

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF
MOVING KING COUNTY RESIDENTS FORWARD**

September 23, 2013

I. CALL TO ORDER

The Special Meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was called to order by President Doug Barnes at 10:29 a.m. at the King County Housing Authority's Administrative Offices, Snoqualmie Conference Room, located at 700 Andover Park West, Tukwila, Washington.

II. ROLL CALL

Present: Doug Barnes, President, Susan Palmer and Michael Brown, Directors, Stephen Norman, Secretary of the Corporation. Richard Mitchell, Director was added to the meeting telephonically.

Members of the Public: None

KCHA Staff: Connie Davis, Tessa Martin, Dan Watson, Tim Walter, Mike Reilly, Beth Pearson and Kathleen McKay.

III. Public Comments:

No members of the Public were in attendance.

IV. APPROVAL OF THE MINUTES:

Minutes from the August 19, 2013 Meeting were presented for approval. Director Palmer moved for approval of the minutes, with Director Brown seconding the motion. The minutes of the previous meeting were unanimously approved.

V. RESOLUTION No. 18: Designating Certain Employees of the King County Housing Authority as Agents Who May Approve Payments of Expenses Incurred in Connection with the Rehabilitation of the Corporation's Properties.
Presented by Connie Davis

Ms. Davis stated that Resolution 18 is paired with Resolution 16: Approving a Loan of up to \$18 Million from King County Housing Authority to Finance Rehabilitation of Properties. The approved loan for \$18 million funded in early September. Per Resolution 16 approved officers and agents of MKCRF are authorized to disburse funds from the loan fund. Resolution 18 names certain KCHA employees as agents for the purpose of making these disbursements.

Ms. Davis further stated the amount of funds transferred would be limited to the amount budgeted for the current year, and reporting on use of the funds would be made quarterly

MOTION: Moved that **RESOLUTION No. 18:** Designating Certain Employees of the King County Housing Authority as Agents Who May Approve Payments of

Expenses Incurred in Connection with the Rehabilitation of the Corporation's Properties be approved.

MOVED BY: Director Brown and seconded by Director Palmer.

There being no further discussion, the Motion was unanimously passed.

VI. EXECUTIVE SESSION (Optional):

No motion for an Executive Session was made.

VI. NEW BUSINESS:

No new business was introduced.

VII. Director Comments:

No comments were presented.

VIII. ADJOURNMENT

There being no further business, the meeting was officially adjourned at 10:38 a.m. by a motion from Director Brown, seconded by Director Palmer and unanimously passed.

MOVING KING COUNTY RESIDENTS FORWARD

Douglas J. Barnes
President

Stephen J. Norman
Secretary of the Corporation

MOVING KING COUNTY RESIDENTS FORWARD

To: Board of Directors

From: Connie Davis

Date: December 6, 2013

Subject: Resolution 19: Adoption of the Calendar Year 2014 Operating and Capital Budget

MKCRF Properties

Attached for your review is the CY 2014 Operating and Capital Budget for the combined 22 properties managed by the King County Housing Authority for Moving King County Residents Forward. The properties have positive working capital for 2014; however, the sites are carrying forward negative working capital from 2013. The projected 2014 year-end working capital is a negative \$324 thousand. KCHA will advance this amount to MKCRF in anticipation of future cash flows in 2015 and beyond.

Tenant revenues are \$6.6 million, more than 12% above 2013 actual levels. Due to the amount of vacancy experienced as tenants took Housing Choice Vouchers and relocated in 2013, there were a high number of unit months off line during the year. The Authority used this vacancy level as an opportunity to perform 82 unit upgrades (16% of the total units). Revenues also reflect a 3-5% uptick in contract rents during 2014.

Excluding the non-operating expense of \$1.645 million, which primarily represents the debt service on the \$18 million loan to MKCRF by the Authority, operating expenses are \$4.059 million compared to \$3.8 million in CY 2013's estimated results, a 6.6% increase. Major reasons for this increase include higher management fees on the greater number of units occupied and higher maintenance costs including charges for tree trimming, painting, and HVAC contracts.

The budget shows full funding of replacement reserves at \$250 per unit per year or \$127 thousand dollars. In addition, the sites are budgeted to receive up to 18 additional unit upgrades at a cost of \$518 thousand, averaging \$28,775 on these larger units.

MKCRF Entity

Shown separately is the budget for MKCRF entity itself. Within this budget are the transactions for administration, the underlying debt of MKCRF and the capital improvements made to the properties which MKCRF owns.

There is currently \$6,930,843 in capital improvements budgeted for these sites.

Major projects include:

Cedarwood Building Envelope	\$1,001,650
Forest Grove Building Envelope	871,160
Juanita Court Building Envelope	1,174,092
Riverton Terrace Building Envelope	819,245
Wellswood Building Envelope	574,571
Pickering Court Building Envelope	612,342
Kings Court Roof/Insulation/Site Improvements	568,296

At the end of 2014, of the original \$18 million borrowed for capital work, an estimated \$3.2 million will remain unspent. \$1.7 million of this is obligated for projects begun in 2014.

The priorities and scopes of the above projects were determined jointly by the Housing Management and Capital Construction departments as most important to the long term sustainability of the developments.

Debt service on the loan is \$1.547 million. These funds are transferred from the operating properties. The properties are transferring an additional \$97 thousand to cover administrative expenses of MKCRF, primarily fees incurred to satisfy FHLB collateral needs on the outstanding debt.

Passage is recommended.

