

**Nepenthe Finance Committee  
Homeowner Budget Forum  
10/19/21**

Present:

- All committee members
- Multiple Board members
- Bettsi
- 19 people in room and 30 on Zoom

Notes from participants' questions, comments, and discussions:

- Q: Will you compile people's questions and answers to be posted/shared?
  - A: Yes
- Q: Is it standard business practice to get multiple bids for contracts, do we do that?
  - A: Deferred to Board member & Bettsi to respond
  - A from Bettsi: the Board has some leeway on that, Davis Stirling laws do not require multiple bids every year for all contracts, but they do require that we don't contract for more than one year at a time. This means that they are looking at the contracts annually.
  - A: For example, big drivers of cost such as siding and roofing, asphalt, and concrete are always bid out. Landscaping is usually reverted to month-to-month contracts if after first year the Board is satisfied with the services. Many of our services are only available through a small set of contractors, including landscape, because of the scope and scale of our needs. There's also a lot of burden to the HOA to do a rebidding process. So over the years, on things like Security and pool cleaning, the Board usually elects to renew. In addition, a majority of special projects are bid out.
  - Follow up Q: what about community management?
  - A: The Board a few years back did a bid process for this service and First Service has been the only contract management vendor since then.
- Comment: Many of our practices seem to be antiquated, for example with technology usage, so it's important to review to ensure that all have access regardless of their advantages.
- Q: When we hit a valley in expenses and things cost less, what happens? When the last special assessment occurred, we were told that the new composite shingles would last 50 years not 30 (as show in the reserve study).
  - A: We did check Browning about the lifespan of the shingles when this occurred and made an adjustment. We review all the lifespan estimations and expenses annually. If costs are actually lower, we adjust the entire reserve study and budget to reflect the savings and adjust going forward.
- Q: How did we get the research about the other HOAs?
  - A: We found some folks in our community that had some of the information, and used online research including the HOAs' websites and other available data. We also asked people who lived in other HOAs recently.
- Q: We talked about the projections that are 30 years out, are they done based on "status quo"? Do they take into consideration things like drought or new materials available like siding?
  - A: Projections are done as status quo, because we don't know what we don't know. We don't know how long the drought will last. We don't know what new innovations will be

made by materials. Browning and the committee reviews the reserve study every year and Browning comes out in person every three years to assess and update the reserve study.

- Q: Is it the Board or committees' responsibility and decision to make changes?
  - A from John Baker: It's not as static as it may appear. The landscape committee is looking currently at more drought tolerant landscaping. Then if the committee and Board make a decision or recommendation, Browning is notified and makes the adjustments in the reserve study.