

**MINUTES OF THE ANNUAL SHAREHOLDERS' MEETING
SEAL BEACH MUTUAL SIX
August 7, 2020**

The Annual Meeting of the Shareholders of Seal Beach Mutual Six, a California corporation, was called to order by in President Granger's absence Vice President Baidack at 9:59 a.m. on Friday, August 7, 2020, in Clubhouse 4.

PLEDGE OF ALLEGIANCE

GRF President, Susan Hopewell led the *Pledge of Allegiance*.

QUORUM

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

SHAREHOLDER DECLARATION

At the May 22, 2020 Regular Board Meeting, Mary Granger of Unit 55-F, declared her intent to vote cumulatively at this Annual Shareholders' Meeting.

CERTIFICATION OF NOTICE OF MEETING

Secretary Frank DePalma read the Certification Notice:

I, Frank DePalma for Seal Beach Mutual No. Six, hereby certify that the Notice of Stockholders' Meeting and Ballots were mailed in accordance with Article IV, Section 4, of the Bylaws of said Corporation to all subscribers of common stock as of August 7, 2020.

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

INTRODUCTION OF CANDIDATES

The following nominated candidates were introduced as follows:

Pennie Alberts	(New Candidate)	Michael S. Simpson	(New Candidate)
Nancy Barber	(New Candidate)	Joe Traub	(New Candidate)
Teresa Boggs	(New Candidate)	Evelyn Velez-Rosario	(Incumbent)
Frank DePalma	(Incumbent)		
Marilyn Hewitt	(New Candidate)		

CLOSING OF NOMINATIONS

Vice President Baidack requested a motion to close the nominations.

Upon a MOTION duly made by Tim May, Unit 140-J, and seconded by Pennie Alberts, Unit 53-D, it was

RESOLVED, That the nominations be closed.

The MOTION passed.

BALLOTING

Vice President Baidack announced that the balloting was now closed. She informed shareholders that they were welcome to observe the counting process on the monitors. She also informed shareholders that the counting of the ballots would be shown live on YouTube.

POSTING RESULTS

Vice President Baidack stated that within 15-days of the election, the Board will publicize the results of the elections in a communication directed to all shareholders. Results of the elections would also be posted on the main doors of all clubhouses upon completion of the final tally of ballots.

MINUTES

Vice President Baidack asked for a motion to dispense with reading the minutes of the last Annual Shareholders' Meeting held on June 28, 2019, and that they be approved as printed and distributed.

Upon a MOTION duly made by Tim May, Unit 140-J and seconded by Pennie Alberts, Unit 53-D, it was

RESOLVED, That the Annual Shareholders' Meeting minutes of June 28, 2019 be approved as printed and distributed.

The MOTION passed.

INTRODUCTION OF CURRENT BOARD MEMBERS AND GUESTS

Vice President Baidack introduced the current 2019-2020 Board members:

Tim May, Vice President	Carol Burge, Director
Vida Simpson, Secretary (absent)	Lynn Baidack, Director
Paul Corrigan, Chief Financial Officer	

Vice President Baidack then introduced the Golden Rain Foundation Representative, Susan Hopewell; Executive Director, Randy Ankeny (absent); and Mutual Administration Director, Jodi Hopkins, and Recording Secretary Kristal Givehand.

PRESIDENT'S REPORT

Ms. Granger did not present her report.

VICE PRESIDENT'S REPORT

Ms. Baidack presented his report.

CHIEF FINANCIAL OFFICER

Mrs. Velez-Rosario presented her report. (attached)

SECRETARY'S REPORT

Mr. DePalma gave a verbal report.

DIRECTORS REPORTS

Landscaping/Grounds Report

No report presented.

Emergency Information

Vice President Baidack gave a verbal report.

GOLDEN RAIN FOUNDATION REPRESENTATIVE'S REPORT

GRF President Susan Hopewell presented her report (attached).

EXECUTIVE DIRECTOR'S REPORT

Mr. Ankeny's presented his report (attached).

**ANNUAL SHAREHOLDERS' MEETING
SEAL BEACH MUTUAL SIX**

August 7, 2020

MUTUAL ADMINISTRATION DIRECTOR'S REPORT

Ms. Hopkins presented her report (attached).

