



NEPENTHE NEWS

Board Approved 2019 Budget

Letter from the President

Hello to all. We made it through the elections and now can concentrate on the holidays! We also probably need to do a rain dance or two. Enjoy the nice weather while we have it.

The Board, after much deliberation and review, adopted a budget for 2019. The monthly dues assessment increases from \$488 per month per unit to \$501 per month / per unit, an increase of 2.7%.

Through some extensive review of Nepenthe's Reserve Fund projections and the updating of some of its projected expenditures, the Board was able to hold the monthly reserve contribution portion of Nepenthe monthly dues at the same level for 2019 as this year's contribution. Lot's of hard work by the Finance Committee helped achieve this.

The Grounds maintenance budget now includes the salary of the ground's supervisor whereas in recent prior years, this position was charged to reserves. While not representing an increase in overall cost for grounds, it does increase the operating budget while reducing reserve funding expenditures.

The hard reality for all of us here in Nepenthe is that further increases in dues are inevitable. The 2019 budget recently approved by the Board makes no provision for the transition to metered water usage mandated by the City of Sacramento. There is a forum and presentation being scheduled soon on this matter. Wood Rogers, a highly respected engineering firm, will be presenting their findings.

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Jazz by The Fireplace - Sunday Nov. 11th



Join your neighbors for some music, drinks and fun on November 11th from 5:00pm-8:00pm for "Jazz by the Fireplace"! With the success of this past summers jazz events, the Outreach Committee is hosting another awesome event for all to enjoy. Bring an appetizer if you would like and pull up a chair next to the fire. (Music by Valerie V -vocals, and Chet Chwalik -piano and horns, Serenade the "Troops")

One glass of wine per person is included with admission. You can purchase admission to this event at the Nepenthe Office (Preferred) or at the door.

In honor of Veterans Day, all Veterans are **FREE!**

Residents: \$10

Guests: \$12

So come to the Nepenthe Clubhouse Nov. 11th and join smiling faces by a warm fire for this seasonal event that is sure to please!



September Cash Flow Report

Sources / Uses	Operations	Reserves
Beginning Balance 1/1/2018	\$256,783	\$6,219,844
Plus Income	\$2,735,422	
Accounts Payable	\$235,680	
Pending Reserve Expense	(\$27,769)	
Reserve Investment Income		\$39,965
Contributions to Reserve		\$1,626,011
Less Operating Expenses	(\$1,156,907)	
Reserve Funding	(\$1,626,011)	
Reserve Expenditures		(\$1,052,689)
Ending Balance 9/31/2018	\$417,197	\$6,833,131

September Budget Report

Actual year-to-date income of \$2,735,421 versus year-to-date budgeted income of \$2,630,169 produced a positive variance of \$105,252.

Actual year-to-date operating expenses and reserve contribution of \$2,782,917 versus year-to-date budgeted expenses of \$2,630,169 produced a negative variance of (\$152,748). The two combined variances produced a negative year-to-date variance of (\$47,495).

Approved Architectural Modifications

The improvements listed were approved by the Board of Directors on

November 7th, 2018

(Some applications may have partial approval)

If you wish to make any exterior changes to your unit that are visible to the community, could impact drainage or interior changes that impact the roof, you must submit an architectural application for review and approval by the Architectural Committee and Board of Directors before starting any work.

Applications are due at the Nepenthe office by the Wednesday prior to the Architectural Committee Meeting.

The Architectural Committee will next meet on

**Tuesday November 13, 2018 in the
Clubhouse Lounge at 5:30pm**

Address	Application
2269 Swarthmore Drive	Window Replacement
13 Adelphi Court	Solar Installation
716 Elmhurst Circle	Window Replacement
1213 Vanderbilt Way	Emergency HVAC Replacement
714 Dunbarton Circle	Door Installation
1318 Commons Drive	Security Camera Installation

President's Letter... Continued from Page 1

Important Dates

Nepenthe Cook Book Club

Main Clubhouse.....November 11th, 2:00-4:00pm

Jazz by the Fireplace.....November 11th, 5:00-8:00pm

Nepenthe Book Club Meeting

(Danbarton Cabana).....November 12th, 3:30pm-5:00pm

Insurance, Safety and Legal

Committee Meeting.....November 13th at 5:00pm

Architectural Review

Committee Meeting.....November 13th at 5:30pm

Grounds

Committee Meeting.....November 15th at 3:00pm

Thanksgiving Day.....November 22nd, 2018

(Office Closed on 11/22 and 11/23)

Outreach

Committee Meeting.....November 27th at 4:00pm

... Nepenthe is now required by new California legislation to carry Fidelity Insurance protecting Nepenthe reserves should a major loss of these funds occur. The 2019 budget does not address the financial impact of this issue. In addition, there are always normal costs increases each year which will need to be covered.

