

**MINUTES OF THE SPECIAL ZOOM CONFERENCE  
MEETING OF THE BOARD OF DIRECTORS  
SEAL BEACH MUTUAL SIX  
October 3, 2022**

The Special Zoom Conference Call meeting of the Board of Directors of Seal Beach Mutual Six was called to order by President Baidack on Monday, October 3, 2022, at 9:00 a.m. in Conference Room A and Zoom Video and Conference Call.

Pledge of Allegiance led by Vice President Boardman.

The members present were President Baidack, Vice President Boardman, Chief Financial Officer Cone, Secretary Boggs, Directors Comfort (**entered at 9:13 a.m.**), DePalma, and Velez-Rosario.

GRF Representative: Susan Hopewell (**left the meeting at 9:13 a.m.**)

Staff present                      Mallorie Hall, Director of Finance  
   Ripa Barua, Portfolio Specialist

Guests:                              Two Mutual Six Shareholders via Zoom

No shareholder comments.

The purpose of this meeting is to discuss and vote to approve the 2023 Operating Budget.

Following a discussion and upon a MOTION duly made by President Baidack and seconded by Director DePalma, it was

RESOLVED to approve the 2023 Operating Budget for Mutual Six of \$2,099,268, resulting in a regular monthly assessment of \$428.76 per apartment per month, for an increase of \$38.00 per month over the total regular assessment of 2022, as presented, and to adopt this budget forthwith.

The MOTION passed unanimously with ROLL CALL vote.

President Baidack adjourned the meeting at 9:52 a.m.

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Attest, Teresa Boggs, Secretary  
SEAL BEACH MUTUAL SIX  
RB 10/03/22  
Attachments

**Seal Beach Mutual Six  
Operating Budget  
Year Ended December 31, 2023**

**408**

**Apartments**

	Average Monthly Per Apartment			Operating Budget In Dollars		
	2023	2022	Change	2023	2022	Change
Electricity	3.06	2.45	0.61	14,982	11,995	2,987
Telephone	0.00	0.13	(0.13)	0	636	(636)
Water	20.39	17.15	3.24	99,829	83,966	15,863
Trash	11.50	9.96	1.54	56,304	48,764	7,540
<b>Total Utilities</b>	<b>34.95</b>	<b>29.69</b>	<b>5.26</b>	<b>171,115</b>	<b>145,361</b>	<b>25,754</b>

Management Fee	0.00	0.56	(0.56)	0	2,742	(2,742)
Legal Fees	1.02	2.66	(1.64)	4,994	13,023	(8,029)
Investment Fees	1.08	1.02	0.06	5,288	4,994	294
<b>Total Professional Fees</b>	<b>2.10</b>	<b>4.24</b>	<b>(2.14)</b>	<b>10,282</b>	<b>20,759</b>	<b>(10,477)</b>

Janitorial Services	0.00	0.00	0.00	0	0	0
Landscape - Contract	31.22	31.22	0.00	152,853	152,853	0
Landscape - Extras	2.45	2.66	(0.21)	11,995	13,023	(1,028)
Green Waste Bins	0.74	0.74	0.00	3,623	3,623	0
Painting	0.61	0.61	0.00	2,987	2,987	0
Pest Control	1.97	2.25	(0.28)	9,645	11,016	(1,371)
Structural Repairs	1.90	2.25	(0.35)	9,302	11,016	(1,714)
Miscellaneous Services	0.37	0.31	0.06	1,812	1,518	294
Escrow Expense	0.00	0.00	0.00	0	0	0
Office Supplies	0.00	0.00	0.00	0	0	0
Standard Service	15.32	15.32	0.00	75,007	75,007	0
<b>Total Services</b>	<b>54.58</b>	<b>55.36</b>	<b>(0.78)</b>	<b>267,224</b>	<b>271,043</b>	<b>(3,819)</b>

State & Federal Taxes	0.20	0.16	0.04	979	783	196
Property & Liability Insurance	32.96	28.55	4.41	161,372	139,781	21,591
<b>Total Taxes &amp; Insurance</b>	<b>33.16</b>	<b>28.71</b>	<b>4.45</b>	<b>162,351</b>	<b>140,564</b>	<b>21,787</b>

<b>Operating Expenses</b>	<b>124.79</b>	<b>118.00</b>	<b>6.79</b>	<b>610,972</b>	<b>577,727</b>	<b>33,245</b>
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**Income from Services**

