

Third Laguna Hills Mutual Year in Review

October 7, 2021



Introduction

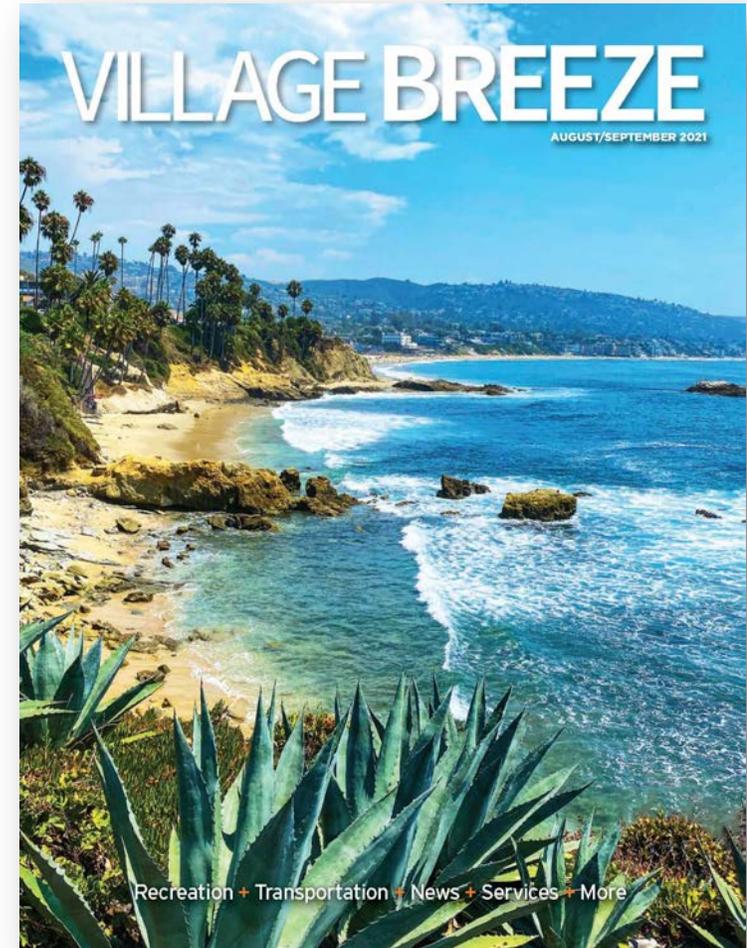
Steve Parsons, President

Communications

Annie McCary, First Vice President

Communications Overview

- New resident orientations (virtual)
- Village Breeze magazine
- “What’s Up in the Village” every Friday
- TV6 (“This Day”)
- COVID rules
- Village website
- “This Day” broadcast increased to six days per week
- GRF Media and Communications meetings monthly
- Virtual town halls



Maintenance & Construction 2021 Projects Completed

Ralph Engdahl, Second Vice President

Cush Bhada, Director

Energy

Solar Energy

Solar installations on all 12 roofs of three-story Garden Villas continue to save on electricity costs



Aerial View of Solar Installation



PVC Cool Roofs

Annual program to replace build-up roofs with new, cooler PVC roofing



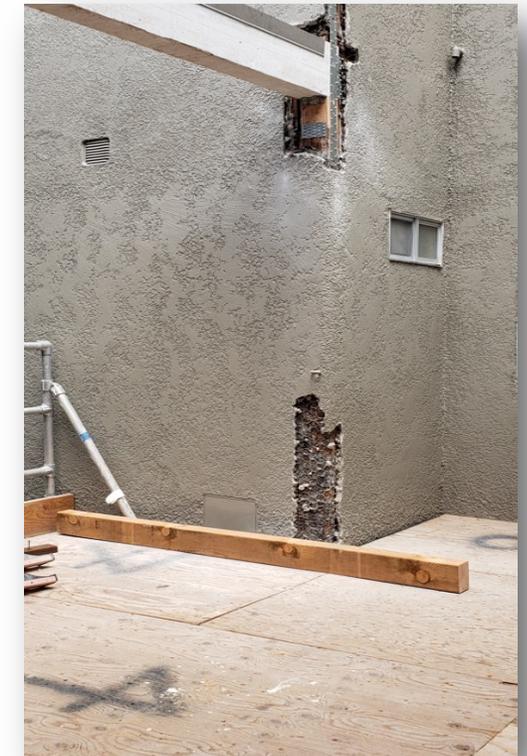
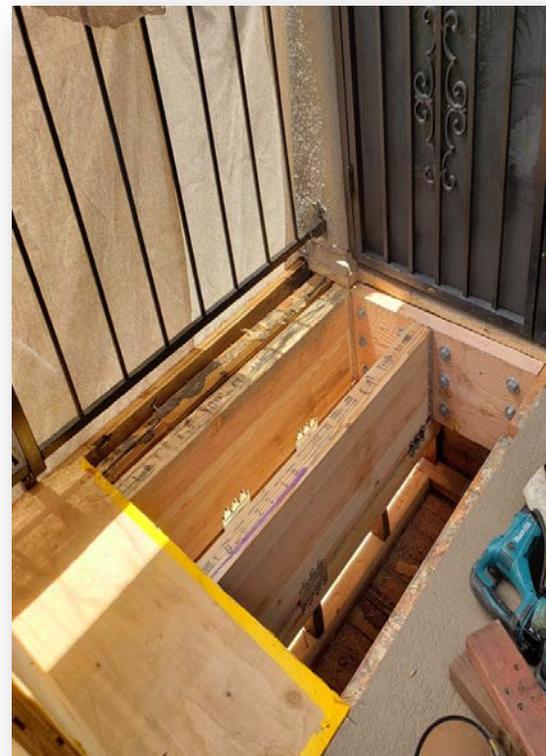
Maintenance

Dry Rot Detection, Treatment

- Prior-to-paint crew routinely detects dry rot when working on buildings, treats small-scale dry rot infestation and prepares buildings to receive painting
- Large-scale dry rot infestations are addressed via the building structures program by an outside contractor

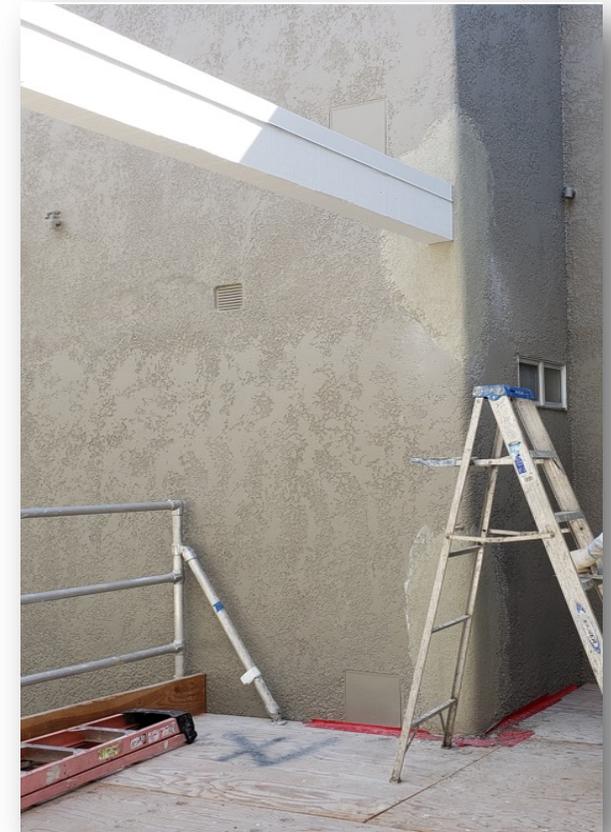
Dry Rot Repair in Progress

Prior-to-paint crew routinely detects dry rot when working on buildings, treats small-scale dry rot infestation, prepares buildings for painting



Dry Rot Repair Completed

Large-scale dry rot infestations are addressed via the building structures program by an outside contractor



Waste Line Remediation

Annual program to clean out and install an epoxy liner to cast iron waste lines to reduce the number of stoppages and leaks due to aging infrastructure; three GVA buildings completed; a fourth is in process



Before



After

Copper Pipe Epoxy Treatment

- Annual program funds epoxy coating of copper pipe water supply pipes to eliminate pinhole leaks
- Eight buildings have been completed; one remains and will be completed this year



Asphalt Paving/Curb Cuts/ Concrete Repair

Eight culs-de-sac/streets were scheduled and completed this year; no further work remains



Seal Coating

28 culs-de-sac were scheduled and completed this year; no further work remains



Fumigation



Improved Signage, Golf Cart Parking, Fencing

Building Address Signs

Buildings on the annual exterior paint program receive larger, easier-to-read address signs



Golf Cart Parking

- Annual program creates additional golf cart and vehicle parking spaces
- Five golf cart parking spaces were scheduled and completed this year in cul-de-sac 212; no further work remains



Shepherd's Crook Installation

Annual program replaces 300 linear feet of barbed wire fencing with shepherd's crook



Landscaping

Lynn Jarrett, Secretary and Landscaping Chair

Landscape Services Overview

Landscape Supported Acres						Tree Count
	Turf	Shrubs	Slopes	Edging Miles	Total	
Third	165.03	83.10	118.69		366.81	15,916
United	138.04	75.14	23.54		236.72	18,585
GRF	7.45	12.45	27.63		47.53	4,593
Total	303.07	158.24	142.23	56	651.07	39,094

Landscaping Services Overview

- Irrigation management
- Tree maintenance
- Turf maintenance
- Shrub bed and slope maintenance
- Composting and nursery
- Pest control
- Creek maintenance
- Chargeable services
- Rain event response
- Herbicide testing



