

**NEPENTHE ASSOCIATION
BOARD OF DIRECTORS MEETING
April 5, 2017, 5:30 PM**

Nepenthe Clubhouse | 1131 Commons Drive | Sacramento, CA 95825

WELCOME

Thank you for attending. This is a business meeting, open to members of the Nepenthe Association and guests of the Board. The primary purpose of the meeting is to ensure that the Association is meeting its responsibility to maintain the property and to serve homeowners.

Two three-ring binders with supporting documentation for agenda items are available in the room for homeowner use. Please share them. The packets are always available in the office at least four days prior to Board meetings.

Please silence all electronic devices. These proceedings may be recorded to assist with the preparation of minutes. The Board appreciates your cooperation.

OPEN SESSION AGENDA

I. CALL TO ORDER

Present	Arrival	Board Member	Position	Departure
		Steve Huffman	President	
		Joan Haradon	Vice President	
		Linda Cook	Secretary	
		Will Vizzard	Treasurer	
		Vacant	Member at Large	

II. ANNOUNCEMENTS

- a. **Executive Session Disclosure:** In accordance with Civil Code Section 4935(a), the Board met in Executive Session on April 5, 2017 in order to consider matters relating to the formation of contracts, personnel matters and member discipline.
- b. **Board Announcements**
 - i. As the Board moves through the agenda, members may comment or ask questions about any agenda item during the two homeowner forums. Please address all comments or questions to the chair. The Board will be unable to accept comments or questions from the floor during its deliberations.

III. COMMITTEE REPORTS

- a. **Ad Hoc Committee on Lighting**Page 7
- b. **Architectural Review Committee** Pages 8-9
- c. **Finance Committee** Page 10
- d. **Grounds Committee** Pages 11-13
- e. **Insurance, Legal and Safety Committee** Page 14
- f. **Nominating Committee**
- g. **Outreach Committee** Pages 15-18

IV. MANAGEMENT REPORTS

- a. **Operations Report** Pages 19-24
- b. **Master Calendar Report**..... Pages 25-26

V. HOMEOWNER CORRESPONDENCE Pages 27-29

VI. HOMEOWNER FORUM

In accordance with California Civil Code Section 4920(a), the Association must post or distribute the agenda for Regular Session Meetings no fewer than four (4) days prior to a Regular Session Meeting. During Homeowner Forum, items not included on the agenda that are raised by homeowners may be briefly responded to by the Board and/or Management; however, no action may occur with respect to that item unless it is deemed an emergency by the Board of Directors and developed after the agenda was posted and/or distributed. The Board of Directors may refer informational matters and direct administrative tasks to Management and/or contractors. Each homeowner will be given three (3) to five (5) minutes to speak in accordance with the Open Meeting Act, California Civil Code 4925(b), or a total of twenty (20) minutes will be granted for all to address the Board of Directors regarding items of interest or concern.

VII. CONSENT CALENDAR In an effort to expedite the Board meetings, Management has placed several business items on a Consent Calendar. Please review the items prior to the meeting so that you may have your questions answered in advance. Action required: Board Resolution.

Proposed Resolution: The Board approves Consent Calendar items A to G as presented.

<i>Begin Consent Calendar</i>

a. Approval of Minutes March 1, 2017 Open Session Pages 30-36

Proposed Resolution: The Open Session minutes dated March 1, 2017 are approved as presented.

b. Financial Statement: January and February 2017 Pages 37-60

Proposed Resolution: The Board accepts the January and February 2017 interim financial reports and bank reconciliations as presented, subject to annual review. The reports reflects a positive year to date variance of \$74,613 and reserve funding of \$343,906 compared to the reserve funding budget of \$340,084. The reserves are funded through February 2016. The Association has \$378,598 in operating funds, which represents 1.36 months of budgeted expenses and reserve contributions. The Association has \$5,726,272 in reserve funds.

c. Accept 2016 Annual Financial Review by CPA Paula Hegner Pages 61-75

Management and the Finance Committee have both read the review and recommend Board acceptance.

Proposed Resolution: The Board accepts the 2016 Annual Financial Review and directs management to mail the review to all owners as required by California Civil Code Section 5305.

d. Appoint Special Committee on Underground Utilities

These homeowners have applied to serve on this committee and have also agreed to abide by the Nephenthe Conflict of Interest Policy. They have all received their Scope of Work as agreed upon at the February 1, 2017 open session of the Board of Directors.

Proposed Resolution: The Board hereby appoints the following members in good standing to the Special Committee on Underground Utilities: Don Ellwanger, Bob Geiss and Don Landsittel as Chair.

e. Appoint Committee Member

Homeowner Kay Chmielewski has submitted her application to serve on the Grounds Committee. She has also agreed to abide by the Nephenthe Conflict of Interest Policy.

Proposed Resolution: The Board hereby appoints Kay Chmielewski, a member in good standing to the Grounds Committee.

f. Lien Resolution.....Page 76

Per the enclosed Resolution dated March 20, 2017, Management is requesting authorization to place liens on the following accounts should the delinquent assessments not be paid within the time period established in the Intent-to-Lien letter.

Account Number	Past Due Amount
1957-01	\$938.00
2135-01	\$928.00
2312-01	\$938.00
2509-03	\$1,343.95
1963-02	\$932.00
1959-02	\$1,530.00

g. Architectural Applications Pages 77-79

The Architectural Review Committee met on March 14, 2017 to review the enclosed applications.

Proposed Resolution: The Board confirms the recommendations of the committee.

Address	Application for	Recommendation
114 Dunbarton Circle	Gas Installation	Approval
1010 Dunbarton Circle	HVAC replacement	Emergency Approval

End Consent Calendar

VIII. UNFINISHED BUSINESS

a. Committee Charters Pages 80-95

Action Item. In accordance with their adopted 2017 goals, the Directors have met with the committees and prepared revisions to the governing documents for the following committees. The Standards and Practices for Committees is also enclosed- no need for revision to this document has been identified.

i. Finance:

1. Charter..... Page 80

Proposed Resolution: The Directors hereby approve and adopt the revised Charter for the Finance Committee.

2. Standards & Practices for the Finance Committee..... Pages 81-90

Proposed Resolution: The Directors hereby approve and adopt the revised Standards & Practices for Insurance.

ii. Insurance, Legal & Safety Committee Charter Page 91

Proposed Resolution: The Directors hereby approve and adopt the revised Charter for the Insurance, Legal & Safety Committee.

iii. Grounds Committee Charter Page 92

Proposed Resolution: The Directors hereby approve and adopt the revised Charter for the Grounds Committee.

- iv. **Outreach Committee Charter** Page 93
Proposed Resolution: The Directors hereby approve and adopt the revised Charter for the Outreach Committee.
- v. **Standards & Practices for the Nominating Committee**..... Pages 94-95
Proposed Resolution: The Directors hereby approve and adopt the revised Standards & Practices for the Nominating Committee.

- b. **Parking Policy Update** **Pages 96-101**
 - i. Review the CC&R amendment and ballot prepared by Nepenthe’s General Counsel, Bradley Epstein.
Action required: Board discussion and possible resolution
Proposed resolution: The Board approves the amendment to the Third Restated Covenants, Conditions and Restrictions and directs management to send out ballots for a vote of the ownership.

IX. NEW BUSINESS

- a. **Architectural Application not recommended for approval** **Pages 102-111**
Install gas line extension for fireplace in this 4400 model. Gas line to run from existing gas line installed for furnace in attic, exit exterior wall at edge of roofline near chimney, run down outside of home on top of siding near chimney, with two horizontal branches at right angles to supply fireplaces on first and second floors. Armstrong Plumbing is the contractor. The ARC informed homeowner of existing Nepenthe policy for siding requiring all new piping or conduit to be installed within walls, and requested an exterior elevation drawing. ARC voted 4 to 3 to deny.
- b. **Discussion Item: Abandon Use of “Nepenthe A to Z”**
This document was first adopted by the Board of Directors in 2011. It is updated by the manager one to times per year. It has been noted by some committee chairs, directors and the manager that it is often out of sync with the actual rules of the association. Time spent updating this document has resulted in less time being available for updating the Community Rules.
Action required: Board discussion and possible resolution
Proposed resolution: The Board hereby abandons use of the “Nepenthe A to Z” and directs management to renew efforts to keep the Community Rules updated regularly.
- c. **Annual Risk Assessment Report by Nepenthe Insurance Agent** **Pages 112-114**
In compliance with the Nepenthe Adopted Standards and Practices for Insurance, Farmer’s Agent, Ryan DeShong, has walked the property and prepared the enclosed report for Board review. All identified hazards will be remediated by management who will provide a follow up status report by July 2017.
- d. **Revised Architectural Criteria for Solar Installations**..... **Pages 115-117**
The Architectural Review Committee worked to provide further clarification for the solar criteria adopted by the Board in October 2016. In addition to delineating between thermal and photovoltaic systems, the new criteria contains signature lines to ensure homeowner and contractor compliance.
Action required: Board discussion and vote
Proposed resolution: The Board hereby approves the revised language for Architectural Criteria #24, Solar Installations and directs management to update the published Architectural Guidelines.

e. Proposals for Tree Work Pages 118-141

Arborist Paul Dubois of The Grove Total Tree Care walked the property on February 28, 2017 accompanied by Grounds Committee member Elsa Morrison, Grounds Chair Pam Livingston and General Manager Bettsi Ledesma. The purpose of the walk was to inspect trees identified by residents, Grounds Committee members and management as potentially failing and/or hazardous and to complete an overview inspection of the trees in Zone 6. His report was provided to the Grounds Committee who reviewed it at their March 9, 2017 meeting and asked Mr. Dubois to prepare the enclosed proposals for Board action. The specific work identified is as follows:

Tree Species	Location	Qty	Service Description	Price
Zelkova	#1965 Next to 108 Elmhurst Cir.	1	Merit Injection	\$150.00
Tulip	#1953 Next to 200 Elmhurst Cir.	1	Tree Removal – Grind stump 6-8” below grade	\$680.00
Sweet Gum	#1963 106 Elmhurst Cir.	1	Tree Removal – leaving stump 2-3” above grade	\$1,280.00
Sweet Gum	# 1964 Next to 106 Elmhurst Cir.	1	Pruning for weight reduction	\$960.00
Deodar Cedar	#1956 next to 200 Elmhurst Cir.	1	Pruning for weight reduction	\$960.00
Redbud	#2291 next to 302 Elmhurst Cir.	1	Structural pruning	\$75.00
Deodar Cedar	#1956 next to 310 Elmhurst Cir.	1	Tree Removal – Grind stump 6-8” below grade	\$680.00
Birch	#1896 next to 310 Elmhurst Cir.	2	Separation pruning and clean out of deadwood	\$360.00
Tulip	#1892 next to 312 Elmhurst Cir.	1	Tree Removal – Grind stump 6-8” below grade	\$960.00
Japanese Snowball	#2295 next to 312 Elmhurst Cir.	1	Structural pruning to develop proper structure	\$75.00
Tulip	#1710 next to 808 Elmhurst Cir.	1	Pruning for weight reduction	\$960.00
Maple	#2299 next to 816 Elmhurst Cir.	1	Structural pruning to develop proper structure	\$75.00
Maple	#1698 next to 816 Elmhurst Cir.	1	Structural pruning to encourage proper development	\$75.00
CONTRACT PRICE				\$6,610.00

Report Pages 118-138

Proposal Pages 139-141

Action Required: Board resolution

Proposed Resolution: The Board approves the removals and specific tree pruning as proposed by Grove Total Tree Care for the amount of \$7,050, payable from Reserves which has a remaining 2017 allocation for tree work of \$110,010.

Additionally, as noted in his report, Mr. Dubois recommended the removal of Tulip Tree #1737 at 702 Elmhurst Circle. The Grounds Committee is requesting that the Board not approve this removal and instead direct the Arborist to monitor the tree.

Tree Species	Location	Qty	Service Description	Price
Tulip	#1737 Next to 702 Elmhurst Cir.	1	Tree Removal – leaving stump 2-3” above grade	
			Stump Grinding – grind stump 6-12” below grade, rake grinding residue level with grade	
CONTRACT PRICE				\$2,800.00

Action required: Board discussion and possible resolution

X. HOMEOWNER FORUM

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XI. NEXT MEETING: Wednesday, May 17, 2017 at 5:30 pm in the Nepenthe clubhouse

XII. ADJOURN

Ad Hoc Committee – Lighting

Board Update

April 5, 2017

- Charge received 2/13; meeting every other week; final report on garage/exterior attached lighting recommendations due 4/30 for May Board meeting.

To that end -

- We have met with SMUD to determine our current fixtures energy usage/cost; projected energy savings and help with fixture recommendations.
- We have received information from the California Energy Commission regarding Title 24 requirements.
- We have developed proposed criteria for the new lighting fixtures that include the current ARC guidelines (fully shielded, angle of beam, installation and fixture material and color); adding brightness, color of lighting and placement.
- We have narrowed down the available fixture options and are in the final stages of making fixture recommendations for garage and exterior attached lighting.

Other updates include:

- The Grounds Committee, Zone Stewards helped to populate maps with current light fixtures for a total inventory and list of proposed additional fixtures.
- We have gained input through meeting attendance and an email survey from stakeholders in Zone 7 regarding suggestions for improvement in safety and security in this area subject of levee access.

NEPENTHE ARCHITECTURAL COMMITTEE MINUTES

Tuesday, March 14, 2017 at 5:30 pm in Clubhouse

Members present: Jenny Smith, chair; Cheryl Cochran, Alan Watters, Diane Vanderpot, Bill Henle, Joel Weeden, Jan Summers.

Present: Joan Haradon, Board Liaison; Bettsi Ledesma, Gen. Manager; Karen Lowrey, Don Landsittel.

A. Welcome and Opening Remarks. Introductions.

B.1. Homeowner requests not decided on:

1. **1137 Vanderbilt Way** – Jennifer Boyer – HVAC system replacement in this 4000F model: Install Amana High-Efficiency Split System heat pump (AXZ160361) and air handler (ASPT37C14). Barnett Heating & Air is the contractor. Project completed before applied for – violation should be sent to office. Requested info from homeowner.

B.2. Homeowner Requests Recommended to be Approved. (With conditions if so noted.)

2. **114 Dunbarton Circle** – Evonne Revitt – Gas meter and gas line installation in this 5500 model: extend underground roughly 3 ft. a gas line from existing main line, to left side of garage and install gas meter adjacent to left side wall of garage. **Approval Recommended.**
3. **1010 Dunbarton Circle** – Donald and Jodi Landsittel – Revised application (from Feb.) for HVAC system replacement in this 2300 model: install Amer. Stand. AHRI: 8776287 furnace and air conditioner (17.5 SEER / 13 EER) with 2-stage compressor/condenser 4A7A7036A1000A, coil 4TXCB006DS3HCA, and furnace S9V2B06004PSAA, with new larger condenser pad. (Note that the new 37" x 35" x 48" condenser will come within 6 in. of the asphalt alley pavement.) Clarke & Rush is the contractor. **Approval Recommended.**

B.2.A. Homeowner Requests Already Approved: none.

B.3. Homeowner Requests Not Approved:

4. **709 Elmhurst Circle** – Gregg and Karen Cassady – Install gas line extension for fireplace in this 4400 model. Gas line to run from existing gas line installed for furnace in attic, exit exterior wall at edge of roofline near chimney, run down outside of home on top of siding near chimney, with two horizontal branches at right angles to supply fireplaces on first and second floors. Armstrong Plumbing is the contractor. The ARC informed homeowner of existing Nepenthe policy for siding requiring all new piping or conduit to be installed within walls, and requested an exterior elevation drawing. ARC voted 4 to 3 to deny. **Application denied.**

C. Approval of Minutes: done via email.

D. Reviewed Non-Compliance Notices from Homeowners: none.

F. Old Business: none.

G. New Business:

In a brief bit of housekeeping, reviewed were procedural protocols for submitting emails to our chair, deadline for submitting agenda items, suggestions for effective meeting behavior.

- 1) Application Review Process: ARC is working toward smoothing out our process.
- 2) Solar Panel Criteria – submit to Board for its April meeting.
- 3) Mail Box Plate Cover Criteria – draft examined, but tabled for today.
- 4) Nepenthe Newsletter – ARC’s monthly contribution was assigned to Diane. Alan said he would pass along to her notes he had.

The statuses of ARC’s five ongoing projects were reported on.

H. Next meeting. Tuesday, April 11, 2017, 5:30 pm in the Clubhouse.

Respectfully submitted, Alan Watters, A.R.C. secretary

Nepenthe Homeowners Association

Finance Committee

Minutes, March 27, 2017

Present

Ken Butler, Chair; John Baker, Member; Susan Timmer, Member; Will Vizzard, Board Liaison; Bettsi Ledesma, Association Manager.

Approval of Minutes

The minutes of the January 23, 2017 meeting were approved as presented.

(The committee did not meet in February.)

Board Liaison Report

Will reported that the Board approved the transfer of \$240,000 in cash accounts into two additional certificates of deposit (CDs).

Investment Advisor Recommendation

The March Group of Wells Fargo Advisors is recommending that a portion of our reserve portfolio currently held in a money market account be shifted into Inflation Protected Securities (TIPS) to take advantage of the potential rise in the inflation rate. The committee asked Bettsi to arrange for a meeting with the advisors to discuss this recommendation. Bettsi will request that the Investment Advisor attend our next meeting scheduled for April 17.

Financials

The February Financial statement was reviewed. No errors or inconsistencies were noted.

CPA Budget Review

The committee looked over the certificated public accounts draft "review" of the financial statements for the 2016 fiscal year. Based upon this review, the CPA stated that she was "not aware of any material modifications should be made" to Nepenthe's financial statement or procedures. The committee recommends that the Board approve and sign the Client Representation Letter included in the review.

Meeting Change

The next meeting of the Finance Committee is changed from April 24 to April 17, at 4:00 pm in the Cabana club house.

Respectfully Submitted,

Ken Butler, Chair

NEPENTHE GROUNDS COMMITTEE MEETING

March 9, 2017 - 3:00PM - Dunbarton Cabana

MINUTES

Present were:

Pam Livingston, Committee Chair

Marty Henderson, Irrigation

Diane Luttrell, Zone 1

Grace Long, Zone 1

Diana Vizzard, Zone 2

Lisa Tafoya, Zone 3

Lyn Livingston, Zone 3

Don Landsittel, Zone 4

Pam Sechrist, Zone 5

Diana Mortimore, Zone 6

Renee Mendez, Zone 7

Joan Barrett, Secretary

Betsi Ledesma, General Manager

Linda Cook, Board Liaison

George Procida, GP Landscape

Not present:

Elsa Morrison, Zone 2

Kathy Waugh, Zone 6

Guests present:

Kay Chanislewski- 206 Dunbarton Circle

Christy Navarro- 502 Elmhurst Circle

Karen Lowrey- 106 Elmhurst Circle

Ken Gromack- 703 Dunbarton Circle

The meeting was called to order by Don Landsittel at 3:00PM.

George Procida, Grounds Report

In Marty's absence, George said that the 2nd phase of the irrigation project was half finished and the work in Zone 6 was next, with an expectation of finishing 6 valves there before the city funds run out. He explained to the guests present about the city of Sacramento rebates available for changing sprinkler heads to a drip system.

George reported that the maintenance schedule has begun with mowing; pruning will follow, estimated to be within two weeks. They are checking the irrigation system for problems now to prevent any problems when the irrigation will be online shortly.

Don asked about the ivy regeneration after it is mowed down and George replied that now that the weather is warmer, the mown plants will take about 3-4 weeks to look full again.

Pam Sechrist asked about Zone 1 for irrigation work and Bettsi explained that that work followed the siding repair and painting so it will be the last zone to have the irrigation installed.

Bettsi Ledesma

Bettsi said that she keeps the notes from the zone walks and asked the stewards to turn in their notes after the walk so she can keep this information in the files.

Don asked about the results of the Residents Forum held on March 4th and said that he was disappointed in the turn out for the event. Linda Cook said that she envisions a forum held every quarter, one each for each of the committees.

Bettsi said that she would be sending landscape requests from homeowners to each zone steward or could invite the residents with questions to attend the grounds committee meeting.

Regarding the website, Bettsi said that she and Pam Livingston have reviewed the website and have moved forms that people may be looking for to the top of the page where they will be more visible.

Renee Mendez

Renee, as the chair of the Ad Hoc Lighting Committee asked for the completed light maps from the Zone Stewards. She said that the committee has been working with 2 representatives from SMUD to maximize the benefits of updating the lighting and the rebates that are available from SMUD for doing so. A site audit is scheduled to analyze the safety and aesthetics with dark sky considerations. The estimate is that the upgrades would decrease our energy consumption by a third.

Don asked if the proposed lighting on the garages in the alleys would affect the plans for replacing the lollipop lights and Renee said that utilizing the garage lighting would be voluntary and paid for by the homeowner.

REQUEST FOR BOARD ACTION

Paul Dubois- Arborist Report

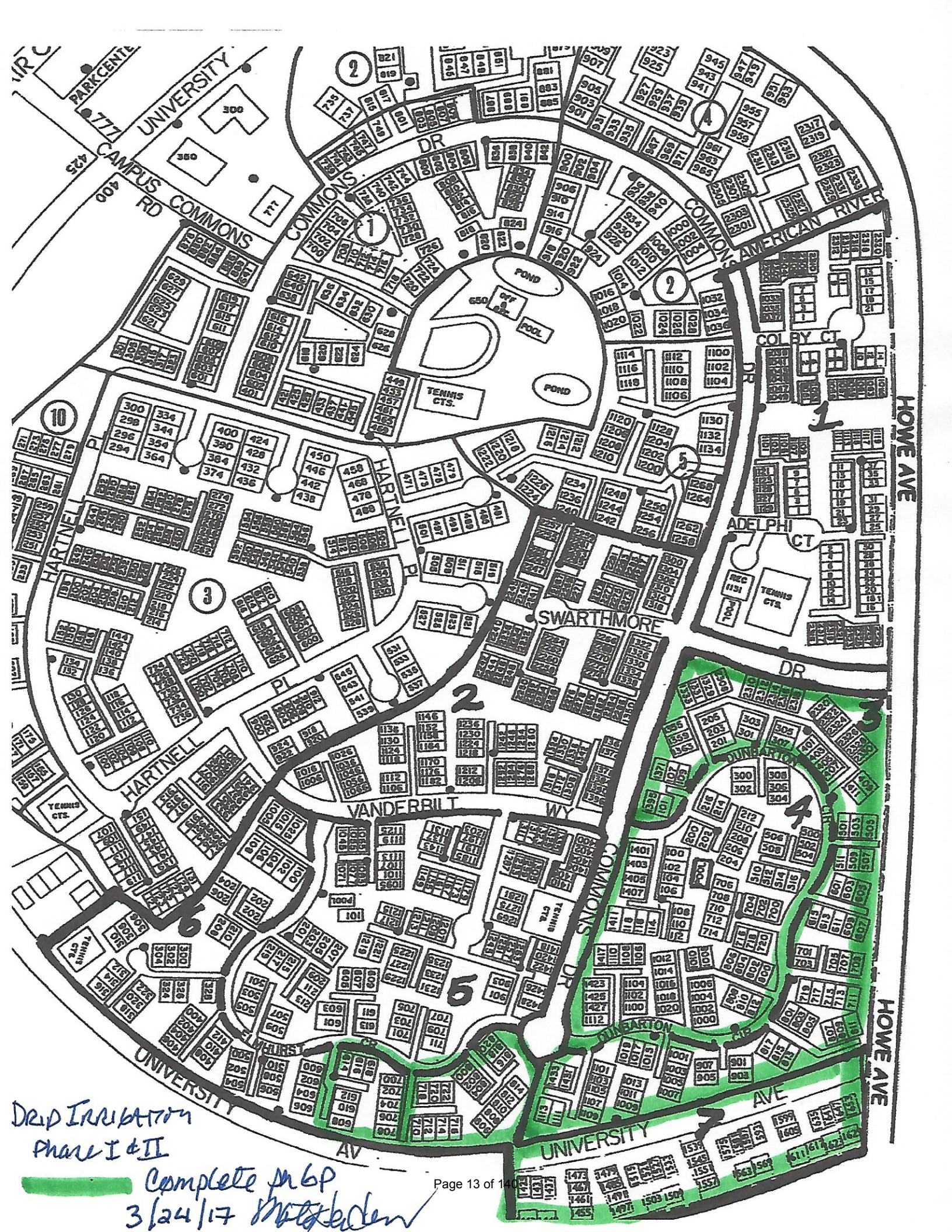
A motion was made by Pam Sechrist and seconded by Diana Vizzard to accept the remedies recommended by Paul Dubois, Arborist with The Grove Total Tree Care, excepting the recommendations about Tree 1737. The motion passed unanimously.

The meeting was adjourned at 4:02PM

Next Zone Walk, Friday, March 10th.

Next HOA Board Meeting, Wednesday, April 5th - 5:30PM Clubhouse

Next Grounds Committee Meeting, April 13th- 3:00PM- Dunbarton Cabana



Drp Irrigation
Phase I & II

Complete m&P
3/24/17 *[Signature]*

Minutes from Insurance, Legal & Safety Meeting
March 14, 2017

Time: 5 PM – 6 PM

Attendees:

Nancy Arndorfer

William Newbill

William Olmsted

Jerry Dunn

Mike Cochrane

Steve Huffman – Nepenthe President

Joel Weedon – Nepenthe Lighting Ad Hoc Committee

1. Joel Weedon provided draft criteria for garage exterior Wall Scones placed on outside of buildings.
2. Minutes from previous meeting were approved
3. Steve Huffman stated the Standards and Practices for insurance had been approved by the board in February. Also discussed the role of the insurance committee in assisting the board as requested to evaluate provisions of contracts with vendors.
4. Nancy provided examples of Emergency Evacuation Plans. Mike suggested we meet with Flood Control, Fire Dept and any other agencies to assist in best ways to advise residents in case of emergencies. We agreed to check with Nepenthe office and other previous documents to see what was available before taking action.
5. Discussed putting a deliberator in the clubhouse for emergencies.
6. Nancy asked if we could change our meeting location to the main clubhouse instead of the cabana. Everyone agreed.
7. Discussed moving handicap parking at clubhouse nearer the building. We came to the conclusion it probably could not be changed.

End of meeting.