Merchandise Sales	0.00	0.00	0.00	0	0	0
Laundry Machines	0.82	1.02	(0.20)	4,015	4,994	(979)
<b>Total Services Income</b>	<b>0.82</b>	<b>1.02</b>	<b>(0.20)</b>	<b>4,015</b>	<b>4,994</b>	<b>(979)</b>

**Financial Income**

Interest Income	2.03	2.73	(0.70)	9,939	13,366	(3,427)
Gain/Loss on Investment	0.00	0.00	0.00	0	0	0
Late Charges	0.15	0.10	0.05	734	490	244
Inspection Fees	6.13	6.13	0.00	30,012	30,012	0
Buyers Premium	3.68	3.68	0.00	18,017	18,017	0
Miscellaneous	0.61	0.04	0.57	2,987	196	2,791
Parking Fines	0.00	0.00	0.00	0	0	0
<b>Total Financial Income</b>	<b>12.60</b>	<b>12.68</b>	<b>(0.08)</b>	<b>61,689</b>	<b>62,081</b>	<b>(392)</b>

<b>Operating Income</b>	<b>13.42</b>	<b>13.70</b>	<b>(0.28)</b>	<b>65,704</b>	<b>67,075</b>	<b>(1,371)</b>
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Net Operating Cost	111.37	104.30	7.07	545,268	510,652	34,616
Reserve Funding	124.16	114.44	9.73	607,946	560,309	47,637
<b>Total Mutual Costs</b>	<b>235.53</b>	<b>218.74</b>	<b>16.80</b>	<b>1,153,214</b>	<b>1,070,961</b>	<b>82,253</b>
Allocated Trust Cost	193.23	172.03	21.20	946,054	842,259	103,795

<b>Regular assessment</b>	<b>428.76</b>	<b>390.77</b>	<b>38.00</b>	<b>2,099,268</b>	<b>1,913,220</b>	<b>186,048</b>
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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 Six  
Assessment And Reserve Funding Disclosure Summary**

- 1) The current regular assessment per ownership interest per month is \$ 424.76 and the portion allocated to reserves per ownership interest per month is \$ 112.17 .
- 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) No major components, were omitted from the reserve study, and none are excluded from the existing reserve funding:
- 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 2022 fiscal year is \$ 5,175,125 based in whole or in part on the last reserve study update or prepared by the board as of 8/30/2022. The projected reserve fund cash balance at the beginning of the 2023 fiscal year is \$ 1,661,943 reserves being 32.1% 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
2023	\$ 5,480,625	2,052,843	37.5%
2024	5,631,220	2,330,247	41.4%
2025	5,044,393	1,938,335	38.4%
2026	4,929,958	2,078,920	42.2%
2027	4,755,428	2,178,278	45.8%

This financial representation set forth in this summary is 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 Six  
Replacement Reserve Summary  
Budget Year 2023**

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 2023 Funding	Estimated % Funded
Paint	10	2	250,000	200,000	143,675	35,000	89.3%
Roof	30	1 - 9	3,817,300	3,167,140	1,129,990	275,000	44.4%
Infrastructure	1 - 70	0 - 13	2,441,650	1,807,985	388,277	239,200	34.7%
Total			6,508,950	5,175,125	1,661,943	549,200	42.7%

**Seal Beach Mutual Six**  
**Project Listing for Budget Year**  
**2023**

**Painting Reserve Projects**

Description	Unit		Base Line		Year <i>Acquird</i>	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	Percent Funded
	#	Cost	Year	Cost										
Interior and Exterior - Repaint	1	250,000	2023	250,000	2015	2025	8	10	2	80.0%	200,000	143,675	56,325	71.8%
<i>Set Aside For Painting</i>				250,000							200,000	143,675	56,325	71.8%