Challenges and Successes

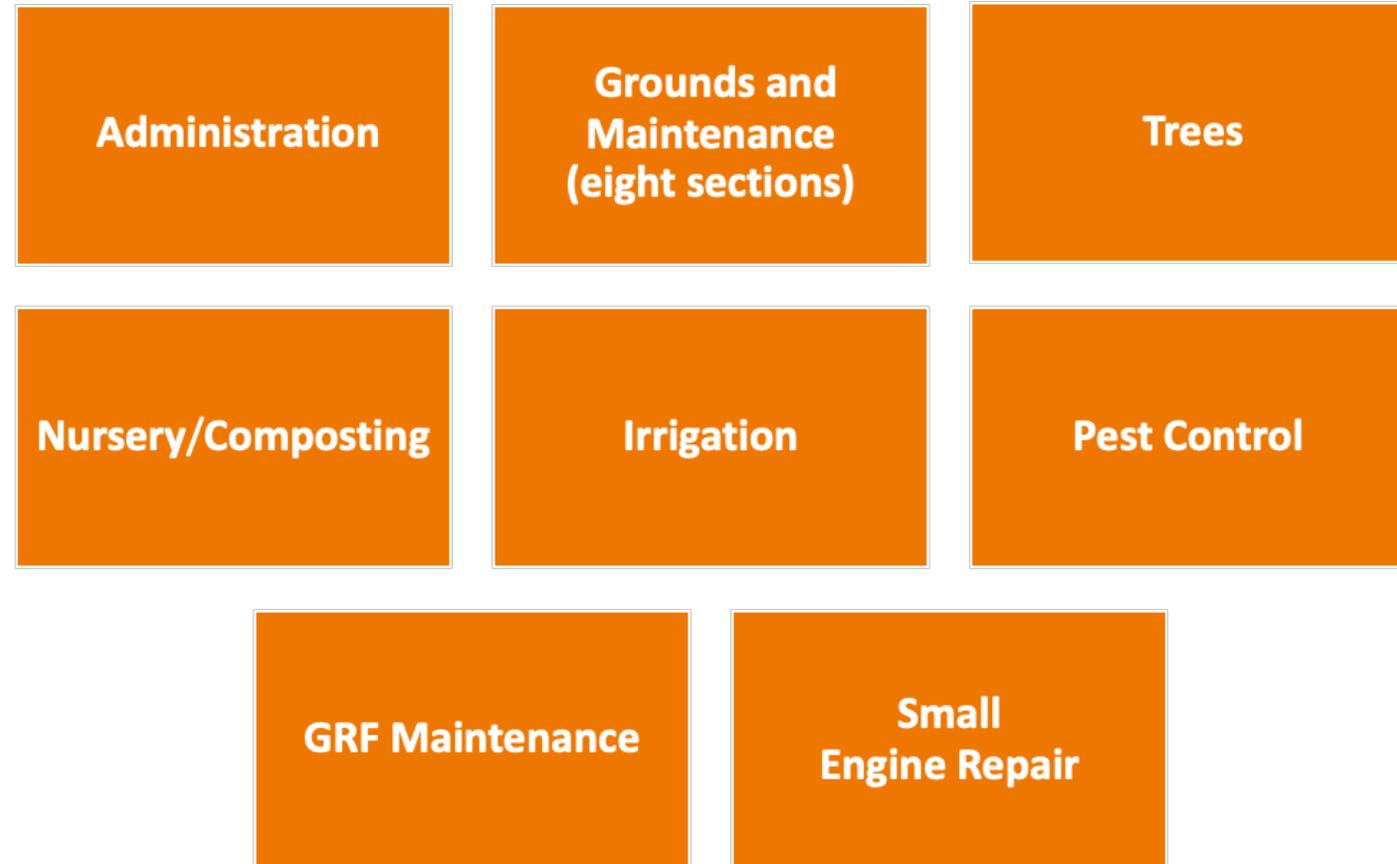
Highest priority: Customer service

- Continue to improve response time to resident concerns
- Continue to improve resident perception of the Landscaping
 - ✓ Quantity of work completed
 - ✓ Quality of work completed



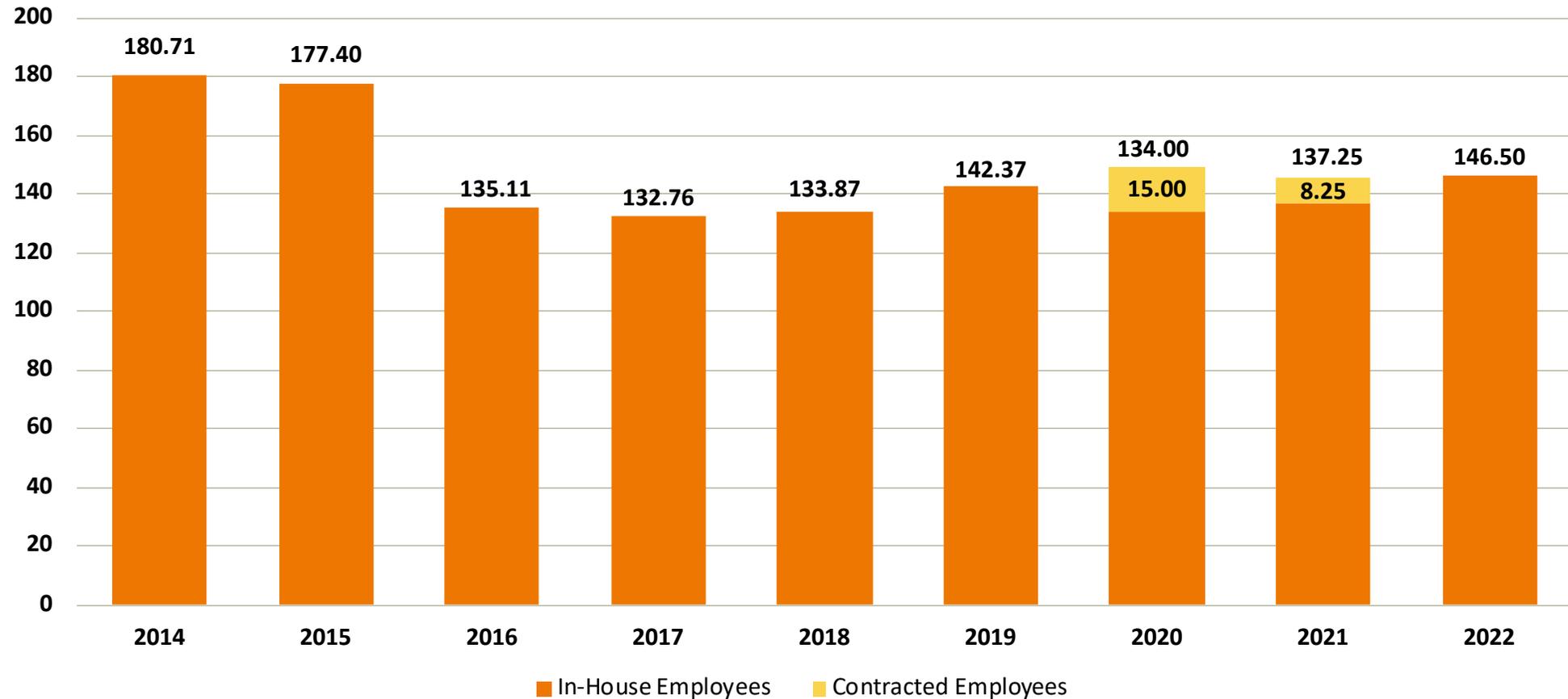
Landscaping Services Overview

- 147 full-time budgeted positions
- 8 work centers



Landscaping Staffing Levels

Budgeted Employees



Landscaping Services Priorities 2021

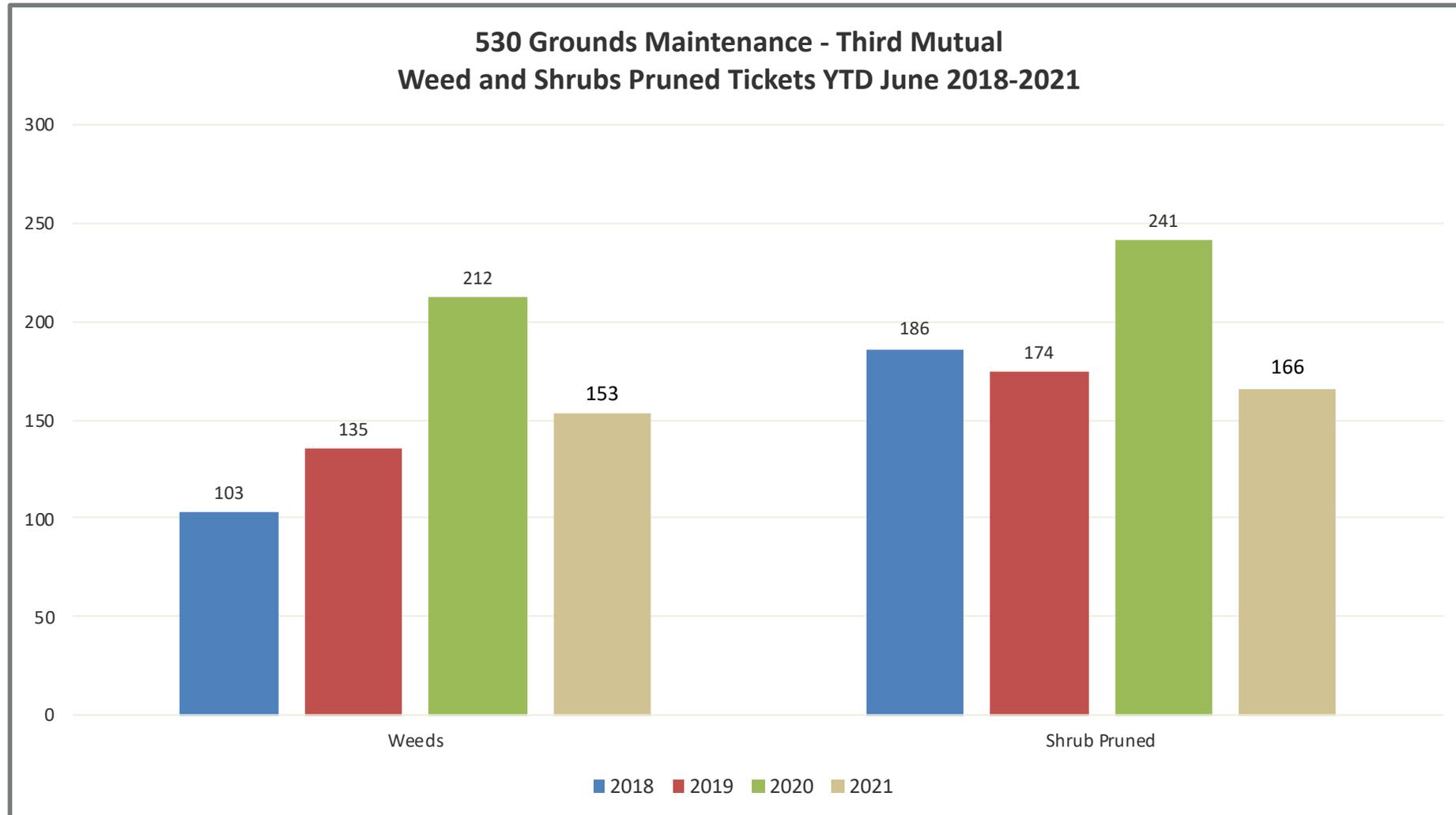
Increase service levels;
complete full cycles

Training of field crews:

- Certify more spray technicians
- Cross-train equipment operators
- Institute regular use of plant growth regulators for turf edges



Landscaping Services Priorities



Landscaping Services Priorities

- Increase service levels
- Vigorously campaign for more drought-tolerant landscaping in Third
- Water conservation to combat \$5M projected water bill for Third
- Control weeds in between cycles
- Institute new planting crew, focus on plant replacement
- Test electric power tools