Next meeting scheduled for April 11th at Main Clubhouse

Nepenthe Outreach-Social Committee Meeting
February 15, 2017 5:00PM
Nepenthe Clubhouse

In attendance:

Gerry Gelfand, Chair
Bill Olmsted

Joan Barrett

Guest: Steve Huffman, President

Betsi Ledesma, General Manager
Kathleen Montgomery
Charles Schaffer

Committee Members not in attendance:

MJ Lindgren

The meeting was called to order at 5:00PM by Gerry Gelfand, chair.

There were no corrections or additions to the previous minutes of 1/18/17.

Nepenthe President Steve Huffman addressed the committee regarding the Board's review of the Outreach/Social Committee's charter and his pledge to act as the temporary Board Liaison to the committee until a permanent liaison is appointed.

A proposed revision to the charter was discussed and the following changes were decided upon:

The Purpose of the Committee

To encourage residents to interact with other residents in interesting and enjoyable ways
To coordinate and educational forum each year.

Membership

The membership should consist of as many residents; no less than three, as required to promote and facilitate activities throughout the year.

Key Responsibilities

To encourage safety, emotional well being and a sense of community by providing activities and opportunities for enjoyment and entertainment. Examples below *

To plan and coordinate the educational forum each year.

To assist with Association initiatives as needed.

*Examples-

To coordinate a gathering for coffee and conversation most Saturday mornings throughout the year.

To plan and coordinate holiday events with or without charitable beneficiaries

To assist residents in recycling excess household goods by planning and coordinating a parking lot sale

To plan and coordinate a Happy Hour for residents to gather together on a monthly basis

New Business

Charles Schaffer has completed the required paperwork to join the committee. He presented a proposal to invite a combination of fully vetted residents and professional people that could speak for 20 minutes or so at the Saturday coffees on topics of interest to the residents. He suggested that residents that have skills and expertise to convey be vetted as speakers such as Gerry could address travel tips and a knowledgeable antique dealer could address downsizing issues. Kathleen noted that a resident who is an audiologist would be interesting to residents. Bettsi suggested that it would be helpful to pick a specific Saturday when the attendees could expect to have a speaker, i.e., the first Saturday of each month.

Charles also submitted a list of professional people that would be interested in presenting ideas with no commercial considerations and without expectations of deriving business from the event. He listed a person knowledgeable in Senior Care Solutions; an insurance broker who has expertise in navigating Medicare; an attorney that specializes in estate planning and a person who offers Fiduciary services. Bill asked about the status of the relationships that Nepenthe has with several professional people and the consensus was that the people on the list of potential speakers did not conflict with our professional partners. Steve said that it was consistent with the goals of the Board to provide value without spending money to do so.

Stakeholder Orientation (Resident Forum)

Bettsi presented a proposed schedule for the forum. Gerry suggested a goal of five minutes per speaker. There was no objection to the proposal. Kathleen will contact Eric Guerra's office regarding his timing requirements before the lineup is finalized.

The refreshments for the morning were discussed, there is no formal budget for the event beyond the GL allotment of \$1,200.00 per year but that there should be sufficient funds from the deposits following the Jazz at the Pool events to cover the refreshments.

The meeting was adjourned at 6:28PM

Joan Barrett

Next HOA Board Meeting - Wednesday, March 1st- 5:30PM Clubhouse

Next Outreach-Social Committee Meeting- Wednesday, March 15th-5PM- Clubhouse

Nepenthe Outreach-Social Committee Meeting
March 15, 2017 5:00PM
Nepenthe Clubhouse

In attendance:

Gerry Gelfand, Chair
Bill Olmsted
MJ Lindgren
Charles Schaffer
Joan Barrett

Members not in attendance: Kathleen Montgomery

The meeting was called to order at 5:13PM by Gerry Gelfand, chair.

There were no corrections or additions to the previous minutes of 2/15/17.

Old Business

Residential Forum review

The consensus among the committee members was that the forum went well, the feedback indicated that people got the information that they requested and the format was successful for future informational events.

Gerry suggested that the individual committees be scheduled for a presentation of their committee's activities throughout the year. All of the members were supportive of this change.

New Business

Speaker Series

Charles presented a list of people that could speak for 20 minutes or so at the Saturday coffees on topics of interest to the residents. He would like to start the programs soon to coincide with one of the Saturday coffees a month at 10:30A and will write a synopsis of the programs for the newsletter. He will contact the resident with expertise with antiques to see if she is available to start the series.

A list of past events was discussed and most were deemed successful enough to be included in this year's **calendar**. These events are:

Cinco de Mayo- May 4th this year coincides with the happy hour. All were pleased with the event in 2016 and the same vendors, food and decor will be duplicated.

Volunteer Appreciation night- Gerry will contact management regarding procedure to recognize the volunteers of the Nepenthe committees.

Nepenthe Board and Law Enforcement members will be invited to drop into the Saturday coffees for casual conversations regarding things that affect our community.

National Night Out- August 1st. Bill will gather information about successful events in the area.

Parking Lot Sale- Resident opportunity to sell or donate superfluous items

Movie Night at the Clubhouse- after Daylight Saving Time ends perhaps?

Santa Visit for kids at the Clubhouse with crafts

Holiday Party at the Clubhouse - with charitable opportunities

New York New Year's Eve-

Further discussion will be required to flesh out the processes to make these events happen.

The meeting was adjourned at 6:15PM

Joan Barrett

Next HOA Board Meeting - Wednesday, April 5th- 5:30PM Clubhouse

Next Outreach-Social Committee Meeting- Wednesday, April 19th-5PM- Clubhouse



Nepenthe Association

Management Report – April 5, 2017

1 COMMUNICATION

The Nepenthe News was last published on March 3, 2017. The next newsletter will be published on April 7, 2017. Topics to be covered are:

- Parking CC&R Amendment
- More Friendly Reminders
- Manager's Report
- Board Candidates
- President's Report

Website:

- Regular updates to contact pages have been completed.
- Staff has met with web designer to discuss completion and maintenance of website.

2 ADMINISTRATION

As of March 29, 2017, there are three insurance claims currently in process:

1. Water intrusion due to broken pipe in slab. Claims adjuster is expected to inspect and make a determination as to whether it is a covered claim.
2. Water intrusion due to siding failure. Failure appears to be related to the Association's 2009/2010 siding contract. Claims adjuster is expected to inspect and make a determination as to whether it will be a covered claim.
3. Water intrusion due to siding failure. Failure appears to be related to a homeowner's planter built up against common wall, causing moisture in the adjoining unit. All three parties have filed claims.

More information will be provided to the Directors as it comes available.

3 FACILITIES

The following are status updates on various facilities projects:

- Phase III Siding and Painting project is running ahead of schedule. It is approximately half completed.
- Roof and gutter cleanings are almost complete and going well with good coordination with the landscaper for the leaf clean up.

- The pools were serviced on schedule. Service occurs three to five days each week and includes all pools and spas. The pools are now being heated.
- Pool furniture is currently in the process of being distributed to the pool decks. Some replacement umbrellas may be needed. Management will bring proposals to next Board meeting.
- The janitorial service performed all regular scheduled cleanings which include cleaning the clubhouse, the Dunbarton cabana restrooms and the Elmhurst cabana service restroom five days per week.

4 GROUNDS

Since the last Board meeting on March 1, 2016 management has conducted landscape walks on the following dates:

- 03/03/17, Zone 1. Attended by Diane Luttrell and Grace Long, Zone Stewards.; George Procida, GP Landscape; Bettsi Ledesma, General Manager; and Pam Livingston, Grounds Chair
- 03/10/17, Zone 2. Attended by Elsa Morrison and Diana Vizzard, Zone Stewards; George Procida, GP Landscape
- 03/17/17, Zone 3. Attended by George Procida, GP Landscape; Bettsi Ledesma, General Manager Pam Livingston, Grounds Chair; Lyn Livingston, Zone Steward and Linda Cook, Board Liaison.
- 03/27/17, Zone 4. Attended by George Procida, GP Landscape; Pam Livingston, Grounds Chair and Don Landsittel, Zone Steward.

The walk notes showing photographs of all extra work are filed in a binder in my office- Board members and homeowners interested in reviewing the walk notes are always welcome to do so.

Tree Maintenance:

On February 28, 2017, Paul Dubois inspected several trees on the Nepenthe property during the monthly tree walk. The focus of the walk was to address resident/management concerns regarding mature trees on the property. The purpose of this report is to develop mitigation plans for the following trees and his recommendations are below.

- Tree # 1965 Zelcova (*Zelcova serrata*) next to 108 Elmhurst Circle. Tree has had aphid issue that has caused honeydew (Figure 1). Recommend Merit for aphid control.
- Tree # 1953 Tulip Tree (*Liriodendron tulipifera*) next to 200 Elmhurst Circle. Tree appears stressed, with noticeable dead wood in upper canopy (Figure 2). Due to overplanting at this site this tree has been overwhelmed by other larger trees in the area. I recommend removal, and replacement to be determined at another site.
- Tree #1963 Sweet Gum (*Liquidambar styraciflua*) next to 106 Elmhurst Circle. Tree has noticeable inclusion in main attachment (Figure 3). Due to the structure of the tree and the noticeable inclusion I recommend this tree to be removed. Due to proximity to other trees I do not recommend stump to be ground as it could cause damage to other trees. Replacement tree not suitable for this area.

- Tree #1964 Sweet Gum (*Liquidambar styraciflua*) next to 106 Elmhurst Circle. Tree has over weighted canopy and can be prone to limb failure (Figure 4). I recommend weight reduction pruning.
- Tree #1956 Deodar cedar (*Cedrus deodara*) next to 200 Elmhurst Circle. Tree seems healthy and full. The Tree has several over weighted limbs (Figure 5). Recommend weight reduction on heavy portions of canopy.
- Tree #2291 Redbud (*Cercis canadensis*) 302 Elmhurst Circle. New planting, tree need structural pruning to train proper development (Figure 6).
- Tree #1956 Deodar cedar (*Cedrus deodara*) next to 310 Elmhurst Circle. Tree has trunk wound at base and little trunk taper due to developing in grove of trees (Figure 7). Tree has sparse canopy and leans to neighboring property. Recommend removal due to structural defects, and replacement tree suitable for open area behind 310 Elmhurst Circle.
- Tree #1896 Birch (*Betula pendula*) next to 310 Elmhurst Circle. The tree appears healthy (Figure 8). Some deadwood in canopy due to proximity to Tree #1893 Recommend separation pruning and clean out of deadwood.
- Tree #1892 Tulip Tree (*Liriodendron tulipifera*) next to 312 Elmhurst Circle. Tree has large cavity in trunk with noticeable area of internal decay (Figure 9& 10). I recommend removal and replacement due to proximity to building.
- Tree #1856 Dogwood (*Cornus florida*) next to 318 Elmhurst Circle (Figure 11). Tree has sustained some damage at the base from a string trimmer. I recommend trunk protective sleeves for all small and new planted trees to protect from this type of injury.
- Tree #2295 Japanese Snowball (*Strax japonicus*) Next to 404 Elmhurst Circle. New planting, tree looks healthy, needs some structural pruning to develop proper structure. (Figure 12).
- Tree #1737 Tulip Tree (*Liriodendron tulipifera*) next to 702 Elmhurst Circle. Tree has sustained damage to base from girdling root (Figure 13 &14). Tree has a cavity at base with exposed wood this can lead to decay. The root system is invasive and encroaching on building foundation. I recommend removal and replacement. ***Per Grounds Committee 3/9/17, No tree removal, tree will be monitored.**
- Tree #1710 Tulip Tree (*Liriodendron tulipifera*) next to 808 Elmhurst Circle. Tree has multiple tops and a full canopy (Figure 15). Recommend weight reduction pruning and to clean out dead wood and monitor tree.
- Tree #2299 Maple (*Acer rubrum*) next to 816 Elmhurst Circle. New planting, I recommend structural pruning to develop proper structure (Figure 16).
- Tree #1698 Maple (*Acer rubrum*) next to 816 Elmhurst Circle. Young tree needs some corrective structural pruning to encourage proper development (Figure 17).
- ~~Tree #505 Interior Live Oak (*Quercus wislizeni*) next to 1330 Commons Dr. Tree has slowly declined for the past several months (Figure 18). With the amount of decline it is unlikely that this tree will recover. I recommend removal and replacement of this tree.~~ **Since the last tree walk, the tree has made a dramatic recovery. Arborist does not recommend removal.**

Management, Grounds Steward Elsa Morrison and arborist Paul Dubois will continue the monthly practice of tree walks in the community. Owners with tree concerns are welcome to forward them to the office for inclusion on the walk list. The most recent walk was March 28th and the next is planned for Zone 1 on April 25th.

5 FINANCIAL

The February Financials were published on March 19, 2017. There is a current positive variance of \$74,613.25.

Annual Financial Review and tax returns have been completed by CPA Paula Hegner.

6 GOVERNANCE

- **Courtesy Patrol:** Since the last Board meeting, there were a total of 28 violation notices placed on vehicles in the community by the security patrol. There were 0 vehicle towed during this time. Reports are reviewed by management daily, recapping the rounds and interactions of the officers on duty.
- **Violations:** Since the last Board meeting, management sent 8 compliance notices, 3 for maintenance repair, 3 for landscape-trim trees in patio, 1 for window coverings not allowed and 1 lease term not allowed.
- **Community Rules:** Currently under revision and update. See next pages for proposed Table of Contents.

SECTION 1. INTRODUCTION

SECTION 2. OCCUPANCY AND USE OF PROPERTY

2.1. Occupancy Limits

2.2. Residence Rental and Leasing {CC&Rs Sections 2.4 & 2.5}

- 3.2.1. Lease or Rental Agreement
- 3.2.3. Voting and Use Rights

2.3. Restrictions on Businesses {CC&R Section 3.1(b)}

2.4. Resident Contact Information

SECTION 3. COMMON AREA RULES

3.1. General

- 3.1.1. Use of Common Areas
- 3.1.2. Obstruction of Common Areas
- 3.1.3. Alterations to Common Areas
- 3.1.4. Damage to Common Areas
- 3.1.5. Risk and Liability

3.2. Parking, Streets and Driveways

- 3.2.1 Overnight Parking
- 3.2.2. Vehicle Codes and Regulations
- 3.2.3. Speed Limit
- 3.2.4. Clubhouse Parking Lot and Fire Lanes

3.3. Swimming Pools and Spas

3.4. Sport Courts

- 3.4.1. Permitted Use
- 3.4.2. Hours of Use
- 3.4.3. Sports Equipment
- 3.4.4. Apparel
- 3.4.5. Beverages
- 3.4.6. Special Events

3.5. Clubhouse and Dunbarton Cabana

- 3.5.1. Facility Use Procedures and Priority of Use
- 3.5.2. Private Rentals

3.6 Grounds and Landscaping

SECTION 4. OWNER AND RESIDENT OBLIGATIONS

4.1. Maintenance of Lots and Residences

4.2. Home Improvements – Architectural Review Process

4.3. Insurance

4.4. Use Restrictions

- 4.4.1. Signs
- 4.4.2. Pets
- 4.4.3. Trash
- 5.4.4. Sports Apparatus
- 5.4.5. Burning
- 5.4.6. Security Devices
- 5.4.7. Telecommunication Devices
- 5.4.8. Clotheslines
- 5.4.9. Sheds
- 5.4.10. Window Coverings
- 5.4.11. Holiday Décor
- 5.4.12. Nuisance

4.5. Guests

SECTION 5. ASSOCIATION OBLIGATIONS

5.1. Maintenance

5.2. Insurance

5.3. Governance

- 5.3.1 Board of Directors
- 5.3.2 Committees
- 5.3.3 Management

SECTION 6. RIGHTS & REMEDIES

3/1	Board Meetings: Closed 4:00 PM, Open 5:30 PM	3/1/2017
3/3	Nepenthe News published	3/3/2017
3/9	Grounds Committee meeting 3:00 PM	3/9/2017
3/14	ARC meeting 5:30pm	3/14/2017
3/14	Insurance, Legal and Risk Management Committee Meeting 5pm	3/14/2017
3/15	Outreach committee meeting 5:00 PM	3/15/2017
3/20	Call Republic to order dumpsters for private street clean up event April 11-18	
3/20	Manager to mail hearing notices to delinquent owners	3/20/2017
3/27	Committee Minutes due in management office	3/29/2017
3/30	Lock in agendas for Board meetings- 1) DQ hearings 2) 4) Accept Annual Review by CPA 5) Risk Assessment	3/29/2017
3/27	Finance Committee meeting 3:00 PM	3/27/2017
3/31	Manager posts agenda and distributes Board packets	
4/5	Board Meetings: Closed 4:00 PM, Open 5:30 PM	
4/5	Board President to sign tax returns	
4/7	Mail Annual Review to homeowners in accordance with civil code requirements	
4/7	Manager to notify members disqualified to vote due to delinquent assessments	
4/7	Manager to post candidate statements on websites	
4/7	Nepenthe News published- Slate of Candidates, Candidates' Forum, Election timeline, Private Street	
4/10	ARC Meeting 4:30 PM	
4/10	Private Street Clean Up Event Begins	
4/11	Insurance, Legal and Risk Management Committee Meeting 5pm	
4/13	Grounds Committee meeting 3:00 PM	
4/14	Good Friday	
4/17	Mail notice to Committee Chairs- all committee members must submit new committee applications	
4/20	Inspectors to proofread ballot materials	

4/19	Outreach committee meeting 6:00 PM	
4/21	Deadline for petitioners to nominate for Board	
4/21	Upload ballot to mail house	
4/24	Committee Minutes due in management office	
4/24	Finance Committee meeting 3:00 PM	
4/29	Candidates Forum 10:00 - Noon	
5/3	Board Meetings: Closed 3:30 PM, Open 5:30 PM	
5/4	Star Wars Day	
5/5	Nepenthe News published- VOTE reminder first page, sign up for committee service	
5/8	ARC meeting 4:30 PM	
5/9	Insurance, Legal and Risk Management Committee Meeting 5pm	
5/11	Grounds Committee meeting 3:00 PM	
5/11	Deadline for committee applications	
5/11	Lock in agendas for Board meetings	
5/12	Manager posts agenda and distributes Board packets	
5/17	Board open session and 2017 Annual Meeting	
5/18	Post election results via E-blast and on outside bulletin board and websites	
5/22	Finance Committee meeting 3:00 PM	
5/29	Minimal Staffing in Office for Memorial Day	

March 27, 2017

Nepenthe Board of Directors

1131 Commons Drive

Sacramento. CA 95825

Board Members:

I am writing at the request of Sandy Underwood, 1306 Commons Drive. She is a longtime resident at that location and has a perspective of the comings and goings at the Clubhouse that most of us do not have. She is aware of how difficult it sometimes is for non-residents to recognize the Clubhouse and figure out where the entrance is. For those of us who use the Clubhouse regularly it seems obvious, but for non-residents, I can see how our entrance is rather deceptive. Visitors are given a Commons Drive address, but there is no public entrance on Commons Drive and there is no address plate on Commons Drive.

When the Clubhouse remodel was in process, Sandy suggested that the blank wall on Commons Drive have a plaque like the one by the front door that identifies the building and the address. That plaque is very attractive and I see nothing objectionable about having a version of that same plaque where people on the street can actually see it. At that time, her suggestion went nowhere.

Today, Sandy observed as many people attending a memorial service parked on the street and then attempted to enter through the swimming pool gate. Several of these people were elderly, using canes and walkers. They went up the steps, only to find the gate locked and had to return to the sidewalk to search for the entrance. She eventually went out to the street to give them directions to the front door and the ADA ramp. I have also been told by non-resident friends attending evening events that they could not find the clubhouse and went home. In the dark, it is not that distinguishable from the other buildings, if one does not know where they are going.

I would suggest that we order another plaque like the one by the front door and place it on the large wall on the west side of the building. The only addition would be that the bottom of the plaque would have an arrow pointing to the left with the word "entrance," or words "entrance and ramp." It may need a light on it to be visible at night, but perhaps there is a solar powered light that would be enough to light it in the evenings.

Some will laugh and say that the Clubhouse and the entrance are quite evident, but as a former teacher I understand that all depends on your previous experiences and I can see how those who have not experienced our beautiful Clubhouse might find the building and the entrance elusive, especially in the evenings or in foul weather.

Thank you for all you do for the community and thank you for your attention to this matter.

Diana Vizzard

1330 Vanderbilt Way

916-923-9308





Nepenthe
CLUBHOUSE

MEMBERS & GUESTS ONLY

1131

Commons Drive

Entrance



NEPENTHE ASSOCIATION

BOARD OF DIRECTORS MEETING

March 1, 2017, 5:30 PM

Nepenthe Clubhouse | 1131 Commons Drive | Sacramento, CA 95825

OPEN SESSION MINUTES

I. CALL TO ORDER

Present	Board Member	Positon
X	Steve Huffman	President
X	Joan Haradon	Vice President
X	Linda Cook	Secretary
X	Will Vizzard	Treasurer
	Vacant	Member at Large

II. ANNOUNCEMENTS

- a. **Executive Session Disclosure:** In accordance with Civil Code Section 4935(a), the Board met in Executive Session on March 1, 2017 in order to consider matters relating to personnel, member discipline, legal matters and the formation of third-party contracts.

Items of discussion included:

- Personnel Matters
- Pending Litigation
- Member Discipline

b. **Board Announcements**

1. As the Board moves through the agenda, members may comment or ask questions about any agenda item during the two homeowner forums. Please address all comments or questions to the chair. The Board will be unable to accept comments or questions from the floor during its deliberations.
2. Homeowner educational forum will be held March 4th- Living in Nepenthe- What You Need to Know
3. Parking Town Hall will be held March 11th.

III. COMMITTEE REPORTS

- a. **Ad Hoc Committee on University Ave. Lots-** No report given.
- b. **Architectural Review Committee-** Verbal report provided at meeting. Minutes provided to Board in their packet.
- c. **Finance Committee-** No meeting. Verbal report provided at meeting.
- d. **Grounds Committee-** Verbal report provided at meeting. Minutes provided to Board in their packet.
- e. **Insurance, Legal and Safety Committee-** Verbal report provided at meeting. Minutes provided to Board in their packet.
- f. **Nominating Committee -** Verbal report provided at meeting. Minutes provided to Board in their packet.

- g. **Outreach Committee-** Verbal report provided at meeting.

IV. MANAGEMENT REPORTS

a. Operations Report-

1. Phase III Siding and Painting project is running ahead of schedule. It is approximately one-third completed.
2. Roof and gutter cleanings are in process and going well with good coordination with the landscaper for the leaf clean up.
3. Tree Maintenance: On February 1, 2017, Paul Dubois inspected several trees on the Nepenthe property during the monthly tree walk. Management, Grounds Steward Elsa Morrison and arborist Paul Dubois will continue the monthly practice of tree walks in the community. Owners with tree concerns are welcome to forward them to the office for inclusion on the walk list.

- b. Master Calendar Report-** Manager Bettsi Ledesma reviewed the calendar with the Board.

V. HOMEOWNER CORRESPONDENCE-None

VI. HOMEOWNER FORUM- Comments were received on a number of topics. Management made notes of the comments for possible future Board action.

VII. CONSENT CALENDAR Director Will Vizzard motioned to remove and correct item B from Consent Calendar. Director Linda Cook seconded this motion and it passed unanimously.
Director Steve Huffman Motioned to approve corrected item b. Financial Statement
Second: Director Joan Haradon
Vote: All in favor
The Board approved Consent Calendar items A to E as presented excepting therefrom the item removed by unanimous consent: Item b. Financial Statements- removed as these were approved at last month's open session. Management will include January and February Financial Statements on the April 5 agenda.

Begin Consent Calendar

a. Approval of Minutes February 1, 2017 Open Session

Proposed Resolution: The Open Session minutes dated February 1, 2017 are approved as presented.

b. Appoint Special Committee on Lighting

These homeowners have applied to serve on this committee and have also agreed to abide by the Nepenthe Conflict of Interest Policy. They have all received their Scope of Work as agreed upon at the February 1, 2017 open session of the Board of Directors.
Proposed Resolution: The Board hereby appoints Cheryl Cochrane, Bill Olmsted, Joel Weeden and Renee Mendez as Chair as members in good standing to the Special Committee on Lighting.

c. Appoint Committee Member

Homeowner Charles Schaffer has submitted his application to serve on the Outreach Committee. He has also agreed to abide by the Nepenthe Conflict of Interest Policy.
 Proposed Resolution: The Board hereby appoints Charles Schaffer, a member in good standing to the Outreach Committee.

d. Lien Resolution

Per the enclosed Resolution dated February 15, 2017, Management is requesting authorization to place liens on the following accounts should the delinquent assessments not be paid within the time period established in the Intent-to-Lien letter.

Account Number	Past Due Amount
1963-01	\$923.00
1959-02	\$1,061.00

e. Architectural Applications

The Architectural Review Committee met on February 11, 2017 to review the enclosed applications.

Proposed Resolution: The Board confirms the recommendations of the committee.

Address	Application for	Recommendation
1395 Commons Dr.	Window Replacements	Approval
1390 Commons Dr.	Trellis/Patio cover	Approval
2236 Swarthmore Dr.	HVAC System	Emergency Approval

End Consent Calendar

VIII. UNFINISHED BUSINESS

a. Amend Resolution allowing Homeowners to move fences between 1575, 1581 and 1587 University Avenue

Motion: Director Joan Haradon

Second: Director Will Vizzard

Vote: All in favor

Resolution: That the below resolution be amended as indicated in the bold italic text below.

Whereas the Nepenthe Board of Directors is granted authority under the Third Amended and Restricted CC&Rs, Article VI, Section 6.6(a)(ii)(H) to manage and administer the Common Area;

Whereas the Board of Directors has agreed to review all requests to move fences on a case-by-case basis;

Whereas the owners of 1581 and 1587 University Ave. have requested permission to move the wood fences on the front elevation of their homes at their expense;

Whereas the area to be enclosed by the relocated fences is devoid of any association-purchased landscaping;

Whereas the homeowners at 1575, 1581 and 1587 University Ave. have entered into agreements to protect the locations of HVAC equipment behind the fences;

Whereas the association finds that the fences in the current positions create an attractive nuisance and have been known to shelter a vagrant in the past;

Whereas the Grounds Committee reviewed the requests at their September 8, 2016 meeting and voted to recommend approval; now therefore, be it

Resolved, that the owners of 1581 and 1587 University Ave. have the approval of the Nepenthe Board of Directors to move the wood fences closer to the front elevations of 1575, 1581 and 1587 University Ave. at their own expense using the Association's contractor, James E. Williams & Son, Inc. with the proviso that they inform the Nepenthe office of the scheduled date for the work a week in advance.

b. Committee Charters

Action Item. In accordance with their adopted 2017 goals, the Directors have met with the committees and prepared revisions to the charters for the following committees. Architectural Review, Finance and Grounds Committee Charter revisions will be considered at the April 5 Open Session. The Standards and Practices for Committees is also enclosed- no need for revision to this document has been identified.

