

MOVING KING COUNTY RESIDENTS FORWARD

Meeting of the Board of Directors

Monday, December 14, 2015
10:15 AM

King County Housing Authority
Snoqualmie Conference Room
600 Andover Park West
Tukwila, WA 98188

Agenda

- I. Call to Order
- III. Roll Call
- IV. Public Comment
- V. Approval of Minutes - November 16, 2015 Special Board Meeting Minutes
- VI. Resolutions for Discussion and Possible Action
 - a. **Resolution No. 24:** 2016 Budget for MKCRF and MKCRF-Owned Properties
- VII. Board of Directors Comments
- VIII. Adjourn

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

Monday, November 16, 2015

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 10:24 a.m. at the King County Housing Authority, 700 Andover Park West, Tukwila, WA

II. ROLL CALL

Present: Board of Directors: Doug Barnes, Susan Palmer, TerryLynn Stewart, John Welch, Michael Brown and Secretary of the Corporation, Stephen Norman

III. Public Comment:

No Public Comment.

IV. Approval of the Minutes:

Minutes from the September 21, 2015 Special Board Meeting were presented for approval.

Director TerryLynn Stewart moved for approval of the minutes, with Director John Welch seconding the motion. The minutes were approved.

V. Third Quarter 2015 Financial Report

Craig Violante, Director of Finance, briefed the board and provided an overview on the MKCRF financial reports.

VI. Board of Director Comments

None

VII. Adjournment

There being no further business, the meeting was officially adjourned at 10:30 a.m.

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: Craig Violante
DATE: December 4, 2015
RE: **Resolution 24: Adoption of the Calendar Year 2016 Operating and Capital Budget**

EXECUTIVE SUMMARY

The Moving King County Residents Forward (MKCRF) owned Properties (the "Properties") continue to generate positive cash flow. After debt service payments and required additions to replacement reserves, but before any unit upgrade or capital work, the Properties will generate \$1.794 million of excess cash flow in 2016. When combined with an estimated cash balance of \$650,000 carried over from 2015, \$700,000 of remaining FHLB loan proceeds, there will be enough resources available in 2016 to perform 25 unit upgrades, accomplish \$464,300 in non-recurring maintenance projects, and complete \$1.830 million of capital upgrades.

MKCRF-Owned Properties

Operations Budget

Below is a high-level summary of the 2016 budget for the Properties. It is in a different format from the formal budgets on pages 3 and 4, and is intended to present the budget in a more user-friendly, operations-oriented layout.

Sources	
Tenant Revenue	\$6,993,238
Transfer from MTW	200,000
Other Revenue	8,499
Total Revenue	7,201,737
Uses	
Operating Expenses	(3,511,054)
Debt Service	(1,557,491)
Additions to Replacement Reserves	(127,788)
Total Uses	(5,196,333)
2016 Operating Margin	\$2,005,404
Projected Cash Carried Over from 2015	650,000
Remaining Proceeds of FHLB Loan	700,000
Total Available 2016 Resources	3,355,404
Unit Upgrades	(825,197)
Non-recurring Maintenance Projects	(691,530)
Capital Projects	(1,830,183)
Total Available Resources, 12/31/2016	\$8,494

Tenant revenues are budgeted at \$7.0 million, an increase from 2015 due to an expected increase in contract rents.

Administrative expenses are budgeted at \$1.609 million, up slightly from the 2015 budget of \$1.604 million. The routine maintenance expense budget is \$1.904 million, down from \$2.310 million in 2015. This decrease is almost entirely due to a re-definition of certain expenses as non-recurring, which are included in the budget as capital expenditures.

The debt service budget represents 12 monthly payments of \$128,960 to KCHA as conduit for the FHLB loan, and the replacement reserve is fully funded at \$250 per unit per year.

Capital Budget

Housing Management’s Central Maintenance Crew will complete 25 unit upgrades at an average cost of \$33,008 for a total of \$825,197. The average cost of unit upgrades for the Properties is higher than for the program as a whole as 92% of the properties owned by MKCRF consist of larger, family units. In addition, \$464,300 of additional projects, such as fixing patios at Eastridge House and Greenleaf, installation of playgrounds at Greenleaf and Juanita Court, and tree trimming at several sites will also be completed.

