLarsonAllen, LLP Engagement Letter for the 2020 audit and to authorize the President to sign the letter.



CLA (CliftonLarsonAllen LLP)
1925 Century Park East, 16th Floor
Los Angeles, California 90067
310-273-2501 | fax 310-859-0374
CLAconnect.com

September 14, 2020

Susan Hopewell, GRF Board President
Golden Rain Foundation
Post Office Box 2069
Seal Beach, California 90740

Dear Susan:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for Golden Rain Foundation (the “Company”) and the 16 Seal Beach Mutual Corporations (the “Mutual Corporations”) (“you,” “your,” or “the entity”) for the year ended December 31, 2020.

Johnny Minassian is responsible for the performance of the audit engagement.

Audit services

We will audit the basic financial statements of the Company and the Mutual Corporations, which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

The Financial Accounting Standards Board (FASB) provides for certain required supplementary information (RSI) about future major repairs and replacements to accompany the entity’s basic financial statements. The RSI will be subjected to certain limited procedures, but will not be audited.

We will also evaluate and report on the presentation of the supplementary information other than RSI accompanying the financial statements in relation to the financial statements as a whole.

Nonaudit services

We will also provide the following nonaudit service:

- Preparation of your federal and state (if applicable) income tax returns
- Preparation of adjusting journal entries.

Audit objective

The objective of our audit is the expression of an opinion about whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on

whether the supplementary information other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will issue a written report upon completion of our audit of your financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal

control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we identify during the audit.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations, and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for the preparation of the supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's revenues and expenses, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare your 2020 federal and state (if applicable) income tax returns. The scope, limitations, and related terms of these tax services will be communicated in a separate engagement letter.
- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

Use of financial statements

The financial statements and our report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The workpapers supporting the services we perform are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers in accordance with our record retention policy that typically provides for a retention period of seven years.

Pursuant to authority given by law or regulation, we may be requested to make certain workpapers available to regulators. We will notify you of any such request. Access to the requested workpapers will be provided to the regulators under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers to such regulators. The regulators may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Except as permitted by the "Consent" section of this agreement, CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Mediation

Any disagreement, controversy, or claim (“Dispute”) that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice (“Mediation Notice”) to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months (“Limitation Period”) after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Fees

Our professional fees will be billed based on the time involved and the degree of responsibility and skills required. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. Based on our preliminary estimates, the total fees and expenses for the engagement should approximate \$141,000. This estimate is based on anticipated

cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee and expenses estimate. Our invoices, including applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Unanticipated services

We do not anticipate encountering the need to perform additional services beyond those described in this letter. Below are listings of services considered to be outside the scope of our engagement. If any such service needs to be completed before the audit can proceed in an efficient manner, we will notify you and provide a fair and reasonable price for providing the service. We will bill you for the service at periodic dates after the additional service has been performed.

Bookkeeping services

Bookkeeping services are not audit services. Bookkeeping services include the following activities:

- Preparation of a trial balance
- Account reconciliations
- Bank statement reconciliations
- Capital asset accounting (e.g., calculating depreciation, identify capital assets for additions and deletions)
- Calculating accruals
- Analyzing transactions for proper recording
- Converting cash basis accounting records to accrual basis
- Assisting in calculating tax provisions
- Preparation of financial statements and the related notes to the financial statements
- Processing immaterial adjustments through the financial statements
- Adjusting the financial statements for new activities and new disclosures

Additional work resulting from unanticipated changes in your organization or accounting records

If your organization undergoes significant changes in key personnel, accounting systems, and/or internal control, we are required to update our audit documentation and audit plan. The following are examples of situations that will require additional audit work:

- Revising documentation of your internal control for changes resulting from your implementation of new information systems
- Deterioration in the quality of the entity's accounting records during the current-year engagement in comparison to the prior-year engagement
- Significant new accounting issues
- Significant changes in your volume of business
- Mergers, acquisitions, or other business combinations
- New or unusual transactions
- Changes in audit scope or requirements resulting from changes in your operations
- Erroneous or incomplete accounting records
- Evidence of material weaknesses or significant deficiencies in internal control
- Substantial increases in the number or significance of problem loans
- Regulatory examination matters
- Implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements
- New financial statement disclosures

Changes in engagement timing and assistance by your personnel

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork

- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Consent

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using client data obtained through our audit and other engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use of the Company and the Mutual Corporations' information in these cost comparison, performance indicator, and/or benchmarking reports.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign, date, and return a copy of this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP



Johnny Minassian, CPA
Principal
310-288-4268
johnny.minassian@CLAconnect.com

Enclosure

Response:

This letter correctly sets forth the understanding of Golden Rain Foundation.