1. Insurance, Legal & Safety:

1. Charter

No action taken. Committee will be consulted.

2. Standards & Practices for Insurance

Motion: Director Will Vizzard

Second: Director Joan Haradon

Vote: all in favor

Resolution: The Directors hereby approved and adopt the revised Standards & Practices for Insurance.

2. Outreach Committee

No action taken.

3. Elections Committee

Motion: Director Will Vizzard

Second: Director Joan Haradon

Vote: All in favor

Resolution: The Directors hereby approved and adopt the revised Charter for the Elections Committee.

4. Nominating Committee

Motion: Director Will Vizzard

Second: Director Joan Haradon

Vote: All in favor

Resolution: The Directors hereby approve and adopt the revised Charter for the Nominating Committee.

5. Standards & Practices for Committees

No change.

Motion: Director Will Vizzard

Second: Director Linda Cook

Vote: All in favor

c. Bylaw Revisions

In conjunction with the changes to the committee charters, the need for some revisions to the Bylaws has been noted. There are other areas of the Bylaws that contain typographical errors. These items will be collected over the course of the next year on the open session agenda for future revision. Noted this month:

Page Number(s)	Section	Description
Page 22	Article VII, Section 7.1	Change name of Insurance, Legal & Risk Committee to Insurance, Legal & Safety. Add Outreach Committee. Add "charters and/or" in front of "Standards & Practices"
Page 22	Article VII, Section 7.2	Add at the end of paragraph 1: "The Board may change the membership of any committee between Annual Organizational Meetings."
Page 23	Article VII, Sections 7.5-7.9	Insert new Section 7.6. Insurance, Legal and Safety Committee. It shall be the duty of the Insurance, Legal and Safety Committee to recommend to the Board policies, practices and procedures related to insurance for both the Association and its members, legal matters affecting the Association and the safety and security of the Association and its members. The Board shall endeavor to appoint as Members at least one insurance professional, at least one licensed attorney and at least one member with a law enforcement or public safety background.
Page 23	Article VII, Sections 7.5-7.9	Insert new Section 7.7. Outreach Committee. It shall be the duty of the Outreach Committee to recommend to the Board events designed to encourage residents to interact with other residents in interesting and enjoyable ways; educational forums for residents; and programs to welcome new residents. In selecting members of the Outreach Committee, the Board shall endeavor to appoint members who are skilled in putting on events, have a good knowledge of Nepenthe Association and its goals and can communicate with residents effectively.

Page 23	Article VII, Sections 7.5- 7.9	Re-number current Sections 7.6 and 7.7 to 7.8 and 7.9 respectively.
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Action: No action taken.

IX. NEW BUSINESS

a. Parking Policy Update

1. Update to Directors on results of second survey and discuss next steps towards improving the community's parking policies:
 1. Review the responses received on the survey. Because the survey ends after the publication of this agenda, advance materials are not available. The results of the survey will be provided to the Board under separate cover at the March 1 meeting and displayed on the projection screen during the meeting. **No action taken- discussion item.**
 2. Discuss meeting with Councilmember Guerra and other City representatives regarding enforcement of parking on City streets. This meeting will address:
 - a. Inconsistent verbiage on J-Permit signage
 - b. 72-hour street parking limit
 - c. Red curbs adjacent to corners
 - d. Parking of non-registered vehicles on City streets
 - e. Fire lane enforcement

Motion: Joan Haradon
Second: Director Linda Cook
Vote: All in favor
Resolution: The Board directed management to arrange meeting for Directors Huffman and Haradon with Councilmember Guerra and other pertinent City representatives.
 3. Consider whether to draft a CC&R amendment or a new set of parking rules. A Board Agenda Report has been prepared by General Manager Bettsi Ledesma and is enclosed in the packet.
No action taken- Directors will review with general counsel.

b. Proposals for Tree Work

Arborist Paul Dubois of The Grove Total Tree Care walked the property on January 31, 2017 accompanied by Grounds Committee member Elsa Morrison, Grounds Chair Pam Livingston, Board Liaison Linda Cook and General Manager Bettsi Ledesma. The purpose of the walk was to inspect trees identified by residents, Grounds Committee members and management as potentially failing and/or hazardous and to complete an overview inspection of the trees in Zone 5. His report was provided to the Grounds Committee who reviewed it at their February 9, 2017 meeting and asked Mr. Dubois to prepare the enclosed proposals for Board action.

The specific work identified is as follows:

Species	Location	Qty	Service Description	Price
Dogwood	#489 Next to 2268 Swarthmore	1	Corrective Pruning to establish structure	\$75.00
Cedar	#1968 Next to 1005 Vanderbilt	1	Pruning for crown reduction on co-dominant trunks and weight reduction of heavy portions of	\$1,800.00
Redwood	#1490 1071 Vanderbilt	1	Tree Removal – leaving stump 2-3” above grade	\$1,800.00
Birch	# 1496 Next to 1215 Vanderbilt	1	Tree Removal – leaving stump 2-3” above grade	\$450.00
Ash	#1936 next to 210 Elmhurst	1	Pruning for weight reduction	\$960.00
Maple	#1942 next to 210 Elmhurst	1	Pruning to reduce co-dominant stems to promote structure	\$680.00
Redwood	#1456 next to Elmhurst Pool Area	1	Deep Root Watering Treatments including grove of 10 trees along pool area - 3 applications June/ July/August @\$390 EA	\$1,170.00
Mayen	#1449/# 1439 210/217 Elmhurst	2	Pruning to clean out deadwood	\$430.00
Pine	#1823 next to 400 Elmhurst	1	Pruning for weight reduction	\$1,280.00
Tulip Tree	1581 University	1	Pruning for weight reduction	\$2,325.00
CONTRACT PRICE				\$10,970.00

Motion: Director Will Vizzard

Second: Director Linda Cook

Vote: All in favor

Resolution: The Board approved the removals and specific tree pruning as proposed by Grove Total Tree Care for the amount of \$10,970, payable from Reserves which has a remaining 2017 allocation for tree work of \$120,010.

X. HOMEOWNER FORUM- Comments were received on a number of topics. Management made notes of the comments for possible future Board action.

XI. NEXT MEETING: Wednesday, April 5, 2017 at 5:30 pm in the Nepenthe clubhouse

XII. ADJOURN @6:47pm

NEPENTHE ASSOCIATION

CASH BASIS FINANCIAL STATEMENTS

FOR THE MONTH AND ONE MONTH(S) ENDED
JANUARY 31, 2017

CONTENTS

FINANCIAL SUMMARY REPORT	
CASH FLOW REPORT	
COMPARATIVE BALANCE SHEET	A
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GENERAL RESERVE FUND BALANCE SUPPORT SCHEDULE	C
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INCOME STATEMENT FOR 12 MONTHS ENDING	EA
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CHECK HISTORY REPORT	J
BANK RECONCILIATIONS	

THE ACCOMPANYING FINANCIAL STATEMENTS ARE SUBJECT TO AUDIT
AND ARE ONLY INTENDED FOR THE ASSOCIATION'S INTERNAL USE.

PREPARED BY:



FirstService

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NEPENTHE ASSOCIATION

FINANCIAL SUMMARY

Fiscal Year End: December 31, 2017

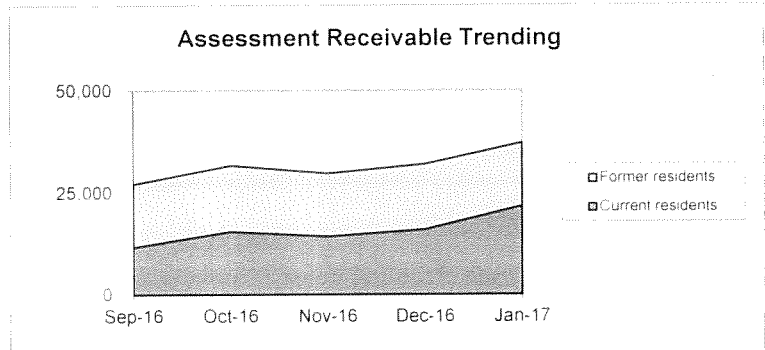
For the Month Ended: January 31, 2017

CASH SUMMARY

	<u>This month</u>	<u>Last Month</u>	<u>Change in Cash</u>	
Operating cash	334,911.18	303,773.03	Increase in Cash	31,138.15
Reserve Cash General Reserve	5,659,279.17	5,552,487.56	Increase in Cash	106,791.61
Adj Operating Cash (see note 1)	248,818.42	225,173.71	Increase in Cash	23,644.71
Average budgeted expenses / month		278,914.00		
Average # of months of available cash		1.20		
Percent Funded Per 2016 Reserve Study		41%		

ASSESSMENT SUMMARY

Monthly Assessment Budget	276,709.00
Assessment Cash Received	278,951.88
<u>Total Assessments Receivable</u>	
0-30 days (see note 1)	24.00
31-60 days late	10,998.96
61-90 days late	3,662.55
<u>over 90 days late</u>	<u>22,570.90</u>
Total Assessments Due	37,256.41
Other Receivable	9,187.31
Total Owners Receivable	46,443.72
Past Residents Assessments Rec.	15,529.90
Prepaid Assessments	86,092.76



OPERATING SUMMARY

Category	January Expenses	YTD Expenses	YTD Budget	YTD Variance	Negative YTD Variances > \$2500
Utilities	12,059	12,059	8,105	(3,954)	electricity
Landscape	0	0	28,777	28,777	
Common Area	18,090	18,090	11,021	(7,069)	gutter & downspout cleaning
Management/On-Site Admin	40,145	40,145	32,387	(7,758)	mgmt reimb, admin misc
Insurance	7,797	7,797	28,582	20,785	
Total Operating Expenses	78,091	78,091	108,872	30,781	Spending underbudget year-to-date

RESERVE SUMMARY

Contribution to Reserves this month:	170,042.00	Rsv Disbursement this month:	65,339.34
Contribution to Rsvs Year-to-Date:	170,042.00	Rsv Disbursement YTD:	65,339.34
Interest on reserve funds Year-to-Date:	2,088.95		

ITEMS OF NOTE

1. Adj Operating Cash is calculated by Operating Account Funds minus Prepaid Assessments.
2. In a month with 31 days, assessments owed for that month would be reflected under 31-60 days late.

Nepenthe's Year To Date Cash Flow

Sources/Uses		Operations	Reserves
Beginning Balance 1/01/2017		303,773	5,552,488
	Prior year Due from Management	52	
	Prior year Due from Vendor	0	
Plus	Income	279,251.98	
	Reserve Investment Income		2,088.95
	Contributions to Reserves		170,042.00
	Pending Reserve Expense	0.00	
	Due From Vendor	0.00	
	Receivable from Mgmt	(33.30)	
	Processing Fees	0.00	
Less	Operating Expenses	(78,090.68)	
	Reserve Funding	(170,042.00)	
	Reserve Expenses		(65,339.34)
Ending Balance 1/31		334,911	5,659,279

Budget Report

Actual year-to-date income of \$279,251.98 versus year-to-date budgeted income of \$278,914 produced a positive year-to-date income variance of \$337.98.

Actual year-to-date operating expenses of \$78,090.68 versus year-to-date budgeted expenses of \$108,872 produced a positive year-to-date operating expenses variance of \$30,781.32.

The two combined variances produced a positive year-to-date variance of \$31,119.30.

Other Information

Unpaid assessments at Jan 31, 2017 were:	\$ 37,256
Prepaid assessments at Jan 31, 2017 were:	\$ 86,093

NEPENTHE ASSOCIATION
COMPARATIVE BALANCE SHEET
01/31/2017

c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

	CURRENT MONTH	PRIOR MONTH
<hr/>		
----- CASH AND INVESTMENTS		
OPERATING ACCOUNT FUNDS	334,761.18	303,623.03
PETTY CASH	150.00	150.00
RESERVE ACCOUNT FUNDS	5,659,279.17	5,552,487.56
	-----	-----
TOTAL CASH AND INVESTMENTS	5,994,190.35	5,856,260.59
OTHER ASSETS		
RECEIVABLE FROM MANAGEMENT	33.30	52.15
	-----	-----
TOTAL OTHER ASSETS	33.30	52.15
TOTAL ASSETS	5,994,223.65	5,856,312.74
	=====	=====
LIABILITIES		

MEMBERS EQUITY		

GENERAL RESERVE FUND BALANCE	5,659,279.17	5,552,487.56
OPERATING FUND BALANCE-BEG OF YEAR	303,825.18	303,825.18
CURRENT YEAR INCOME/(LOSS)	31,119.30	0.00
	-----	-----
TOTAL LIABILITIES & MEMBERS EQUITY	5,994,223.65	5,856,312.74
	=====	=====

Entity: NEP NEPENTHE ASSOCIATION

FirstService Residential CA
 15241 Laguna Canyon Road
 Irvine, CA 92618

As of date: 01/31/2017

Account		Type	Inv Acct	Maturity	Rate	Amount
11105	PETTY CASH	PETTY	PETTY CASH	PTYCSH ON-SITE (CLUBHOUSE)		150.00
11110	OPERATING CHECKING	USBANK	US BANK	CKING 153495833060		179,614.73
11112	OPERATING INVESTMENT	UNION+	UNION BANK	MNYMKT 1880024236	0.10%	155,146.45
Total (Cash)						334,911.18
21110	RESERVE FUNDS IN OPERATING CHECKING	USBANK	US BANK	CHKING 153495833060		7,750.00
21138	RESERVE INVESTMENT	WELLS	WELLS FARGO	INVSMT 66896148		4,903,948.90
21139	RESERVE INVESTMENT	WELLS	WELLS FARGO	MNYMKT 66896148		747,580.27
Total (Reserves)						5,659,279.17
Grand Total						5,994,190.35

NEPENTHE ASSOCIATION
RESERVE FUND BALANCES SUPPORT SCHEDULES
01/31/2017

c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

	PRIOR YEAR BALANCE	BEG BAL REALLOCATION	ADDITIONS THIS YEAR	EXPENSE CURRENT MONTH	PREVIOUS EXP CURRENT YEAR	CURRENT BALANCE
GENERAL RESERVES						
N23277 ROOF INSPECTIONS & REPAIR	(74.78)	74.78	0.00	0.00	0.00	0.00
N23282 TREE REMOVAL/ANNUAL MAINTENANCE	25,317.56	(25,317.56)	0.00	(14,400.00)	0.00	(14,400.00)
N22911 UNDERGROUND UTILITY REPR RSV	(20,825.00)	20,825.00	0.00	(7,350.00)	0.00	(7,350.00)
N23017 CLUBHOUSE INTERIOR RENOVATION	92,839.23	(15,273.38)	3,527.00	0.00	0.00	81,092.85
N23130 MISCELLANEOUS RSV	47,876.66	(3,992.20)	1,904.00	(482.61)	0.00	45,305.85
23103 INTEREST ON RESERVE FUNDING	39,725.21	(39,725.21)	2,088.95	0.00	0.00	2,088.95
N23270 UNIT EXTERIOR RESERVE	4,883,894.20	(328,850.09)	127,513.00	(26,181.68)	0.00	4,656,375.43
N23271 MAIN CLUBHOUSE AREA RSV	106,365.55	39,696.82	5,540.00	(1,900.00)	0.00	149,702.37
N23275 GROUNDS RESERVE	375,423.92	352,780.77	31,378.00	(15,025.05)	0.00	744,557.64
N23276 ADMINISTRATIVE RESERVE	1,945.01	(218.93)	180.00	0.00	0.00	1,906.08
	-----	-----	-----	-----	-----	-----
TOTAL GENERAL RESERVES	5,552,487.56	0.00	172,130.95	(65,339.34)	0.00	5,659,279.17

NEPENTHE ASSOCIATION
INCOME STATEMENT
01/31/2017

c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

----- ACTUAL	---MONTH--- BUDGETED	----- VARIANCE	G/L NUMBER	DESCRIPTION	----- ACTUAL	YEAR TO DATE BUDGETED	----- VARIANCE	ANNUAL BUDGET	\$ REMAINING IN BUDGET
REVENUE									
278,951.88	276,709	2,242.88	14000	HOMEOWNER ASSESSMENT REVENUE	278,951.88	276,709	2,242.88	3,320,508	3,041,556.12
0.00	1,430	(1,430.00)	14087	EASEMENT AGREEMENT	0.00	1,430	(1,430.00)	17,160	17,160.00
5.23	0	5.23	14101	INTEREST ON PAST DUE ASSESSMENTS	5.23	0	5.23	0	(5.23)
40.00	75	(35.00)	14110	KEY REVENUE	40.00	75	(35.00)	900	860.00
240.00	700	(460.00)	14113	CLUBHOUSE RENTAL	240.00	700	(460.00)	8,400	8,160.00
14.87	0	14.87	14162	OPERATING INTEREST REVENUE	14.87	0	14.87	0	(14.87)
2,088.95	0	2,088.95	14163	RESERVE INTEREST REVENUE	2,088.95	0	2,088.95	0	(2,088.95)
281,340.93	278,914	2,426.93		TOTAL REVENUE	281,340.93	278,914	2,426.93	3,346,968	3,065,627.07
RESERVE CONTRIBUTION									
170,042.00	170,042	0.00	19758	GENERAL RESERVES	170,042.00	170,042	0.00	2,040,504	1,870,462.00
2,088.95	0	(2,088.95)	19803	GENERAL RESERVE INTEREST	2,088.95	0	(2,088.95)	0	(2,088.95)
172,130.95	170,042	(2,088.95)		TOTAL RESERVE CONTRIBUTION	172,130.95	170,042	(2,088.95)	2,040,504	1,868,373.05
109,209.98	108,872	337.98		AVAILABLE OPERATING REVENUE	109,209.98	108,872	337.98	1,306,464	1,197,254.02
OPERATING EXPENSES									
UTILITIES									
5,847.72	2,725	(3,122.72)	15101	ELECTRICITY	5,847.72	2,725	(3,122.72)	32,700	26,852.28
1,803.88	1,200	(603.88)	15102	GAS	1,803.88	1,200	(603.88)	14,400	12,596.12
143.96	350	206.04	15103	REFUSE COLLECTION	143.96	350	206.04	4,200	4,056.04
126.25	430	303.75	15105	TELEPHONE EXPENSE	126.25	430	303.75	5,160	5,033.75
4,136.93	3,400	(736.93)	15106	WATER	4,136.93	3,400	(736.93)	40,800	36,663.07
12,058.74	8,105	(3,953.74)		TOTAL UTILITIES	12,058.74	8,105	(3,953.74)	97,260	85,201.26
LAND MAINTENANCE									
0.00	28,567	28,567.00	15500	CONTRACT LANDSCAPE SERVICE	0.00	28,567	28,567.00	342,804	342,804.00
0.00	185	185.00	15511	BACKFLOW DEVICE TEST	0.00	185	185.00	2,220	2,220.00
0.00	25	25.00	15597	COMMON AREA IMPROVEMENT	0.00	25	25.00	300	300.00
0.00	28,777	28,777.00		TOTAL LAND MAINTENANCE	0.00	28,777	28,777.00	345,324	345,324.00
COMMON AREA									
1,350.00	1,350	0.00	16020	CONTRACT POOL/SPA SERVICE	1,350.00	1,350	0.00	16,200	14,850.00
0.00	25	25.00	16022	POOL EQUIPMENT REPAIR	0.00	25	25.00	300	300.00
0.00	115	115.00	16027	POOL INSPECTION	0.00	115	115.00	1,380	1,380.00
0.00	25	25.00	18510	ROOF MAINTENANCE	0.00	25	25.00	300	300.00
1,372.20	279	(1,093.20)	18524	MATERIAL SUPPLIES	1,372.20	279	(1,093.20)	3,348	1,975.80
145.00	190	45.00	18526	PEST CONTROL	145.00	190	45.00	2,280	2,135.00

NEPENTHE ASSOCIATION
INCOME STATEMENT
01/31/2017

c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

----- ACTUAL	---MONTH--- BUDGETED	----- VARIANCE	G/L NUMBER	DESCRIPTION	----- ACTUAL	YEAR TO DATE BUDGETED	----- VARIANCE	ANNUAL BUDGET	\$ REMAINING IN BUDGET
1,525.00	1,525	0.00	18531	JANITORIAL SERVICE	1,525.00	1,525	0.00	18,300	16,775.00
0.00	247	247.00	18532	JANITORIAL SUPPLIES	0.00	247	247.00	2,964	2,964.00
0.00	10	10.00	18534	FIRE EXTINGUISHER	0.00	10	10.00	120	120.00
0.00	25	25.00	18544	LIGHT REPAIRS	0.00	25	25.00	300	300.00
98.75	125	26.25	18564	SPECIAL SECURITY	98.75	125	26.25	1,500	1,401.25
1,000.00	1,200	200.00	18579	PATROL SERVICE	1,000.00	1,200	200.00	14,400	13,400.00
12,153.20	4,993	(7,160.20)	18736	GUTTER & DOWNSPOUT CLEANING	12,153.20	4,993	(7,160.20)	59,916	47,762.80
345.83	400	54.17	18767	REPAIR & MAINTENANCE	345.83	400	54.17	4,800	4,454.17
99.92	172	72.08	18905	KITCHEN SUPPLIES	99.92	172	72.08	2,064	1,964.08
0.00	300	300.00	18957	JANITORIAL EXTRA	0.00	300	300.00	3,600	3,600.00
0.00	40	40.00	18986	FITNESS CONTRACT	0.00	40	40.00	480	480.00
18,089.90	11,021	(7,068.90)		TOTAL COMMON AREA	18,089.90	11,021	(7,068.90)	132,252	114,162.10
				MANAGEMENT/ON-SITE ADMIN EXP					
0.00	150	150.00	18001	COMMUNITY WEBSITE	0.00	150	150.00	1,800	1,800.00
0.00	75	75.00	18003	COMMUNITY EVENTS/PROGRAMS	0.00	75	75.00	900	900.00
0.00	75	75.00	18008	VOLUNTEER RECOGNITION	0.00	75	75.00	900	900.00
0.00	75	75.00	18092	EDUCATION/ADULT PROGRAM	0.00	75	75.00	900	900.00
7,159.31	6,970	(189.31)	19109	CONTRACT MANAGEMENT	7,159.31	6,970	(189.31)	83,640	76,480.69
0.00	160	160.00	19101	CPA SERVICES	0.00	160	160.00	1,920	1,920.00
0.00	650	650.00	19104	FEDERAL TAX EXPENSE	0.00	650	650.00	7,800	7,800.00
0.00	375	375.00	19105	FRANCHISE TAX BOARD	0.00	375	375.00	4,500	4,500.00
0.00	175	175.00	19106	TAXES & LICENSES	0.00	175	175.00	2,100	2,100.00
2,488.81	500	(1,988.81)	19108	GENERAL COUNSEL SERVICE	2,488.81	500	(1,988.81)	6,000	3,511.19
5,245.42	2,100	(3,145.42)	19111	MANAGEMENT REIMBURSABLE	5,245.42	2,100	(3,145.42)	25,200	19,954.58
0.00	50	50.00	19112	POSTAGE, ON-SITE	0.00	50	50.00	600	600.00
3,500.00	0	(3,500.00)	19116	ADMINISTRATIVE MISC	3,500.00	0	(3,500.00)	0	(3,500.00)
0.00	40	40.00	19117	DUES & PUBLICATIONS	0.00	40	40.00	480	480.00
35.00	35	0.00	19119	BANK FEES	35.00	35	0.00	420	385.00
15,237.09	14,000	(1,237.09)	19124	ON-SITE STAFF	15,237.09	14,000	(1,237.09)	168,000	152,762.91
92.81	60	(32.81)	19126	DELINQUENCY MONITORING	92.81	60	(32.81)	720	627.19
0.00	182	182.00	19132	OPERATING CONTINGENCY	0.00	182	182.00	2,184	2,184.00
0.00	100	100.00	19143	LEGAL-COLLECTIONS	0.00	100	100.00	1,200	1,200.00
31.20	100	68.80	19172	ACCOUNTING REIMBURSABLES	31.20	100	68.80	1,200	1,168.80
364.57	135	(229.57)	19174	AMS COLLECTION EXPENSE	364.57	135	(229.57)	1,620	1,255.43
0.00	75	75.00	19178	PROPERTY TAX	0.00	75	75.00	900	900.00
5,565.21	5,300	(265.21)	19247	PAYROLL TAXES & BENEFITS	5,565.21	5,300	(265.21)	63,600	58,034.79
0.00	5	5.00	19281	WEBSITE MONTHLY FEE	0.00	5	5.00	60	60.00
98.06	150	51.94	19295	ON-SITE OFFICE SUPPLIES	98.06	150	51.94	1,800	1,701.94
327.82	400	72.18	19382	COPIER LEASE	327.82	400	72.18	4,800	4,472.18
0.00	50	50.00	19442	CLAC CONTRIBUTION	0.00	50	50.00	600	600.00
0.00	400	400.00	19505	CC&R REVISION	0.00	400	400.00	4,800	4,800.00

NEPENTHE ASSOCIATION
INCOME STATEMENT
01/31/2017

c/o FirstService Residential
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Irvine CA 92618

----- ACTUAL	---MONTH--- BUDGETED	----- VARIANCE	G/L NUMBER	DESCRIPTION	----- ACTUAL	YEAR TO DATE BUDGETED	----- VARIANCE	ANNUAL BUDGET	\$ REMAINING IN BUDGET
40,145.30	32,387	(7,758.30)		TOTAL MANAGEMENT/ON-SITE ADMIN E	40,145.30	32,387	(7,758.30)	388,644	348,498.70
				INSURANCE					
7,796.74	7,801	4.26	19107	INSURANCE	7,796.74	7,801	4.26	93,612	85,815.26
0.00	20,781	20,781.00	DC19307	FLOOD INSURANCE	0.00	20,781	20,781.00	249,372	249,372.00
7,796.74	28,582	20,785.26		TOTAL INSURANCE	7,796.74	28,582	20,785.26	342,984	335,187.26
78,090.68	108,872	30,781.32		TOTAL OPERATING EXPENSES	78,090.68	108,872	30,781.32	1,306,464	1,228,373.32
31,119.30	0	31,119.30		<i>NET INCOME/(LOSS)</i>	31,119.30	0	31,119.30	0	(31,119.30)

