NEPENTHE HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
Wednesday, October 22, 2014
Nepenthe Clubhouse, 1131 Commons Drive, Sacramento, California 95825

OPEN SESSION MINUTES

I. CALL TO ORDER

Quorum was established and the open session meeting of the Board of Directors for the Nepenthe Homeowners Association was called to order by Director Vizzard at 5:33 p.m.

DIRECTORS PRESENT
Will Vizzard
Richard Coombs
Marcia Britton-Gray
Ivan Gennis
Pam Zanze

DIRECTORS ABSENT

MANAGEMENT PRESENT
Bettsi McComb, General Manager, FirstService Residential
Sierra Campbell, Assistant Community Manager, FirstService Residential

II. EXECUTIVE SESSION REPORT

In accordance with Civil Code 4935 (a) the Board met in Executive Session on October 22, 2014, in order to consider matters relating to personnel and the formation of third-party contracts.

III. COMMITTEE UPDATES & INVITED GUESTS

A. **Architectural Review Committee –** Committee Member Ken Luttrell spoke regarding the applications up for approval and answered questions from the Board.
B. **Finance Committee –** Chair Melanie Herman provided a brief update to the Board.
C. **Ad Hoc Committee on Master Grounds Vision –** Chair Steve Huffman provided a detailed progress report to the Board of Directors.
D. **Ad Hoc Committee on Irrigation –** Chair Marty Henderson provided the committees final update to the board.
E. **Grounds Committee –** Chair Pam Livingston spoke about the progress the Committee has been making with the Sacramento Tree Foundation and the support for the Homeowner Planting Resolution.
F. **Insurance, Legal and Risk Management Committee –** Chair Member Bill Newbill stated everything was on track and the insurance packages would be mailed shortly.
G. **Nominating Committee –** President Vizzard stated that everything is on track with the Nominating Committee and they have had five potential candidates reach out to them.

H. Outreach Committee – Chair Nancy Arndorfer spoke about the success of the coffee in the clubhouse gatherings, the websites updating proposal and the giving tree in the lobby.

I. Social Committee – No report was made at this time.

IV. REPORTS

A. MANAGERS REPORT:

- Capital Improvement Projects – DesCor Builders sent out workers to seal the siding on the exterior storage rooms of the Nepenthe Clubhouse. They are still working with their sub-contractors regarding the issues with the front steps of the Clubhouse. Management continues to pursue this item with regular phone calls and emails.

- Website- Management has been working with Outreach Committee and web designer Jennifer Loret de Mola to prepare a proposal for the design of a new website to serve the membership. The proposal is in the Board packet.

- Concrete Work – Management met personally with Da Re Concrete to express the expectations for the quality of the work. Da Re was also provided a list of additions to be made to initial contract. The change order is in the Board packet for approval. Da Re has been instructed to start the concrete work by following in the tracks of the tree maintenance schedule. They will start in Zone 1 and follow The Grove zone by zone to ensure concrete is poured after the tree work has been completed.

- Stop Signs - Management is currently researching the option of making the intersection at Commons and Vanderbilt a four-way stop. We believe that this will slow down some of the speeding on Commons and improve the safety of the community. The intersection is well-known as being a blind spot for residents and staff when driving on the property due to the number of vehicles parked on Commons. More information to follow.

- Utility Audit Inspection- Management has been contacted by Pacific Utility Audit. They have completed their administrative review of Nepenthe's utilities and will begin the physical audit on October 29th.

- Pools - Management has instructed Sparkling Clear Pool Services to turn off the pool heaters on November 1st in accordance with the Pool Opening and Closing Resolution dated January 25, 2012. The Clubhouse spa will remain turned on throughout the winter.

- 2014 Painting and Siding Repair Project – Currently James E. Williams is in the north west quadrant of Dunbarton Circle. As of this report, 22 units had received their repairs and painting is to begin October 20th. One homeowner complaint was received early in the process regarding a delay between the notice being

posted and the work actually starting, but many other residents have contacted management to express appreciation for the professional demeanor of the crews and the quality of the work being performed. *Change orders:* Using his authority delegated to him under Resolution 89, adopted July 24, 2013, Board President Will Vizzard approved ten change orders that were inspected and recommended for approval by Roger Work, Nepenthe's Facility Administrator in the amount of $13,744.

- Clubhouse Rentals – There are currently four rentals scheduled for October in the Clubhouse and Cabana and five rentals scheduled for the month of November.