Authorized governance signature: _____

Title: _____

Date: _____

Appendix A

Acknowledgement of services to be performed by CliftonLarsonAllen LLP for each Mutual Corporation as documented in the engagement letter dated September 14, 2020:

| | | |
|------------------|------------------------|--------------------|
| Mutual 1 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 2 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 3 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 4 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 5 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 6 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 7 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 8 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 9 | _____ | Date: _____ |
| | <i>Board President</i> | |
| Mutual 10 | _____ | Date: _____ |
| | <i>Board President</i> | |

Mutual 11 _____ **Date:** _____
Board President

Mutual 12 _____ **Date:** _____
Board President

Mutual 14 _____ **Date:** _____
Board President

Mutual 15 _____ **Date:** _____
Board President

Mutual 16 _____ **Date:** _____
Board President

Mutual 17 _____ **Date:** _____
Board President

INSPECTOR MUTUAL REPORT

MUTUAL: (15) FIFTEEN

INSPECTOR: **Jerry Antidel**

REPORT: OCTOBER 19TH

| PERMIT ACTIVITY | | | | | | | |
|------------------------|-----------------------|-----------------|------------|------------|--------------|--------------------------|---------------------------|
| UNIT # | DESCRIPTION OF WORK | GRF/CITY PERMIT | START DATE | COMP. DATE | CHANGE ORDER | RECENT INSPECTION | CONTRACTOR / COMMENTS |
| 3-F | FLOORING | GRF | 09/01/20 | 11/01/20 | NO | NONE | KARYS CARPET |
| 3-F | CARPORT CABINET | GRF | 09/30/20 | 10/30/20 | NO | 09/28/20 FINAL | J&J HANDYMAN |
| 3-K | REMODEL | BOTH | 10/09/20 | 02/09/21 | NO | NONE | PIP PLUMBING CONSTRUCTION |
| 3-M | BATH REMODEL | BOTH | 08/18/20 | 10/15/20 | NO | STARTED LATE DUE TO 19 | LOS AL BLDRS |
| 4-C | HEAT PUMP | BOTH | 09/30/20 | 12/30/20 | NO | NONE | GREENWOOD |
| 7-L | PAINTING/FLOORING | GRF | 09/30/20 | 10/30/20 | NO | NONE | CAL CUSTOM INTERIORS |
| 9-D | PATIO | GRF | 09/02/20 | 10/31/20 | NO | NONE | MJ JURADO |
| 9-F | BATH REMODEL | BOTH | 10/19/20 | 11/07/20 | NO | NONE | OGAN |
| 10-M | HEAT PUMP | BOTH | 09/21/20 | 12/21/20 | NO | NONE | GREENWOOD |
| 13-C | PATIO/WINDOWS | BOTH | 10/15/20 | 01/15/21 | NO | NONE | LOS AL BLDRS |
| 13-F | FLOORING | GRF | 09/16/20 | 11/16/20 | NO | NONE | BIXBY PLAZA |
| 14-H | REMODEL/PATIO | BOTH | 01/28/21 | 03/31/21 | NO | NONE | HADI |
| 15-H | CARPORT CABINET | GRF | 09/30/20 | 10/15/20 | NO | NONE | IMAGINATION UNLIMITED |
| 16-Q | BATH REMODEL/FLOORING | BOTH | 03/09/20 | 04/17/20 | YES | 03/10/20 FRAM/ELEC/PLUMB | BRERKVIST ON HOLD 19 |
| 16-R | REMODEL/ADDITION | BOTH | 02/20/19 | 06/30/19 | YES | 03/22/19 PLUMBING | MAMUSCIA ON HOLD 19 |
| 16-R | REMODEL/ADDITION | BOTH | 02/20/19 | 06/30/19 | YES | 04/17/19 DRYWALL | MAMUSCIA ON HOLD 19 |
| 17-A | HEAT PUMP | BOTH | 09/25/20 | 12/28/20 | NO | NONE | GREENWOOD |
| MUTUAL | PANEL | BOTH | 10/08/20 | 10/29/20 | NO | NONE | SCHLICK SERVICES |
| 17-L | KITCHEN COUNTER TOPS | BOTH | 10/15/20 | 12/15/20 | NO | NONE | MAMUSCIA |
| 20-C | AWNING | GRF | 07/23/20 | 10/23/20 | NO | NONE | AAA AWNINGS |
| 20-F | PATIO COVER | GRF | 06/30/20 | 08/30/20 | NO | NONE | MAMUSCIA |
| 20-H | FLOORING | GRF | 10/01/20 | 11/01/20 | NO | NONE | KARYS CARPET |
| 20-H | HEAT PUMP | BOTH | 10/14/20 | 01/14/21 | NO | NONE | GREENWOOD |
| 21-A | CEILING FAN | BOTH | 05/12/20 | 05/19/20 | NO | STARTED LATE DUE TO 19 | OGAN |
| 21-P | FLOORING | GRF | 09/25/20 | 09/30/20 | NO | NONE | BIXBY CARPET |
| 21-J | HEAT PUMP | BOTH | 09/24/20 | 10/24/20 | NO | 10/12/20 FINAL | AL;PINE |
| 23-L | SHOWER CUT DOWN | GRF | 09/23/20 | 10/23/20 | NO | NONE | NUKOTE |