NEPENTHE ASSOCIATION
INCOME STATEMENT FOR 12 MONTHS ENDING
01/31/2017

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c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	TOTAL
REVENUE													
14000 HOMEOWNER ASSESSMENT REVENUE	274946	298425	245009	268857	281783	258370	280916	278859	257374	256396	281848	278952	3261734
14087 EASEMENT AGREEMENT	2530	1468	1456	1479	1461	1467	1458	1836	1826	721	29782	0	45485
14101 INTEREST ON PAST DUE ASSESMEN	63	29	121	14	481	9	27	67	387	73	81	5	1358
14110 KEY REVENUE	105	20	0	80	200	105	90	40	15	10	75	40	780
14113 CLUBHOUSE RENTAL	280	1345	425	450	605	105	295	140	1060	435	1625	240	7005
14132 MISCELLANEOUS REVENUE	0	0	0	120	0	0	0	0	0	0	0	0	120
14162 OPERATING INTEREST REVENUE	26	26	25	27	25	25	28	25	26	25	25	15	299
14163 RESERVE INTEREST REVENUE	1211	3091	2290	1473	11382	1023	1403	3330	2174	1757	9407	2089	40631
14372 PAST OWNERS REVENUE	0	0	0	0	6	0	0	0	0	0	0	0	6
TOTAL REVENUE	279161	304404	249326	272501	295944	261104	284217	284297	262862	259417	322844	281341	3357419
RESERVE CONTRIBUTION													
19758 GENERAL RESERVES	163766	163766	163766	163766	163766	163766	163766	163766	163766	163766	163766	170042	1971468
19803 GENERAL RESERVE INTEREST	1211	3091	2290	1473	11382	1023	1403	3330	2174	1757	9407	2089	40631
TOTAL RESERVE CONTRIBUTION	164977	166857	166056	165239	175148	164789	165169	167096	165940	165523	173173	172131	2012099
AVAILABLE OPERATING REVENUE	114184	137547	83270	107262	120796	96315	119048	117202	96922	93894	149671	109210	1345319
OPERATING EXPENSES													
UTILITIES													
15101 ELECTRICITY	3107	2354	2627	2579	2725	2562	0	5498	2661	0	2669	5848	32631
15102 GAS	1008	876	1671	2010	1619	228	1168	790	1926	1603	2688	1804	17392
15103 REFUSE COLLECTION	461	218	347	1588	9	181	168	273	286	216	269	144	4162
15105 TELEPHONE EXPENSE	529	390	525	-24	489	492	495	492	364	570	559	126	5007
15106 WATER	3541	3148	4299	3348	4022	2554	3027	3658	4609	3315	3430	4137	43089
TOTAL UTILITIES	8646	6987	9470	9502	8864	6017	4858	10711	9846	5704	9616	12059	102280
LAND MAINTENANCE													
15500 CONTRACT LANDSCAPE SERVICE	26823	26823	26823	26823	26823	26823	26823	26823	26823	26823	26823	0	295053
15504 TREE MAINTENANCE	0	0	0	0	210	0	0	0	180	0	0	0	390
15511 BACKFLOW DEVICE TEST	0	0	0	0	2695	0	0	0	0	0	0	0	2695
15597 COMMON AREA IMPROVEMENT	0	0	0	0	92	0	0	0	0	0	0	0	92
TOTAL LAND MAINTENANCE	26823	26823	26823	26823	29820	26823	26823	26823	27003	26823	26823	0	298230
COMMON AREA													
16020 CONTRACT POOL/SPA SERVICE	1350	1350	1350	1350	1350	1350	1350	1350	1350	1350	1350	1350	16200
16022 POOL EQUIPMENT REPAIR	0	0	0	0	0	1465	0	0	0	0	0	0	1465

NEPENTHE ASSOCIATION
 INCOME STATEMENT FOR 12 MONTHS ENDING
 01/31/2017

c/o FirstService Residential
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 Irvine CA 92618

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	TOTAL
16027 POOL INSPECTION	0	0	490	0	0	159	1529	0	0	793	0	0	2971
18457 PLUMBING REPAIR	0	0	0	0	0	0	0	0	0	0	200	0	200
18510 ROOF MAINTENANCE	0	260	0	0	0	0	0	0	0	520	0	0	780
18524 MATERIAL SUPPLIES	369	767	145	0	166	435	380	437	54	453	222	1372	4800
18526 PEST CONTROL	0	0	0	0	0	350	0	0	0	0	1750	145	2245
18531 JANITORIAL SERVICE	1525	1525	1575	1525	1525	1670	1573	1525	1525	1525	1525	1525	18543
18532 JANITORIAL SUPPLIES	0	388	0	296	84	298	0	224	343	33	440	0	2106
18534 FIRE EXTINGUISHER	0	0	0	0	0	0	0	245	0	0	0	0	245
18544 LIGHT REPAIRS	0	0	195	0	0	0	0	0	0	0	0	0	195
18564 SPECIAL SECURITY	0	207	0	1079	0	0	0	354	0	40	59	99	1838
18579 PATROL SERVICE	3000	1000	1000	0	1000	1000	1000	1000	1000	1000	1000	1000	13000
18736 GUTTER & DOWNSPOUT CLEANING	0	506	267	0	0	0	149	0	289	12153	24306	12153	49824
18767 REPAIR & MAINTENANCE	73	599	407	1985	503	0	1249	681	309	0	133	346	6285
18905 KITCHEN SUPPLIES	184	123	180	168	145	149	103	173	90	233	110	100	1759
18957 JANITORIAL EXTRA	0	0	0	0	3800	0	0	140	0	0	0	0	3940
18986 FITNESS CONTRACT	0	85	0	0	193	0	0	85	0	0	85	0	448
TOTAL COMMON AREA	6501	6810	5609	6404	8766	6876	7332	6215	4960	18100	31181	18090	126844
MANAGEMENT/ON-SITE ADMIN EXP													
18001 COMMUNITY WEBSITE	0	0	0	0	0	0	0	-1188	0	225	0	0	-963
18003 COMMUNITY EVENTS/PROGRAMS	0	410	40	166	42	10	111	-2271	-105	93	571	0	-934
18092 EDUCATION/ADULT PROGRAM	69	265	27	0	32	-53	66	330	0	0	98	0	834
19109 CONTRACT MANAGEMENT	6818	6818	6818	6818	6818	6818	6818	6818	6818	6818	6818	7159	82162
19101 CPA SERVICES	0	1890	0	0	0	0	0	0	0	0	0	0	1890
19104 FEDERAL TAX EXPENSE	0	0	1800	0	1800	1232	0	1800	0	0	1800	0	8432
19105 FRANCHISE TAX BOARD	0	0	0	0	1725	0	0	0	0	0	1322	0	3047
19106 TAXES & LICENSES	0	0	30	0	0	0	0	0	0	0	0	0	30
19108 GENERAL COUNSEL SERVICE	956	644	1398	1087	0	698	316	2763	514	0	313	2489	11177
19111 MANAGEMENT REIMBURSABLE	1487	1013	1134	1136	5201	1090	1060	963	1304	1015	1040	5245	21687
19112 POSTAGE, ON-SITE	63	10	0	139	113	31	0	96	0	73	0	0	525
19116 ADMINISTRATIVE MISC	0	0	0	0	0	0	0	0	0	0	0	3500	3500
19117 DUES & PUBLICATIONS	33	0	26	0	0	0	0	0	440	0	590	0	1089
19119 BANK FEES	35	35	35	35	35	35	35	35	35	35	35	35	420
19124 ON-SITE STAFF	12430	12644	12478	12879	19020	12662	12769	12553	12630	12688	18859	15237	166849
19126 DELINQUENCY MONITORING	96	172	73	202	-171	235	9	27	-120	79	116	93	810
19132 OPERATING CONTINGENCY	0	0	0	263	0	0	0	380	0	0	0	0	643
19143 LEGAL-COLLECTIONS	0	738	250	0	0	0	0	0	0	0	0	0	988
19172 ACCOUNTING REIMBURSABLES	417	183	106	49	78	27	53	47	81	46	89	31	1206
19174 AMS COLLECTION EXPENSE	477	510	685	65	-920	175	230	665	-390	-141	420	365	2140
19178 PROPERTY TAX	0	0	0	0	0	282	0	0	949	0	0	0	1231
19247 PAYROLL TAXES & BENEFITS	5672	5264	4964	5143	7463	5019	4521	4987	5008	5029	7440	5565	66076
19281 WEBSITE MONTHLY FEE	0	0	0	0	1200	0	107	0	0	0	0	0	1307
19295 ON-SITE OFFICE SUPPLIES	0	158	213	0	59	131	123	76	152	213	192	98	1482

NEPENTHE ASSOCIATION
 INCOME STATEMENT FOR 12 MONTHS ENDING
 01/31/2017

c/o FirstService Residential
 15241 Laguna Canyon Rd
 Irvine CA 92618

FirstService Residential CA
 15241 Laguna Canyon Road
 Irvine CA 92618

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	TOTAL
19382 COPIER LEASE	317	317	438	0	656	734	328	328	902	336	0	328	4682
TOTAL MANAGEMENT/ON-SITE ADM	28869	31069	30515	28049	43151	29125	26547	28410	28218	26509	39702	40145	380310
INSURANCE													
19107 INSURANCE	15964	7982	7982	8498	7982	7982	7982	15779	7797	0	7797	7797	103543
DC1930 FLOOD INSURANCE	-6525	-225	0	-173	0	0	173	0	0	298846	0	0	292096
TOTAL INSURANCE	9439	7757	7982	8325	7982	7982	8155	15779	7797	298846	7797	7797	395639
TOTAL OPERATING EXPENSES	80279	79446	80400	79103	98583	76824	73716	87938	77823	375983	115119	78091	1303303
<i>NET INCOME/(LOSS)</i>	<i>33905</i>	<i>58101</i>	<i>2870</i>	<i>28159</i>	<i>22212</i>	<i>19491</i>	<i>45332</i>	<i>29264</i>	<i>19099</i>	<i>-282088</i>	<i>34552</i>	<i>31119</i>	<i>42017</i>

NEPENTHE ASSOCIATION

CASH BASIS FINANCIAL STATEMENTS

FOR THE MONTH AND TWO MONTH(S) ENDED
FEBRUARY 28, 2017

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THE ACCOMPANYING FINANCIAL STATEMENTS ARE SUBJECT TO AUDIT
AND ARE ONLY INTENDED FOR THE ASSOCIATION'S INTERNAL USE.

PREPARED BY:



FirstService
PROPERTY SERVICES

NEPENTHE ASSOCIATION

FINANCIAL SUMMARY

Fiscal Year End: December 31, 2017

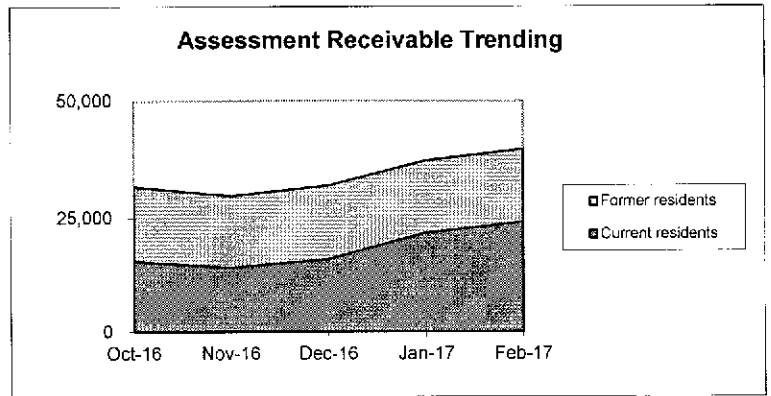
For the Month Ended: February 28, 2017

CASH SUMMARY

	<u>This month</u>	<u>Last Month</u>	<u>Change in Cash</u>	
Operating cash	378,748.43	334,911.18	Increase in Cash	43,837.25
Reserve Cash General Reserve	5,726,272.36	5,659,279.17	Increase in Cash	66,993.19
Adj Operating Cash (see note 1)	300,079.74	248,818.42	Increase in Cash	51,261.32
Average budgeted expenses / month		278,914.00		
Average # of months of available cash		1.36		
Percent Funded Per 2016 Reserve Study		41%		

ASSESSMENT SUMMARY

Monthly Assessment Budget	276,709.00
Assessment Cash Received	266,930.59
<u>Total Assessments Receivable</u>	
0-30 days (see note 1)	10,662.30
31-60 days late	4,714.00
61-90 days late	2,748.55
<u>over 90 days late</u>	<u>21,476.90</u>
Total Assessments Due	39,601.75
<u>Other Receivable</u>	9,912.34
Total Owners Receivable	49,514.09
Past Residents Assessments Rec.	15,529.90
Prepaid Assessments	78,668.69



OPERATING SUMMARY

Category	February Expenses	YTD Expenses	YTD Budget	YTD Variance	Negative YTD Variances >\$2500
Utilities	7,757	19,816	16,210	(3,606)	
Landscape	28,567	28,567	57,554	28,987	
Common Area	5,333	23,423	22,042	(1,381)	gutter & downspout cleaning
Management/On-Site Admin	31,341	71,487	64,774	(6,713)	mgmt reimb, admin misc
Insurance	7,797	15,593	57,164	41,571	
Total Operating Expenses	80,795	158,886	217,744	58,856	Spending underbudget year-to-date

RESERVE SUMMARY

Contribution to Reserves this month:	170,042.00	Rsv Disbursement this month:	104,781.37
Contribution to Rsvs Year-to-Date:	340,084.00	Rsv Disbursement YTD:	170,120.71
Interest on reserve funds Year-to-Date:	3,821.51		

ITEMS OF NOTE

1. Adj Operating Cash is calculated by Operating Account Funds minus Prepaid Assessments.
2. In a month with 31 days, assessments owed for that month would be reflected under 31-60 days late.

Nepenthe's Year To Date Cash Flow

Sources/Uses		Operations	Reserves
Beginning Balance 1/01/2017		303,773	5,552,488
	Prior year Due from Management	52	
	Prior year Due from Vendor	0	
Plus	Income	573,582.96	
	Reserve Investment Income		3,821.51
	Contributions to Reserves		340,084.00
	Pending Reserve Expense	0.00	
	Due From Vendor	0.00	
	Receivable from Mgmt	0.00	
	Processing Fees	310.00	
Less	Operating Expenses	(158,885.71)	
	Reserve Funding	(340,084.00)	
	Reserve Expenses		(170,120.71)
Ending Balance 2/28		378,748	5,726,272

Budget Report

Actual year-to-date income of \$573,582.96 versus year-to-date budgeted income of \$557,828 produced a positive year-to-date income variance of \$15,754.96.

Actual year-to-date operating expenses of \$158,885.71 versus year-to-date budgeted expenses of \$217,744 produced a positive year-to-date operating expenses variance of \$58,858.29.

The two combined variances produced a positive year-to-date variance of \$74,613.25.

Other Information

Unpaid assessments at Feb 28, 2017 were:	\$	39,602
Prepaid assessments at Feb 28, 2017 were:	\$	78,669

NEPENTHE ASSOCIATION
COMPARATIVE BALANCE SHEET
02/28/2017

c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

	CURRENT MONTH	PRIOR MONTH
<hr/>		
----- CASH AND INVESTMENTS		
OPERATING ACCOUNT FUNDS	378,598.43	334,761.18
PETTY CASH	150.00	150.00
RESERVE ACCOUNT FUNDS	5,726,272.36	5,659,279.17
	-----	-----
TOTAL CASH AND INVESTMENTS	6,105,020.79	5,994,190.35
OTHER ASSETS		
RECEIVABLE FROM MANAGEMENT	0.00	33.30
	-----	-----
TOTAL OTHER ASSETS	0.00	33.30
TOTAL ASSETS	6,105,020.79	5,994,223.65
	=====	=====
LIABILITIES		

PROCESSING FEES	310.00	0.00
	-----	-----
TOTAL LIABILITIES	310.00	0.00
MEMBERS EQUITY		

GENERAL RESERVE FUND BALANCE	5,726,272.36	5,659,279.17
OPERATING FUND BALANCE-BEG OF YEAR	303,825.18	303,825.18
CURRENT YEAR INCOME/(LOSS)	74,613.25	31,119.30
	-----	-----
TOTAL LIABILITIES & MEMBERS EQUITY	6,105,020.79	5,994,223.65
	=====	=====

Entity: NEP NEPENTHE ASSOCIATION

FirstService Residential CA
 15241 Laguna Canyon Road
 Irvine, CA 92618

As of date: 02/28/2017

Account	Type	Inv Acct	Maturity	Rate	Amount
11105	PETTY CASH	PETTY PETTY CASH	PTYCSH ON-SITE (CLUBHOUSE)		150.00
11110	OPERATING CHECKING	USBANK US BANK	CKING 153495833060		223,355.29
11112	OPERATING INVESTMENT	UNION+ UNION BANK	MNYMKT 1880024236	0.45%	155,243.14
Total (Cash)					378,748.43
21138	RESERVE INVESTMENT	WELLS WELLS FARGO	INVSMT 66896148		4,903,948.90
21139	RESERVE INVESTMENT	WELLS WELLS FARGO	MNYMKT 66896148		822,323.46
Total (Reserves)					5,726,272.36
Grand Total					6,105,020.79

NEPENTHE ASSOCIATION
RESERVE FUND BALANCES SUPPORT SCHEDULES
02/28/2017

c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

	PRIOR YEAR BALANCE	BEG BAL REALLOCATION	ADDITIONS THIS YEAR	EXPENSE CURRENT MONTH	PREVIOUS EXP CURRENT YEAR	CURRENT BALANCE
GENERAL RESERVES						
N23277 ROOF INSPECTIONS & REPAIR	(74.78)	74.78	0.00	0.00	0.00	0.00
N23282 TREE REMOVAL/ANNUAL MAINTENANCE	25,317.56	(25,317.56)	0.00	(40,365.00)	(14,400.00)	(54,765.00)
N22911 UNDERGROUND UTILITY REPR RSV	(20,825.00)	20,825.00	0.00	(625.00)	(7,350.00)	(7,975.00)
N23017 CLUBHOUSE INTERIOR RENOVATION	92,839.23	(15,273.38)	7,054.00	0.00	0.00	84,619.85
N23130 MISCELLANEOUS RSV	47,876.66	(3,992.20)	3,808.00	0.00	(482.61)	47,209.85
23103 INTEREST ON RESERVE FUNDING	39,725.21	(39,725.21)	3,821.51	0.00	0.00	3,821.51
23130 CONTIGENCY RESERVES	0.00	0.00	0.00	(600.00)	0.00	(600.00)
N23270 UNIT EXTERIOR RESERVE	4,883,894.20	(328,850.09)	255,026.00	(63,191.37)	(26,181.68)	4,720,697.06
N23271 MAIN CLUBHOUSE AREA RSV	106,365.55	39,696.82	11,080.00	0.00	(1,900.00)	155,242.37
N23275 GROUNDS RESERVE	375,423.92	352,780.77	62,756.00	0.00	(15,025.05)	775,935.64
N23276 ADMINISTRATIVE RESERVE	1,945.01	(218.93)	360.00	0.00	0.00	2,086.08
	-----	-----	-----	-----	-----	-----
TOTAL GENERAL RESERVES	5,552,487.56	0.00	343,905.51	(104,781.37)	(65,339.34)	5,726,272.36

NEPENTHE ASSOCIATION
INCOME STATEMENT
02/28/2017

c/o FirstService Residential
15241 Laguna Canyon Rd
Irvine CA 92618

FirstService Residential CA
15241 Laguna Canyon Road
Irvine CA 92618

----- ACTUAL	---MONTH--- BUDGETED	----- VARIANCE	G/L NUMBER	DESCRIPTION	----- ACTUAL	YEAR TO DATE BUDGETED	----- VARIANCE	ANNUAL BUDGET	\$ REMAINING IN BUDGET
REVENUE									
266,930.59	276,709	(9,778.41)	14000	HOMEOWNER ASSESSMENT REVENUE	545,882.47	553,418	(7,535.53)	3,320,508	2,774,625.53
1,789.88	1,430	359.88	14087	EASEMENT AGREEMENT	1,789.88	2,860	(1,070.12)	17,160	15,370.12
23.82	0	23.82	14101	INTEREST ON PAST DUE ASSESSMENTS	29.05	0	29.05	0	(29.05)
(20.00)	75	(95.00)	14110	KEY REVENUE	20.00	150	(130.00)	900	880.00
510.00	700	(190.00)	14113	CLUBHOUSE RENTAL	750.00	1,400	(650.00)	8,400	7,650.00
96.69	0	96.69	14162	OPERATING INTEREST REVENUE	111.56	0	111.56	0	(111.56)
1,732.56	0	1,732.56	14163	RESERVE INTEREST REVENUE	3,821.51	0	3,821.51	0	(3,821.51)
25,000.00	0	25,000.00	14194	LANDSCAPE REVENUE	25,000.00	0	25,000.00	0	(25,000.00)
296,063.54	278,914	17,149.54		TOTAL REVENUE	577,404.47	557,828	19,576.47	3,346,968	2,769,563.53
RESERVE CONTRIBUTION									
170,042.00	170,042	0.00	19758	GENERAL RESERVES	340,084.00	340,084	0.00	2,040,504	1,700,420.00
1,732.56	0	(1,732.56)	19803	GENERAL RESERVE INTEREST	3,821.51	0	(3,821.51)	0	(3,821.51)
171,774.56	170,042	(1,732.56)		TOTAL RESERVE CONTRIBUTION	343,905.51	340,084	(3,821.51)	2,040,504	1,696,598.49
124,288.98	108,872	15,416.98		AVAILABLE OPERATING REVENUE	233,498.96	217,744	15,754.96	1,306,464	1,072,965.04
OPERATING EXPENSES									
UTILITIES									
0.00	2,725	2,725.00	15101	ELECTRICITY	5,847.72	5,450	(397.72)	32,700	26,852.28
2,398.07	1,200	(1,198.07)	15102	GAS	4,201.95	2,400	(1,801.95)	14,400	10,198.05
421.77	350	(71.77)	15103	REFUSE COLLECTION	565.73	700	134.27	4,200	3,634.27
943.32	430	(513.32)	15105	TELEPHONE EXPENSE	1,069.57	860	(209.57)	5,160	4,090.43
3,993.71	3,400	(593.71)	15106	WATER	8,130.64	6,800	(1,330.64)	40,800	32,669.36
7,756.87	8,105	348.13		TOTAL UTILITIES	19,815.61	16,210	(3,605.61)	97,260	77,444.39
LAND MAINTENANCE									
28,567.00	28,567	0.00	15500	CONTRACT LANDSCAPE SERVICE	28,567.00	57,134	28,567.00	342,804	314,237.00
0.00	185	185.00	15511	BACKFLOW DEVICE TEST	0.00	370	370.00	2,220	2,220.00
0.00	25	25.00	15597	COMMON AREA IMPROVEMENT	0.00	50	50.00	300	300.00
28,567.00	28,777	210.00		TOTAL LAND MAINTENANCE	28,567.00	57,554	28,987.00	345,324	316,757.00
COMMON AREA									
1,350.00	1,350	0.00	16020	CONTRACT POOL/SPA SERVICE	2,700.00	2,700	0.00	16,200	13,500.00
0.00	25	25.00	16022	POOL EQUIPMENT REPAIR	0.00	50	50.00	300	300.00
0.00	115	115.00	16027	POOL INSPECTION	0.00	230	230.00	1,380	1,380.00
0.00	25	25.00	18510	ROOF MAINTENANCE	0.00	50	50.00	300	300.00
392.20	279	(113.20)	18524	MATERIAL SUPPLIES	1,764.40	558	(1,206.40)	3,348	1,583.60

NEPENTHE ASSOCIATION
INCOME STATEMENT
02/28/2017

c/o FirstService Residential
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Irvine CA 92618

FirstService Residential CA
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Irvine CA 92618

