

RESPONSES TO JULY 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. Don Landslittel, homeowner: The phrase 'threshold funding' is unknown to the community. First Service recommends that reserves be funded at the 70% level. How does the Board explain threshold funding to homeowners and compare it to percentage funded? Has the siding work in Phase 2 been slowed down this homeowner suggested in a prior meeting? It looks like the projection is 14 months for this phase. Would like to a comparison of the units, the time, and the cost.

Subjects: Reserve % Funded; Threshold Funding; Pace of Phase 2 Siding

Board Response: The percent funded issue has been explained in Responses to Homeowners distributed in the December 2023, January 3, March 6, and July 2024 Open Meeting Packets. Those responses are complete. In order to calculate reserve studies, an association decides upon a monetary amount that would be the minimum tolerable balance in the plan. As projects incur and bills are paid and a revenue arrives, the balance of the planned fund will fluctuate. Neperthe established a \$5,000,000 as the minimum balance for our threshold level. – the amount we want to never drop below. That amount is the base upon which our reserve funding and spending plan is calculated using past experience and projected reserve expenses and revenue. As Phase 1 is not fully complete and there are still pending invoices, final costs are not yet available. It is planned that Paul Reeves will make a presentation at the August Open Board Meeting where he will be able to summarize Phase 1 and gives his expectations about Phase 2. The latest figures are included in the Reeves report in the open packet.

2. Ricardo Pineda, homeowner: Believe AB1572 is a ticking timebomb that is an arbitrary and capricious law. While he does not know the impact, it could effect most of our turf. He feels the law is unconstitutional, a 'taking'. He would like the Finance Committee and the Board to keep that in mind.

Subjects: AB1572

Board Response: Thank you for your comments.

3. Ashley Tangeraas, homeowner: Appreciates Carol Duke's information. Believes some savings should offset the reserve contribution not made as we had run out of cash.

Subject: Commend Finance Chair; Cash Flow

Board Response: Thank you for your comments.

CORRESPONDENCE

1. Steve and Robert Dunn, homeowners: They have a sign on their back gate directing delivery people to drop packages over the fence. They have received a violation notice and would like the Board to develop guidelines for homeowner signage to address the problem of potential package theft.

Subjects: Homeowner Signage Directing Package Delivery

Board Response: We appreciate your concern; the Board will review the situation and the current signage rules.

2. Jerry Dunn, homeowner: Requests Board review of the flood insurance coverage currently carried by the Association as there is little flood risk and homeowners can possibly purchase insurance at a lower cost.

Subjects: Flood Insurance

Board Response: Nepenthe CC&Rs require that the Association maintain the siding, roofs, and fences of community units. As the Board is charged to preserve, protect and maintain these assets, the Board would be negligent if it did not insure against potential losses, whether for fire, storm or flood. Not covering those risks would breach the Board's fiduciary responsibility. Please see the November 2023 Response to Homeowners included in the December 2023 Open Board Meeting packet for more discussion of the flood insurance issue: <https://nepenthehoa.com/wp-content/uploads/2023/12/Nepenthe-2023-12-06-Open-Session-Packet.pdf>, beginning page 74, and attached to the December 2023 Nepenthe Newsletter.

3. Ashley Tangeraas, homeowner: Believes approving proposals in Executive session by this Board is incorrect and that prior to this Board, approvals were done in Open session.

Subjects: Approval of proposals

Board Response: Upon advice of legal counsel, approval of proposals fall within the scope of Executive meetings. It is incorrect that all prior Boards have approved proposals in open meetings. One Board, 2021-2023, did do that, choosing to ignore legal advice. Vendor proposals are binding agreements for work and payment, thus contractual. This Board will continue to rely upon the advice of legal and financial experts with experience in HOA law and finances.