



Annual Meeting Newsletter

**Meeting Agenda, Board Vacancy/Candidate Statements,
Proposed 2017 Budget, and more!**

December 5, 2016 8:00pm (Doors open at 7:30pm)

RCC LAKE ANNE (1609-A Washington Plaza Reston, VA 20190)

To be eligible to vote in the Annual Election, you must be a Member in good standing (i.e. all dues are current). If you have any concerns about your voting eligibility, please contact the Board as soon as possible at board@huntersgreen.org to resolve any issues prior to the Annual Meeting.

2017 Annual Meeting Agenda

1. Call to Order and Review of Agenda
2. Reading and Approval of Minutes of 2016 Annual Meeting
3. President's Report
4. Treasurer's Report and Review of Proposed 2018 Budget
5. Vote on 2018 Budget
6. Election of Board Members
7. Member Comment Period
8. Executive Session
9. Adjournment

Board Member Election

Hunters Green Cluster is run by an elected board of five members and has two openings for a three-year term, starting in 2018. The board actively manages the community, including grounds maintenance, snow removal, infrastructure, trash removal, communication, and covenant enforcement. Unlike many communities, we do not rely on the services of a professional management company to oversee the day to day operations. We rely solely on the work of the board and volunteers.

Candidate Statements

Charles L. Colby (IRR – Current Board Member):

I am currently on the board of HGCA, serving in the role of Treasurer, and am running for a second three year term. When I first joined the board, I took on the role of managing our landscaping and snow removal contracts, and assumed the Treasurer role last year. Another role I played as a board member was the liaison for the playground committee. Areas that I am proud of include managing a procurement for the snow removal, speeding up the approval process for landscape projects, helping launch significant grounds projects (privacy barriers, entry way, drainage), working with my fellow board members to launch ambitious playground and paving projects, initiating a reserve study, and working with Reston Rescue to prevent rezoning of the beautiful golf course. Regarding the golf course, I helped coordinate our participation in the lawsuit by Rescue Reston and personally raised money and attended public meetings.

Looking future, a top goal is to achieve financial stability so we can provide a high level of service but no longer be surprised by special assessments – I think we are finally there! I also belief it is imperative to get help from volunteers and committees, since it ensures more responsiveness, better decision-making, and training of future leaders. Now that we have finished the paving and concrete work, I look forward to improving the quality of landscaping and amenities in the community, while being fiscally responsible. I also believe we need to focus on upgrading our bylaws and instituting competitive bidding.

My wife Deborah and I moved to Hunters Green in 2013. We enjoy our community because of its friendly and open residents, beautiful views and unique architecture. We own a professional services business that we founded in 1992 and that employs a staff of 15. Prior to moving to Hunters Green, I was a member of the Board of Trustees for the nearby Franklin Farm Foundation, where I served for over a year. Prior to that, I served on Franklin Farm’s Open Space Committee, which I chaired for two years. My educational background consists of a MBA and a BS in business from the University of Maryland, College Park. I am an expert on consumer technology behavior, and have co-authored a book and published several articles on the topic.

Reed Skaggs (IRR):

I am volunteering to be a candidate for the Hunters Green Cluster Association Board of Directors. I would like to serve the board and the community to address:

- Optimizing our budget for the good of our cluster
- Engaging our community to keep the grounds beautiful
- Making sure the golf course does not get redeveloped

My family of two daughters, wife and dogs moved to Hunter's Green Cluster the summer of 2015 and we absolutely love living here. I am employed by Lewis-Burke Associates LLC, in Washington DC where we advocate for the public policy interests of institutions of higher education and other research and education organizations. I came to Lewis-Burke from the federal government where I was employed by the Army as a scientist and engineer and eventually a budget / policy expert.

I look forward to the opportunity to serve our community.

Waheed Hassan (IRR):

My name is Waheed Hassan and I live with my wife (Chandni) and two children (Zara and Mustafa) on 11716 Indian Ridge Rd. We moved here from Tysons Corner in Oct. 2010. Both Chandni and I fell in love with the neighborhood the first time we drove in - following a FOR SALE sign on a Sunday afternoon. A lot has changed since then. Both our kids were born after we moved and they have made some wonderful friends at the playground. It is definitely exciting to see so many young families and kids. Coming from Pakistan, we don't have any immediate family in the area and feel fortunate to have neighbors whom we can consider as family. Looking ahead, being part of HGCA will allow me to more actively participate in the future of our neighborhood. There are things we can do to make it more family friendly. Furthermore, given our proximity to the metro station coupled with the ongoing development on Sunrise Valley Drive, as a home owner, I feel we can do more to enhance the value of our property. I hope to work closely with the board and everyone in our community to make Hunters Green Cluster better.

