

November 2014

Nepenthe Association



Homeowner Association of the Year Northern California

THE NEPENTHE NEWS

Sierra Campbell, Editor

A publication of the Nepenthe Association

Directors Approve 2015 Budget

The Operating Budget for 2015 was approved at the October 22nd open session. This budget calls for a monthly assessment of \$440 per owner each month. The Private Street Assessment will be \$6 per owner each month. The total monthly income will be \$263,806, of which \$261,306 will come from homeowner assessments.

It is important to note that most of the \$10 increase is going to the Reserves. The Reserve Study update calls for an \$8.45 increase in the per owner contribution to the Reserves.

The remaining \$1.55 of the increase will go to increased Operating Expenses. The largest increase is in the Utilities, owing to an audit conducted by the City of Sacramento where they identified a number of locations where they were not charging us for storm drains. This bill has increased monthly from \$450 to approximately \$1,900.

We've also created a line item

for 2015 for funding revisions to the CC&R's which contain many out of date references to civil codes as well as various provisions that are no longer relevant to life in 2015. The Board has entered into an agreement with Nepenthe's legal counsel, Brad Epstein, for this re-write for a sum of \$5,000. An Ad Hoc Committee has been formed to work on this project.

In the expense category, we have cut back the contribution to the Operating Fund Contingency from \$2,300 to \$500. This line item exists to provide some protection from a sudden loss of revenue, a sudden increase in costs, or a combination of the two. During the worst of the recession, as the delinquencies rose, this line item helped the Association to meet its financial obligations. Now that delinquencies are at an all-time low, there is less of a need to aggressively fund this line.

The monthly Reserves Contributions, approved at the Sep-

tember Board meeting will be \$156,024 plus another \$1,704 for the Private Street Reserve. This represents approximately 60% of the total assessments received. This is the community's "savings" and is a replacement fund for all major assets of the association. Read Finance Chair Melanie Herman's excellent article on page three of this newsletter for a comprehensive explanation of the Reserves.

Later this month, all homeowners will receive their annual disclosure packet as mandated by California civil code. In it will be an abbreviated pro forma budget. If you would like to see the entire budget workbook, please contact the office. Paper copies are available for viewing or a digital copy can be emailed to you at your request.

-General Manager, Bettsi McComb

From the President's Desk...

The Board approved the budget for the coming year at the October meeting. It includes a \$10.00 per month increase in assessments, a 2.3% increase. The majority of this increase goes toward our continuing effort to shore up our reserves. They have now exceeded 31%, placing us in the "fair" category for HOAs. Operating expenses only increase at approximately 1.5%, and the majority of that increase resulted from increased billing from the City of Sacramento for our storm drains. Their audit discovered they had

been under-billing us in past years.

As I write this, the association is engaged in concrete repairs; tree pruning, removal and planting and the first phase of our siding and painting cycle. All of these functions are funded from the reserves.

-Board President, Will Vizzard

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Did you know?

For your convenience there are two dog waste stations. Locations are on Commons Drive by the tennis courts in Nepenthe and the other is on Hartnell Place in Campus Commons.

Don't forget to clean up after your pets!!!

Nepenthe Home Listings

Address	Price	Beds/Baths	Square Feet	Model
12 Colby Court	\$309,900	3/2.5	1,623	1625
5 Colby Court	\$309,900	3/2.5	1,623	1625
21 Adelphi Court	\$315,000	3/2.5	1,623	1625
2259 Swarthmore Drive	\$379,000	3/2.5	1,825	2000
2287 Swarthmore Drive	\$319,950	2/2	1,163	2000
1107 Vanderbilt Way	\$334,000	3/2.5	1,731	4000
1461 University Avenue	\$375,000	2/2	1,586	2200
707 Dunbarton Circle	\$320,000	3/2.5	1,748	4400
500 Dunbarton Circle	\$359,000	2/2	1,469	2200
207 Elmhurst Circle	\$475,000	3 Full Bath	2,137	5500
708 Elmhurst Circle	\$399,900	3/2	1,840	2300
820 Elmhurst Circle	\$474,900	3/2.5	2,137	5500

Budget Report

Actual year-to-date income of \$2,290,826.12 versus year-to-date budgeted income of \$2,312,271 produced a positive year-to-date income variance of \$21,444.88.