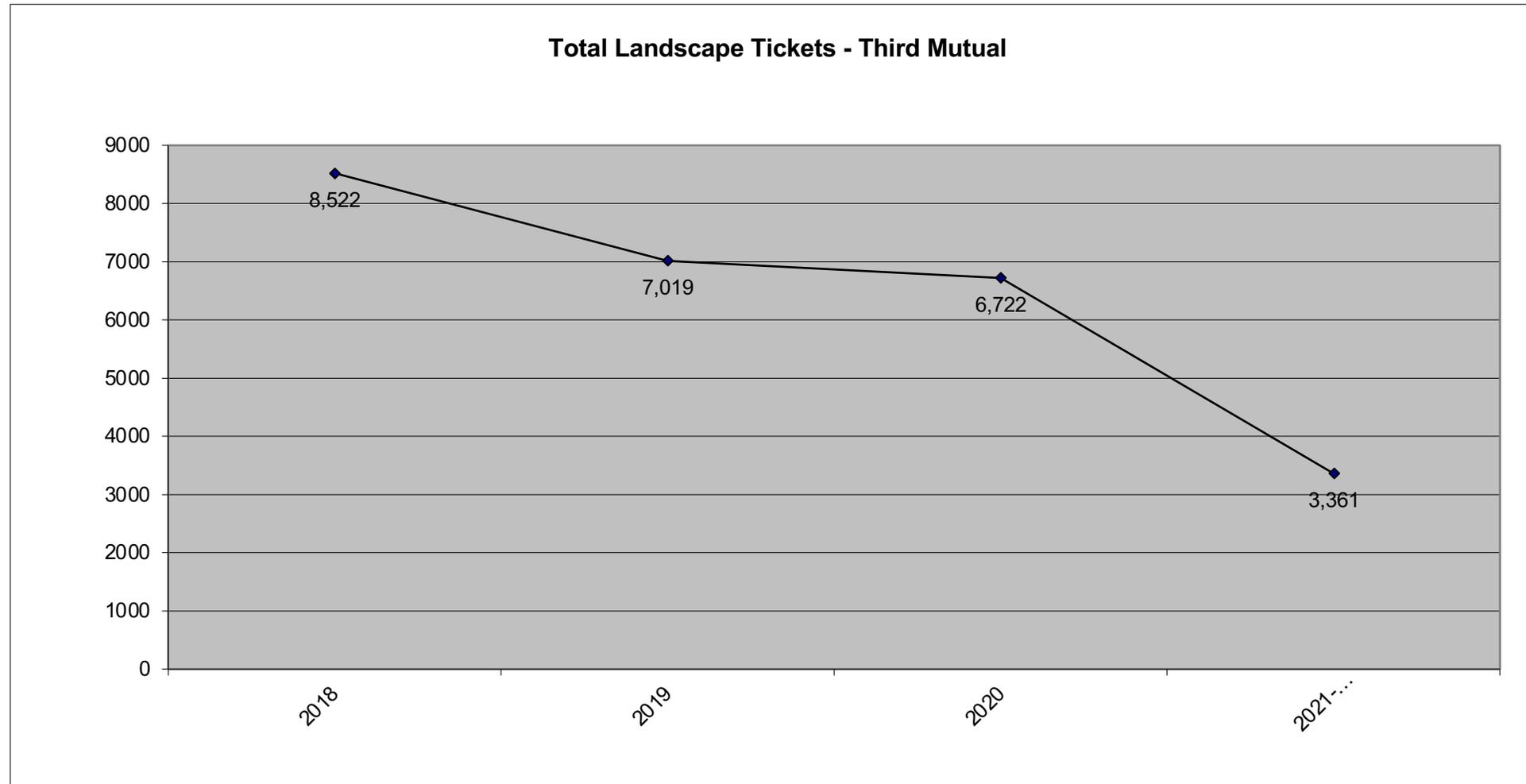


Landscaping Services Priorities

- Continue small power tool replacement program; savings of \$10,100 over last year
- Continue retraining field crews:
 - ✓ Mow patterns
 - ✓ Spray techniques
 - ✓ Increase use of plant growth regulators
- Complete nursery upgrades

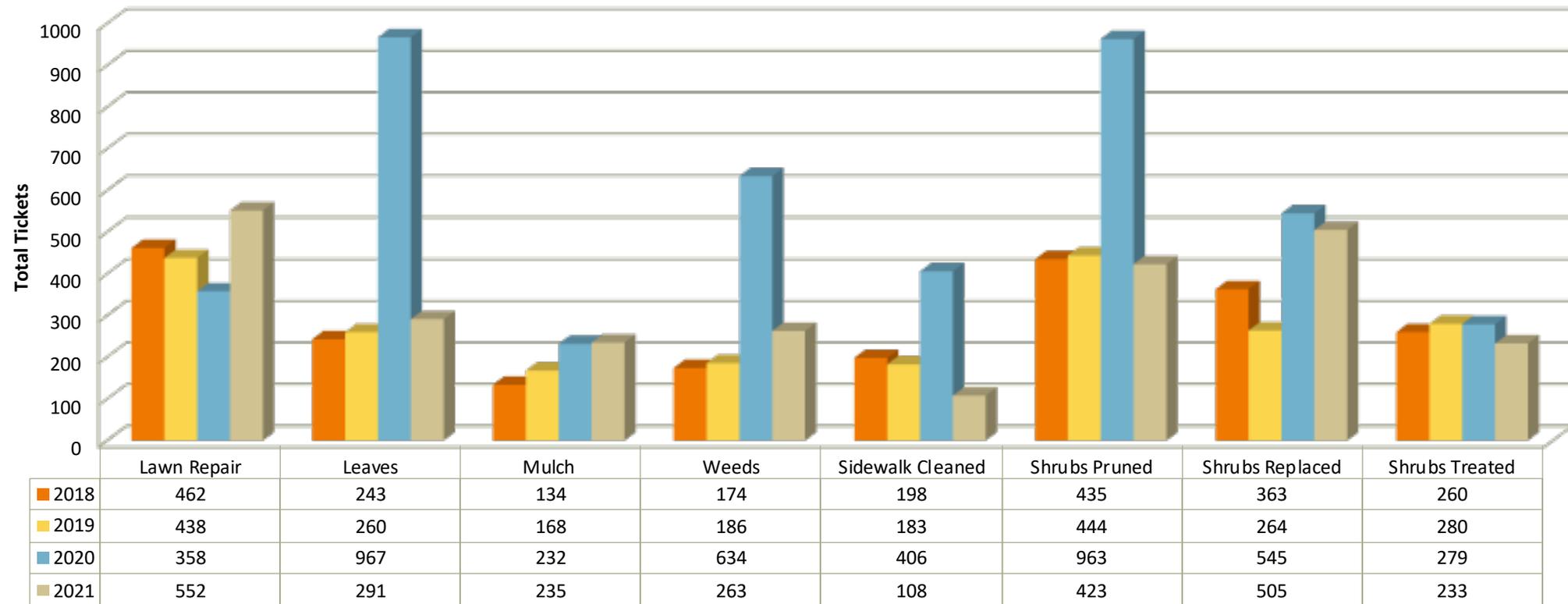


Total Landscaping Tickets 2018 to Date



Key Tickets YTD June 2018-2021

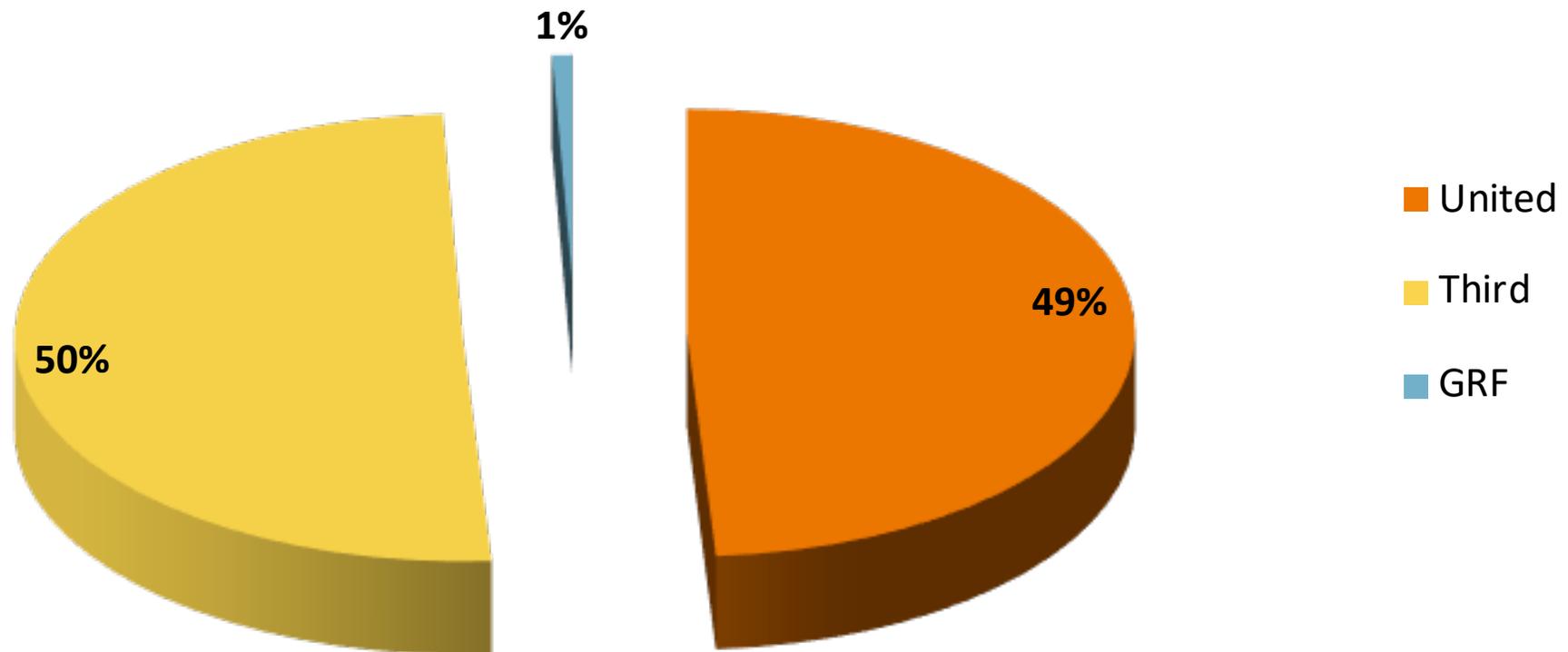
530 Grounds Maintenance Key Tickets YTD June 2018-2021



All Landscaping Tickets

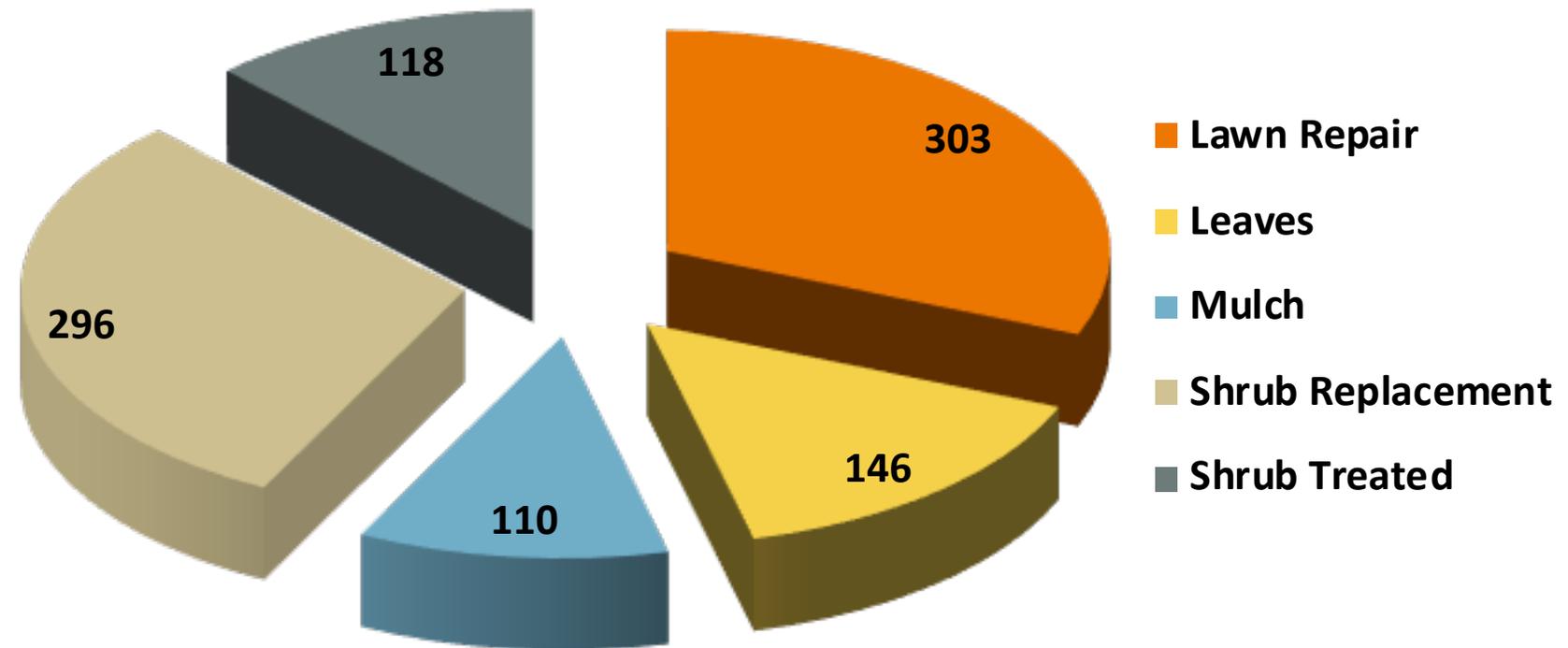
2020 Volume by Mutual

Landscaping Services Department 2020 Total Ticket Volume (17,935)