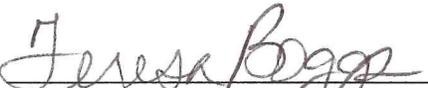
A brief recess was called from 10:39 a.m. to 10:56 a.m., to complete the tabulation of votes.

ELECTION RESULTS

Accurate Voting Service, Inc., reported the following results of the election to the shareholders present. With 246 members representing 61% of the total voting power in Seal Beach Mutual No. Six the following candidates were elected for the 2019-2020 term of office. Pennie Alberts elected with 325 votes; Nancy Barber elected with 144 votes; Teresa Boggs with 136 votes; Frank DePalma elected with 229 votes; Marilyn Hewitt was not elected with 101 votes; Michael S. Simpson elected with 220 votes; Joe Traub was elected with 182 and Evelyn Velez-Rosario was elected with 261 votes.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 10:59 a.m.



Attest, Teresa Boggs, Secretary
SEAL BEACH MUTUAL SIX
kg: 08/07/2020
Attachments

Financial Summary



Mutual 6

I've been in LW for 5 years but full-time in Mutual 6 for the last 2 years. I've managed \$20 million operating budgets and \$300 million capital budgets for the past 40 years in Washington, D.C. and San Jose. I also managed the funding, design and construction of multi-million dollar community centers, theaters, park facilities and other public projects. I joined the Mutual 6 Board last year in November to fill one of the vacant positions. I handled Physical Properties for a couple months and then became the Chief Financial Officer 4 months ago in April. It's been a challenge getting up to speed on our budget system so quickly, and I want to recognize the GRF Finance and Budget staff for all their help, both Carolyn Miller and Diane Schultze.

So what I'd like to present to you now is a general summary of how we spend your monthly assessment, and what money we have for upcoming capital projects. I've tried to make the presentation as painless as possible, but it is beyond my skills to make a bunch of numbers exciting so if you fade out in the middle I've wrapped it up at the end with some key considerations for the incoming Board.

2019 Income



Income Category	2019 Actual
Shareholder Monthly Assessment	\$1,570,735
Real Estate Transactions	\$55,750
Interest Income	\$36,599
Laundry	\$14,462
Miscellaneous	\$13,482
GROSS REVENUE	\$1,691,028
Minus Transfers to Capital Reserves (23% of Shareholder Monthly Assessment)	-\$364,605
NET OPERATING REVENUE	\$1,326,423

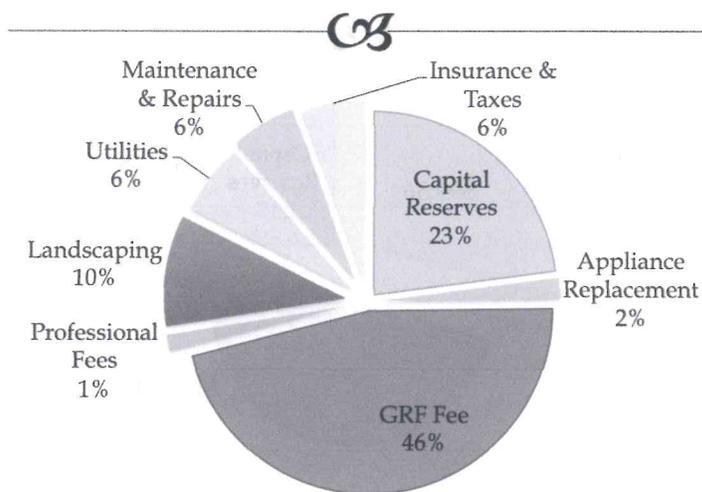
To start with our income, the \$320.82 per unit monthly assessment in 2019 totaled \$1,570,735. Real Estate Transactions are the inspection fees and buyer premiums that we charge every time a unit sells in Mutual 6. We charge approximately \$1,500 per sale and must have sold some 38 units for a total of \$55,750. We had bank interest of \$36,599 and Laundry income of \$14,462. This is the gross income for laundry and does not reflect what we spent on washer and dryer repairs and replacements. As you know, the Board contracted with National Services recently to provide and maintain the washers and dryers, so future income in this line will reflect the real net gain.