Actual year-to-date operating expenses of \$795,815.75 versus year-to-date budgeted expenses of \$940,122 produced a positive expenses variance of \$144,306.25

The two combined variances produced a positive year-to-date variance of \$122,861

Other Information:

Unpaid Assessments at September 30, 2014 were: \$22,939

Prepaid Assessments at September 30, 2014 were: \$60,277

Cash Flow Report

Sources / Uses	Operations	General Reserves	Private Streets
Beginning Balance 1/1/2014	392,960	3,685,063	229,205
Prior year due to Ops from vendor	151		
Prior year due to Ops from mgmt	114		
Plus Income	2,102,546		
Reserve Investment Income		9,928	2,712
Contributions to Reserve		1,359,360	12,780
Less Operating Expenses	(795,816)		
Reserve Funding	(1,372,140)		
Reserve Expenditures		(931,302)	
Ending Balance 9/30/2014	\$543,851	\$4,035,610	\$97,514

Everybody Loves a Bargain, but...

The Finance Committee unanimously voted to recommend that the board increase Nepenthe HOA assessments by \$10 a month at the October meeting. Some residents are deeply concerned about rising assessments, but keep this in mind: Decades of artificially low assessments have subsidized a generation of homeowners by pushing costs and risks into the future, where they metastasize unseen.

The recent Special Assessment solved the immediate problem of replacing the roofs and siding. However, the 2014 Reserve Study reveals that Nepenthe has saved just 30 cents for every dollar we will eventually need to replace our aging infrastructure. What does 30% reserve funding mean? Here's a simplistic example:

Nepenthe just bought a new Wigit for the clubhouse that cost \$4,000 and is expected to last for 10 years.

10 years from now, the cost to replace the Wigit is estimated to be \$5,000.

If we were saving enough to pay for the cost of the Wigit, this is what the calculation would look like:

$$\frac{\$5,000 \text{ (replacement cost)} \times 1 \text{ (age)}}{10 \text{ (useful life)}} = \$500$$

This calculation is done for each and every individual component paid out of Reserves. The Reserve Study itself is a detailed analysis prepared by Browning...but back to the example: In past years, \$500 per year should have been reserved for the day we needed to buy a new Wigit, but Nepenthe only put aside an average of \$150. Recent Boards have endeavored to beef-up the Reserves, putting us in the best position we have been in for many years. However, Nepenthe is still only 30% of the way towards full funding, which moves us from poor to fair on the scale used by professional managers.

So how do we solve this problem? There are four methods available to us:

1. The current plan is to raise dues incrementally over the next 30 years some percentage over and above inflation. The basic increase in assessments is the current inflation rate, minus investment income. This year, the Board is proposing to raise dues approximately 1% more than the inflation rate.

2. Nepenthe now has enough in reserves that, if invested wisely, can partially offset increases in inflation. Each dollar earned in investment income is a dollar that owners do not have to pay out-of-pocket. Assessments will not have to rise as steeply if we have investment income to offset inflation.

3. Delay increases in Assessments until another Special Assessment becomes necessary. Some small HOAs do operate this way.

4. Change the CC&Rs (as other Campus Commons HOAs did) to make siding and roofs the responsibility of the individual owner, exposing ourselves to the risk that some owners will fail to perform necessary maintenance and endanger adjacent homes.

Unless we increase our savings, increase our investment income or reduce what we have to pay for, it is almost certain that we will need another Special Assessment sometime in the future. The least disruptive way to increase our reserves is a combination of numbers 1 and 2: Continue to increase assessments a modest amount above inflation and gain a better return on our investments.

Since May, the Finance Committee has gained five new members with decades of experience in budgeting, investments and financial reporting and we are working diligently to modernize Nepenthe's policies and procedures. Beginning in February, the Finance Committee will be offering Q and A sessions to discuss proposed changes to the CC&Rs and to answer your questions about Nepenthe's finances. In the meantime, watch for next month's newsletter for more information about the proposed change to the CC&Rs.

-Melanie Herman, Finance Committee Chair

Friendly Reminders!

With the holiday season fast approaching, many of us are anticipating the arrival of friends, family and good times ahead. However, during these festive times it is important to keep the everyday "business" items in mind.

One item to remember is parking permits. For the private Association owned streets, Elmhurst and Dunbarton, parking passes are required for guests staying overnight. These

are available in the office. All other street parking is enforced by the City of Sacramento and the Association maintains no jurisdiction over these areas.

Another item to remember is Lost and Found. If you've lost an item in the common area, such as a set of keys or garage door opener, it might be in our Lost and Found located in the Clubhouse. We cannot store lost items for very long so please stop

by and check as quickly as possible.

Please be mindful of the standing rules and guidelines regarding holiday decorations. Please take a moment to review the attached policy and feel free to contact the office should you have any questions.

-Nepenthe Clubhouse Staff

“Pickle what? Free Demonstration November 15”

When Nepenthe was built, tennis was king. The developer built a total of eight courts for the residents to enjoy and from what I've been told, they were in high demand! While the tennis courts do still get a fair amount of use, it's nothing like their early days. What if I said that in the next decade or so, we might see half or more of our tennis courts converted to Pickleball? Sounds crazy, right? Especially if you've never heard of Pickleball! When people play Pickleball, they get hooked and it isn't long before the demand grows for courts in the community.

