

MOVING KING COUNTY RESIDENTS FORWARD

Meeting of the Board of Directors

Monday, July 25, 2016

9:45 AM or immediately following the KCHA Board meeting

Nia Apartments
Conference Room (Large)
9935 8th Avenue SW
Seattle, WA 98106

Agenda

I. Call to Order

II. Roll Call

III. Public Comment

IV. Approval of Minutes

A. May 16, 2016 Board Meeting Minutes

V. Resolutions for Discussion and Possible Action

None.

VI. Briefings and Reports

A. First Quarter Financial Report for MKCRF and MKCRF -Owned Properties

VII. Board of Directors Comments

VIII. Adjourn

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

Monday, May 16, 2016

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held telephonically on Monday, May 16, 2016 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 8:40 a.m.

II. ROLL CALL

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

Excused: Doug Barnes

III. Election of Officers for the Organization

- a. President: Doug Barnes
- b. Secretary: Stephen Norman
- c. Treasurer: Michael Brown

IV. Public Comment:

No Public Comment.

V. Approval of the Minutes:

Minutes from the April 18, 2016 Special Board Meeting were presented for approval.

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

VI. Resolutions for Discussion and Possible Action

None.

VII. Board of Director Comments

None.

VIII. Adjournment

There being no further business, the meeting was officially adjourned at 8:45 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: July 13, 2016

**RE: Financial Reports for Moving King County Residents Forward (MKCRF) and
MKCRF-Owned Properties**

EXECUTIVE SUMMARY

Throughout the first three months of 2016, the MKCRF-owned Properties (the Properties) generated cash flow sufficient to make all required debt service payments, fully fund replacement reserves, and complete the interior upgrade of four units using KCHA's internal unit upgrade crew.

FIRST QUARTER 2016 FINANCIAL REPORTS

Attached are financial reports through the first quarter of 2016:

- Statements of Financial Position for the Properties as reflected on the books of KCHA as operator of the properties, and for MKCRF itself. MKCRF information is on the far right.
- Working Capital reports for the Properties as reflected on the books of KCHA as operator, and for MKCRF itself. MKCRF information is on the far right.

KCHA Operations of the Properties

Operating revenues for the first three months of 2016 exceeded budget by 2.2% while operating expenses, primarily routine maintenance, are 7.9% below budget. In general, first quarter expenditures usually lag amounts budgeted.

Throughout the period, the Properties generated net operating cash flow of \$560,224 after required debt service payments and additions to replacement reserves:

Operating Revenues	\$1,787,457
Operating Expenses	(807,855)
Debt Service	(386,995)
Trf to Replacement Reserves	(32,383)
Net Cash Flow	<u><u>\$560,224</u></u>

This cash flow was partially used to fund the interior upgrades of four units. Although 25 apartments were budgeted for rehabilitation in 2016, unit availability has thus far limited upgrade opportunities. Since acquiring the Properties, 116 units have been upgraded by KCHA's in-house force account maintenance team. A total of 317 units (62.2%) have been upgraded since inception of the program in 2006.

Current and prior year excess cash flow is also slated to fund other capital work during the year and will be the source for \$1.1 million of MKCRF's planned 2016 capital expenditures of \$1.8 million. The balance will come from the remaining proceeds of the \$18 million FHLB loan.

As of March 31, 2016, the Properties had combined cash on hand and short-term receivables from MKCRF of \$840,000.

Operations of Moving King County Residents Forward

MKCRF had minimal operating activity with only \$1,536 of administrative expenses in the first quarter. All required monthly debt service payments to KCHA were made.

Although the March 31, 2016 balance sheet reflects negative working capital of \$524,175, this is primarily the result of minimum loan payments of \$518,060 due within the next 12 months that will be funded by cash generated by the properties over the course of the year. Confidence is high that MKCRF will continue to be in full compliance with the terms and conditions of its loan from KCHA.

Operations and Capital of MKCRF Properties

Statements of Financial Position

As of 3/31/2016

ASSETS	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Working Capital Assets				
Cash-Unrestricted	\$603,249	(\$332,375)	\$270,874	\$477,701
Cash-Restricted Within Program	-	-	-	-
Cash-Restricted for WC Purposes	-	-	-	-
Accounts Receivables	85,665	483,816 (1)	569,481	-
Prepaid Assets & Inventory	59,339	-	59,339	-
Total Working Capital Assets	748,253	151,441	899,694	477,701
Liabilities Offsetting Working Capital Assets				
Accounts Payable	(4,887)	(109,163)	(114,050)	(483,816)
Payroll Liabilities	(115,517)	-	(115,517)	-
Accrued Liabilities	-	-	-	-
Deferrals	-	-	-	-
Current Portion of Long-term debt	-	-	-	(518,060)
Total Offsetting Liabilities	(120,405)	(109,163)	(229,568)	(1,001,876)
Working Capital	\$627,848	\$42,278	\$670,126	(\$524,175)
Other Assets				
Cash-Designated	415,027	-	415,027	1,034,100
Cash-Restricted	77,057	-	77,057	-
Receivables	-	-	-	-
Capital Assets	66,780	-	66,780	67,862,692
Work-in-Process	767	(1)	766	1,161,069
Suspense	-	-	-	-
Other Assets	-	-	-	-
Total Other Assets	559,631	(1)	559,629	70,057,861
TOTAL ASSETS (net of WC offsets)	\$1,187,479	\$42,276	\$1,229,755	\$69,533,686
LIABILITIES & EQUITY				
Other Liabilities				
Security Deposits	77,207	-	77,207	-
Debt	-	-	-	16,229,698
Other Liabilities	-	-	-	-
	77,207	-	77,207	16,229,698
Equity				
Equity	1,110,272	42,276	1,152,548	53,303,987
	1,110,272	42,276	1,152,548	53,303,987
TOTAL LIAB & EQ (net of curr liab)	\$1,187,479	\$42,276	\$1,229,755	\$69,533,686

1) Owed to KCHA for capital work performed at MKCRF properties in the fourth quarter 2015 and first quarter 2016. Payment to KCHA to be made in May.