As mentioned above, I am originally from Pakistan. I came to US over 17 years ago for educational purpose. I received an MBA with Beta Gamma Sigma honors from Vanderbilt University and then moved to NY to work on Wall Street. After spending a few years in NY (and becoming disenchanted with Wall Street and its culture), I moved down to NOVA to volunteer at the Fairfax Children Hospital. Six months working with the kids taught me several valuable lessons, and I decided to make NOVA my home. Professionally, I advise C-level executives and Board of Directors of public companies on issues ranging from Mergers & Acquisitions, corporate governance best practices, and shareholder activism. We work with over 500 clients including over hundred Fortune 500 companies such as Starbucks, Chevron, Walgreens, Chipotle, Coke, etc. Over the years, I have advised clients on M&A transactions/proxy contests with the combined market value of companies in excess of \$100 billion. I am also a frequent speaker on panels and have traveled extensively throughout the country. While I work for a company headquartered in NJ, my office is across the street from Indian Ridge Rd. Some of you, may have seen me bike or walk to work.

I hope to get an opportunity to meet everyone and more importantly serve you as part of the HGCA board.

Annual Operating Budget

The proposed standard operating budget for 2018 is included for your review, as well as a Capital Reserves Projection. The budget is for standard expenditures in the community like trash disposal, landscaping, snow removal, legal, accounting, insurance, etc.

President's Report (Yanni Chryssomitis)

2017 was a busy year for the Cluster and perhaps no other initiative was more demonstrative of this fact than in the completion of the asphalt and concrete project in the last several weeks. It goes without saying that this was no easy task and I would like to personally acknowledge and thank the other members of the board for taking lead on this project: Hadi was our onsite project manager and liaison to the contractor and the engineer; Bruce managed resident questions with speed and efficiency; Jean singlehandedly refreshed our parking database to ensure uninterrupted communications and kept us on task; Charles was there to make sure we could pay for it all. To each of you, many thanks.

2018 promises to be just as exciting and there are many goals which I envision, including:

- The completion of our investments in playground and recreation equipment across our grounds,
- The refresh of our community watch lights,
- To review our current landscaping contract and continue to address erosion and other issues on our common ground,
- To clean up our governing documents, and
- To investigate cluster signage to help differentiate our cluster among the many other new and existing neighborhoods in the immediate vicinity.

We have been vigilant in keeping an eye on the numerous development and redevelopment initiatives occurring in Reston and we need to remain so. By making investments in the right places and prioritizing properly, we will ensure that Hunters Green Cluster continues to be a desirable place to live among the many options in Reston.

Treasurer's Report (Charles L. Colby)

I estimate that we will end 2017 with a surplus of \$7,199. This is due to lower than estimated costs for snow removal, tree care and spending on special landscaping projects. As we look to the future, I believe we will incur higher costs because we have delayed special initiatives like revising our bylaws, replacing benches, and upgrading undeveloped areas with hardscaping or planting. I also believe that eliciting the help of volunteers will avoid delaying necessary actions due to a shortage of time to plan and organize.

One activity this year has been the commissioning of a new reserve study, which is required by law every 5 years. The study is being conducted by Community Association Engineering and is still in progress, but will be completed by the end of the year. The reserve study estimates our capital spending needs over the long-term and recommends an annual contribution from our budget to meet

these needs. While the study is not finalized, a review of the work in progress reveal that we have not adequately funded our reserves in the past and need to increase our annual contribution in the future.

A major initiative affecting our finances for 2017 has been the paving and concrete project, which is estimated to cost around \$568,000 when all the invoices are submitted. Our capital reserves are only \$271,000, which covers less than half the cost. We have tried to communicate extensively in our meetings and through special mailings as to the reasons for this shortfall, so I won't address that in this report. After reviewing our financial situation, I recommended and the board approved a special assessment of \$2,200 to cover the funding gap. With this level, I estimate we will start the year with \$49,930 in reserves, after adding unspent surpluses, the excess on the playground assessment, and money from a sale of land to the county for a sidewalk, and subtracting costs for the paving project. This reserve contribution level is a reasonable amount of money to start out for 2018 because we need to save for future capital projects. Our goal is to stabilize our financial situation so that we can avoid assessments (or large dues increases) in the future.