This sport is sweeping the nation. It was created forty years ago in Washington state, but in the last ten years, Pickleball has exploded in popularity. It is played on a badminton sized court (roughly half the size of a tennis court). The nets are lower than tennis courts and instead of a racquet, players use hard paddles and a hard, whiffle-type ball. My understanding is that it takes minutes to learn, but years to master. People playing this game take it seriously, but also have some serious fun! It's been a real boon to seniors who want to

remain active, but find that tennis takes a toll on their joints. It can be played in singles and in doubles, but apparently doubles is the most fun because of the camaraderie found in a smaller court.

During the Coffee in the Clubhouse on November 15th, an ambassador from the USA Pickleball Association (USAPA) will be here with friends to demonstrate this fun activity for Nepenthe residents. They'll be here from 10:00 am to noon showing us how to play. Interested parties will have an opportunity to try their hand. If there is enough interest, we may convert one or two of our courts on a temporary basis to see what the response from the community at large is. From that point, who knows?

If you'd like to learn more about Pickleball before the 15th, visit <http://usapa.org>. You'll get a lot of information and see videos of the game. See you on the 15th!

-General Manager, Bettsi McComb

Stonegate Patrol

In response to recent discussions about the role of Stonegate Security in Nepenthe: they are primarily here (1) to enforce parking rules on the private streets and in the alleyways, (2) to ensure that the pools are closed and emptied of residents after 10:00 p.m. (when the gates electronically lock), and (3) to provide a presence during the hours when FirstService staff is not available and residents are generally asleep.

Stonegate is here 365 days a year for six hours a day (180 hours/month) and the monthly contract fee is \$4,000. Dividing the monthly fee by the hours they are here, results in

approximately \$22.22/hour to cover

the salary/benefits of the officer, as well as any administrative costs (insurance, etc.) for the company. The contract fee may seem expensive, but usually properties the size of Nepenthe would have to pay a much higher contract fee if they wanted a larger security presence. Nepenthe's CC&Rs do not require that the association pay for a security contract, but the Board determined that it was a service desired by most residents.

A review of a nightly report is always available upon request. The report shows what a Stonegate patrol officer does on a typical

night in Nepenthe. Additionally, the reports always indicate if the officer found trespassers and contacted the police. On other nights, the reports show that the officer identified lights that were out or found garage doors open (the officer notes the address of the garage door and his/her attempts to contact the resident). These detailed reports also allow the Nepenthe Clubhouse Office staff to monitor the activity and services of the officers, which are specified in the Stonegate contract.

Local crime data indicate that the vast majority of crimes committed in Nepenthe/

tact Barbara Falcon of the Sacramento City Police Department at (916) 548-4435 or by e-mail at mfalcon@pd.cityofsacramento.org.

The September Nepenthe Newsletter announced that Nepenthe resident, Mike Harrington, is trying to organize more complete Neighborhood Watch coverage throughout Nepenthe. Mike has voluntarily placed a highly visible "Neighborhood Watch Patrol" sign on the side of his van. For further information or to contact Mike, please e-mail him at jewelryfrog@hotmail.com. Also, Nepenthe /Campus Commons residents are encouraged to discuss this or other interests

at the weekly coffee hour each Saturday

morning from 10:00 to 11:00 a.m. at the Nepenthe Clubhouse.

Thank you for all that each of you do to take individual responsibility for maintaining and improving a secure environment in Nepenthe. We welcome your continued suggestions and involvement in our team effort.

-Resident, Karen Lowery & Assistant Community Manager, Sierra Campbell



Campus Commons are crimes of opportunity... i.e. via unlocked doors and gates, garage doors left open, vehicles parked on the street with valuables visible inside. Local law enforcement recommends an active Neighborhood Watch program, effective lighting, and activated alarm systems where they exist. Security cameras at individual residences, when possible, are also showing promise. The Sacramento Police Department sponsors community seminars to discuss these measures, such as those announced on Nextdoor.com and in the October Nepenthe Newsletter. For more information, con-

November 2014

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SCHEDULE OF EVENTS

- ◆ Mondays: Tai Chi in the Nepenthe Clubhouse from 3:00 pm to 4:00 pm
- ◆ Fridays: Yoga in Common Room 9:00-10:30am—Nepenthe Clubhouse
- ◆ Saturday, November 1st: Architectural Review Committee at 9:00 am—Nepenthe Clubhouse
- *STARTING IN DECEMBER, THE ARC COMMITTEE WILL BE MEETING ON THE SECOND SATURDAY OF EVERY MONTH
- ◆ Wednesday, November 9th: Outreach Committee at 6:00 pm—Nepenthe Clubhouse
- ◆ Monday, November 10th: Veterans Event at Rivers Edge Campus Commons
- ◆ Thursday, November 13th: Grounds Committee at 4:00 pm—Nepenthe Clubhouse
- ◆ Saturday, November 15th: Pickleball Demonstration at Nepenthe Clubhouse Courts 10:00 am
- ◆ Board of Directors at 5:30 pm—No meeting in November

Welcome Nepenthe's New Administrative Assistant!