Although the MKCRF-owned Properties budget above reflects a Capital Projects budget of \$1.83 million, this amount is not included in the budget prepared for the Properties but is instead found in the MKCRF entity budget as the capital assets are ultimately transferred to the MKCRF entity at the end of the year.

The full budget for the MKCRF-Owned Properties is on Exhibit A.

MKCRF Entity

A total of \$1.83 million of capital work will be managed by KCHA’s Capital Construction department on behalf of MKCRF:

Evergreen Court Envelope Upgrade	\$ 823,590
Wellswood Roofing & Indoor Air Quality	318,479
Greenleaf Envelope Upgrade	394,115
Juanita Trace Roof Replacement	293,999
	<hr/> <u>\$1,830,183</u>

These projects will be paid for through a combination of 2016 cash flow, cash carried over from 2015, and the remaining proceeds of the loan from the Federal Home Loan Bank (FHLB), via KCHA. At the end of 2015, it is projected that \$700,000 of the FHLB loan proceeds will remain unspent and be carried over into 2016. These capital projects are reflected on the MKCRF Entity budget as MKCRF purchases the improvements from KCHA on an annual basis.

The negative working capital forecast for the end of 2016 reflects the loan principal payments due to KCHA within 12 months.

The full budget for the MKCRF entity is on Exhibit B.

MOVING KING COUNTY RESIDENTS FORWARD
2016 Budget - Properties
EXHIBIT A

Revenues	
Tenant Revenues	\$ 6,993,238
Other Revenues	8,499
Total revenues	7,001,737
Expenses	
Salaries & Benefits	876,154
Routine Maintenance, Utilities, Taxes & Insurance	1,904,051
Other Social Service Support Expenses & HAP	650
Administrative Support Expenses	730,199
Other Expenses	2,687,674
Total expenses	6,198,728
Net Income	803,009
Other sources (uses) of working capital	
(Increase) in Restricted/Designated Cash	(127,788)
Acquisition of Capital Assets	(1,299,727)
Total Other Sources/(Uses) of Working Capital	(1,427,515)
Transfer In from (Out to) Other Funds	
Internal Revenue-Transfer In-Non Op	1,861,381
Internal Fees Out-Transfer Out-Non Op	(1,861,381)
Net Transfer In/(Out)	-
Net Change in Working Capital	(624,506)
Projected Working Capital, 12/31/2015	650,000
Projected Working Capital, 12/31/2016	\$ 25,494

MOVING KING COUNTY RESIDENTS FORWARD
2016 Budget
EXHIBIT B

Revenues	
Other Revenues	2,677,674
Total revenues	<u>2,677,674</u>
Expenses	
Administrative Support Expenses	7,548
Other Expenses	997,968
Total expenses	<u>1,005,516</u>
Net Income	<u>1,672,158</u>
Other sources (uses) of working capital	
Acquisition of Capital Assets	(1,830,183)
(Increase) in Restricted/Designated Cash	-
Decrease in Restricted/Designated Cash	700,000
(Decrease) in Long-Term Debt	(583,935)
Total Other Sources/(Uses) of Working Capital	<u>(1,714,118)</u>
Net Change in Working Capital	<u>(41,960)</u>
Projected Working Capital, 12/31/2015	(515,000)
Projected Working Capital, 12/31/2016	<u>\$ (556,960)</u>

MOVING KING COUNTY RESIDENTS FORWARD

RESOLUTION NO. 24

ADOPTION OF THE CALENDAR YEAR 2016 OPERATING AND CAPITAL BUDGET

WHEREAS, the King County Housing Authority, as Operator of the Moving King County Residents Forward (MKCRF) Properties (the Properties), has submitted Operating and Capital Budgets for the Properties and for MKCRF for the Calendar Year beginning January 1, 2016 (Calendar Year 2016); and,

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

WHEREAS, the Budgets of the Properties and MKCRF indicates sources of funding adequate to cover all proposed expenditures; and,

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

The Calendar Year 2016 Operating and Capital Budgets are hereby adopted. The Budgets are attached hereto as Exhibits A and B and are made a part thereof.

ADOPTED AT A MEETING OF THE BOARD OF DIRECTORS OF MOVING KING COUNTY RESIDENTS FORWARD THIS 14th DAY OF DECEMBER, 2015

**MOVING KING COUNTY RESIDENTS
FORWARD**

Stephen J Norman
Secretary

DOUGLAS BARNES
President, Board of Directors