

LAFAYETTE VILLAGE COMMUNITY ASSOCIATION
BOARD OF DIRECTORS MEETING
Monday, January 9, 2017
Mason Crest Elementary School

BOARD MEMBERS PRESENT:

Carl Iddings, President
Michelle Kloc, Vice President

James Franklin, Treasurer
John Alexander, Secretary

BOARD MEMBERS ABSENT:

Steven Longstreet, Member-at-Large

OTHERS PRESENT:

Dale Edwards, Sequoia Management
Amanda Sansbury
Anne Sansbury
Lisa Conoly
Angela Cutter

Katherine Kennedy
Chris Collins, Recording Secretary, Northern
Virginia Minutes

I. CALL TO ORDER:

Mr. Iddings called the meeting to order at 7:01 p.m. and confirmed a quorum.

II. CITIZENS' COMMENTS:

Katherine Kennedy inquired about the number of times leaves are collected around the property annually. She also informed the Board that Blade Runners damaged her storm door. She added that there is no reason for them to be on her porch. Mr. Iddings asked Mr. Edwards to visit her property and look at the door.

III. APPROVAL OF MINUTES:

MOTION: Mr. Alexander moved, Mr. Franklin seconded, to approve the minutes of the December 12, 2016 Board meeting as presented. The motion passed unanimously (4-0-0).

IV. PRESIDENT'S COMMENTS:

Mr. Iddings reported that the trash collection contract and the grounds maintenance contract will be due for rebid in 2017. The Board will work with Management to obtain bids.

Mr. Iddings also discussed the issue of four vehicles that were recently parked in the pool parking lot with expired tags. He ticketed them with LVCA tickets and two of the vehicles have since been removed by their owners. The two remaining vehicles will be towed. Mr. Iddings added that the Board can authorize the Fairfax County Police to come to the property to ticket vehicles with expired tags. This will be discussed further later in the meeting.

The food drive for Martin Luther King Day will take place this coming Sunday and Monday at the pool house. Mr. Iddings stated that he is looking for a couple of volunteers for a few hours on both days.

Lastly, Mr. Iddings asked Mr. Edwards to contact Peter's regarding the ice melt that was put down during the snow event over the weekend, as it affected dogs in the community. He also asked that Peter's not to lay ice melt on the sidewalks on Lafayette Village Drive and Trammell Road.

V. MANAGEMENT REPORT

Mr. Edwards reported that he emailed the Dominion Electric invoice to Mr. Franklin. He also sent the general maintenance line item to the Board and has updated the coding. Lastly, Blade Runners agreed to waive their thirty-day cancellation fee for snow removal.

VI. COMMITTEE REPORTS:

Architectural Control Committee: No report was given.

Communications Committee: Mr. Iddings reported that he is currently working on the December/January newsletter, and announcements have been going out as needed.

Grounds Committee: Mr. Iddings reported as Mr. Nutbrown was not present. The tree maintenance has been completed and the invoice for \$10,550 will be processed and charged to the 2016 fiscal year. The erosion control work behind the homes on Butterfield Lane has been completed. The next committee meeting will be held at the end of January.

Neighborhood Watch Committee: Mr. Iddings reported on behalf of Mr. Longstreet who was not present. Mr. Longstreet is still trying to connect with the police community liaison to set up training for Neighborhood Watch Committee members. The next committee meeting will be held next Wednesday evening.

Pool & Recreation Committee: No report was given.

Finance Committee: Mr. Franklin stated that he will discuss the replacement reserve projects for the year at next month's meeting and will provide a list of projects that are covered in the reserve study.

Fairfax Federation: No report was given.

VII. OLD BUSINESS:

Association Bid Procedures: The Board discussed the contracting policy as drafted by Mr. Franklin. The Board accepted the policy with a minor edit and will share the policy with the Grounds Committee chair.

VIII. NEW BUSINESS:

Resolution: Article VI, Section 6(f), Basement Apartments: The Board reviewed and discussed the proposed resolution that will be voted on at the February meeting after the association's legal counsel has reviewed and commented on it.

End of 2016 Financial Reports: The Board reviewed the end of 2016 financial report as submitted (see attached). Mr. Franklin added that the association is in healthy financial condition overall.

MOTION: Mr. Alexander moved, Ms. Kloc seconded, to accept the end of 2016 financial report and to include it in the January 2017 minutes. The motion passed unanimously (4-0-0).