Although we are sad to see her go, Sarah Liebman, Nepenthe's part time Administrative Assistant for the last two years has taken a new position that will allow her to further her education and her career at FirstService Residential.

house Friday through Sunday every week.

Please take a moment to stop by the Clubhouse and introduce yourself to Evon!

-Assistant Community Manager, Sierra Campbell

Taking the position of Nepenthe's Administrative Assistant is Evon De La Rosa. Evon joins Nepenthe with a rich background in customer service and rental property management and is currently attending Sac State for Business Finance. With this experience, we are confident that she will hit the ground running at Nepenthe. Evon will be working with us here in the Club-



Veterans Recognition Day

If you served this great country, the Senior Helpers and the VIP network would like to thank you in person at Veterans Recognition Day, Monday November 10th at 10:00 AM. The VIP event will be held at the beautiful River's Edge Campus Commons, 601 Feature Drive, Sacramento, CA 95825. Free event and parking. Brigadier General Robert Hipwell will be the keynote speaker. Veterans will receive a commemorative pin, certificate of appreciation and "valuable Veterans Benefit information".

Also Meet the VIP Network of small business owners and senior care experts who can answer questions about numerous care services including VA Aid & Attendance pension benefits and much more!

SEATING IS LIMITED but you can reserve your by calling 916-671-5777 or email tbollons@seniorhelpers.com

*Wear your uniform!

-Rivers Edge, Campus Commons



P.S. Stop by the Nepenthe Clubhouse and let us recognize your selfless sacrifice- we are putting together a special display in the Clubhouse and want to make sure every Nepenthe veteran is represented. Please email us with your full name and rank, branch of service and dates of service.

Nepenthe.hoa@fsresidential.com



Nepenthe Association

Nepenthe Clubhouse
1131 Commons Drive
Sacramento, CA 95825

Phone: 916.929.8380

Fax: 916.929.1773

E-mail: nepenthe.hoa@fsresidential.com

Office Hours:

Monday—Friday 9:00 AM to 6:00 PM

Lunch Hours 1:00 PM to 2:00 PM

Saturday-Sunday (Winter) 9:00AM to 1:00 PM

Saturday—Sunday (Summer) 12:00 PM to 4:00

We're on the Web!

NepentheHOA.com

Coffee In The Clubhouse



We've had an absolutely wonderful turn out for Coffee in the Clubhouse and we want it to continue!

Please join your neighbors Saturday mornings in the Nepenthe Clubhouse at 10:00am for Coffee in the Clubhouse. This is a great opportunity to get to know your community, learn new and important information and share your thoughts with your neighbors!



Management Staff:

Bettsi McComb, General Manager, bettsi.mccomb@fsresidential.com

Sierra Campbell, Assistant Community Mgr, sierra.campbell@fsresidential.com

Sarah Liebman, Administrative Assistant, sarah.liebman@fsresidential.com

Roger Work, Facility Administrator, nepenthe@fsresidential.com

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

FirstService Toll Free 24 Hour Emergency Hotline: 1-866-596-4984

Pay Lease (Auto pay assessments): 1-866-729-5327 or support@paylease.com

Other Important Contacts:

Stonegate Protection (patrol): 1-888-774-0035

Power Outages: 1-888-456-SMUD

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

Board of Directors:

Will Vizgard, President, vizgardw@gmail.com, 916-923-9308

Richard Coombs, Vice President, rec1146@aol.com, 916-568-6100

Marcia Britton-Gray, Treasurer, mcbmd@comcast.net

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

Pamela Zanze Member-at-Large

Committees of Nepenthe

Architectural Review Committee— 9:00 AM on the 2nd Saturday of the month

Elections—Yvonne Del Biaggio

Finance—Melanie Herman

Meets monthly— contact office for information

Grounds—Pamela Livingston

Meets 4:00 PM on the 2nd Thursday of the month

Insurance, Legal & Risk Management—Bill Newbill Meets ad hoc

Outreach—Nancy Arndorfer

Meets 6:00 PM on the 1st Wednesday of the month

Social—Linda Cook

Regular meeting time is the first Monday of every month in the Nepenthe Clubhouse at 6:00 PM

Meetings are held at the clubhouse.