----- ACTUAL	---MONTH--- BUDGETED	----- VARIANCE	G/L NUMBER	DESCRIPTION	----- ACTUAL	YEAR TO DATE BUDGETED	----- VARIANCE	ANNUAL BUDGET	\$ REMAINING IN BUDGET
0.00	190	190.00	18526	PEST CONTROL	145.00	380	235.00	2,280	2,135.00
1,525.00	1,525	0.00	18531	JANITORIAL SERVICE	3,050.00	3,050	0.00	18,300	15,250.00
230.05	247	16.95	18532	JANITORIAL SUPPLIES	230.05	494	263.95	2,964	2,733.95
0.00	10	10.00	18534	FIRE EXTINGUISHER	0.00	20	20.00	120	120.00
0.00	25	25.00	18544	LIGHT REPAIRS	0.00	50	50.00	300	300.00
0.00	125	125.00	18564	SPECIAL SECURITY	98.75	250	151.25	1,500	1,401.25
1,000.00	1,200	200.00	18579	PATROL SERVICE	2,000.00	2,400	400.00	14,400	12,400.00
396.00	4,993	4,597.00	18736	GUTTER & DOWNSPOUT CLEANING	12,549.20	9,986	(2,563.20)	59,916	47,366.80
200.02	400	199.98	18767	REPAIR & MAINTENANCE	545.85	800	254.15	4,800	4,254.15
0.00	172	172.00	18905	KITCHEN SUPPLIES	99.92	344	244.08	2,064	1,964.08
0.00	300	300.00	18957	JANITORIAL EXTRA	0.00	600	600.00	3,600	3,600.00
239.78	40	(199.78)	18986	FITNESS CONTRACT	239.78	80	(159.78)	480	240.22
5,333.05	11,021	5,687.95		TOTAL COMMON AREA	23,422.95	22,042	(1,380.95)	132,252	108,829.05
				MANAGEMENT/ON-SITE ADMIN EXP					
228.00	150	(78.00)	18001	COMMUNITY WEBSITE	228.00	300	72.00	1,800	1,572.00
638.83	75	(563.83)	18003	COMMUNITY EVENTS/PROGRAMS	638.83	150	(488.83)	900	261.17
0.00	75	75.00	18008	VOLUNTEER RECOGNITION	0.00	150	150.00	900	900.00
98.91	75	(23.91)	18092	EDUCATION/ADULT PROGRAM	98.91	150	51.09	900	801.09
7,159.31	6,970	(189.31)	19109	CONTRACT MANAGEMENT	14,318.62	13,940	(378.62)	83,640	69,321.38
0.00	160	160.00	19101	CPA SERVICES	0.00	320	320.00	1,920	1,920.00
0.00	650	650.00	19104	FEDERAL TAX EXPENSE	0.00	1,300	1,300.00	7,800	7,800.00
0.00	375	375.00	19105	FRANCHISE TAX BOARD	0.00	750	750.00	4,500	4,500.00
30.00	175	145.00	19106	TAXES & LICENSES	30.00	350	320.00	2,100	2,070.00
989.88	500	(489.88)	19108	GENERAL COUNSEL SERVICE	3,478.69	1,000	(2,478.69)	6,000	2,521.31
1,483.71	2,100	616.29	19111	MANAGEMENT REIMBURSABLE	6,729.13	4,200	(2,529.13)	25,200	18,470.87
213.12	50	(163.12)	19112	POSTAGE, ON-SITE	213.12	100	(113.12)	600	386.88
0.00	0	0.00	19116	ADMINISTRATIVE MISC	3,500.00	0	(3,500.00)	0	(3,500.00)
0.00	40	40.00	19117	DUES & PUBLICATIONS	0.00	80	80.00	480	480.00
35.00	35	0.00	19119	BANK FEES	70.00	70	0.00	420	350.00
12,800.40	14,000	1,199.60	19124	ON-SITE STAFF	28,037.49	28,000	(37.49)	168,000	139,962.51
367.19	60	(307.19)	19126	DELINQUENCY MONITORING	460.00	120	(340.00)	720	260.00
0.00	182	182.00	19132	OPERATING CONTINGENCY	0.00	364	364.00	2,184	2,184.00
0.00	100	100.00	19143	LEGAL-COLLECTIONS	0.00	200	200.00	1,200	1,200.00
351.85	100	(251.85)	19172	ACCOUNTING REIMBURSABLES	383.05	200	(183.05)	1,200	816.95
390.00	135	(255.00)	19174	AMS COLLECTION EXPENSE	754.57	270	(484.57)	1,620	865.43
0.00	75	75.00	19178	PROPERTY TAX	0.00	150	150.00	900	900.00
5,856.67	5,300	(556.67)	19247	PAYROLL TAXES & BENEFITS	11,421.88	10,600	(821.88)	63,600	52,178.12
0.00	5	5.00	19281	WEBSITE MONTHLY FEE	0.00	10	10.00	60	60.00
43.62	150	106.38	19295	ON-SITE OFFICE SUPPLIES	141.68	300	158.32	1,800	1,658.32
654.88	400	(254.88)	19382	COPIER LEASE	982.70	800	(182.70)	4,800	3,817.30
0.00	50	50.00	19442	CLAC CONTRIBUTION	0.00	100	100.00	600	600.00
0.00	400	400.00	19505	CC&R REVISION	0.00	800	800.00	4,800	4,800.00

NEPENTHE ASSOCIATION
INCOME STATEMENT
02/28/2017

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15241 Laguna Canyon Road
Irvine CA 92618

----- ACTUAL	---MONTH--- BUDGETED	----- VARIANCE	G/L NUMBER	DESCRIPTION	----- ACTUAL	YEAR TO DATE BUDGETED	----- VARIANCE	ANNUAL BUDGET	\$ REMAINING IN BUDGET
31,341.37	32,387	1,045.63		TOTAL MANAGEMENT/ON-SITE ADMIN E	71,486.67	64,774	(6,712.67)	388,644	317,157.33
				INSURANCE					
7,796.74	7,801	4.26	19107	INSURANCE	15,593.48	15,602	8.52	93,612	78,018.52
0.00	20,781	20,781.00	DC19307	FLOOD INSURANCE	0.00	41,562	41,562.00	249,372	249,372.00
7,796.74	28,582	20,785.26		TOTAL INSURANCE	15,593.48	57,164	41,570.52	342,984	327,390.52
80,795.03	108,872	28,076.97		TOTAL OPERATING EXPENSES	158,885.71	217,744	58,858.29	1,306,464	1,147,578.29
43,493.95	0	43,493.95		<i>NET INCOME/(LOSS)</i>	74,613.25	0	74,613.25	0	(74,613.25)

NEPENTHE ASSOCIATION
 INCOME STATEMENT FOR 12 MONTHS ENDING
 02/28/2017

c/o FirstService Residential
 15241 Laguna Canyon Rd
 Irvine CA 92618

FirstService Residential CA
 15241 Laguna Canyon Road
 Irvine CA 92618

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	TOTAL
REVENUE													
14000 HOMEOWNER ASSESSMENT REVENUE	298425	245009	268857	281783	258370	280916	278859	257374	256396	281848	278952	266931	3253718
14087 EASEMENT AGREEMENT	1468	1456	1479	1461	1467	1458	1836	1826	721	29782	0	1790	44745
14101 INTEREST ON PAST DUE ASSESMEN	29	121	14	481	9	27	67	387	73	81	5	24	1319
14110 KEY REVENUE	20	0	80	200	105	90	40	15	10	75	40	-20	655
14113 CLUBHOUSE RENTAL	1345	425	450	605	105	295	140	1060	435	1625	240	510	7235
14132 MISCELLANEOUS REVENUE	0	0	120	0	0	0	0	0	0	0	0	0	120
14162 OPERATING INTEREST REVENUE	26	25	27	25	25	28	25	26	25	25	15	97	370
14163 RESERVE INTEREST REVENUE	3091	2290	1473	11382	1023	1403	3330	2174	1757	9407	2089	1733	41153
14194 LANDSCAPE REVENUE	0	0	0	0	0	0	0	0	0	0	0	25000	25000
14372 PAST OWNERS REVENUE	0	0	0	6	0	0	0	0	0	0	0	0	6
TOTAL REVENUE	304404	249326	272501	295944	261104	284217	284297	262862	259417	322844	281341	296064	3374321
RESERVE CONTRIBUTION													
19758 GENERAL RESERVES	163766	163766	163766	163766	163766	163766	163766	163766	163766	163766	170042	170042	1977744
19803 GENERAL RESERVE INTEREST	3091	2290	1473	11382	1023	1403	3330	2174	1757	9407	2089	1733	41153
TOTAL RESERVE CONTRIBUTION	166857	166056	165239	175148	164789	165169	167096	165940	165523	173173	172131	171775	2018897
AVAILABLE OPERATING REVENUE	137547	83270	107262	120796	96315	119048	117202	96922	93894	149671	109210	124289	1355424
OPERATING EXPENSES													
UTILITIES													
15101 ELECTRICITY	2354	2627	2579	2725	2562	0	5498	2661	0	2669	5848	0	29524
15102 GAS	876	1671	2010	1619	228	1168	790	1926	1603	2688	1804	2398	18782
15103 REFUSE COLLECTION	218	347	1588	9	181	168	273	286	216	269	144	422	4122
15105 TELEPHONE EXPENSE	390	525	-24	489	492	495	492	364	570	559	126	943	5422
15106 WATER	3148	4299	3348	4022	2554	3027	3658	4609	3315	3430	4137	3994	43542
TOTAL UTILITIES	6987	9470	9502	8864	6017	4858	10711	9846	5704	9616	12059	7757	101391
LAND MAINTENANCE													
15500 CONTRACT LANDSCAPE SERVICE	26823	26823	26823	26823	26823	26823	26823	26823	26823	26823	0	28567	296797
15504 TREE MAINTENANCE	0	0	0	210	0	0	0	180	0	0	0	0	390
15511 BACKFLOW DEVICE TEST	0	0	0	2695	0	0	0	0	0	0	0	0	2695
15597 COMMON AREA IMPROVEMENT	0	0	0	92	0	0	0	0	0	0	0	0	92
TOTAL LAND MAINTENANCE	26823	26823	26823	29820	26823	26823	26823	27003	26823	26823	0	28567	299974
COMMON AREA													
16020 CONTRACT POOL/SPA SERVICE	1350	1350	1350	1350	1350	1350	1350	1350	1350	1350	1350	1350	16200

NEPENTHE ASSOCIATION
 INCOME STATEMENT FOR 12 MONTHS ENDING
 02/28/2017

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	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	TOTAL
16022 POOL EQUIPMENT REPAIR	0	0	0	0	1465	0	0	0	0	0	0	0	1465
16027 POOL INSPECTION	0	490	0	0	159	1529	0	0	793	0	0	0	2971
18457 PLUMBING REPAIR	0	0	0	0	0	0	0	0	0	200	0	0	200
18510 ROOF MAINTENANCE	260	0	0	0	0	0	0	0	520	0	0	0	780
18524 MATERIAL SUPPLIES	767	145	0	166	435	380	437	54	453	222	1372	392	4823
18526 PEST CONTROL	0	0	0	0	350	0	0	0	0	1750	145	0	2245
18531 JANITORIAL SERVICE	1525	1575	1525	1525	1670	1573	1525	1525	1525	1525	1525	1525	18543
18532 JANITORIAL SUPPLIES	388	0	296	84	298	0	224	343	33	440	0	230	2336
18534 FIRE EXTINGUISHER	0	0	0	0	0	0	245	0	0	0	0	0	245
18544 LIGHT REPAIRS	0	195	0	0	0	0	0	0	0	0	0	0	195
18564 SPECIAL SECURITY	207	0	1079	0	0	0	354	0	40	59	99	0	1838
18579 PATROL SERVICE	1000	1000	0	1000	1000	1000	1000	1000	1000	1000	1000	1000	11000
18736 GUTTER & DOWNSPOUT CLEANING	506	267	0	0	0	149	0	289	12153	24306	12153	396	50220
18767 REPAIR & MAINTENANCE	599	407	1985	503	0	1249	681	309	0	133	346	200	6413
18905 KITCHEN SUPPLIES	123	180	168	145	149	103	173	90	233	110	100	0	1575
18957 JANITORIAL EXTRA	0	0	0	3800	0	0	140	0	0	0	0	0	3940
18986 FITNESS CONTRACT	85	0	0	193	0	0	85	0	0	85	0	240	687
TOTAL COMMON AREA	6810	5609	6404	8766	6876	7332	6215	4960	18100	31181	18090	5333	125675
MANAGEMENT/ON-SITE ADMIN EXP													
18001 COMMUNITY WEBSITE	0	0	0	0	0	0	-1188	0	225	0	0	228	-735
18003 COMMUNITY EVENTS/PROGRAMS	410	40	166	42	10	111	-2271	-105	93	571	0	639	-295
18092 EDUCATION/ADULT PROGRAM	265	27	0	32	-53	66	330	0	0	98	0	99	864
19109 CONTRACT MANAGEMENT	6818	6818	6818	6818	6818	6818	6818	6818	6818	6818	7159	7159	82503
19101 CPA SERVICES	1890	0	0	0	0	0	0	0	0	0	0	0	1890
19104 FEDERAL TAX EXPENSE	0	1800	0	1800	1232	0	1800	0	0	1800	0	0	8432
19105 FRANCHISE TAX BOARD	0	0	0	1725	0	0	0	0	0	1322	0	0	3047
19106 TAXES & LICENSES	0	30	0	0	0	0	0	0	0	0	0	30	60
19108 GENERAL COUNSEL SERVICE	644	1398	1087	0	698	316	2763	514	0	313	2489	990	11210
19111 MANAGEMENT REIMBURSABLE	1013	1134	1136	5201	1090	1060	963	1304	1015	1040	5245	1484	21684
19112 POSTAGE, ON-SITE	10	0	139	113	31	0	96	0	73	0	0	213	676
19116 ADMINISTRATIVE MISC	0	0	0	0	0	0	0	0	0	0	3500	0	3500
19117 DUES & PUBLICATIONS	0	26	0	0	0	0	0	440	0	590	0	0	1056
19119 BANK FEES	35	35	35	35	35	35	35	35	35	35	35	35	420
19124 ON-SITE STAFF	12644	12478	12879	19020	12662	12769	12553	12630	12688	18859	15237	12800	167220
19126 DELINQUENCY MONITORING	172	73	202	-171	235	9	27	-120	79	116	93	367	1081
19132 OPERATING CONTINGENCY	0	0	263	0	0	0	380	0	0	0	0	0	643
19143 LEGAL-COLLECTIONS	738	250	0	0	0	0	0	0	0	0	0	0	988
19172 ACCOUNTING REIMBURSABLES	183	106	49	78	27	53	47	81	46	89	31	352	1141
19174 AMS COLLECTION EXPENSE	510	685	65	-920	175	230	665	-390	-141	420	365	390	2054
19178 PROPERTY TAX	0	0	0	0	282	0	0	949	0	0	0	0	1231
19247 PAYROLL TAXES & BENEFITS	5264	4964	5143	7463	5019	4521	4987	5008	5029	7440	5565	5857	66260
19281 WEBSITE MONTHLY FEE	0	0	0	1200	0	107	0	0	0	0	0	0	1307

NEPENTHE ASSOCIATION
 INCOME STATEMENT FOR 12 MONTHS ENDING
 02/28/2017

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	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	TOTAL
19295 ON-SITE OFFICE SUPPLIES	158	213	67	59	131	123	76	152	213	192	98	44	1526
19382 COPIER LEASE	317	438	0	656	734	328	328	902	336	0	328	655	5021
TOTAL MANAGEMENT/ON-SITE ADM	31069	30515	28049	43151	29125	26547	28410	28218	26509	39702	40145	31341	382782
INSURANCE													
19107 INSURANCE	7982	7982	8498	7982	7982	7982	15779	7797	0	7797	7797	7797	95375
DC1930 FLOOD INSURANCE	-225	0	-173	0	0	173	0	0	298846	0	0	0	298621
TOTAL INSURANCE	7757	7982	8325	7982	7982	8155	15779	7797	298846	7797	7797	7797	393996
TOTAL OPERATING EXPENSES	79446	80400	79103	98583	76824	73716	87938	77823	375983	115119	78091	80795	1303819
<i>NET INCOME/(LOSS)</i>	<i>58101</i>	<i>2870</i>	<i>28159</i>	<i>22212</i>	<i>19491</i>	<i>45332</i>	<i>29264</i>	<i>19099</i>	<i>-282088</i>	<i>34552</i>	<i>31119</i>	<i>43494</i>	<i>51605</i>

Paula E. Hegner

Certified Public Accountant

2044 Tarbolton Circle
Folsom, CA 95630
Office (916) 983-6396 Fax (916) 983-2558
e-mail: pehegner@comcast.net

March 14, 2017

To the Board of Directors
Nepenthe Association
Sacramento, California

Included with your 2016 tax returns is a draft copy of your reviewed financial statements for the year ended December 31, 2016 and a client representation letter. Please review these statements for final approval. In addition, please sign one copy of the client representation letter and return to me via email, fax, or mail at the above address.

Upon your final approval, I will deliver an electronic PDF of the financial statements to your Association manager for your permanent records and for distribution to the association members.

Thank you for the opportunity to serve as your auditor. If you should have any questions please contact me either by email or telephone.

Sincerely,



Paula E. Hegner, CPA

enclosures

Nepenthe Association
1131 Common Drive
Sacramento, CA 95825

March 14, 2017

Paula E. Hegner, CPA
2044 Tarbolton Circle
Folsom, CA 95630

We are providing this letter in connection with your review of the financial statements of Nepenthe Association, which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses, and changes in accumulated excess of revenues over expenses, comprehensive income, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person using the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of March 14, 2017, the following representations made to you during your review:

1. We acknowledge our responsibilities and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as set out in the terms of the engagement.
2. We have made available to you all –
 - a. Financial records and related data.
 - b. Minutes of the meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of board members, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not been prepared.
 - c. Additional information you have requested from us for the purpose of the review.
 - d. Unrestricted access to Association personnel from whom you determined it necessary to obtain review evidence.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. All material transactions have been recorded and have been properly reflected in the financial statements.

5. There are no uncorrected misstatements.
6. We acknowledge and have fulfilled our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. We acknowledge our responsibility for designing, implementing, and maintaining internal control to prevent and detect fraud.
8. We have no knowledge of any fraud or suspected fraud affecting the Association involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements, including any communications received from employees, former employees, or others.
9. We have no plans or intentions that may materially affect the carrying amounts or classification of assets and liabilities.
10. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions and related accounts receivable or payable, including member assessments, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b. Guarantees, whether written or oral, under which the Association is contingently liable.
 - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275, *Risks and Uncertainties*.
11. There are no –
 - a. Known or suspected instances of noncompliance with laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.
12. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB ASC 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
13. There are no transfers or designations of fund balance or interfund borrowings that were not properly authorized and approved or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
14. The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

16. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
17. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the Association's accounts.
18. The board of directors is collecting funds for future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a study conducted in 2016. The board of directors believes the funds will adequately provide for future major repairs and replacements.
19. Although we have engaged you to assist the board of directors in assembling certain information about future repairs and replacements that will accompany the financial statements mentioned above, we acknowledge that we are responsible for that information.
20. The Association's allocation of expenses against membership and non-membership income conforms with IRS rules, which require that the allocation be made "on a reasonable and consistently applied basis." We have adequately documented such allocation.
21. The board of directors has reviewed the Association's insurance coverage for the current year and believes it is adequate.
22. No events have occurred subsequent to the date of the Association's financial statements and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements.
23. We have responded fully and truthfully to all inquiries made to us by you during your review.
24. In regards to the tax preparation services performed by you, we have:
 - Assumed all management responsibilities.
 - Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

President
Nepenthe Association

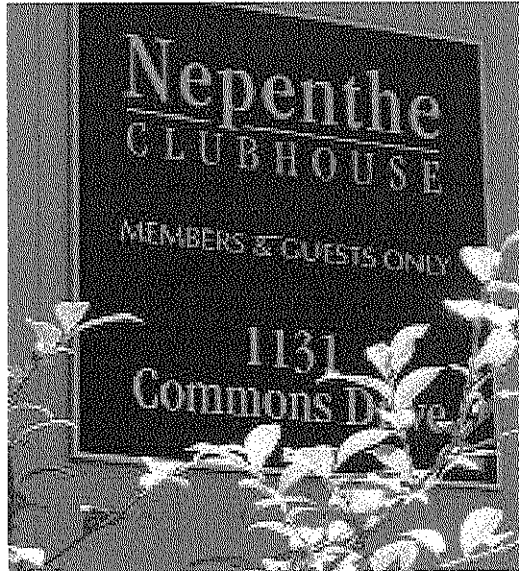
Treasurer
Nepenthe Association

Managing Agent Representative

NEPENTHE ASSOCIATION
(a California nonprofit mutual benefit corporation)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Year Ended December 31, 2016



DRAFT

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DRAFT

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
Nepenthe Association

I have reviewed the accompanying financial statements of Nepenthe Association, which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion on the Financial Statements

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in the Schedule of Operating Fund Revenues and Expenses - Budget and Actual on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information (except for the budget information, which I have not audited or reviewed and, accordingly, I do not express an opinion, a conclusion, nor provide any assurance on it) and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on it.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have not audited, reviewed, or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

Paula E. Hegner

March 14, 2017

NEPENTHE ASSOCIATION
BALANCE SHEET
December 31, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash, including interest bearing deposits	\$ 303,773	\$ 648,673	\$ 952,446
Investments	-	4,903,815	4,903,815
Assessments receivable, less allowance for uncollectible assessments of \$29,786	10,619	-	10,619
Other receivables	52	-	52
Prepaid insurance	<u>273,942</u>	<u>-</u>	<u>273,942</u>
TOTAL ASSETS	<u>\$ 588,386</u>	<u>\$ 5,552,488</u>	<u>\$ 6,140,874</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 13,764	\$ -	\$ 13,764
Assessments received in advance	78,599	-	78,599
Income taxes payable	<u>9,447</u>	<u>-</u>	<u>9,447</u>
TOTAL LIABILITIES	101,810	-	101,810
FUND BALANCES	<u>486,576</u>	<u>5,552,488</u>	<u>6,039,064</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 588,386</u>	<u>\$ 5,552,488</u>	<u>\$ 6,140,874</u>

See accompanying notes to the financial statements.

NEPENTHE ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2016

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
REVENUES			
Member assessments	\$ 1,270,368	\$ 1,965,192	\$ 3,235,560
Investment income	309	36,812	37,121
Late charges	4,875	-	4,875
Clubhouse rental	7,595	-	7,595
Phone commissions, net	18,972	-	18,972
Comcast easement agreement, net	28,320	-	28,320
Other income	885	-	885
	<u>1,331,324</u>	<u>2,002,004</u>	<u>3,333,328</u>
EXPENSES			
Utilities	102,404	-	102,404
Landscape maintenance	325,053	-	325,053
Swimming pool/spa	20,636	-	20,636
Community services/events	865	-	865
Common area	88,383	-	88,383
Government & regulation expense	228,613	-	228,613
Insurance	380,570	-	380,570
Management on-site administration	164,819	-	164,819
Major repairs and replacements (Note D)	-	1,387,481	1,387,481
	<u>1,311,343</u>	<u>1,387,481</u>	<u>2,698,824</u>
EXCESS OF REVENUES OVER EXPENSES	19,981	614,523	634,504
BEGINNING FUND BALANCES	<u>466,595</u>	<u>4,937,965</u>	<u>5,404,560</u>
ENDING FUND BALANCES	<u>\$ 486,576</u>	<u>\$ 5,552,488</u>	<u>\$ 6,039,064</u>

See accompanying notes to the financial statements.

NEPENTHE ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 19,981	\$ 614,523	\$ 634,504
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
Loss on sale of investments	-	2,913	2,913
(Increase) decrease in:			
Assessments receivable	5,264	-	5,264
Other receivables	68	-	68
Prepaid taxes	179	-	179
Prepaid insurance	6,228	-	6,228
Increase (decrease) in:			
Accounts payable	8,054	-	8,054
Assessments received in advance	(3,512)	-	(3,512)
Income taxes payable	9,447	-	9,447
NET CASH PROVIDED BY OPERATING ACTIVITIES	45,709	617,436	663,145
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase Certificates of Deposit	-	(2,045,808)	(2,045,808)
Redeem Certificates of Deposit	-	1,720,287	1,720,287
NET INCREASE IN CASH	45,709	291,915	337,624
CASH AT BEGINNING OF YEAR	258,064	356,758	614,822
CASH AT END OF YEAR	\$ 303,773	\$ 648,673	\$ 952,446
SUPPLEMENTAL DISCLOSURE			
Income taxes paid	\$ 11,428		

See accompanying notes to the financial statements.

NOTE A - NATURE OF ORGANIZATION

Nepenthe Association (the Association) was formed on May 30, 1972 in the State of California. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 590 residential units and is located in Sacramento, California.

The Association derives its authority and responsibilities from its Declaration of Covenants, Conditions and Restrictions. An elected Board of Directors makes most policy decisions and oversees daily operations, but major decisions are referred to the general Association membership.

NOTE B - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 14, 2017, the date that the financial statements were available to be issued.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund

This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund

This fund is used to accumulate financial resources designated for future major repairs and replacements.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to enforce collection of assessments by retaining legal counsel and by placing liens on the properties of delinquent members. It is the opinion of the Association's Board that, in the absence of foreclosure or personal bankruptcy proceedings of the delinquent members, the Association will ultimately prevail in most instances. However, the Association has adopted the allowance for uncollectible assessments method of providing for assessments which may not be collected.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Income Taxes

Homeowners associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2016, the Association was taxed as a regular corporation and filed Form 1120. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal and state corporate rates.

The Associations' tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and for a period of four years by California taxing authorities.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property have not been capitalized on the Association's financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues when earned and expenses when incurred regardless of when cash is received or disbursed.

Cash and Cash Equivalents

The Association considers all short term investments with an original maturity of three months or less to be cash equivalents. The Association maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per depositor.

Investments

Investments consist of Certificates of Deposit, Market Linked Certificates of Deposit, and Open End Mutual Funds. The investments are reported at cost. The variances between cost and fair market value are immaterial.

NOTE D - REPLACEMENT FUND EXPENDITURES -Major Repairs and Replacements

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements by an allocation of the monthly assessments charged to each owner. Deductions from the fund are recorded as costs, as incurred, which are determined by the Board, to meet the objective for which the fund was established.

The following is a table of the 2016 expenditures in the replacement fund, by component:

<u>Component</u>	<u>2016 Expenditures</u>
Roof inspections and repair	\$ 75
Tree removal/annual maintenance	135,810
Underground utility repair	20,825
Clubhouse interior renovation	1,778
Main clubhouse area	63,720
Grounds	511,293
Unit exterior	646,338
Miscellaneous	<u>7,642</u>
Total 2016 Expenditures	<u>\$ 1,387,481</u>

NOTE E - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. An independent study was conducted by the Browning Reserve Group for the 2017 fiscal year, to estimate the remaining useful lives and the replacement costs of the common property components. The estimates were obtained from licensed contractors who inspected the property. At the time the study was conducted, the assumed long-term interest rate earned on reserve funds was 2.5% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.5% per year.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

DRAFT

NEPENTHE ASSOCIATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	2016	2016	Variance-
	Budget	Actual	Favorable
	(compiled)		(Unfavorable)
			(compiled)
REVENUES			
Member assessments - Operating	\$ 1,270,368	\$ 1,270,368	-
Interest income	-	309	309
Late charges	-	4,875	4,875
Clubhouse rental	8,400	7,595	(805)
Phone commissions, net	15,600	18,972	3,372
Comcast easement agreement, net	-	28,320	28,320
Other income	-	885	885
TOTAL REVENUES	1,294,368	1,331,324	36,956
EXPENSES			
Utilities	100,956	102,404	(1,448)
Landscape maintenance	336,960	325,053	11,907
Swimming pool/spa	18,000	20,636	(2,636)
Community services/events	3,120	865	2,255
Common area	113,184	88,383	24,801
Government & regulation expense	191,244	228,613	(37,369)
Insurance	359,904	380,570	(20,666)
Management on-site administration	171,000	164,819	6,181
TOTAL EXPENSES	1,294,368	1,311,343	(16,975)
EXCESS OF REVENUES OVER			
EXPENSES FROM OPERATIONS	\$ -	\$ 19,981	\$ 19,981

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NEPENTHE ASSOCIATION
SUPPLEMENTARY INFORMATION
FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2016

The Board of Directors of Nepenthe Association contracted with the Browning Reserve Group to prepare a Replacement Reserve Study for the 2017 fiscal year, to estimate the remaining useful lives and the replacement cost of the components of common property. The estimates were based on visual inspection of the components and estimated replacement costs were based on their own construction cost estimator and on the opinion of independent contractors where they felt it necessary for outside consultation.

