

**NEPENTHE ASSOCIATION  
BOARD OF DIRECTORS MEETING**

**May 2, 2018, 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.

**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.**

|                            |
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| <b>OPEN SESSION AGENDA</b> |
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**I. CALL TO ORDER**

| Present | Arrival | Board Member     | Positon         | Departure |
|---------|---------|------------------|-----------------|-----------|
|         |         | Steve Huffman    | President       |           |
|         |         | Frank Loge       | Vice President  |           |
|         |         | Linda Cook       | Secretary       |           |
|         |         | Christina George | Treasurer       |           |
|         |         | Craig Price      | Member at Large |           |

**II. SPECIAL ORDER ITEMS:**

**a. INVITED GUEST: JOHN MCNERNEY RE: TURKEY POPULATION**

John McNerney is the Wildlife Resource Specialist for the City of Davis. He will provide the Board with information and resources related to the turkey population in Nepenthe. This is a follow up to last month's Board meeting item.

**Action required:** Board discussion

**III. ANNOUNCEMENTS**

- a. Executive Session Disclosure:** In accordance with Civil Code Section 4935(a), the Board met in Executive Session on May 2, 2018 in order to consider matters relating to personnel, contract negotiations, legal matters and member discipline.

**IV. COMMITTEE REPORTS**

- a. Architectural Review Committee ..... **Pages 6-10**
- b. Finance Committee ..... **Page 11**
- c. Grounds Committee ..... **Pages 12-13**
- d. Insurance, Legal and Safety Committee..... **Page 14**
- e. Outreach Committee..... **Page 15**

**V. MANAGEMENT REPORT ..... Pages 16-35**

- a. Report.....Pages 16-20
- b. April Nepenthe News .....Pages 21-28
- c. Grounds Zone Walk Expenses .....Pages 29-30
- d. Master Calendar.....Pages 31-35

**VI. HOMEOWNER CORRESPONDENCE (Listed alphabetically by last name).....Page 36**

**VII. 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.

**VIII. 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 D as presented.**

|                               |
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| <i>Begin Consent Calendar</i> |
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- a. **Approval of Minutes April 4, 2018 Open Session Minutes and the April 19, 2018 Special Open Session Minutes**..... **Pages 37-41**

Proposed Resolution: The Open Session minutes dated April 4, 2018 and the Special Open Session minutes dated April 19, 2018 are approved as presented.

- b. **Financial Statement: March 2018** ..... **Pages 42-53**

Proposed Resolution: The Board accepts the March 2018 interim financial reports and bank reconciliations as presented, subject to annual review. The reports reflects a negative year to date variance of \$14,311 and reserve funding of \$583,487 compared to the reserve funding budget of \$527,973. The reserves are funded through March 2018. The Association has \$321,031 in operating funds, which represents 1.01 months of

budgeted expenses and reserve contributions. The Association has \$6,302,590 in reserve funds.

**c. Appoint member to Outreach Committee**

Homeowner Ed Goldman has submitted an 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 Ed Goldman, member in good standing to the Outreach Committee.

**d. Architectural Applications**

The Architectural Review Committee met on April 10, 2018 to review the applications listed below. The applications are in a binder on the directors’ table.

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

|          | <i>Address</i>        | <i>Application for</i>              | <i>Recommendation</i> |
|----------|-----------------------|-------------------------------------|-----------------------|
| <b>1</b> | 1433 Commons Drive    | Solar Panels                        | Approval              |
| <b>2</b> | 1233 Vanderbilt Way   | Window Replacement                  | Approval              |
| <b>3</b> | 1509 University Ave   | Solar Tubes                         | Approval              |
| <b>4</b> | 718 Elmhurst Circle   | Solar Tubes                         | Approval              |
| <b>5</b> | 1018 Dunbarton Circle | Window Installation and Replacement | Approval              |
| <b>6</b> | 324 Elmhurst Circle   | Patio Hardscape                     | Approval              |

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| <i>End Consent Calendar</i> |
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**IX. UNFINISHED BUSINESS**

**a. 711 Elmhurst Cedar Tree..... Pages 54-59**

At last month’s open session, the Board authorized Arborist Paul Dubois, of The Grove Total Tree Care to apply for a permit to conduct exploratory root excavation to ascertain whether roots may be damaging the foundation of the home. The report from the excavation is included in the Board packet. No damage was noted to the foundation by any of the tree roots. Therefore, there is no basis for which the City will grant a removal permit.

Action required: Board discussion and possible resolution

**b. Report from Board regarding contract for roof repairs**

CM2 was retained by the Board to inspect the roofs, prepare report and scope of work for necessary repairs, and oversee the bidding process and subsequent work. The bids will be reviewed by the directors in Executive Session on May 2. Should a proposal be approved, it will be announced at the Open Session.

Action required: No action- report only

c. **Review proposed locations for four benches within the community**

At the April Open Session, the Board reviewed and tentatively approved the locations for the installation of the next four benches in Nepenthe.

Management regrets to inform the Board that the signs were only placed on April 24, therefore it is recommended that the Board table its final decision until the June 6 Open Session to allow homeowners time to submit written comments.

Recommended action: table final decision until June 6, 2018.

**X. NEW BUSINESS**

a. **Consider Architectural Criteria Change for Solar Tube Installations.....Page 60**

The Architectural Review Committee has amended the enclosed Criteria #25 for the installation of lighted solar tubes.

**Action required:** Board resolution

**Proposed resolution:** The Board adopts the amended Criteria #25 for the installation of lighted solar tubes prepared by the Architectural Review Committee and directs that it be incorporated into the existing Architectural Guidelines.

b. **Consider Architectural Criteria Change for Solar Energy Installations ..... Pages 61-72**

Nepenthe's legal counsel, at the request of the Board and the Architectural Review Committee has amended the enclosed Criteria #24 for the installation of solar energy systems. The revision increases the homeowner's insurance requirements and also requires the recording of an Agreement Affecting Real Property with the County Recorder.

**Action required:** Board resolution

**Proposed resolution:** The Board directs management to send the DRAFT Criteria #24 to the Insurance, Legal and Safety Committee and the Architectural Review Committee requesting specific review and recommendation and to the owners via the newsletter in conformance with Civil Code requirements to solicit homeowner comments for a period of thirty days prior to adopting the new criteria at the June 6, 2018 Open Session.

c. **Reserve investment recommendation.....Page 73**

The reserve money market account has \$2,360,100 in liquid assets. Wells Fargo advisors have provided the enclosed recommendations for Board approval. The Finance Committee has reviewed the information provided and recommends Board approval of the investment vehicles as presented on the enclosure.

**Action required:** Board resolution

**Proposed resolution:** The Board approves the investment purchases as presented by Wells Fargo, excepting therefrom the recommendation for the MLCs and directs management to set up a meeting between the Board, Finance Committee and the Wells Fargo advisors to discuss the investment options for the remaining \$250,000.

**XI. 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.

**XII. NEXT MEETING:** Wednesday, June 6, 2018 at 5:30 pm in the Nepenthe Clubhouse

**XIII. ADJOURN**

## NEPENTHE ARCHITECTURAL COMMITTEE MINUTES

Tuesday, April 10, 2018 at 5:30 pm in Clubhouse

**Members present:** Jan Summers, Bill Henle, Alan Watters acting as chair; Joel Weeden, Cheryll Cochrane.

**Members absent:** Jenny Smith, chair; Diane Vanderpot.

**Present:** Craig Price, Nepenthe Board Liaison; Sarah Lowrey, Assist. Manager; Cheryl Nelson and contractor Kelly Bott and Luna from Tesla; Diana and Will Vizzard; Elizabeth and Ann Marder; Charles Nelson.

Meeting was convened at 5:38 pm.

**A.** Welcome and Opening Remarks.

**B.1. Homeowner requests withdrawn:**

1. **1433 Commons Drive** – Cheryl Nelson – In this 2200 model, the extension of the front yard's long panel fence for about 13 feet to screen the new solar-generating equipment as well as the existing circuit breaker/meter and HVAC compressor. The homeowner withdrew this application. No Approval necessary.

**B.2. Homeowner Requests Recommended to be Approved.** (With conditions if so noted.) (All votes unanimous unless otherwise noted.)

2. **718 Elmhurst Circle** – William White – In this 5500A model, requested is the installation of a 10"-diameter Solatube 160 ISn solar tube over the second-story master bathroom. This model Solatube includes 'a solar-powered NightLight that emits a soft glow.' The Architectural criteria for many years has specifically mandated no electric lamp/light within a solar tube. The A.R.C. believes that because several homes have (presumably unauthorized) lighted solar tubes at night, that our criteria need to be changed to allow a night-time lamp within the tube. [That request to the Board is addressed in another section (see Appendix A).] The contractor is to be JMJ Natural Lighting.  
**Approval Recommended.**
3. **324 Elmhurst Circle** – Diana and Will Vizzard – In this 2300 model, requested is the replacement of patio hardscape within the fenced entrance yard. Installed will be a new concrete patio with tile placed on top of it. The yard will contain one long in-ground drain against the living room wall and a dry well to service a downspout on the opposite side of the patio. The plans appear to handle water runoff adequately. The contractor is to be Empire Construction.  
**Approval Recommended.**

4. **1509 University Ave.** – Karl and Julie Lanocha – In this one-story 7700 model, requested is the installation of two 10-inch diameter Solatube brand solar tubes, one over the kitchen and the other over the den. The contractor is to be JMJ Natural Lighting. **Approval Recommended.**
  
5. **1018 Dunbarton Circle** – Charles Nelson – In this 5500A model, replace all the windows and sliders: install via retrofit installation six windows and (via new installation) three sliding patio doors, using Monte Verde’s BayView series vinyl-framed windows and sliders, with no change to the configuration. A repair will be made to the existing kitchen garden window: replace the top pane. The exterior color of the frames will be bronze. The contractor is to be Luxem Design. **Approval Recommended.**
  
6. **1433 Commons Drive** – Cheryl Nelson – In this 2200 model, requested is the installation of a solar voltaic electricity-generating system by Tesla. The A.R.C.’s questions were answered by Tesla reps Kelly Bott and Luna. All new wiring and conduit will be installed within the walls of the home. The inverter and system meter are to be located on the home’s front wall at the extreme right end where currently there is the electric meter and circuit breaker panel and HVAC compressor sitting on the ground. The system’s inverter component is to be mounted below the circuit breaker panel; thus, its visibility will be limited by the SMUD transformer box a few feet away. It is not possible to paint the inverter. The solar generator’s new meter box will go on the wall approximately to the left of the circuit breaker panel and will be painted to match the exterior paint. A new disconnect will be installed in this area and painted to match as well. (Note that Ms. Nelson was separately applying to build a fence extension to screen these components from view. Instead she agreed to the HOA planting new bushes to help screen this equipment. Four voted Yes, and one voted No. **Approval Recommended.**
  
7. **1233 Vanderbilt Way** – Elizabeth Marder – In this 4400 model, requested is the replacement of all windows and sliding patio doors using Simonton 7300 Daylight Max vinyl-framed windows, with no change to the configuration. The contractor is to be C.E.C.S. (The product and contractor were changed just before this meeting, but the application is to be updated later.) The exterior color of the frames will be Bronze. **Approval Recommended.**

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

**C. Approval of Minutes:** done via email.

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

**F. Old Business:**

Cheryll and Jan reported that they are making progress on the new front door colors and screen door possibilities. Cheryll passed around images of various security doors.

**G. New Business:**

Gutter guards: Several of homeowner Joe Bender's proposed solutions were recently mentioned in the newsletter. His particular solution to avoid needing to clean gutters, consisting of pages of data and information on a leaf guard system, submitted some months ago, was discussed with much vigor. Various committee members had experience with such products. The committee's conclusion is that any such gutter guard product will still require maintenance: dirt, pollen and other debris will still wash off the roof down into the bottom of a gutter and require washing out to keep the gutters unimpeded. Indeed, the installation of screening, etc. over the gutter only complicates the cleaning process. The product material was passed along to the office. This committee will report its finding to the board (see Appendix B).

**H.** Meeting adjourned at 7:17 pm.

**I. Next meeting.** Next regular meeting on Tuesday, May 8, 2018, at 5:30 pm in the Clubhouse.

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

Appendix A

**ACTION ITEM**

To the Board of Directors

April 10, 2018

A request to amend one section of Nepenthe’s Architectural Criteria, Section 25, that section covering installation of solar tubes.

This month a homeowner has applied for installation of a 10”-diameter Solatube 160 ISn solar tube. This model Solatube includes ‘a solar-powered NightLight that emits a soft glow’ [product website]. The federal government earlier had been offering a rebate on this product because of its utilizing alternative energy. The lamp itself is located down at the ceiling end of the tube so that it illuminates the room below. The Committee has approved this application although the presence of a lamp is not supported by current criteria.

For many years our Architectural Criteria document has specifically prohibited any electric lamp/light within a solar tube. The A.R.C. observes that several homes contain (presumably unauthorized) lighted solar tubes that are illuminated at night. We find these illuminated domes to be relative unobtrusive – consider how much less ambient light they would emit compared to the 22” x 48” skylight typically installed in Nepenthe.

Therefore the Architectural Committee believe that there no longer exists sufficient reason to prohibit solar tubes containing a light, and we believe that our criteria for solar tubes need to be changed to permit such a night-time lamp within the tube.

The first sentence of **Section 25 Solar Tubes** currently reads,

“Solar tubes must be no larger than the 12-inch diameter size and may not contain a fan or a light.”

We request that this first sentence be changed to read as follows:

“Solar tubes must be no larger than the 12-inch diameter size and may not contain an exhaust fan. The versions containing a lamp or light for lighting the room below at night are permitted.”

Thank you.

## Appendix B

To the Board of Directors and Management

### Remarks about the feasibility of gutter guards:

Several of homeowner Joe Bender's proposals were recently mentioned in the April newsletter, one of them being that installing gutter guards that would eliminate the need to clean our gutters yearly.

Several months ago he had given to the A.R.C. to review a packet of information, consisting of pages of data and information about several of these products. And two of our members reviewed it and reported back to the committee, and at this month's meeting, the proposal was discussed with vigor. Certain committee members had firsthand experience with or knowledge of the use of such products.

The Architectural Committee's concern is about *maintenance*: The committee's conclusion is that the installation of any such gutter guard product will not eliminate the need for required maintenance: that is, dirt, pollen and other debris will still wash off the roof down into the bottom of a gutter and will require washing out to keep the gutters unimpeded and free-flowing.

Moreover, the presence of a guard or screening, etc. over a gutter only *complicates* the cleaning process because this screening must be removed in order to clean out the gutter.

Additionally, it was noted that some products are installed via screwing into the roof shingles themselves, damaging them.

The A.R.C. believed that Mr. Bender's suggestion would not be effective and would not save Nepenthe money. Thus, it did not pass along the suggestion and accompanying materials to management or the board.

**Nepenthe Finance Committee**  
**Minutes of Meeting**  
**April 23, 2018**

Attendees:

Will Vizzard  
Joan Haradon  
Susann Timmer  
John Baker, Chair

The meeting convened at 6:30 pm.

The first order of business was to review the April 10, 2018 investment recommendations from The March Group. After much discussion, the Committee decided to accept the March recommendations, with one exception. The Committee agreed that more information and alternatives to the recommendation to invest in MLCD's should be provided before this investment alternative is employed. That analysis would include evaluating the 84 month investment period recommended.

The next item of business was a discussion about the annual budget and specifically the use of reserve funds. The Committee has noted that annual spending in several reserve line items has exceeded projections. The Committee believes that the budget process would benefit from tighter budget controls, such as limits on line -item spending. To this end, the Committee encourages the Board to meet with the Committee at a future date to examine options for improving the budget process.

With no other outstanding issues, the meeting was adjourned at 7:30 pm.

Respectfully submitted.

John Baker  
Chair

# NEPENTHE GROUNDS COMMITTEE MEETING

April 12, 2018 - 3:00 PM - Clubhouse

## Minutes

PRESENT - Pamela Livingston, Committee Chair; Frank Loge, Board Liaison; Bettsi Ledesma, General Manager; Pete Gerould, GP Landscape; Paul DuBois, The Grove; Joan Barrett, Secretary; Zone 1-Grace Long & Diane Luttrell; Zone 2-Valerie Layne; Zone 3-Liza Tafoya; Zone 4-Don Landsittel and Kay Chmielewski; Zone 5-Pam Sechrist; Zone 6-Diana Vizzard; Zone 7-Julie Lanocha

NOT PRESENT - Marty Henderson, Irrigation; Zone 2- Elsa Morrison; Zone 3-Mike Herder; Zone 6-Kathy Waugh;

GUEST PRESENT Alan Waters

The meeting was called to order by committee chair, Pam Livingston at 3:00 PM

### **Welcome New Committee Members**

Pam Livingston introduced the two newest members of the committee. Valerie Layne (Zone 2) and Julie Lanocha (Zone 7). Valerie is a Botanist living in Nepenthe since last August. She has a duck sitting on a nest in her front yard and Pete promised to advise the crews not to disturb the nest. Julie took over for Renee Mendez and was given a very organized binder by Renee to help here orient herself to the committee.

**Irrigation Report** – The City rejected Nepenthe’s request for additional rebates until July.

**Pete Gerould, GP Report** – Pruning is going on in Zone 5 elsewhere moving and planting in ongoing. Reseeding next week and irrigation upgrades are currently in the works. Daniel sprays weeds daily.

**Bettsi Ledesma, General Manager’s Report** – Six bids for the next landscaping contract were received. Three of those bids are in the range acceptable to Nepenthe. Representatives of the 3 companies will be presenting their case and answering questions on April 19, 2018 at 2:00PM in the Dunbarton Cabana. Frank asked that committee members attend the session and express their opinions of the quality of the companies bidding. Bettsi will email the Scope of Work to the committee members.

Crew Appreciation Lunch on April 18, 2018 at noon at the Dunbarton Cabana.

**Paul Dubois, Arborist Report** – Paul announced that from now on all tree work will be permitted by the City. The work is subject to review by the Sacramento Urban Forestry and he will work with the new forester for guidance in ongoing projects.

The root excavation at 711 Elmhurst Circle found that the tree roots from the Cedar tree are not threatening the foundation of the residence.

Liquidambar trees have been sprayed for fruit reduction. The Plum trees scheduled for treatment missed the optimum time for treatment.

Another root excavation is scheduled for next week at 807 Dunbarton and the results will be sent to the City for recommendation

The committee viewed the April 3, 2018 Nepenthe Tree Walk of Zone One.

### **REQUEST FOR BOARD ACTION**

A motion was made by Diana Vizzard and seconded by Liza Tafoya

The Grounds Committee recommends to the Nepenthe Board of Directors the following remedies recommended in the April 3, 2018 - Zone One Nepenthe Tree Walk Report by Paul Dubois, Arborist with the Grove Total Tree Care.

The motion passed unanimously.