The proposed 2018 budget is shown below and will need to be approved at our annual meeting. For 2018, I am proposing a dues increase of 2% to keep up with inflation (\$32 per year per owner). Note that dues were not increased last year. Adjusting dues consistently with inflation is a necessary practice to avoid future issues such as: intermittent large increases to catch up (such as our 8% increase two years ago), insufficient reserves which results in special assessments, and/or squeezing the budget in a manner that affects services and the appearance of the community. If this proves to be a problem with our community at the annual meeting, I would suggest the alternative budget of reducing a line item called "Special Projects" from its current level of \$11,000 down to \$7,200. This is a category I created for a range of ad hoc projects to gradually improve the community. This year, "special projects" candidates would include: repairing benches and tables; expanding hardscaping on islands for trash cans; expanding planting of annuals; replacing old shrubs; planting new trees; butterfly garden; turf repair; minor erosion control to mitigate mud; signage; and continuing planting of a privacy screen near the court area. Next year, we should have in place a group of volunteers to help plan these projects.

Our total dues revenues in the proposed budget, after discounts, will be \$187,372. Here is an idea of where these dues will go, in order of magnitude:

- Contribution to Reserves: \$46,500 (25%)
 - This is necessary to cover future capital expenses like paving and repairs (more of this below)
- Annual Grounds Contract: \$45,425 (24%)
 - Includes mowing, leaf removal, treatments, trimming, annuals, watering, cleanup, mulching; the contract is the same price as the past two years
- Ground expenses outside of our contract: \$40,378 (22%)
 - The largest item is tree work (\$17,000), but includes a range of projects such as planting barriers, drainage and erosion control, removal of invasives, hardscaping, etc.
- Garbage Collection: \$22,291 (12%)
 - This is an annual contract that increases 3% per year
- Snow Removal: \$11,250 (6%)
 - This includes plowing, treatments, sand barrels
- Financial Services: \$8,000 (4%)

- This includes \$6,000 a year for bookkeeping services, plus accountant fees and ad hoc requests
- Legal Fees: \$5,000 (3%)
 - This includes fees for revising bylaws and board training
- Insurance: \$2,746 (1%)
 - This includes casualty and liability insurance and insurance required for HOAs

Another important area to discuss is our reserve contributions. While the reserve study is still in process, we have included a schedule of past contributions/expenses and proposed future contributions/expenses. After the dust settles on the paving project, we will start the year out with \$49,930 in reserves. This is after placing all available cash (including past surpluses and unspent funds from a playground assessment) into reserves. Going forward, we will rely on the “cash flow method” for reserve planning, which involves estimating future outlays and ensuring sufficient funds are available each year to cover capital expenses. The best practice for reserve studies is to ensure we always have reserves on hand of at least 20% of the replacement value of our capital assets, which is \$110,283 (i.e., 20% of \$551,415). By contributing \$46,500 to reserves in 2018, and continuing to contribute this amount after adjusting for inflation in the future, we will be below the 20% threshold in 2018 and 2019. We will also fall below this amount (after adjusting for inflation) in 2031, the year of the next big paving project; however, we will still be cash positive in that year and will be able to recover by the following year. Our planning assumes installation of tot lot equipment on Hunters Green Court (2018), upgrading street lights (2019) and retaining wall expenses (2020).

Thank you and see you at the Annual Meeting!

Proposed 2018 HGCA Budget			
	2017 Budget	2017 Actual (Projected)	2018 Budget
<u>Income</u>			
Interest Income			
Bank Interest	\$204	\$195	\$75
Interest from Members	\$450	\$365	\$376
Interest on Investments	\$481	\$45	\$47
Total Interest Income	\$1,135	\$605	\$497
Annual Dues Assessed	\$188,800	\$188,800	\$192,576
Early Payment Discounts	-\$5,600	-\$6,080	-\$6,202
Membership Dues - Other	\$0	\$0	\$0
Total Membership Dues	\$183,200	\$182,720	\$186,374
Annual Dues per Household	\$1,600		\$1,632
Disclosure Packet Fees			
Late Fees Assessed	\$932	\$752	\$500
Legal Fees Assessed	\$569	\$540	\$0
Total Other Fees and Assessments	\$1,501	\$1,292	\$500
Total Income	\$185,836	\$184,617	\$187,372
<u>Expenses</u>			
Bank Service Charges	\$0	\$0	\$0
Financial Services	\$7,500	\$8,440	\$8,000
Meetings Expense	\$400	\$554	\$571
Office Supplies	\$300	\$461	\$475
P.O. Box Rental	\$153	\$153	\$158
Postage	\$380	\$520	\$380
Printing Costs	\$350	\$400	\$350
State Filing Fees	\$300	\$142	\$142
Reserve Study	\$0	\$1,495	\$0
Web Site Costs	\$397	\$227	\$227
Bad Debt Expense	\$0	\$452	\$0
Total Administration	\$9,780	\$12,845	\$10,303
Contract (Annual contract for grounds)	\$45,425	\$45,425	\$45,425
General Maintenance	\$8,000	\$5,164	\$5,319
Non-Turf Areas (& playgrounds)	\$2,500	\$5,625	\$5,786
Special Projects	\$10,000	\$9,061	\$11,000
Tree Care	\$21,000	\$14,839	\$17,000
Total Grounds	\$86,925	\$80,114	\$84,530