The following table is based on the study and presents significant information about the components of common property.

Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2016 Fully Funded Balance	2017 Fully Funded Balance	2017 Line Item Contribution based on Cash Flow Method
Paving	1,681,296	3-15	0-11	633,137	747,681	137,145
Concrete	155,398	1-5	0-9	119,953	66,273	26,693
Painting: Exterior	1,816,478	1-12	0-7	828,030	637,839	208,107
Painting: Interior	18,343	4-10	2-8	4,707	7,238	2,177
Structural repairs	6,361,994	1-30	0-25	2,082,623	2,253,039	452,803
Roofing	18,453,927	1-30	1-24	8,179,268	9,044,082	769,506
Rehab	494,164	10-30	1-28	124,505	156,102	31,468
Pool	530,177	1-30	0-28	130,859	156,458	34,926
Spa	27,942	1-24	0-22	15,178	17,815	3,179
Recreation	53,448	1-25	0-14	21,616	24,425	5,029
Tennis court	215,208	7-21	0-13	128,401	118,206	13,032
Landscaping	1,755,446	1-25	0-12	1,122,527	1,175,230	212,693
Fencing	670,345	1-25	1-23	215,620	316,419	84,361
Lighting	172,545	1-20	0-17	147,340	161,355	11,047
Signage	70,622	5-25	1-18	25,183	29,950	4,328
Office equipment	6,623	3-3	1-1	4,415	6,788	1,809
Mechanical equipment	121,601	10-30	4-21	64,843	73,623	6,908
Furnishings	8,584	10-15	6-13	2,457	3,273	725
Audio/visual	20,500	15-15	1-1	19,133	21,013	1,120
Safety/access	7,687	10-10	8-8	1,538	2,364	749
Flooring	33,648	10-20	1-18	7,101	10,459	3,073
Outdoor equipment	8,750	1-10	0-1	4,650	8,461	3,404
Appliances	14,406	10-20	5-18	3,340	4,644	1,201
Miscellaneous	146,792	1-50	0-2	126,283	112,522	15,357
Reserve study	6,600	1-3	0-2	2,600	4,715	2,160
Undesignated	7,175	1-1	1-1	3,587	7,354	2,940
Total	\$ 32,859,699			\$ 14,018,894	\$ 15,167,328	\$ 2,035,940
Estimated Ending Balance				\$ 5,946,950	\$ 6,158,099	\$ 287.56
Percent Funded				42.4%	40.6%	/Lot/month @ 590

NEPENTHE

March 20, 2017

WHEREAS, Section 5673 of the California Civil Code requires that, the decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the association and may not be delegated to an agent of the association; and

WHEREAS, Section 5660 of the California Civil Code requires that a warning letter be sent by certified mail to the owner of record at least 30 days prior to recording a lien; and

WHEREAS, the Association has sent this letter and the 30 days has or will soon expire; and

WHEREAS, as of the date of this report payment has not been received to pay the delinquent assessment amount on the property listed below

NOW THEREFORE BE IT RESOLVED that the Board of Directors approves by a majority vote of the board members present at a duly called open meeting for FirstService Residential to record a lien on the separate interests/accounts listed below on behalf of the association and to mail a copy of the recorded lien to all known owners and addresses once the 30 days has elapsed from the mailing of the warning letter and no payment has been received.

<i>Date</i>	<i>Account No.</i>	<i>Total Amt Due</i>	<i>Past Due Assessment Only</i>	<i>Approved</i>	<i>Denied</i>	<i>Comment</i>
3/20/17	1957-01	\$1,114.15	\$938.00			
3/20/17	2135-01	\$962.69	\$938.00			
3/20/17	2312-01	\$962.69	\$938.00			
3/20/17	2509-03	\$1,386.86	\$1,343.95			
2/15/17	1963-02	\$1,232.81	\$932.00			
1/12/17	1959-02	\$1,956.28	\$1,530.00			

Deferred Items from prior meeting

<i>Date</i>	<i>Account No.</i>	<i>Total Amt Due</i>	<i>Past Due Assessment Only</i>	<i>Approved</i>	<i>Denied</i>	<i>Comment</i>

Any two (2) Board members must sign:

By: _____ Date: _____

By: _____ Date: _____

HOME IMPROVEMENT APPLICATION

Date: 3/13/17
Name: Jennifer Boyer
Address: 1137 Vanderbilt Way

Phone: (916) 467 5743
Email: Jennifer.grace.boyer@gmail.com
House Model: 4000 F/6

What improvement are you applying for? One improvement per application, please.

These items can be approved in management office:

These items require ARC & Board approval:

- Front door per criteria
- Screen door from approved styles
- Garage exterior man door per criteria
- Garage vehicle door per criteria
- Cable/Satellite Dish installations
- Mail Box from approved styles
- Mail Slot, if replacing or approved by Postmaster
- Chimney Cap

- Air Conditioner / Heat Pump Replacement
- Check if emergency approval is needed
- Window or Patio Slider Replacement
- Window - new construction
- Window - Security Features/Bars
- Window - Sun Screens
- Skylights or Solar Tubes
- Solar Roof Panels (Thermal or Electric)
- Gas Line and Meter
- Shade Structure - Trellis, Awnings, Sails, Etc.
- Trellis - Floral Support / Garden Feature
- Patio Hardscape / Planter Boxes
- Patio Pool / Spa and Equipment
- Attic Fans
- Vents - Installations and/or Relocations
- Security Camera and/or Lighting
- Hand Rail
- Fence Relocation
- Outbuilding / Shed

if you have an improvement not listed, describe it here:

Attach the following items to your application:

- Floor Plan (available at clubhouse or www.NepentheHOA.com) of your model showing the location of the proposed improvement
- Brochure and/or Specifications for proposed items.
- Your contractor's proposal (prices may be blacked out).

Please read and sign below:

I have read the Architectural Guidelines (available at clubhouse or www.NepentheHOA.com) and understand that the approval timeline can take up to 90 days.

Signature Date: 3/13/17

The Architectural Review Committee recommends:

Approval Approval with Conditions Disapproval

Chair: _____ Date: _____

The Board of Directors will review for final approval at their next open session on _____



Nepenthe Association, 1131 Commons Drive, Sacramento, CA 95825
 916.929.8380 / nepenthe@frresidential.com

HOME IMPROVEMENT APPLICATION

2-23-17

Date: Eronne Rev: H

Phone: 916-995-9506

Name: 114 DENBARTON Circle

Email: VibrationsTravel7@gmail.com

Address: Sacramento, CA 95825

House Model: 5500

What improvement are you applying for? One improvement per application, please.

These items can be approved in management office:

These items require ARC & Board approval:

Front door per criteria

Air Conditioner / Heat Pump Replacement

Screen door from approved styles

Check if emergency approval is needed

Garage exterior man door per criteria

Window or Patio Slider Replacement

Garage vehicle door per criteria

Window - new construction

Cable/Satellite Dish installations

Window - Security Features/Bars

Mail Box from approved styles

Window - Sun Screens

Mail Slot, if replacing or approved by Postmaster

Skylights or Solar Tubes

Chimney Cap

Solar Roof Panels (Thermal or Electric)

If you have an improvement not listed, describe it here:

Gas Line and Meter

Shade Structure - Trellis, Awnings, Sails, Etc.

Trellis - Floral Support / Garden Feature

Patio Hardscape / Planter Boxes

Patio Pool / Spa and Equipment

Attic Fans

Vents - installations and/or Relocations

Security Camera and/or Lighting

Hand Rail

Fence Relocation

Outbuilding / Shed

Attach the following items to your application:

1. Floor Plan (available at clubhouse or www.NepentheHOA.com) of your model showing the location of the proposed improvement.
2. Brochure and/or Specifications for proposed items.
3. Your contractor's proposal (prices may be blacked out).

Please read and sign below:

I have read the Architectural Guidelines (available at clubhouse or www.NepentheHOA.com) and understand that the approval timeline can take up to 90 days.

Eronne Rev: H
Signature

2-23-17
Date

The Architectural Review Committee recommends:

Approval

Approval with Conditions

Disapproval

Chair: [Signature]

Date: 3/14/17

The Board of Directors will review for final approval at their next open session on _____



HOME IMPROVEMENT APPLICATION

Date: 3-6-17 Phone: 916-900-8013
Name: Donald & Jode Landsittel Email: landsittel@aol.com
Address: 1010 Dunbarton Circle House Model: 2300

What improvement are you applying for? One improvement per application, please.

These items can be approved in management office:

- Front door per criteria
- Screen door from approved styles
- Garage exterior man door per criteria
- Garage vehicle door per criteria
- Cable/Satellite Dish installations
- Mail Box from approved styles
- Mail Slot, if replacing or approved by Postmaster
- Chimney Cap

If you have an improvement not listed, describe it here:

See 2/10/17 submission which includes pictures of A/C compressor pad which will be replaced.

These items require ARC & Board approval:

- Air Conditioner / Heat Pump Replacement
- Check if emergency approval is needed
- Window or Patio Slider Replacement
- Window - new construction
- Window - Security Features/Bars
- Window - Sun Screens
- Skylights or Solar Tubes
- Solar Roof Panel
- Gas Line and Meter
- Shade Structure
- Trellis - Floral Screen
- Patio Hardscape
- Patio Pool / Spa
- Attic Fans
- Vents - Installation
- Security Camera
- Hand Rail
- Fence Relocation
- Outbuilding / Shed

Donald Landsittel 3/9/17

"A/c" size is actually 37" x 35" x 48" height. How close to asphalt? Six inches from asphalt.

Approved as emergency app. Add to consent calendar 4/5

Attach the following items to your application:

1. Floor Plan (available at clubhouse or www.NepentheHOA.com) of your model showing the proposed improvement.
2. Brochure and/or Specifications for proposed items.
3. Your contractor's proposal (prices may be blacked out).

Please read and sign below:

I have read the Architectural Guidelines (available at clubhouse or www.NepentheHOA.com) and understand that the approval timeline can take up to 90 days.

Donald Landsittel Signature *3-5-17* Date

The Architectural Review Committee recommends:

Approval Approval with Conditions Disapproval

Chair: *Judy McQuinn* Date: *3/14/17*

The Board of Directors will review for final approval at their next open session on _____



FINANCE COMMITTEE CHARTER

The Board of Directors hereby adopts this charter for the conduct of the Finance Committee, effective _____, 2017.

PURPOSE OF COMMITTEE:

The primary responsibility of the Finance Committee is to advise the Board of Directors **regarding budgetary and financial issues**. ~~on issues affecting the financial position of the Association. This committee's purpose is to assist the Board in carrying out its legal and fiduciary responsibilities.~~ The committee is assisted by the Nepenthe office staff.

MEMBERSHIP:

The membership should consist of as many residents, but no less than three, as is required to fulfill the purpose of the committee. Additional members may be appointed by the Board throughout the year. The Treasurer is designated as liaison to the Finance Committee and attends committee meeting and acts as a communication link between the Board and the committee.

KEY RESPONSIBILITY AREAS:

1) BUDGET

- a) Reviews the monthly financial statements prepared by the management company.
- b) Identifies any issues or concerns for Board consideration.
- c) Reports and explains **significant** departures from budget to Board.
- d) Reviews the annual operating budget draft prepared by the management company and makes appropriate recommendations for Board consideration.
- e) Reviews budget of special projects as directed by the Board.

2) RESERVES

- a) Reviews, consults and advises of Board on components of the Reserve Study and long term capital spending plan.
- b) Reviews the monthly reserve statement prepared by the management company.
- c) Identifies any issues or concerns for Board consideration.
- d) Reports and explains **significant** departures from the Reserves to the Board.

3) INVESTMENT

- a) The Finance Committee reviews and makes recommendations related to association investment policies for replacement reserves and operating reserves.

4) AUDIT

- a) **Upon request** recommends an annual audit **or review** of financial operations and reports results of the audit **or review** to the Board.

Nepenthe Finance Committee

Standards and Practices

DRAFT Approved by the Board of Directors _____

.....
Nepenthe Finance Committee Standards and Practices

Part One: Structure and Requirements of Nepenthe Committees

A. Committee Chairperson..... 1

B. Secretary and Minutes..... 1

C. Application 2

D. Appointment..... 2

E. Terms 2

F. Attendance Requirements..... 2

G. Minority Reports 2

H. Discipline and Removal..... 2

I. Communication with Homeowners 3

J. Committee Meeting Logistics 3

K. Relations with the Board 3

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Part Two: Standards and Practices for the Nepenthe Finance Committee

O. Role of the Finance Committee 5

P. Limits on Powers 5

Q. Qualifications 5

R. Size of Finance Committee 6

Nepenthe Finance Committee Standards and Practices

S. Finance Committee Meeting Topics and Tasks	6
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Purpose

The purpose of this document is to set minimum requirements, standards and practices for the Nepenthe Finance Committee. It will also help ensure continuity of operations through turnover.

Part One: Structure and Requirements of Nepenthe Committees

A. Committee Chairperson

Committee chairpersons are responsible for:

1. Ensuring that committee members receive the documents and training necessary to successfully carry out their respective responsibilities.
2. Preparing their committee for successful meetings and for orderly conduct of the meetings.
3. Obtaining from the board and management information and materials required for the performance of committee duties.
4. Communicating with the board through board liaisons and by speaking at board meetings.
5. Seeing that minutes and requests for board action are submitted on time and in the formats requested by the board.
6. Providing management with their contact information for monthly publication in the newsletter.
7. Answering homeowner questions, timely and accurately.

B. Secretary and Minutes

1. Each committee secretary will be appointed by the chairperson or elected by the committee. The chairperson may serve as the secretary.
2. Minutes of each committee meeting will be recorded and kept on file in the office where they will be accessible to homeowners upon request.
3. Meeting minutes will be submitted within one week in the following standard format approved by the board:
 - a. The date, time and location of the meeting.
 - b. The names of present and absent committee members.
 - c. The names of others attending the meeting (for follow-up, if necessary).
 - d. Recommended action for the board.
 - e. Information requested from the board.

Nepenthe Finance Committee Standards and Practices

- f. Information from the committee to the board.
 - g. Such other information as the committee may deem necessary to record.
 - h. The date, time and place of the next meeting.
4. The committee secretary or the committee chairperson will sign minutes. The signature will appear over the typed or printed name of the signer.
 5. Minutes will be submitted in a digital format.

C. Application

1. Once per year, usually in the April newsletter, the board notifies all residents of the opportunity to apply or re-apply for committee membership. The requisite application form may also be included with the ballot mailed to homeowners for board elections.
2. A Committee Application Form must be submitted by each person, each year, who wishes to join or remain on a committee. This applies to sitting committee members including chairpersons who wish to be reappointed. The deadline for submitting applications is May 1 of every year.
3. Copies of all submitted applications will be shared with the appropriate chairpersons as soon as they are received in the office.
4. Residents interested in serving on a committee are encouraged to attend at least one meeting of the committee before submitting an application.

D. Appointment

1. All committee appointments require an affirmative vote by a majority of the board, meeting in public session and duly recorded in the minutes. Committee appointments may be included on the consent calendar.
2. Following the board elections and no later than 15 days after the Annual Homeowners Meeting, the Board will appoint all Finance Committee members and name the chairperson(s). It will also name a director as board liaison.
3. The board may appoint a new member to a committee at any time during the year upon receiving a committee application and after conferring with the committee chairperson. The new member's term will expire at the same time as all other members' terms.

E. Terms

Committee members serve one-year terms, commencing within 15 days of the Annual Homeowners Meeting and ending at the next year's Annual Homeowners Meeting.

F. Attendance Requirements

Any committee member who misses two meetings consecutively or four meetings cumulatively during the term of appointment may forfeit membership on the committee. Chairpersons will notify the board in writing when a committee member has forfeited membership.

G. Minority Reports

Any committee member who disagrees with a committee position may attach a written minority report to the committee minutes so long as the attachment is shared with all members of the committee.

H. Discipline and Removal

Nepenthe Finance Committee Standards and Practices

1. Committee members serve at the board's pleasure and may be removed by the board at any time for any reason.
2. The board is not required to explain the appointment or removal of any committee member, including chairpersons.
3. Removal requires an affirmative vote by at least a majority of the board, meeting in either closed or open session, and recorded in the minutes.
4. If the chairperson or a majority of the committee want the board to remove or discipline a committee member, the matter will be taken up first with the committee's board liaison and, if necessary, with the board.

I. Communication with Homeowners

1. Any written committee communication with individual homeowners will be consistent with the governing documents and with board policy, and will be copied to the board liaison, who may at his or her discretion share the communication with the board.
2. Mass communication to homeowners must be approved in advance by the board liaison who will see that copies are delivered in advance to the other board members.
3. The chairperson will see that copies of all written communication are kept on file in the office.

J. Committee Meeting Logistics

1. The committee shall meet at least once per quarter for review and discussion of assigned tasks.
2. Each committee will set the date and time of its own meetings, giving consideration to the convenience of committee members, of homeowners having business with the committee, and of the board liaison.
3. Except in emergencies, notice of any committee meeting will be posted at least 96 hours in advance of the meeting. The meeting date, time, place and agenda will be included in the notice.
4. If an emergency requires a committee to meet with less than 96-hours' notice, the notice will be posted immediately and the chairperson will notify the board liaison.
5. Visitors attending committee meetings, even if only to observe, will be acknowledged by the chairperson as a matter of courtesy.
6. Every committee will schedule a homeowner comment period at the outset of every meeting.
7. **The manager and staff usually do not have time to attend committee meetings. Requests for staff to attend committee meetings shall be directed in advance to the Board President for approval. Upon approval, the President shall notify the other members of the Board.**

K. Relations with the Board

1. The board will provide clear direction to all committees and will respond promptly to the committees' recommendations and requests for information or guidance.
2. Liaisons and other board members attending committee meetings will not interfere with committee deliberations and will speak only if recognized by the chairperson.

L. Board Liaisons

Nepenthe Finance Committee Standards and Practices

1. The board will name one of its members to serve as liaison to each committee.
2. Liaisons help committees understand the board's policies and decisions and help the board understand the committees' needs, concerns and recommendations.
3. Board liaisons are expected to attend committee meetings but are not required to. If a board liaison is unable to attend a committee meeting, the committee chairperson will inform the liaison of what transpired immediately following the meeting.
4. Liaisons will not interfere with committee deliberations and will speak only if recognized by the chairperson. Liaisons may not vote on any matter considered by committees.
5. At the outset of each committee meeting, the board liaison will briefly update the committee on recent board activity.
6. The board liaison will be included in all communications between the chairperson and the committee.

M. Request for Board Action

1. When requesting board action, a committee will note it in the minutes and is urged to submit it as a separate proposal for inclusion in the board packet. The proposal should consist of seven parts in the following order:
 - a. The name of the committee.
 - b. The date the committee approved the request, as recorded in the minutes.
 - c. A concise statement of the problem being addressed.
 - d. A suggested motion or resolution.
 - e. Additional information, if any.
 - f. Other possible solutions that were considered, if any.
 - g. Space for the manager to indicate his or her position on the proposal.
2. Committee requests for board action may be submitted at any time, but those submitted less than 10 days prior to the monthly board meeting may be held over until the following month.
3. To facilitate dissemination and archiving, all proposals will be submitted electronically.
4. The board is not obligated to place any action request on the meeting agenda. However, if a request is placed on the agenda it will appear first as a New Business item, i.e., for discussion only. The board may then decide to (a) set the proposal as an Unfinished Business item for a later meeting, (b) return it to the committee for revision and re-submittal, (c) refer it to the manager or to another committee for review and comment, or (d) pursue the matter no further. In any case, the committee will be notified of the board's decision within a reasonable period of time.

N. Disagreement with the Board

When a committee disagrees with board policies or decisions, it will notify the board in writing, either in committee reports or in a separate communication. But the committee will not interfere with implementation of board policies and directives.

Part Two: Standards and Practices for the Nepenthe Finance Committee

O. Role of the Finance Committee

The Finance Committee assists and advises the Board of Directors in their financial decision-making

Nepenthe Finance Committee Standards and Practices

duties by:

1. Recommending and monitoring financial policies and goals that support the mission, values, and strategic goals of the Nepenthe Association.
2. Reviewing the budget, reserve study and other financial reports and statements and presenting recommendations to the board for fiscal revisions.
3. Recommending corrective actions to ensure that the association remains in compliance with current law and monitoring management and association compliance with bookkeeping procedures.
4. Recommending investments and monitoring the financial health of all investments against the association's goals and annual budget objectives as requested by the Board.
5. **Upon request** reviewing vendors' contracts, invoices, and work orders to ensure that Nepenthe receives contracted services that are completed in a contractually compliant and timely manner and at a fair and reasonable cost.

P. Limits on Powers

1. Only the board is authorized to elect or appoint co-chairpersons of committees. The committee may elect, or a committee chairperson may appoint, a vice-chairperson.
2. The Finance Committee is appointed solely to advise the board and to assist it in the performance of its duties. Committees have no authority over managers, home-owners, vendors, other persons or other entities.
3. All members of the Finance Committee will abide by the governing documents and will follow board policy.

Q. Qualifications

1. The board appoints Finance Committee members. General appointment criteria includes, but is not limited to, willingness to serve, availability to serve, ability to get along with others, fairness, firmness and ability to function within a team.
2. Individuals with specific experience in the following fields may be given preference for appointment to the Committee:
 - a. Finance
 - b. Budgets
 - c. Accounting and/or financial report analysis
 - d. Investments
 - e. Writing and editing
3. Committee members occupy a position of public trust and as such are expected to maintain the same qualities of behavior as board members: honesty, civility, discipline, frugality, foresight and decisiveness.
4. Committee members shall be Nepenthe homeowners that are in good standing with the association, meaning they are current in the payment of assessments and/or fines and are in compliance with the rules of the association. If disputed payments, fines or non-compliance are being appealed to the board, the member may continue serving on the committee until the board renders a decision. If such cases are in litigation, arbitration or mediation, the board will be the sole judge as to whether the member may continue serving on the committee.

Nepenthe Finance Committee Standards and Practices

5. Each member of the committee must be unencumbered by any conflict of interest and also attest that they have never been convicted and, to the best of their knowledge, are not presently under investigation for any felony.
6. Committee members are expected to familiarize themselves with the following documents as they pertain to the committee's rights and responsibilities: The CC&Rs, the Bylaws, Finance Committee Standards and Practices, the Investment Policy Statement (IPS) and the Master Calendar. Copies of these documents are on file in the office and will be provided to any committee member upon request.
7. Committee members are expected to familiarize themselves with the association's investment goals and how these goals support the association's mission.

R. Size of Finance Committee

The board will determine the size of the committee after conferring with the chairperson. A minimum of three (3) members is recommended to maintain a functioning committee with a simple majority constituting a quorum to do business.

S. Finance Committee Meeting Topics and Tasks

Many committee topics and tasks are driven by the board calendar. Board members and residents may attend any Finance Committee meeting without explaining or being asked to explain the reason for their attendance. Advance notice of attendance is not required but is advised as a matter of courtesy.

1. Monthly

- a. Introduction of any homeowners and public comment period. Each speaker will be given three to five minutes to speak.
- b. Update by the Board Liaison.
- c. Review, revise and approve the minutes from the prior meeting.
- d. Review the board calendar to ensure that the committee has addressed all relevant topics for the month.
- e. Review the monthly financial report as prepared by management.
- ~~f. Review the performance of investment funds and investment managers in accordance with the Investment Policy Statement (IPS).~~
- ~~g. Recommend adjustments or correct defects under the portfolio in a uniform and nondiscriminatory manner.~~
- ~~h. Review all fees incurred by or on behalf of the portfolio for reasonableness.~~
- i. Discuss topics for the newsletter and determine if an article would be beneficial to the community.

Nepenthe Finance Committee Standards and Practices

2. Annual Finance Committee Calendar

Annual tasks are driven by the requirements of the governing documents and the investments. Finance-related tasks are included on the board calendar to ensure required deadlines are not missed.

- a. January
 - i. Manager presents the preliminary year-end report. The CPA will submit the final report to the board in March.
 - ii. Management presents the books for the previous fiscal year to the CPA for review or audit, as determined by the board.
- b. February
 - i. Finance Committee reviews the success of the investment manager(s) and/or investment funds for the Portfolio and recommends retaining or replacing the investment manager(s).
 - ii. The insurance agent files a risk management survey. The Finance Committee should be made aware if there are additional risks identified that will significantly raise the insurance rate.
- c. March
 - i. Manager mails out hearing notices to delinquent homeowners.
 - ii. Board president signs tax returns; manager mails them.
 - iii. CPA submits review or audit of the annual books and tax returns. Copies are shared with board members and the Finance Committee.
- d. April
 - i. Manager mails a notice to all committee members that they must apply for reappointment. If they do not apply, they will not be reappointed. In committee meetings, chairpersons remind their members of this requirement.
- e. May
 - i. Deadline for committee applications.
 - ii. Chairpersons and liaisons.
 - iii. Manager notifies committee applicants of their appointments.
- f. June
 - i. Finance Committee reviews the backgrounds of committee members to ensure no conflicts of interest exist.
 - ii. ~~Finance Committee works with management to review vendors' contracts, invoices, and work orders to ensure that the association received contracted services that were completed in a contractually compliant and timely manner and at a fair and reasonable cost.~~
 - iii. Insurance Committee meets to review liability policies (expiring October 1) and discuss any changes in coverage or premiums. The Finance Committee should be made aware if premiums will rise significantly.
- g. July
 - i. Manager gives mid-year financial report, stating whether the association is likely to meet its financial goals for the year.
 - ii. Manager recommends and the board determines whether to put out to bid any vendor contracts for the following fiscal year.