Parking Enforcement Authorization:

MOTION: Mr. Franklin moved, Ms. Kloc seconded, to authorize Mr. Iddings to execute the form to invite the Fairfax County Police Department to come onto the property to enforce trespassing and vehicular laws, and to announce this invitation to the community. The motion passed unanimously (4-0-0).

IV. ACTION ITEMS:

- Check storm door at 7811 Byrds Nest Pass
- Email August and September 2016 Board minutes to Mr. Iddings
- Ask Peter's not to add ice melt the sidewalks on Trammell, and to request weather advisories similar to what Blade Runners had provided
- Submit invoice for payment for tree maintenance
- Review Patriot contract to determine if it contains auto-renewal terms
- Send Mr. Iddings the welcome letter included in the disclosure packet

IX. ADJOURNMENT:

MOTION: Mr. Iddings adjourned the Regular Session of the Board meeting at 8:30 p.m. to convene an Executive Session.

X. EXECUTIVE SESSION:

The board entered into Executive Session at 8:32 p.m. The Board rose from Executive Session at 8:50 and reported that there was a hearing regarding an overdue account, for which payment terms have been agreed upon between the Board and the homeowner. The aging report was reviewed, with no actions necessary at this time.

These minutes, having been reviewed and properly approved by the LVCA Board of Directors during the regularly scheduled monthly meeting held February 13, 2017, are hereby submitted as FINAL.

Respectfully,

 // John M. Alexander //
ATTEST: John Alexander, Secretary

Lafayette Village Community Association

FINANCIAL REPORT TO THE BOARD OF DIRECTORS For The Year Ended December 31, 2016 (Unaudited)¹

January 9, 2017

Overall Assessment: The community association fiscal position is strong and the outlook for 2017 is positive. Our financial position and budget projections are in line with past years and there is no need to increase dues nor do we foresee the need for any special assessments in the coming year.

- Funds are secured and in stable vehicles
- Sequoia Management has done an excellent job in managing our finances for 2016 and we expect the same in 2017
- Excellent budget discipline has resulted in a surplus in excess of budget forecast
- Property values have been steadily rising for the past two years indicating that our community is on solid financial and real property basis

Audit Outlook: We have implemented and followed all audit guidelines from the 2014-2015 audit with outstanding results in our financial management.

- We do not expect any significant audit findings for the 2015-2016 audit which should be completed during the first quarter of 2017
- The new reserve study may impact our financial oversight guidance, but we have already implemented sufficient replacement reserve amounts to ensure funding for all required infrastructure improvements and maintenance
- Financial management and oversight processes are in place to comply with auditing standards

Balance Sheet: Our financial position and value are in good shape. Our assets are secure with sufficient liquidity to provide all ordinary and emergency funding necessary for operations and future property/infrastructure enhancements.

- Operating Cash Maintenance: Sequoia has adhered to financial management guidelines strictly, and our operating cash position has been maintained to provide maximum fiscal returns on invested assets
- Debt/Equity: Our debt/liabilities remain very low, and our Debt/Equity ratio is an impressive 14.7 to 1
- Book Value: The association has a 2016 year-end book value/net worth (Assets less Liabilities) of \$515K

Statement of Income: Financial operations for 2016 resulted in a surplus resulting from good budget and operational spending discipline.

- 2016 Surplus: \$41,451 (\$33K over budget projection)
- 2016 Revenue: \$4,267 Over Forecast (due to interest income and legal reimbursement)
- 2016 Expenses: \$29,402 Under Forecast (due to Maintenance)

¹ Recommended Readings Attached: Fiduciary Responsibility and Property Value Articles from Quorum and Common Ground, trade publications for community associations.

Reserve Fund Status and Outlook: The recently completed Reserve Study increased our Replacement Reserve Fund requirements, and the new amounts have been budgeted for 2017.

- 2016 Replacement Reserve Balance Required: \$518,859
- 2016 Cash Reserve on Hand \$518,054
- Slight Underfunding² (\$ 805)

Key Watch Items and Events Forecast: No significant watch items have arisen in 2016; however, a few items bear watching in the coming year.