- Landscape – The General Manager is walking one Zone every Friday with the Landscape Manager and the Captain for that Zone. Since the last Board meeting, Zones 7, 1, 2 and 3 have been walked. Bettsi is providing a copy of each Zone walk punch list to its Zone Captain. The emphasis on these walks is to evaluate contractor performance, provide visual checks of the irrigation system, identify areas in distress, evaluate the overall health of the vegetation and place orders for cleanup, removals and enhancements as appropriate. Additionally, the Zone stewards are also walking their zone once weekly and generating a punch list of tasks which will further allow for better monitoring of the contractor. Fall plantings will begin as soon as temperatures warrant the plantings- GP will inform management of when conditions are right. A list of locations and plants is being maintained by management and includes plantings that will be covered under warranty. Management participated in the interviews of potential landscape architects. A proposal from Garth Ruffner is in the packet for Board approval. GP is conducting irrigation audits and their reports will be a part of the monthly management report in the future.

- Tree Maintenance – The Grove is well on track with their schedule and many residents have expressed their pleasure with the work they are seeing on the removals and pruning. *Change orders:* Using his authority delegated to him under Resolution 89, adopted July 24, 2013, Board President Will Vizzard approved one change order for the removal a very large Aleppo Pine at 1300 Commons that was affecting the foundation of the home. The removal will be carried out by The Grove for a cost not to exceed $2,650

B. Landscape Reports

General Manager Bettsi McComb provided a brief update regarding watering schedules implemented by the City of Sacramento.

C. Master Calendar Report

General Manager Bettsi McComb and Board President Will Vizzard provided a brief update on the progress of the Master Calendar.

V. HOMEOWNER FORUM

Several homeowners were present and expressed concerns and/or asked questions.

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OPEN SESSION MINUTES

VI. CONSENT CALENDAR

In an effort to expedite the Board meetings, Management placed several business items on a Consent Calendar.

A. APPROVAL OF SEPTEMBER 2014 MINUTES

Resolution: The Open Session minutes dated September 24, 2014 be approved as presented.

B. FINANCIAL STATEMENT SEPTEMBER 2014

Resolution: The Board accepts the September 30, 2014 interim financial reports and bank reconciliations as presented, subject to annual audit. The report reflects a year-to-date net operating income of $122,870 and year-to-date reserve funding of $1,384,780 compared to the year-to-date reserve funding budget of $1,378,449. The reserves are funded through September 30, 2014. The association has $543,701 in operating funds, which represents 2.11 months of budgeted expenses and reserve contributions. The association has $4,133,124 in reserve funds.

C. LIEN APPROVAL

Resolution: The Board authorizes the manager to record liens against the following accounts, as stated in the resolution dated October 13, 2014, Management is requesting authorization to place liens on the following accounts should the delinquent assessments no be paid within the time period established in the intent-to-lien letter.

Account Numbers and Amounts Owed:
2321-02, $884.30

D. ARCHITECTURAL APPLICATIONS

The Architectural Committee met on October 4, 2014 to review the enclosed 4 applications. The committee recommends approval of the following 4 applications by the Board of Directors.

10 Adelphi Circle, Patio Door
1106 Vanderbilt Way, HVAC System - **Pulled From Consent Calendar**
1292 Vanderbilt Way, Windows
1491 University Avenue, Windows
2270 Swarthmore Drive, Windows
2320 Swarthmore, Handrail - **Pulled From Consent Calendar**

MOTION: Director Coombs motioned to approve the two applications pulled from the consent calendar, 1106 Vanderbilt and 2320 Swarthmore with the following exceptions: 1106 Vanderbilt that the homeowner will pay for fence relocations

and 2320 Swarthmore will install the rail with a 12 inch setback from the street curb.
SECOND: Director Gennis
VOTE: All in favor

E. COMMITTEE APPLICATIONS

The following two homeowners submitted applications to serve on the indicated committees. Their applications were enclosed in the Board packet. Both homeowners signed acknowledgements of the Conflict of Interest Policy.

Ken Butler - Finance
Jan Mitchell – Finance

Proposed Resolution: The Board approves the applications for committee service as presented.

MOTION: Director Gennis
SECOND: Director Zanze
RESOLUTION: That Consent Calendar items A-E be approved as presented, excepting architectural applications for 1106 Vanderbilt and 2320 Swarthmore.
VOTE: All in favor

End Consent Calendar

VII. UNFINISHED BUSINESS

A. 2015 RESERVE STUDY UPDATES

This item was first introduce at the September Board Meeting. Board president Will Vizzard, Finance Chair Melanie Herman and General Manager Bettsi McComb met with Bob Browning of Browning Reserve Group to review the draft updates and address a few errors. Board secretary Ivan Gennis also attended in his role as Board liaison to the Ad Hoc Committee on the Grounds Vision to address reserving for landscape improvements. Browning Reserve Group incorporated all the information into the Reserve Study Updates. Management recommended the Board accept the updates as presented.