Nepenthe Finance Committee Standards and Practices

- iii. If the board decided to put any vendor contracts out for bid, the manager prepares and mails RFPs to qualified vendors.
- iv. Board begins negotiations on management contract. Contract negotiations will be finalized during September.
- h. August
 - i. Manager provides all necessary data to the Reserve consultant for updating the Reserve Study.
 - ii. The Reserve consultant, the Board, Management and the Finance Committee work together to determine the amount of contributions necessary for adequate portfolio growth and how possible annual assessment increases will impact the monthly assessment rate.
 - iii. The Reserve consultant attends the board meeting, explains the updated Reserve Study and answers questions.
 - iv. Insurance Committee meets to review the flood policy (expiring December 14) and discuss any changes in coverage or premiums. The Finance Committee should be made aware if premiums will rise significantly.
 - v. The Board awards vendor contracts for the following fiscal year.
- i. September
 - i. Manager proposes the budget for the following fiscal year and provides a copy to the Finance Committee.
 - ii. Finance Committee presents findings of the committee to be considered for possible budget revisions.
 - iii. Treasurer, Finance Committee and Manager recommend whether to audit or review the books for the current fiscal year.
 - iv. Board approves management contract (executive session).
 - v. Board approves insurance policy renewals (except for flood).
 - vi. Board approves updated Reserve Study.
 - vii. Manager asks the board and committees for suggestions to improve the Master Calendar.
 - viii. Board asks manager, committees and homeowners to suggest goals for the coming year.
- j. October
 - ~~i. Finance Committee reviews, revises and/or adopts an Investment Policy Statement.~~
 - ii. Board adopts a budget for the following fiscal year.
 - iii. Board decides whether to audit or review the books for the current fiscal year.
 - iv. Insurance Committee or insurance agent report on flood insurance premiums renewing December 14th.
- k. November
 - i. Board sets goals for the following year.
 - ii. Board acts on flood insurance policies renewing December 14.

Nepenthe Finance Committee Standards and Practices

- I. December
 - i. Manager presents next year's Master Calendar to the board for review and comment.
 - ii. Management contract expires unless renewed by mutual agreement.
 - iii. Fiscal year ends December 31.

T. Relations with Management

If management is requested to attend a committee meeting to answer questions, the committee shall provide the list of questions prior to the meeting so that ample research time is allowed for response. Also, from time to time members of the committee might need the assistance of office staff. Any requests for assistance from office staff will first be discussed in committee or, if urgent, with the Finance Committee chairperson.



INSURANCE, LEGAL AND SAFETY COMMITTEE CHARTER

The Board of Directors hereby adopts this charter for the conduct of the Insurance, Legal & Safety Committee, effective _____, 2017.

PURPOSE OF COMMITTEE:

The committee's purpose is to mitigate risks of personal injury and property loss within Nepenthe Association. Members with expertise in insurance, law and public safety advise and support the Board of Directors and other committees.

MEMBERSHIP:

The membership should consist of as many residents, but no less than three, as is required to fulfill the purpose of the committee. Ideally, one member should have a background in insurance, one in law and one in public safety.

KEY RESPONSIBILITIES:

- Act as the Association's liaison with its insurance broker/insurer, the Sacramento Police Department, the Sacramento Fire Department and other local offices of emergency services.
- Coordinate the writing of the Association's emergency action plan.
- Add value to membership in Nepenthe by educating homeowners and renters on the subjects of insurance, crime prevention and emergency preparedness.
- Assist the Board, and advise as requested, evaluations of provisions of contracts with vendors.
- Assist with association initiatives as needed.



GROUNDS COMMITTEE CHARTER

Draft by Cook & Livingston March 27, 2017

The Board of Directors hereby adopts this charter for the conduct of the Grounds Committee, effective _____, 2017.

PURPOSE OF COMMITTEE:

This committee is responsible to monitor and oversee the maintenance and appearance of the common area landscape and trees and make recommendations when appropriate.

The goal is to develop and maintain a beautiful landscape in partnership with the contract landscaper and management, keeping in mind energy, water and climate limitations.

The committee is guided in its decisions by the Grounds Vision Report adopted by the Board of Directors on December 3, 2014.

MEMBERSHIP:

The membership is composed of at least 3 members and a liaison appointed from the Board of Directors.

The chair and members are appointed by the Board at the annual organizational meeting of the directors (held within 15 days of the annual meeting).

KEY RESPONSIBILITIES:

1. Review and monitor landscape maintenance contractor performance against the contract.
2. Review the landscape maintenance contract and make recommendations for changes on an annual basis.
3. Ensure proper maintenance of the irrigation systems.
4. Make recommendations to the Board regarding planting projects and other enhancements to the common areas.
5. Annually make recommendations to the Finance Committee for the Grounds Reserve allocations.
6. Must be thoroughly familiar with governing documents as they pertain to the grounds and trees.

MEMBER QUALIFICATIONS:

Prefer owners who are knowledgeable in landscape and planting, however, other interested owners are welcome.



OUTREACH COMMITTEE CHARTER

Draft by Huffman March 29, 2017

The Board of Directors hereby adopts this charter for the conduct of the Outreach Committee, effective _____, 2017.

PURPOSE OF COMMITTEE:

Reach out to long time and new members to build a community with shared values by encouraging resident participation in a variety of activities designed to bring together our diverse membership.

MEMBERSHIP:

The membership should consist of as many residents, but no less than three, as is required to promote and facilitate activities throughout the year.

KEY RESPONSIBILITIES:

- Plan and execute homeowner forums to inform members of such matters as association operations, rules, safety and volunteer opportunities.
- Hold social events such as concerts, holiday parties, happy hours and Saturday morning coffee hours.
- Welcome and orient new members.
- Fund events and activities through ticket sales, donations and business sponsorships.
- Communicate opportunities to participate in community events through various media.



Nepenthe Association

DRAFT Standards and Practices for the Nominating Committee

Revised: March 27, 2017 by L. Cook, D. Vizzard, K. Lowrey and B. Ledesma

Adopted by the Board of Directors in open session on _____.

This policy defines the responsibilities of the Nominating Committee to encourage and solicit members of Nepenthe to become nominees in the election of the Board of Directors.

Purpose - To establish policies and guidelines for use by the Nominating Committee.

Process - The Nominating Committee shall be appointed no later than June by the Board of Directors and shall serve until the conclusion of the Annual Membership Meeting and until the directors to be elected have been duly elected. The Nominating Committee will solicit potential candidates and maintain a list of names in preparation for the next vacancy to the Board of Directors. The Committee shall consist of three members.

- A chairperson, who must be a Board member.
- Two resident homeowners.

The Nominating Committee shall meet not more than 90 days after appointment to the Committee in order to review all procedures and finalize dates for follow-through.

Deadline Dates

January - Insert notice in Nepenthe Newsletter asking resident homeowners to become candidates for the Board of Directors election. Interested members will contact the nominating committee.

February - Contact potential candidates to encourage them to run for Board positions.

March - Present the slate of candidates at a regular monthly Board of Directors meeting or a special meeting of the Directors called for this purpose.

April - Candidates' statements and photographs are included in the monthly newsletter.

April - Candidates Forum is held at the Nepenthe Clubhouse. The Chair of the Nominating Committee facilitates this meeting. Candidates make a short presentation to homeowners. Questions from homeowners follow after each candidate's presentation.

May - Annual homeowners meeting and election.

The Nominating Committee accepts suggestions throughout the year for prospective nominees. Any interested, qualified person may be a potential candidate. The General Manager must ensure that the candidate is in good standing with the association and is current in the payment of his or her assessments and dues in order to be eligible as a candidate.

Within 30 days of receiving a suggestion, the Nominating Committee will ensure that the candidate is willing and eligible to accept a position on the Board before adding his or her name to the list. The committee will do



this through a series of personal contacts and by providing as much information is needed by the potential candidate in order for them to make a decision as to whether they will serve. The committee will also provide the standards for preparing a Candidate's Statement to all interested parties.

Petition Procedure - A person can become a candidate by filing with the manager a petition in support of his or her candidacy signed by no less than 20 members of the Association who are, themselves, in good standing with all assessments paid. The Member circulating the petition shall append his or her written certification to the petition attesting to the validity of the signatures and to the fact that all signatures were obtained within eleven (11) months preceding the date scheduled for the election. Candidate petitions must be filed with the manager no less than thirty-five (35) calendar days prior to the scheduled annual election date.

The Nominating Committee presents a slate of candidates to the Board of Directors in March at the regular monthly board meeting. It also presents a list of candidates to the Board of Directors when a vacancy occurs.



NEPENTHE ASSOCIATION

1131 Commons Drive, Sacramento, CA 95825
916.929.8380 FAX: 916.929.1773
nepenthe@fsresidential.com

Notice of Meeting to Count Ballots for Vote on Amendment to CC&Rs

Date: **May 17, 2017**

Time: **5:30 pm**

Location: **Nepenthe Clubhouse**

Dear Homeowners:

As you may know, your Board of Directors has approved a first amendment to the Association's CC&Rs, which amends Article III, Section 3.3, Parking and Vehicles Restrictions; Use of Private Streets.

Please find enclosed the proposed first amendment to the CC&Rs attached to the enclosed ballot, and the envelopes in which to return the ballot.

At least 296 owners, which is a majority of the 590 owners, must vote affirmatively in order for the Association to adopt the first amendment to the CC&Rs.

Every vote --- including yours --- is needed.

Please consider the following information regarding the proposed first amendment to the CC&Rs.

Updating the Association's parking restrictions has been under consideration by the Board for almost a year, based on the heavy volume of complaints from homeowners. The Association has long struggled with homeowners, residents, and guests not complying with the parking restrictions in the CC&Rs, especially as it relates to overnight parking. The other big issues raised are the inconsistency of the restrictions on private streets as compared to public streets adjacent to the community.

Recently, the Association conducted two surveys and several Town Hall meetings to solicit member input. The surveys received over 250 responses each and approximately 50 people attended each of the meetings. Member residents overwhelmingly supported a policy requiring that residents park in their garage overnight. More specific information about the process to date can be found on the Nepenthe Association website here: <http://nepenthehoa.com/2017/03/14/parking-policy-update/>.

Residents living on cul-de-sacs (Colby, Vanderbilt and Swarthmore) and public streets adjacent to Dunbarton and Elmhurst appear to be the ones most impacted by residents parking or storing vehicles on the public streets. The Board is concerned about the ability of fire trucks having proper ingress and egress to and from the cul-de-sacs. The Board and many homeowners feel that excessive street parking adversely affects the value of the homes. When only a few vehicles are parked on the street, a prospective home



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buyer can easily see the attractiveness of our homes and landscaping. Streets largely clear of parked vehicles convey an upscale community.

The purpose of this proposed amendment is to (1) preserve neighborhood character, public health, safety and welfare and property values; (2) allow all residents the reasonable use of and opportunity to enjoy their property; (3) minimize the nuisances and the adverse effects of street parking; and (4) provide clarity about parking enforcement.

In an unpublished California court case, the court ruled that an association had the authority to enforce its parking restrictions on public streets. (Lake Forest Community Association v. Paul R. Noble (1978) 4 Civil 12458).

The fact that a local government has regulations that affect homeowners does not preclude the Association from regulating the same matter. As provided in the CC&Rs, Article VI, Section 6.5.(a), the Association and its Board of Directors shall exercise any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners.

The proposed first amendment to the CC&Rs provides that homeowners and residents with legitimate reasons for parking outside of their garages will be able to apply for permits and waivers from the Association. There are some homeowners who have legitimate reasons for not being able to comply with the parking restrictions requiring homeowners to park their vehicles in their garages.

Please vote to approve the first amendment to the CC&Rs. Every yes vote is needed. Voting instructions can be found on the enclosed ballot.

Sincerely,

Your Board of Directors

encs.



NEPENTHE ASSOCIATION

Ballot for the approval of the First Amendment to the Third Amended and Restated CC&Rs (Please see enclosed amendment.)

Please indicate your approval or disapproval by placing an "x" in the appropriate box.

Approve

Disapprove

Due Date

Owners must either (1) mail or deliver ballots to the Inspector of Elections in the pre-addressed envelopes so that they are received no later than May 17, 2017 at 5:00 p.m., or (2) deposit the ballots in the ballot box during the balloting period on May 17, 2017, at 5:00 p.m., at the meeting at the Nepenthe clubhouse. All ballots, once received by the Inspector of Elections or placed in the ballot box, are irrevocable.

Extension of Balloting Period

The Board may extend the balloting period. If the Board extends the balloting period, the Association may deliver new ballots to members who have not previously returned a properly completed ballot.

Please read and follow these instructions

1. Mark the ballot with your vote. Do not indicate your identity on the ballot.
2. Place the ballot in the small envelope. Do not indicate your identity on the small envelope. Seal the small envelope.
3. Place the sealed small envelope in the large envelope. Print your Lot address or Lot number and indicate and sign your name on the upper left-hand corner of the large envelope. The large envelope is the **only** place where you indicate your identity.
4. Seal the large envelope and (1) mail it so that it is received no later than May 17, 2017 at 5:00 p.m., or (2) deposit the envelope in the ballot box during the balloting period on May 17, 2017, at 5:00 p.m., at the meeting at the Nepenthe Clubhouse.

Failure to follow these instructions may result in rejection of your ballot!

NEPENTHE ASSOCIATION

SOLICITATION MATERIALS

To accompany the ballot for the approval of the
First Amendment to the Third Amended and Restated CC&Rs

The following requirements must be satisfied for approval of the First Amendment to the Third Amended and Restated CC&Rs of Covenants, Conditions & Restrictions of Nepenthe Association: (1) 296 of the 590 owners must cast votes in approval of the First Amendment to the Third Amended and Restated CC&Rs; and (2) votes must be received by May 17, 2017. (CC&Rs, Article XVII, Section 17.1)

First Amendment to the Third Amended and Restated CC&Rs

The proposed amendment to the CC&Rs is as follows, where proposed additions are identified by ***bold italics*** and proposed deletions are identified by ~~bold strikeouts~~.

Article III, Section 3.3. Parking and Vehicle Restrictions; ~~Use of Private Streets~~

All residents are required to park their vehicles in their garages overnight (any time during the hours of 2:00 a.m. and 6:00 a.m.) and may not park their vehicles overnight on the private streets, alleyways, common driveways behind the Residences, the Common Area, or the public streets adjacent to the Development without a parking permit issued by the Association. If special circumstances exist which prevent a resident from parking in their garage, they may apply in writing to the Board of Directors for a variance from the requirement. All variances will be granted on a case-by-case basis based on whether enforcement will either cause an undue hardship to the affected Owner or fail to preserve the common plan and scheme of development contemplated by this section.

~~As long as applicable ordinances and laws are complied with, including but not limited to California Vehicle Code Section 22658 or comparable superseding statute, the Association may cause the removal of any vehicle anywhere within the Development which is in violation of the Association's vehicle and parking restrictions. No portion of the Development may be used for the repair, construction, reconstruction and/or maintenance of any vehicle.~~

(a) Parking Restrictions

Except within areas designated by the Association, there shall be no parking, keeping and/or storage outside of garages within the Development or ***public*** streets, of trailers of any kind, vehicles and trucks larger than ~~a medium-duty, Class 4 truck as defined by the Department of Transportation Federal Highway Administration~~ ***as set forth in the Association Rules***, mobile homes, non-operational vehicles, golf carts and/or recreational vehicles, including motorhomes, trailers, campers, boats or similar vehicles. No vehicle shall be parked or left in the alleyways or on the common driveways behind the Residences, except for the active and immediate loading and unloading of the vehicle. Service contractors may not leave or park their service vehicle(s) in the common driveways or alleyways without the express written consent of the Board or its authorized property manager.

Garages are to be used for the parking of standard passenger vehicles and trucks ~~not to exceed Class 4 trucks as defined by the Department of Transportation Federal Highway Administration~~ and shall not be converted to living quarters or

workshops or used for the storage of boats, campers, or recreational vehicles which will preclude the parking of ~~Resident~~**Owner's** authorized vehicles within the garage. Personal property other than authorized vehicles shall not be stored in garages, if such storage will result in the parking of vehicles on **the private streets, alleyways, common driveways behind the Residences, the Common Area, or the public streets adjacent to** ~~within~~ the Development without a parking permit issued by the Association.

(b) Guest parking

Designated guest parking areas within the Common Areas are to remain open for use by guests only and are not to be used by Owners or other residents, either permanently or temporarily, for the parking of any vehicles, boats, or trailers.

(c) Non-operational vehicles

All vehicles parked within the Development shall have a license plate and exterior evidence of valid California vehicle registration. No emission of unreasonable levels of exhaust fumes and/or noise and/or the parking, keeping and/or storage of dilapidated, non-operational and/or disabled vehicles shall be permitted within the Development. **No portion of the Development may be used for the repair, construction, reconstruction, and/or maintenance of any vehicle.**

(d) Towing

The Association shall have the authority to tow, at the ~~Owner's~~ expense **of the owner of the vehicle**, any vehicle parked or stored in violation of this Section, **other than on public streets**. The Association shall post such notices or signs within the Common Area as may be required by law to effectuate this towing provision.

Architectural Review Committee

HOME IMPROVEMENT APPLICATION

Nepenthe Association
C/O Merit Property Management, Inc.
1131 Commons Dr., Sacramento, CA 95825

Phone: 916-929-8380; Fax: 916-929-1773

House Model Number: 4400

NAME: GREGG CASSADY
ADDRESS: 709 ELMHURST CIR.
PHONE: 916 929 8967
SIGNATURE: [Signature]
DATE: 2/27/16
ALT. PHONE: 916 203-4123 - cd1

SUBMITTAL CHECK LIST: (Please attach the following to this Home Improvement Application if applicable)

- Facing, Adjacent and Impacted Neighbor Statement when the change is visible from the exterior
Set of Drawings - Should include details of dimensions, height, distance from fencing, size, design, color and materials.
Location of drains must be included on drawings. Please fold plans to 8 1/2" x 11".

PROJECTS BEING SUBMITTED: Please review Nepenthe Architectural Criteria.

DOORS

- Front Door (only approved doors)
Screen Door (only approved doors)
Rear Patio (if visible from common areas)
Garage (only approved garage doors) *

POOL

- Patio Pool & Equipment

PATIO STRUCTURES

- Trellis (Floral/Overhead) (size, type, color) **
Shed/Outbuilding

ROOF

- Chimney Caps
Gutter/Downspouts
Satellite Dishes *
Skylight (**attach inspection fee)
Solar Energy Roof Panels (**attach inspection fee)
Solar Tubes (**attach inspection fee)

UTILITIES

- Air Conditioner/Heat Pump
Gas Line and Meter (**attach inspection fee)

WINDOWS

- Garden
Exterior - sun screen
Exterior window - security
Replacement - Frames and windows, frame size, and
Interior Coverings

SMALL EXTERIOR INSTALLATIONS

- Burglar Alarm
Hand Rail (type and placement)
Mail box insert (type and placement)
Mail Slot (type and placement)
Wire & Pipe installations
Vent Relocations (placement) (**attach inspection fee)
Signs (Nepenthe provides house numbers. Call the office. No exceptions)

Disapproved as submitted. Prepare drawing of ext. elevation showing proposed gas line. Once provided, office will resubmit to ARC. Possibly could be on 4/5 open session.

OTHER Please describe in detail

GAS LINE FROM ATTIC OUTSIDE, RUNNING DOWN CHIMNEY FOR GAS FIRE LOGS -

*automatic approval from office if following Nepenthe criteria

**attach completion inspection fee - certain changes require post installation inspection by Nepenthe agent. Fee is \$40. Check must be attached.

DO NOT WRITE BELOW THIS LINE (For Committee Use Only)

The Architectural Review Committee has determined that the above submittal is:

- Approved
Approved With Conditions
Disapproved as Submitted

ARC Chair [Signature] Date 3/14/17

- See notes on plans.
See comments below and/or on reverse
Resubmit patio cover with additional dimensions and elevation.
Submit originally reviewed plans with revised drawings.

Resubmit with more details for WORK w/ ARC to revise app.

COMMENTS:

Final Inspection Required: Yes No

Matthew Martinez

Service Manager

(916) 641-0886 - Main

(916) 978-5863 - Direct

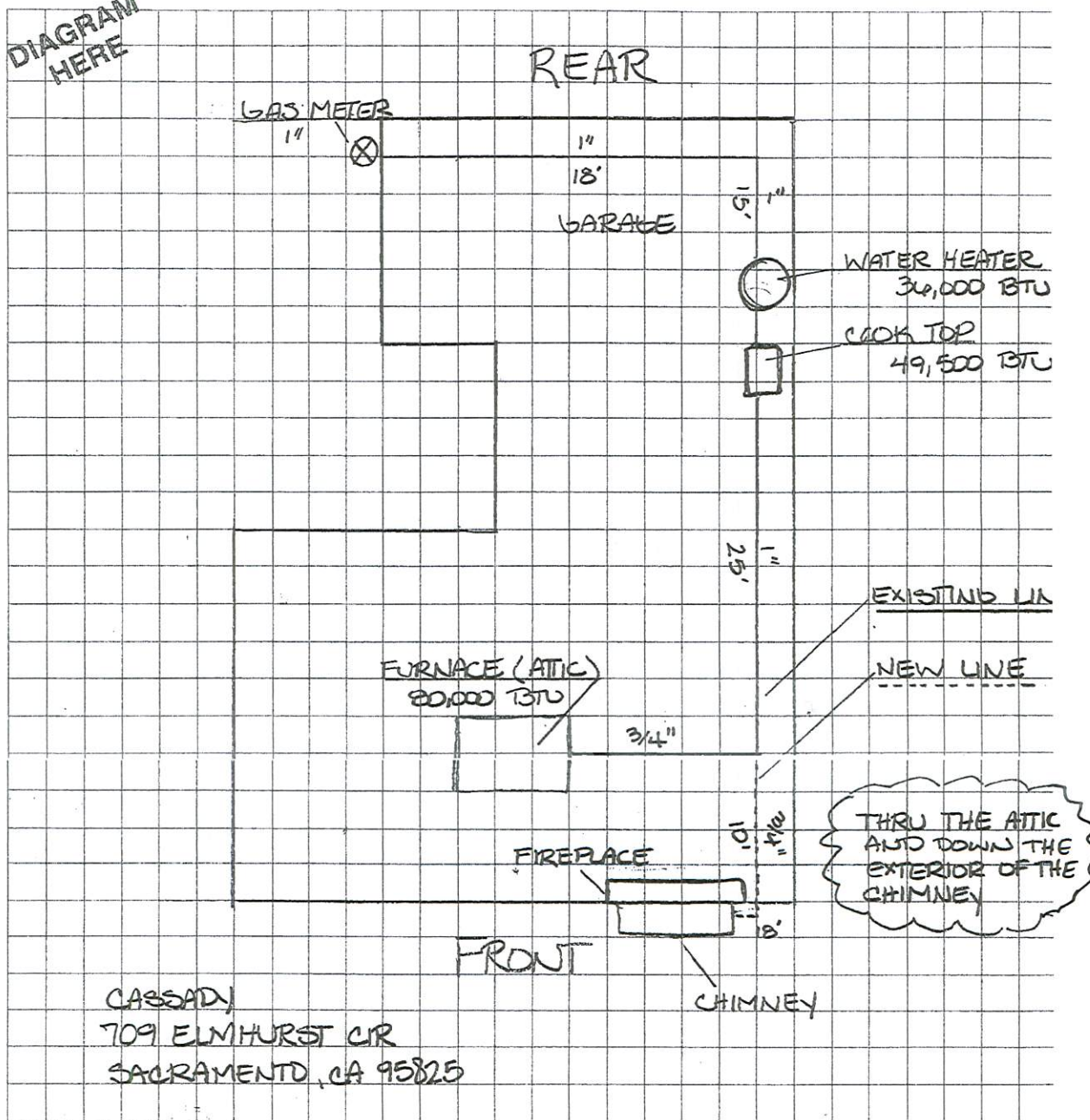
(916) 826-0836 - Mobile

2551 Albatross Way, Sacramento, CA 95815



Plumbers who can! From a family who cares!

DIAGRAM
HERE



Bettsi Ledesma

From: Bettsi Ledesma
Sent: Wednesday, March 15, 2017 9:22 AM
To: 'ekgcassady@sbcglobal.net'
Cc: Joan Haradon; JENNY M. SMITH
Subject: Your Gas installation application
Attachments: Cassady.ARC Application.2017-03-15.pdf

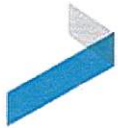
Good morning, Gregg:

The Architectural Review Committee met last night and your application was one of the ones reviewed. I must inform you that the application was NOT approved as submitted.

Please provide a drawing or photo of the exterior elevation of your home showing the proposed gas pipe. If you are able to submit that to our office in the next week, the ARC will take another look at it and could possibly add it to the agenda for Board approval at their April 5th meeting.

Thank you for your efforts to work with your volunteer committee. Please let me know if you have any question. I have copied our Board Vice President Joan Haradon and the ARC Chair Jenny Smith on this email.

Kind regards,



FirstService
RESIDENTIAL

2016 Management Company of the Year – CAI California North Chapter

Bettsi Ledesma, CMCA

General Manager

Nepenthe Association

1131 Commons Drive, Sacramento, CA 95825

916.929.8380

Email: bettsi.ledesma@fsresidential.com

www.NepentheHOA.com

Crystle Rhine

From: Peter Chappell <peter@Armstrongplumbing.net>
Sent: Tuesday, March 07, 2017 9:32 AM
To: Crystle Rhine
Subject: Gregg Cassady

Concerning Gregg Cassady @ 709 Elmhurst Circle.

The gas line we propose to install for the fireplace will be run on the exterior of the chimney using galvanized pipe and mounted using galvanized uni-strut anchored with Redhead Nail anchors.

Peter Chappell
Sent from my iPad



2551 Albatross Way
 Sacramento, CA 95815
 Phone (916)641-0886 Fax (916) 641-0889
matt@armstrongplumbing.net

PLUMBING QUOTE

QUOTE # 110091050
 DATE: MARCH 16, 2017

TO: **Gregg & Karen Cassady**
 709 Elmhurst Cir.
 Sacramento, CA 95825
ekgcassady@sbcglobal.net
 916.203.4123

ESTIMATOR	ADDRESS	JOB CONTACT	CONTACTOR LIC.
Peter Chappell 916.496.6329	709 Elmhurst Cir Sacramento, CA 95825	Gregg Cassady 916.203.4123	C36 / 364321

ITEM	DESCRIPTION OF WORK
------	---------------------

Gas Line

Armstrong Plumbing proposed to run a new gas line from the eave of the dwelling, down the side of the residence and then penetrate the chimney, in two places for future fireplace inserts.

The eave penetration will be for 3/4" galvanized piping which will be ran down and strapped to the exterior of the dwelling using four (4) unistrut pipe brackets equal distance down the length of the run. Two (2) chimney penetrations will be made, one (1) for the upstairs fireplace and one (1) for the downstairs fireplace.

The homeowner will be responsible for painting the pipe per HOA requirements.

Quotation prepared by Matthew Martinez: _____

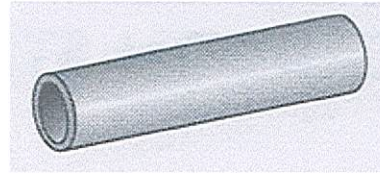
This is a quotation on the services named, subject to the conditions noted: Proposal valid for 30 days. All work will be completed in accordance to local city, state and community codes and requirements.