**Operations and Capital of MKCRF Properties
Working Capital Budget vs. Actual Report
For the Period Ended 3/31/2016**

	MKCRF Properties Managed by KCHA									
	Year-to-Date					(n/m= not meaningful)	2016	Remainder	(n/m= not meaningful)	MKCRF
	Operations	Capital	Combined	Budget	Variance	Percent YTD Variance	Annual Budget	to Receive/ Spend	Percent of Annual Budget	
Revenues										
Tenant Revenue	\$1,782,449	\$0	\$1,782,449	\$1,748,317	\$34,132	2.0%	\$6,993,238	\$5,210,789	25.5%	\$0
Operating Fund Subsidy from HUD	0	0	0	0	0	n/m	0	0	n/m	0
Section 8 Subsidy from HUD	0	0	0	0	0	n/m	0	0	n/m	0
Other Operating Revenue	5,008	0	5,008	1,059	3,949	372.9%	9,443	4,435	53.0%	386,995
Non-operating Revenue	1,360	(388)	972	(240)	1,212	n/m	(944)	(2,304)	n/m	0
Total Revenues	1,788,817	(388)	1,788,430	1,749,136	39,294	2.2%	7,001,737	5,212,920	25.5%	386,995
Expenses										
Salaries & Benefits	203,613	0	203,613	207,169	(3,556)	(1.7%)	876,154	672,541	23.2%	0
Routine Maintenance, Utilities, Taxes & Insurance	373,531	0	373,531	420,700	(47,169)	(11.2%)	1,904,051	1,530,520	19.6%	0
Direct Social Service Salaries	0	0	0	0	0	n/m	0	0	n/m	0
Other Social Service Support Expenses & HAP	280	0	280	163	117	71.6%	650	370	43.0%	0
Administrative Support Expenses	166,660	0	166,660	179,823	(13,163)	(7.3%)	730,199	563,539	22.8%	1,536
Non-operating Expenses	405,435	0	405,435	386,873	18,562	4.8%	2,687,674	2,282,239	15.1%	252,563
Total Expenses	1,149,518	0	1,149,518	1,194,728	(45,210)	(3.8%)	6,198,728	5,049,210	18.5%	254,099
Net Income	639,299	(388)	638,911	554,408	84,503	15.2%	803,009	163,710	79.6%	132,896
Other Sources/(Uses) of Working Capital										
(Increase) in Restricted/Designated Cash	(32,383)	0	(32,383)	(31,947)	(436)	1.4%	(127,788)	(95,405)	25.3%	0
Decrease in Restricted/Designated Cash	1,010	0	1,010	0	1,010	n/m	0	(1,010)	n/m	0
(Increase) in LT Receivables	0	0	0	0	0	n/m	0	0	n/m	0
Decrease in LT Receivables	0	0	0	0	0	n/m	0	0	n/m	0
Acquisition of Capital Assets	(107,950)	(115,015)	(222,965)	(281,881)	58,916	(20.9%)	(1,299,727)	(1,191,777)	8.3%	(244,158)
Disposition of Capital Assets	0	0	0	0	0	n/m	0	0	n/m	0
Change in Suspense	0	0	0	0	0	n/m	0	0	n/m	0
Change in Other Assets	0	0	0	0	0	n/m	0	0	n/m	0
Change in Deferrals	(860)	0	(860)	0	(860)	n/m	0	860	n/m	0
Increase in LT Debt	0	0	0	0	0	n/m	0	0	n/m	0
(Decrease) in LT Debt	0	0	0	0	0	n/m	0	0	n/m	(134,432)
Change in Other Liabilities	0	0	0	0	0	n/m	0	0	n/m	0
Other Non-Working Capital Income/Expense Items	0	0	0	0	0	n/m	0	0	n/m	0
Non Income/Expense Change in Equity	0	0	0	0	0	n/m	0	(0)	n/m	(0)
Total Other Sources/(Uses) of Working Capital	(140,183)	(115,015)	(255,198)	(313,828)	58,630	(18.7%)	(1,427,515)	(1,287,332)	9.8%	(378,591)
Transfer In from (Out to) Other Funds										
Transfers In from Other Funds	0	115,015	115,015	206,301	(91,286)	(44.2%)	1,861,381	1,861,381	0.0%	(2) 0
Transfers Out to Other Funds	(115,015)	0	(115,015)	(206,301)	91,286	(44.2%)	(1,861,381)	(1,746,366)	6.2%	(2) (0)
Net Transfer In/(Out)	(115,015)	115,015	(478,162)	0	(478,162)	n/m	0	115,015	n/m	(0)
Net Change in Working Capital	\$384,101	(\$388)	\$383,714	\$240,580	\$143,134	59.5%	(\$624,506)	(\$1,008,607)	n/m	(\$245,694)
Working Capital, 12/31/2015	243,747	42,666	286,412							(762,297)
Working Capital, 3/31/2016	\$627,848	\$42,278	\$670,126							(\$1,007,991)

1) Various occupancy expense categories are under target

2) Various site improvement and building envelope projects at MKCRF properties were less than anticipated in the budget resulting in less unit upgrade transfers. Project costs are expected to increase as the year progresses.