

NEPENTHE ASSOCIATION

Open Session Nepenthe Board of Directors

November 2, 2022 6:00 PM
Nepenthe Clubhouse
1131 Commons Drive
Sacramento, 95825

MINUTES

Directors Present

JOHN BAKER - President
MARKUS DASCHER TTEE - Vice President
ASHLEY TANGERAAS - Member at Large
JACQUELYN GREBITUS - Treasurer
CHERYL NELSON - Secretary

Directors Absent

None

Additional Attendees

Betsi Ledesma, General Manager, FirstService Residential

I. CALL TO ORDER

Meeting was called to order at 6:00 pm.

II. EXECUTIVE SESSION ACKNOWLEDGEMENT/ANNOUNCEMENT

In accordance with Civil Code Section 4935(a) the Board met in Executive Session on October 25, 2022, and November 2, 2022, in order to consider litigation, matters relating to the formation of contracts with third parties, member discipline, personnel matters, or to meet with a member, upon the member's request, regarding the member's payment of assessments, as specified in Civil Code.

III. COMMITTEE UPDATES

Each committee gave a brief verbal report in addition to the minutes in the Board Packet.

Architectural Review Committee: Chair Alan Watters noted that proposed rule changes regarding estoppel certificates, new wording on the Notice of Completion and changing the name of the Architectural Guidelines were on the Board's agenda.

Finance Committee: Chair Susan Timmer advised the Board that their budget recommendations were in the Board packet. President Baker thanked them for their thorough and thoughtful review.

Grounds Committee: Chair Christina George spoke to the Board about the recently revised Process for Homeowner Landscape Requests which states that the Board liaison, Chair and manager will review requests and authorize work up to \$2,500. She pointed out that committees have no spending authority under the governing documents and she will not authorize any landscape expenditures.

Insurance, Legal & Safety Committee: Representative Jerry Dunn talked about obtaining a quote for flood

insurance that will be more competitively priced. He stated that he needed a little more time to obtain the numbers

Outreach Committee: Chair Marcy Best spoke to the success of the Halloween Hayride Event. She reported that there was very good attendance and she talked about upcoming events.

IV. REPORTS

Communication

- The Nepenthe News was last published on September 9, 2022. The next newsletter will be published on November 4, 2022. Topics to be covered include:
 - ◊ Budget and Reserve Study
 - ◊ Upcoming Events
 - ◊ Broad Room Art Supply Drive
 - ◊ Board Report
 - ◊ Contract approvals
 - ◊ Roof and gutter cleaning

Administration

- As of October 25, 2022, the rental rate in Nepenthe is 16%
- Currently interviewing applicants for the part-time receptionist position.

Landscape

- Warranty plantings throughout the community were planted October 26.
- Irrigation schedules have reprogrammed to once a week watering.
- Due to excessive plant growth in September and October, Carson had extra pruning crew members onsite at no cost to Nepenthe.
- Turf fertilizer is now being applied.
- Weed abatement at the University Lot has been completed.
- Leaf drop has begun, and the leaf vacuums are on the property again.

Facilities

- Work order report is included in the Board packet
- Roof and gutter cleaning will take place November 14 through December 2.
- Phase I Siding, Fencing and Painting update: Project manager Paul Reeves to meet with the Board in Executive Session.
- Securitas has provided mobile patrols throughout October. Reports are reviewed by management daily, recapping the rounds and interactions of the officers on duty.

Financial

The full financial report for September has been provided to the Board under separate cover. An abbreviated report is included in the Board packet for homeowner review.

The Income Statement continues to show a negative variance overall of \$161,811 mainly due to catching up on our reserve funding from where we did not make the contribution last year at the renewal billing for the flood insurance.

Operating income and expenses in the major categories:

- **Revenue:** YTD Budget \$2,945,331, Actual \$3,020,308
- **Reserve Contribution:** YTD Budget \$1,688,561, Actual \$1,932,410
- **Utilities:** YTD Budget \$87,390, Actual \$86,055
- **Land Maintenance:** YTD Budget \$382,725, Actual \$347,289
- **Common Area:** YTD Budget \$144,099, Actual \$184,879 (changes in pool and janitorial contracts mid-

year are the drivers behind the neg. variance)

- **Management/Onsite Admin:** YTD Budget \$317,718, Actual \$329,708 (again, the tax payments were the drivers here)
- **Insurance:** YTD Budget \$324,819, Actual \$301,726

Reserve expenses

Component	2022 Allocation	Spent YTD	Committed YTD
Siding, Fencing and Painting	\$1,542,827	\$270,645	\$1,102,298
Roofing	\$59,778	\$20,520	
Clubhouses- Physical Components plus Pools	\$95,926	\$3,779	
Pole Lights/Electrical	\$12,928	\$8,015	
Underground Utilities/Plumbing	\$51,404	\$48,525	\$26,000
Paving/Concrete	\$109,168		\$178,188
Landscape: Tree Care, Irrigation and Planting	\$809,315	\$1,082,230	\$159,210
Misc.		\$1,885	
Total	\$2,813,335	\$1,435,599	\$1,442,296

Disclaimer: These are not based on accounting actuals. This represents a compilation of Board actions to date. Some expenses have not been invoiced yet.

