



Nepenthe Residents Forum

The Outreach Committee will be hosting a Nepenthe Forum on October 24, 2015 at 10:00am. It will be held in the Nepenthe Clubhouse at 1131 Commons Drive. The forum will be covering several important topics such as Homeowner responsibility vs. Association responsibility, insurance coverage, the pur-

Don't miss the launch of the NEW Nepenthe Website.



pose of the Association and much more. Although you may have lived in the community for several years there may still be some important updates you are unaware of. This forum is designed to answer all the questions of new homeowners, experienced homeowners and residents, regarding the Association and community. Join your neighbors for a fun and informative morning. There will be light refreshments, prizes and much more.

A Letter From The President

Nepenthe Board member Melanie Herman has notified the Board that she is resigning from the Board, due to the pending sale of her University Avenue unit. This will make her ineligible to serve, and will create a vacancy on the Board following the October Board meeting. We will miss the energy and commitment which Melanie has demonstrated during her tenure on the

Board. The bylaws provide that the Board can appoint a person to fill the unexpired term, and the Board will be considering the matter during the coming month. Suggestions of qualified potential candidates are welcome.

One of the items on the Board agenda for the October 7th meeting is to adopt the budget for the 2016 calendar year. The budget also establishes the 2016 monthly dues assessment for each homeowner.

The overall budget consists of two parts, the operating budget and the reserve budget. The operating budget includes salaries, management fees, utilities, landscape maintenance and repair, and insurance (including flood insurance on buildings). The monthly amount per unit for this component will be \$182.82. This includes the annual federal flood insurance premium for resident owners which increased by \$25, or roughly two dollars per month per unit.

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Approved Architectural Applications

Address	Modification	Square Feet	Model
1242 Vanderbilt Way	Window Replacement	1,163	2000
1191 Vanderbilt Way	Retractable Awning	1,731	4000
1101 Dunbarton Circle	Window Replacement	1,840	3300
708 Elmhurst Circle	Window Replacement	1,586	2300
1015 Dunbarton Circle	Skylight/ Solar Tubes	2,137	5500
204 Dunbarton Circle	Window Replacement	1,469	2200
2259 Swarthmore Drive	Window Replacement	1,731	4000

August Budget Report

Actual year-to-date income of \$2,112,981 versus year-to-date budgeted income of \$2,110,448 produced a positive year to date income variance of \$2,533.

Actual year-to-date operating expenses of \$619,185 versus year-to-date budgeted expenses of \$645,376 produced a positive year to date operating expenses variance of \$26,191.

The two combined variances produced a positive year to date variance of \$28,724.

Other Information:

Unpaid Assessments at August 31, 2015 were: \$32,019 Prepaid Assessments at August 31, 2015 were: \$84,789.

August Cash Flow Report

Sources / Uses	Operations	General Reserves	Private Streets
Beginning Balance 1/1/2015	317,845	4,245,229	101,805
Prior year due to Ops from mgmt.	211		
Plus Income	2,112,981		
Reserve Investment Income		5,326	6.81
Contributions to Reserve		1,248,192	13,632
Less Operating Expenses	(619,185)		
Reserve Funding	(1,261,824)		
Reserve Expenditures		(921,423)	(0)
Receivable from Management	(0)		
Ending Balance 8/31/2015	\$549,991	\$4,577,325	\$115,444

A Letter From The President Cont.

(Continued from page 1)

The reserve budget functions as a savings account for replacement and repair of long-lived capital items such as roofs, siding & painting, fences, roads, sidewalks, furnishings, and certain landscape items. The reserve is required by state law, and is compiled by a reserve study specialist who makes an estimate of the remaining useful life of each item and the replacement cost of the item, so that an adequate amount can be set aside each year to assure that funds are available when needed. This is the reason that even after 40-some years, Nepenthe homes look well-kept and have maintained their value. The monthly amount per unit for this component will be \$277.57, bringing the total dues assessment to \$457.00 after deducting utility easement and clubhouse rental income.

Comparison with 2015 is tricky due to the equalization of the private street reserve study assessment to all of Nepenthe which takes place in 2016. This was a fairness issue, there being no good reason why Dunbarton and Elmhurst residents should be paying six dollars per month more for being on a private street open to all, any more than being on a private alley. This means that the increase for 2016 will be less for those on Dunbarton and Elmhurst than in other portions of Nepenthe. The monthly increase per unit from 2015 to 2016 will be \$11.00 (4.4%) for the Dunbarton and Elmhurst areas, and \$17.00 (7.0%) in the other portions of Nepenthe. See the 2016 budget article by the chair of the finance committee elsewhere in this newsletter for additional information.