Top Five Tickets

Grounds Maintenance - Top 5 Key Tickets
2021 First Quarter: 93.4% Closed by Ticket Crew



Miscellaneous

- Funds used on slopes this year (YTD 7/31/21)
 - \$321,715 spent of total contract
- Funds used on tree work this year (YTD 7/31/21)
 - \$493,139 spent of total contract
- Number of trees trimmed in Third this year: (YTD 7/31/21) 2,900
- Number of trees removed in Third this year: (YTD 7/31/21) 124

Nursery

Reza Karimi, Director

Nursery

- 95% of plants in nursery are started from seeds or cuttings
- 5% of larger plants, primarily trees, are purchased
- Employee shown here with cuttings



Nursery

Annie McCary and
Donna Rane-Szostak examine plants



Tub Grinder at Nursery

Tub grinder at work
making mulch



Village Mulch

Third's 2021
Landscape
Committee with
landscaping
director and
supervisors at
mulch yard



2021 Third Landscape Committee

Third's Landscape Committee with landscaping director after examining larger plants resulting from ones started from scratch in the nursery

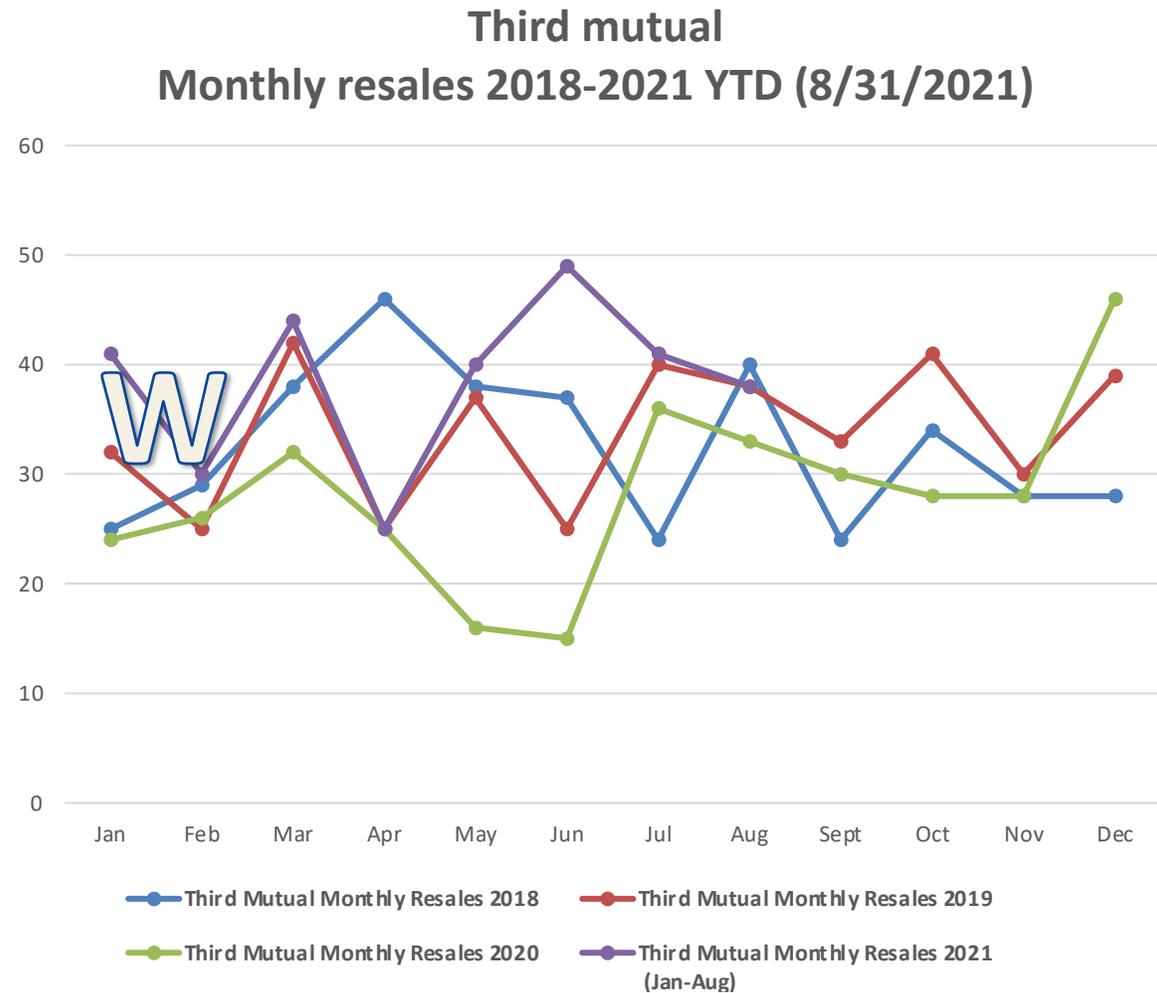


Resales and Leasing

Steve Parsons, President

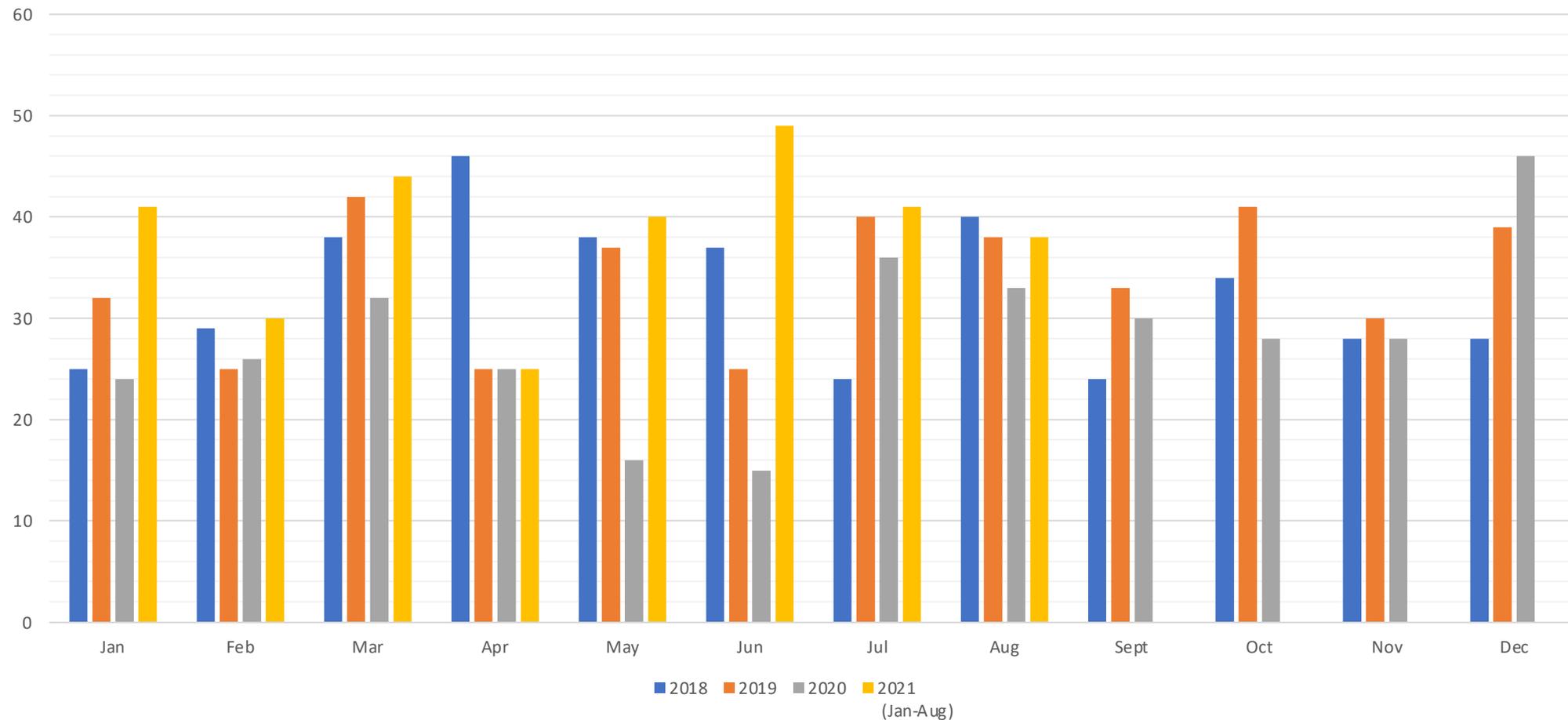
Monthly Resales

Third Mutual Monthly Resales				
	2018	2019	2020	2021 (Jan-Aug)
Jan	25	32	24	41
Feb	29	25	26	30
Mar	38	42	32	44
Apr	46	25	25	25
May	38	37	16	40
Jun	37	25	15	49
Jul	24	40	36	41
Aug	40	38	33	38
Sept	24	33	30	
Oct	34	41	28	
Nov	28	30	28	
Dec	28	39	46	