Weather permitting, GP Crew Appreciation Lunch at the Dunbarton Cabana on Wednesday, April 18<sup>th</sup>

The meeting was adjourned at 4:25 PM

**Next Zone Walk – Zone 4 - Friday, April 13, 2018**

**Next Tree Walk – Zone 2 - Tuesday, May 8, 2018**

**Next Grounds Committee Meeting – Thursday, May 10, 2018 at 3 PM – Nepenthe Clubhouse**

## MINUTES

### ILSC

APRIL 10, 2018 5:00 PM  
Nepenthe Library

#### IN ATTENDANCE:

Nancy Arndorfer, Chair  
Greg Beale  
Jerry Dunn  
Bill Olmsted

#### ABSENT:

Mike Cochrane  
Steve Huffman  
Board Liaison

The meeting was called to order at 5:07 PM by Nancy and immediately our guest Louis Aljens, President and CEO of Paladin Security was introduced followed by a 20 minute presentation by him about his firm and their contract with the HOA which included a Q&A period. He left after that portion.

OLD BUSINESS: There was no new business, and the rest of the meeting was a planning discussion regarding the April 28th Safety Forum. Bill will contact Police and Fire through counselman Guerra's office; Jerry will contact Ryan DeShong re insurance and Nancy has a contact with a local flood executive whom she will contact. Greg has put together a pictorial power point regarding his observations in our neighborhood that he correctly sees as fire hazards, and he will be one of the presenters. Mike will be out of town for the presentation and therefore has no assignment.

REQUEST FOR BOARD ACTION: This is more of an FYI and suggestion which arose out of a brief discussion of the recent parking ado between the board and the homeowners. Due to the obvious hostile situation as evidenced at the last board meeting, the ILSC is concerned about possible liability and/or Directors & Officers claims leading to possible expensive litigation and an increase in our insurance costs. In addition, it is detrimental to the spirit of our community and value of our property. In the event it becomes an issue, the ILSC feels that instead of incurring huge attorney fees, we recommend the board consider reaching out to Sacramento Mediation Services for assistance, which can be handled expeditiously and relatively inexpensively. Jerry Dunn has information regarding that agency, which he will share if called upon.

The meeting was adjourned at 5:57 PM.

Submitted by, Wm Olmsted

The next Board meeting will be on Weds May 2nd at 5:30 PM, and the next ILSC meeting will be on May 8th also at 5:00 PM.

## **OUTREACH Committee Meeting Minutes**

**April 24, 7-8PM**

Members present: Charles Schaffer, Karen Van Maren, Valerie Weinberg,  
Linda Cook, Board Liaison

Meeting was called to order at 7:12 PM by Chairperson, Charles Schaffer

Meeting was dedicated to preparation and information about Cinco de Mayo Event.

- Nepenthe Office will send E-Blast to remind residents about Cinco de Mayo: E-Blast week of April 22 and April 30
- Signage for Event was discussed. Charles will talk to Nepenthe Office staff about using Board announcement signage AFTER Board Meeting, May 2
- Valerie confirmed Steve Brooks, guitarist
- Ticket sales at door will be handled by Carol Ross and other volunteer
- Beverages confirmed by Linda Cook, Margarita Man
- Food will be ordered and delivered by “Juan in a Million” (Taco bar, chips and salsa) this order to be confirmed by Charles Schaffer
- Additional food products will be purchased at Costco by Linda Cook and Karen Van Maren
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All Committee and other volunteers should arrive by 4:30 to set up on May 5.

Next Outreach Committee Meeting will be at 7PM, May 22, in the Nepenthe Library

Meeting adjourned at 8:00PM



# Nepenthe Association

## Management Report – May 2, 2018

### 1 COMMUNICATION

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**1.1 THE NEPENTHE NEWS WAS LAST PUBLISHED ON APRIL 6<sup>TH</sup>, 2018. THE NEXT NEWSLETTER WILL BE PUBLISHED ON MAY 4<sup>TH</sup>, 2018. TOPICS TO BE COVERED ARE:**

- Cinco de Mayo Celebration
- Water Meters at Nepenthe
- Proposed revision to criteria for solar panels
- Request for Siding Ad-Hoc Committee Volunteers
- Manager’s Report
- President’s Letter
- Cash Flow Report
- Parking update

**1.2 WEBSITE:**

- Calendar is up to date and complete.
- Announcements scroll received most recent update on 4/27/18.

### 2 ADMINISTRATION

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**2.1.1** Flood Insurance Surcharge Rescind Requests have been submitted by homeowners who, through proof of residency verification or recent move in date, should not be assessed the Flood Insurance Surcharge(s). Rescind requests were presented to the Board for approval in Executive Session so as to remove the Special Individual Assessment(s) from qualified homeowner billing statements.

### 3 FACILITIES

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**3.1 POOLS: HEATER AT LAP POOL WAS MADE INTO A NESTING SPOT BY RATS OVER THE WINTER. THE REPAIR IS SCHEDULED FOR TUESDAY, MAY 1<sup>ST</sup> AND WILL BE HEATED IMMEDIATELY AFTERWARDS.**

The Dunbarton Pool heater has completely failed and needs to be replaced. Management recommends that the Spa heater also be replaced as it is at the end of its useful life and the savings on labor to do it now makes it a more cost-effective option than to wait for it to fail. Proposals are being gathered for the work. To expedite the process, the Board is being asked to appoint President Huffman to approve the proposals for the heater replacements between the May and June Board meetings.

- 3.2 **Paradyne Sound and Theater** completed the installation of new audio visual equipment at the Nepenthe clubhouse on April 16 and 17.
- 3.3 **Lounge Lighting** purchased from Lofings will be installed later in May by River City Electric.
- 3.4 **Phase III Siding and Painting** - Project is complete. A financial accounting will be provided on the next managers' report once the final invoices have been processed.
  - 3.4.1 **Fencing Repairs** - This project encompasses fences identified in the last 7 months or so and collected into a single project to realize economy of scale. Each fence has been inspected for repairs and a proposal has been provided for review and approval by the Board of Directors.
  - 3.4.2 **Light Pole Update** – The Board has reviewed and approved a proposal from Randy Ross Services at the April 4 Executive Session to install the new Globes, fitters and bulbs at all 632 light poles within 90 days from issuance of work order.
  - 3.4.3 **Roof Inspections** - CM2 has completed the inspections and will be providing a full report during Executive Session. Board is expected to choose a roofing company for the necessary repairs.
  - 3.4.4 **Janitorial Service** - All regular scheduled cleanings were completed five days per week including the cleaning of the clubhouse, the Dunbarton cabana restrooms and the Elmhurst cabana service restroom. Management has regular scheduled carpet and window cleaning for May 13<sup>th</sup>.

## 4 GROUNDWORKS

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### 4.1 GROUND WALKS:

- 4.1.1 Management, Grounds Chair and GP Project Manager meet once a week to provide contract oversight to calendar contract work, homeowner concerns, irrigation upgrades and to monitor ongoing projects. A record of each walk and the work approved is in a binder in the library for homeowner review.
- 4.1.2 A copy of the Zone Walk schedule showing the expenditures for Extra Work to date for 2018 is enclosed.

### 4.2 TREE MAINTENANCE:

- 4.2.1 The monthly zone tree walks resumed April 3<sup>rd</sup>.

4.2.2 On April 6<sup>th</sup>, Paul Dubois from The Grove Total Tree Care, provided management and the Grounds Committee with a full report from the April 3<sup>rd</sup> tree walk. Various maintenance items were noted and 5 trees were recommended for removal. Signage has been placed on each tree recommended for removal to allow for homeowner comments. Board is expected to approve the work in the May 2<sup>nd</sup> Executive Session.

#### **4.3 WILD TURKEY POPULATION CONTROL**

In recognition of the growing population of wild turkeys at Nepenthe and at the Board's request, Management has located John McNerney, the wildlife resource manager for the City of Davis. He is attending the May 2<sup>nd</sup> meeting.

#### **4.4 CONCRETE REPAIRS**

4.4.1 On April 20<sup>th</sup>, management performed a Concrete repair walk with NorCal Asphalt and Real Leaf Developments. Concrete repair bids will go before the Board of Directors for review at the May Executive Session.

### **5 FINANCIAL**

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5.1.1 The March 2018 Financials are enclosed for review. The line item for flood insurance is now updated monthly so no false positive variance collects. The line item for Gutter and Downspout Cleaning shows a sizeable negative variance due to the 2017 winter work being completed and paid for in early 2018. This line will remain fairly flat until work resumes again in the fall.

5.1.2 CPA Paula Hegner has completed her financial review. Per California Civil Code, the reviewed financial statements have been mailed to all homeowners on April 27, 2018.

#### **5.2 COURTESY PATROL**

5.2.1 Private Streets: Since the last Board meeting, there were a large number of notices placed on vehicles in the community by the security patrol. Many of these notices were placed on guests' vehicles which has caused much consternation on the two private streets. A new parking notice has been devised for the officer's daytime patrol. Additionally, guest and contractor placards have been created and are available at the management office. (Samples of these items are enclosed with this report.) Homeowners are required to complete a Resident Information Form to obtain the placards.

5.2.2 The new contract with Paladin has been largely successful. The officers and supervisors have been quite communicative and responsive. Post orders continue to be refined as we work through the issues involved with the daytime patrol. Reports are reviewed by management daily, recapping the rounds and interactions of the officers on duty.

#### **5.3 GARAGE USE/ RV NON-COMPLIANCE:**

5.3.1 Management continues to work with homeowners on non-compliance centering on garage use.

5.3.2 The Board subcommittee appointed to hear issues of non-compliance held one hearing on April 10<sup>th</sup>.

#### 5.4 NON-COMPLIANCE NOTICES

5.4.1 Notices have been sent to owners and tenants for the following violations:

- Garage – Improper Use / Failure to park in garage
- Nuisance – Excessive Noise
- Landscaping – Common Area Encroachment
- Exterior of Home – “Earth-To-Wood” Contact



From Nepenthe Association's President, Steve Huffman

Board Actions and Best Wishes to Roger

THE NEPENTHE NEWS

The subject of parking took up much of the board's time this past Wednesday. See the article elsewhere in this issue. At the meeting we took actions on other important matters.

We received bids for roofing repair gathered for us by CM², our construction manager. They had previously surveyed all our roofs, mostly using drones. Their conclusion was that our roofs are in excellent shape. Even so, some limited work is needed. They sought bids from four possible contractors and received three. They expect to get the fourth soon, so we can award the contract at our May 2 meeting. About every three years we group a batch of repair work in order to get economies of scale. Of course emergencies, such as a tree branch going through a roof during a winter storm, are addressed immediately. While those repairs are necessary, we get no economies of scale, so they are comparatively expensive.

Members Don Landsittel and Bob Giess, both engineers, presented their final report regarding underground utilities, specifically sanitary and storm sewers. The costs that are the most difficult to estimate in the reserve study are for sewer repairs, maintenance and replacement. After all, they are underground. After much diligent work over the past year, they concluded that our reserves are adequate and perhaps greater than are necessary. Their report will be shared with Bob Browning our reserve specialist. Don and Bob also made recommendations for better tracking of these costs in the future and steps we can take to extend sewer life. If you see them, say "thank you."

Michelle Eckerd and Chris Powell from the city's department of utilities, had sent us a report regarding the installation of water meters in Nepenthe. They estimate that work will happen next year. The board was faced with a decision as to where meters should be placed and how many. The city will furnish the meters, it will require that we expose our water pipe at the point where each meter will be installed so they can be assured that it is

sound. Doing so will require work at our expense. We could separately meter each of our 590 residences. That way each unit would be billed for exactly what it consumes. Last year the board decided on that option, but on Wednesday we re-considered another one, that is to have a meter at each connection point where we receive water from the city. There are 59 of them.

Exposing 59 connection points versus 590 of course would cost us far less. Besides, there is very little room for a meter leading in to many of our units. The disadvantage of this option is that every unit of the same size will pay the same rate regardless of consumption.

In the end we decided on the latter option. We were convinced that the costs of individual metering would be too much. Once the work is done how will you be billed?

There are two possibilities. You could be billed directly by the city just as you are now, based on the size of your unit. My six-room residence currently pays \$55.33 per month. Or the city might bill Nepenthe Association, which would then split the cost to each member, based on unit size, as a part of the monthly assessment. In that case you would no longer have water as part of your city utility service bill.

Ryan DeShong of Farmers Insurance made his annual safety inspection. In all of our 85 acres, he found only four tripping hazards in walkways. We will repair them shortly.

We approved four locations for benches, bringing in the total to seven. Per our standards and practices we will place a sign at each location. That will give you opportunities to send in your opinions to the office. Installation will follow.

Continue on Page 3...

# February Cash Flow Report

| Sources / Uses                        | Operations         | Reserves           |
|---------------------------------------|--------------------|--------------------|
| <b>Beginning Balance 1/1/2018</b>     | <b>\$256,783</b>   | <b>\$6,219,844</b> |
| Prior year due to Ops from management |                    |                    |
| <b>Plus Income</b>                    | <b>\$638,878</b>   |                    |
| Due from Vendor                       |                    |                    |
| Reserve Investment Income             |                    | \$7,288            |
| Contributions to Reserve              |                    | \$351,982          |
| <b>Less Operating Expenses</b>        | <b>(\$301,257)</b> |                    |
| Reserve Funding                       | (\$351,982)        |                    |
| Reserve Expenditures                  |                    | (\$371,733)        |
| Receivable from Management            | (0)                |                    |
| <b>Ending Balance 2/28/2018</b>       | <b>\$294,795</b>   | <b>\$6,207,381</b> |

# February Budget Report

Actual year-to-date income of \$638,878 versus year-to-date budgeted income of \$584,482 produced a positive variance of \$54,396.

Actual year-to-date operating expenses of \$301,257 versus year-to-date budgeted expenses of \$232,500 produced a negative variance of (-\$68,757). The two combined variances produced a negative year-to-date variance of (-\$14,361).

# Approved Architectural Modifications



|                     |                    |
|---------------------|--------------------|
| 1117 Commons Drive  | Windows            |
| 506 Elmhurst Circle | Window Replacement |
| 705 Elmhurst Circle | Solar Panels       |
| 1400 Commons Drive  | Windows            |
| 1333 Commons Drive  | Windows            |

The improvements listed were approved by the Board of Directors on  
April 4th, 2018.

If you wish to make any exterior changes to your unit that are visible to the community, could impact drainage or interior changes that impact the roof, you must submit an architectural application for review and approval by the Architectural Committee and Board of

Directors prior to commencing any work to your unit. Applications are to be turned into the Nepenthe office by the Wednesday prior to the Architectural Committee Meeting. The Architectural Committee will next meet on

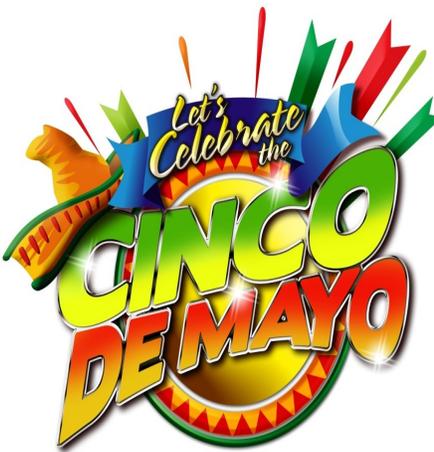
**Tuesday, April 10th, 2018 in the Clubhouse Lounge  
& Tuesday May 8th, 2018 in the Clubhouse Lounge**

## Cinco De Mayo Celebration!

... Mark Your Calendars

*The Outreach Committee has planned a wonderfully fun and music filled event in celebration of Cinco De Mayo! Join us on Saturday May 5th, 2018 from 5pm-8pm at the Nepenthe Clubhouse. There will be appetizers and snacks for everyone as well as a margarita bar. Dress casual as we should be having some great weather by then. A live guitarist will also be play-*

*ing a variety of Spanish music for us to enjoy!*



*Get your tickets from the Nepenthe Office during business hours. Tickets will be \$10.00 each and available for purchase on April 16th, 2018.*

*It's sure to be a great time and we hope to see you all there!*

## Letter From The President Continued...

...Finally, I am sorry to tell you that Roger Work, who has been with us for 14 years, retired on Wednesday. He's been a visible presence in our community, driving our streets in his truck, doing such necessary work as making repairs to the common area, power washing the pool areas, unclogging downspouts and representing us to contractors. Before bills are paid for major work such as plantings, pruning, siding

replacement and painting, it was Roger who inspected the work to verify it was done per contract. He has asked for no celebration of his retirement, but I know I speak for all of us when I wish him well. His new life will not be idle. He owns property, including a home here at Nepenthe Association. He raises cattle and loves to mine for gold. Best to you, Roger, and thanks for a lot of good work over the years!

# Parking Concerns and Overview of Recent Actions

A number of residents attended Wednesday's Board meeting to speak to the directors on the topic of parking. Homeowners can be passionate about this topic and the Board appreciated hearing from them. It is important to note that unless an item is on the agenda, the Board cannot act or even provide much response during the two homeowners' forum periods so hopefully, this article will answer many of those questions.

## **HISTORY:**

In May 2016 management put together a set of parking rules based on issues observed in the day to day administration of the property.

The directors commissioned a committee to look at parking to determine whether or not a problem existed and to make a recommendation to the directors.

The committee returned to the Board in August 2016 with a problem statement that identified six specific issues and recommended that the governing documents concerning parking be clarified.

The Board then embarked on an outreach effort to hear from the community. They published two surveys and held two town hall meetings between November 2016 and April 2017. The message that was communicated to the Board was that homeowners do desire parking control.

Based on the input received, the Board asked counsel to prepare a revision to the CC&Rs. The amendment put to ballot in April 2017 was intended to make it clear that street parking was for guests and not residents. For the amendment to pass, 295 "yes" votes were required. In the end, 258 "yes" votes were received and 132 "no" votes.

Even though the amendment did not pass, it is reasonable to assume from these numbers, along with the high attendance at the town hall meetings and the many complaints made to management and the Board that homeowners do desire more emphasis on parking control in the community.

To that end, in September 2017, the Board appointed Directors Christina George and Frank Loge to represent the Board and work with management to enforce the current CC&R garage and parking restrictions, assess red curb or parking signage enhancements on our private streets and to meet with the City of Sacramento to encourage the City to improve parking control

on Nepenthe public streets via red curb enhancements, City no parking signage, increased parking patrols, or any other appropriate measures.

## **ACTIONS TO DATE:**

Since that time, a number of actions have taken place:

Guidelines summarizing the CC&Rs and encouraging courteous behavior were published in October 2017 and January 2018. These guidelines were sent to the residents via email and are always available in the Clubhouse lobby.

In October 2017, the Board took action to clarify that on the two private streets, Dunbarton and Elmhurst Circles, street parking is for guests and not residents. The October newsletter contained an article explaining the Board action.

New signs were erected at the entrances to the private streets and some red curbs were painted to help residents, guests and contractors understand the parking restrictions.

The City of Sacramento was consulted and they performed an audit of the fire hydrants in the community. As a result, the City painted the curb red in front of three hydrants.

The City of Sacramento was also consulted regarding emergency vehicle access around the traffic circles. At Nepenthe's request, the traffic engineer and the fire chief performed a site survey and met with Director Loge and the General Manager to share their findings. The City agreed that the situation was less than ideal for emergency vehicle access but they would work with the street configurations to meet the needs of the community. Nevertheless, they agreed it would be to the community's benefit to desist from parking on the narrow streets to facilitate emergency vehicle access.

Most homeowners, when notified of parking infractions have taken voluntary steps to get into compliance. Less than ten homeowners have been brought to hearing for garage misuse. The good news is that these owners are now parking in their garage.