The Board is very sensitive to annual assessment increases. Board members are homeowners just like you. Dues are always related to the financial needs of the Nepenthe Association. This Board takes its fiscal responsibilities seriously and will always look out for the best interests of all Nepenthians!

Regards and happy holidays,

Frank Loge, President

Holiday Decorations

As we enter the coming Holiday season, we direct your attention to the Holiday Decoration Policy for the Nepenthe community:

Members may place seasonal holiday decorations (from the weekend before Thanksgiving until January 7) on the immediate front entrance, garage door surrounds, gutters, alley ways, including shrubs, bushes, and trees immediately adjoining a Member's property to a maximum height of fifteen feet. By doing so, Member assumes all responsibility for any damage caused by Holiday Decorations to the Common Area or Common Facilities and any damage or injury to persons or property.

Decorations may not interfere with health or safety of the public or create a risk of injury or damage to persons or property by encroaching upon alleys or walkways or present a trip hazard in areas normally traveled by pedestrians. Decorations may not obscure address plaques or Common Area lighting. No electrical seasonal decorations shall be placed on or in any Common Area or Common Facility light fixture.

Members are unrestricted in placing holiday decorations in the interior of their property visible to the exterior.

Decorations may not be placed upon roofs, and no person shall access the roof for installation.

Decorations may be installed on exterior walls and fences by plastic or metal clips so long as they do not cause damage to the Common Area or Common Facilities. Clips may be left in place for use seasonally. Any such clips that are not made of clear plastic will be painted the same color as the siding. The Association is not responsible for maintenance or removal of said clips, except that the Association may remove the clips to perform maintenance on any fence or building and will not be responsible for damage to or loss of clips, nor for replacing or reinstalling the clips.

Sound effects and flashing lights, twinkling lights and inflatable decorations in the Common Area are prohibited. Decorations or electrical connections which pose a safety hazard or which expose the Association to increased insurance costs are prohibited. Electrical decorations shall be installed pursuant to manufacturer's recommendations.

Compliance with this policy is exclusively reserved by the Association. Association reserves the right to disconnect, relocate or remove Holiday Decorations not in compliance with this policy. Association will make reasonable efforts to notify a member and request compliance. Association will not be responsible for damage to any Holiday Decoration it disconnects, relocates or removes.



Manager's Report on Budget

The approved 2019 budget includes an increase of \$13 per unit per month. The monthly dues will be \$501.

The annual budget is made up of two components- operating expenses and the contribution to the reserves. Approximately 60% of the total monthly assessment is deposited into the reserve fund.

The reserve fund is where Nepenthe's money for the replacement of major assets is saved and invested. The Reserve contribution is generally 60% of the total assessment. The Reserve Study calls for an annual increase to the reserves in the amount of 3.2% in order to have the funds needed for necessary component replacements. Examples of these components are siding, roofs, underground sewer pipes, concrete walkways, pools, trees and shrubs.

The remaining 40% is used for the operating budget which is comprised of day to day expenses such as service contracts.

This year, the Finance Committee scrutinized the Reserve Study very carefully. They looked at the list of components and their anticipated useful life. They made many inquiries to determine whether the useful life of the components listed in the Reserve Study were accurate. Based upon their inquiries, they were comfortable recommending to the Board that the anticipated life of the roofs and the siding could be safely extended. Safely in this context means that the necessary replacement funds would be in the Reserves when needed and that a future special assessment is avoidable. These major components are the costliest in the reserve fund. It was also agreed to decrease the allocation to landscape renovation. I'll speak more to that in a moment.

The Board adopted the committee's recommendations and this year, there is no increase at all to the reserve contribution.

The entirety of the \$13 increase is in the operating expenses. Here is a summary of the budget changes in the categories of the operating expenses.

Utilities remained flat. Even though the association experienced rate increases from SMUD and PG&E, they



were offset by reducing the pool temperature at the Dunbarton pool and replacing the business telephone service.