Regarding FEMA flood insurance, the \$25 per year increase applies only to homeowners who prove that they live in their units. The default increase (actually a reduction of federal subsidy) is \$250 unless residency proof is given. This means that resident homeowners should not neglect to submit residency proof to the office to avoid being assessed an additional \$225. This can be done by having office staff copy your driver license, or by filling out an affidavit form available at the office. Non-resident homeowners (and resident homeowners who neglect to submit proof) will be assessed the additional \$225 insurance premium charged by FEMA.

Benches in various common area locations in Nepenthe, to facilitate walking by providing places to rest, have been authorized by the Board. Funding for a few each year is provided in the reserve study starting in 2017, and donations of bench costs by homeowners can be made to accelerate the bench installations. Bench locations were recommended by the Grounds Committee, and approved by the Board, to have a pleasant vista, some shade, and have some separation from home entrances. The first of such donated bench locations can be seen along the handicap ramp leading to the Nepenthe clubhouse entrance.

The annual Nepenthe resident's forum will be held on Saturday, October 24, at 10:00 AM in the clubhouse. The primary focus will be on the new Nepenthe web site, which promises to make available everything one needs to know about living in Nepenthe. Don't miss it!

-Ivan Gennis, Board President

Dog Walkers



Save The Date!!

Annual Dogtail Party

Thursday, November 19, 2015 at 6:00pm

Campus Commons Clubhouse

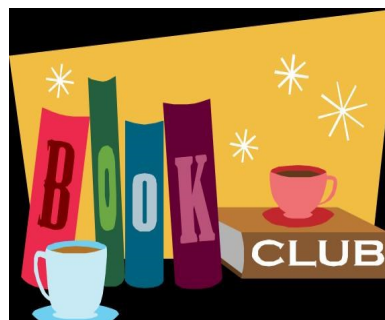
(Further Details in the November Newsletter)

Book Club... Coming Soon!

If you are interested in joining a book club for Nepenthe residents, please contact Joan Haradon,

joanh3860@gmail.com.

Depending on the number of responses, one or more book clubs may be organized in the next two months.



The 2016 Budget

The 2016 draft budget presented to the Board by management reflects both the best estimate of the coming year's operating expenses and input from the 2015 reserve study. Operating expenses are projected to increase by \$3.00 per household. However, only \$1.00 of this results from an increase in expenses under the Board's control. The remaining \$2.00 is a direct result of the \$25/household surcharge imposed by FEMA for flood insurance, which is being paid by Nepenthe.

The Reserve Study calls for a \$14.00/month increase for each household. Approximately half of this increase reflects projected future inflation. The other half reflects increased long term projections for paving, water meter installation expenses and irrigation system improvements to save water. For those living on private streets, the \$14.00 increase will be offset by a \$6.00 decrease resulting from the merger of

the private streets reserve into the general reserve.

When the two budgets are combined, the resulting increases are \$11 per household for those on the private streets and \$17 for all other residents.

One might ask why the Reserve Study projects any inflation factor at this time. The answer is twofold. First, the same inflation factor is used for return on investments. Although inflation is running lower than projected, our returns on investment are likewise well below the projected return. The reserve study is a long term planning document which does not modify these inflation factors yearly, but uses a long term average that is expected to prevail over the future 30 year life of the study's projections.

-Will Vizzard, Finance Chair

Inflation and Assessments

An historic analysis of Nepenthe assessments reveals that they closely track both home values and inflation. Between 1977 and 2014 mean home values increased 700%. Although assessments increased slightly more at 770%; initial assessments, based on builders' projections, are invariably under estimated to facilitate sales. In addition, new boards, lacking experience in facing shortfalls, routinely continue to keep assessments low, at least until they experience their first shortfall.



More recent history, from 2002 until 2014, reveals that home values increased 31% and assessments 39%, even though this period included an historic drop in home

values at its midpoint. During the same period, the Consumer Price Index (CPI) increased 32% **(The CPI is calculated by the US Dept of Labor using a theoretical market basket of goods such as food, transportation, housing, etc. It is a national average and not calculated for specific locations)**. Nepenthe's costs, however, are better reflected in the Construction Cost Index (CCI) **(Rates are based on rates for common labor, structural steel and cement costs. No specific figures for Sacramento, only San Francisco and Los Angeles available for California, these are for Los Angeles, as San Francisco was considerably higher)** and Building Cost Index (BCI) **(Rates are based on skilled labor rates and costs of steel, cement and lumber. This figure is also for Los Angeles)**, which increased 45.2% and 50.5% over the same period. Given that roofing, siding, fencing, concrete, asphalt and labor costs are the primary drivers of our reserve expenses and that reserves had to be built up from previous years of under-funding, we have actually stayed under real inflation over the past 12 years.

-Will Vizzard, Finance Chair

Outreach Committee Report



Your Outreach Committee is sponsoring a number of events to help all residents to be better informed. Saturday morning coffees continue to be a great resource. Many new friendships and contacts have been made. The same is true for the monthly Happy Hour Socials. Check the events calendar to see what is happening next.