Most households with more than two vehicles or with oversized vehicles have been identified and contacted.

**Continued on Page 8...**

## Parking Concerns Continued (From Page 4)...

### PARKING POINTERS:

- Private Streets
  - Parking on private streets is for guests and contractors. Residents are to park in their garages except for brief loading and unloading.
  - Daytime parking placards for guests, caregivers and contractors are issued by the office after completing a Resident Information Form.
  - Regular daytime guests can be added to a list at the president's request that will prevent them from receiving parking notices from Paladin.
  - Overnight guest permit process remains the same as in the past. If you cannot get to the office during business hours, call Paladin at 916-331-3175 and advise them of the guest vehicle. Any parking notices given in error to guests can be voided by contacting the office.
  - Dunbarton cabana. Office will advise Paladin not to issue parking notices when the cabana is rented for a private function.
- Public streets
  - Controlled and monitored by the City. However, Nepenthe CC&Rs require that garages be used for car parking.
  - Owners living on the public streets are encouraged to obtain guest J-Permits from the City to allow their guests to park on Commons and Vanderbilt during the day.

We all can work together to follow the Nepenthe parking rules. All homeowners benefit. We can monitor the use of our private streets and reduce the parking impact on public streets which is what we all want. With the increase parking issues at CSUS and parking in general (more cars per household, especially in rented units), controlling parking to the extent possible will help maintain our love and enjoyment of Nepenthe by all.

# Benches At Nepenthe

In 2015, the Board of Directors adopted a comprehensive Standards and Practices for the Locating, Design, Financing and Approving of Benches. The directors agreed that having benches on our grounds is desirable. Much thought was put into the Standards & Practices and they were published for the community to weigh in on before the Board adopted them.

Interested homeowners can read the Standards & Practices in the library at the Clubhouse or online at: <http://nepenthehoa.com/wp-content/uploads/2016/08/Approved-Standards-Benches.2015.pdf>.

The cost to purchase and install a bench is approximately \$2,000. The Board has created a reserve allocation to purchase two benches each year for a total of 19 benches. This small component increases the overall expenditures by a very small amount— perhaps equal to 2 cents per owner per month. Owners are also welcome to contribute a bench at their expense in accordance with the adopted standards.

There are currently three benches installed. The locations are: the Nepenthe Clubhouse, 500 Dunbarton Circle and 1236 Vanderbilt Way.

This year is the second year that the allocation is available for Board implementation. Four sites from the standards were chosen— 1. West of 14 Adelphi, 2. West of 2270 Swarthmore, 3. West of 901 Elmhurst, 4. West of 208 Elmhurst. Signs will be posted in these locations to allow homeowners time to provide comments to the Board before the May 2<sup>nd</sup> Open Session.

**Important Dates in April:**

- Architectural Review Committee Meeting - April 10th @ 5:30pm
- Insurance, Legal and Safety Committee Meeting - April 10th @ 5:00pm
- Grounds Committee Meeting - April 12th @ 3:00pm
- Outreach Committee Meeting - April 24th @ 7:00pm
- Finance Committee Meeting - April 23rd @ 4:00pm
- Annual Safety Forum - April 28th @ 10:00-12:00pm



Now available for use are hanging Guest Day Parking Placards for parking on the private streets of Elmhurst Circle and Dunbarton Circle (**Blue** Placards/Passes pictured below). When a guest arrives, they can hang from the rear-view mirror of their vehicle to indicate to security that they are a temporary guest of your home. These placards are good for the duration of each year. Limit 2 per household; Additional placards available for special circumstances if approved by Management. To obtain your guest placards simply drop by the Nepenthe Office during business hours and complete a Resident Information Form.

If you have a contractor conducting repairs or services at your home please pick up a Contractors Day Parking Pass (**Green** placards pictured below) which will allow your contractor to park for 30-days while performing the services rendered. Regular daytime guests can also be added to a list that will prevent them from receiving parking notices from Paladin. Any parking notices given in error to guests can be voided by contacting the office.

Residents are still to park in their garages except for brief loading and unloading and *Overnight* guest permit process will remain the same as in the past. Any questions can be directed to Management.

|   |  |  |   |
|---|--|--|---|
| <p><b>GUEST</b><br/>DAY PARKING PASS</p> <p>Good Through:</p> <p><b>2018</b></p>  <p>*This permit is to be used for the temporary day parking of guest vehicles only.<br/>Nepenthe Association Office (916)929-8380<br/>Address Issued to: _____</p> | <p><b>CONTRACTOR</b><br/>30 DAY PARKING PERMIT</p> <p>Good Through:</p> <p><b>APRIL 2018</b></p>  <p>*This permit is to be used for the temporary day parking of contractor and other professional service vehicles only.<br/>Nepenthe Association Office (916)929-8380<br/>Address Issued For: _____</p> | <p><b>CONTRACTOR</b><br/>30 DAY PARKING PERMIT</p> <ul style="list-style-type: none"><li>This permit is for the temporary parking on Nepenthe Private streets only (Dunbarton Circle and Elmhurst Circle)</li><li>NOT VALID FOR PUBLIC CITY STREETS</li><li>Expired permits may result in citation against Homeowner</li><li>Use of this permit for vehicles other than service vehicles or contractors will result in revocation of current or future permits</li><li>No overnight parking permitted</li><li>DO NOT park or leave vehicle in common driveways or alleyways without consent from Management or Board of Directors</li></ul> <p>Good Through:</p> <p><b>APRIL 2018</b></p> <p>Nepenthe Association Office<br/>Open M-F 9:00am-6:00pm Weekends 9:00am-1:00pm<br/>(916)929-8380</p> | <p><b>GUEST</b><br/>DAY PARKING PASS</p> <ul style="list-style-type: none"><li>This permit is for the temporary guest parking on Nepenthe Private streets only (Dunbarton Circle and Elmhurst Circle)</li><li>NOT VALID FOR PUBLIC CITY STREETS</li><li>Expired permits displayed are subject to citation</li><li>Use of this permit for Homeowner/Resident vehicles may result in citation, revocation of current or future permits, or possible disciplinary action from the Board of Directors</li><li>No overnight parking permitted without orange "Overnight Permit" from office</li><li>DO NOT park or leave vehicle in common driveways or alleyways</li></ul> <p>Good Through:</p> <p><b>2018</b></p> <p>Nepenthe Association Office<br/>Open M-F 9:00am-6:00pm Weekends 9:00am-1:00pm<br/>(916)929-8380</p> |
|---|--|--|---|

**FRONT**

**BACK**

# Letter From The Manager

I received the letter below from one of our Homeowners and I think he makes some interesting points.

*We should be innovative in exploring options and new technologies to lessen the annual increased assessments. With this in mind, I offer the following:*

*Siding: If you add painting at factory for ferro-cement siding you increase the paint warranty to 25 yrs., thus eliminating the need for painting every 6-8 yrs.*

*Replacement of wood fencing with brick fencing. Average life span of brick fencing is estimated at 100-500 yrs. with only maintenance of repointing every 68 yrs. on the average. There are several brick fences in the community on Elmhurst Circle in the 300's.*

*As 1.8% (\$8.81/month or 105.72/per annum) goes to gutter and downspout cleaning, I believe that we need to revisit the use of gutter guards. This item has not been reviewed for the past 13-15 yrs. New technologies and products have arisen in those yrs. that have or might resolve the previous concerns. The possible installation of which could increase the interval needed for cleaning thus lowering the monthly cost in the budget.*

*Usage of vacant lot. Why not put in a Solar Electrical Structure. Can it be used to sell electricity back to the utility companies? Can it be used to offset the HOA cost for clubhouse electrical needs, night lighting throughout HOA. The cost to erect, depreciation, run, applicable permits, return on investment, etc., I have no answer to these and multiple other questions concerning this issue. But it's a thought.*

*I would encourage all owners to become active with submitting thoughts on how to save on operating costs without decreasing services.*

*Joe Bender  
504 Elmhurst Circle*

I love how innovative and forward thinking Joe is in his ideas! These are all great concepts to explore and I will definitely encourage the Board of Directors to consider adding these to future goals. In fact, at the March



meeting the directors adopted a charge for a future siding committee. I hope Joe will consider joining that committee!

Speaking of committees, if you currently serve on one of Nepenthe's five committees, it is time to "re-up"! Appointments to the committees are done annually and usually coincide with the Annual Members Meeting in May. This year that meeting will be held at 9:00 am on May 23rd at the clubhouse. Please submit your committee application and signed Conflict of Interest Policy Acknowledgement by May 16th. If you've never served on a committee

before, please consider joining one. It is a great way to get to know your neighbors and serve your community. The forms can be picked up at the office or you can send us an email and we'll send you what you need electronically.

Also happening at the Annual Members Meeting will be the appointment of two homeowners to the Board of Directors. Linda Cook will be returning for a second term and Jan Summers will be beginning her first term. I applaud both of these ladies for volunteering for service that can be difficult, challenging, rewarding and, hopefully, fun once in a while! While there is no election this year, both of them have prepared candidate statements so you can get to know them a little.

There has been some contention lately on NextDoor.com. This website can be a valuable resource, but sometimes there are those who will use it to "stir the waters" and spread misinformation and that's a shame because the majority of residents who use NextDoor use it to become educated. I hope that if you ever find yourself concerned about something on that website, you will reach out to me or my staff or a director for clarity. Every director has volunteered to have their personal contact information published on the back of every newsletter. We all, residents, directors and management want Nepenthe to be the best place to live in Sacramento! -Bettsi Ledesma (General Manager)



Nepenthe Association  
1131 Commons Drive  
Sacramento, CA 95825

Phone: 916-929-8380  
Nepenthe.HOA@FSResidential.com

Office Hours:  
Monday–Friday 9:00 AM to 6:00 PM  
Closed for lunch, 1:00 to 2:00 PM  
Saturday–Sunday (Winter) 9:00AM to 1:00 PM  
Saturday–Sunday (Summer) 12:00 PM to 4:00 PM

[www.NepentheHOA.com](http://www.NepentheHOA.com)

### Management Staff:

Betsi Ledesma, General Manager, [betsi.ledesma@fsresidential.com](mailto:betsi.ledesma@fsresidential.com)

Sarah Lowrey, Assistant Community Manager, [sarah.lowrey@fsresidential.com](mailto:sarah.lowrey@fsresidential.com)

Danielle Davis, Administrative Assistant, [danielle.davis@fsresidential.com](mailto:danielle.davis@fsresidential.com)

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

PayLease (Auto pay assessments): 1-866-729-5327 or [support@paylease.com](mailto:support@paylease.com)

### Other Important Contacts:

**Paladin Security: 916-331-3175 or [www.PaladinPrivateSecurity.com](http://www.PaladinPrivateSecurity.com)**

**Power Outage: 1-888-456-SMUD**

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

**City of Sacramento (garbage, recycling, city street parking enforcement, etc.): 3-1-1**

### Board of Directors:

Steve Huffman, President, [steve@huffmanstrategy.com](mailto:steve@huffmanstrategy.com), 916-214-4500

Frank Loge, Vice-President, [ffloge@outlook.com](mailto:ffloge@outlook.com), 916-920-0752

Christina George, Treasurer, [cjadot@comcast.net](mailto:cjadot@comcast.net), 916-921-2793

Linda Cook, Secretary, [linda\\_cook@att.net](mailto:linda_cook@att.net), 916-847-8996

Craig Price, Member at Large, [cepricenca@gmail.com](mailto:cepricenca@gmail.com), 916-212-9948

## Committees

**Board of Directors Open Session Meeting**  
5:30pm in the Clubhouse on the  
1st Wednesday of every month, but in January  
the meeting will be held on the 10th due to the  
holidays. See you then!

### Committee Meetings:

Times, dates and locations of meetings can be  
found on the website at  
<http://nepenthehoa.com/event-calendar/> or on the  
bulletin board outside of the Clubhouse.

#### **Architectural Review Committee**

Chair: Jenny Smith

#### **Elections Committee**

Chair: Yvonne Del Biaggio

#### **Finance Committee**

Chair: John Baker

#### **Grounds Committee**

Chair: Pamela Livingston

#### **Insurance, Legal and Safety Committee**

Chair: Nancy Arndorfer

#### **Outreach Committee**

Chair: Charles Schaffer

## Brief Reminders

- ◆ Be sure to mark your calendars for our Annual Safety Forum on April 28th from 10am-12pm at the Nepenthe Clubhouse. Homeowners can ask questions, discuss concerns or offer suggestions regarding safety practices and policies here at Nepenthe.
- ◆ If you have moss on your roof and would like it treated this year, call or email the office to be added to the Moss Treatment List.
- ◆ While the pools have not been heated yet, both spas are heated and available for use! The pools will be heated upon 7 consecutive days of 70 degrees or above weather. Management will be tracking this so that we can make all Homeowners aware when it is heated & available for use.

| <b>2018 ZONE WALKS</b> |             |  |                   |
|------------------------|-------------|--|-------------------|
| <b>FRIDAY</b>          |             |  |                   |
| <b>WALK DATE</b>       | <b>ZONE</b> | <b>ZONE STEWARD(S)</b>                   | <b>COST</b>       |
| January - 5th          |             | No Walk                                  |                   |
| January -12th          |             | No Walk                                  |                   |
| January -19th          |             | No Walk                                  |                   |
| January -26th          | 7           | Renee Mendez                             | \$9,819.70        |
|                        |             |  |                   |
| February - 2nd         | 1           | Diane Luttrell, Grace Long               | \$4,214.50        |
| February - 9th         | 2           | Elsa Morrison, Diana Mortimore           | \$9,834.00        |
| February - 16th        | 3           | Lyn Livingston, Mike Herder, Liza Tafoya | \$12,483.00       |
| February - 23rd        | 4           | Kay Chmielewski, Don Landsittel          | \$11,511.50       |
|                        |             |  |                   |
| March - 2nd            | 5           | Pam Sechrist                             | \$13,726.00       |
| March - 9th            | 6           | Kathy Waugh, Diana Vizzard               | \$9,810.50        |
| March - 16th           | 7           | Renee Mendez                             | Rescheduled       |
| March - 23rd           | 1           | Diane Luttrell, Grace Long               | Cancelled         |
| March - 30th           | 2           | Elsa Morrison, Valerie Layne             | notes outstanding |
|                        |             |  |                   |
| April - 6th            | 3           | Lyn Livingston, Mike Herder, Liza Tafoya | notes outstanding |
| April - 13th           | 4           | Kay Chmielewski, Don Landsittel          | notes outstanding |
| April - 20th           | 5           | Pam Sechrist                             | notes outstanding |
| April - 27th           | 6           | Kathy Waugh, Diana Vizzard               |                   |
|                        |             |  |                   |
| May - 4th              | 7           | Renee Mendez                             |                   |
| May - 11th             | 1           | Diane Luttrell, Grace Long               |                   |
| May - 18th             | 2           | Elsa Morrison, Diana Mortimore           |                   |
| May - 25th             | 3           | Lyn Livingston, Mike Herder, Liza Tafoya |                   |
|                        |             |  |                   |
| June - 1st             | 4           | Kay Chmielewski, Don Landsittel          |                   |
| June - 8th             | 5           | Pam Sechrist                             |                   |
| June 15th              | 6           | Kathy Waugh, Diana Vizzard               |                   |
| June - 22nd            | 7           | Renee Mendez                             |                   |
| June - 29th            | 1           | Diane Luttrell, Grace Long               |                   |
|                        |             |  |                   |
|                        |             |  |                   |

|                  |   |  |             |
|------------------|---|--|-------------|
| July - 6th       | 2 | Elsa Morrison, Diana Mortimore           |             |
| July - 13th      | 3 | Lyn Livingston, Mike Herder, Liza Tafoya |             |
| July 20th        | 4 | Kay Chmielewski, Don Landsittel          |             |
| July 27th        | 5 | Pam Sechrist                             |             |
|                  |   |  |             |
|                  |   |  |             |
| August - 3rd     | 6 | Kathy Waugh, Diana Vizzard               |             |
| August - 10th    | 7 | Renee Mendez                             |             |
| August - 17th    | 1 | Diana Luttrell, Grace Long               |             |
| August 24th      | 2 | Elsa Morrison, Diana Mortimore           |             |
| August 31st      | 3 | Lyn Livingston, Mike Herder, Liza Tafoya |             |
|                  |   |  |             |
|                  |   |  |             |
| September - 7th  | 4 | Kay Chmielewski, Don Landsittel          |             |
| September - 14th | 5 | Pam Sechrist                             |             |
| September - 21st | 6 | Kathy Waugh, Diana Vizzard               |             |
| September 28th   | 7 | Rene Mendez                              |             |
|                  |   |  |             |
|                  |   |  |             |
| October - 5th    | 1 | Diane Luttrell, Grace Long               |             |
| October - 12th   | 2 | Elsa Morrison, Diana Mortimore           |             |
| October - 19th   | 3 | Lyn Livingston, Mike Herder, Liza Tafoya |             |
| October - 26th   | 4 | Kay Chmielewski, Don Landsittel          |             |
|                  |   |  |             |
|                  |   |  |             |
| November - 2nd   | 5 | Pam Sechrist                             |             |
| November - 9th   | 6 | Kathy Waugh, Diana Vizzard               |             |
| November - 16th  | 7 | Renee Mendez                             |             |
| November - 23rd  |   | No Walk                                  |             |
| November - 30th  | 1 | Diane Luttrell, Grace Long               |             |
|                  |   |  |             |
|                  |   |  |             |
| December - 7th   | 2 | Elsa Morrison, Diana Mortimore           |             |
| December -14th   | 3 | Lyn Livingston, Mike Herder, Liza Tafoya |             |
| December - 21st  |   | No Walk                                  |             |
| December - 28th  |   | No Walk                                  |             |
|                  |   |  |             |
|                  |   |  | \$71,399.20 |

## 2018 Master Calendar

| Due Date | Item   | Complete |
|----------|--|----------|
| 1/1      | Fiscal Year Begins   | X        |
| 1/1      | Office closed for New Year's   | X        |
| 1/2      | Office closed for New Year's   | X        |
| 1/9      | ARC Meeting 5:30pm   | X        |
| 1/9      | Insurance, Legal and Safety Committee Meeting 5pm  | X        |
| 1/10     | Board Meetings: Closed 4PM, Open 5:30 PM   | X        |
| 1/12     | Nepenthe News published  | X        |
| 1/12     | Assess non-resident owners the flood insurance surcharge   | 1-Apr    |
| 1/22     | Finance Committee meeting 3:00 PM  | X        |
| 1/31     | Committee Minutes due in management office   | X        |
| 1/31     | Lock in agendas for Board meetings - 1) Appoint Inspectors of Election, Inspectors to designate address to receive ballots, date, time and location of election, poll closing time, 2) Board to designate "Record Date" 3) Approve proposal for Reserve Study with Site Review | X        |
| 2/1      | Manager posts agenda and distributes Board packets   | X        |
| 2/1      | Manager to submit required records to CPA for Annual Review  | X        |
| 2/1      | Insurance Agent to conduct annual risk assessment inspection   | X        |
| 2/7      | Board Meetings: Closed 4 PM, Open 5:30 PM  | X        |
| 2/9      | Nepenthe News published  | X        |
| 2/8      | Grounds Committee meeting 3:00 PM  | X        |
| 2/13     | ARC meeting 5:30pm   | X        |
| 2/13     | Insurance, Legal and Safety Committee Meeting 5pm  | X        |
| 2/19     | Minimal Staffing in Office for President's Day   | X        |
| 2/26     | Finance Committee meeting 4:00 PM  | n/a      |
| 2/28     | Committee Minutes due in management office   | X        |
| 2/28     | Lock in agendas for Board meetings   | X        |
| 3/1      | Manager posts agenda and distributes Board packets   | X        |
| 2/27     | Election Committee organizational meeting  | n/a      |
| 2/27     | Pool contractor to inform management of any equipment needs for the pool season  | 28-Mar   |
| 3/7      | Board Meetings: Closed 4:00 PM, Open 5:30 PM   | X        |
| 3/8      | Grounds Committee meeting 3:00 PM  | X        |
| 3/9      | Nepenthe News published  | X        |
| 3/13     | ARC meeting 5:30pm   | X        |