V. HOMEOWNER FORUM

A number of owners addressed the Board on items of community interest. Directors took notes for further follow up.

VI. HOMEOWNER CORRESPONDENCE

Letters from the following owners were received and reviewed:

Barbara Henry, 211 Elmhurst

Don Ellwanger, 1221 Vanderbilt

Lynne Goldsmith, 2243 Swarthmore

Paul Keller, 1449 University

Peter Pelkofer, 1019 Dunbarton

VII. CONSENT CALENDAR

Resolved

The Board approves Consent Calendar Items A to E as presented, excepting therefrom Item B. Financial Statements which is tabled.

Motion: JOHN BAKER

Second: MARKUS DASCHER TTEE

► **Resolved**
The motion passed unanimously

A. APPROVAL OF MINUTES

Resolved

The Open Session Minutes dated October 5, 2022 are approved as presented.

B. FINANCIAL STATEMENT

Resolved

The Board accepts the Association's income statement for September 2022, comparing actual results to budget, reserve statement, bank statements and reconciliations, check history report and general ledger as presented, subject to an annual audit. The report reflects a year to date net operating income of -\$161,777 and year-to-date reserve funding of \$1,932,410 compared to the year-to-date reserve funding budget of \$1,688,561. The actual year-to-date operating expenses were \$1,249,657. The budgeted year-to-date operating expenses were \$1,256,751. The association has \$314,037 in operating funds, which represents .96 months of budgeted expenses and reserve contributions. The association has \$11,149,094 in reserve funds.

C. ARCHITECTURAL APPROVALS

Resolved

The Board confirms the recommendations of the committee as noted below:

216 Dunbarton	HVAC	Approval, no movement of fence
2302 American River	Windows	Approval
2274 Swarthmore	Patio improvements	Approval excepting therefrom the trellis
1268 Vanderbilt	Windows	Approval
1012 Dunbarton	Patio Improvements	Approval

D. 10/17/2022 LIEN RESOLUTION

Resolved

The Board authorizes the placement of a lien on the following account should the delinquent assessments not be paid within the time period established in the Intent-to-Lien letter, as described in the signed Resolution.

Account Number	Past Due Assessments	Total Amount Due
2228-01	\$1,586.30	\$1,908.77

E. APPOINT PAM DI MAGGIO TO INSURANCE, LEGAL & SAFETY COMMITTEE

Resolved

The Board appoints homeowner in good standing, Pam di Maggio, to serve on the Insurance, Legal & Safety Committee for the remainder of this year's term ending May

VIII. UNFINISHED BUSINESS

A. PROPOSED RULE CHANGE: ESTOPPEL INSPECTION

Resolved

The Board approves the draft rule as presented and directs management to post notice of the proposed rule adoption in compliance with applicable civil codes for a final adoption date of January 4, 2023.

Motion: CHERYL NELSON

Second: MARKUS DASCHER TTEE

► **Resolved**
The motion passed unanimously

B. PROPOSAL RULE CHANGE: NOTICE OF COMPLETION REQUIREMENT

Resolved

The Board approves the draft rules as presented and directs management to post notice of the proposed rule adoption in compliance with applicable civil codes for a final adoption date of January 4, 2023.

Motion: JOHN BAKER

Second: MARKUS DASCHER TTEE

- ▶ **Resolved**
The motion passed unanimously

C. ZONE 1 LANDSCAPE PROPOSALS

Resolved

The Board agreed to defer the proposal to plant annuals in the Clubhouse Flagpole Island.

The Board directed management to request separate proposals for the work outlined in the second Zone 1 proposal. They further directed that they do not wish to consider any proposal to remove the junipers at the pickleball courts.

Motion: CHERYL NELSON

Second: JOHN BAKER

- ▶ **Resolved**
The motion passed unanimously

D. ZONE 2 LANDSCAPE PROPOSALS

Resolved

The Board approved the proposal for landscape improvements at Vanderbilt Way as proposed for \$33,600.00

First Motion

The Board resolved to defer the proposal for landscape improvements on Swarthmore in the amount of \$14,400.