MOTION: Director Coombs
SECOND: Director Gennis
RESOLUTION: The Board accepts the Browning Reserve Group draft reserve studies for the fiscal year ending 2015 as presented. The reserve studies recommend combined monthly reserve contributions of $1,893,465 based on projected reserve funds balances of $3,300,319 as of December 31, 2014. The Board directs Management to adjust the unfunded reserve balance consistent

with the actual reserve funds amount and with the reserve analyst's projection of that balance as of December 31, 2014, if any.
VOTE: All in favor

B. 2015 BUDGET

A preliminary budget was prepared based on the association's average of actual costs over a 12-month period and potential contract expenses for the next fiscal year. The Board of Directors must adopt a budget for the upcoming fiscal year and have it distributed to the membership in accordance with California Civil Code. A Board Agenda Report, the proposed budget and the cover letter for member distribution were enclosed in the Board packet for review.

MOTION: Director Gennis
SECOND: Director Zanze
RESOLUTION: The Board approves the 2015 Budget as presented showing the assessment for the next fiscal year at $440 per unit per month and that the 283 owners designated for the Private Street Assessment will pay an additional $6 per unit per month. Additionally, that Lines 18003 Community Events/Programs and 18008 Volunteer Recognition, each with a proposed budget of $100 monthly be combined into a single line designated as Community Events, Outreach and Recognition with a budget of $200 monthly.
VOTE: All in favor

C. PROPOSAL FROM RANDY ROSS SERVICES TO CLEAN ROOFS AND RAIN GUTTERS

Since being introduced on September's Board Meeting agenda, the proposal was reviewed by the Legal, Insurance and Risk Management Committee who were in the process of refining the details of the contract. Management recommended the approval of this proposal with the understanding that a written recommendation from the Committee would be obtained before the Board signed the final contract.

MOTION: Director Coombs
SECOND: Director Gennis
RESOLUTION: The Board approves the Proposal from Randy Ross Services in the amount of $55,116.08 for the cleaning of all Nepenthe roofs and rain gutters to be paid from operating funds with the addition of the acceptance of the Contract drafted by Director Richard Coombs
VOTE: All in favor

D. PROPOSAL FOR CONSULTING SERVICES FROM LANDSCAPE ARCHITECT GARTH RUFFNER

At the September Board meeting the Board authorized an allocation from Reserves for consulting with a licensed landscape architect. The Grounds Committee Chair, Liaison and General Manager were tasked with interviewing qualified candidates. The group met with two licensed landscape architects and

asked one, Garth Ruffner, to prepare a proposal to create plant selection guidelines for Nepenthe and for an hourly consulting rate. His proposed contract was included in the Board packet for review and Mr. Ruffner was on hand at the open session to introduce himself to the Board and answer any questions they had.

MOTION: Director Coombs
SECOND: Director Gennis
RESOLUTION: The Board approves the Proposal from Garth Ruffner for the preparation of specific plant selection guidelines in the amount of $2,710.00 and for hourly consulting as needed in the amount of $110 per hour. All work to be paid from the General Reserves allocation for landscaping.
VOTE: All in favor

VIII. NEW BUSINESS

A. GOVERNING DOCUMENTS REVISIONS

The Board was asked to appoint an Ad Hoc Committee for updating Nepenthe's governing documents. The current documents contain many references to obsolete civil code numbers and other outdated language.

MOTION: Director Coombs
SECOND: Director Britton-Gray
RESOLUTION: The Board establishes and Ad Hoc Committee to be appointed by the president, to work with the attorney in amending the CC&Rs and Bylaws for submittal to the Homeowners for adoption by ballot
VOTE: All in favor

B. PROPOSAL FROM NEPENTHE COUNSEL BRAD EPSTEIN

Nepenthe Council Brad Epstein provided and estimate for the Board to review in the amount of $5,900 for updating the governing documents. The estimate was enclosed in the Board Packet. Also enclosed was a questionnaire to help the committee articulate the changes needed.

MOTION: Director Coombs
SECOND: Director Gennis
RESOLUTION: The Board approves the proposed contract from Angius & Terry, LLP for the preparation of revised governing documents for $5,900 to be paid from the operating fund, subject to revision to allow the payment in three stages subject to negotiation with Brad Epstein as approved by Board President Will Vizzard
VOTE: All in favor

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C. RESOLUTION 138- PERMIT HOMEOWNER PLANTING IN THE COMMON AREA

Resolution 138 permits homeowners to contract directly with the landscaper for the purchase and planting of shrubs in the common area around their home after approval from the General Manager and the Grounds Committee. The resolution and proposed application and notice of completion were enclosed in the Board packet for review.