Land Maintenance sees the largest increase. The association was advised by the previous contractor to expect a contract increase in 2019 because of the minimum wage increase. When the contract went to bid earlier this year, all of the proposals submitted were higher than the original 2018

contract. This hike ranged from 5% to 30%. The new monthly contract at \$34,868 represents a 16% increase from the 2018 contract. On the budget, this is rounded up to \$36,000. As this is Coast's first year on the property, small adjustments should have an allowance for negotiation.

The higher contract price represents two important points. I've already discussed the necessary uptick to account for the state mandated minimum wage increase. The second component of the increase is about supervision of the work. Under the structure of the old contract, the account was overseen by an account manager who managed many accounts, but because Nepenthe was regularly spending in the neighborhood of \$5,000 per week (\$260,000 annually) from the Reserves for new plantings, it made sense for GP to have a full-time supervisor onsite. Every dollar paid out of Reserves for landscape enhancements in 2017 included money that GP used to pay that supervisor. It is important to note that because the enhancements were determined and ordered during the weekly landscape walk, the projects were spread throughout the development, making onsite continuous supervision worthwhile to GP. While onsite, this supervisor was also tasked with overseeing the maintenance activities. Should Nepenthe have made a change in reserve spending, this supervision component would have ended.

There will be reserve funds used in 2019 for landscape enhancements, but each project will be a standalone project that will include its own management. This is not about the Coast contract, but about a new structure to the Grounds Committee which has determined that a more strategic approach to landscape renovations will be beneficial.

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Manager's Report on Budget -Continued from Page 4...

Funding the supervision of a maintenance contract by spending money from Reserves is not a feasible or sustainable way to do the job. Coast was the only bidder that included a dedicated supervisor. Last year GP was asked about the possibility of having a dedicated supervisor added to the maintenance contract and they declined to consider it. The 2019 reduction in the allocation for landscape in the Reserves was made partly for this reason.

While this is a budget discussion and not a grounds report, management wants to acknowledge that there have been complaints about Coast's performance. History has shown that every new landscaper here has had a steep learning curve because Nepenthe is so unlike any other community. While initially management did not recommend changing landscapers, it has become apparent that this staffing model promises to be advantageous to the community. It should be anticipated that efforts made in the first year will yield great improvement in the second year.

The cost for the landscape contract is \$59 per home per month which is well below the regional average for landscape service when contracted for by an individual homeowner. The overall increase for the budget line is 18%.

Common Area Expenses are the next category. There is an overall increase to this category of 16%.

There are some small reductions- there is a 40% reduction in the coffee service expense since staff has stopped brewing a pot of decaf every day. The fitness equipment contract is reduced 25% to match the average of actuals. Material supplies is reduced 64% to match average of actuals as is pest control.

Still in Common Area Expenses, there is 16% increase here to accommodate the new security contract. At \$2,629 per month it is more than when the contract was only for nighttime patrols (\$1,800), but still almost half of where it was in 2015 when there was a standing guard on duty six hours a night. (\$4,000)

Management/Onsite Administration is the next major category. This category has also remained flat over 2018. There is a zero increase for the management contract and for staff wages, benefits and taxes.

Insurance is the last category and this item has also remained flat with a total increase of less than 1%. Each homeowner will receive a copy of the budget and an assortment of state mandated disclosures by mail in early December. The January statements will show the new monthly assessment.

Year	Assessment	\$ Increase	Reserve Contribution	\$ Increase	Year	Assessment	\$ Increase	Reserve Contribution	\$ Increase
2005	\$387	0			2012	\$408	+\$5	\$239	
2006	\$387	0			2013	\$424	+\$16	\$247	\$18
2007	\$387	0			2014	\$430	+\$6	\$261	\$14
2008	\$387 + \$5,000 Special Assessment				2015	\$440	+\$10	\$270	\$9
2009	\$399	+\$11			2016	\$457	+\$17	\$278	\$8
2010	\$403	+\$4			2017	\$469	+\$12	\$288	\$10
2011	\$403	+\$4			2018	\$488	+\$19	\$298	\$10

Gutter Cleanings

*** Notice of the association's intent to service and maintain: With the rainy season approaching it is that time of year where we will begin roof, gutter and downspout cleanings. As in the past, the cleaning will commence after the majority of the leaf fall has happened. This is usually around late November to December and will go on through February. It is important to note that there is no set schedule or path of cleanings available as each zone has a different level of debris / leaf fall and certain addresses will require more attention than others. Randy Ross Services will be performing the gutter/downspout cleanings as he has for the last 15 years. (Wow, Thanks Randy!). He will be providing notice to all residents as scheduled on a week by week basis. Be sure to cover any items you do not wish for debris to fall on or in, including pools, spas, and BBQ's. Notice will be placed on the **inside of the main gate** at least two days prior to cleaning and will require residents to leave the patio areas accessible so that he may gather up and clean the fallen debris.