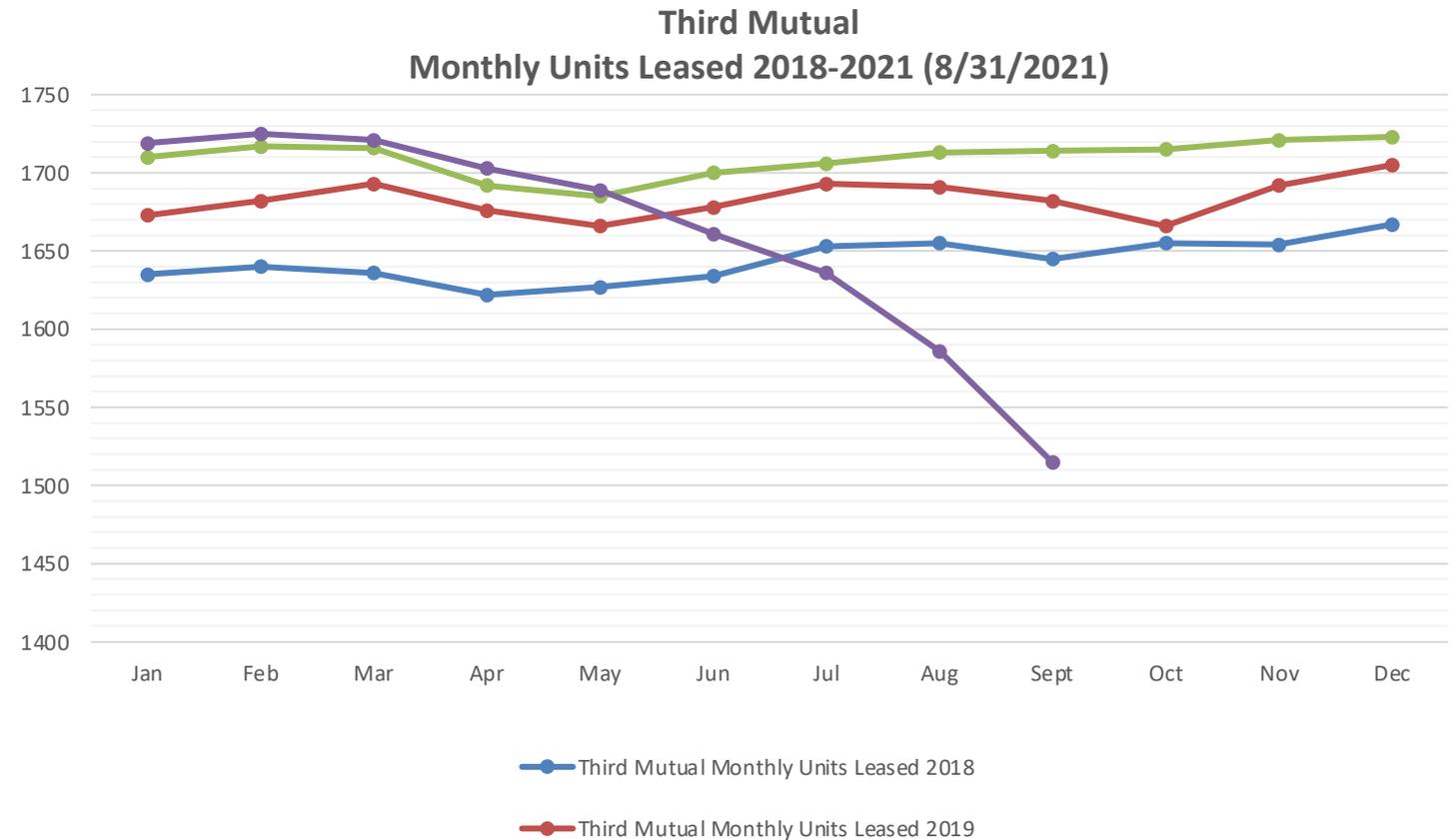
Monthly Resales

Third mutual
Monthly resales 2018-2021 YTD (8/31/2021)



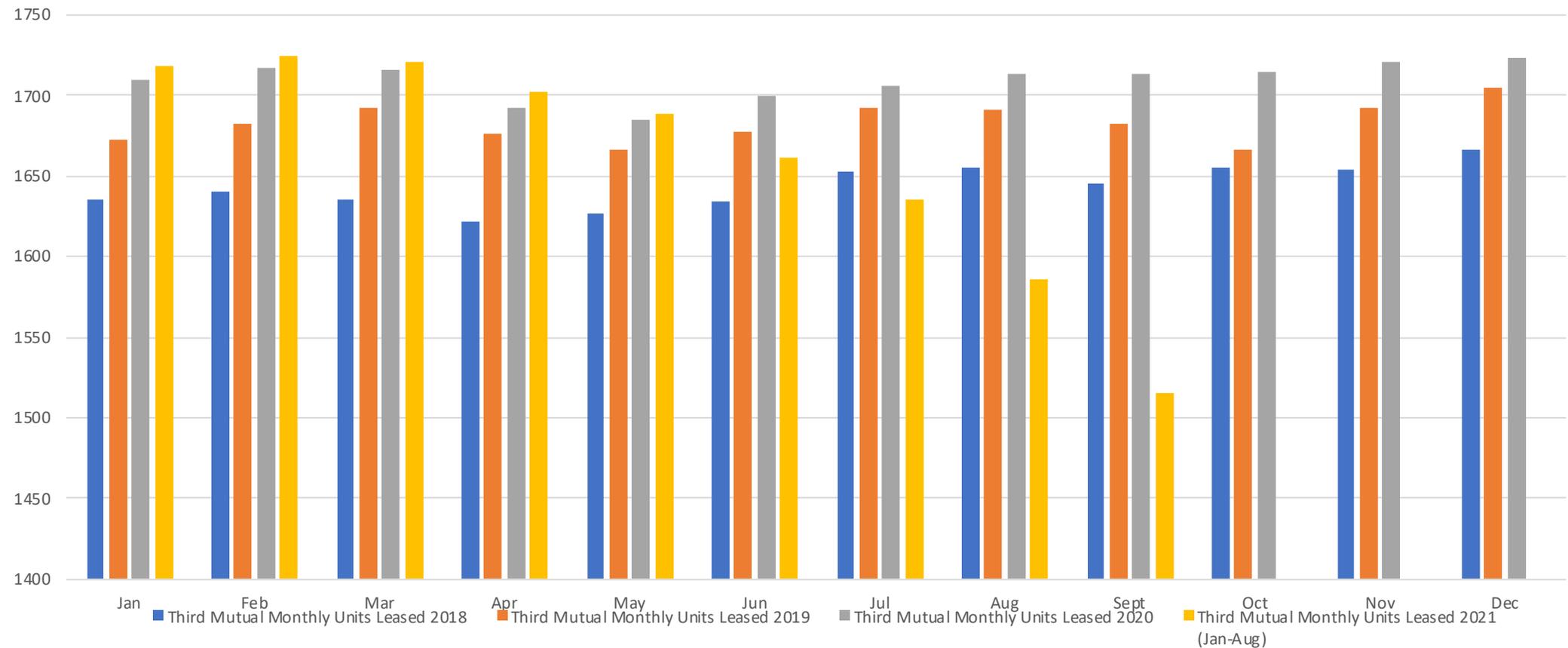
Monthly Leasing

Third Mutual				
Monthly Units Leased				
	2018	2019	2020	2021 (Jan-Aug)
Jan	1635	1673	1710	1719
Feb	1640	1682	1717	1725
Mar	1636	1693	1716	1721
Apr	1622	1676	1692	1703
May	1627	1666	1685	1689
Jun	1634	1678	1700	1661
Jul	1653	1693	1706	1636
Aug	1655	1691	1713	1586
Sept	1645	1682	1714	1515
Oct	1655	1666	1715	
Nov	1654	1692	1721	
Dec	1667	1705	1723	



Monthly Leasing

Third Mutual
Monthly Units Leased 2018-2021 YTD (08/31/2021)



Financial Report

Robert Mutchnick, Treasurer

Reported by Director Donna Rane-Szostak

Third Basic Assessment

Total basic assessment net increase of \$6,809,446—\$93 per manor per month (PMPM) or 19.9% compared to the current year

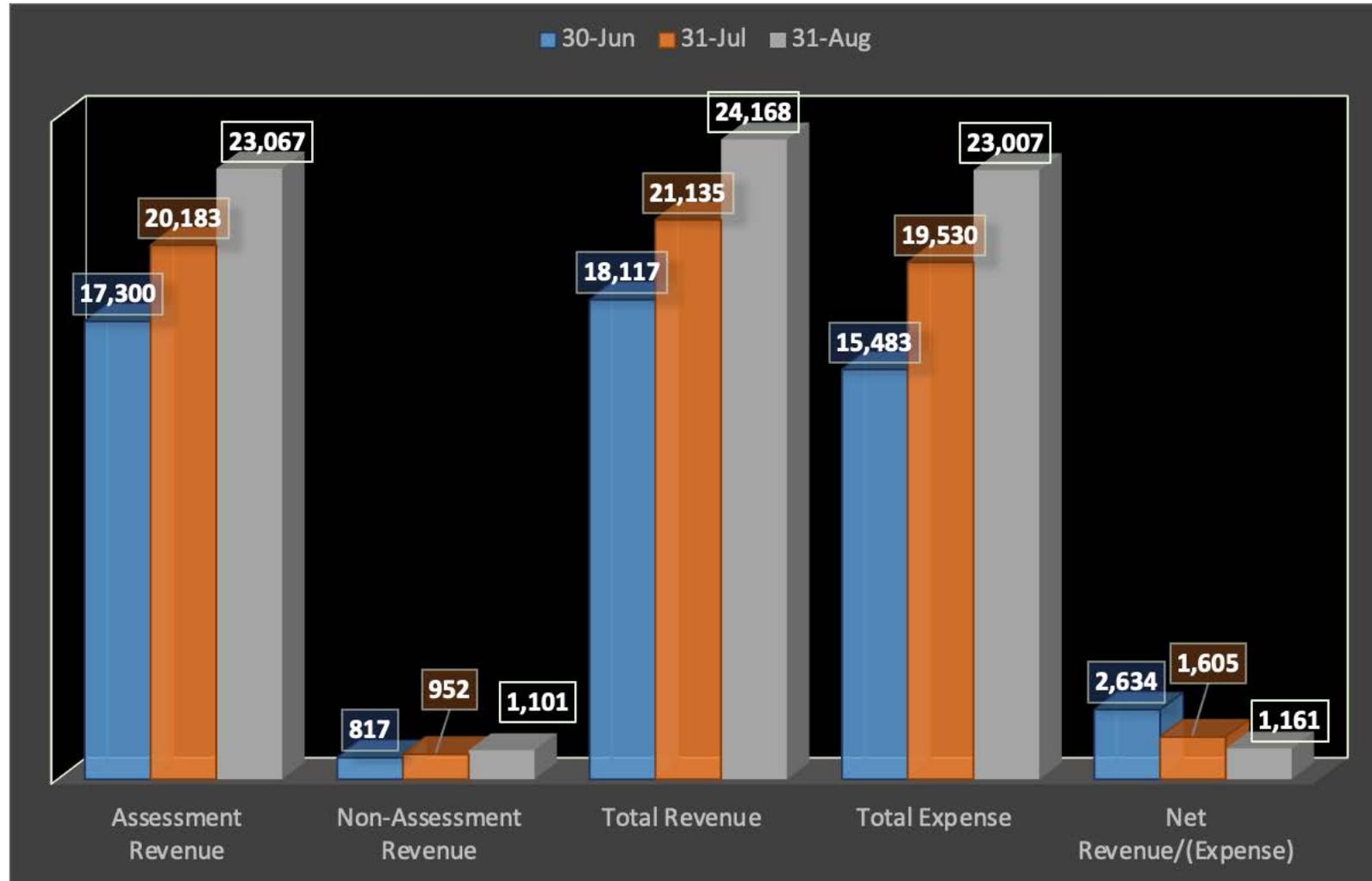
- Insurance increased \$7,244K, or \$98.93 PMPM, due to anticipated property insurance premiums, hazard and liability and D&O liability renewals, resulting from higher rates and increased coverage
- Employee compensation increased \$717K, or \$9.80 PMPM, due to 6.33 additional full-time equivalent positions and increased contracted union medical and union retirement costs, and anticipated increase for nonunion medical and life
- Eliminated unappropriated expenditures fund contribution assessment of (\$8) to help offset operating costs
- Outside services decreased (\$438K), or (\$5.97) PMPM, mainly due to fumigation programs
- Additional funds were added to the 2021 budget, as the board decided to postpone 2020 fumigation program in 2020
- 2022 budget is based on 2018 and 2019 year actuals

GRF Assessment

GRF portion of the assessment increased by \$11.90 due to:

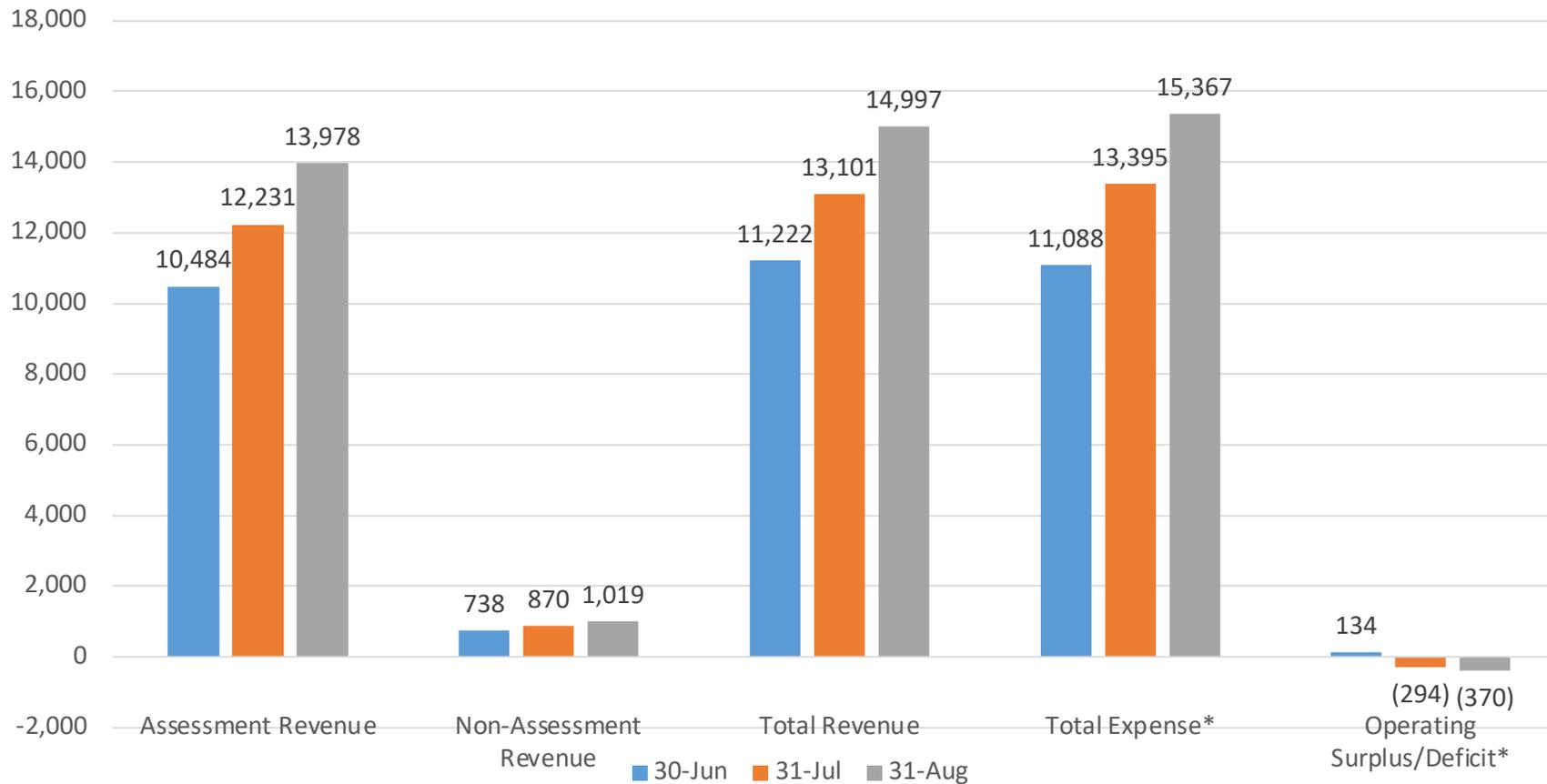
- \$9.21: Rising insurance premiums
- \$6.56: Increased compensation and related due to 6.33 additional full-time equivalent positions
- (\$8): Addition of planned surplus recovery for 2020
- (\$2): Decrease in reserve fund contribution based on 30-year plan
- \$5: Increase in contingency funds to prepare for unexpected costs not included in the budget

Income Statement (in thousands)



Income Statement - Operating Fund Only

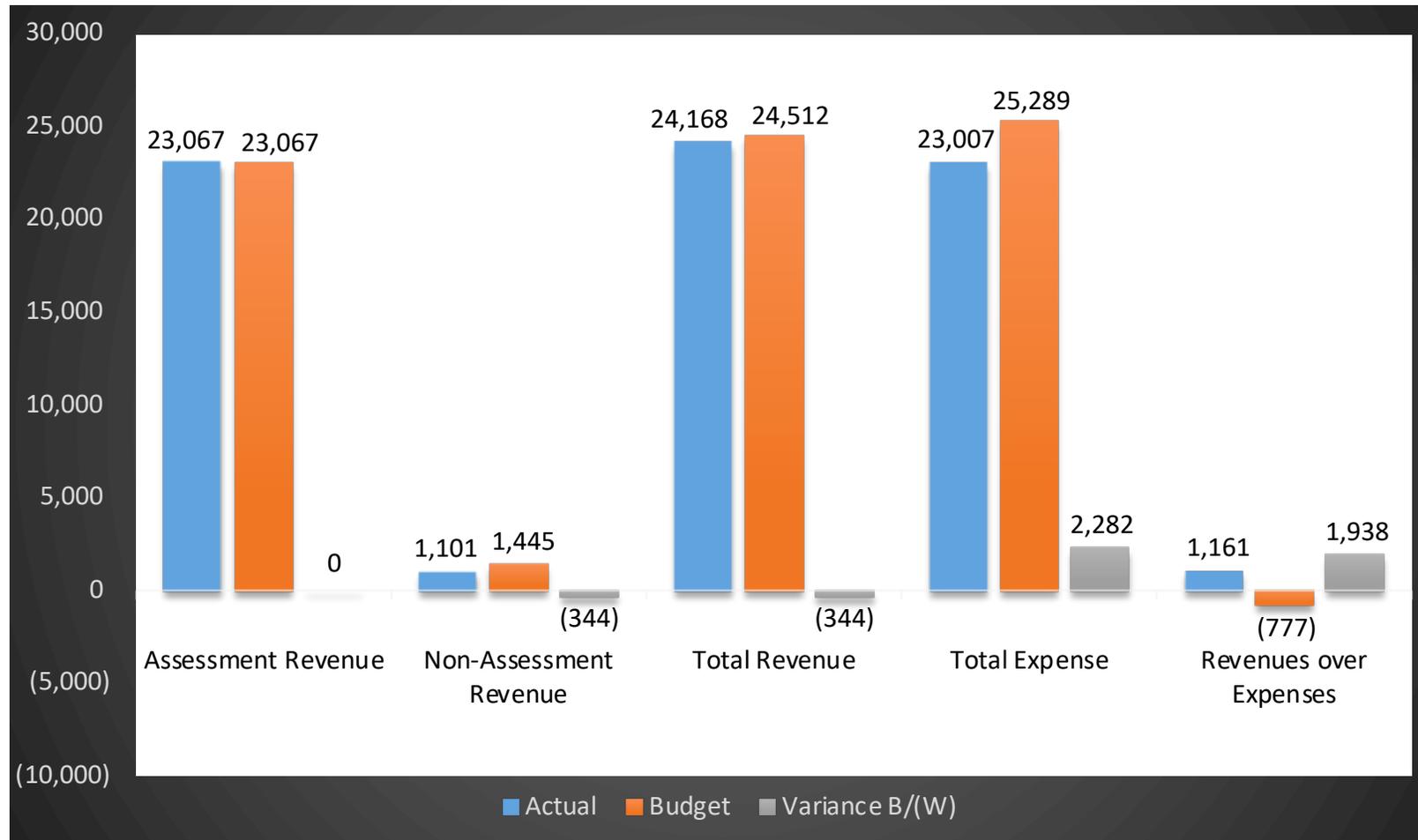
(in thousands)



*Excludes depreciation

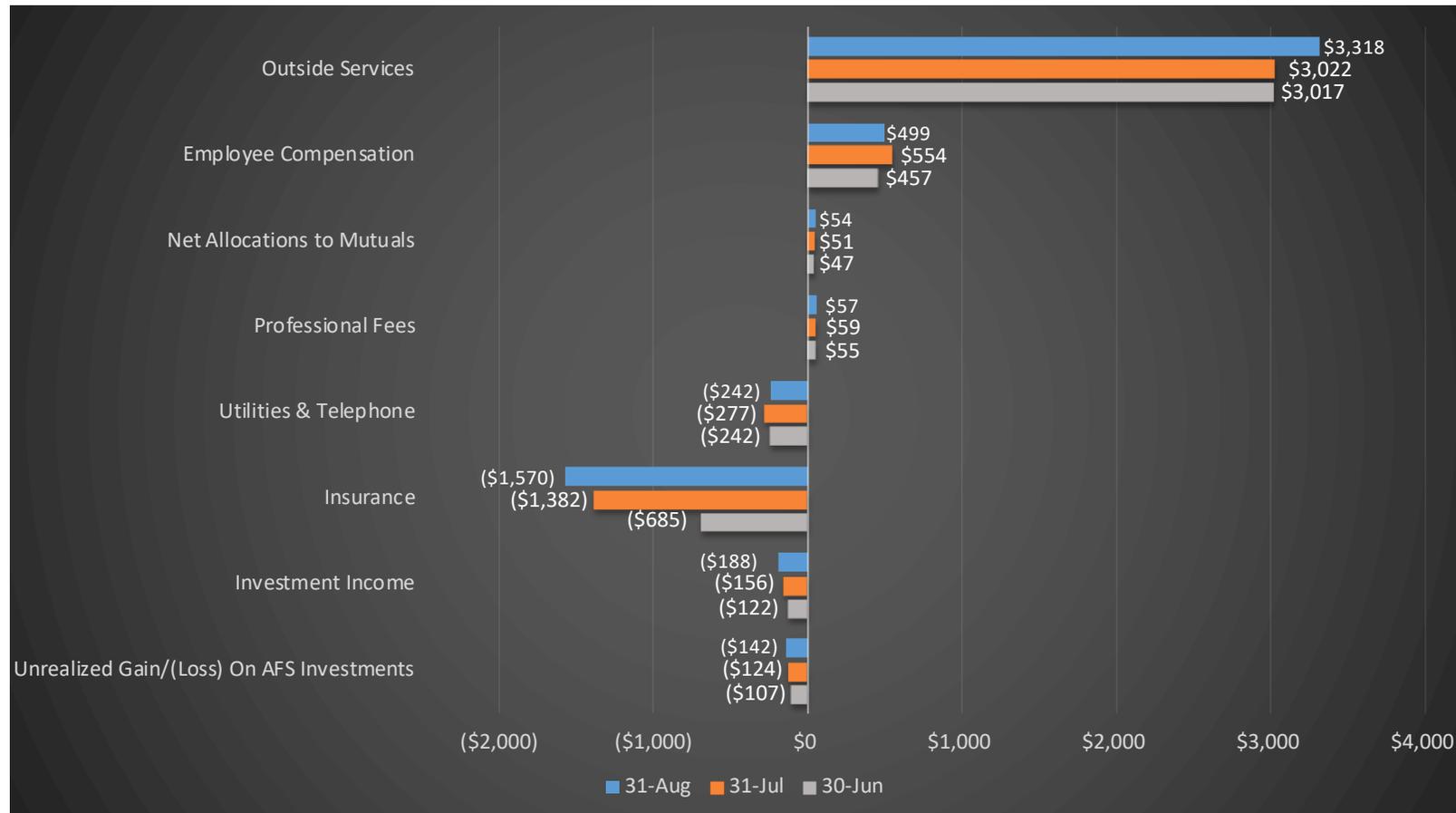
Income Statement - Actual v. Budget

(YTD 8/31/2021, in thousands)



Selected Variances

(YTD 8/31/2021, in thousands)



Total Non-Assessment Revenue

(YTD 8/31/2021, in thousands)