## 2018 Master Calendar

|      |   |     |
|------|---|-----|
| 3/13 | Insurance, Legal and Safety Committee Meeting 5pm   | X   |
| 3/20 | Manager to mail hearing notices to delinquent owners  | n/a |
| 3/26 | Finance Committee meeting 3:00 PM   | n/a |
| 3/28 | Committee Minutes due in management office  | X   |
| 3/28 | Lock in agendas for Board meetings- 1) DQ hearings 2) 4) Accept Annual Review by CPA<br>5) Risk Assessment Report by agent          | X   |
| 3/30 | Manager posts agenda and distributes Board packets  | X   |
| 4/4  | Board Meetings: Closed 4:00 PM, Open 5:30 PM  | X   |
| 4/4  | Board President to sign tax returns   | X   |
| 4/7  | Mail Annual Review to homeowners in accordance with civil code requirements   | X   |
| 4/7  | Manager to notify members disqualified to vote due to delinquent assessments  | NA  |
| 4/7  | Manager to post candidate statements on websites  | NA  |
| 4/7  | Nepenthe News published- Slate of Candidates, Candidates' Forum, Election timeline  | X   |
| 4/10 | ARC Meeting 5:30 PM   | X   |
| 4/10 | Insurance, Legal and Safety Committee Meeting 5pm   | X   |
| 4/12 | Grounds Committee meeting 3:00 PM   | X   |
| 4/17 | Mail notice to Committee Chairs- all committee members must submit new committee applications for appointment at June Board meeting | X   |
| 4/20 | Inspectors to proofread ballot materials  | NA  |
| 4/21 | Deadline for petitioners to nominate for Board  | NA  |
| 4/21 | Upload ballot and Resident Information Form to mail house   | NA  |
| 4/23 | Finance Committee meeting 6:30 pm   | X   |
| 4/24 | Committee Minutes due in management office  |     |
| 4/25 | Lock In agenda for Board Meeting  |     |
| 4/28 | Safety Forum- ILS   |     |
| 5/2  | Board Meetings: Closed 3:30 PM, Open 5:30 PM  |     |
| 5/4  | Star Wars Day   |     |
| 5/4  | Nepenthe News published- VOTE reminder first page, sign up for committee service  |     |
| 5/5  | Candidates Forum  |     |
| 5/8  | ARC meeting 5:30 PM   |     |

## 2018 Master Calendar

|      |  |  |
|------|--|--|
| 5/8  | Insurance, Legal and Safety Committee Meeting 5pm DEVELOP AND SUBMIT TO THE BOARD SPECIFICATIONS FOR PROPOSALS BASED ON FIVE YEARS HISTORY OF CLAIMS, INDUSTRY STANDARDS, TRENDS AND REPLACEMENT COST/VALUE PER THE MARSHALL/SWIFT RESIDENTIAL COST HANDBOOK (Per the Standards and Practices for Insurance) |  |
| 5/10 | Grounds Committee meeting 3:00 PM  |  |
| 5/11 | Deadline for committee applications  |  |
| 5/23 | 2018 Annual Meeting  |  |
| 5/24 | Post election results via E-blast and on outside bulletin board and websites   |  |
| 5/28 | Minimal Staffing in Office for Memorial Day  |  |
| 5/29 | Committee Minutes due in management office   |  |
| 5/30 | Lock in agendas for Board meetings - 1) Board Liaisons 2) Committee Appointments 3) Minutes from Annual Meeting are approved for distribution 4) Board to approve Request for Proposal Specifications for transmittal to qualified brokers per Standards and Practices for Insurance                         |  |
| 6/1  | Manager posts agenda and distributes Board packets   |  |
| 6/2  | Summer weekend hours begin (12-4)  |  |
| 6/6  | Board Meetings: Closed 3:30 PM, Open 5:30 PM   |  |
| 6/7  | Grounds Committee meeting 4:00 PM  |  |
| 6/8  | Nepenthe News published - election results   |  |
| 6/12 | ARC meeting 5:30pm   |  |
| 6/12 | Insurance, Legal and Safety Committee Meeting 5pm  |  |
| 6/24 | "Jazz by the Pool"   |  |
| 6/25 | Finance Committee meeting 4:00 PM  |  |
| 6/26 | Committee minutes due to management office   |  |
| 6/27 | Lock in agendas for Board meetings   |  |
| 6/29 | Manager posts agenda and distributes Board packets   |  |
| 7/4  | Office Closed for Independence Day   |  |
| 7/5  | Manager begins preparation of next year's budget   |  |
| 7/10 | ARC Meeting 5:30pm   |  |
| 7/10 | Insurance, Legal and Safety Committee Meeting 5pm  |  |
| 7/11 | Board Meetings: Closed 3:30 PM, Open 5:30 PM   |  |
| 7/12 | Grounds Committee meeting 3:00 PM  |  |
| 7/13 | Nepenthe News published  |  |
| 7/23 | Finance Committee meeting 4:00 PM  |  |
| 7/25 | Committee minutes due to management office   |  |

## 2018 Master Calendar

|       |  |  |
|-------|--|--|
| 7/25  | Lock in agendas for Board meetings - 1) Reserve Study Approval   |  |
| 7/27  | Manager posts agenda and distributes Board packets   |  |
| 7/29  | "Jazz by the Pool"   |  |
| 8/1   | NO AUGUST (Open or Exec.) Board Meeting Per Board of Directors   |  |
| 8/3   | Nepenthe News published  |  |
| 8/7   | National Night Out   |  |
| 8/9   | Grounds Committee meeting 3:00 PM  |  |
| 8/14  | Insurance, Legal and Safety Committee Meeting 5pm; ILS Committee to meet and review insurance needs                                |  |
| 8/14  | ARC meeting 5:30 PM  |  |
| 8/29  | Committee minutes due to management office   |  |
| 8/29  | Lock in agendas for Board meetings 1) Tree Work Bids 2) Overseeding Bid 3) Draft Reserve study & budget 4) Approve Insurance Quote |  |
| 9/1   | Manager works with agent to ensure Primary Residence Information Forms are being sent to all owners.                               |  |
| 9/1   | Manager posts agenda and distributes Board packets   |  |
| 9/3   | Office closed for Labor Day  |  |
| 9/5   | Board Meetings: Closed 4 PM, Open 5:30 PM  |  |
| 9/7   | Nepenthe News published  |  |
| 9/11  | ARC meeting 4:30 PM  |  |
| 9/11  | Insurance, Legal and Safety Committee Meeting 5pm  |  |
| 9/13  | Grounds Committee meeting 3:00 PM  |  |
| 9/25  | Committee minutes due to management office   |  |
| 9/26  | Lock in agendas for Board meetings - 1) Approve Budget 2)Gutter and Roof Cleaning  |  |
| 9/28  | Manager posts agenda and distributes Board packets   |  |
| 9/29  | Annual Education Forum "Living at Nepenthe: What you need to know"   |  |
| 10/3  | Board Meetings: Closed 4:00 PM, Open 5:30 PM   |  |
| 10/6  | Nepenthe News published  |  |
| 10/7  | Winter weekend hours begin (9:00-1:00)   |  |
| 10/9  | ARC meeting 4:30 PM  |  |
| 10/10 | Mail Budget Disclosures to homeowners  |  |
| 10/9  | Insurance, Legal and Safety Committee Meeting 5pm  |  |
| 10/12 | Grounds Committee meeting 3:00 PM  |  |
| 10/29 | Committee minutes due to management office   |  |

## 2018 Master Calendar

|       |  |  |
|-------|--|--|
| 10/23 | Finance Committee meeting 3:00 PM  |  |
| 10/31 | Lock in agendas for Board meetings - 1) Flood Insurance renewal  |  |
| 11/2  | Manager posts agenda and distributes Board packets   |  |
| 11/1  | Roof & Gutter Cleaning begins  |  |
| 11/7  | Board Meetings: Closed 4:00 PM, Open 5:30 PM   |  |
| 11/8  | Grounds Committee meeting 3:00 PM  |  |
| 11/9  | Nepenthe News published - include Holiday Décor Policy   |  |
| 11/13 | ARC meeting 9:00 AM  |  |
| 11/13 | Insurance, Legal and Safety Committee Meeting 5pm  |  |
| 11/22 | Office Closed for Thanksgiving   |  |
| 11/23 | Office Closed for Thanksgiving   |  |
| 11/26 | Committee minutes due to management office   |  |
| 11/28 | Lock in agendas for Board meetings - 1) master calendar 2) 2019 Goals Discussion 3) Appoint Nominating Committee |  |
| 11/30 | Manager posts agenda and distributes Board packets   |  |
| 12/5  | Board Meetings: Closed 3:30 PM, Open 5:30 PM   |  |
| 12/7  | Nepenthe News published  |  |
| 12/11 | ARC meeting 4:30pm   |  |
| 12/11 | Insurance, Legal and Safety Committee Meeting 5pm  |  |
| 12/13 | Grounds Committee meeting 3:00 PM  |  |
| 12/24 | Committee minutes due to management office   |  |
| 12/24 | Office closed for Christmas  |  |
| 12/25 | Office closed for Christmas  |  |
| 12/26 | Lock in agendas for Board meetings: 1) Board Goals for 2019  |  |
| 12/29 | Manager posts agenda and distributes Board packets   |  |
| 12/31 | Closed for New Year's Eve  |  |
|       |  |  |

Dear Editor

At present there appears to be no way for residents/owners to bring up concerns and have their concerns filter out to the general HAO population. Sure the Board's names and emails are published in the newsletter. The Board members are indeed receptive to being contacted but then any concerns go to an executive meeting which is closed. If particular concerns reach the Board of Director's open meeting those items are voted on without any debate or Q&A from the audience.

Although Homeowner's have an open mike forum during Board meetings, this forum is for comments only and not for the Board to respond to answering homeowner's questions.

For example: At the last Board Meeting: water meter installation was changed from option 2 to option 1B with a voice vote. I would bet that most of HAO's homeowners don't know the difference between the choices for water meters, their cost, or the individual impact of the Board's change vote.

I would suggest that an area of the newsletter be set aside homeowner's concerns just like the Op-Ed area in newspapers. Of course, there need to be rules: maximum length, number of concerns published per issue, deadline to submit, enough time for committee, Board and/or management to respond if appropriate, ability of editor to shorten: length without altering content, and to not publish inappropriate content among other rules.

I hope that serious thought and consideration for this newsletter addition be contemplated.

Joe Bender  
504 Elmhurst Circle

**NEPENTHE ASSOCIATION  
BOARD OF DIRECTORS MEETING**

**April 4, 2018, 5:30 PM**

Nepenthe Clubhouse | 1131 Commons Drive | Sacramento, CA 95825

**OPEN SESSION  
M I N U T E S**

**I. CALL TO ORDER**

| <b>Present</b> | <b>Arrival</b> | <b>Board Member</b> | <b>Positon</b>  | <b>Departure</b> |
|----------------|----------------|---------------------|-----------------|------------------|
| X              | 5:00pm         | Steve Huffman       | President       | 7:40pm           |
| X              | 5:00pm         | Frank Loge          | Vice President  | 7:40pm           |
| X              | 5:00pm         | Linda Cook          | Secretary       | 7:40pm           |
| X              | 5:00pm         | Christina George    | Treasurer       | 7:40pm           |
| X              | 5:00pm         | Craig Price         | Member at Large | 7:40pm           |

**II. SPECIAL ORDER ITEMS:**

a. **INVITED GUEST: JOHN MCNERNEY RE: TURKEY POPULATION**

Guest was not able to attend.

b. **INVITED GUESTS: CITY OF SACRAMENTO ENGINEER RE: WATER METERING**

Michelle Eckerd, engineer with the City of Sacramento recently met with management to discuss the installation of water meters in Nepenthe as mandated by the State of California. The City Code 13.04.305 concerning water meter installations within Common Interest Developments is enclosed in the Board packet. Per this code, there will be certain requirements made of Nepenthe Association in order to install individual meters at each unit. Michelle has provided the Board with answers to questions about these requirements and the potential costs to the Association.

In 2016, the Board of Directors voted to request individual meters. At the time that decision was made, it was not clear what the actual physical requirements would be. In light of the potential costs and disruptions to the community, the directors were asked to revisit this decision.

**Resolution: Option 2:** The Board hereby resolves to instruct the City of Sacramento to install meters at the points of entry from the public water system to the private association-owned water system. The cost of water will be borne equally by the owners in their assessment payment to Nepenthe.

**Motion:** Frank Loge

**Second:** Linda Cook

**Vote:** All in Favor

c. **ENFORCEMENT HEARING**

The owners of 2312 American River Drive are the owners of a red recreational vehicle, license # 7ZHA356. The association management sent them a notice in October 2017 informing them that CC&R Article III, Section 3.3.a prohibits recreational vehicles from being parked, stored or kept on the streets of the development and asked them to find alternative storage for the vehicle.

The directors have reviewed the submitted documentation, heard from affected owners and discussed the matter to determine the appropriate enforcement action.

**Resolution:** The Homeowners at 2312 American River Drive will be provided with a 7 Day window to remove the vehicle from within the streets of the Nepenthe Development. Effective April 11, a \$100 fine per each instance of overnight RV parking within the development will be assessed to the owners.

**Motion:** Frank Loge

**Second:** Christina George

**Vote:** All in Favor

**III. ANNOUNCEMENTS**

- a. **Executive Session Disclosure:** In accordance with Civil Code Section 4935(a), the Board met in Executive Session on April 4, 2018 in order to consider matters relating to personnel, contract negotiations, legal matters and member discipline.

**IV. COMMITTEE REPORTS** – The Board of Directors reviewed the minutes of the following committees:

- a. Architectural Review Committee
- b. Finance Committee
- c. Grounds Committee
- d. Insurance, Legal and Safety Committee
- e. Outreach Committee
- f. Board Sub-committee on Parking
- g. Ad hoc Committee on the Underground

**V. MANAGEMENT REPORT** – The directors reviewed the following reports from the management team

- a. Report
- b. March Nepenthe News
- c. Grounds Zone Walk Expenses
- d. Private street daytime parking notice
- e. Private street guest and contractor placards
- f. Master Calendar

**VI. HOMEOWNER CORRESPONDENCE**

The Board of Directors reviewed homeowner correspondence.

**VII. HOMEOWNER FORUM**

A number of homeowners addressed the Board on various items including parking enforcement and water metering.

**VIII. CONSENT CALENDAR** In an effort to expedite the Board meetings, Management has placed several business items on a Consent Calendar.

**Resolution:** The Board approves the Consent Calendar items as presented.

**Motion:** Frank Loge

**Second:** Christina George

**Vote:** All in Favor

*Begin Consent Calendar*

- a. **Approval of Minutes March 7, 2018 and March 9, 2018 Open Session Minutes**

Resolution: The Open Session minutes dated March 7 and March 9, 2018 are approved as presented.

**b. Financial Statement: February 2018**

Resolution: The Board accepts the February 2018 interim financial reports and bank reconciliations as presented, subject to annual review. The reports reflects a negative year to date variance of \$14,361 and reserve funding of \$359,271 compared to the reserve funding budget of \$351,982 The reserves are funded through February 2018. The Association has \$294,795 in operating funds, which represents 1.01 months of budgeted expenses and reserve contributions. The Association has \$6,207,381 in reserve funds.

**c. Accept 2017 Annual Financial Review by CPA Paula Hegner**

Resolution: The Board accepts the 2017 Annual Financial Review and directs management to distribute it to the membership in conformance with California Civil Code 5305.

**d. Appoint member to Grounds Committee**

Homeowner Valerie Layne has submitted an application to serve on the Grounds Committee. She has also agreed to abide by the Nepenthe Conflict of Interest Policy.

Resolution: The Board hereby appoints Valerie Layne, member in good standing to the Grounds Committee.

**e. Lien Resolution**

Per the enclosed Resolution dated March 19, 2018, 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 |
|----------------|-----------------|
| 2017-01        | \$976.00        |
| 2041-03        | \$976.00        |
| 2356-01        | \$976.00        |
| 2431-01        | \$976.00        |

**f. Architectural Applications**

The Architectural Review Committee met on March 13, 2018 to review the applications listed below. The applications are in a binder on the directors' table.

Resolution: The Board confirms the recommendations of the committee.

|          | Address           | Application for    | Recommendation |
|----------|-------------------|--------------------|----------------|
| <b>1</b> | 1117 Commons Dr.  | Windows            | Approval       |
| <b>2</b> | 506 Elmhurst Cir. | Window Replacement | Approval       |
| <b>3</b> | 705 Elmhurst Cir. | Solar Panels       | Approval       |
| <b>4</b> | 1400 Commons Dr.  | Windows            | Approval       |

|   |              |         |          |
|---|--------------|---------|----------|
| 5 | 1333 Commons | Windows | Approved |
|---|--------------|---------|----------|

|                             |
|-----------------------------|
| <i>End Consent Calendar</i> |
|-----------------------------|

**IX. UNFINISHED BUSINESS**

a. **711 Elmhurst Cedar Tree**

At last month’s open session, the Board authorized Arborist Paul Dubois, of The Grove Total Tree Care to apply for a permit to conduct exploratory root excavation to ascertain whether roots may be damaging the foundation of the home.

As of the preparation of this agenda, Mr. Dubois has received permission from the City to do the root excavation. He and his crew are scheduled for Tuesday, April 3 to conduct the excavation and document the root activity.

**No action- report only.**

**X. NEW BUSINESS**

a. **Report from Board regarding contract for roof repairs**

CM2 was retained by the Board to inspect the roofs, prepare report and scope of work for necessary repairs, and oversee the bidding process and subsequent work. The President announced that one bid for the roof work was still outstanding and that the proposals would be reviewed at the May 2 Executive Session.

**No action- report only**

b. **Review annual report by Insurance Agent, Ryan DeShong**

The Board reviewed the report which was conducted in conformance with Nepenthe’s Standards and Practices for Insurance. The report was first reviewed by the Insurance, Legal and Safety Committee. Management will be obtaining pricing for remediating the trip hazards which will be presented to the Board next month.

**No action – report only**

c. **Review proposed locations for four benches within the community**

In accordance with the adopted Standards and Practices for Benches, the Board will review and tentatively approve the locations for the installation of the next four benches in Nepenthe.