With \$13,482 in Miscellaneous income (mostly legal fee reimbursement), our gross revenue was \$1,691,028. But 23%, or \$364,605, of the Shareholders Monthly Assessment was set aside for Capital Reserves and you'll see it in a later slide. We'll add a little more money to it from our Operating account so the Capital Reserves will increase to 25% over the next two slides.

So the Net Operating Revenue for last year was \$1,326,423. How did we perform last year? We were slightly under budget with total operating expenses of \$1,312,735.

But my next slide is about how we spent our Gross Revenue of \$1,691,028.

2019 Expenses \$1,677,340

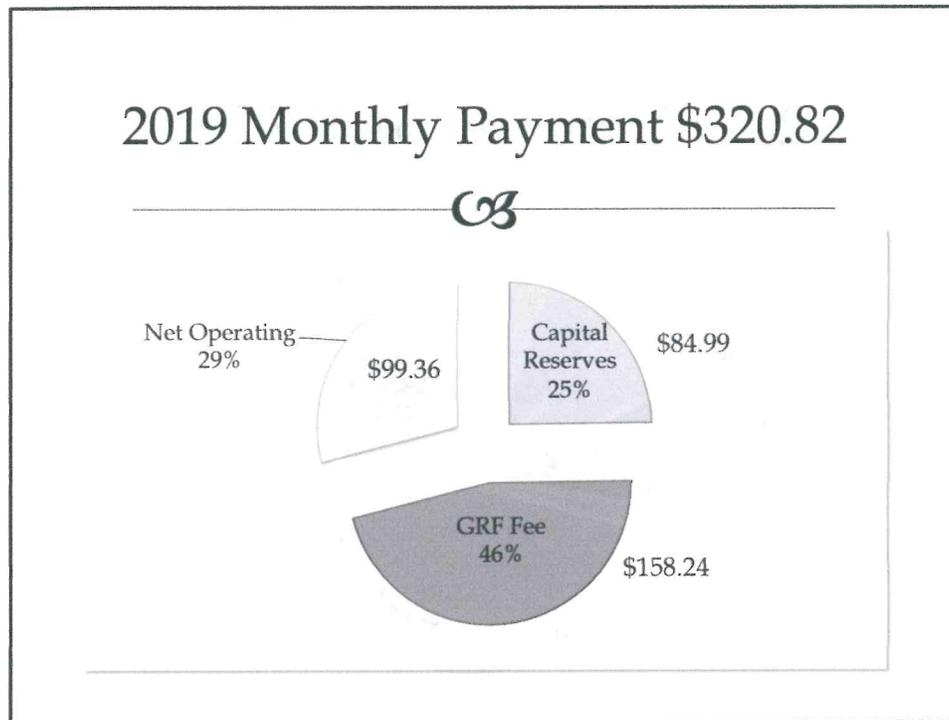


This pie chart illustrates how that money was spent.

- 46% is a pass-through to GRF for community facilities management.
- On the right hand side, you see 23% for Capital Reserves and an additional 2% for Appliance Replacement. In the following slide, you'll see I've combined them and show it as 25% for Capital Reserves.
- So 46% GRF plus 2% Appliance Replacement and 23% Capital Reserves leaves us with 29% for actual operating expenses, or \$486,491. That was used for
 - landscaping (10%),
 - utilities (6% and much lower than the fees other Mutuals pay because the solar panels pay for almost all the community electrical expenses),
 - service maintenance and repairs (6%),
 - Insurance and Taxes (6%), and
 - Professional Fees (1%).