A N S Steel Co
4340 Sepviva Street
Philadelphia, PA, 19124, US
Phone: 215-831-5020
Fax: 215-831-5023
Toll-free: 866-831-5463
Email: anssteel@aol.com
Website: <http://www.anssteel.com>

Item # Galvanized SCH 40 Pipe-3/4

- ANS Steel is a stocking distributor of Steel Pipe in the sizes listed below. All pipe may also be available in Aluminum & Stainless Steel (please call ahead for availability: 215-831-5020).
- Primary value added processing services include: Bending, Punching, Shearing, Blanchard Grinding, Hot Dipped Galvanizing, & Flame Cutting.
- Contact us with your requirements.
- Certified Disadvantaged Woman Owned Business Enterprise (DWBE).
- Alloy for all is A500 Grade B/C.

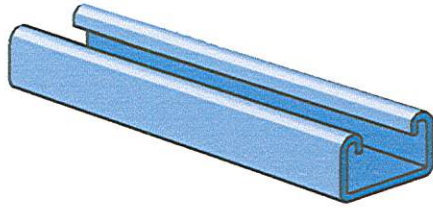


Specifications

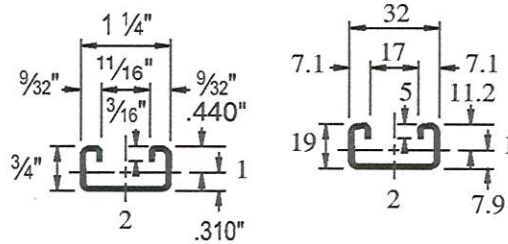
Size	3/4 in
Outside Diameter	1.050 in
Inside Diameter	0.824 in
Wall Thickness	0.1130 in
Weight per Ft.	1.13 lb
Alloy	ASTM A500 Grade B/C



A3300 – 1 1/4" x 3/4"



WU/100 Ft: 78 Lbs (116 kg/100m)
 Allowable Moment 950 In-Lbs (110 N•m)
 14 Gauge Nominal Thickness .075" (1.9mm)



Notes:

- * Load limited by spot weld shear.
- ** $KL/r > 200$

1. Above loads include the weight of the member. This weight must be deducted to arrive at the net allowable load the beam will support.
2. Long span beams should be supported in such a manner as to prevent rotation and twist.
3. Allowable uniformly distributed loads are listed for various simple spans, that is, a beam on two supports. If load is concentrated at the center of the span, multiply load from the table by 0.5 and corresponding deflection by 0.8.

MATERIAL

Unistrut channels are accurately and carefully cold formed to size from low-carbon strip steel.

STEEL: PLAIN

- 14 Gauge (1.9 mm), ASTM A1011 SS GR 33
- 19 Gauge (1.0 mm) ASTM A1008

STEEL: PRE-GALVANIZED

- 14 Gauge (1.9 mm) ASTM A653 GR 33,
- 19 Gauge (1.0 mm) ASTM A653 GR 33

Channel nuts are manufactured from mild steel bars conforming to ASTM A576, GR 1015, and are case hardened.

Fittings are made from hot rolled, pickled and oiled steel plate or strip and conform to ASTM A1011 SS GR 33.

Many framing channels are available in special metal on request. Consult factory for ordering information.

FINISHES

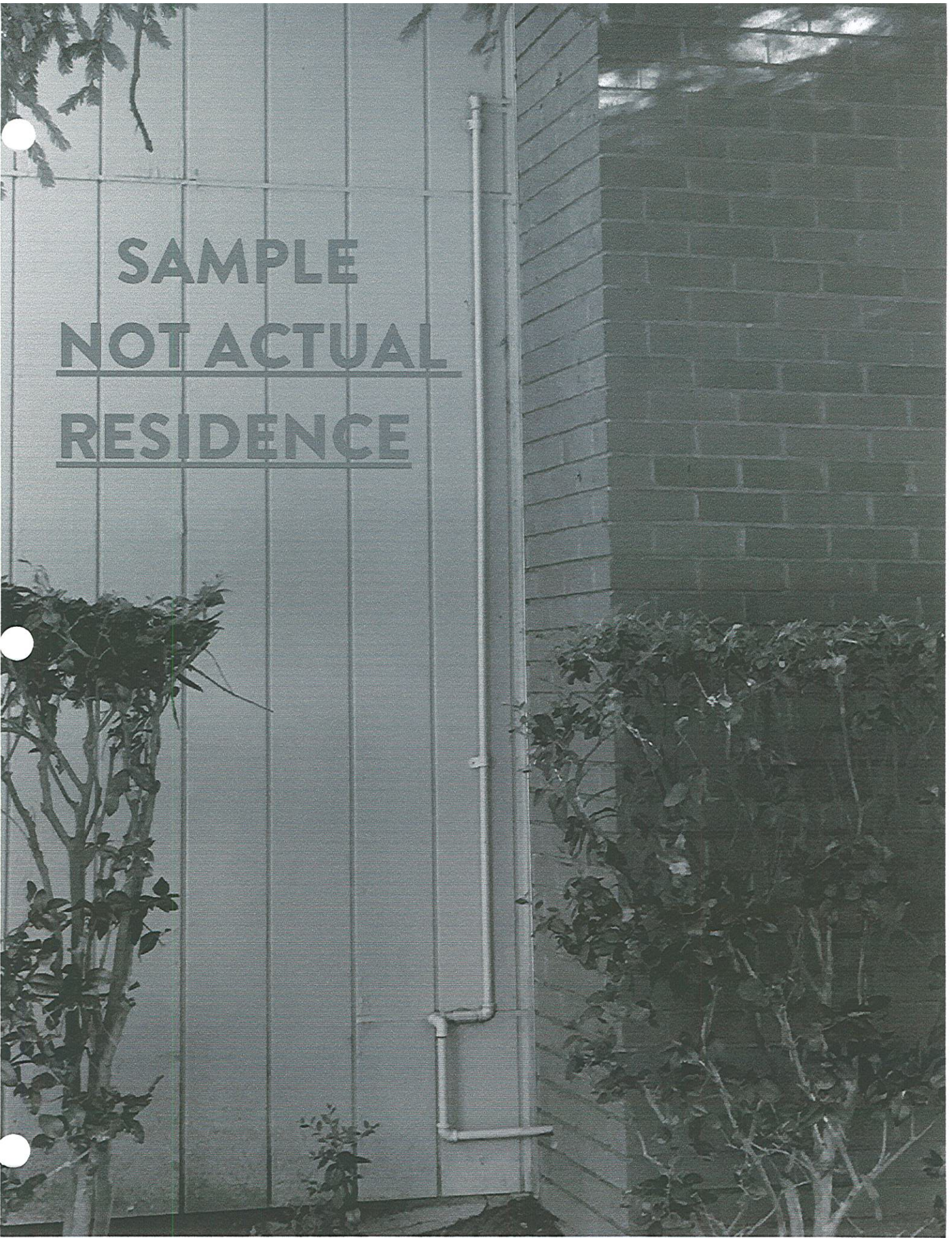
All channels and fittings are available in: Perma-Green III (GR), Pre-galvanized (PG), conforming to ASTM A653 GR 33 and plain (PL).

Nuts are available in plain or electro-galvanized (EG) finish.

Fittings are available in Perma-Green III (GR) or plain (PL).

<p>Project: _____</p> <p>Architect / Engineer: _____</p> <p>Date: _____ Phone: _____</p> <p>Contractor: _____</p> <p>Address: _____</p> <p>_____</p> <p>Notes 1: _____</p> <p>_____</p> <p>Notes 2: _____</p> <p>_____</p>	<p>Approval Stamp:</p>
--	-------------------------------

SAMPLE
NOT ACTUAL
RESIDENCE





Ryan DeShong
Agent
3400 Bradshaw Road, Suite C
Sacramento, CA 95827
Bus: 916-636-0115
Fax: 888-415-5803
License 0E44888
rdeshong@farmersagent.com

03/30/2017

Re: Nepenthe Association Property Inspection

This year, during the month of March, I conducted the annual, full property inspection of the Nepenthe Association. This inspection includes all structures, public and private streets, walkways, driveways, tennis courts, pools, spas, common areas, and greenbelts. Similar to my inspections in the past, I conducted some of this year's inspection at night to observe any lighting safety issues.

As expected again this year the overall appearance and maintenance conditions of the property and structures are excellent! The grounds are well kept and maintained, the driveways and walkways are all clear of debris and large hazards, and the overall appearance of the individual homes and clubhouses are excellent. No major or minor defects were observed in the accessible structural components of the buildings and no improvements to the structural components are considered necessary at this time. All of the recent concrete work looks great and will definitely help in minimizing risks!

The only items I had issue with this year were sidewalk / pathway trip hazards. I have included 3 items in this report that I feel should be looked at and addressed or discussed. This report should be reviewed along with the Concrete/Asphalt Report because there will more than likely be duplicate hazards/repairs on both reports. Please see my observations below for consideration regarding possible repairs, maintenance, and/or replacement of specific items.

Please let me know if there are any questions regarding this inspection report. Thank you!

Sincerely,

Ryan DeShong-

Item 1. The sidewalk in front of the main clubhouse pool on Swarthmore Drive is lifting up.



Item 2. The sidewalk in front of 1359 Commons Drive is lifting up.



Item 3. The pathway in front of 1485 University Avenue is lifting up.



ROOFTOP SOLAR SYSTEMS APPLICATION

24. Solar Energy Roof Systems (Thermal & Photovoltaic)

Please meet with the ARC before developing plans or submitting an application for approval.

Thermal solar systems and Photovoltaic (PV) panels must be installed by a registered contractor as determined by the California Solar Energy Industries Association and the California Energy Commission.

Thermal Solar systems must be of dull black, non-reflective material, including all piping, brackets, fittings, clamps, etc. The piping into the roof shall be immediately adjacent to the manifold. The owner is to maintain the installation in a uniform black appearance. Specific justification for an area greater than 120 square feet shall be provided. A photo or drawing showing the roof panel size and proposed location must be submitted.

Photovoltaic systems must meet these requirements:

1. The peripheral equipment, including any conduit, inverter, etc., associated with the installation of roof panels shall be located in an area that will minimize the visual and aesthetic impact on the community. The first locations to be considered shall be the interior walls of the garage or inside the patio fence line.
2. Supports for the solar panels shall not impose a dead weight concentrated load exceeding 150 lbs. anywhere on the supporting roof.
3. Continuous supports for the solar panels shall not impose a dead load exceeding 75 lbs. per ft. on the supporting roof.
4. Continuous supports for the solar panels that are installed perpendicular to the roof slope shall have a drainage gap at 10 ft. maximum.
5. A building permit shall be secured prior to submission of the application to the Nepenthe HOA. The homeowner or the solar system contractor shall submit a permit application to the City Building Department and include evidence of the approved permit in the application to the Nepenthe HOA.

Homeowner's Responsibilities for Rooftop Solar Systems

1. The homeowner shall be aware that penetrations of the roofing for the new solar panel installation or re-installation compromises the warranty for the roofing and that they will be responsible for the cost of any damage to the building's structure and interior due to leakage caused by said penetrations.

2. The homeowner will be responsible for additional costs related to the removal and replacement of the solar panel system that will be required for future roofing replacements or repairs.
3. The homeowner will be responsible for additional costs related to the removal of rooftop debris, whether during regular rooftop cleaning by the HOA or for special cleaning required to clear debris that has collected under or around panels.

IMPORTANT NOTICE: Please have your contractor sign acknowledgement of HOA Architectural Rules regarding the installation of rooftop solar systems

ROOFTOP SOLAR SYSTEMS APPLICATION

Contractor's Name _____

License# _____

Phone# _____

Email Address _____

Signature _____ **Date** _____

I, the homeowner, understand that even though my contractor has signed this form, I am solely responsible for these improvements meeting the HOA's Architectural rules.

Homeowner Name _____

Address _____

Phone# _____

Email Address _____

Signature _____ **Date** _____

Responsibilities of Rooftop Solar Panel Owners

1. The building owner shall be aware that penetrations of the roofing for the new solar panel installation or re-installation compromises the warranty for the roofing and that they will be responsible for the cost of any damage to the building's structure and interior due to leakage caused by said penetrations.
2. The building owner will be responsible for additional costs related to the removal and replacement of the solar panel system that will be required for future roofing replacements or repairs.
3. The building owner will be responsible for additional costs related to the removal of rooftop debris, whether during regular rooftop cleaning by the HOA or for special cleaning required to clear debris that has collected under or around the panels.
4. No wires or conduits are to be installed on the exterior of outside building walls.
5. Supports for the solar panels shall not impose a dead weight concentrated load exceeding 150 lbs. anywhere on the supporting roof.
6. Continuous supports for the solar panels not impose a dead load exceeding 75 lbs. per ft. on the supporting roof.
7. Continuous supports for the solar panels that are installed perpendicular to the roof slope shall have a drainage gap at 10 ft. maximum.
8. The contractor is required to submit for a building permit from the City Building Department for such installations.
9. A building permit shall be secured prior to submission of the application to the Nepenthe HOA. The homeowner or the solar system contractor shall submit a permit application to the City Building Department and include evidence of the approved permit in the application to the Nepenthe HOA.



March 6, 2017

The Nepenthe Association
Bettsi Ledesma
1131 Commons Dr.
Sacramento, CA 95825
Phone: (916) 929-8380
Email: Bettsi.Ledesma@fsresidential.com

On March 1, 2017, I inspected several trees on the Nepenthe property during the monthly tree walk. The focus of the walk was to address resident/management concerns regarding mature trees on the property. The purpose of this report is to develop mitigation plans for the following trees and my recommendations are below.

- Tree # 1965 Zelcova (*Zelcova serrata*) next to 108 Elmhurst Circle. Tree has had aphid issue that has caused honeydew (Figure 1). Recommend Merit for aphid control.
- Tree # 1953 Tulip Tree (*Liriodendron tulipifera*) next to 200 Elmhurst Circle. Tree appears stressed, with noticeable dead wood in upper canopy (Figure 2). Due to overplanting at this site this tree has been overwhelmed by other larger trees in the area. I recommend removal, and replacement to be determined at another site.
- Tree #1963 Sweet Gum (*Liquidambar styraciflua*) next to 106 Elmhurst Circle. Tree has noticeable inclusion in main attachment (Figure 3). Due to the structure of the tree and the noticeable inclusion I recommend this tree to be removed. Due to proximity to other trees I do not recommend stump to be ground as it could cause damage to other trees. Replacement tree not suitable for this area.
- Tree #1964 Sweet Gum (*Liquidambar styraciflua*) next to 106 Elmhurst Circle. Tree has over weighted canopy and can be prone to limb failure (Figure 4). I recommend weight reduction pruning.
- Tree #1956 Deodar cedar (*Cedrus deodara*) next to 200 Elmhurst Circle. Tree seems healthy and full. The Tree has several over weighted limbs (Figure 5). Recommend weight reduction on heavy portions of canopy.
- Tree #2291 Redbud (*Cercis canadensis*) 302 Elmhurst Circle. New planting, tree need structural pruning to train proper development (Figure 6).
- Tree #1956 Deodar cedar (*Cedrus deodara*) next to 310 Elmhurst Circle. Tree has trunk wound at base and little trunk taper due to developing in grove of trees (Figure 7). Tree has sparse canopy and leans to neighboring property. Recommend removal due to structural defects, and replacement tree suitable for open area behind 310 Elmhurst Circle.
- Tree #1896 Birch (*Betula pendula*) next to 310 Elmhurst Circle. The tree appears healthy (Figure 8). Some deadwood in canopy due to proximity to Tree #1893 Recommend separation pruning and clean out of deadwood.
- Tree #1892 Tulip Tree (*Liriodendron tulipifera*) next to 312 Elmhurst Circle. Tree has large cavity in trunk with noticeable area of internal decay (Figure 9& 10). I recommend removal and replacement due to proximity to building

- Tree #1856 Dogwood (*Cornus florida*) next to 318 Elmhurst Circle (Figure 11). Tree has sustained some damage at the base from a string trimmer. I recommend trunk protective sleeves for all small and new planted trees to protect from this type of injury.
- Tree #2295 Japanese Snowball (*Strax japonicus*) Next to 404 Elmhurst Circle. New planting, tree looks healthy, needs some structural pruning to develop proper structure. (Figure 12).
- Tree #1737 Tulip Tree (*Liriodendron tulipifera*) next to 702 Elmhurst Circle. Tree has sustained damage to base from girdling root (Figure 13 &14). Tree has a cavity at base with exposed wood this can lead to decay. The root system is invasive and encroaching on building foundation. I recommend removal and replacement.
*Per Landscape committee 3/9/17, No tree removal, tree will be monitored.
- Tree #1710 Tulip Tree (*Liriodendron tulipifera*) next to 808 Elmhurst Circle. Tree has multiple tops and a full canopy (Figure 15). Recommend weight reduction pruning and to clean out dead wood and monitor tree.
- Tree #2299 Maple (*Acer rubrum*) next to 816 Elmhurst Circle. New planting, I recommend structural pruning to develop proper structure (Figure 16).
- Tree #1698 Maple (*Acer rubrum*) next to 816 Elmhurst Circle. Young tree needs some corrective structural pruning to encourage proper development (Figure 17).
- Tree #505 Interior Live Oak (*Quercus wislizeni*) next to 1330 Commons Dr. Tree has slowly declined for the past several months (Figure 18). With the amount of decline it is unlikely that this tree will recover. I recommend removal and replacement of this tree.



Figure 1



Figure 2



Figure 3



Figure 4



Figure 5



Figure 6



Figure 7



Figure 8



Figure 9



Figure 10



Figure 11



Figure 12



Figure 13



Figure 14



Figure 15



Figure 16



Figure 17



Figure 18

*This report is based on a basic visual inspection of the trees listed above. It is recommended that a more detailed evaluation of the trees be on a case by case basis at the request of Nepenthe association.

Sincerely,

Paul Dubois
The Grove Total Tree Care
ISA Certified Arborist WE-9034AU
Qualified Tree Risk Assessor



9530 Elder Creek Road, Sacramento CA 95829
OFFICE: 916-231-8733 FAX: 916-856-5410

Tree Work Proposal



9530 Elder Creek Road, Sacramento, CA 95829 P.916.231.8733

DATE: 3/24/2017

RE: Tree Work Proposal
Nepenthe Association
Sacramento

This Proposal is to provide labor and material as stated below. All tree work is in accordance with ANSI A300 standards and the scope of work referenced in Addendum #1.

Description of Work:

Tree Species	Location	Qty	Service Description	Price
Zelkova	#1965 Next to 108 Elmhurst Cir.	1	Merit Injection	\$150.00
Tulip	#1953 Next to 200 Elmhurst Cir.	1	Tree Removal – leaving stump 2-3” above grade	\$600.00
Sweet Gum	#1963 106 Elmhurst Cir.	1	Tree Removal – leaving stump 2-3” above grade	\$1,200.00
Sweet Gum	# 1964 Next to 106 Elmhurst Cir.	1	Pruning for weight reduction	\$960.00
Deodar Cedar	#1956 next to 200 Elmhurst Cir.	1	Pruning for weight reduction	\$960.00
Redbud	#2291 next to 302 Elmhurst Cir.	1	Structural pruning	\$75.00
Deodar Cedar	#1956 next to 310 Elmhurst Cir.	1	Tree Removal – leaving stump 2-3” above grade	\$600.00
Birch	#1896 next to 310 Elmhurst Cir.	2	Separation pruning and clean out of deadwood	\$360.00
Tulip	#1892 next to 312 Elmhurst Cir.	1	Tree Removal – leaving stump 2-3” above grade	\$960.00
Japanese Snowball	#2295 next to 312 Elmhurst Cir.	1	Structural pruning to develop proper structure	\$75.00
Tulip	#1710 next to 808 Elmhurst Cir.	1	Pruning for weight reduction	\$960.00
Maple	#2299 next to 816 Elmhurst Cir.	1	Structural pruning to develop proper structure	\$75.00
Maple	#1698 next to 816 Elmhurst Cir.	1	Structural pruning to encourage proper development	\$75.00
Interior Live Oak	#505 next to 1330 Commons Dr.	1	Tree Removal – leaving stump 2-3” above grade	\$1,680.00
CONTRACT PRICE				\$8,730.00

Client/Owner: _____



Tree Species	Location	Qty	Service Description	Price
Tulip	#1737 Next to 702 Elmhurst Cir.	1	Tree Removal – leaving stump 2-3” above grade	
			Stump Grinding – grind stump 6-12” below grade, rake grinding residue level with grade	
CONTRACT PRICE				\$2,800.00

NOTES

1. Upon Approval Addendum #1 is incorporated and an enforceable part of this proposal.
2. This proposal may be withdrawn by us if not accepted within 30 days.
3. The Grove is not responsible for damage done to sprinklers, water pipes, electrical or any other underground service connections. All repair issues will be immediately relayed to the client/owner. Any repairs deemed necessary can be contracted separately and will be billed on a time and materials basis.

TERMS AND CONDITIONS:

Net due upon 30 days. A finance charge of 1.5% per month will be added to the unpaid balance after 30 days. In the event legal action is taken to collect on a past due account, the debtor agrees to pay all collection costs including interest, attorney’s fees and court costs. Any alteration or deviation from the above involving extra cost of material or labor will only be executed upon written orders for same, and will become an extra charge over the sum mentioned in this contract. All agreements must be in writing. The Grove Total Tree Care is not to be held liable for damage to irrigation when grinding stumps. Our workers are fully covered by Worker’s Compensation and our firm covered by liability insurance.

CONTRACTOR:

Vendor:

The Grove
A division of Carson Landscape Industries
 9530 Elder Creek Road, Sacramento, CA 95829
 Contractor’s License #470283
 Ph: (916) 231-8733 * Fax: (916) 856-5410
 Email: pdubois@thegrovetotaltreecare.com

CLIENT/OWNER:

Client:

The Nepenthe Association
 Bettsi Ledesma
 1131 Commons Dr.
 Sacramento, CA 95825
 Phone: (916) 929-8380
 Email: Bettsi.Ledesma@fsresidential.com

By: Paul Dubois

Name: Paul Dubois

Title: Account Manager/Arborist

Date: 3/24/2017

By: _____

Name: _____

Title: _____

Date: _____

Client/Owner: _____



Addendum 1

General Terms and Conditions

Scope of Work: All contracted services performed by The Grove are in accordance with the “Practical Specifications for Contract Tree Management,” through the American National Standards Institute and all pruning conforms to ANSI A300 guidelines. The Grove conducts all work in compliance with ISA ANSI Z133 Standards, OSHA and all state and local regulations. Contracted tree care work includes removal of all resultant debris and job site cleanup.

Payment & Invoicing: Work will be invoiced in full upon completion. Payment is due 10 days from date of invoice. A finance charge of 1.5% per month will be added to the unpaid balance after 30 days. In the event legal action is taken to collect on a past due account, the debtor agrees to pay all collection costs including interest, attorney’s fees, and court costs.

Change Orders & Additional Work: Any alteration or deviation to this proposal involving extra cost of material and/or labor will only be executed upon written and signed orders for same, and will become an extra charge over the sum mentioned in this contract. The order must describe the scope encompassed by the change order, the amount to be added or subtracted from the contract and the effect the order will have on the schedule of progress payments, if applicable. Failure to obtain a signed Change Order does not preclude the recovery by Contractor of compensation for work performed based upon quasi contract, quantum merit, restitution or other similar legal or equitable remedies.

Tree & Stump Removal/Grinding: Trees removed will be cut as close to the ground as possible based on conditions near to or next to the bottom of the tree trunk. Additional charges will be levied for unseen hazards such as, but not limited to, concrete or brick filled trunks, metal rods, etc. If requested, mechanical grinding of visible tree stump is completed 8-12 inches below surface grade at an additional charge to the Client/Owner.

Scheduling of Work: This proposal is null and void if the jobsite conditions materially change from the time of approval of this proposal to the time work starts, such that the job costs are adversely changed. Scheduling of work is dependent on weather conditions and workloads.

Permits, Fees & Assessments: Unless otherwise agreed to in writing by both parties, the owner assumes full responsibility to obtain and pay for all necessary permits, fees, property taxes, and assessments.

Disclaimer: This proposal for tree care services was estimated and priced based upon a site visit and visual inspection from ground level using ordinary means, at or about the time this proposal was prepared. Visual inspection is reflected solely in bid provided. The price quoted in this proposal for the work described, is the result of that ground level visual inspection and therefore our company will not be liable for any additional costs or damages for additional work not described herein, or liable for any incidents/accidents resulting from conditions, that were not ascertainable by said ground level visual inspection by ordinary means at the time said inspection was performed. The work performed by The Grove is intended to reduce the chances of tree failure and any corresponding property liabilities, in addition to enhancing aesthetic value but is not a guarantee. We cannot be held responsible for unknown or otherwise hidden defects of your trees, which may fail in the future. The corrective work proposed herein cannot guarantee exact results.

Liability: The Grove is not responsible for damage done to sprinklers or underground utilities such as, but not limited to, cable, water, gas and electrical. Client/Owner shall be responsible for contacting Underground Service Alert to locate underground utility lines prior to start of work. The Grove will repair damaged irrigation lines at the Client/Owner’s expense and approval. Any illegal trespass claims and/or damages resulting from work requested that is not on property owned by Client/Owner or not under Client/Owner management and control shall be the sole responsibility of the Client/Owner.

Waiver of Liability: Requests for crown thinning in excess of twenty-five percent (25%), or work not in accordance with ISA (International Society of Arboricultural) standards will require a signed waiver of liability.

Commercial General Liability Insurance: Contractor carries commercial general liability insurance written by Golden Eagle Insurance. You may call John O. Bronson Company at 916-480-4150 to verify our coverage.

Worker’s Compensation Insurance: Contractor carries worker’s compensation insurance for all employees.

Attorney’s Fees: In the event that litigation is commenced to interpret or enforce any of the rights or obligations under this Agreement, the prevailing party shall be entitled to recover his attorney’s fees and litigation expenses incurred as a result of the litigation. Said attorney’s fees and expenses shall be fixed by the court or arbitrator.

Cancellation: Notice of cancellation of work must be received in writing before the crew is dispatched to their location or Client/Owner will be liable for a minimum travel charge of \$150.00 and billed to Client/Owner.

Client/Owner: _____