A map showing the locations of the previously installed benches and the proposed locations for the next four benches is enclosed as is the proposal from Wausau and the Standards and Practices for Benches. Reviewed map, proposal and Standards and Practices for Benches.

**Resolution:** The Board approves the purchase of four Wausau benches for a price of \$5,575.55 payable from Reserves which has an allocation of \$8,615. The Board also approves the tentative locations (1. West of 14 Adelphi, 2. West of 2270 Swarthmore, 3. West of 901 Elmhurst, 4. West of 208 Elmhurst) for benches and directs management to place signs at the locations for homeowner comment before final approval on May 2, 2018.

**Motion:** Frank Loge

**Second:** Craig Price

**Vote:** All in Favor

**XI. HOMEOWNER FORUM**

A number of Homeowners addressed the Board on various items including parking enforcement and water metering.

**XII. NEXT MEETING:** Wednesday, May 2, 2018 at 5:30 pm in the Nepenthe Clubhouse

**XIII. ADJOURN: 7:40pm**

# NEPENTHE ASSOCIATION

## CASH BASIS FINANCIAL STATEMENTS

FOR THE MONTH AND THREE MONTH(S) ENDED  
MARCH 31, 2018

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|   |    |
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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**  
RESIDENTIAL  
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**NEPENTHE ASSOCIATION**

**FINANCIAL SUMMARY**

**Fiscal Year End: December 31, 2018**

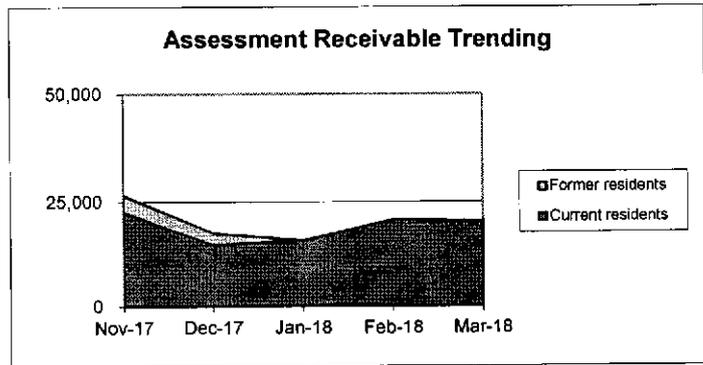
**For the Month Ended: March 31, 2018**

**CASH SUMMARY**

|                                       | <u>This month</u> | <u>Last Month</u> | <u>Change in Cash</u> |            |
|---------------------------------------|-------------------|-------------------|-----------------------|------------|
| Operating cash                        | 321,031.18        | 294,794.59        | Increase in Cash      | 26,236.59  |
| Reserve Cash General Reserve          | 6,302,589.55      | 6,207,380.85      | Increase in Cash      | 95,208.70  |
| Adj Operating Cash (see note 1)       | 194,279.17        | 200,407.42        | Decrease in Cash      | (6,128.25) |
| Average budgeted expenses / month     |                   | 292,241.00        |                       |            |
| Average # of months of available cash |                   | 1.10              |                       |            |
| Percent Funded Per 2016 Reserve Study |                   | 41%               |                       |            |

**ASSESSMENT SUMMARY**

|                                     |                 |
|-------------------------------------|-----------------|
| Monthly Assessment Budget           | 287,921.00      |
| Assessment Cash Received            | 318,756.72      |
| <u>Total Assessments Receivable</u> |                 |
| 0-30 days (see note 1)              | 0.00            |
| 31-60 days late                     | 14,098.12       |
| 61-90 days late                     | 2,928.00        |
| over 90 days late                   | <u>3,460.95</u> |
| Total Assessments Due               | 20,487.07       |
| Other Receivable                    | 7,308.77        |
| Total Owners Receivable             | 27,795.84       |
| Past Residents Assessments Rec.     | 488.00          |
| Prepaid Assessments                 | 126,752.01      |



**OPERATING SUMMARY**

| Category                 | March Expenses | YTD Expenses | YTD Budget | YTD Variance | Negative YTD Variances >\$2500              |
|--------------------------|----------------|--------------|------------|--------------|---|
| Utilities                | 8,735          | 25,643       | 25,575     | (68)         |   |
| Landscape                | 20,481         | 80,481       | 91,500     | 11,019       | Sprinkler Repair                            |
| Common Area              | 7,936          | 83,917       | 34,035     | (49,882)     | Patrol Service, Gutter & Downspout Cleaning |
| Management/On-Site Admin | 31,766         | 107,268      | 100,959    | (6,309)      | Mgmt Reimb, General Counsel                 |
| Insurance                | 33,993         | 106,858      | 96,681     | (10,177)     | Insurance                                   |
| Total Operating Expenses | 102,911        | 404,168      | 348,750    | (55,418)     | Spending overbudget year-to-date            |

**RESERVE SUMMARY**

|   |            |                              |            |
|---|------------|------------------------------|------------|
| Contribution to Reserves this month:    | 218,083.30 | Rsv Disbursement this month: | 129,008.37 |
| Contribution to Rsvs Year-to-Date:      | 570,065.30 | Rsv Disbursement YTD:        | 500,742.11 |
| Interest on reserve funds Year-to-Date: | 13,422.39  |                              |            |

**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**

| <b>Sources/Uses</b>                |                                | <b>Operations</b> | <b>Reserves</b>  |
|------------------------------------|--------------------------------|-------------------|------------------|
| <b>Beginning Balance 1/01/2018</b> |                                | <b>256,783</b>    | <b>6,219,844</b> |
|                                    | Prior year Due from Management |                   |                  |
| <b>Plus</b>                        | Income                         | 959,922.40        |                  |
|                                    | Reserve Investment Income      |                   | 13,422.39        |
|                                    | Contributions to Reserves      |                   | 570,065.30       |
|                                    | Pending Reserve Expense        |                   |                  |
|                                    | Accounts Payable               | 78,560.01         |                  |
| <b>Less</b>                        | Operating Expenses             | (404,168.65)      |                  |
|                                    | Reserve Funding                | (570,065.30)      |                  |
|                                    | Reserve Expenses               |                   | (500,742.11)     |
| <b>Ending Balance 3/31/2018</b>    |                                | <b>321,031</b>    | <b>6,302,590</b> |

**Budget Report**

Actual year-to-date income of \$959,922.40 versus year-to-date budgeted income of \$876,723 produced a positive year-to-date income variance of \$83,199.40

Actual year-to-date operating expenses and reserve contribution of \$974,233.95 versus year-to-date budgeted expenses and contributions of \$876,723 produced a negative year-to-date operating expenses variance of (-\$97,510.95)

The two combined variances produced a negative year-to-date variance of \$(-14,311.55)

**Other Information**

|   |    |         |
|---|----|---------|
| Unpaid assessments at March 31, 2018 were:  | \$ | 20,487  |
| Prepaid assessments at March 31, 2018 were: | \$ | 126,752 |

|   |
|---|
| NEPENTHE ASSOCIATION<br>COMPARATIVE BALANCE SHEET<br>03/31/2018 |
|---|

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

FirstService Residential CA  
 15241 Laguna Canyon Road  
 Irvine CA 92618

|                                     | CURRENT<br>MONTH | PRIOR<br>MONTH |
|-------------------------------------|------------------|----------------|
| -----                               |                  |                |
| CASH AND INVESTMENTS                |                  |                |
| OPERATING ACCOUNT FUNDS             | 321,031.18       | 294,794.59     |
| PETTY CASH                          | 150.00           | 150.00         |
| RESERVE ACCOUNT FUNDS               | 6,302,589.55     | 6,207,380.85   |
|                                     | -----            | -----          |
| TOTAL CASH AND INVESTMENTS          | 6,623,770.73     | 6,502,325.44   |
| OTHER ASSETS                        |                  |                |
| DUE FROM VENDOR-DAIOHS FIRST CHOICE | 101.78           | 101.78         |
|                                     | -----            | -----          |
| TOTAL OTHER ASSETS                  | 101.78           | 101.78         |
| TOTAL ASSETS                        | 6,623,872.51     | 6,502,427.22   |
|                                     | =====            | =====          |
| LIABILITIES                         |                  |                |
| -----                               |                  |                |
| ACCOUNTS PAYABLE                    | 78,560.01        | 52,373.34      |
|                                     | -----            | -----          |
| TOTAL LIABILITIES                   | 78,560.01        | 52,373.34      |
| MEMBERS EQUITY                      |                  |                |
| -----                               |                  |                |
| GENERAL RESERVE FUND BALANCE        | 6,302,589.55     | 6,207,380.85   |
| OPERATING FUND BALANCE-BEG OF YEAR  | 257,034.50       | 257,034.50     |
| CURRENT YEAR INCOME/(LOSS)          | (14,311.55)      | (14,361.47)    |
|                                     | -----            | -----          |
| TOTAL LIABILITIES & MEMBERS EQUITY  | 6,623,872.51     | 6,502,427.22   |
|                                     | =====            | =====          |

Entity: NEP NEPENTHE ASSOCIATION

FirstService Residential CA  
 15241 Laguna Canyon Road  
 Irvine, CA 92618

As of date: 03/31/2018

| 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         |       | 164,576.19   |
| 11112            | OPERATING INVESTMENT                | UNION+ UNION BANK | MNYMKT 1880024236          | 0.90% | 156,454.99   |
| Total (Cash)     |                                     |                   |                            |       | 321,181.18   |
| 21110            | RESERVE FUNDS IN OPERATING CHECKING | USBANK US BANK    | CKING 153495833060         |       | 84,851.44    |
| 21138            | RESERVE INVESTMENT                  | WELLS WELLS FARGO | INVSMT 66896148            |       | 3,928,830.30 |
| 21139            | RESERVE INVESTMENT                  | WELLS WELLS FARGO | MNYMKT 66896148            |       | 2,288,907.81 |
| Total (Reserves) |                                     |                   |                            |       | 6,302,589.55 |
| Grand Total      |                                     |                   |                            |       | 6,623,770.73 |

NEPENTHE ASSOCIATION  
RESERVE FUND BALANCES SUPPORT SCHEDULES  
03/31/2018

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

FirstService Residential CA  
15241 Laguna Canyon Road  
Irvine CA 92618

|                                       | PRIOR YEAR<br>BALANCE | BEG BAL<br>REALLOCATION | ADDITIONS<br>THIS YEAR | EXPENSE<br>CURRENT MONTH | PREVIOUS EXP<br>CURRENT YEAR | CURRENT<br>BALANCE  |
|---------------------------------------|-----------------------|-------------------------|------------------------|--------------------------|------------------------------|---------------------|
| <b>GENERAL RESERVES</b>               |                       |                         |                        |                          |                              |                     |
| 23103 INTEREST ON RESERVE FUNDING     | 51,546.94             | (51,546.94)             | 13,422.39              | 0.00                     | 0.00                         | 13,422.39           |
| 22872 RESERVE STUDY RESERVE           | 0.00                  | 12,167.58               | 1,302.00               | (3,676.42)               | 0.00                         | 9,793.16            |
| 22960 PAINTING-INTERIOR RESERVES      | 0.00                  | 3,916.73                | 564.00                 | 0.00                     | 0.00                         | 4,480.73            |
| 23014 CONCRETE REPAIRED RESERVES      | 0.00                  | 24,931.91               | 10,431.00              | 0.00                     | 0.00                         | 35,362.91           |
| 23113 LIGHTING RESERVES               | 0.00                  | 0.00                    | 0.00                   | 0.00                     | (1,290.00)                   | (1,290.00)          |
| 23120 ROOF RESERVES                   | 0.00                  | 3,928,435.68            | 199,035.00             | (888.00)                 | 0.00                         | 4,126,582.68        |
| 23122 POOL/SPA RESERVES               | 0.00                  | 83,986.25               | 11,553.00              | 0.00                     | (5,435.00)                   | 90,104.25           |
| 23127 FENCING RESERVES                | 0.00                  | 156,839.63              | 23,565.00              | 0.00                     | 0.00                         | 180,404.63          |
| 23130 CONTIGENCY RESERVES             | (600.00)              | 600.00                  | 0.00                   | 0.00                     | 0.00                         | 0.00                |
| 23133 IRRIGATION RESERVES             | 0.00                  | 296,475.91              | 34,689.00              | 0.00                     | 0.00                         | 331,164.91          |
| 23135 WROUGHT IRON RESERVE            | 0.00                  | 0.00                    | 0.00                   | (15,500.00)              | 0.00                         | (15,500.00)         |
| 23136 SHINGLE RESERVES                | 0.00                  | 0.00                    | 0.00                   | (8,138.95)               | (32,403.97)                  | (40,542.92)         |
| 23146 SIGNS RESERVES                  | 0.00                  | 13,409.40               | 1,125.00               | 0.00                     | 0.00                         | 14,534.40           |
| 23178 PAVING RESERVES                 | 0.00                  | 343,325.45              | 34,185.00              | 0.00                     | 0.00                         | 377,510.45          |
| 23199 RESERVE STUDY RESERVES          | 0.00                  | 2,678.87                | 546.00                 | (3,000.00)               | 0.00                         | 224.87              |
| L23133 OUTDOOR EQUIPMENT RSRV         | 0.00                  | 3,457.39                | 903.00                 | 0.00                     | 0.00                         | 4,360.39            |
| L23135 PAINT EXTERIOR RSRV            | 0.00                  | 188,448.73              | 54,162.00              | 0.00                     | (18,600.00)                  | 224,010.73          |
| L23136 STRUCTURAL REPAIRS RSRV        | 0.00                  | 728,979.43              | 116,031.00             | 0.00                     | 0.00                         | 845,010.43          |
| N22911 UNDERGROUND UTILITY RSRV       | (39,575.00)           | 85,392.20               | 4,122.00               | (11,300.00)              | (14,240.00)                  | 24,399.20           |
| N22912 MECHANICAL EQUIPMENT RSRV      | 0.00                  | 32,788.34               | 1,785.00               | 0.00                     | 0.00                         | 34,573.34           |
| N23017 CLUBHOUSE RENOVATION RSRV      | 87,647.21             | 8,735.10                | 10,398.00              | 0.00                     | (21,214.78)                  | 85,565.53           |
| N23130 MISCELLANEOUS RSRV             | 67,653.89             | (64,668.92)             | 777.00                 | 0.00                     | 0.00                         | 3,761.97            |
| N23270 UNIT EXTERIOR RESERVE          | 5,397,318.49          | (5,397,318.49)          | 0.00                   | 0.00                     | (50,608.74)                  | (50,608.74)         |
| N23271 MAIN CLUBHOUSE AREA RSRV       | 204,627.37            | (204,627.37)            | 0.00                   | 0.00                     | 0.00                         | 0.00                |
| N23274 TENNIS COURT RSRV              | (3,340.00)            | 53,032.75               | 3,561.00               | 0.00                     | 0.00                         | 53,253.75           |
| N23275 GROUNDS RESERVE                | 664,425.49            | (599,026.60)            | 49,739.30              | 0.00                     | (154,322.75)                 | (39,184.56)         |
| N23276 ADMINISTRATIVE RESERVE         | 3,886.08              | (3,886.08)              | 0.00                   | 0.00                     | 0.00                         | 0.00                |
| N23282 TREE REMOVAL ANNUAL MAINT RSRV | (213,746.50)          | 287,865.48              | 8,667.00               | (86,505.00)              | (56,490.00)                  | (60,209.02)         |
| N22991 POLE LIGHT REPAIRS RSRV        | 0.00                  | 65,607.57               | 2,925.00               | 0.00                     | (17,128.50)                  | 51,404.07           |
|                                       | -----                 | -----                   | -----                  | -----                    | -----                        | -----               |
| <b>TOTAL GENERAL RESERVES</b>         | <b>6,219,843.97</b>   | <b>0.00</b>             | <b>583,487.69</b>      | <b>(129,008.37)</b>      | <b>(371,733.74)</b>          | <b>6,302,589.55</b> |

