

RESPONSES TO JUNE 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.

1. Don Landslittel, Homeowner: Welcome to the new Board members. The percent funded level of our Reserves is going down. We should be managing by funding level. The Phase 2 siding project schedule should be stretched out, so it doesn't hit our reserves so hard. There was a mention of mandated grounds work and he would like a written description and plan for that. We cannot afford to do all the grounds work so quickly as we have this last year and 4 years ago. Would like the Board to set a percent funded target of 50 or 55 percent for 2025 and achieve that goal through management, not through a dues increase.

Subjects: Percent Funded Reserves

Board Response: The Board is committed to maintaining the community and its assets and allocates funds to achieve that goal. We consider the siding project critical to Nepenthe's infrastructure and the schedule was created with that in mind. We are conscious of the fact that the project costs will only be greater if we delay. The Board works with our Finance, Grounds and Insurance committees to look for opportunities to reduce spending. The Board are also dues-paying homeowners and as such we also prefer to not have increases in homeowner dues if our fiduciary responsibly to 'protect, preserve, and maintain' the association can be achieved by other means.

Using the per cent funded as a measure of a reserve health is not recognized as an accurate indicator of fund health. Experts in the field of community association business most often recommend threshold funding as a better gauge. Nepenthe uses the threshold funding plan. In practice per cent funded number will have peaks and valleys depending upon the status of costly projects. Our siding and paint project will lower our per cent funded value but, once complete, our continued savings toward the next siding project will raise that value. See: <https://www.reserveadvisors.com/resources/blog/what-percent-should-hoa-reserves-be-funded/> which states, in part, "In lieu of targeting an arbitrary percentage of the fully funded balance, Associations should target a path (funding plan) that considers their specific needs. Most in the reserve study industry agree that stable, consistent reserve contributions that cover the cost of capital expenditures over time (**aka threshold funding**) is a more thoughtful approach to reserve planning compared to targeting a nominal percentage of the fully funded balance. This approach ensures adequate reserve funds from year-to-year and often results in lower annual assessments than targeting 100% of the fully funded balance." (emphasis added)

Finally, a percent funded target would cause assessments to increase significantly. That being said, we are cognizant of the percentage of reserve in the current and budget (2025) year and are committed to controlling costs to keep Nepenthe in a positive and solvent position in the future. Please see prior Board responses on this issue related to the March 2024 Open Meeting. (April newsletter)

AB1572 is a state-mandated program focused on reducing non-used turf. At this time, details on the specifics of implementation are not yet available. HOAs are grouped with industrial and commercial properties under this law and our landscape contractor has dedicated an employee to monitor the implementation plans and convey them to customers. That person will be speaking to Nepenthe at an upcoming meeting; until then, there are no written descriptions of the plan and, thus, no definite plans. The Grounds Committee, mentioned by Director George, will be working to identify plants and hardscape that maybe useful if and/or when we must remove turf.

The procedure is established for review cycles of shrubs that might impede siding and painting progress. This identification is done on a case-by-case basis in conjunction with representatives of the siding and painting contractors, representatives from Grounds and the Board. Review of areas in phase 2 and marking of identified plantings for removal will begin in the summer. As the timing and workflow plan for phase 2 is identified, more details will be available.

2. Bill White, Homeowner: At the December Open meeting someone termed those signing the recall petition a 'cabal' out to get Bettsi (past Nepenthe General Manager). He resents that designation. He signed the petition in protest over the treatment he and his alley homeowners received over his request for a larger tree. He read a statement on the recall (attached) questioning a lack of transparency on the processing of the recall and the accounting for the legal expenses related to the recall.

Subjects: Handling of Recall

Board Response: Thank you for your comments.

3. Ashley Tangeraas, Homeowner and past Board member: The Board did not follow the statute on recalls and that is a breach of fiduciary duty. It should be the personal responsibility of the Board to pay back to the Association the expense involved in resisting the recall effort. This is another example of self-dealing. Should not have hired a firm to handle the recall election. It is outrageous conduct to put out a rebuttal but not other comments. These expenses are frivolous.

Subjects: Handling of Recall

Board Response: Thank you for your comments.

