RESPONSES TO DECEMBER 2024 OPEN MEETING COMMENTS and CORRESPONDENCE

Please note these responses will always be attached to packets for Open Board meetings following the meeting where the comment was made and will also be published with the monthly newsletter. As time, quantity of homeowner comments, and level of research necessary to prepare full and accurate responses permits, these responses may also be emailed mid-month after the meeting date mentioned in the heading.

HOMEOWNER FORUM

1. Bill Newbill, Homeowner: Asks for a status report on resolving the insurance deductible questions asked at the November meeting. He suggests we divide the premium for a monthly special assessment and that Nepenthe set aside money for the deductible. Most insurances will only cover $50,000 for loss assessment.

Topic: Insurance Deductible; Special Assessment

BOARD RESPONSE: The Board, with advice from our attorney, insurance agents and the Insurance, Legal and Safety committee compiled a statement that we believe answers this question. Please see the January 10, 2025, Friday update from the Nepenthe office.

As noted in the statement, there are many variables preventing development of a firm policy on how payment of the fire and hazard insurance policy deductible will be handled. This is a result of insurance claims and related matters being addressed on a case-by-case basis following the event causing the damage.

2. Nancy Cochran, Homeowner: The Board needs to revisit the request for reparations when siding work causes interior damage to a unit. She believes the response that the contract carries an indemnification section is not sufficient. She would like a Board response and for something to be done. She suggests we consult the HOA attorney. The damage at one homeowner's unit was obscured by drapes; it was not seen until much later than the siding work. She would like the Board to seek legal advice.

Topic: Possible contractor damage

BOARD RESPONSE: The board reviewed this topic in the Executive Meeting on January 7, 2025. After review, the board agrees that this is a responsibility of CPS, however because of the numerous times they have provided gratis work for us, the board is choosing to pay for this particular issue due to evidence of probable cause.

3. Bill Newbill, homeowner: The contractor's insurance should pay for the damage.
Topic; Possible contractor damage

BOARD RESPONSE: Please see reply to question 2, above.

4. Andrew Barrios, Homeowner: When is the board election?

[Three seats are open for election at the annual Meeting May 28, 2025.]

Topic: Election of officers

5. Pat Singer, Homeowner: Please explain the election process for nominees – By-laws, etc.

The January 10th Friday update provided information on the timeline of the election along with some basic instruction on running for a Board position.

6. Bonnie (surname unknown, question from chat): Would like information on insurance deductible issue.

Topic: Insurance deductible

BOARD RESPONSE:

Please see the response to question #1 above and the January 10, 2025, Friday update from the Nepenthe office.

7. Andrew Barrios, Homeowner: Homeowner is responsible for inside and HOA for outside, right?

Topic: Damage responsibility; Insurance Coverage

BOARD RESPONSE: Please see the response to question #1 above and the January 10, 2025, Friday update from the Nepenthe office.

8. Bill White, Homeowner: The insurance broker said he was not aware of any other HOA with the provision for the homeowner to pay part (or all) of the deductible. When CC&Rs written deductibles were probably very low and the writers would have no idea they could rise to current levels. We need to change the CC&Rs and have the association responsible for liability deductible. We need to have a vote to change the CC&Rs.

Brian Coates reminded the community that Board members are also homeowners. The Board is continuing to seek information and reviewing options.]

Topic: Insurance deductible; CC&Rs

BOARD RESPONSE: Changing the CC&Rs is a legal contract/document where revisions require a formal election (voting) process where 50% of the homeowners must vote "yes" for the revision to pass and then filing the new contract with the California Secretary of State. It is not something that can be accomplished by Board vote or by rewriting policies. Nepenthe is currently on its 3rd revision in 50 years.

9. Andrew Barrios, Homeowner: How would this Board vote on the issue of the $100,000 deductible?

Topic: Insurance Deductible

BOARD RESPONSE: Please see the response to question #1 above and the January 10, 2025, Friday update from the Nepenthe office.

10. Nancy Arndorfer, <u>Homeowner:</u> Should a special committee be formed to review the matter?

Topic: Insurance Deductible

BOARD RESPONSE: The Insurance, Legal and Safety Committee is actively involved in the research and information seeking on this topic.

CORRESPONDENCE

1. Jan Weeks, Homeowner: Is unhappy with the rate of increase in the 2025 dues assessment. The $41 portion for water may not be offset by that amount from the City. In addition, why are the smaller units charged the same as the larger units which need more resources for maintenance and repair?

Topic: Dues increase; Share of dues

BOARD RESPONSE: The 2025 dues amount is a combination of 2 factors: the transfer of water expense from the City to Nepenthe; and the costs of operational and reserve expenses. The major factor in the increase in expenses relates to the nearly 300% increase in the Association's liability and property insurance costs. Please check your current bill from the City of Sacramento for the amount you are being charged for water (the City bills by number of rooms). The $41 Nepenthe projects as the cost per unit for water is less than the City has been charging. Our CC&Rs (8.2.e) require the association spread costs equally among homeowners – there is no provision for allocating costs by size or floor plan model.

2. Bill White, Homeowner: If the HOA is responsible for exterior repairs, why would homeowners have a responsibility for the insurance deductible to pay for damage repairs? It would be more reasonable if all homeowners share in the expense, rather than just those whose units were damaged. Are freestanding units condos? Will HO6 policies pay off for freestanding units?

Topics: Insurance Deductible; Freestanding units

BOARD RESPONSE: All Nepenthe units are within the HOA. Therefore, they are PUD units which qualify for HO6 insurance policies. Homeowners with stand-alone units may be able to purchase residential insurance.

Please see the response to question #1 above and the January 10, 2025, Friday update from the Nepenthe office.

3. Markus Dascher, Homeowner: 1) Was the ILS Committee involved with the Insurance Town Hall meeting? 2) Why was the flood insurance policy changed from one broker to another and who made that decision? 3) The Dunbarton fence was modified incorrectly. Who supervised the work? The Board then approved a change order for $455.01. What was that for?

Topics: Insurance and ILS; Flood insurance broker; Dunbarton fence

BOARD RESPONSE: 1) Jackie Grebitus, Chair of ILS, provided insurance adjuster information during the community meeting with our insurance advisor Rick Russo. 2) When Farmers Insurance was our insurer Russo Insurance brokerage carried our account. With Farmers decision to not renew, the Association identified a broker to shop for insurance. The decision was made to consolidate insurance, combining liability and flood under one broker. 3). The Dunbarton pool fence was not originally installed per our order. The approved additional amount reflects the costs for required correcting materials and does not include labor.