INSPECTOR MUTUAL REPORT

MUTUAL: (15) FIFTEEN

INSPECTOR: **Jerry Antisdel**

| | | | | | | | |
|---------------------------------------|-----------------|------|----------|----------|-----|----------------|-----------------------|
| 26-C | HEAT PUMP | BOTH | 10/27/20 | 11/27/20 | NO | NONE | ALPINE |
| 41-F | FLOORING | GRF | 10/12/20 | 10/16/20 | NO | NONE | BIXBY PLAZA CARPETS |
| 43-A | FLOORING | GRF | 10/01/20 | 10/30/20 | NO | NONE | COLONIAL CARPET |
| 43-G | CARPORT CABINET | GRF | 09/20/20 | 10/15/20 | NO | 09/30/20 FINAL | IMAGINATION UNLIMITED |
| 44-A | REMODEL | BOTH | 09/09/20 | 03/31/21 | NO | NONE | MP CONSTRUCTION |
| 45-G | PATIO AWNING | GRF | 08/30/20 | 08/30/20 | NO | NONE | AAA AWNING ON HOLD 19 |
| 45-H | CARPORT CABINET | GRF | 10/15/20 | 10/30/20 | NO | NONE | IMAGINATION UNLIMITED |
| 46-P | HEAT PUMP | BOTH | 08/26/20 | 11/25/20 | NO | NONE | GREENWOOD |
| 47-C | PATIO SLAB/TILE | GRF | 09/08/20 | 10/13/20 | YES | NONE | BERGKVIST |
| 47-D | CARPORT CABINET | GRF | 09/15/20 | 11/15/20 | NO | NONE | LOS AL BLDRS |
| 47-F | HEAT PUMP | BOTH | 09/14/20 | 12/14/20 | NO | 10/12/20 FINAL | GREENWOOD |
| ALL SHADED AREAS HAVE BEEN SIGNED OFF | | | | | | | |

ESCROW ACTIVITY

| UNIT | PLI | NBO | FI | FCOEI | ROF | WARRANTY DATE |
|------|----------|----------|----------|----------|----------|-------------------------|
| | | | | | | STOVE/OVEN/REFER |
| 1-B | 09/09/20 | | | | | |
| 1-C | 08/12/20 | | | | | |
| 1-D | 07/18/19 | 03/25/20 | 03/25/20 | 04/08/20 | 05/12/20 | 4/8/2021 |
| 1-L | 04/15/19 | 08/20/20 | 08/20/20 | 09/03/20 | 09/09/20 | 9/3/2021 |
| 1-N | 06/10/20 | | | | | |
| 5-B | 10/24/19 | | | | | |
| 5-K | 09/14/20 | | | | | |
| 5-Q | 09/08/20 | | | | | |
| 7-F | 10/01/20 | | | | | |
| 7-L | 06/02/20 | | | | | |
| 7-R | 03/11/20 | VIDEO | 07/13/20 | 07/27/20 | 08/17/20 | 7/27/2021 |
| 10-D | 04/27/20 | VIDEO | 07/01/20 | 07/16/20 | 08/17/20 | 7/12/2021 |

