

# **MUTUAL TEN**

**BOARD OF DIRECTORS  
YEARLY REPORTS FOR**

**2016**

**(See information attached.)**

*SEAL BEACH MUTUAL TEN ANNUAL MEETING*  
*PRESIDENT'S ANNUAL REPORT*

**May 18, 2016**

Welcome to our Mutual Ten 2016 Annual Meeting. The first annual meeting of this Corporation was held on November 16, 1963. Thereafter, the annual meetings of the Corporation shall be held on the 3<sup>rd</sup> Wednesday of May according to the By-Laws of Seal Beach Mutual Ten. At the meeting today, the Board of Directors will be presenting reports on the business that has been covered this past year, May 2015 to May 2016—budget, policies and projects.

It is so important for shareholders to take an interest and be a part of the Mutual Board's activities. Business is discussed at the Board meetings and decisions are made to maintain our property at the highest level and to provide an enjoyable, safe environment for all of us. Attend a Board meeting. Find out how the budget is developed and what projects are planned. What's being done about parking? Please get involved. Please volunteer to serve on a committee by contacting a Director. Volunteer to be a Director. Participate! The continuing Board term begins with committee assignments and jumping right in with the 2017 budget.

**VOLUNTEERING** is the ultimate exercise in democracy. You vote in elections once a year, but when you volunteer, you vote every day about the kind of community YOU want to live in. Nobody can do everything, but everyone can do something. Dr. Seuss said, "Unless someone like you cares a whole awful lot, nothing is going to get better. It's not." Care enough and VOLUNTEER! PARTICIPATE! It is the volunteers on this Board and throughout this community that keep costs down. Monthly payments would escalate without the volunteers.

Speak up, stand up and "take the plunge" to volunteer and contribute to the Mutual. The strength of the Leisure World Community, a Cooperative Community, is in the volunteers who work cooperatively with shareholders and the Golden Rain Foundation staff.

Continuing on, with the Mutual Ten family: The “circle of life” brings us to the joyful and the sad passages of life here in Mutual Ten.

- ❖ It has been a real pleasure this year to welcome new shareholders to Mutual Ten. An Orientation team of Directors and the GRF Inspector meet with the new buyers. Sometimes the Building Captain has been available, too.
- ❖ We miss our friendly neighbors who moved to a more suitable setting for their needs.
- ❖ Condolences are expressed to the families and friends of our neighbors who have passed away this past year.

Now, on a personal note, some thank yous:

- ❖ A very big thank you goes to the Mutual Ten GRF Representative, Ronde Winkler. Ronde attended Mutual Board meetings as well as GRF Board and Committee meetings. She kept us fully informed of the GRF activities. We are so pleased to have had her representing the Mutual these past few years. Thank you for your service, Ronde, and the leadership that you have brought to the Leisure World Community as the GRF President.
- ❖ Thank you to Randy Ankeny for finding your way to Seal Beach and offering your knowledge, experience and leadership to this community. There have been positive changes.
- ❖ Mutual Administration Department has been led by a very dedicated, special lady, Carol Weller, who has so warmly touched many of our lives as she has guided the Directors and the shareholders. An extra special thank you goes to Carol Weller and congratulations to Jodi Hopkins. Thank you to the recording secretaries, especially Carol Day who has prepared the Mutual minutes. Thanks to Stephanie Louison and Cindy Tostado who also provide a helpful service to the Mutual. Thank you so much to the Stock Transfer Office team. I have depended on each of them so much.

- ❖ A very special thanks to Kevin Black, Mutual Ten GRF Inspector, who is a part of the Mutual Ten team. Kevin is only a phone call away for emergencies, such as when the water gushes; he checks on the problems, works to get the help needed to resolve them, and follows up to completion. He greets the new buyers professionally and with a warm smile while they are learning about standard and non-standard, an overwhelming time in our lives. Also, Kevin has the challenge of closely monitoring the Mutual contracts, as he works with the contractors. We look forward to working closely with him as the Mutual plans future projects and writes the Physical Property policies.
- ❖ A personal note of thank you to all the GRF staff who provide the Mutual shareholders with supportive services. Thank you to all the departments for your help. Service Maintenance staff—thank you so, so much!

Thank you to the shareholders for the opportunity that I have had to serve as a Director on the Mutual Ten Board the past few years. I have enjoyed meeting so many of you. I am hopeful that you will consider volunteering, too, and support the Mutual.

***"Those who bring sunshine to the lives of others cannot keep it from themselves."      James Matthew Barrie***

***Ruthann Arlart***

***Mutual Ten President***

Vice President's Report  
Mutual 10  
Annual Meeting  
May 18, 2016

The duties of the Vice President include the planning for the annual holiday luncheon, the recruitment and training of Building Captains, and other tasks assigned by the President.