**Roofing Reserve Projects**

Description	Unit		Base Line		Year <i>Acquird</i>	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	Percent Funded
	#	Cost	Year	Cost										
Comp Shingle Roof (2024) - Repl	1	195,000	2023	195,000	1994	2024	29	30	1	96.7%	188,500	67,254	121,246	35.7%
Comp Shingle Roof (2025) - Repl	1	465,000	2023	465,000	1995	2025	28	30	2	93.3%	434,000	154,845	279,155	35.7%
Comp Shingle Roof (2026) - Repl	1	450,000	2023	450,000	1996	2026	27	30	3	90.0%	405,000	144,498	260,502	35.7%
Comp Shingle Roof (2027) - Repl	1	450,000	2023	450,000	1997	2027	26	30	4	86.7%	390,000	139,146	250,854	35.7%
Comp Shingle Roof (2028) - Repl	1	465,000	2023	465,000	1998	2028	25	30	5	83.3%	387,500	138,254	249,246	35.7%
Comp Shingle Roof (2029) - Repl	1	490,000	2023	490,000	1999	2029	24	30	6	80.0%	392,000	139,860	252,140	35.7%
Comp Shingle Roof (2030) - Repl	1	195,000	2023	195,000	2000	2030	23	30	7	76.7%	149,500	53,339	96,161	35.7%
Comp Shingle Roof (2031) - Repl	1	195,000	2023	195,000	2001	2031	22	30	8	73.3%	143,000	51,020	91,980	35.7%
Comp Shingle Roof (2032) - Repl	1	270,000	2023	270,000	2002	2032	21	30	9	70.0%	189,000	67,433	121,568	35.7%
Carports Roofs (2030) - Replace	1	220,000	2023	220,000	2000	2030	23	30	7	76.7%	168,667	60,178	108,489	35.7%
Carports Roofs (2031) - Replace	1	230,000	2023	230,000	2001	2031	22	30	8	73.3%	168,667	60,178	108,489	35.7%
Carports Roofs - (2032) Replace	1	77,000	2023	77,000	2002	2032	21	30	9	70.0%	53,900	19,231	34,669	35.7%
Gutter System Replace (2024)	1	6,900	2023	6,900	1994	2024	29	30	1	96.7%	6,670	2,380	4,290	35.7%
Gutter System Replace (2025)	1	17,000	2023	17,000	1995	2025	28	30	2	93.3%	15,867	5,661	10,206	35.7%
Gutter System Replace (2026)	1	17,000	2023	17,000	1996	2026	27	30	3	90.0%	15,300	5,459	9,841	35.7%
Gutter System Replace (2027)	1	17,000	2023	17,000	1997	2027	26	30	4	86.7%	14,733	5,257	9,477	35.7%
Gutter System Replace (2028)	1	17,000	2023	17,000	1998	2028	25	30	5	83.3%	14,167	5,054	9,112	35.7%
Gutter System Replace (2029)	1	17,000	2023	17,000	1999	2029	24	30	6	80.0%	13,600	4,852	8,748	35.7%
Gutter System Replace (2030)	1	6,900	2023	6,900	2000	2030	23	30	7	76.7%	5,290	1,887	3,403	35.7%
Gutter System Replace (2031)	1	6,900	2023	6,900	2001	2031	22	30	8	73.3%	5,060	1,805	3,255	35.7%
Gutter System Replace (2032)	1	9,600	2023	9,600	2002	2032	21	30	9	70.0%	6,720	2,398	4,322	35.7%
<i>Set aside for roofing</i>				3,817,300							3,167,140	1,129,990	2,037,150	35.7%