INSPECTOR MUTUAL REPORT

MUTUAL: (15) FIFTEEN

INSPECTOR: **Jerry Antisdel**

| | | | | | | | |
|------|--|----------|----------|----------|----------|----------|-------------|
| 10-Q | | 08/21/20 | | | | | |
| 13-C | | 03/13/20 | 07/17/20 | 07/21/20 | 08/04/20 | 08/06/20 | 8/4/2021 |
| 13-H | | 09/28/18 | | | | | |
| 14-A | | 05/06/20 | VIDEO | 07/01/20 | 07/16/20 | 09/03/20 | 7/16/2021 |
| 14-D | | 02/03/20 | 03/17/20 | 03/23/20 | 04/06/20 | 05/04/20 | 4/6/2021 |
| 14-H | | 07/28/20 | 08/03/20 | 08/21/20 | 09/07/20 | 09/09/20 | 9/7/2021 |
| 15-B | | 01/02/19 | | | | | |
| 17-H | | 07/29/19 | 01/24/20 | 01/24/20 | 02/07/20 | 02/19/20 | 2/7/2021 |
| 18-D | | 02/19/20 | 03/02/20 | 03/12/20 | 03/26/20 | 05/08/20 | 3/26/2021 |
| 19-E | | 08/21/20 | 09/03/20 | 09/14/20 | 09/28/20 | 10/07/20 | 9/28/2021 |
| 20-H | | 08/05/20 | 09/08/20 | 09/08/20 | 09/21/20 | | 9/21/2021 |
| 21-M | | 01/17/20 | 09/04/20 | 09/21/20 | 10/05/20 | | 10/5/2021 |
| 22-E | | 09/13/19 | | | | | |
| 22-H | | 09/13/19 | | | | | |
| 23-K | | 06/06/19 | | | | | |
| 25-F | | 08/19/19 | 12/19/19 | 01/06/20 | 01/21/20 | 02/23/20 | 1/21/2021 |
| 29-J | | 09/09/20 | | | | | |
| 29-R | | 06/08/20 | 08/20/20 | 08/21/20 | 09/04/20 | 09/21/20 | 9/4/2021 |
| 31-B | | 04/27/20 | 06/15/20 | 06/17/20 | 07/01/20 | 07/27/20 | 7/1/2021 |
| 31-C | | 12/18/19 | VIDEO | 07/02/20 | 07/17/20 | 09/01/20 | 7/17/2021 |
| 32-A | | 08/19/19 | | | | | |
| 32-J | | 10/26/19 | | | | | |
| 32-K | | 12/09/19 | 07/23/20 | 07/28/20 | 08/11/20 | 08/31/20 | 8/11/2021 |
| 34-L | | 03/02/20 | | | | | |
| 37-Q | | 04/19/19 | 03/28/20 | 04/07/20 | 04/21/20 | 05/28/20 | 4/21/2021 |
| 40-A | | 06/28/18 | 07/14/20 | 07/20/20 | 08/03/20 | 08/17/20 | 8/3/2021 |
| 41-E | | 05/16/19 | 12/03/20 | 12/10/20 | 12/19/19 | 01/31/20 | 12/19/2020 |
| 41-H | | 10/07/19 | 12/11/20 | 12/11/20 | 12/26/19 | 01/31/20 | 12/24/20220 |
| 41-G | | 08/07/20 | | | | | |
| 41-K | | 05/19/20 | 08/03/20 | 08/04/20 | 08/18/20 | 08/26/20 | 8/18/2021 |
| 41-M | | 08/31/20 | | | | | |

INSPECTOR MUTUAL REPORT

MUTUAL: (15) FIFTEEN

INSPECTOR: **Jerry Antisdel**

| | | | | | | | |
|------|--|----------|----------|----------|----------|----------|-----------|
| 41-P | | 06/10/20 | VIDEO | 07/08/20 | 07/22/20 | 08/26/20 | 7/22/2021 |
| 42-J | | 12/13/19 | | | | | |
| 43-A | | 07/06/20 | 09/17/20 | 09/17/20 | 10/01/20 | | 10/1/2021 |
| 44-A | | 08/30/19 | 06/30/20 | 07/07/20 | 07/21/20 | 08/28/20 | 7/21/2021 |
| 46-E | | 01/16/20 | 05/06/20 | 05/06/20 | 05/20/20 | 06/03/20 | 5/20/2021 |
| 46-M | | 09/11/20 | | | | | |