NEPENTHE ASSOCIATION  
INCOME STATEMENT  
03/31/2018

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

FirstService Residential CA  
15241 Laguna Canyon Road  
Irvine CA 92618

| -----<br>ACTUAL             | ---MONTH---<br>BUDGETED | -----<br>VARIANCE  | G/L<br>NUMBER | DESCRIPTION                        | -----<br>ACTUAL   | YEAR TO DATE<br>BUDGETED | -----<br>VARIANCE  | ANNUAL<br>BUDGET | \$ REMAINING<br>IN BUDGET |
|-----------------------------|-------------------------|--------------------|---------------|------------------------------------|-------------------|--------------------------|--------------------|------------------|---------------------------|
| <b>REVENUE</b>              |                         |                    |               |                                    |                   |                          |                    |                  |                           |
| 318,756.72                  | 287,921                 | 30,835.72          | 14000         | HOMEOWNER ASSESSMENT REVENUE       | 905,866.53        | 863,763                  | 42,103.53          | 3,455,052        | 2,549,185.47              |
| (1,020.78)                  | 1,800                   | (2,820.78)         | 14087         | EASEMENT AGREEMENT                 | 4,774.82          | 5,400                    | (625.18)           | 21,600           | 16,825.18                 |
| 167.48                      | 0                       | 167.48             | 14101         | INTEREST ON PAST DUE ASSESSMENTS   | 453.25            | 0                        | 453.25             | 0                | (453.25)                  |
| 10.00                       | 50                      | (40.00)            | 14110         | KEY REVENUE                        | 40.00             | 150                      | (110.00)           | 600              | 560.00                    |
| 315.00                      | 700                     | (385.00)           | 14113         | CLUBHOUSE RENTAL                   | 2,790.00          | 2,100                    | 690.00             | 8,400            | 5,610.00                  |
| 0.00                        | 0                       | 0.00               | 14116         | CC&R VIOLATIONS/FINES              | 760.00            | 0                        | 760.00             | 0                | (760.00)                  |
| 1,800.00                    | 0                       | 1,800.00           | 14122         | INSURANCE REIMBURSEMENT            | 1,800.00          | 0                        | 1,800.00           | 0                | (1,800.00)                |
| 900.00                      | 1,770                   | (870.00)           | 14132         | MISCELLANEOUS REVENUE              | 43,087.30         | 5,310                    | 37,777.30          | 21,240           | (21,847.30)               |
| 115.62                      | 0                       | 115.62             | 14162         | OPERATING INTEREST REVENUE         | 350.50            | 0                        | 350.50             | 0                | (350.50)                  |
| 6,133.77                    | 0                       | 6,133.77           | 14163         | RESERVE INTEREST REVENUE           | 13,422.39         | 0                        | 13,422.39          | 0                | (13,422.39)               |
| <b>327,177.81</b>           | <b>292,241</b>          | <b>34,936.81</b>   |               | <b>TOTAL REVENUE</b>               | <b>973,344.79</b> | <b>876,723</b>           | <b>96,621.79</b>   | <b>3,506,892</b> | <b>2,533,547.21</b>       |
| <b>RESERVE CONTRIBUTION</b> |                         |                    |               |                                    |                   |                          |                    |                  |                           |
| 175,991.00                  | 175,991                 | 0.00               | 19758         | GENERAL RESERVES                   | 527,973.00        | 527,973                  | 0.00               | 2,111,892        | 1,583,919.00              |
| 6,133.77                    | 0                       | (6,133.77)         | 19803         | GENERAL RESERVE INTEREST           | 13,422.39         | 0                        | (13,422.39)        | 0                | (13,422.39)               |
| 42,092.30                   | 0                       | (42,092.30)        | N19975        | GROUNDS RSV                        | 42,092.30         | 0                        | (42,092.30)        | 0                | (42,092.30)               |
| <b>224,217.07</b>           | <b>175,991</b>          | <b>(48,226.07)</b> |               | <b>TOTAL RESERVE CONTRIBUTION</b>  | <b>583,487.69</b> | <b>527,973</b>           | <b>(55,514.69)</b> | <b>2,111,892</b> | <b>1,528,404.31</b>       |
| <b>102,960.74</b>           | <b>116,250</b>          | <b>(13,289.26)</b> |               | <b>AVAILABLE OPERATING REVENUE</b> | <b>389,857.10</b> | <b>348,750</b>           | <b>41,107.10</b>   | <b>1,395,000</b> | <b>1,005,142.90</b>       |
| <b>OPERATING EXPENSES</b>   |                         |                    |               |                                    |                   |                          |                    |                  |                           |
| <b>UTILITIES</b>            |                         |                    |               |                                    |                   |                          |                    |                  |                           |
| 2,776.00                    | 2,575                   | (201.00)           | 15101         | ELECTRICITY                        | 8,717.09          | 7,725                    | (992.09)           | 30,900           | 22,182.91                 |
| 1,710.37                    | 1,700                   | (10.37)            | 15102         | GAS                                | 4,068.95          | 5,100                    | 1,031.05           | 20,400           | 16,331.05                 |
| 0.00                        | 200                     | 200.00             | 15103         | REFUSE COLLECTION                  | 0.00              | 600                      | 600.00             | 2,400            | 2,400.00                  |
| 336.68                      | 350                     | 13.32              | 15105         | TELEPHONE EXPENSE                  | 120.69            | 1,050                    | 929.31             | 4,200            | 4,079.31                  |
| 3,911.77                    | 3,700                   | (211.77)           | 15106         | WATER                              | 12,736.45         | 11,100                   | (1,636.45)         | 44,400           | 31,663.55                 |
| <b>8,734.82</b>             | <b>8,525</b>            | <b>(209.82)</b>    |               | <b>TOTAL UTILITIES</b>             | <b>25,643.18</b>  | <b>25,575</b>            | <b>(68.18)</b>     | <b>102,300</b>   | <b>76,656.82</b>          |
| <b>LAND MAINTENANCE</b>     |                         |                    |               |                                    |                   |                          |                    |                  |                           |
| 0.00                        | 30,500                  | 30,500.00          | 15500         | CONTRACT LANDSCAPE SERVICE         | 60,000.00         | 91,500                   | 31,500.00          | 366,000          | 306,000.00                |
| 20,481.45                   | 0                       | (20,481.45)        | 15505         | SPRINKLER REPAIR                   | 20,481.45         | 0                        | (20,481.45)        | 0                | (20,481.45)               |
| <b>20,481.45</b>            | <b>30,500</b>           | <b>10,018.55</b>   |               | <b>TOTAL LAND MAINTENANCE</b>      | <b>80,481.45</b>  | <b>91,500</b>            | <b>11,018.55</b>   | <b>366,000</b>   | <b>285,518.55</b>         |
| <b>COMMON AREA</b>          |                         |                    |               |                                    |                   |                          |                    |                  |                           |
| 1,700.00                    | 1,800                   | 100.00             | 16020         | CONTRACT POOL/SPA SERVICE          | 5,100.00          | 5,400                    | 300.00             | 21,600           | 16,500.00                 |
| 0.00                        | 0                       | 0.00               | 16022         | POOL EQUIPMENT REPAIR              | (3,950.00)        | 0                        | 3,950.00           | 0                | 3,950.00                  |
| 0.00                        | 125                     | 125.00             | 16027         | POOL INSPECTION                    | 87.27             | 375                      | 287.73             | 1,500            | 1,412.73                  |

NEPENTHE ASSOCIATION  
INCOME STATEMENT  
03/31/2018

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

FirstService Residential CA  
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Irvine CA 92618

| -----<br>ACTUAL  | ---MONTH---<br>BUDGETED | -----<br>VARIANCE | G/L<br>NUMBER | DESCRIPTION                             | -----<br>ACTUAL   | YEAR TO DATE<br>BUDGETED | -----<br>VARIANCE  | ANNUAL<br>BUDGET | \$ REMAINING<br>IN BUDGET |
|------------------|-------------------------|-------------------|---------------|---|-------------------|--------------------------|--------------------|------------------|---------------------------|
| 0.00             | 280                     | 280.00            | 18524         | MATERIAL SUPPLIES                       | 348.68            | 840                      | 491.32             | 3,360            | 3,011.32                  |
| 0.00             | 190                     | 190.00            | 18526         | PEST CONTROL                            | 0.00              | 570                      | 570.00             | 2,280            | 2,280.00                  |
| 1,580.00         | 1,580                   | 0.00              | 18531         | JANITORIAL SERVICE                      | 4,685.00          | 4,740                    | 55.00              | 18,960           | 14,275.00                 |
| 250.36           | 185                     | (65.36)           | 18532         | JANITORIAL SUPPLIES                     | 1,147.60          | 555                      | (592.60)           | 2,220            | 1,072.40                  |
| 0.00             | 20                      | 20.00             | 18534         | FIRE EXTINGUISHER                       | 30.00             | 60                       | 30.00              | 240              | 210.00                    |
| 4,203.00         | 1,450                   | (2,753.00)        | 18579         | PATROL SERVICE                          | 8,553.00          | 4,350                    | (4,203.00)         | 17,400           | 8,847.00                  |
| 0.00             | 5,200                   | 5,200.00          | 18736         | GUTTER & DOWNSPOUT CLEANING             | 64,514.00         | 15,600                   | (48,914.00)        | 62,400           | (2,114.00)                |
| 0.00             | 325                     | 325.00            | 18767         | REPAIR & MAINTENANCE                    | 2,461.21          | 975                      | (1,486.21)         | 3,900            | 1,438.79                  |
| 117.22           | 150                     | 32.78             | 18905         | KITCHEN SUPPLIES                        | 315.68            | 450                      | 134.32             | 1,800            | 1,484.32                  |
| 0.00             | 0                       | 0.00              | 18957         | JANITORIAL EXTRA                        | 540.00            | 0                        | (540.00)           | 0                | (540.00)                  |
| 85.00            | 40                      | (45.00)           | 18986         | FITNESS CONTRACT                        | 85.00             | 120                      | 35.00              | 480              | 395.00                    |
| <b>7,935.58</b>  | <b>11,345</b>           | <b>3,409.42</b>   |               | <b>TOTAL COMMON AREA</b>                | <b>83,917.44</b>  | <b>34,035</b>            | <b>(49,882.44)</b> | <b>136,140</b>   | <b>52,222.56</b>          |
|                  |                         |                   |               | <b>MANAGEMENT/ON-SITE ADMIN EXP</b>     |                   |                          |                    |                  |                           |
| 0.00             | 150                     | 150.00            | 18001         | COMMUNITY WEBSITE                       | 450.00            | 450                      | 0.00               | 1,800            | 1,350.00                  |
| 173.53           | 75                      | (98.53)           | 18003         | COMMUNITY EVENTS/PROGRAMS               | 467.14            | 225                      | (242.14)           | 900              | 432.86                    |
| 0.00             | 75                      | 75.00             | 18092         | EDUCATION/ADULT PROGRAM                 | 300.00            | 225                      | (75.00)            | 900              | 600.00                    |
| 7,159.31         | 7,200                   | 40.69             | 19109         | CONTRACT MANAGEMENT                     | 21,477.93         | 21,600                   | 122.07             | 86,400           | 64,922.07                 |
| 0.00             | 160                     | 160.00            | 19101         | CPA SERVICES                            | 0.00              | 480                      | 480.00             | 1,920            | 1,920.00                  |
| 0.00             | 700                     | 700.00            | 19104         | FEDERAL TAX EXPENSE                     | 0.00              | 2,100                    | 2,100.00           | 8,400            | 8,400.00                  |
| 0.00             | 400                     | 400.00            | 19105         | FRANCHISE TAX BOARD                     | 35.00             | 1,200                    | 1,165.00           | 4,800            | 4,765.00                  |
| 0.00             | 200                     | 200.00            | 19106         | TAXES & LICENSES                        | 0.00              | 600                      | 600.00             | 2,400            | 2,400.00                  |
| 1,832.50         | 525                     | (1,307.50)        | 19108         | GENERAL COUNSEL SERVICE                 | 7,597.59          | 1,575                    | (6,022.59)         | 6,300            | (1,297.59)                |
| 2,341.27         | 1,800                   | (541.27)          | 19111         | MANAGEMENT REIMBURSABLE                 | 8,635.54          | 5,400                    | (3,235.54)         | 21,600           | 12,964.46                 |
| 0.00             | 50                      | 50.00             | 19112         | POSTAGE, ON-SITE                        | 101.00            | 150                      | 49.00              | 600              | 499.00                    |
| 590.00           | 50                      | (540.00)          | 19117         | DUES & PUBLICATIONS                     | 590.00            | 150                      | (440.00)           | 600              | 10.00                     |
| 35.00            | 35                      | 0.00              | 19119         | BANK FEES                               | 105.00            | 105                      | 0.00               | 420              | 315.00                    |
| 13,180.74        | 15,250                  | 2,069.26          | 19124         | ON-SITE STAFF                           | 46,325.01         | 45,750                   | (575.01)           | 183,000          | 136,674.99                |
| 94.73            | 25                      | (69.73)           | 19126         | DELINQUENCY MONITORING                  | 227.25            | 75                       | (152.25)           | 300              | 72.75                     |
| 0.00             | 200                     | 200.00            | 19132         | OPERATING CONTINGENCY                   | 0.00              | 600                      | 600.00             | 2,400            | 2,400.00                  |
| 0.00             | 75                      | 75.00             | 19143         | LEGAL-COLLECTIONS                       | 0.00              | 225                      | 225.00             | 900              | 900.00                    |
| 231.35           | 100                     | (131.35)          | 19172         | ACCOUNTING REIMBURSABLES                | 608.40            | 300                      | (308.40)           | 1,200            | 591.60                    |
| (10.00)          | 0                       | 10.00             | 19174         | AMS COLLECTION EXPENSE                  | (789.62)          | 0                        | 789.62             | 0                | 789.62                    |
| 0.00             | 75                      | 75.00             | 19178         | PROPERTY TAX                            | 0.00              | 225                      | 225.00             | 900              | 900.00                    |
| 5,153.30         | 5,833                   | 679.70            | 19247         | PAYROLL TAXES & BENEFITS                | 18,705.57         | 17,499                   | (1,206.57)         | 69,996           | 51,290.43                 |
| 150.00           | 50                      | (100.00)          | 19281         | WEBSITE                                 | 150.00            | 150                      | 0.00               | 600              | 450.00                    |
| 0.00             | 175                     | 175.00            | 19295         | ON-SITE OFFICE SUPPLIES                 | 136.22            | 525                      | 388.78             | 2,100            | 1,963.78                  |
| 834.74           | 400                     | (434.74)          | 19382         | COPIER LEASE                            | 2,146.22          | 1,200                    | (946.22)           | 4,800            | 2,653.78                  |
| 0.00             | 50                      | 50.00             | 19442         | CLAC CONTRIBUTION                       | 0.00              | 150                      | 150.00             | 600              | 600.00                    |
| <b>31,766.47</b> | <b>33,653</b>           | <b>1,886.53</b>   |               | <b>TOTAL MANAGEMENT/ON-SITE ADMIN E</b> | <b>107,268.25</b> | <b>100,959</b>           | <b>(6,309.25)</b>  | <b>403,836</b>   | <b>296,567.75</b>         |

**INSURANCE**

NEPENTHE ASSOCIATION  
INCOME STATEMENT  
03/31/2018

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

FirstService Residential CA  
15241 Laguna Canyon Road  
Irvine CA 92618

| -----<br>ACTUAL   | ---MONTH---<br>BUDGETED | -----<br>VARIANCE | G/L<br>NUMBER | DESCRIPTION                     | -----<br>ACTUAL   | YEAR TO DATE<br>BUDGETED | -----<br>VARIANCE  | ANNUAL<br>BUDGET | \$ REMAINING<br>IN BUDGET |
|-------------------|-------------------------|-------------------|---------------|---------------------------------|-------------------|--------------------------|--------------------|------------------|---------------------------|
| 7,805.83          | 7,810                   | 4.17              | 19107         | INSURANCE                       | 31,223.32         | 23,430                   | (7,793.32)         | 93,720           | 62,496.68                 |
| 26,186.67         | 24,417                  | (1,769.67)        | DC19307       | FLOOD INSURANCE                 | 75,635.01         | 73,251                   | (2,384.01)         | 293,004          | 217,368.99                |
| <b>33,992.50</b>  | <b>32,227</b>           | <b>(1,765.50)</b> |               | <b>TOTAL INSURANCE</b>          | <b>106,858.33</b> | <b>96,681</b>            | <b>(10,177.33)</b> | <b>386,724</b>   | <b>279,865.67</b>         |
| <b>102,910.82</b> | <b>116,250</b>          | <b>13,339.18</b>  |               | <b>TOTAL OPERATING EXPENSES</b> | <b>404,168.65</b> | <b>348,750</b>           | <b>(55,418.65)</b> | <b>1,395,000</b> | <b>990,831.35</b>         |
| 49.92             | 0                       | 49.92             |               | NET INCOME/(LOSS)               | (14,311.55)       | 0                        | (14,311.55)        | 0                | 14,311.55                 |

NEPENTHE ASSOCIATION  
INCOME STATEMENT FOR 12 MONTHS ENDING  
03/31/2018

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

FirstService Residential CA  
15241 Laguna Canyon Road  
Irvine CA 92618

|                                     | Apr           | May           | Jun           | Jul           | Aug           | Sep           | Oct           | Nov           | Dec           | Jan           | Feb           | Mar           | TOTAL   |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------|
| <b>REVENUE</b>                      |               |               |               |               |               |               |               |               |               |               |               |               |         |
| 14000 HOMEOWNER ASSESSMENT REVENUE  | 259767        | 292586        | 279285        | 275972        | 272070        | 274994        | 261437        | 277293        | 278556        | 316509        | 270601        | 318757        | 3377827 |
| 14087 EASEMENT AGREEMENT            | 379           | 1856          | 758           | 1729          | 1739          | 1063          | 1738          | 1701          | -1033         | 4078          | 1718          | -1021         | 14706   |
| 14101 INTEREST ON PAST DUE ASSESMEN | 84            | 382           | 107           | 83            | 90            | 539           | 53            | 73            | 1408          | 260           | 26            | 167           | 3271    |
| 14110 KEY REVENUE                   | 60            | -20           | 110           | 150           | 135           | 30            | 35            | 60            | 0             | 10            | 20            | 10            | 600     |
| 14113 CLUBHOUSE RENTAL              | 750           | 450           | 470           | 160           | 715           | 600           | 175           | 925           | 450           | 2050          | 425           | 315           | 7485    |
| 14116 CC&R VIOLATIONS/FINES         | 15            | 25            | 489           | 372           | 0             | 0             | 0             | 0             | 0             | 760           | 0             | 0             | 1660    |
| 14122 INSURANCE REIMBURSEMENT       | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 1800          | 1800    |
| 14132 MISCELLANEOUS REVENUE         | 0             | 105           | 45            | 0             | 0             | 0             | 0             | 70            | 0             | 0             | 42187         | 900           | 43307   |
| 14162 OPERATING INTEREST REVENUE    | 54            | 63            | 57            | 59            | 107           | 111           | 123           | 115           | 112           | 127           | 108           | 116           | 1153    |
| 14163 RESERVE INTEREST REVENUE      | 6348          | 1913          | 9623          | 1611          | 2648          | 7139          | 5336          | 2657          | 7412          | 4766          | 2523          | 6134          | 58108   |
| <b>TOTAL REVENUE</b>                | <b>267457</b> | <b>297361</b> | <b>290944</b> | <b>280137</b> | <b>277505</b> | <b>284476</b> | <b>268897</b> | <b>282894</b> | <b>286903</b> | <b>328559</b> | <b>317608</b> | <b>327178</b> | 3509917 |
| <b>RESERVE CONTRIBUTION</b>         |               |               |               |               |               |               |               |               |               |               |               |               |         |
| 19758 GENERAL RESERVES              | 170042        | 170042        | 170042        | 170042        | 170042        | 170042        | 170042        | 170042        | 170042        | 175991        | 175991        | 175991        | 2058351 |
| 19803 GENERAL RESERVE INTEREST      | 6348          | 1913          | 9623          | 1611          | 2648          | 7139          | 5336          | 2657          | 7412          | 4766          | 2523          | 6134          | 58108   |
| N19975 GROUNDS RSV                  | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 42092         | 42092   |
| <b>TOTAL RESERVE CONTRIBUTION</b>   | <b>176390</b> | <b>171955</b> | <b>179665</b> | <b>171653</b> | <b>172690</b> | <b>177181</b> | <b>175378</b> | <b>172699</b> | <b>177454</b> | <b>180757</b> | <b>178514</b> | <b>224217</b> | 2158552 |
| <b>AVAILABLE OPERATING REVENUE</b>  | <b>91066</b>  | <b>125406</b> | <b>111279</b> | <b>108484</b> | <b>104814</b> | <b>107295</b> | <b>93519</b>  | <b>110195</b> | <b>109450</b> | <b>147802</b> | <b>139094</b> | <b>102961</b> | 1351365 |
| <b>OPERATING EXPENSES</b>           |               |               |               |               |               |               |               |               |               |               |               |               |         |
| <b>UTILITIES</b>                    |               |               |               |               |               |               |               |               |               |               |               |               |         |
| 15101 ELECTRICITY                   | 0             | 2572          | 2593          | 0             | 5662          | 0             | 5423          | 0             | 5262          | 3022          | 2919          | 2776          | 30230   |
| 15102 GAS                           | 3377          | 2013          | 1310          | 2575          | 693           | 833           | 1003          | 3145          | 1229          | 933           | 1426          | 1710          | 20245   |
| 15103 REFUSE COLLECTION             | 631           | 240           | 0             | 0             | 3355          | 0             | 0             | 0             | 1548          | 0             | 0             | 0             | 5774    |
| 15105 TELEPHONE EXPENSE             | 63            | 299           | 357           | 294           | 294           | 294           | 286           | 238           | 525           | 50            | -266          | 337           | 2771    |
| 15106 WATER                         | 2791          | 5457          | 4175          | 3320          | 4153          | 2349          | 4965          | 4245          | 3032          | 5308          | 3517          | 3912          | 47224   |
| <b>TOTAL UTILITIES</b>              | <b>6862</b>   | <b>10582</b>  | <b>8435</b>   | <b>6189</b>   | <b>14157</b>  | <b>3476</b>   | <b>11677</b>  | <b>7627</b>   | <b>11596</b>  | <b>9313</b>   | <b>7595</b>   | <b>8735</b>   | 106245  |
| <b>LAND MAINTENANCE</b>             |               |               |               |               |               |               |               |               |               |               |               |               |         |
| 15500 CONTRACT LANDSCAPE SERVICE    | 0             | 57134         | 28567         | 28567         | 28567         | 28567         | 28567         | 28567         | 28567         | 0             | 60000         | 0             | 317103  |
| 15505 SPRINKLER REPAIR              | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 20481         | 20481   |
| 15511 BACKFLOW DEVICE TEST          | 0             | 0             | 2695          | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 2695    |
| <b>TOTAL LAND MAINTENANCE</b>       | <b>0</b>      | <b>57134</b>  | <b>31262</b>  | <b>28567</b>  | <b>28567</b>  | <b>28567</b>  | <b>28567</b>  | <b>28567</b>  | <b>28567</b>  | <b>0</b>      | <b>60000</b>  | <b>20481</b>  | 340279  |
| <b>COMMON AREA</b>                  |               |               |               |               |               |               |               |               |               |               |               |               |         |
| 16020 CONTRACT POOL/SPA SERVICE     | 1350          | 1350          | 1570          | 1700          | 1700          | 1700          | 1700          | 1700          | 1700          | 1700          | 1700          | 1700          | 19570   |