**Seal Beach Mutual Six**  
**Project Listing for Budget Year**  
**2023**

**Infrastructure 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	Percent Funded
	#	Cost	Year	Cost										
Concrete Repair/Replace (2023)	1	85,000	2023	85,000	2022	2023	1	1	0	100.0%	85,000	18,254	66,746	21.5%
Annual Concrete - Repair	1	15,000	2023	15,000	2022	2023	1	1	0	100.0%	15,000	3,221	11,779	21.5%
Pole Lights - Replace	1	141,000	2023	141,000	2000	2030	23	30	7	76.7%	108,100	23,215	84,885	21.5%
Block Wall - Repair	1	22,500	2023	22,500	2004	2034	19	30	11	63.3%	14,250	3,060	11,190	21.5%
Meter Cabinet Doors - Replace	1	8,900	2023	8,900	2014	2034	9	20	11	45.0%	4,005	860	3,145	21.5%
Unit Water Heaters (2024)	1	42,000	2023	42,000	2009	2024	14	15	1	93.3%	39,200	8,418	30,782	21.5%
Unit Water Heaters (2027)	1	42,000	2023	42,000	2012	2027	11	15	4	73.3%	30,800	6,615	24,185	21.5%
Unit Water Heaters (2032)	1	42,000	2023	42,000	2017	2032	6	15	9	40.0%	16,800	3,608	13,192	21.5%
Unit Water Heaters (2036)	1	42,000	2023	42,000	2021	2036	2	15	13	13.3%	5,600	1,203	4,397	21.5%
Laundry Water Heaters - Repl	1	16,000	2023	16,000	2020	2030	3	10	7	30.0%	4,800	1,031	3,769	21.5%
Landscape Trees - Maintenance	1	21,000	2023	21,000	2022	2023	1	1	0	100.0%	21,000	4,510	16,490	21.5%
Landscape Trees - Replace	1	3,800	2023	3,800	2022	2023	1	1	0	100.0%	3,800	816	2,984	21.5%
Plumbing Repairs	1	33,500	2023	33,500	2022	2023	1	1	0	100.0%	33,500	7,194	26,306	21.5%
Wood Surfaces - Repair	1	60,500	2023	60,500	2015	2025	8	10	2	80.0%	48,400	10,394	38,006	21.5%
Attic Entry Screens - Replace	1	6,450	2023	6,450	1990	2035	33	45	12	73.3%	4,730	1,016	3,714	21.5%
Solar Inverters - Replace	1	130,000	2023	130,000	2020	2035	3	15	12	20.0%	26,000	5,584	20,416	21.5%
Solar Panels - Replace	222	1,351	2023	300,000	2020	2035	3	15	12	20.0%	60,000	12,885	47,115	21.5%
Signage - Replace	1	130,000	2023	130,000	2005	2025	18	20	2	90.0%	117,000	25,127	91,873	21.5%
Sewer System - Repair/Repl	1	1,300,000	2023	1,300,000	1960	2030	63	70	7	90.0%	1,170,000	251,266	918,734	21.5%
<i>Set aside for infrastucture</i>				2,441,650							1,807,985	\$ 388,277	1,419,708	21.5%
<i>Total requirement for replacement reserve</i>				6,508,950							5,175,125	1,661,943	3,513,182	32.1%

**Seal Beach Mutual Six  
Reserve Contributions Work Sheet  
Budget Year 2023**

<b>Fund</b>	<b>Estimated Remaining Life</b>	<b>Current Replacement Cost</b>	<b>Reserve Balance Required</b>	<b>Est. Beg. Bal.</b>	<b>Annual Contribution</b>	<b>Per Unit Per Month</b>
Appliance	Note (1)	66,237	66,237	32,075	34,162	\$ 6.97
Painting	2	250,000	200,000	143,675	35,000	Note (2)
Roofing	1 - 9	3,817,300	3,167,140	1,129,990	294,584	Note (3)
Infrastructure (in	0 - 13	2,441,650	1,807,985	388,277	239,200	Note (4)
		<b>Total</b>	<b>5,175,125</b>	<b>1,661,943</b>	<b>568,784</b>	<b>\$ 116.17</b>
Contingency				105,109	5,000	Note (5)
		<b>Total for Budget</b>	<b>\$ 1,799,127</b>	<b>\$ 607,946</b>	<b>124.16</b>	

Project Reserve Contribution Comparison				
Project	2023	2022	Change	Chg PAPM
Appliance	34,162	46,000	(11,838)	(2.42)
Painting	35,000	35,000	-	-
Roofing	294,584	254,600	39,984	8.17
Infrastructure	239,200	219,600	19,600	4.00
Contingency	5,000	5,109	(109)	(0.02)
Total	607,946	560,309	47,637	9.73

**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 \$108,691 and the adjustment is a \$42,454 decrease for a total requirement of \$66,237.

2) The board determined funding of \$35,000 2023.

3) The board determined funding of \$254,600 for 2023.

4) The board determined funding of \$239,200 for 2023.

5) The board determined funding of \$5,000 for 2023.