Of greatest importance is the Resident Forum that will happen on October 24 at 10 AM! The new Nepenthe Website will be introduced. The new features and the amount of information that will be available will astound you. Be sure to mark your calendar and come to the Clubhouse on October 24 at 10 AM. Not only will there be some refreshments, but rumor has it that there may even be door prizes. This will be a fun event!

Manager's Report

IMPORTANT! If you live in your Nepenthe home, PLEASE provide proof of residency to our office. As you probably know, the association covers the cost of flood insurance for every owner in Nepenthe. The Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) has instituted a \$25 surcharge on ALL policies that are owner occupied. Further, homes owned by non-resident owners face a \$250 surcharge.

To avoid the \$250 surcharge, FEMA must be satisfied that the home is occupied by the owner before coverage can be issued.

Watch your mail for a letter from Nepenthe marked **URGENT**. If you don't receive the letter, it is because you have already filled out the form or otherwise provide proof of residency. Take a moment to fill out the form and return it to the management office or Nepenthe's insurance agent, Ryan DeShong. The form can be faxed to management at (916) 929-1773 or to Ryan at (888) 415-5803. Alternatively, you may mail it to the Nepenthe Clubhouse at 1131 Commons Drive, Sacramento, CA 95825 or Ryan at Farmers, 3400 Bradshaw

Road, Suite C, Sacramento, CA 95827. One more option for returning the form is to complete it, scan it and email to either nepenthe@fsresidential.com or RDeShong@farmersagent.com. Please do take care of this important piece of "housekeeping".

In other news...

Look for Arborwell Tree Care trucks in the area later this month. They will be establishing a safe building clearance for the trees around your home in the common area as well as providing species-specific care to our Camphor trees, Chinese Pistache trees, Cedars, Pear trees and Ash trees. The young trees (under 10 years old) will also be pruned to help them grow as they should.

We are currently preparing a Request for Proposal for concrete repairs for all of our walkways, driveways and sidewalks. That work is scheduled to begin in November.

Last item of note- the pool heaters will all be turned off by October 31st. The Clubhouse spa will remain heated throughout the winter. We've been working with the Board to identify any needed pool repairs and will address them over the winter so all the pools will be tip top for next swimming season.



**NEPENTHE MANAGEMENT
OFFICE**

Nepenthe Office
1131 Commons Drive
Sacramento, CA 95825

Phone: 916.929.8380
Fax: 916.929.1773

E-mail: nepenthe@fsresidential.com

Office Hours:

Monday—Friday 9:00 AM to 6:00 PM
Saturday-Sunday (Winter) 9:00AM to 1:00 PM
Saturday—Sunday (Summer) 12:00 PM to 4:00 PM

We're on the web!

NepentheHOA.com

Management Staff:

Betsi McComb, General Manager, betsi.mccomb@fsresidential.com

Crystle Rhine, Assistant Community Manager,
crystle.rhine@fsresidential.com

Roger Work, Facility Administrator, nepenthe.hoa@fsresidential.com

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

PayLease (Auto pay assessments): 1-866-729-5327 or sup-port@paylease.com

Other Important Contacts:

Lyons Security Service: 916-844-2912 or

sacramentosecuritycompany.com

Power Outages: 1-888-456-SMUD

Nepenthe Insurance: Farmers Insurance, Ryan DeShong, 916-636-0115

Board of Directors:

Ivan Gennis, President, ivan.gennis@gmail.com, 916-564-3007

Steve Huffman, Vice-President, steve@huffmanstrategy.com, 916-333-2143

Marcia Britton-Gray, Secretary

Melanie Herman, Treasurer, nepenthemelanie@gmail.com, 916-837-5673

Pamela Zanze, Member-at-Large

Committees of Nepenthe

Architectural Review—Ken Luttrell-

See Calendar

Elections—Yvonne Del Biaggio

Finance—Will Vizzard- See Calendar

Grounds—Pamela Livingston

*Meets 3:00 PM on the 2nd Thursday of the month
in the Dunbarton Cabana*

***Insurance, Legal & Risk Management—
Bill Newbill***

Meets ad hoc

Outreach—Gerry Gelfand

Meets 6:00 PM on the 3rd Wednesday of the month

Social Committee—Linda Cook

Meets 6 PM on the 1st Monday of the month

*All meetings are held in the main Clubhouse unless
otherwise noted.*

A Salute To Our Veterans



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Please contact me with any information you might have. And if anyone would like to volunteer to help make this a memorable event for our veterans, I would love to hear from you.

-Gerry Gelfand, Outreach Committee Chair

If you are, or know, a veteran, in Nepenthe we would like to greet you at a Veterans' Day TGIF Event. The date will be November and the location will be the Campus Commons Clubhouse at 5:30 PM. If we can get a photo of each of you we will scan it and scroll it the TV in the CC Clubhouse.