Our October "Shake Out" event to help us prepare for a major event was observed.

On Tuesday, October 20, 2015, a Town Hall meeting was held in Clubhouse 4 to give residents a chance to bring their comments regarding the proposed updates to the Garden Policy (7425.10). It was attended by 60 residents.

Our Holiday Luncheon was attended by 121 our residents and friends. The "Showcase Singers" from Oak Middle School were terrific, second time around! We do not have plans for a Holiday Luncheon at this time, but if someone is interested in heading up a committee to do the luncheon please let your director know.

Many thanks to the individuals in our Mutual who serve as Building Captains and to the folks who helped with the Holiday Luncheon. The volunteer spirit here in Leisure World is one of the things that make this such a wonderful place to live.

Esther Cummings

## Leisure World Seal Beach Mutual Ten Annual Chief Financial Report

Madam President, Members of the Board of Directors and Shareholders of Leisure World Seal Beach Mutual No Ten.

An audit of Mutual Ten Financial Statement was conducted by NSBN LLP CPA's & Advisors. It was comprised of the balance sheet as of December 31, 2015, and the related statement of operations, direct operating expenses, stockholders equity and cash flow, and the related notes to the financial statements. The following is the official auditors' opinion from the report.

"In our opinion, the financial statements present fairly, in all material respects, the financial position of Seal Beach Mutual No. Ten as of December 31, 2015, and the results of the operations and its cash flows for the year then ended in accordance with accounting principle generally accepted in the United States of America."

For the year ending December 31, 2015, Occupancy Income was \$980,128, less \$199,017 transferred to Reserves plus \$45,281 Non Occupancy Income left \$826,392 available for operations. Direct expense was \$805,809 leaving a surplus of \$20,583 that was transferred to Emergency Reserves to cover future unexpected expenses.

As required by Davis Stirling during the year 2015 a formal Reserve Study was done by Association Reserves Orange County. The study found "The Reserve Fund is above the 70% funded level at 81% Funded, this means the association's special assessment & deferred maintenance risk is currently low."

All reserves are collected through the monthly assessment from the Shareholders of the Mutual. Funds are invested primarily in tax exempt municipal bonds. The income generated from these investments is utilized to help defray expenses and repairs.

It is anticipated that the Mutual will continue to remain solvent in the coming years.

GRF President Ronde Winkler, who is also our GRF Representative, will no longer be representing the Mutual next year. The Mutual is grateful for her professional contribution in serving the GRF.

The Mutual Board wishes to thank Mr. Ankeny and his staff for their guidance and support which have contributed to a successful year.

Mrs. Weller you will be dearly missed when you retire in July. Enjoy.

My thanks to fellow Board Member and Stockholders for giving me the opportunity to serve as your CFO.

Physical Property Report  
Mutual 10  
Annual Meeting  
May 18, 2016

The Physical Property projects this last year have been managed by the Board with the excellent support of our Physical Property Inspector Kevin Black.

Projects that were completed in 2015/2016:

Repairs were completed to identified weak points on our domestic potable water lines.

A special inspection of all apartments was completed to identify candidates for fire safety smart burners and bedrooms without smoke alarms. Data was also collected on plumbing shut off valves and toilet tank hose connectors.

Edison completed the change of all the light bulbs in the carports and walk lights to more emergency efficient bulbs. In addition, they replace exterior light fixtures on the carports and laundry rooms, as well as inside the laundry rooms. The laundry room light switches were replaced with motion activated switches. These changes have helped to reduce our Mutual electrical bill. The work was done without charge to the Mutual.

Edison upgraded transformers at several locations. The screening walls were removed at 3 locations.

The first Reserve Study by an outside company was completed. It is a three year contract and the second year will be under way soon. The results will be used in planning for the future maintenance and financing of projects for the Mutual.

Several sidewalks were replaced to improve drainage and resident access.

Sewer pipes were cleaned along with a LW general cleaning of all main sewer lines and storm drains.

The 118 pole lamps along the walkways were all painted and repaired.



The electrical panels on our Laundry Rooms were inspected and one was replaced.

Projects that were started in 2016:

Edison transformer upgrades may continue....or they may be finished. The Board is looking at various means of recreating screening for the transformers where the walls were removed.

The Board agreed to support the Edison program for making the apartments of income qualified residents more energy efficient at no cost to the residents or the Mutual.

Several Mutuals are starting solar power generation projects in an attempt to contain their energy costs. Again, we are following all these programs closely to determine if this might benefit our Mutual.