- **Snow Removal:** We have budgeted for the equivalent of two major storms, but depending on actual snowfall, these budgeted amounts may be insufficient. We have adequate cash surplus to deal with any snow removal requirement.
- **Pool Expenses:** 2016 pool expenses exceeded budget for valid reasons, but we will monitor the pool operation closely this season to ensure efficient funds use.
- **Legal Fees:** 2016 legal expenses exceeded budget by \$2,288 but legal reimbursements made up for it. However, we will continue to monitor the legal expenses through 2017.
- **Maintenance Coding:** The overall maintenance expenses were \$26,274 under budget, but several line items were not within budget guidelines. We will monitor the coding of actual expenses to ensure that the accounting for funds disbursement is aligned to budgetary guidance.

ATTACHMENTS:

1. **2017 End of Year Financial Statements (Unaudited)**
2. **“Safeguarding Association Funds”; Quorum; January 2017, pp 22-25**
3. **“Value Drivers”; Common Grounds; January February 20107, pp 37-42**

² This underfunding will be made up in the end of year allocations. The old survey required a balance of \$482,584 to which the association managed funds through 2016.

**LAFAYETTE VILLAGE COMMUNITY ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2016
(UNAUDITED)**

ASSETS

Cash - Operating Checking	22,624.79
Assessments Receivable	10,046.11
Allowance Account	(6,580.15)
Interest Receivable	931.38
Tax Refunds Receivable	0.00
Prepaid Expenses	<u>5,362.83</u>

TOTAL CURRENT ASSETS

32,384.96

CASH RESERVES

GOLDMAN SACHS 0.95% 03/27/17	50,000.00
GOLDMAN SACHS 1.15% 09/25/17	50,000.00
DISCOVER BANK 1.30% 03/26/18	50,000.00
CAPITAL ONE BANK 1.65% 10/01/18	50,000.00
ALLY BANK CD 1.20% 03/29/19	50,000.00
ALLY BANK CD 1.30% 09/30/19	50,000.00
Wells Fargo Money Market .01%	<u>218,053.85</u>

TOTAL CASH RESERVES

518,053.85

TOTAL ASSETS

550,438.81

LIABILITIES

Accrued Expenses	1,973.59
Exchange	0.00
Income Taxes Payable	0.00
Prepaid Assessments	<u>33,143.21</u>

TOTAL LIABILITIES

35,116.80

EQUITY

Replacement Reserve	1,248,029.96
Replacement Reserve Usage	(774,159.30)
Community Maintenance / Improvement Fund	0.00
Current Year Surplus / (Deficit)	<u>41,451.35</u>