To simplify this chart, let's look at how your monthly assessment is spent

2019 Monthly Payment \$320.82

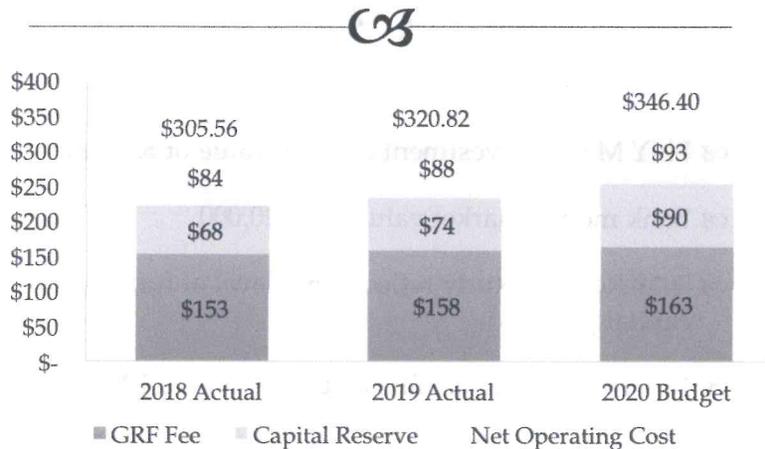


The monthly 2019 assessment was \$320.82. Whatever you paid monthly in excess of this was set aside to pay your individual property taxes.

- As shown in the previous chart, 46% of your monthly fee goes to GRF for community facilities and administration. That's \$158.24 of your monthly assessment.
- 25% is set aside for Capital Reserves and Appliance Replacement. That's \$84.99. I'll come back later and give you more information on the Capital Reserves as this is a very important part of our budget.
- And the remaining 29%, or \$99.36 per unit per month is spent on landscaping, maintenance, repairs, utilities, insurance and taxes, and professional fees.

How has that changed over the last three years?

3-Year Monthly Payment



This chart shows our monthly assessment broken into the three categories you saw in the previous chart: GRF Fee at the bottom, Capital Reserve in the middle, and Net operating cost on the top.

- In 2018, the Mutual 6 assessment per unit per month was \$305.56.
- In 2019, the assessment increased to \$320.82.
- In 2020, the assessment increased to \$346.40.

The GRF Fee, on the bottom, increased 7% over those 3 years to \$163 this year. On the top, the yellow portion, the net operating costs increased from \$84 to \$93 over 3 years; or 11% increase.

But the middle orange section, Capital Reserves, increased 31% over the last 3 years.

And that's where we're going to continue to see higher increases over the next years.

Capital Reserves



Capital Reserves

- Capital Reserves
 - BNY Mellon investment account value of \$2.2 million
 - Bank money market value of \$520,000
 - 2019 Reserve Study reflects 55% level of funding for capital projects
 - Reserve funding ideally should be 70% to 100%

Our Capital Reserves reside in the BNY Mellon investment account and US Bank money market certificates.

- BNY Mellon has a LW contract with a stated low risk/low return investment policy. We purchase short term municipal bonds with the sole intent of keeping up with inflation. Since 2004, our rate of return has exceeded the rate of inflation and especially in these last months that have experienced such market volatility.
- The US Bank money market certificates are also short-term to ensure that we have cash available for operating and capital projects.

Every year, we receive a Reserve Study that tells us where we stand with regard to our funding and the anticipated funding need. Based on the most recent 2019 Reserve Study, Mutual 6 has funding for 55% of the total anticipated projects. The reserve funding level should ideally be 70% to 100% of anticipated projects.

Capital Reserves



Capital Project	June 30, 2020 YTD Actual Funding	2020 Estimated Replacement Cost
Infrastructure*	\$457,692	\$780,300
Roofs	\$1,877,162	\$2,517,750
Painting	\$96,338	\$220,000
Re-pipe	\$297,362	\$1,472,000
TOTAL**	\$2,728,554	\$4,990,050

* Includes sidewalks, solar panels, block walls, wood surfaces, pole lights. Does not include sewer renovation.

** Additional reserve of \$32,263 for Appliance Replacement not reflected.

Here you can see the breakout of project budgets. The first column lists Infrastructure, Roofs, Painting and Re-Piping projects. The second column reflects the actual funding available as of June 30, 2020, and the third column has the estimated replacement cost per the Reserve Study.

Infrastructure reserve as of June 30th is \$457,692 and includes sidewalks, solar panels, block walls, wood surfaces, pole lights and a few other small projects. It does not include sewer renovations, which we are trying to quantify the cost.

Roofs were last replaced over a 9 year period that began in 1990, and the newest roofs are now 30 years old. Although we don't have major roofing problems yet, we need to be prepared to replace roofs over the next 5-10 years.