We have completed the task of gathering information on two major projects proposed for our Mutual, roofing and replacement of the potable water distribution systems in our buildings. We will be meeting on May 25 to establish a plan for getting bids and moving ahead on these projects.

Areas where there is termite and dry rot damage are being identified and will be repaired. Painting of the repaired areas and identified areas where current paint is deteriorating will be scheduled.

We continue to have problems in the Laundry Rooms with abuse of the washers and dryers. Please use this equipment with care and report any problems to the directors.

We also want to remind you to put GREASE, RICE and ALL FIBEROUS MATERIALS in the trash and NOT down the garbage disposal. Our sewer survey shows excessive buildup of grease which may cause problems in the future.



## SEAL BEACH MUTUAL TEN ANNUAL MEETING REPORT

### UNOCCUPIED UNIT QUARTERLY INSPECTIONS

May 18, 2016

Quarterly inspections of Mutual Ten unoccupied units were conducted this past year by the Mutual Ten GRF Inspector and a Mutual Ten Director. The term “unoccupied unit” refers to the units that are vacant, unoccupied, seasonal use units, or units of residents who travel for extended periods of time [i.e. three months or more]. The importance of these quarterly inspections is to fill plumbing traps by running the water to avoid sewer gases coming back into the apartments. Apartments were also checked for rodents, insects, water leaks, and the general condition of the unit. Results of our findings this past year indicated the true importance of doing these inspections every three months to check water supply lines and replace defective angel stops and plastic nuts; check for water heater leaks and rusted pipes; evidence of termites; garbage disposal blockage and faucet leaks; food spoilage in refrigerators; and the chirping low battery in smoke alarms.

*Ruthann Arlart*  
*Mutual Ten President*

## **PRESIDENT'S REPORT ANNUAL MEETING OF THE GOLDEN RAIN FOUNDATION JUNE 2016**

The governing year, 2015-2016, has been a very good year for the Golden Rain Foundation (GRF)! It was a pleasure and a privilege to serve as the Foundation President. As your Mutual 10 Representative, I have had the opportunity to work, listen, discuss issues and laugh with my fellow board members as we worked together to make Leisure World and Mutual 10 an even better place to live and play for our nine thousand residents. It is humbling to realize how many hours were put into planning and implementing the many projects and day to day operation of our community, from this group of Board members. Without these dedicated volunteers and their hundreds of hours of work, our monthly assessments would increase tens of dollars. A heartfelt thank you goes to ever one for their devotion and dedication.

The Board of Directors (BOD) was extra busy as two new standing committees and one Ad hoc committee were added to the directors and staff work load this year. The Mutual Administration Committee (MAC) was put into place to be a conduit for mutual administration directly to the Mutuels. FAR, which is an acronym for Facilities and Amenities Review, was instituted to review the Trust properties and the amenities offered to the shareholder/members of our community. The Architectural Design Review Committee, also known as ADRC, was put into place to comply with the Davis Stirling Civil Code to insure the architectural standards of our facility were adhered to when physical changes were being contemplated or implemented.

In addition, a number of sub committees were set into place. They included Rewrite on Policies and Committee Charters, Emergency Planning, (under the Executive Committee), Lease and Contracts (Finance) Website, (ITS), Entertainment and Swimming Pool, (Recreation), Traffic and Parking, and Transportation, (Security, Bus & Transportation). A majority of Directors attended most of these meetings.

At the Board's organizational meeting, which takes place immediately following the annual meeting, the four corporate officers were elected by their fellow board members. Carole Damoci (M12), was elected Vice President, Linda Stone (M-3) Treasurer, and Joy Reed (M4) Corporate Secretary. These four Directors take on many duties, not only chairing their respective committee meetings, and as a group attended most standing and sub-committees this past year. The corporate officers and the GRF board members, along with our employees, have been responsible for the completion of the many projects and improvements which have taken place this year.

In addition our Standing Committees were very active. The ADRC (Architectural Design Review Committee) has been working to pull our community into a more cohesive appearance. The new front entrance outside the Administration building now displays our "Twiggy" sculpture which appeared on the front of our phone book. The resales sales office was updated and may be responsible for part of the upward growth in the average amount of sales per unit this past year.

The Executive Committee is responsible for Human Resources and Emergency Preparedness. It established, under the direction of the BOD, several sub-committees; the Policy and Procedures, (as mentioned above), the Charter Rewrite Sub Committee, approved the placement of the employee medical insurance and workers compensation, makes personnel-related recommendations, and approved the use of Trust Property for use by the Council of Aging whose HICAP program provides beneficial services to shareholder/members. Facilities and Amenities Review Ad Hoc Committee, (FAR) made recommendations to relocate the Video Producers Club to Clubhouse 3. This will enable to transfer a portion of the Security operations to Building 5 along with moving the Recreation Department to the first floor in Building 5.