Insurance	\$2,900	\$2,666	\$2,746
Legal Expense	\$5,000	\$7,356	\$5,000
Snow Removal	\$13,000	\$7,490	\$11,250
Street Lights	\$4,700	\$4,700	\$4,700
Trash Removal	\$21,642	\$21,642	\$22,291
Total Non-grounds Expense	\$47,242	\$43,854	\$45,987
Total Expense	\$143,947	\$136,813	\$140,819
Net Income	\$41,889	\$47,804	\$46,552
Contribution to Reserves	\$40,685	\$40,685	\$46,500
Net Income after Reserves	\$1,204	\$7,119	\$52

Reserves: 12/1/2017	\$270,629
Contributions	
Special Assessment (accrued)	\$259,600
Unused Playground Assessment	\$20,458
Land Sale to Fairfax County	\$1,800
2017 Contribution	\$40,685
Surpluses from 2015 and 2016	\$17,180
Surplus from 2017	\$7,119
Total Reserves before Paving Expenses	\$617,471
Reserve Expenses	
Paving - Engineering and Testing	\$21,962
Paving and Concrete Contractor*	\$545,579
Total Expenses	\$567,541
Reserves starting 2018 after paving expenses	\$49,930

*Note: the final payment for paving will be due in May 2018.

HUNTERS GREEN CLUSTER ASSOCIATION
Projection for Capital Reserve Fund (Tentative)
As of December 1, 2017

YEAR	PRINCIPAL ADDED	INTEREST*	DISBURSE- MENTS**	YEAR-END BALANCE***
2000	\$0.00	\$3,710.12	\$4,713.50	\$50,990.83
2001	\$0.00	\$3,430.16	\$2,339.09	\$52,081.90
2002	\$7,000.00	\$3,247.33	\$0.00	\$62,329.23
2003	\$13,000.00	\$2,287.74	\$0.00	\$77,616.97
2004	\$43,254.00	\$2,926.41	\$61,112.00	\$62,685.38
2005	\$8,668.00	\$2,645.32	\$0.00	\$73,998.70
2006	\$20,000.00	\$3,122.75	\$0.00	\$97,121.45
2007	\$20,000.00	\$4,098.53	\$32,520.00	\$88,699.97
2008	\$20,000.00	\$1,774.00	\$0.00	\$110,473.97
2009	\$20,000.00	\$2,209.48	\$0.00	\$132,683.45
2010	\$20,000.00	\$3,100.00	\$1,200.00	\$154,583.45
2011	\$20,000.00	\$2,587.00	\$0.00	\$177,170.45
2012	\$0.00	\$2,397.00	\$66,066.38	\$113,501.07
2013	\$37,000.00	\$2,270.02	\$0.00	\$152,771.09
2014	\$38,000.00	\$393.66	\$0.00	\$191,164.75
2015	\$39,000.00	\$740.41	\$0.00	\$230,905.16
2016	\$39,500.00	\$204.00	\$0.00	\$270,629.00
2017	\$346,842.00	\$0.00	\$567,541.00	\$49,930.00
2018	\$46,500.00	\$249.65	\$12,500.00	\$84,179.65
2019	\$47,895.00	\$420.90	\$30,090.00	\$102,405.55
2020	\$49,331.85	\$512.03	\$25,992.00	\$126,257.43
2021	\$50,811.81	\$631.29	\$0.00	\$177,700.52
2022	\$52,336.16	\$888.50	\$88,876.00	\$142,049.18
2023	\$53,906.24	\$710.25	\$59,413.00	\$137,252.67
2024	\$55,523.43	\$686.26	\$67,464.00	\$125,998.37
2025	\$57,189.13	\$629.99	\$0.00	\$183,817.49
2026	\$58,904.81	\$919.09	\$0.00	\$243,641.39
2027	\$60,671.95	\$1,218.21	\$103,031.00	\$202,500.55
2028	\$62,492.11	\$1,012.50	\$0.00	\$266,005.16
2029	\$64,366.87	\$1,330.03	\$0.00	\$331,702.06
2030	\$66,297.88	\$1,658.51	\$0.00	\$399,658.46
2031	\$68,286.82	\$1,998.29	\$404,875.00	\$65,068.57

Notes:

1. Bold lines indicate when reserves study was done. Reserve studies are mandated by VA law to be done every 5 years. HOA Boards review the studies annually.
2. Assume 3% inflation.
3. 0.5% interest used for reserve projections starting in 2016.