Painting doesn't appear to be a problem but re-piping is actually our highest priority project and is barely funded. Re-piping will resolve the odor problem reported by many shareholders, but more importantly, it will prevent a potential line break. Because of the pipe locations, one leak could damage 4 units. For that reason alone, Physical Properties has identified this as our highest priority project. The solution will be to transfer money from Roofing to Re-Piping when we are safely able to enter homes without fear of spreading infection.

So you see where we need to go over the next decade in terms of capital funding. This entire funding gap doesn't need to be closed immediately, but it definitely needs to be our short-term priority.

Next Steps



- ☞ 2020 expenses under budget
- ☞ Investments are stable
- ☞ 2021 Budget process is underway
 - GRF Fee
 - Operating Fee
 - Capital Reserves

On to the wrap-up, the current 2020 expenses are under budget, investments are stable, and we've started working on the 2021 Budget. GRF Fees are projected to increase primarily due to insurance. Insurance and labor increases will also increase our Operating Fee. And we will continue increasing the Capital Reserves over the next 5-10 years until we close the funding gap.

On a personal note, I want to thank Frank DePalma for his service, for managing the laundry rooms, and for always trying to improve our community. I want to thank Lynn Baidack for coming to our aide in a trying time and taking control of the irrigation system and resolving a host of long-standing problems. And I want to thank Charlotte Cone for joining our Board in order to ensure that we could meet today.

I also want to say how much I have enjoyed working to improve our community. My goal is to make sure we are financially sound and remain one of the most attractive communities in LW. Every week I look around and think how happy I am to live here. During this shut-down, we have enjoyed biking to the beach for a picnic, golfing at different courses, and playing guitar. We have to practice dance at home and play bridge on-line, but it's a small price to pay to help keep our community safe and healthy. I encourage you to remain hopeful, laugh often, and help your neighbors. Thank you for your attention and for giving me this opportunity to serve.

Mutual 6 Annual Meeting
August 7, 2020
Susan Hopewell, GRF Director Report

I want to thank the shareholders in Mutual 6 for the opportunity to serve on the GRF Board for the last four years. It has been an honor to represent you. I look forward to continuing to serve the Board and our community for this next term.

This past year has been an interesting and challenging year, to say the very least.

The COVID-19 pandemic reminds us that our businesses and personal environments can shift abruptly. GRF's focus is the safety of our residents and our community. GRF adapted processes and strategies so that the business of running our community and the Mutuals could move forward safely and successfully. I think the most innovative changes happened in Mutual Administration and Stock Transfer. How we do business and serve the Mutuals is vastly different today. Many of these changes have proven to be more efficient and effective and will be permanent going forward. Prior to March of this year, whoever heard of Zoom? Now, we are all conducting meetings, taking classes, and staying socially connected with friends and family, thanks to Zoom. GRF staff and Mutual Directors have been critical to our success so far and are vital to our continued success. Frankly, this is true even without the challenge of COVID-19.

I am grateful to our volunteer Mutual 6 Board members. It is never an easy job, but this term brought new challenges. Thank you to those that were unable to complete their terms of office and to those currently serving on the Board.

I am extremely proud of our shareholders for their activism in making masks to protect our LW community as well as our frontline essential workers outside our community. I thank shareholders for embracing personal responsibility by wearing a mask and social distancing. No, it is not fun. But it is highly effective, and it will eventually get us all where we want to be, back to being socially active, back to enjoying summer concerts, back to seeing family, back to giving and receiving hugs.

Mr. Ankeny, I genuinely believe our at-risk community has fared as well as it has because of your research and leadership during this unprecedented deadly pandemic. Please know you have the gratitude and full support of the GRF Board of Directors.

GRF Representative's Report

As a result of the unprecedented COVID-19 crisis, which has fundamentally affected all of us, Annual meetings of the members have been delayed until now. I want to thank everyone for the opportunity to serve Mutual Six. I am proud of the way that the GRF Board and the Board of Mutual Six have taken action to support the community, our Mutual and our fellow Shareholder/members.

The adaptation of processes and strategies by the Mutuals, the GRF Board and the staff have been critical to the recovery ahead. The COVID-19 pandemic reminds us that the operating environment can shift abruptly, but our focus remains on the safety of our residents and our community.