July 31

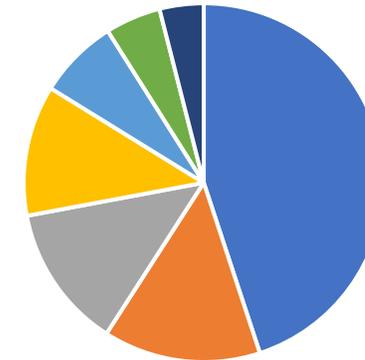
\$951,632



- Fees & Charges to Residents - 43%
- Lease Processing Fee - 14%
- Laundry - 13%
- Resale Processing Fee - 12%
- Investment Income - 8%
- Miscellaneous Revenue - 5%
- Golf Cart Electric Fee - 5%

August 31

\$1,101,438



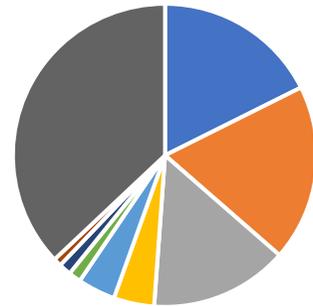
- Fees & Charges to Residents - 45%
- Lease Processing Fee - 14%
- Laundry - 13%
- Resale Processing Fee - 12%
- Investment Income - 7%
- Miscellaneous Revenue - 5%
- Golf Cart Electric Fee - 4%

Total Expenses

(YTD 8/31/2021, in thousands)

July 31

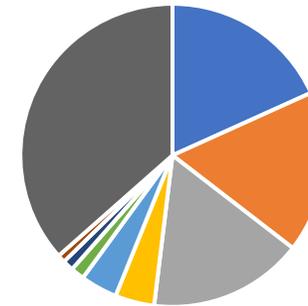
\$19,530,282



- Utilities & Telephone - 18%
- Insurance - 19%
- Outside Services - 15%
- Materials & Supplies - 4%
- Net Allocations to Mutuals - 4%
- Other - 1%
- Legal Fees - 1%
- Repairs & Maintenance - 1%
- Employee Comp. & Related - 37%

August 31

\$23,007,393



- Insurance - 18%
- Utilities & Telephone - 17%
- Outside Services - 16%
- Materials & Supplies - 4%
- Net Allocations to Mutuals - 4%
- Other - 2%
- Legal Fees - 1%
- Repairs & Maintenance - 1%
- Employee Comp. & Related - 37%

Non-Operating Fund Balances

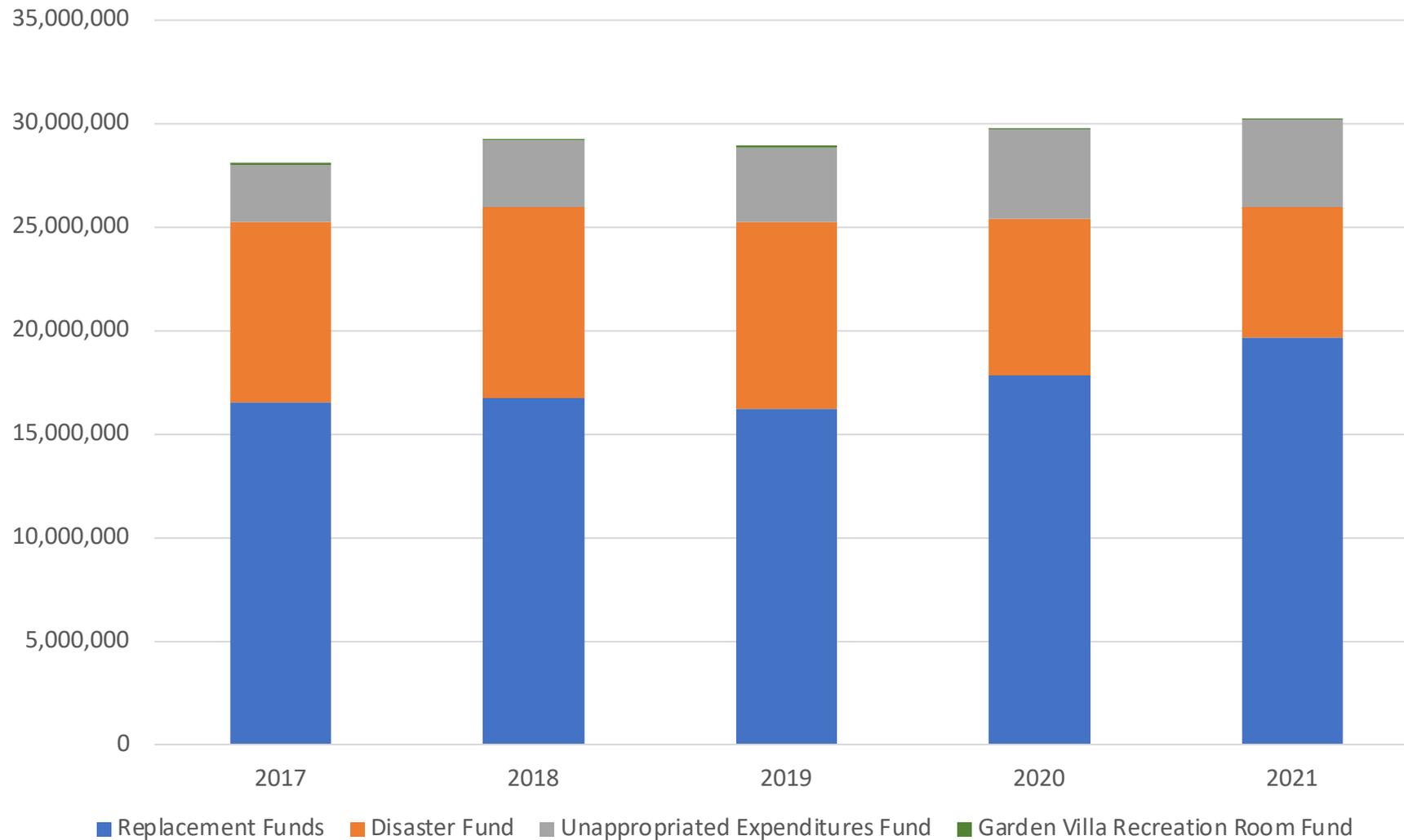
(YTD 8/31/2021, in thousands)



Non-Operating Fund Balances	Replacement Funds*	Disaster Fund	Unappropriated Expenditures Fund	Garden Villa Fund	Total
Beginning Balances: 1/1/21	\$17,437	\$6,843	\$4,271	\$89	\$28,640
Contributions & Interest	7,468	1,245	401	57	9,171
Expenditures	5,234	1,804	443	71	7,552
Current Balances: 8/31/21	\$19,671	\$6,284	\$4,229	\$75	\$30,259

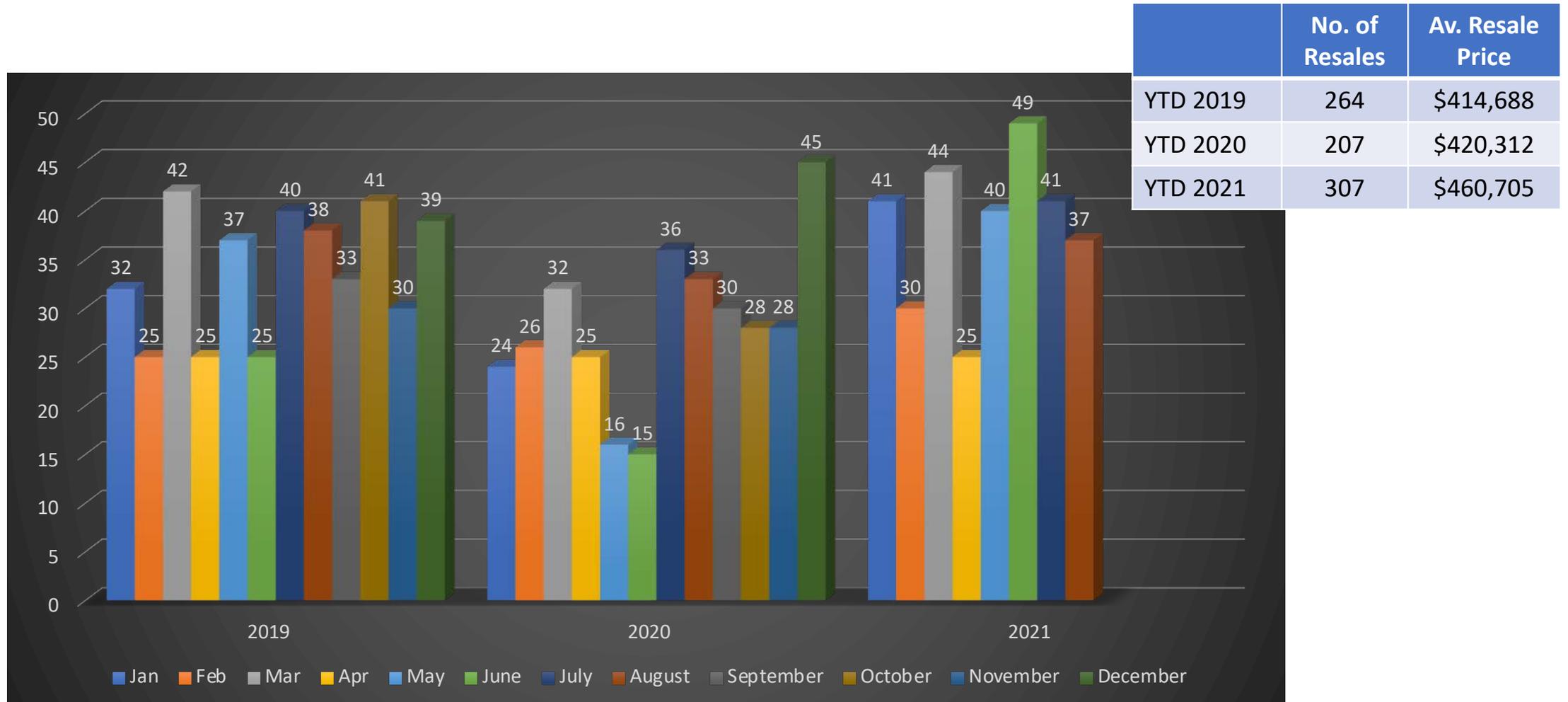
*Includes elevator and laundry funds

Fund Balances - August 31



Resale History – Third Mutual

Preliminary as of August 31, 2021



Property Insurance Renewal

Craig Wayne, Director

Property Insurance

Coverage Limit	10-1-19 Renewal Premium	10-1-20 Renewal Premium	10-1-21 Renewal Premium
\$0M - \$225M		\$2,662,659	\$3,472,806
\$225M - \$425M		\$362,965	\$1,200,000*
\$425M - \$700M	\$1,226,169	\$1,078,324	\$1,400,000**
Total	\$1,226,169	\$4,103,948	\$6,072,806***

* Portion of insurance in \$225M to \$425M coverage limit to be filled

** Total insurance limit at 10-1-21 renewal: \$675M

*** Property insurance budget: \$7,800,000

Water Conservation

Donna Rane-Szostak, Director

Water Conservation Is More Important Than Ever

Limited water resources

- Severe CA drought
- Reduced Northern CA snowfall
- Lake Mead at record low levels