ALL SHADED AREAS HAVE BEEN SIGNED OFF

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

CONTRACTS AND PROJECTS

FENN TERMITE AND PEST CONTROL CONTRACT GOOD UNTIL MAY 31 ST 2023

FENN BAIT CONTROL WORKING ON CONTRACT

EMPIRE PIPE CLEANING CONTRACT GOOD UNTIL DECEMBER 2022

ANGUIANO LAWN CARE CONTRACT GOOD UNTIL JUNE 30 2021

WASH MUTIFAMILY CONTRACT GOOD UNTIL MAY 11TH 2022

SOUTHERN PROPERTY FIRE PROTECTION SERVICED FIRE EXTINGUISHERS IN 12/ 2019 GOOD UNTIL 12/20

LIFT CONTRACT WITH RF ERECTION GOOD UNTIL DECEMBER 31 2020

CLEANIG OF GUTTERS AT BUILING 3 AND 5 BY ROOFING STANDARDS SHOULD BE DONE IN THE NEXT 2 WEEKS

BUILDINGS 15 AND 6 TO REROOF LOOKS LIKE ROOFING STANDARS WILL START SOON

OGAN HAS STARTED LAUNDRY ROOM DOORS THEY LOOK GREAT

MJ JURADO SHOULD BE DONE BY THE END OF OCTOBER FOR PAINTING OF UNLOADING / LOADING AT CARPORTS

CALLS AND VISITS TO UNITS AND LIFTS

ZOOM MEETING

76 CALLS AND VISITS TO UNITS

Mutual Corporation No. Fifteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AUTHORIZE TRANSFERS OF FUNDS FOR MUTUAL FIFTEEN (CONSENT CALENDAR, ITEM A)
DATE: OCTOBER 26, 2020
CC: MUTUAL FILE

I move that the Mutual Fifteen Board authorizes the following transfers of funds per detailed and dated resolutions.

| <i>Transfer/ Invoice Date</i> | <i>Amount</i> | <i>Originating/Destination Accounts or Payee</i> |
|-----------------------------------|---------------|--|
| 9/1/2020 9/4/2020 | \$12,288.06 | Invoice #80248 and 80481 – Payee Carol Hankins (Deposit refund on repairs) |
| 9/1/2020 9/4/2020 | \$12,213.15 | Invoice #80249 and 80485 – Payee Carol Simone, Trustee (Deposit refund on repairs) |
| 9/9/2020 | \$132,657.42 | Transfer from US Bank Checking to GRF-US Bank Checking |
| 9/9/2020 | \$103,913.87 | Transfer from US Bank Checking to US Bank Impound |
| 9/9/2020 | \$246,567.91 | Transfer from ACH-Direct Debit from Multiple Shareholders to US Bank Checking |

Mutual Corporation No. Fifteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: APPROVAL OF MUTUAL MONTHLY FINANCES (NEW BUSINESS, ITEM A)
DATE: OCTOBER 19, 2020
CC: MUTUAL FILE

I move to acknowledge, per the requirements of the Civil Code Section 5500(a)-(f), a review of the 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, an income and expense statement for the Mutual's operating and reserve accounts, the check registers, monthly general ledger and delinquent assessment receivable reports for the month of September, 2020.

Mutual Corporation No. Fifteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO AMEND RULES AND REGULATIONS SECTION 5.20
– SECONDARY CARPORT STORAGE CABINETS (NEW BUSINESS, ITEM B)
DATE: OCTOBER 19, 2020
CC: MUTUAL FILE

I move to amend Rules and Regulations, Section 5.20 – Secondary Carport Storage Cabinets on a preliminary basis until the 28–day posting period is completed.