MOVING KING COUNTY RESIDENTS FORWARD

RESOLUTION NO. 19

**ADOPTION OF THE CALENDAR YEAR 2014 OPERATING AND CAPITAL
BUDGET**

WHEREAS, King County Housing Authority, as operator of the Moving King County Residents Forward (MKCRF) properties has submitted an Operating and Capital Budget for the Calendar Year beginning January 1, 2014 (Calendar Year 2014); and,

WHEREAS, the Board of Directors has determined that the proposed expenditures are necessary for the efficient and economical operation of MKCRF; and,

WHEREAS, the Budget indicates sources of funding adequate to cover all proposed expenditures.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF MOVING KING COUNTY RESIDENTS FORWARD:**

The Calendar Year 2014 Operating and Capital Budget is hereby adopted. The Budget is attached hereto and made a part thereof.

**ADOPTED AT A MEETING OF THE BOARD OF DIRECTORS OF MOVING KING
COUNTY RESIDENTS FORWARD THIS 16th DAY OF DECEMBER, 2013**

**MOVING KING COUNTY RESIDENTS
FORWARD**

DOUGLAS J. BARNES, President
Board of Directors

STEPHEN J. NORMAN
Secretary

MOVING KING COUNTY RESIDENTS FORWARD
Calendar Year 2014 Operating Budget-Properties

	2014 Budget	2013 Budget	2013 Actual Estimated
Revenues			
Tenant Revenue	6,609,751	6,667,884	5,909,805
Operating Fund Subsidy from HUD			0
Section 8 Subsidy from HUD			0
Other Operating Revenue	4,114	2,336	(12,566)
Non-operating Revenue	(2,307)		1,224
Total Revenues	6,611,558	6,670,220	5,898,464
Expenses			
Salaries & Benefits	881,894	765,204	887,116
Routine Maintenance, Utilities, Taxes & Insurance	2,020,210	1,537,138	1,892,933
Direct Social Service Salaries & Benefits	241,965	16,308	214,980
Other Social Service Support Expenses & HAP	148,480	245,179	221,672
Administrative Support Expenses	766,944	832,393	590,592
Non-operating Expenses	1,644,592	1,313,955	414,312
Total Expenses	5,704,085	4,710,177	4,221,605
Net Income	907,473	1,960,043	1,676,859
Other Sources/(Uses) of Working Capital			
(Increase) in Restricted/Designated Cash	(127,606)	(127,606)	(127,606)
Decrease in Restricted/Designated Cash			0
(Increase) in LT Receivables			0
Decrease in LT Receivables			0
Acquisition of Capital Assets			0
Maintenance Projects			0
Acquisition of Capital Assets	(563,991)	(1,951,870)	(2,114,339)
Disposition of Capital Assets			0
Change in Suspense			0
Change in Other Assets			0
Change in Deferrals			0
Increase in LT Debt			0
(Decrease) in LT Debt			0
Change in Other Liabilities			0
Other Non-Working Capital Inc/Exp			0
Non income/Expense Change in Equity			0
Total Other Sources/(Uses) of Working Capital	(691,597)	(2,079,476)	(2,241,945)
Transfer In from (Out to) Other Funds			
Transfers In from Other Funds	542,548		349
Transfers Out to Other Funds	(517,952)		0
Net Transfer In/(Out)	24,596	0	349
Net Change in Working Capital	240,472	(119,433)	(564,738)
Projected Working Capital, 12/31/2013	(564,738)		0
Projected Working Capital, 12/31/2014	(\$324,266)	(\$319,433)	(\$564,738)

MOVING KING COUNTY RESIDENTS FORWARD
 Calendar Year 2014 Operating Budget

	2014 Budget	2013 Budget	2013 Actual Estimated
Revenues			
Tenant Revenue	-	-	-
Operating Fund Subsidy from HUD	-	-	-
Section 8 Subsidy from HUD	-	-	-
Other Operating Revenue	1,644,592	1,313,955	414,312
Non-operating Revenue	-	-	-
Total Revenues	1,644,592	1,313,955	414,312
Expenses			
Salaries & Benefits	-	-	-
Routine Maintenance, Utilities, Taxes & Insurance	-	-	-
Direct Social Service Salaries & Benefits	-	-	-
Other Social Service Support Expenses & HAP	-	-	-
Administrative Support Expenses	97,100	-	44,632
Non-operating Expenses	1,060,007	908,955	257,467
Total Expenses	1,157,107	908,955	302,099
Net Income	487,485	405,000	112,213
Other Sources/(Uses) of Working Capital			
(Increase) in Restricted/Designated Cash	-	-	-
Decrease in Restricted/Designated Cash	6,930,843	6,417,907	5,647,175
(Increase) in LT Receivables	-	-	-
Decrease in LT Receivables	-	-	-
Acquisition of Capital Assets	(6,930,843)	-	-
Maintenance Projects	0	-	-
Acquisition of Capital Assets	(6,930,843)	(6,417,907)	(5,647,175)
Disposition of Capital Assets	0	-	-
Change in Suspense	0	-	-
Change in Other Assets	0	-	-
Change in Deferrals	0	-	-
Increase in LT Debt	0	-	-
(Decrease) in LT Debt	(487,485)	(405,000)	(112,213)
Change in Other Liabilities	0	-	-
Other Non-Working Capital Inc/Exp	0	-	-
Non Income/Expense Change in Equity	0	-	-
Total Other Sources/(Uses) of Working Capital	(487,485)	(405,000)	(112,213)
Transfer In from (Out to) Other Funds			
Transfers In from Other Funds	0	-	-
Transfers Out to Other Funds	0	-	-
Net Transfer In/(Out)	0	0	0
Net Change in Working Capital	0	0	0
Projected Working Capital, 12/31/2013	0	0	0
Projected Working Capital, 12/31/2014	\$0	\$0	\$0