MOTION: Director Coombs
SECOND: Director Gennis
RESOLUTION: The board approves Resolution 138 with minor corrections to the language by standardizing the verbiage.
VOTE: All in favor

D. BATCH 3 TREE PLANTING SITES

The Grounds Committee has been working with the Sacramento Tree Foundation and had located a total of 37 new tree sites for a variety of free shade trees. The entire list was enclosed in the Board packet. Batches 1 and 2 were already approved by the Board at the September Board Meeting.

MOTION: Director Gennis
SECOND: Director Zanze
RESOLUTION: The Board approves authorizer the Grounds Committee to obtain the free trees and further directs management to issues work orders for GP Landscape to plant each tree in accordance with the adopted Standards and Practices for Planting Trees.
VOTE: All in favor

E. PROPOSALS FOR OVER SEEDING OF TURF AREAS

GP Landscape recommended the purchase and application of turf seed. The provided two estimates for this process which was included in the Board Packet for review. Dues to inconsistencies in the original landscape contract regarding whether or not thatching was included, further negotiation will be necessary to arrive at a final price for this project. Furthermore, the project is time sensitive as the window to apply seed is short. Management recommended that the Board delegate authority to Secretary Ivan Gennis who also serves as a liaison to the Grounds Committee to authorize the right scope of total cost not exceed $5,00, with a follow up report to be provided to the Board at the December Open Session.

MOTION: Director Coombs
SECOND: Director Zanze

RESOLUTION: The Board authorizes Ivan Gennis to negotiate terms and approve the final scope of work for necessary Fall over seeding of turf in Nepenthe for a cost not to exceed $5,000, payable from Reserves.
VOTE: All in favor

F. CHANGE ORDER FOR EXTRA CONCRETE WORK

Management had noted many more areas of lifted concrete since the original scope of work was prepared in the early summer. Da Re Concrete prepared the enclosed change order in response to managements request.

MOTION: Director Coombs
SECOND: Director Gennis
RESOLUTION: The Board approved Change Order C-1590 in the amount of $4,670 to be paid from Reserve GL Code N23014 which has a remaining allocation for 2014 of approximately $31,172 after last month's approval of the original contract.
VOTE: All in favor

G. NEPENTHEHOA.COM REDESIGN

The Outreach Committee met with web designer, Jennifer Loret De Mola on a number of occasions to discuss the redesign options for the Nepenthe Website. The proposal was enclosed in the Board packet for review. Management and the Committee recommended that the Board look over the proposal and place it on the December 3rd Board meeting agenda for possible approval.

-No action taken on this item. Board has requested to meet with Jennifer Loret De Mola and review her presentation in person. Management was instructed to arrange the meeting.

H. CLUBHOUSE RENTAL TERMS

The Board discussed changing the rental terms of the Clubhouse. Currently during a rental the entire clubhouse is closed to other residents during an event even during business hours. An option that the Board might consider is whether to limit the rental to the main lounge with access provided to the kitchen. The library and lobby would remain open to the member ship.

-No action taken. Management instructed to reach out to the membership to see if this is something they are interested in changing.

I. 2015 BOARD GOALS

The 2014 Goals were enclosed in the Board Packet. Many were met this year. Management recommends that the Board review the list and begin a list of goals

or 2015. One possible goal would be to revise the Community Rules to incorporate the proposed changes to the CC&Rs and Bylaws as well as the various resolutions passed over the past few years. The last edition of the Community Rules was published in 2009 and was also enclosed in the Board Packet for review.

-No action taken. President Vizzard instructed the Board and Management to start working on suggestions for the 2015 Goals.

J. PROPOSAL FOR SIDING REPAIRS

Enclosed in the Board packet was a proposal from James E. Williams and Son. as a result of a home sale.

MOTION: Director Coombs
SECOND: Director Gennis
RESOLUTION: The Board approves proposal 0814-0079 from James E. Williams and Son. for repairs in the amount of $4,964.57 to be paid from Reserve GL Code N23169 Siding Repair and N23127 Fence repair which have a combined remaining 2014 allocation of $5,266.
VOTE: All in favor

IX. HOMEOWNER FORUM

Several homeowners were present and expressed concerns and/or asked questions.

X. NEXT MEETING – The next Board of Directors meeting is scheduled for the first Wednesday of the month on December 03, 2014 at 5:30 PM in the Nepenthe Clubhouse. They will be skipping the November Board Meeting.

XI. ADJOURN – 7:24 PM