("CVC") Section 22658. All vehicles, parked in the carport must have a Seal Beach Leisure World ("SBLW") decal issued by the Security Department affixed and displayed on the lower left windshield; however, the Mutual Board may waive the requirement to display and affix the SBLW decal ONLY in unique and rare circumstances (contact the Mutual Board for consideration). If the vehicle parked in the carport has a cover, there must be a "window" cut out in such cover so that the decal is visible. Any vehicle that is not compliant with these rules may be towed at the owner's expense and as specified in CVC Section 22658. Any stored items in the carports must be completely contained in the carport cabinets. Current fire regulations prohibit the storage of fuel or any combustible material in the carport areas. When parked in the carports, all vehicles must be headed inwards. Mechanical repairs on vehicles are not permitted except for minor maintenance such as jumping of a battery, checking or adding oil or water, or changing wiper blades. Changing of oil is not permitted. No person shall park any vehicle in any carport not assigned to them without permission from the affected shareholder. Any vehicle leaking oil, antifreeze, or any other hazardous material is prohibited from parking in a Mutual carport or on a Mutual street or driveway. It is the shareholder's responsibility to clean up any hazardous material spill or the Mutual will have them cleaned up. In such case, the shareholder will be billed for the cost. ALL hazardous waste materials, including kitty litter, must be disposed of at any Orange County Approved Hazardous Waste Site. The carport floor space may NOT be used as a storage area, whether free-standing or in any type of container. Boats or trailers of any size or kind may not be parked in the carport. Any damage to the carport is the responsibility of the assigned shareholder, not any renter of a carport. Only a Bicycle, Tricycle, folding shopping cart, ladder or approved non-wood storage cabinets may be stored under the cabinet in the Shareholder's assigned or rented space. At each inspection of the carports by the Mutual Board representative, a notice will be given to the shareholder whose carport is in violation of this policy. Improperly stored material must be removed within ten (10) days or the material will be removed at the Shareholder's expense. In order to accommodate routine cleaning and property servicing, Shareholders may not store an inoperable vehicle in a carport space.

Section 5.19 — Carport Assignments.

Carport assignments are controlled by the Mutual and a record of such assignments is kept in the Stock Transfer Office of GRF. Shareholders desiring to change carport assignments must negotiate the new arrangement on their own and obtain approval from the other Shareholder and record the exchange in the Stock Transfer Office.

Section 5.20 — Secondary Carport Storage Cabinets.

Shareholders are permitted to have a secondary carport storage cabinet installed beneath the existing cabinet with approval of the Board of Directors. **All work to be completed by a licensed contractor** with a permit from the GRF Physical Property Department. The cabinet shall be built per the dimensions and specifications shown in this policy. The paint and hardware must match the existing cabinet. The maintenance and damage to carport cabinets is the responsibility of the Shareholder. Carports that have secondary storage cabinets below the original cabinets may have ladders attached to the cabinets or walls.

Any other construction which involves the Mutual's carports, walls, floors, beams or ceilings is not permitted.

Section 5.21 — Electric Carts and Golf Carts.

Shareholders who own oversized golf carts or low speed vehicles ("LSVs") that are designed to carry more than four (4) people must park these vehicles on the street or in the carport. Any cart damaging a sprinkler will result in the owner being responsible for any damage. No charging of electric carts, cars or scooters is allowed in carports. Shareholders may park any electric vehicle, including automobiles in their assigned carport space.

Section 5.22 — Sidewalk Traffic Restriction.

5.22.1 Gasoline-Powered Vehicles. Gasoline-powered vehicles, including two-wheeled gasoline-powered vehicles, are prohibited from using sidewalks in the Mutual. Exceptions shall be limited to the following: (1) Emergency medical vehicles belonging to the Health Care Center; (2) Service vehicles designated for sidewalk use belonging to GRF; (3) Service vehicles designated for sidewalk use belonging to contractors or vendors doing business with Qualifying Residents, Shareholders or corporations (such as newspaper carriers). This exception does not include mopeds and motor scooters.

5.22.2 Roller Skates, Rollerblades, Skateboards, Scooters. Due to potential safety hazards, visitors in the Mutual who are the responsibility of the Qualifying Residents may not use roller skates, roller blades or skateboards or scooters (motorized or other) on Mutual sidewalks or streets. Except that employees working in Leisure World, and visitors residing outside of Leisure World, may ride Bicycles or Tricycles on Mutual sidewalks or streets only if accompanied by a Qualifying Resident.

5.22.3 Golf Carts or LSVs. Shareholders may operate a golf cart or LSV less than forty-eight (48) inches in width on a sidewalk only from the point of origin to the nearest driveway or place of exit to the street. Larger golf carts or LSVs are not permitted to be operated on sidewalks. Shareholders should never exceed five (5) miles per hour on any sidewalk regardless of the time of day. Unless an emergency exists, Shareholders driving golf carts, LSVs, or any other vehicle may not use a sound device to alert pedestrians of their presence. Passing a pedestrian on a sidewalk is acceptable ONLY if the pedestrian acknowledges the driver's presence and invites them to pass. Only soft-voice alerts such as "good morning" are acceptable to alert pedestrians of the vehicle's presence. Pedestrians always have the right-of-way on sidewalks, followed by, in order of priority, non-powered wheelchairs, power wheelchairs, mobility scooters, Tricycles and Bicycles. Golf carts or LSVs cannot obstruct any portion of sidewalks.