Our Treasure, Linda Stone, chairs the Finance Committee which covers Finance and the Purchasing Departments. Some of the finance statistics indicate they deal with 14,000 vendors, write 7,000 checks, reconcile 80 bank accounts, pay \$9,800,000 in property taxes, and process over 5 million tons of quarters from the mutual laundry rooms, among many other duties. Purchasing has added new safety products, had over 2,500 cash register transactions and processed over 7,800 material requests. This committee, along with staff, is responsible for compiling monthly and the audited annual financial statements, income leases and contracts, our annual operations, capital and reserve budgets.

The ITS department and committee made a big decision to outsource our IT functions. An audit of our internal technology programs indicated that we needed to reevaluate how we process our technology information and maintain our hardware. A second secure serve has was installed, also. It also reformatted our lwsb.com website to be more user friendly and disseminate information about Leisure World and access to all our governance documents and assist in complying with Davis Sterling to make it possible for our residents to access, board and committee agendas and minutes. It is worth visiting for information.

The new Mutual Administration Department and Committee held workshops on government compliance issues, realtor concerns and adult protective services. Policies, along with the information booklet and bereavement packets, were revised in addition to numerous documents pertaining to Stock Transfer. This department and committee are the liaison organization with the 16 Mutuals. It sends out rules and compliance letters as directed by the Mutuals, registers pets, reviews trusts, registers caregivers and disseminates information to the Mutuals through the President's Council. As managing agent for the Mutuals, it is important the foundation responds quickly to their concerns and challenges.

The Physical Property Department and Committee had a very busy year. It not only takes care of service maintenance to the Foundation and the Mutual units, it also inspects all remodeling and escrow unit sales and transfers. Over 1,200 building permits were issued and our physical property inspectors conducted over 5,100 fire, safety, health and sanitation inspections. This department also oversees all of our road repairs, new wall installations, new roofs, the globe

restoration and major Mutual sidewalks and landscaping issues. All this is done with a smile and the compilation of good reports back to the Mutuals.

Many projects were completed by Physical Property this year and just a few of them include the safety and accessibility of the Health Care Center and Pharmacy, remodeling of the News office, service maintenance office, resales office and purchasing area. Also completion of the wall on Seal Beach Boulevard, behind the rehab center and beginning the demolition and rebuilding of the Westminster Wall (L&M). The "globe" is still a work in progress; however, it is expected to be completed by July of this year. In addition, a new roof was put on Clubhouse 1, new concrete installed between the library and Clubhouse 3, and new ramp alongside the administration building.

The Publications Committee directs the publication of all resident publications such as the Golden Rain News, the Navigator, the telephone book and the recently launched "Spotlight" which features the amphitheater entertainment and other Leisure World community events. It also is charged with the printing and distribution of all governance documents from the Foundation such as the annual budget, the calendars of meetings, minutes of all the meetings and club news. In the process of publishing all that on a weekly basis, they filled over 148,000 column inches in an average of 36 pages per week. They also did a walking map of the streets within our walls. Another very busy department.

The Recreation Committee was responsible for the well-attended amphitheater shows, installing new equipment and refinishing the stage floors, adding direct TV to the clubhouses and will be moving the golf hitting cages to Clubhouse 2. This department and committee is also responsible for the golf course, the swimming pool and the exercise room in club house 6, booking all the club event and keeping the clubhouses clean and in good repair. Among the community events were the July 4<sup>th</sup> Car Show, the Fall Festival, Holiday Tree Lighting, Holiday Event and Toys for tots, Super Bowl 50, Farmers Markets, Cinco de Mayo, Movies at the Amphitheater and Taco Tuesdays and Pizza Thursday. The goal is to present opportunities for our residents to enjoy getting together inside and outside our walls.

Security Bus and Traffic has oversight on our gates and patrol officers, resident car decals, documenting and working with the Seal Beach Police and Fire Departments when called in emergencies or complaints by our residents. They also do security checks when asked by vacationing unit owners and will make sure a unit is locked and secured when an owner has a medical emergency. They also monitor traffic and issue traffic citations.

The Transportation Department sets bus schedules, assists physically challenged residents move around our community by its call in service for access buses, and scheduled a weekly bus service to go outside our walls to shopping centers. They assisted in the collection of over 4,000 toys for "Stuff the Bus" campaign, provided 56,000 passenger pickups and additional 7,400 passenger pickups for the access buses. They also clean and maintain the buses and the additional 90 plus vehicles such as the Service Maintenance Cushmans, patrol vehicles and all powered, stationary and mobile equipment. A monthly information meetings regarding our bus services is held for the education of our shareholders.