Thank
you!!!



A HUGE THANK
YOU

to all those who donated
their non-perishables
to the River City Food
Bank!!

Your generosity is
greatly appreciated.

Veterans Day Observance

Friday, November 16, 5:30 PM

Campus Commons Clubhouse

\$10 for food and drinks

If you have photos of military persons in uniform, bring them to the Campus Commons Office this week. They can be scanned and displayed on the TV that evening.

There will be a collection box for donations for Disabled American Veterans.

Consider donating cash clothing small appliances, kitchen ware, shoes, tools, toys, books, bedding, etc.

Join your neighbors as we recognize and thank all Veterans!

"Pets of Nepenthe"



Do you have a cute furry family member that you want to share with us? We want to see your pictures! In 2019's monthly Nepenthe News we want to feature pictures of the adorable Nepenthe pets you love. Submit your pictures to

Sarah.Lowrey@fsresidential.com

and look for your pet each month. Include the name and a fun fact if you'd like! All pet pictures welcome; Dogs, cats, hamsters, reptiles, birds or whatever kind of pet you know and love. We want to see them!

Grounds Update

Hello Nepenthe!

A message from Daniel Devlin- Assistant Community Manager | Facilities Manager

I am happy to announce that every Friday I will be providing the community with a **Nepenthe grounds update**, it is important to keep all members informed and up to date on work progress and special projects. I would like to take this time let the community know that I meet with the grounds committee chair (Don Landsittle) and the Coast Account Manager (Juliana Brown) once a week on Tuesdays to discuss grounds related issues/topics.

Any subject matters that you feel should be discussed in these meetings should be forwarded to me at daniel.devlin@fsresidential.com preferably sometime in the week prior to the Tuesday meeting. This allows time for me to discuss with upper management and add the topic to the agenda for the upcoming meeting. I feel this will help us better communicate our concerns as a community to our landscape company thus making room for improvements.

Coast Activity for the Week 10/29/2018 - 11/2/2018:

Turf Care-

Zones 5&6 were mowed on Tuesday.

Zones 3&4 were mowed on Wednesday.

Zones 1&7 were mowed on Thursday.

Zone 2 was mowed on Friday.



Shrub, Vine and Groundcover Care:

Leaf Abatement- All Zones. *****Please remember not to park your car on top of leaf piles as the landscapers are unable to pick the piles when doing so.*****

Zone 7 was pruned on Monday.

Irrigation systems-

All work orders regarding irrigation are performed Monday- Friday. System checks will start after the leaf drop season when there is more down time.

The Nepenthe staff hopes this information helps, please stay tuned for next week's update. Thank you.

Warm Regards, Daniel Devlin- ACM / Facilities Manager

Anyone interested in participating in a Nepenthe golf club, please contact Charles Schaffer at charles.b.schaffer@gmail.com



2018 Holiday Party - Mark Your Calendars!

The Outreach Committee will be hosting this years annual Nepenthe Holiday Party. Join us for a holiday celebration all can enjoy!

Date: Sunday December 2nd, 2018

Time: 4:00pm-7:00pm

Location: Nepenthe Clubhouse Lounge

There will be food, drinks, crafts for children,



music , hot cocoa, a warm fireplace and much more! Watch for an email reminder with more information on how you can participate. At this years event

Looking to volunteer for the Outreach Committee? Or just want to help with the Holiday Party? Contact the office for more information.