5.22.4 Shareholder Responsible for Injury or Damage. Damage caused by a Shareholder or a Shareholder's caregiver, family member, guest, or vendor shall be the responsibility of the Shareholder.

5.22.5 Health Care Center and/or GRF Golf Carts or LSVs. Golf carts or LSVs that are designed for sidewalk use and belong to the Health Care Center ("HCC"), GRF, or contractors or

Mutual Corporation No. Fifteen

MEMO

TO: MUTUAL BOARD OF DIRECTORS
FROM: MUTUAL ADMINISTRATION
SUBJECT: DISCUSS AND VOTE TO APPROVE THE SOCIAL MEDIA RULES AND REGULATIONS (NEW BUSINESS, ITEM C)
DATE: OCTOBER 19, 2020
CC: MUTUAL FILE

I move to approve the Social Media Rules and Regulations as written by Legal.

**Seal Beach Mutual No. Fifteen
Social Media Policy**

This Social Media Policy of Seal Beach Mutual No. Fifteen (“Mutual”) shall apply to use of any non-Mutual affiliated Facebook page and any other social media account, created to be used by the shareholders of the Mutual to facilitate communication among shareholders.

I. Use of Social Media by Shareholders

- A. Administrator(s) of any social media page or website may not prominently feature the name of the Mutual in the page title or otherwise mislead viewers and/or visitors of the social media page into believing it is an Mutual-maintained site. The page must include a prominent disclaimer clearly stating that the site is not run by or associated with the Mutual and only represents the views of individual homeowners and not that of the Board or Mutual.
- B. Posts containing any of the following items are prohibited and will be deemed a violation of this Social Media Policy:
- Personal attacks of any kind against or harassment of any member of the community
 - Information that may compromise the safety, security, or proceedings of any legal action pertaining to the Mutual
 - Any Mutual documents, minutes, or financials intended to be accessed by shareholders only

II. Enforcement

In the event any content is found to be contrary to this Social Media Policy, the shareholder posting such content will be deemed in violation of this policy and the Mutual’s governing documents.

**The Boulevard Community Corporation
Social Media Policy – Board of Directors**

Board members must be especially wary when engaging with the community on social media. While Board members should stay off social media relating to the Mutual altogether, if they do choose to engage on social media at all, their actions are governed by this “Social Media Policy – Board of Directors.”

Outside of a Board meeting, Board members are not authorized to speak on behalf of the Board and should not attempt to do so. When not in a Board meeting, Board members should consider themselves to only be shareholders of the Mutual and as such, they should not speak on behalf of the Board on any subject matter affecting the Mutual, including but not limited to, comments on social media. Board members have a fiduciary duty of loyalty which require them to act in the best interest of the Mutual and should be mindful that any statements made by Board members, on social media or otherwise, may potentially be used against the Mutual. Accordingly, Board members should refrain from commenting on any matters involving the Mutual on social media, whether commenting as an individual or as a director.

I. Use of Social Media by Board Members

In addition to the Social Media Policy intended for all shareholders, Board members will also be subject to this Social Media Policy for Board members. Posts made specifically by Board members containing any of the following items are prohibited and will be deemed a violation of this Board of Directors’ Social Media Policy. Please note that this is not an exhaustive list:

- Contents of discussion during any Executive Session meetings of the Board
- Approval of or any indication of approval of architectural modifications by other shareholders
- Confidential business relating to the Mutual including but not limited to, Board resolutions, legal matters, and collections matters
- Private information of a community member
- Posts directed to a specific person in the community
- Inflammatory or defamatory remarks about other Board members or homeowners
- Responses to complaints made by shareholders/residents
- Community announcements
- Board candidate statements
- Board agenda, minutes, or formal board communications
- Comments criticizing or advocating against decisions or actions of the Board

II. Enforcement

In the event any content is found to be contrary to this Social Media Policy, the Board member

posting such content will be deemed in violation of this policy and subject to appropriate enforcement action in accordance with the Mutual's governing documents, which may include censure (after notice and opportunity for hearing) or legal action.

Furthermore, if a Board member violates this policy, he/she may be found to be in violation of his/her fiduciary duties which may be cause for legal action enjoying such violation and/or recovering damages therefor.

DRAFT