4. Charles Weigel, Homeowner: The weeds between Nepenthe property and the levee are about 4 to 5 feet high and a fire danger. Does Nepenthe have any influence with the agency responsible for upkeep to get these weeds cut down?

[Director Dascher: The City has said they can only mow twice a year.]

[General Manager: Report the issue to the Fire Department and they will coordinate.

(Later in discussion, Manger said she would contact the Department).]

Subjects: Levee Maintenance

Board Response: The weeds have been cut down. Neperthe management has contacted ARFCD (American River Flood Control District) to determine the schedule and scope of work for the maintenance of the levee. When that information is received, homeowners will be notified via the Friday email messages. Homeowners along the levee can contact the District when they have concerns about the maintenance or safety of the levee property. The On-line contact site is <https://www.arfcd.org/contact-us> and the phone number is 916-929-4006.

5. Jim Shaw, Homeowner and Grounds Chair: Cal Fire should be addressing the weed issue. Can we mow the grass if the agency does not? That would be a short-term fix while trying to find a longer-term solution.

[General Manager will follow up with agencies.]

Subjects: Levee Maintenance; Fire Danger

Board Response: Please see response number 4 above.

6. Bill White, Homeowner: A recent television story covered the successful response to reporting problems to "Call Curtis".

Subjects: Levee Maintenance

Board Response: Thank you for your comment.

7. Will Vizzard, Homeowner and past Board Member and Finance member: The agency responsible for the levee maintenance is the Flood Control Special Services District, not the City.

Subjects: Levee Maintenance

Board Response: Thank you for the clarification.

CORRESPONDENCE

1. Ruth LeBlanc, Homeowner: Requests a Board review of the parking situation on the private streets (Dunbarton and Elmhurst) due to the number of violations and misuse. She included several suggested changes to the Community Rules (attached).

Subjects: Private Street Parking

Board Response: The Community Rules spell out the parking rules for Dunbarton Circle and basic courtesy rules for parking. These rules have been developed with the cooperation of the homeowners on the private streets (Dunbarton and Elmhurst) and differ by street. It is a basic tenet of our CC&Rs that homeowners park in their garages except for brief loading and unloading. See the Rules at <https://nepenthehoa.com/wp-content/uploads/2024/03/Community-Rules.Updated-3-25-2024.pdf> on page 5.

If, unfortunately, a homeowner or guest abuse these rules, the Nepenthe office should be notified at (916) 929-8380 or Nepenthe.HOA@fsresidential.com. A warning citation will be issued. Repeat occurrences will fall within the disciplinary process, also outlined in the Community Rules, page 19-22.

The Board is not anticipating revision of these rules.

I was surprised to learn that the recall election was back on. According to the notice the recall had been placed on "hold" was now on. I may have missed something at the Board meeting when the decision regarding the recall was made. As I recall, on the advice of our then lawyer the Board voted to "Reject" the recall petition, not place it on "Hold". This decision overrode the previous Board decision to accept the recall petition. Was I mistaken or is this on "hold" statement incorrect? And another example of the prior Boards' lack of transparency? I was also surprised at the timing of the announcement just days before the Board election.

Also, I am confused by the report of expenditures related to the recall. The costs listed begin back in February 2023, the recall petition was not presented to the Board until December of 2023. There is no explanation as to what the expenditures were for, but I assume they were in response to issues raised by some owners regarding Board expenditures and practices. Although those issues may have ended up as part of the recall justification listing them as part of the recall which was not in play at the time is a push.

The costs listed for December and January should be the responsibility of the then Board. Had the Board simply followed the process in the Bylaws and scheduled a vote no legal fees would have been incurred. Apparently, the advice received by the Board from our then attorney turned out to be incorrect and has been reversed by the Association new attorney. Had the Board simply continued to comply with the Bylaws as they started out doing, scheduled the recall election and not engaged the attorney apparently in an effort to determine options for handling the recall most if not all of those costs could have been avoided.

Reporting these costs in the notice announcing that the recall was back on without any explanation as to their purpose could be viewed as an effort to prejudice owners against the recall effort.

READ BY BILL WHITE
6/5/2024