All this could not have been accomplished this year without our Executive Director, Randy Ankeny, leading and directing our very capable employees. The door to his office is always open to anyone wishing to share their thoughts and concerns even if it meant he worked at home or in his office on the weekend. His history and expertise with communities such as ours, including oversight on swimming pools and golf courses, has served the Foundation well on many projects. It has been informative, interesting and a pleasure working with him and the administrative secretaries, Deanna Bennett and Marisa McAuley and the management staff of the Foundation. Their concern about doing their jobs timely and promoting the interests of the residents our community was paramount.

As your President, I was privileged to preside at the Foundation board meetings and as Ex-Officio of all the other many meeting and functions held here in our community. I have also spoken up at the Seal Beach City Council meetings on issues which affect our community. Once again, thank you for the opportunity to function as a leader of the Golden Rain Foundation.

Enuf Said,  
Ronde Winkler





Farewell to all My Dear Friends and  
Shareholders.....

I will be retiring from Leisure World on July 8,  
2016, after thirty-four years of employment.

The wonderful Ms. Jodi Hopkins, my long-time  
assistant, will be taking on the position of  
Mutual Administration Director.

It has been my pleasure to have spent these  
years in service to the community.

So many memories of the wonderful people  
who live here and have come and gone over  
the years.

Thank you for everything you have done for  
me. God bless you all.

With My Deepest Appreciation  
Carol A. Weller  
Mutual Administration Director

**EXECUTIVE DIRECTOR'S ANNUAL MEETING REPORT**  
**MUTUAL TEN**  
**May 15, 2016**

To the President, Directors and Shareholders of Mutual Ten:

It's been nearly three years since I joined the GRF and I'm happy to report that the community is running well and we are working diligently to insure smooth and fully transparent operations of the Golden Rain Foundation, Seal Beach. This is due to our collective commitment to protect the value of Trust property and the enhancement of lifestyle for our fellow Shareholder/Members. Our commitment to you includes, but is not limited to, efficiency, respect, teamwork, accountability, innovation, and integrity. We are committed as an organization to the highest ethical standards and compliance with all applicable laws, rules and regulations.

I would like to acknowledge and thank Ms. Ronde Winkler, Mutual Ten GRF Director.

However, the effectiveness of our community depends heavily on Mutual operations and Mutual leaders. Those of you who serve as a volunteer Board member for your Mutual and GRF are the embodiment of the phrase "Pay it Forward". The compassion you show to your fellow Shareholders and Members in your service should serve as an inspiration for us all. I've noticed how you treat everyone with respect and kindness, no matter what the situation is.

When I see Board members (Mutual and GRF) hard at work for our community, I think of time and values. In our lives, one thing we cannot create, accumulate, acquire, buy or even borrow is time. We have a limited amount of time for sleep, work, family and our own interests. Therefore, an individual's time is a very precious commodity.

When an individual commits themselves to volunteer on a consistent basis, they have chosen to give up their own time to support an activity to benefit others. This brings me to values. Some of the strongest values, service and sacrifices are shown when one places the needs of another above their own. The true volunteer chooses to give up their personal time and energy and expend it to help others.

Your fellow Shareholders reap the benefit of your good deeds in providing service. This speaks highly of who you are as an individual. The job can be taxing and time-consuming for you all as volunteers, but it does get done. We know how stressful it can be, and your words and actions go a long way toward helping.

*"Heroes didn't leap tall buildings or stop bullets with an outstretched hand; they didn't wear boots and capes. They bled, and they bruised, and their superpowers were as simple as listening, or loving. Heroes were ordinary people who knew that even if their own lives were impossibly knotted, they could untangle someone else's. And maybe that one act could lead someone to rescue you right back."*  
— **Jodi Picoult, Second Glance**

I just want you to know that your work does not go unnoticed. A simple thank you is not enough for your service!

The Golden Rain Foundation is financially healthy. You know this from your review of the 2015 yearend financial statements and current tracking from printed reports. The auditing firm of NSBN



issued an "unmodified" opinion for the 2015 audit. This is the standard of our accounting operations for which we strive.

The GRF main activities have been brought to you by your GRF Representative throughout the year. Highlights of the 2015/2016 term are included in the GRF Annual Report.

I look forward to working with the Mutual Ten Board of Directors to ensure that our community continues to prosper and thrive for the betterment of all Shareholders and Members.

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

Respectfully submitted,

Randy Ankeny,  
Executive Director  
*for the* Golden Rain Foundation