NEPENTHE ASSOCIATION  
INCOME STATEMENT FOR 12 MONTHS ENDING  
03/31/2018

04/16/2018 10:29 AM Page: EA 2

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

FirstService Residential CA  
15241 Laguna Canyon Road  
Irvine CA 92618

|                                     | Apr         | May         | Jun         | Jul         | Aug         | Sep         | Oct         | Nov         | Dec          | Jan          | Feb          | Mar         | TOTAL         |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|---------------|
| 16022 POOL EQUIPMENT REPAIR         | 0           | 0           | 300         | 0           | 0           | 342         | 1420        | 0           | 3950         | -3950        | 0            | 0           | 2062          |
| 16027 POOL INSPECTION               | 0           | 1243        | 75          | 0           | 0           | 0           | 0           | 0           | 873          | 87           | 0            | 0           | 2278          |
| 18524 MATERIAL SUPPLIES             | 411         | 299         | 43          | 0           | 0           | 157         | 0           | 0           | 0            | 349          | 0            | 0           | 1259          |
| 18526 PEST CONTROL                  | 350         | 0           | 285         | 1495        | 0           | 175         | 0           | 0           | 0            | 0            | 0            | 0           | 2305          |
| 18531 JANITORIAL SERVICE            | 1525        | 1525        | 1525        | 0           | 1525        | 3050        | 1525        | 1525        | 1525         | 1525         | 1580         | 1580        | 18410         |
| 18532 JANITORIAL SUPPLIES           | 382         | 14          | 306         | 0           | 163         | 763         | 0           | 536         | 0            | 506          | 391          | 250         | 3312          |
| 18534 FIRE EXTINGUISHER             | 0           | 0           | 0           | 0           | 107         | 0           | 0           | 0           | 0            | 0            | 30           | 0           | 137           |
| 18564 SPECIAL SECURITY              | 0           | 1804        | 1450        | 0           | 0           | 0           | 0           | 0           | 0            | 0            | 0            | 0           | 3254          |
| 18579 PATROL SERVICE                | 0           | 0           | 0           | 2900        | 0           | 2900        | 0           | 1450        | 1450         | 4350         | 0            | 4203        | 17253         |
| 18736 GUTTER & DOWNSPOUT CLEANING   | 178         | 1019        | 0           | 0           | 0           | 0           | 0           | 0           | 0            | 38512        | 26002        | 0           | 65711         |
| 18767 REPAIR & MAINTENANCE          | 0           | 627         | 348         | 485         | 673         | 326         | 344         | 801         | 342          | 1489         | 972          | 0           | 6406          |
| 18905 KITCHEN SUPPLIES              | 150         | 235         | 0           | 232         | 0           | 8           | 75          | 152         | 115          | 97           | 102          | 117         | 1283          |
| 18957 JANITORIAL EXTRA              | 0           | 55          | 50          | 0           | 175         | 0           | 0           | 0           | 270          | 445          | 95           | 0           | 1090          |
| 18986 FITNESS CONTRACT              | 141         | 0           | 105         | 0           | 0           | 85          | 0           | 0           | 85           | 0            | 0            | 85          | 500           |
| <b>TOTAL COMMON AREA</b>            | <b>4487</b> | <b>8173</b> | <b>6056</b> | <b>6811</b> | <b>4343</b> | <b>9507</b> | <b>5064</b> | <b>6164</b> | <b>10310</b> | <b>45110</b> | <b>30872</b> | <b>7936</b> | <b>144831</b> |
| <b>MANAGEMENT/ON-SITE ADMIN EXP</b> |             |             |             |             |             |             |             |             |              |              |              |             |               |
| 18001 COMMUNITY WEBSITE             | 983         | 450         | 833         | 1033        | 0           | 43          | 0           | 0           | 0            | 300          | 150          | 0           | 3792          |
| 18003 COMMUNITY EVENTS/PROGRAMS     | 332         | 452         | 295         | -516        | -20         | -2          | 0           | 0           | 32           | 294          | 0            | 174         | 1040          |
| 18008 VOLUNTEER RECOGNITION         | 0           | 70          | 0           | 5           | 0           | 0           | 21          | 141         | 0            | 0            | 0            | 0           | 236           |
| 18092 EDUCATION/ADULT PROGRAM       | 76          | 205         | 86          | 32          | 124         | 0           | 459         | 0           | 0            | 300          | 0            | 0           | 1282          |
| 19109 CONTRACT MANAGEMENT           | 7159        | 7159        | 7159        | 7159        | 7159        | 7159        | 7159        | 7159        | 7159         | 7159         | 7159         | 7159        | 85912         |
| 19104 FEDERAL TAX EXPENSE           | 9161        | 0           | 2579        | 0           | 0           | 2579        | 0           | 0           | 2579         | 0            | 0            | 0           | 16898         |
| 19105 FRANCHISE TAX BOARD           | 4648        | 0           | 2412        | 0           | 0           | 0           | 0           | 0           | 1783         | 0            | 35           | 0           | 8878          |
| 19106 TAXES & LICENSES              | 0           | 0           | 1059        | 0           | 0           | 0           | 0           | 0           | 0            | 0            | 0            | 0           | 1059          |
| 19121 RESERVE STUDY CONSULTANT SRVC | 0           | 0           | 0           | 0           | 600         | 0           | 0           | 0           | 0            | 0            | 0            | 0           | 600           |
| 19108 GENERAL COUNSEL SERVICE       | 1006        | 9654        | 0           | 0           | 2900        | 0           | 840         | 0           | 6695         | 0            | 5765         | 1833        | 28693         |
| 19111 MANAGEMENT REIMBURSABLE       | 1137        | 6864        | 250         | 1100        | 1956        | 250         | 1070        | 1062        | 1094         | 4843         | 1451         | 2341        | 23418         |
| 19112 POSTAGE, ON-SITE              | 0           | 0           | 111         | 16          | 48          | 70          | 0           | 96          | 0            | 101          | 0            | 0           | 441           |
| 19116 ADMINISTRATIVE MISC           | 0           | 0           | 0           | 0           | 0           | 0           | 10          | 0           | 0            | 0            | 0            | 0           | 10            |
| 19117 DUES & PUBLICATIONS           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0            | 0            | 0            | 590         | 590           |
| 19119 BANK FEES                     | 35          | 35          | 35          | 35          | 35          | 35          | 35          | 35          | 35           | 35           | 35           | 35          | 420           |
| 19124 ON-SITE STAFF                 | 12865       | 12242       | 26764       | 14011       | 13745       | 13858       | 14351       | 13343       | 13317        | 19638        | 13506        | 13181       | 180823        |
| 19126 DELINQUENCY MONITORING        | 206         | 414         | -226        | 179         | 494         | -377        | 52          | -503        | 44           | -13          | 146          | 95          | 510           |
| 19132 OPERATING CONTINGENCY         | 0           | 0           | 3250        | 290         | 0           | 0           | 0           | 0           | 0            | 0            | 0            | 0           | 3540          |
| 19143 LEGAL-COLLECTIONS             | 0           | 1034        | 1957        | 0           | 0           | 0           | 0           | 0           | -1957        | 0            | 0            | 0           | 1034          |
| 19172 ACCOUNTING REIMBURSABLES      | 37          | 181         | 0           | 75          | 215         | 0           | 83          | 41          | 40           | 25           | 352          | 231         | 1281          |
| 19174 AMS COLLECTION EXPENSE        | 626         | -1796       | -245        | 1456        | -91         | -960        | 194         | -80         | -374         | -1070        | 290          | -10         | -2060         |
| 19178 PROPERTY TAX                  | 0           | 0           | 0           | 266         | 0           | 0           | 960         | 0           | 0            | 0            | 0            | 0           | 1226          |
| 19247 PAYROLL TAXES & BENEFITS      | 5277        | 4990        | 9369        | 4848        | 4890        | 4909        | 4890        | 5016        | 5181         | 7913         | 5640         | 5153        | 68075         |
| 19281 WEBSITE                       | 0           | 150         | 150         | 150         | 257         | 150         | 150         | 150         | 0            | 0            | 0            | 150         | 1307          |
| 19295 ON-SITE OFFICE SUPPLIES       | 54          | 546         | 101         | 13          | 374         | 100         | 0           | 71          | 0            | 122          | 14           | 0           | 1395          |
| 19382 COPIER LEASE                  | 902         | 340         | 351         | 919         | 340         | 340         | 895         | 340         | 0            | 972          | 340          | 835         | 6372          |

NEPENTHE ASSOCIATION  
INCOME STATEMENT FOR 12 MONTHS ENDING  
03/31/2018

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

|                                     | Apr          | May           | Jun           | Jul          | Aug          | Sep          | Oct          | Nov          | Dec            | Jan           | Feb           | Mar           | TOTAL   |
|-------------------------------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|----------------|---------------|---------------|---------------|---------|
| 19505 CC&R REVISION                 | 0            | 96            | 0             | 0            | 0            | 0            | 0            | 0            | 0              | 0             | 0             | 0             | 96      |
| <b>TOTAL MANAGEMENT/ON-SITE ADM</b> | <b>44504</b> | <b>43087</b>  | <b>56289</b>  | <b>30871</b> | <b>33027</b> | <b>28153</b> | <b>31169</b> | <b>26870</b> | <b>35629</b>   | <b>40620</b>  | <b>34882</b>  | <b>31766</b>  | 436869  |
| <b>INSURANCE</b>                    |              |               |               |              |              |              |              |              |                |               |               |               |         |
| 19107 INSURANCE                     | 7797         | 8313          | 7797          | -326         | 15593        | 15603        | 0            | 7806         | 7806           | 15612         | 7806          | 7806          | 101611  |
| DC1930 FLOOD INSURANCE              | 0            | 0             | -644          | 0            | 0            | 0            | 0            | 0            | 297770         | 26187         | 23262         | 26187         | 372761  |
| <b>TOTAL INSURANCE</b>              | <b>7797</b>  | <b>8313</b>   | <b>7153</b>   | <b>-326</b>  | <b>15593</b> | <b>15603</b> | <b>0</b>     | <b>7806</b>  | <b>305576</b>  | <b>41798</b>  | <b>31068</b>  | <b>33993</b>  | 474372  |
| <b>TOTAL OPERATING EXPENSES</b>     | <b>63650</b> | <b>127289</b> | <b>109196</b> | <b>72113</b> | <b>95687</b> | <b>85305</b> | <b>76477</b> | <b>77035</b> | <b>391677</b>  | <b>136842</b> | <b>164416</b> | <b>102911</b> | 1502597 |
| <i>NET INCOME/(LOSS)</i>            | <i>27417</i> | <i>-1883</i>  | <i>2084</i>   | <i>36371</i> | <i>9127</i>  | <i>21989</i> | <i>17042</i> | <i>33161</i> | <i>-282228</i> | <i>10961</i>  | <i>-25322</i> | <i>50</i>     | -151231 |

**NEPENTHE ASSOCIATION  
BOARD OF DIRECTORS MEETING  
April 19, 2018, 2:00 PM**

Nepenthe Dunbarton Cabana | 150 Dunbarton Circle | Sacramento, CA 95825

|                                     |
|-------------------------------------|
| <b>SPECIAL OPEN SESSION MINUTES</b> |
|-------------------------------------|

**I. CALL TO ORDER 2:00 PM**

**II. Present**

|                       |                             |
|-----------------------|-----------------------------|
| <b>Board Members:</b> |                             |
| Frank Loge            | Vice-President              |
| Christina George      | Treasurer                   |
| Linda Cook            | Secretary                   |
| <b>Management:</b>    |                             |
| Bettsi Ledesma        | General Manager             |
| Sarah Lowrey          | Assistant Community Manager |

**III. NEW BUSINESS**

**a. Meet with Landscape Contract Bidders**

Three landscape companies were invited to meet with the Board of Directors, Grounds and Finance Committees. The three companies invited were GP Landscape, Coast Landscape and Carson Landscape. Each company was interviewed alone and given ten minutes to make a presentation and ten minutes for a question and answer period. The committee participants were then instructed to submit a written review and recommendation to management to be included in the May 2, 2018 Executive Session Board Packets.

The following committee members were present and participated in the interviews:

|                 |                         |
|-----------------|-------------------------|
| Pam Livingston  | Grounds Committee Chair |
| Kathy Waugh     | Grounds Committee       |
| Kay Chmielewski | Grounds Committee       |
| Don Landsittel  | Grounds Committee       |
| Pam Sechrist    | Grounds Committee       |
| Will Vizzard    | Finance Committee       |
| Susan Timmer    | Finance Committee       |
| Joan Haradon    | Finance Committee       |

**IV. NEXT MEETING:** Wednesday, May 2, 2018 at 5:30 pm in the Nepenthe Clubhouse

**V. ADJOURN 3:05 PM**



April 13, 2018

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

On April 10, 2018, I conducted a root inventory inspection of one Deodar Cedar (*Cedrus deodara*) tree #1353 at 711 Elmhurst Circle on behalf of The Nepenthe Association. The cause of the inspection was to address the concerns from the homeowner that roots of the tree were growing into or under home foundation. My findings are as follows:

- Cedar tree #1353 is located within ~4' of side of structure
- Root inventory found 1 large 5" root running alongside foundation
- No Roots from tree running into or under concrete home foundation

My finding for the Cedar tree #1353 is this tree is within ~4' of the side of the structure, with permission from the City Urban Forestry we conducted a root inventory of the trees root system along the side of the home. The crew dug a 5' x 1.5' trench along the foundation and found 1 large tree root ~5" running alongside the foundation, not touching the foundation and then running away from the building. Based on this information I find that there is no visible evidence that the trees roots are causing damage to the structure there for no root pruning or tree removal should be required.

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

CONTRACTOR'S LICENSE: 470283

A DIVISION OF CARSON LANDSCAPE INDUSTRIES



Tree 1353

**Figure 1**



Tree ~4' from side of structure

**Figure 2**



Visible surface roots along structure

**Figure 3**



**Figure 4**



**Figure 5**

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

CONTRACTOR'S LICENSE: 470283

*A DIVISION OF CARSON LANDSCAPE INDUSTRIES*

To the Board of Directors

April 10, 2018

A request to amend one section of Nepenthe's Architectural Criteria, Section 25, that section covering installation of solar tubes.

This month a homeowner has applied for installation of a 10"-diameter Solatube 160 ISn solar tube. This model Solatube includes 'a solar-powered NightLight that emits a soft glow' [product website]. The federal government earlier had been offering a rebate on this product because of its utilizing alternative energy. The lamp itself is located down at the ceiling end of the tube so that it illuminates the room below. The Committee has approved this application although the presence of a lamp is not supported by current criteria.

For many years our Architectural Criteria document has specifically prohibited any electric lamp/light within a solar tube. The A.R.C. observes that several homes contain (presumably unauthorized) lighted solar tubes that are illuminated at night. We find these illuminated domes to be relative unobtrusive – consider how much less ambient light they would emit compared to the 22" x 48" skylight typically installed in Nepenthe.

Therefore the Architectural Committee believe that there no longer exists sufficient reason to prohibit solar tubes containing a light, and we believe that our criteria for solar tubes need to be changed to permit such a night-time lamp within the tube.

The first sentence of **Section 25 Solar Tubes** currently reads,

"Solar tubes must be no larger than the 12-inch diameter size and may not contain a fan or a light."

We request that this first sentence be changed to read as follows:

"Solar tubes must be no larger than the 12-inch diameter size and may not contain an exhaust fan. The versions containing a lamp or light for lighting the room below at night are permitted."

# NEPENTHE ASSOCIATION

1131 Commons Drive  
Sacramento, CA 95825

April 24, 2018

## Notice of Board's Proposed Adoption of Solar Energy Systems Installation Rules

**Date: June 6, 2018**

**Time: 5:30 PM**

**Location: 1131 Commons Dr.**

Dear Homeowner:

Your Board is intending to adopt rules that address the requirements for Owners seeking the Association's approval for the installation of solar energy systems. Please see the proposed rules enclosed.

The intended purpose and effect of these rules are to set forth requirements for Owners to install solar energy systems. The requirements include an application process, and other obligations, all in compliance with State law.

**The Board intends to adopt the rules at its Board meeting on June 6, 2018, at 5:30 p.m. at the Nepenthe Clubhouse, 1131 Commons Drive, Sacramento, CA 95825.**

You are invited to comment on the rules at the Board meeting before the Board adopts the rules.

Sincerely,

Board of Directors

Enclosures

## **Proposed Rules**

### **SOLAR ENERGY SYSTEM INSTALLATION**

#### **I. Statement of Purpose**

A. These Rules apply to Owners in the Nepenthe Association (“Association”) that want to exercise their rights pursuant to California Civil Code Section 714, and Civil Code Section 714.1 (as modified January 1, 2018, or any comparable successor statutes, to install a rooftop solar energy system for their Lot within the Association’s common interest development (the "Development"), either on the roof of the Owner’s residence dwelling or the roof of the Owner’s garage.

B. The purpose of these Rules is to provide procedures and requirements for Owners who wish to install a rooftop solar energy system for their Lot’s household purposes in conformance with Civil Code Sections 714.1, or any comparable successor statutes.

#### **II. Application Process**

Owners wanting to install rooftop solar energy systems for their Lots’ household purposes must obtain approval from the Board prior to any such installation in accordance with the Association’s CC&Rs provisions and rules regarding architectural improvement requests, and upon approval being granted must sign the agreement attached hereto as Exhibit A or a substantially similar agreement.

In order to obtain the above-referenced approval, the requesting Owner must first submit an application for approval of the installation of the rooftop solar energy system to the Association’s Architectural Review Committee, and must include the following, among any other information, that the application form requests as set forth on the application form attached hereto as Exhibit B or a substantially similar form.

A. Plans and specifications confirming the specific solar energy system proposed for installation, and the proposed location for the installation of the solar energy system.