TOTAL EQUITY

515,322.01

TOTAL LIABILITIES AND EQUITY

550,438.81

**LAFAYETTE VILLAGE COMMUNITY ASSOCIATION
STATEMENT OF INCOME
FOR THE MONTH AND YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	CURRENT PERIOD			YEAR TO DATE			ANNUAL
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	BUDGET
REVENUE							
Single Family Assessments	0.00	0.00	0.00	14,028.00	14,028.00	0.00	14,028
Townhome Assessments	0.00	0.00	0.00	385,728.00	385,728.00	0.00	385,728
Late Charges	175.47	0.00	175.47	701.66	1,000.00	(298.34)	1,000
Interest	1.71	25.00	(23.29)	3,130.16	300.00	2,830.16	300
Legal Fee Reimbursements	1,394.84	0.00	1,394.84	1,834.84	0.00	1,834.84	0
Hot Lanes Grant	0.00	0.00	0.00	0.00	0.00	0.00	0
Miscellaneous Income	100.00	25.00	75.00	200.00	300.00	(100.00)	300
TOTAL REVENUE	1,672.02	50.00	1,622.02	405,622.66	401,356.00	4,266.66	401,356
ADMINISTRATIVE EXPENSES							
Miscellaneous Administrative	470.27	208.37	(261.90)	2,011.11	2,500.00	488.89	2,500
Legal Fees	240.00	933.37	693.37	13,488.35	11,200.00	(2,288.35)	11,200
Audit & Accounting	0.00	0.00	0.00	4,200.00	4,600.00	400.00	4,600
Management Fees	3,744.00	3,744.00	0.00	44,928.00	44,928.00	0.00	44,928
Bad Debts	(405.05)	333.37	738.42	(62.58)	4,000.00	4,062.58	4,000
Community Events	0.00	200.00	200.00	1,011.23	1,500.00	488.77	1,500
Website / Newsletter	0.00	0.00	0.00	1,731.09	2,500.00	768.91	2,500
Meetings Support	165.00	179.13	14.13	1,680.00	2,150.00	470.00	2,150
Reserve Study	0.00	0.00	0.00	2,805.00	0.00	(2,805.00)	0
Neighborhood Watch	0.00	125.00	125.00	0.00	500.00	500.00	500
TOTAL ADMINISTRATIVE EXPENSES	4,214.22	5,723.24	1,509.02	71,792.20	73,878.00	2,085.80	73,878
POOL EXPENSES							
Pool Contract	0.00	0.00	0.00	32,226.39	32,227.00	0.61	32,227
Pool Telephone	43.17	29.13	(14.04)	502.81	350.00	(152.81)	350
Pool Electricity	62.06	250.00	187.94	3,904.22	3,000.00	(904.22)	3,000
Pool Water	0.00	0.00	0.00	2,095.84	1,500.00	(595.84)	1,500
Pool Gas	25.64	16.63	(9.01)	181.93	200.00	18.07	200
Pool Supplies	0.00	0.00	0.00	1,296.40	1,000.00	(296.40)	1,000
Pool Maintenance	0.00	0.00	0.00	3,775.51	4,000.00	224.49	4,000
TOTAL POOL EXPENSES	130.87	295.76	164.89	43,983.10	42,277.00	(1,706.10)	42,277
MAINTENANCE EXPENSES							
Grounds Upkeep Contract	6,083.33	6,083.37	0.04	73,599.96	73,000.00	(599.96)	73,000
Grounds Maintenance & Repair	0.00	1,666.63	1,666.63	2,001.50	20,000.00	17,998.50	20,000
Tree Maintenance	0.00	1,666.63	1,666.63	6,020.79	20,000.00	13,979.21	20,000
Emergency Tree Fund	0.00	0.00	0.00	1,475.00	5,000.00	3,525.00	5,000
Tot Lot Maintenance	0.00	0.00	0.00	39.00	500.00	461.00	500
General Maintenance	3,807.00	125.00	(3,682.00)	10,218.74	1,500.00	(8,718.74)	1,500
Trash & Recycling Service	3,938.50	3,925.50	(12.00)	43,111.50	47,118.00	4,006.50	47,118
Snow Removal & Supplies	0.00	1,000.00	1,000.00	16,377.50	12,000.00	(4,377.50)	12,000
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0
Mailboxes	0.00	0.00	0.00	0.00	0.00	0.00	0
Lights	0.00	0.00	0.00	0.00	0.00	0.00	0
TOTAL MAINTENANCE EXPENSES	13,828.83	14,468.13	639.30	152,843.99	179,118.00	26,274.01	179,118
UTILITY EXPENSES							
Street Light Electricity	413.63	416.63	3.00	4,665.24	5,000.00	334.76	5,000
TOTAL UTILITY EXPENSES	413.63	416.63	3.00	4,665.24	5,000.00	334.76	5,000
FIXED EXPENSES							
Insurance	708.33	708.37	0.04	8,499.96	8,500.00	0.04	8,500
Taxes & Licenses	0.00	700.00	700.00	876.86	2,800.00	1,923.14	2,800
TOTAL FIXED EXPENSES	708.33	1,408.37	700.04	9,376.82	11,300.00	1,923.18	11,300
GARDEN PLOT (INCOME) AND EXPENSE							
Garden Plot Income	0.00	0.00	0.00	(490.00)	(250.00)	(240.00)	(250)
Garden Expenses	0.00	0.00	0.00	0.00	250.00	250.00	250
TOTAL GARDEN PLOTS	0.00	0.00	0.00	(490.00)	0.00	10.00	0
SPECIAL PROJECTS							
NEPP Grant Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0
Hot Lanes Grant Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0
TOTAL SPECIAL PROJECTS	0.00	0.00	0.00	0.00	0.00	0.00	0
RESERVES							
Replacement Reserves	6,833.33	6,833.37	0.04	81,999.96	82,000.00	0.04	82,000
TOTAL RESERVES	6,833.33	6,833.37	0.04	81,999.96	82,000.00	0.04	82,000
TOTAL EXPENSES	26,129.21	29,145.50	3,016.29	364,171.31	393,573.00	29,401.69	393,573
SURPLUS / (DEFICIT) FUNDS	(24,457.19)	(29,095.50)	4,638.31	41,451.35	7,783.00	33,668.35	7,783