

MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Connie Davis

DATE: September 18, 2013

RE: **Resolution 17:** Designating Certain Employees of King County Housing Authority as Agents Who May Approve Payment of Expenses Incurred in Connection with the Rehabilitation of the Corporation's Properties

Executive Summary:

Resolution 17 designates certain members of KCHA staff as agents of MKCRF. Under Resolution 16, which was authorized by the Board in July 2013, these agents will now be able to approve reimbursements to KCHA for expenditures incurred in rehabilitating the MKCRF properties. The source of the repayment is the \$18 million loan approved by the MKCRF Board at its July 2013 meeting.

Background:

As part of the HUD disposition application for 509 units of public housing, KCHA identified \$33 million in deferred capital projects and non-routine maintenance as the major justification for the disposition. Thus the primary purpose of the disposition of the 509 portfolio to MKCRF was to allow for the recapitalization of the properties using Section 8 rents to create the necessary cash flow to support operations, fund reserves and underwrite debt. In that application, the acquiring entity committed to borrowing \$18 million and investing the proceeds into the properties for needed non-routine repairs and capital improvements. The Property Operating Agreement and Lease documents memorialized this responsibility, and described the roles and responsibilities of both MKCRF and KCHA. The amount of the loan was sized based on projected operating cash flow. The loan term approved by HUD was 20 years.

The \$18 million loan was advanced to MKCRF on September 4, 2013. KCHA is expecting to incur approximately \$7.9 in capital expenses for the Properties through December 31, 2013. These amounts have been reflected on approved budgets adopted by the KCHA Board, and discussed with the MKCRF Board. Undrawn funds are invested in short term instruments which are directed by the staff of KCHA.

Resolution 16 gave approval to any agent of the Corporation to approve payments for the rehabilitation work. For administrative simplicity, KCHA is requesting that the certain KCHA employees be authorized as agents to make payments using these funds to reimburse KCHA for MKCRF rehabilitation costs. The four KCHA employees to be designated as agents of the Corporation are:

Stephen Norman-Executive Director

Daniel Watson-Deputy Director
Constance Davis-Deputy Director
Craig Violante-Chief Financial Officer

The draws will be limited to amounts approved via the Board annual budget process, and reporting would be routinely included with quarterly financial statements. The amount of the current year's draw would be limited by this resolution to \$7,886,887 which includes the following:

| | |
|--|----------------------|
| • Reimbursement of 2012 capital costs, | \$1,501,480 |
| • 2013 Amended Capital Budget | <u>6,385,407</u> |
| Total | \$7,886,887 ===== |

Passage is recommended.

RESOLUTION NO. 17

OF THE BOARD OF DIRECTORS OF

MOVING KING COUNTY RESIDENTS FORWARD

**DESIGNATING CERTAIN EMPLOYEES OF THE KING COUNTY HOUSING AS
AGENTS WHO MAY APPROVE PAYMENTS OF EXPENSES INCURRED IN
CONNECTION WITH THE REHABILITATION OF THE CORPORATION'S
PROPERTIES**

WHEREAS, Moving King County Residents Forward (“MKCRF” or “the Corporation”), a Washington nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, currently leases 509 units of formerly public housing (the “Properties”) from the Housing Authority of the County of King (“KCHA”) on a long-term basis; and

WHEREAS, MKCRF desires to undertake significant rehabilitation of the Properties, as contemplated by the U.S. Department of Housing and Urban Development approval of the transfer of the Properties to MKCRF; and

WHEREAS, Resolution 16 dated July 19, 2013 authorized a loan of \$18 million to the Corporation for the purpose of funding this rehabilitation; and,

WHEREAS, Section 6 of Resolution 16 states that “The Board further authorizes and directs the Authorized Officers, and all other proper officers, agents, attorneys and employees of MKCRF to carry out, or cause to be carried out, all obligations of MKCRF under the Documents, including, without limitation, the payment of expenses incurred or to be incurred by MKCRF in connection with the rehabilitation of the Properties or the Financing; and to perform or cause to be performed such other acts as they shall consider necessary or advisable in

connection with the Properties or the Financing or in order to give effect to these resolutions and the transactions contemplated herein”; and,

WHEREAS, the Board now wishes to designate certain KCHA employees as agents of the Corporation for the purposes listed in Section 6 of Resolution 16.

NOW THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF MOVING KING COUNTY RESIDENTS FORWARD AS FOLLOWS:

Section 1. The following persons are designated agents of Moving King County Forward and are hereby authorized to transfer funds from the \$18 million loan incurred by the Corporation for the express purpose of funding rehabilitation of the Properties:

Stephen Norman-Executive Director

Daniel Watson-Deputy Director

Constance Davis-Deputy Director

Craig Violante-Chief Financial Officer

Section 2. The funds so drawn will be limited to amounts previously approved in the Annual Budget for the Corporation. In 2013, this will also include reimbursable capital expenses incurred in years prior to the inception of the \$18 million loan. For FY 2013, the maximum amount to be drawn without further Board authorization is \$7,886,887.

Section 3. As part of the quarterly financial report of the results of the operations of the Properties, the Board will receive an accounting of the distribution of the proceeds of the \$18 million loan until such time as all proceeds have been utilized.

ADOPTED by the Board of Directors of Moving King County Residents Forward at a special meeting thereof duly held THIS 23TH DAY OF SEPTEMBER, 2013.

MOVING KING COUNTY RESIDENTS FORWARD

By: _____
Douglas J. Barnes, President

ATTEST:

Stephen J. Norman
Board Secretary