

Minutes – Finance Committee Meeting

March 25, 2024, 4:30 pm

Present at last meeting: Will Vizzard (m), Tara Foust (m), Don Landsittel (m), Nina White (m), Susan Timmer (m), Nicole Marks (Manager), Bill Henle (Board liaison) Observers: Courtenay Delfin, Carol Duke, Karen Lowrey, Cheryl Nelson, Don Ellwanger, Markus Dascher, Ashley Tangeraas, Peter Pelkofer, Brian Coates

- 1) Approval of February minutes – Approved via email. Link to Zoom recording of meeting: <https://nepenthehoa.com/finance-committee/>
- 2) Updates from Management/ Board
 - i. Organizational chart- Ms. Marks presented the Nepenthe HOA Organizational Chart and Communication Flow, distributed to committee chairs last month. She described the system for communicating formal committee-related matters. After some discussion, Mr. Landsittel made a motion to recommend to the Board the following changes to the chart: 1) that “Advisory Board” be changed to “Board of Directors”; and, 2) that “First Service” be included in the chart to show the organizational connection and communication flow with management and the Board. Ms. Foust seconded the motion. The motion passed unanimously.
 - ii. Taxes- Mr. Henle received the tax returns from the CPA on Friday afternoon (3/22/24). After the Board reviews the documents, he will forward them to the FC.
 - iii. Financial review- Mr. Henle received the financial review from the CPA on Friday afternoon (3/22/24). After the Board reviews the documents, he will forward them to the FC. He noted that the accountant reported no exceptions.
 - iv. Reserve study – Ms. Marks reported that Browning’s office called this afternoon, stating that they would be on site 3/26/24 to begin their evaluation of the remaining useful life of HOA assets. The list below itemizes issues the FC believes are important for Browning to address.
 - i. Reserve study: questions, issues for next year (running list for Browning)
 - What are alternatives to mitigate the impacts of increased product, material and labor costs
 - Implications of extending projects to reduce expenditures during fiscal periods
 - ii. Siding- Browning will use the cost estimates that Paul Reeves and the contractor worked up for Phase 2, as they went into more detail than he usually does for a site visits.
 - What is the impact on the reserve study of using a product with a higher anticipated useful life than T1-11?
 - Extending siding cycle from 6year to 12 years- Current siding cycle is set at 12 years, with expectations that there will be some minor yearly siding expenses.
 - iii. Painting-
 - Paint cycle should sync with the siding cycle- Current paint cycle is set at 6 years so that every other cycle will coincide with a siding cycle.

- Determine lifespan of the current painting product; mid-cycle touch up included
- iv. Tennis courts-
 - Resealing costs- Browning will confer with the tennis court specialist.
 - Elmhurst courts- Maintenance will be deferred until the Board decides what to do with that space. It will need a total overhaul, even if not used for tennis in the future.
 - v. Landscape-
 - Turf irrigation changes per AB1572
- v. Siding and painting- Mr. Henle requested a full forecast of total expected costs for the completion of Phase 1 of the siding and painting project. Phase 1 is currently estimated to be completed in July/August 2024. Per Mr. Henle, 50 units have yet to be completed in Phase 1. He also stated that the bids for work on Phase 2 are coming in now. Ms. White stated that her spreadsheet that will show the total amounts of siding and siding replacements per unit is ready to go. She just needs info from Mr. Reeves. Mr. Vizzard will pass on that information.
 - vi. Landscape- Ms. White asked that the expenditures with GL codes associated with irrigation be cleaned up so that it is clear which expenditures are associated with irrigation and which are associated with remediation/plantings related to irrigation work. Ms. Marks said she could do this.
 - vii. Water billing- No updates, per Ms. Marks. The city and our consultants are currently collecting data on water usage in the HOA.
- 3) Old business: N/A
 - 4) New business:
 - a. February financials-
 - b. February reserves- Expenditures under Pool/Spa increased last month due to recodes dating back to 2019: Appx \$12,000 worth of expenses were paid out of operating funds instead of reserves in 2019. These were recoded and charged to the correct line items.
 - 5) Homeowner questions/comments- Homeowners and FC members engaged in a lively discussion on HOA tax liability and the process involved in the approval and correction of the reserve study.
 - 6) Next meeting- April 22, 2024
 - 7) Meeting adjourned- 5:53 pm