Holiday Giving Tree

As you make your holiday shopping list, you are invited to add a few items for the kids at the Sacramento Children's Home on Sutterville Road. Sac Children's Home helps thousands of local children and their families every year with:

- * Emergency childcare and support for families in crisis
- * Early intervention violence prevention
- * After school activities that help kids in their formal education
- * Counseling services for children and young adults
- intensive care for abused or neglected males age 6-18

Children at SCH need so many simple things that we often take for granted, including clothes, books, toys, games, arts and crafts supplies, and more. You can pick up a "Giving Star" with the name of a specific gift at the Nepenthe office after November 7th. There will be a donation box for the new, unwrapped gifts in the lobby until December 7.

This project is being initiated by a new group tentatively named "Our Community Group". Our mission is to promote community activities and awareness. ALL are welcome to participate.

You can call or email Gerry for additional information at:

Gerry Gelfand,
gerry@gerrygelfand.com,
916-900 4613



REMINDER: ITEMS LEFT IN COMMON AREAS

As a follow up to last months issue of the Nepenthe News, items in the commons areas are now being collected if found. Items will be held at the office for a period of two weeks after collection. If left unclaimed, the items will be donated. Please see last months issue for more

details. Each home may place one potted plant outside of their door. We of course understand that many items are unquestionably attractive, however, all personal objects and plantings must be removed from the common area. If you have any questions regarding this matter please feel free to contact the office at (916) 929-8380

COOKBOOK CLUB



Would you like to join a group of adventurous cooks interested in cookbooks and in trying new recipes? Join the Cookbook Club...

The next meeting will be on Sunday, November 11th, from 2:00 PM to 4:00 PM in the Nepenthe Clubhouse Library. Bring an appetizer, or any dish you choose. New members welcome!



Nepenthe Association
1131 Commons Drive
Sacramento, CA 95825

Phone: 916-929-8380
Nepenthe.HOA@FSResidential.com

Office Hours:
Monday–Friday 9:00 AM to 6:00 PM
Saturday–Sunday (Winter) 9:00AM to 1:00 PM
Saturday–Sunday (Summer) 12:00 PM to 4:00 PM

www.NepentheHOA.com

Management Staff:

Betsi Ledesma, General Manager, betsi.ledesma@fsresidential.com

Sarah Lowrey, Assistant Community Manager, sarah.lowrey@fsresidential.com

Daniel Devlin, Assistant Manager / Facilities Manager Daniel.Devlin@fsresidential.com

Nirmal Dhesi, Administrative Assistant, Nirmal.Dhesi@fsresidential.com

FirstService Residential Customer Care Center: 1-800-428-5588

Other Important Contacts:

Security Concerns? Call the Nepenthe Office or the

After-Hours Customer Care Center at 1-800-428-5588

Power Outage: 1-888-456-SMUD

Nepenthe Insurance Questions? Need a certificate? Call management 916-929-8380

City of Sacramento (garbage, recycling, city street parking enforcement, etc.): 3-1-1

Board of Directors:

Frank Loge, President, fjloge@outlook.com, 916-920-0752

Linda Cook, Vice President, linda_cook@att.net, 916-847-8996

Steve Huffman, Secretary, steve@huffmanstrategy.com, 916-214-4500

Christina George, Treasurer, cjadot@comcast.net, 916-921-2793

Jan Summers, Member at Large, Summersj10@Yahoo.com, 916-927-5570

Committees

**Board of Directors Open Session Meeting
5:30pm in the Clubhouse on the
1st Wednesday of every month.**

Committee Meetings:

Times, dates and locations of meetings can be found on the website at

<http://nepenthehoa.com/event-calendar/> or on the bulletin board outside of the Clubhouse.

Architectural Review Committee

Chair: Jenny Smith

Elections Committee

Chair: Yvonne Del Biaggio

Finance Committee

Chair: John Baker

Grounds Committee

Co-Chair: Don Landsittel

Co-Chair: Open

Insurance, Legal and Safety Committee

Chair: Nancy Arndorfer

Outreach Committee

Chair: Charles Schaffer

Important Reminders

- ♦ If you are selling your home or plan on putting it on the market, please be sure to contact the office so that we may prepare to update the Flood Insurance Policy.
- ♦ The Pools are now closed / not heated for the Winter season. The Dunbarton Spa and main Clubhouse Spa remain open and heated for your enjoyment.
- ♦ **In observance of the Thanksgiving holiday, the Clubhouse Office will be CLOSED on Nov. 22nd and Nov. 23rd, so that the FirstService Residential management team and staff can enjoy this holiday with their families.**

Thank you and happy Thanksgiving everyone!