I am pleased to present the GRF Annual Report: a statement of who we are, what we can do and how we are succeeding.



2019/2020 Executive Directors Annual Report

“There are far better things ahead than we leave behind”

C.S. Lewis

What a heartening quote to sum up the optimism our community feels regarding the effect the of the COVID-19 pandemic- “...there are far better things ahead...” The 2019/2020 Board term has truly been courageous in our collective fight against COVID-19 and in recognizing that we have reached that point in the communities life where we can no longer just place another coat of paint over our problems, but must make the difficult decisions to renew and rebuild, constructing a new, stronger foundation to serve our community well into the future.

Throughout this term, during periods of challenges and change, we have shown our resiliency. Together we are enduring a world changing event; with Coronavirus, we planned, we stayed calm and, most importantly, we are standing together as a community of friends and neighbors.

There are turning points in the life of a community, especially as a community ages past the fifty-year point. Many communities begin to fail and fall into disrepair with depreciating values, simply because Boards have not planned and could not respond to needed change. They could not meet a challenge. They could not change their current trajectory. They could not break free of old commitments and obligations. They did not have the strength.

Strength is a vital component to serve on a Board. We are blessed with caring volunteers who freely give their time to serve their fellow shareholder/members. Our Board members worked together establishing prudent financial planning, creating greater strength, greater courage, greater self-confidence, and greater transparency in what must done to protect and enhance the lifestyle and property values of our community.

Our strength is in working together, building consistency, building consensus regarding the tasks that had to be done, building the resolve to take risks, building the resolution to communicate with people and to unwaveringly address difficulties and dilemmas, building the skill to maintain community responsibilities even when the

actions may impinge upon a few, comprehending that it's the mutual benefit of a majority of the members that counts. This is foundation building for our future and the challenges that will be met and overcome together.

I want to express my sincere gratitude to the Mutual and GRF Board members for your service. Board service is the toughest volunteer role and you took on your Board duties with dedication, grace, and commitment.

My team and I are proud to be part of your community and your lives. Daily I see resilient, strong, and very compassionate people all working together.

We currently are facing times of uncertainty, but also a time of great promise. Yes, there are far better things ahead.

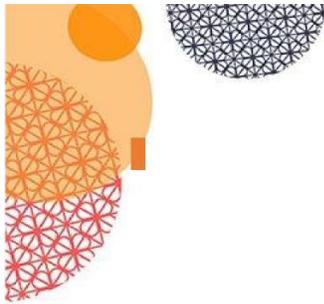
Best Regards,



Randy Ankeny, Executive Director

GRF, Seal Beach, CA

Together
We're making
a difference



Annual Mutual Shareholders' Meeting 2020

The GRF provides an enhanced quality of life for our active adult community of Seal Beach Leisure World.

Give me a platform and I am going to pick a few moments to celebrate our successes over the last year: please feel free to cheer with us because this has been by far the most difficult year. This pandemic has been an eye-opener for all of us. Moving into uncharted territory as we begin to reopen services requires innovation from us all. If it were not for technology, we would not have learned a new platform zoom; it was difficult at first and we are experts now! It has been a survival kit for us to continue to conduct the Mutual business. How reassuring it has been to know that we can count on all our efforts.

The greatest gift you can give is your time. Volunteers give their time and are the lifeblood of any Community. The work you have accomplished emphasizes the values and priorities of your Community.

Thank you to the Mutual Board of Directors, always answering our calls, responding to our emails, and bringing your dedication, loyalty, commitment, experience, and resources to the job of making life better for all of us.

Our team of staff members, along with the new or returning Mutual Directors, are willing to take on another year to continue the growth of our Community by incorporating everyone and working for the good of all. We will continue to have many successful years.

Thank you to the GRF Board of Directors, more specifically, your GRF Representative.

Thank you to our truly outstanding Executive Director, Mr. Randy Ankeny – whose leadership and vision steered us from day one. Thank you for your extraordinary ability and leadership to guide us always. We appreciate the efforts made by you. With your guidance we are ready to meet the coming challenges.

In closing, my sincere appreciation and gratitude. Thank you to everyone for your part in our journey.

Sincerely,

Jodi Hopkins, Mutual Administration Director