Motion: CHERYL NELSON

Second: MARKUS DASCHER TTEE

AYEs: CHERYL NELSON, JOHN BAKER, MARKUS DASCHER TTEE

NAYs: JACQUELYN GREBITUS, ASHLEY TANGERAAS

- ▶ **Resolved**
The motion passed

Second Motion

Motion: CHERYL NELSON

Second: JACQUELYN GREBITUS

- ▶ **Resolved**
The motion passed unanimously

E. ZONE 4 LANDSCAPE PROPOSALS

Resolved

The Board approves the proposal for Zone 4 Landscape Remediations \$33,600.00 when the tree is

approved for removal by the City.

Motion: CHERYL NELSON

Second: MARKUS DASCHER TTEE

AYEs: CHERYL NELSON, JOHN BAKER, MARKUS DASCHER TTEE

NAYs: ASHLEY TANGERAAS

▶ **Resolved**
The motion passed

F. ZONE 6 LANDSCAPE PROPOSAL

Resolved

The Board approves the proposals for Zone 6 Landscape Remediations \$14,400.00

Motion: CHERYL NELSON

Second: MARKUS DASCHER TTEE

AYEs: CHERYL NELSON, JOHN BAKER, MARKUS DASCHER TTEE

NAYs: ASHLEY TANGERAAS

Abstained: JACQUELYN GREBITUS

▶ **Resolved**
The motion passed

IX. NEW BUSINESS

A. ADOPT 2023 OPERATING BUDGET

Resolved

The Board approves the draft and resolves that the assessment level for the next fiscal year will be \$572 per unit, per month.

Motion: JOHN BAKER

Second: CHERYL NELSON

▶ **Resolved**
The motion passed unanimously

B. ADOPT 2023 RESERVE STUDY UPDATE

Resolved

The Board approves the Browning Reserve Group draft reserve study for the fiscal year ending 2023 as presented. The reserve study has monthly reserve contributions of \$318 per unit per month based on projected reserve fund balance of **\$10,081,734** as of December 31, 2022. The Board directs Management to adjust the unfunded reserve balance consistent with the actual reserve fund amount and with the reserve analyst's projection of that balance as of December 31, 2022, if any.

Motion: JOHN BAKER

Second: JACQUELYN GREBITUS

▶ **Resolved**
The motion passed unanimously

C. FLOOD INSURANCE RENEWAL

Resolved

The Board approves the Flood Insurance renewals for every unit as stated here:

Building limit \$250,000, Contents \$100,00, Deductible \$10,000 payable from the operating budget.

Motion: JOHN BAKER

Second: JACQUELYN GREBITUS

▶ **Resolved**
The motion passed unanimously

D. APPROVE LETTER OF ENGAGEMENT FOR 2023 CPA SERVICES

Resolved

The Board approves the provided Engagement Letter from Levy, Erlanger & Company, LLP for the following CPA services:

1. Conduct the annual financial review for fiscal year 2022 for a fee of \$1,495.
2. Prepare the federal and state income tax returns for same for a fee of \$510.

Motion: JOHN BAKER

Second: CHERYL NELSON

▶ **Resolved**
The motion passed unanimously

E. DETERMINE WHETHER TO CANCEL DECEMBER'S BOARD MEETINGS.

The directors agreed to cancel the December 7, 2022 Open Session. Architectural Review Committee Liaison, Markus Dascher, will approve the architectural applications. No expenditures are anticipated for the period, but there will be an Executive Session in case any approvals are needed.

F. APPOINT BOARD SUB-COMMITTEE TO ARRANGE MEETING WITH PARK CORP. BOARD

Resolved

The Board appoints Markus Dascher and Jackie Grebitus to serve as the subcommittee in charge of Campus Commons Park Board communication.

G. ZONE 5 LANDSCAPE PROPOSALS

Resolved

The Board approves the proposals for Zone 5 Landscape Remediations \$38,800.00

Motion: CHERYL NELSON

Second: MARKUS DASCHER TTEE

AYEs: CHERYL NELSON, MARKUS DASCHER TTEE

NAYs: JACQUELYN GREBITUS, JOHN BAKER, ASHLEY TANGERAAS

▶ **The motion did not pass**

H. ZONE 7 LANDSCAPE PROPOSAL

Resolved

The Board approves the proposals for Zone 7 Landscape Remediations \$9,600.00

Motion: JOHN BAKER

Second: MARKUS DASCHER TTEE

AYEs: JACQUELYN GREBITUS, CHERYL NELSON, JOHN BAKER, MARKUS DASCHER TTEE

NAYs: None

Abstained: ASHLEY TANGERAAS

▶ **Resolved**
The motion passed

X. SECOND HOMEOWNER FORUM

A number of owners addressed the Board on items of community interest. Directors took notes for further follow up.

XI. NEXT BOARD MEETING

The Association's next open Board meeting will be held January 4, 2023 at 6:00 pm..

XII. ADJOURN

The meeting was adjourned 8:11 pm.

APPROVED

DATE