B. The proposed energy system installer’s name, contact information, and contractor’s license number, and a certificate of insurance showing the installer maintains insurance for the following: (a) general liability of a minimum of one million dollars (\$1,000,000) per loss, and (b) for workers’ compensation as required by law; and

C. The Owner’s acknowledgment that Owner must sign the above-referenced agreement.

The Architectural Review Committee shall review the Owner's application and make its recommendation on approval or disapproval of the application to the Board, and the Board shall send a written response to the requesting Owner approving or denying the request within forty-five (45) days of receipt by the manager of the submitted application. If the Board fails to deny the application within forty-five (45) days of submission, the application is deemed approved, unless that delay is the result of a reasonable request for additional information. (Civil Code Section 714(e)(2)(A) and (B))

### **III. Rules for Approval of Solar Energy Systems Installations**

A. These rules adopt the Architectural Review Committee Guidelines, Section 24, Solar Energy Roof Panels, which apply to all solar energy systems' roof panels and provide:

1. Owners are requested to please meet with the Architectural Review Committee before developing plans or submitting an application for approval.
2. 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.
3. 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.
4. Photovoltaic systems must meet these requirements:
  - a. 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.
  - b. Supports for the solar panels shall not impose a dead weight concentrated load exceeding 150 lbs. anywhere on the supporting roof.
  - c. Continuous supports for the solar panels shall not impose a dead load exceeding 75 lbs. per ft. on the supporting roof.
  - d. Continuous supports for the solar panels that are installed perpendicular to the roof slope shall have a drainage gap at 10 ft. maximum.

e. A building permit shall be secured prior to commencement of the installation of an approved solar energy system. The Owner or the solar system contractor shall submit an application for a permit to the City Building Department for the installation of the solar energy system, and provide evidence of the approved permit to the Architectural Review Committee, prior to commencement of the installation of the approved solar system. [The current provision of Guidelines that says “prior to submission of the application” is hereby modified]

#### 5. Homeowner’s Responsibilities for Rooftop Solar Systems

a. 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.

b. 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.

c. The homeowner will be responsible for additional costs related to the removal of rooftop debris, whether during regular rooftop cleaning by the Association or for special cleaning required to clear debris that has collected under or around panels.

B. Solar energy systems installations are limited to those systems approved by the Architectural Review Committee, and any installations in the common area will not be approved.

C. Owners may install solar energy systems only upon approval by the Architectural Review Committee.

D. Installation of solar energy systems must meet all applicable health and safety standards imposed by the State of California and local permitting authorities.

E. Owners may not cut, trim, remove, or take any action regarding any tree within the Association’s common area for the solar energy system installation.

F. Owners must maintain liability insurance on their Lot and Residence and provide evidence of the insurance to the Association within fourteen days of the Association’s approval of the application and annually thereafter.

G. Owners must (1) reimburse the Association for any additional costs the Association may incur in maintaining, repairing, replacing or restoring the components of Owner’s Lot or Residence upon which the solar system is installed, including the roof of the building upon which the solar system is installed, and if necessary the removal and replacement of the solar energy system for purposes of performing the activities, and restoring the components to their original

condition after removal, (2) be responsible for the costs for the maintenance, repair, and replacement of the solar energy system until the system has been removed, (3) hold the Association harmless for any damage that arises as a result of the installation and continuing presence of the solar energy system, and/or removal of the system and/or its re-installation, and (4) bear any additional insurance costs that the Association incurs arising from the installation and continuing presence of the solar energy system.

H. Owners must indemnify, defend, hold harmless, and reimburse the Association or its members for loss or damage caused by the installation, maintenance, replacement, removal or use of the solar energy system, including but not limited to restoration of the components of Owner's Lot or Residence upon which the solar system is installed, including the roof of the building upon which the solar system is installed, and in the event of removal of the solar energy system and removal and replacement of the solar energy system, and must provide a certificate of insurance showing the installer maintains insurance for the following: (a) general liability of a minimum of one million dollars (\$1,000,000) per loss, and (b) for workers' compensation as required by law.

I. Owners shall be solely responsible for obtaining all necessary government building permits prior to commencing installation of the solar energy system and shall provide all necessary government building permits to the Association prior to commencing installation of the solar energy system.

J. Owners shall release, indemnify, defend, and hold harmless the Association and the members of its board of directors and their agents, employees, members and independent contractors, from any and all liabilities, claims, demands, causes of actions, or other expenses in any way arising from, connected with or related to the installation, continuing presence, removal and/or removal and replacement of the solar energy system.

K. Each successive Owner of Owner's Lot shall have the same responsibilities as the installing Owner as set forth above, and Owner agrees and is required to disclose to prospective buyers the existence of any solar energy system of Owner and the related responsibilities of the Owner as stated herein.

L. As part of the approval, Owner and the Association shall be required to execute the attached or a substantially similar Agreement Affecting Real Property containing the terms herein to be recorded at the Sacramento County Recorder's office, which shall be binding on all subsequent Owners of Owner's Lot.

#### CERTIFICATE OF ADOPTION OF RULE

I hereby certify that I am the Secretary of Nepenthe Association and further certify that these Rules were adopted by the Board of Directors on \_\_\_\_\_, 2018.

Executed \_\_\_\_\_, 2018. By: \_\_\_\_\_  
(sign name)

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(print name)

**EXHIBIT A**

**AGREEMENT AFFECTING REAL PROPERTY**

This Agreement Affecting Real Property (the “Agreement”) is entered into between Nepenthe Association, a California nonprofit mutual benefit corporation (the “Association”), and \_\_\_\_\_ (“Owner”).

A. Owner is the owner of that certain property located in Sacramento County, California, commonly known as \_\_\_\_\_, Sacramento, CA (the “Home”) and with the following legal description:

**[Insert legal description]**

B. The Home is a part of the community development located in Sacramento County, California commonly known as Nepenthe Association (the “Development”), and as such is subject to the Third Amended and Restated CC&Rs of Covenants, Conditions & Restrictions of Nepenthe Association, recorded on October 14, 2015, at Book 20151014, Page 0349, in the official records of Sacramento County, California (the “Declaration”), and any successor amended and/or restated CC&Rs.

C. The Association is the owners’ association formed to manage the Development in accordance with the provisions of the Declaration.

D. Section 4.1(a) of the Declaration requires owners to obtain approval from the Association prior to making any addition to or alteration of their Lots, Residences or the Development.

E. Civil Code Section 714.1 provides that the Association may impose reasonable restrictions on the Owners’ installation of solar energy systems, which (a) provide for the maintenance, repair, or replacement of roofs or other building components, and (b) require installers of solar energy systems to indemnify or reimburse the association or its members for loss or damage caused by the installation, maintenance, or use of the solar energy system.

F. Owner wishes to install a solar energy system for Owner’s household purposes for Owner’s Home on the roof of Owner’s Home (residence or garage). Owner’s plans and specifications call for the solar energy system to be physically installed on the roof. Because installed solar energy systems might compromise the integrity of the waterproof barrier of the roof and adjacent components and buildings, and might lead to other maintenance problems, including, without limitation, increased costs, the installed solar energy system will be approved only if the requesting Owner agrees that it will do the following: (1) reimburse the Association for any additional costs the Association may incur in maintaining, repairing, replacing or restoring the components of the Owner’s Residence and garage, and the roofs thereon, and adjacent

components or buildings, and if necessary the removal and replacement of the solar energy system for purposes of performing the activities, and restoring the components and buildings to their original condition after removal; (2) be responsible for the costs for the maintenance, repair, and replacement of solar energy system until it has been removed; (3) hold the Association harmless for any damage that arises as a result of the installation and continuing presence of the solar energy system, and/or removal of the system and/or its re-installation; and (4) bear any additional insurance costs that the Association incurs arising from the installation and continuing presence of the solar energy system;

G. Owner recognizes, acknowledges, and understands that an attached solar energy system might compromise the integrity of the roof of the Residence or garage upon which the solar system is installed, and the adjacent components and buildings, and might lead to other maintenance problems, including, without limitation, increased costs. In return for obtaining approval from the Association to install an attached solar energy system, Owner is willing to do the following: (1) reimburse the Association for any additional costs the Association may incur in maintaining, repairing, and replacing components of the Owner's Residence and garage, and the roofs thereon, and adjacent components and other buildings, and if necessary the removal and replacement of the solar energy system for purposes of performing the maintenance activities, and if not replaced then restoring the components and common area to their original condition after removal; (2) hold the Association harmless for any damage that arises as a result of the installation of the solar energy system, and /or removal of the system and/or its re-installation; and (3) bear any additional insurance costs that the Association incurs arising from the installation of the solar energy system.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other valuable consideration, receipt of which is hereby acknowledged, the Association and Owner hereby agree as follows:

1. Approval of Owner's Architectural Request for Solar Energy System Installation. The Association hereby approves the Owner's architectural request for the installation of the solar energy system.

2. Payment of Costs. Owner agrees to (1) reimburse the Association for any additional costs the Association may incur in maintaining, repairing, replacing or restoring the components of the Owner's Residence and garage and the buildings upon which the solar system is installed, the roof of the building upon which the solar system is installed, removal of rooftop debris, and if necessary the removal and replacement of the solar energy system for purposes of performing the activities, and restoring the components and buildings to their original condition after removal, (2) be responsible for the costs for the maintenance, repair, and replacement of solar energy system until it has been removed, (3) hold the Association harmless for any damage that arises as a result of the installation and continuing presence of the solar energy system, and/or removal of the system and/or its re-installation; and (4) bear any additional insurance costs that the Association incurs arising from the installation and continuing presence of the solar energy system.

Owner agrees to bear and pay any additional insurance costs that the Association incurs arising from the installation and continuing presence of the solar energy system.

Owner shall reimburse the Association for any such additional costs within thirty (30) days following written request therefore, and if not paid within such period, any such amounts shall be, and shall be treated as, a Special Individual Assessment. Nothing herein shall be interpreted or construed as requiring the Association to reinstall the solar energy system if the Association causes it to be removed during its activities, and the Association shall not be liable in any way to Owner or anyone else for any damage that might occur to the solar energy system during such activities, except for such damage that arises out of the sole gross negligence of the Association.

3. Trees. Owner may not cut, trim, remove, or take any action regarding any tree within the Association's common area.

4. Permits. Owner shall be solely responsible for obtaining all necessary governmental building permits prior to commencing installation of the solar energy system and shall provide all necessary governmental building permits to the Association prior to commencing installation of the solar energy system.

5. Release. Owner, for itself and its agents, successors and assigns, hereby releases and agrees to hold harmless the Association and the members of its board of directors and their agents, employees, members and independent contractors, from any and all liabilities, claims, demands, causes of actions, or other expenses in any way arising from, connected with or related to the installation, continuing presence and/or removal of the solar energy system and/or its re-installation. In doing so, Owner waives, and understands and acknowledges the significance and consequences of waiving, the provisions of California Civil Code Section 1542, which provides:

A general release does not extend to the claims which the creditor does not know or suspect to exist in his or her favor at the time of executing this release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. Indemnification. Owner agrees to indemnify, hold harmless, and defend the Association from, any liabilities, claims, demands, or causes of action against the Association and any other expenses incurred by the Association, which arise from or are related to the installation, continuing presence and/or removal of the solar energy system, including but not limited to restoration of the common area in the event of removal of the solar energy system and regardless of whether the company that installs the solar energy system goes out of business, lacks insurance, or becomes bankrupt.

7. Owner's Contractor's Insurance, Bonds and County Building Permits. Owner shall provide to the Association a certificate of insurance covering the contractor installing the solar energy system showing proof of insurance for the following: (a) general liability of a minimum of one million dollars (\$1,000,000) per loss, and the certificate shall name the Association as "additional insured"; and (b) for workers' compensation as required by law. Owner shall provide the certificates to the

Association before installation of the solar energy system and the insurance must cover the duration of the contract for installation.

Owner shall provide to the Association proof of the contractors' bond at the Association's discretion.

Owner shall provide to the Association copies of all necessary governmental building permits prior to commencing installation of the solar energy system, and copies of all signed governmental building inspection certifications upon completion of installation of the solar energy system.

8. Owner's Insurance. Owner shall provide to the Association a certificate of insurance covering the solar system installation, including but not limited to the Owner's unit, for at least one million dollars (\$1,000,000) in casualty and property damage, and at least one million dollars (\$1,000,000) in liability for property damage and personal injury. Owner shall provide the certificate upon signing this Agreement and annually thereafter.

9. Legal and Recordation Fees. Owner agrees to reimburse the Association for its legal and county recorder's fees to prepare and record this Agreement.

10. Assumption of Responsibility. Owner hereby assumes responsibility for any damages, liabilities, claims demands, or causes of action and any other expenses which arise from or are related to the installation, continuing presence and removal of the solar energy system.

11. Attorneys' Fees. In the event a dispute arises under or is related to this Agreement, and whether or not a lawsuit is filed or commenced, the prevailing party shall be entitled to all fees and costs, including attorneys' fees.

12. Complete Agreement and Modification. This Agreement represents the complete and total understanding of the parties with respect to the solar energy system proposed. With the exception of the Association's governing documents, any prior correspondence, memoranda, or agreements are replaced in total by this Agreement. No modification of this Agreement shall be made or effective unless and until such modification is executed by the Association and Owner, or their successors, or assigns, and recorded in the official records of Sacramento County, California. The recitals are hereby incorporated into and made a part of this Agreement.

13. Covenant Running with Property / Notice to Prospective Buyers. This Agreement shall run with the land and shall be binding on all parties having or acquiring any right, title, or interest in the Home, or any part thereof, and their heirs, successors and assigns.

Owner shall disclose to any prospective buyer of Owner's Lot the existence of the solar energy system, this Agreement and the related responsibilities of the Owner as stated herein.

14. Legal Counsel; Ambiguities. Each party acknowledges that it has had the opportunity to have this Agreement reviewed by legal counsel prior to executing the Agreement, and no presumption or

rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

15. Definition of Terms and Severability. Except as expressly provided herein to the contrary, all terms used in this Agreement which are defined in the Declaration shall have the same meaning as in the Declaration. Invalidation of any provision contained in this Agreement by judgment, court order, or otherwise, shall in no way affect any other provision contained herein, or in the Declaration, which shall remain in full force and effect.

16. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

17. Effective Date. This Agreement has been executed to be effective upon its recordation in the official records of Sacramento County, California.

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Nepenthe Association

By Owner(s):

By President: \_\_\_\_\_  
(sign name)

\_\_\_\_\_  
(sign name)

\_\_\_\_\_  
(print name)

\_\_\_\_\_  
(print name)

**EXHIBIT B**

**NEPENTHE ASSOCIATION**

**APPLICATION FOR ARCHITECTURAL APPROVAL REQUEST**

**SOLAR ENERGY SYSTEMS**

**Name** \_\_\_\_\_

**Lot Address** \_\_\_\_\_

**U.S. Mailing Address** \_\_\_\_\_  
\_\_\_\_\_

**Home Phone** \_\_\_\_\_ **Work Phone** \_\_\_\_\_

**Email** \_\_\_\_\_

1. Applicant must submit this form and the following.
  - (a) A set of plans and specifications identifying the specific solar energy system proposed for installation, and the proposed location for the installation of the solar energy system.
  - (b) Installation of solar energy systems are preferred to be installed without penetrating the roof covering systems, and any installation that proposes to penetrate the roof covering system must specifically identify the location and depth of the proposed penetration, the materials to be used in affixing the system to the roof, and the sealing process to be used for the points of penetration.
2. This installation or construction must be made by a licensed contractor and a copy of his/her certificate of insurance must accompany this application.
3. Processing of this application may take up to forty-five (45) days. You may not begin work until the request is approved.
4. The purpose of this application is to provide compatibility and harmony in construction throughout the community.
5. Approved requests will be valid for 12 months from the date of approval.

**Proposed Start Date** \_\_\_\_\_ **Proposed Completion Date** \_\_\_\_\_

**Building Permit Required?** \_\_\_ Yes \_\_\_ No

**Guarantee/Warranty Terms** \_\_\_\_\_

**General Description of Proposed Work (Attach additional sheets if necessary):**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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(Attach plans, specifications, pictures, brochure, etc.)

I hereby request authorization to make the above noted modification or addition to my residence. I understand and agree to the following, if the request is approved:

- a. All proposed changes must conform to building codes, if applicable.
- b. Owner accepts complete responsibility for painting, upkeep and maintenance of said improvements, including any necessary repairs to the exterior of the building as a result of said installation, hereafter.
- c. If applicable, owner may be required to obtain a building permit for this architectural modification.
- d. If applicable, owner will submit a copy City/County final inspection approval to the Association.
- e. Maintenance Responsibility Agreement may be required for certain modifications.
- f. Owner will assume all responsibility for any damage that occurs to the building, or other structures in connection with this architectural change.
- g. Owner acknowledges that the Owner must sign an agreement regarding the solar energy system that will be recorded with the county recorder.

\_\_\_\_\_  
Applicant Signature

Date: \_\_\_\_\_

-----

**Architectural Review Committee Action:**    \_\_\_\_\_ Approved    \_\_\_\_\_ Denied

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Architectural Review Committee Chair  
(Signature)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Printed Name)



**THE MARCH GROUP**  
*of Wells Fargo Advisors*

**Nico F. March**  
Senior Vice President – Investments  
Senior Institutional Consultant

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Fax: 619-531-1880  
Web: <https://home.wellsfargoadvisors.com/nico.march>

**Dear Board Members and Directors,**

**On 4/10/18 Nepenthe Association account (6148) has \$2,360,100 liquid in the Money Market Fund. We recommend the following investments:**

**\$245,000            24 month CD 2.35-2.50%    APY\***  
**\$245,000            24 month CD 2.35-2.50%    APY\***  
**\$245,000            36 month CD 2.50-2.75%    APY\***  
**\$245,000            36 month CD 2.50-2.75%    APY\***  
**~~\$250,000            84 month MLCD(see attached brochure) CD 0.00%    APY\*~~**  
**\$250,000            TIPS funds (Treasury Inflation Protected Securities)**

**PLEASE SEE ATTACHED PROSPECTUS FOR ADDITIONAL INFORMATION**

*Due to fluctuations in interest rates, the quote given above may be above or below the actual rate when the purchase is made. By signing below, you understand that no purchase order will be executed until you speak with a member of the March Group to confirm your order and you acknowledge the potential for and accept the possibility of rate fluctuations in the interim. Please call if you have any questions regarding the purchase of the CD.*

**Approved strategy By:**  \_\_\_\_\_  
Please Sign here and provide Name \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_ and  
Phone # \_\_\_\_\_

**We will contact you to confirm a purchase before executing.**

Yields are given as of 04/10/2018 and they are subject to price change and availability.

\*The Annual Percentage Yield (APY) represents the interest named through each eligible call date based on simple interest calculations and an investment price of 100. If interest rates change, this may negatively affect the principal value; and if these CD's are sold in the secondary market prior to maturity or call date, they may be worth less than their original cost. There is no guarantee as to the market value if sold prior to maturity or redemption.

CDs are FDIC insured up to \$250,000 per institution per depositor.

**Bettsi Ledesma**  
Nepenthe HOA  
First Service Residential  
1131 Commons Drive  
Sacramento, CA 95825

Phone: 916-929-9290  
Fax:  
Email: [Bettsi.Mccomb@Firstserviceresidential.com](mailto:Bettsi.Mccomb@Firstserviceresidential.com)

Date: 04/10/2018  
Sent By: William Griffith  
Pages: 1

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600 W. Broadway, Suite 1450 – San Diego, California 92101            WFA approval # 0118-00479 exp 072019

**Thank you for your business.**