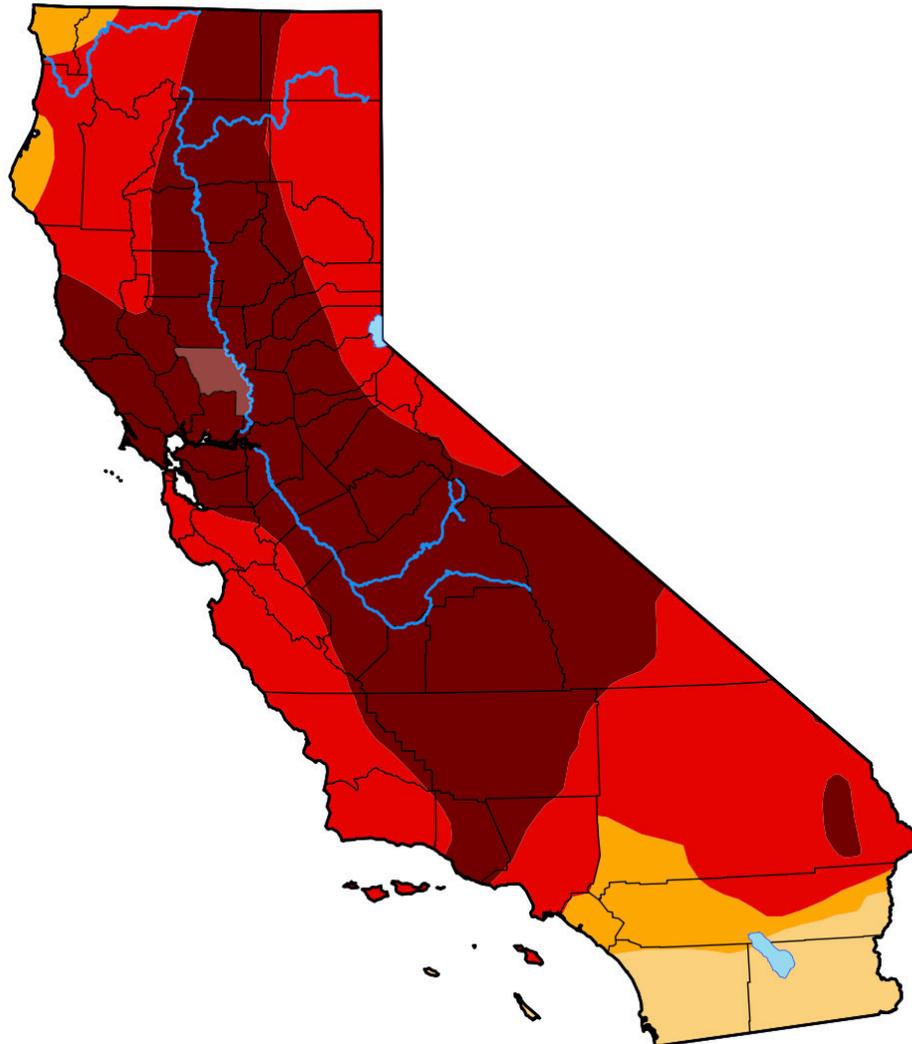
South OC drinking water 100% imported

- Very expensive to transport H₂O over long distances
- Rate increase (effective July 1, 2021)

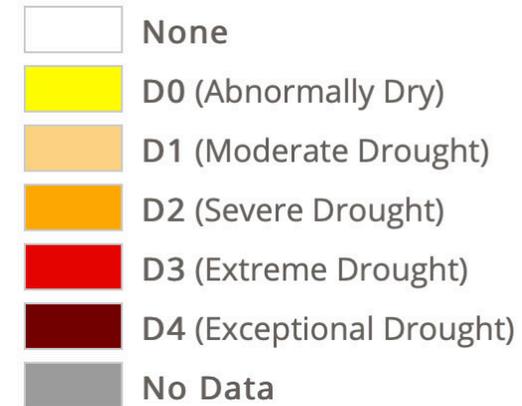
Third's 2022 water bill projected to be \$5M—costs depend on us!

Map released: Thurs. September
16, 2021

Data valid: September 14, 2021



Intensity





Lake Oroville 2019



Lake Oroville today



Lake Mead

Residential Water Charges: Tiers

		Previous Rate/ 748 gal	New Rate/ 748 gal
Tier 1	Efficient	\$ 2.65*	\$ 2.72*
Tier 2	Efficient outdoor	\$ 3.04	\$ 3.11
Tier 3	Inefficient	\$ 6.21	\$ 6.78
Tier 4	Excessive	\$ 7.95*	\$ 8.52*

Water Conservation Is a Task for All



Landscaping Department

- Replace turf with drought-tolerant plants where appropriate
- More efficient sprinkling (ongoing project)

Residential

- Medical need for bathing can mean potential rate reduction
- Report leaks (in your unit and your building)
- Car washing not permitted in Third Mutual



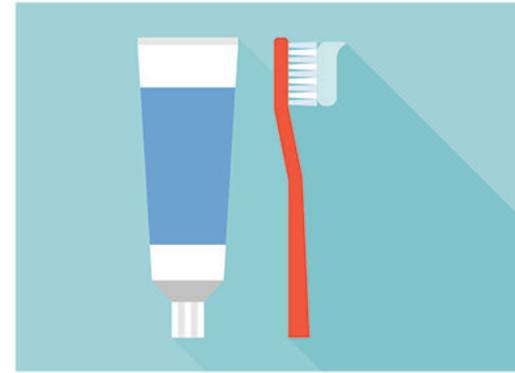
INSTALL AERATORS

Save 1.2 gallons per person/day



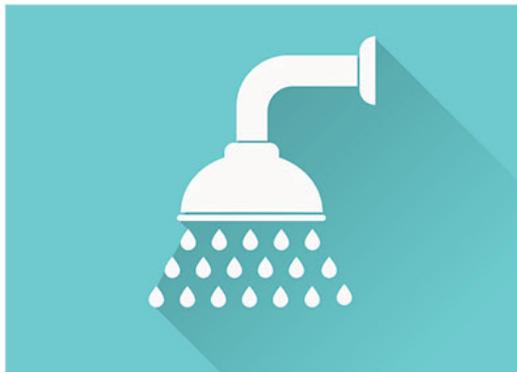
WASH FULL LOADS OF CLOTHES AND DISHES

Washer: Save 15-45 gallons per load
Dishwasher: Save 5-15 gallons per load



TURN OFF WATER WHEN BRUSHING TEETH OR SHAVING

Save 10 gallons per person/day



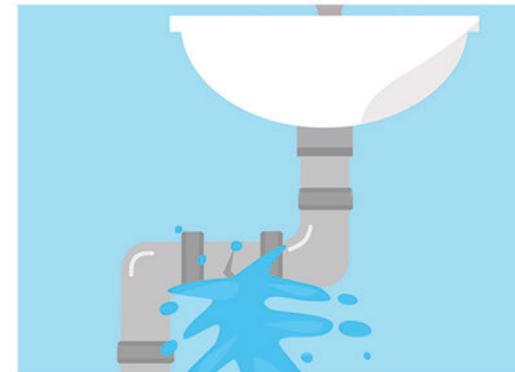
SHOWER FOR ONLY 5 MINUTES

Save 12.5 gallons with a water
efficient showerhead per shower



INSTALL A HIGH-EFFICIENCY TOILET

Save 19 gallons per person/day



FIX LEAKS

Save 110 gallons per month

How You Can Help	Water Savings
Turn off water when brushing teeth or shaving	10 gal pp/day
Install high-efficiency toilets <i>(up to \$100 rebate from ETWD)</i>	19 gal pp/day
Take 5-minute showers	Up to 12.5 gal pp/shower
Wash full loads of clothes, dishes	Washer: 15 - 45 gal/load Dishwasher: 5 - 15 gal/load
Recycle indoor water, irrigate garden	Cut use by 30% by recycling indoor water for outdoor use
If walk-in tub for medical needs	Rate adjustment possible

How You Can Help



Check for leaks

- Kitchen, bathroom, laundry areas
- Dripping faucets
- Leaking valves
- Toilets (free blue dye tablets from Resident Services)

Tier 4 letter

- If suspect not use related, notify residential services
- Nonvisible leak, leak in exterior potable water line
- Provide access to your manor to check for leaks

Questions About Water Use in the Village?

- Email info@lagunawoodsvillage.com
- Resident Services 949-579-4600 8 a.m. to 5 p.m.
- Security (after hours) 949-580-1400

Traffic Hearings

John Frankel, Director

Traffic Hearings

Traffic Hearings are administered by the Department of Security Services and held on a monthly basis, with a board member from each mutual, including the Towers, for residents and their guests who commit traffic violations.



Traffic Hearings

Village Security collects speeding and stop sign failure violations on video.

Additionally, certain violations are captured on photos including:

- Parking
- Clutter stored in vehicles
- Registration issues
- Lack of decals
- Overnight parking without the proper permit

Parking violations are issued for:

- Parking in a red zone
- Parking on the sidewalk
- Parking in manor parking garages without decals

Traffic Hearings

A traffic rules guideline manual defines all Village traffic rules and applicable fine system for violators found guilty.

Traffic hearings are held in the Community Center board room where violators can view the videos or photos and explain any circumstances that may be applicable. A first-time violation results in a warning.

Subsequent violations result in increased fines. Persons receiving a traffic ticket for a moving violation may choose to attend a two-hour traffic school with a \$20 fine.

Only a small percentage of traffic violators present their circumstances to the hearing board, which averages 12 each month. Most receiving a ticket choose to pay the fine.

Compliance

Annie McCary, First Vice President

Cases Addressed in 2021

Carried out 3,209 disciplinary cases since the beginning of the year for a 300-case average per month

Type of Violation	%
Nuisance	15%
Delinquencies	12%
Illegal Occupancy	11%
Landscape	8%
Traffic Violations	7%
Carport Clutter	7%
Animal Nuisance	6%
Alteration Standards	6%
Other	4%
Common Area Clutter	3%

Type of Violation	%
Smoking Policy	3%
Alteration Maintenance	3%
Balcony Clutter	3%
Maintenance	3%
Patio Clutter	2%
Breezeway Clutter	2%
Real Estate Signage	1%
Interior Clutter	1%
Abandoned Vehicle	1%
Care Giver Policy	1%

Cases Addressed in 2021

Board noticed 68 disciplinary hearings

Violations	Cases Per Violation
Abandoned Vehicle	1
Animal Nuisance	1
Clutter	7
Delinquency	35
Maintenance	4
Nuisance	4

Violations	Cases Per Violation
Smoking Nuisance	1
Traffic Rules	2
Unauthorized Alteration	6
Unauthorized Landscape	1
Unauthorized Occupancy	6
Total cases for 2021	68

Garden Villa Completed Work

Lynn Jarrett, Secretary

Laundry Room Floors

Annual program replaces vinyl flooring in Garden Villa and LH21 buildings with long-lasting epoxy floors



Garden Villa Lobbies

- Annual program to update Garden Villa lobbies via removal of acoustic ceilings and dated wallpaper; each lobby receives fresh paint and new carpet
- All lobby renovations are now complete



Elevator Refurbishment



Recreation Rooms

Annual program to update Garden Villa Rec Rooms; renovations may include new blinds, heat pumps, tables/chairs, kitchens, carpeting, paint and lighting



Rec Room 1272 New Chairs



Before



After

Rec Room 2390 New Carpet



Before



After

Rec Room 2354 Linoleum Floor Replaced With Epoxy



Before



After

Rec Room 2386 Kitchen Reno



Before



After

Rec Room 2391 Women's Restroom Countertop Resurfacing



Before



After

Select 2021 Resolutions Passed

Reza Karimi, Director

Select 2021 Resolutions Passed

- Approved election by members for revision of CC&Rs
- Approved election by members for amendment to CC&Rs
- Approved 2021 special election schedule, resolution to appoint inspector of elections
- Approved resolution for social media use policy
- Approved resolution for BBQ rules and regulations policy
- Approved hate policy
- Approved transfer of operating fund surplus to disaster fund
- Approved a resolution for insurance renewal funding
- Revised rules for Third Mutual board members
- Revised standard wall attachment requirements