**Seal Beach Mutual Six  
Appliance Replacement History**

Item	Unit															Installed Cost		
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Total	5 yr Avg.	Unit	Extended
Cooktops	3	3	2	9	6	9	16	13	9	3	5	6	1	5	90	5	\$ 624	\$ 3,120
Ovens	5	6	10	3	7	10	16	12	10	13	7	8	3	5	115	6	1,477	8,861
Refrigerators	16	23	26	22	22	20	16	12	25	21	14	23	19	14	273	22	1,236	27,193
Hot Water Heaters	160	4	6	5	11	11	68	84	42	8	11	17	8	69	504	37	1,009	37,344
Garbage Disposals	9	8	17	16	14	9	21	12	9	9	8	15	8	16	171	13	312	4,055
Sinks - Bath	7	5	5	7	7	12	13	4	6	0	3	4	3	13	89	6	166	998
Sinks - Kitchen	0	1	5	3	5	9	12	2	2	2	1	3	1	0	46	3	699	2,098
Counters - Bath	0	1	1	1	2	1	5	1	2	0	0	0	0	3	17	1	720	720
Counters - Kitchen	1	1	2	2	2	2	5	5	6	0	0	1	1	4	32	2	1,747	3,495
Bath Heaters and Fan	6	8	7	11	9	4	6	7	7	4	5	7	3	9	93	8	586	4,692
Toilets	12	9	9	21	16	23	34	17	16	11	9	4	3	10	194	13	331	4,299
Faucet - Bath	12	8	8	13	8	14	9	5	6	0	7	5	9	10	114	10	170	1,704
Faucet - Kitchen	18	19	16	22	14	24	19	15	30	9	9	14	14	11	234	18	217	3,908
Hot Water Tanks - Laund	0	8	0	0	0	0	0	0	1	0	1	1	0	1	12	2	1,094	2,188
Washers	0	0	6	0	2	6	3	3	4	2	0	2	4	2	34	2	1,064	2,129
Dryers	0	0	1	3	8	5	4	0	0	1	2	2	2	3	31	2	944	1,887
Estimated replacement cost based on average replacement history - 2017 to 2021 times current pricing																		\$ 108,691

Adjustment for projected expenditures in 2023 (42,454)  
Combined current and contingent appliance replacements **\$ 66,237**

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:

2021	\$	43,174
2020	\$	38,339
2019	\$	51,488
2018	\$	39,730
2017	\$	48,231
2016	\$	52,515
2015	\$	85,187
2014	\$	82,426
5 yr average	\$	<u>44,192</u>

SEAL BEACH MUTUAL SIX  
FLOW OF RESERVE FUNDS

Year	Beginning Fund	Annual Funding**	Interest* 0.00%	Loans or Assessments	Expenses	Ending Fund
2022						1,661,943
2023	1,661,943	568,784	0		158,300	2,072,427
2024	2,072,427	625,662	0		326,716	2,371,373
2025	2,371,373	688,228	0		1,056,444	2,003,157
2026	2,003,157	757,051	0		590,400	2,169,808
2027	2,169,808	781,655	0		655,384	2,296,079
2028	2,296,079	807,059	0		643,745	2,459,393
2029	2,459,393	833,288	0		692,909	2,599,772
2030	2,599,772	860,370	0		2,400,960	1,059,182
2031	1,059,182	888,332	0		639,972	1,307,542
2032	1,307,542	917,203	0		615,722	1,609,023
2033	1,609,023	947,012	0		98,509	2,457,526
2034	2,457,526	977,790	0		144,929	3,290,387
2035	3,290,387	568,780	0		1,169,480	2,689,687
2036	2,689,687	587,265	0		169,322	3,107,630
2037	3,107,630	606,351	0		110,873	3,603,108
2038	3,603,108	626,057	0		114,199	4,114,966
2039	4,114,966	646,404	0		185,023	4,576,347
2040	4,576,347	667,412	0		147,599	5,096,160
2041	5,096,160	689,103	0		124,788	5,660,475
2042	5,660,475	711,499	0		202,179	6,169,795
2043	6,169,795	734,623	0		132,388	6,772,030
2044	6,772,030	758,498	0		136,360	7,394,168
2045	7,394,168	783,149	0		984,494	7,192,823
2046	7,192,823	808,601	0		144,664	7,856,760
2047	7,856,760	834,881	0		234,381	8,457,260
2048	8,457,260	862,015	0		153,474	9,165,801
2049	9,165,801	890,030	0		158,078	9,897,753
2050	9,897,753	918,956	0		1,153,515	9,663,194
2051	9,663,194	948,822	0		263,798	10,348,218
2052	10,348,218	979,659	0		172,736	11,155,141
Totals		23,274,539	0	0	13,781,341	

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

\*\* Annual funding shows a 10% increase each year through 2026 and a 3.25% thereafter.