

MOVING KING COUNTY RESIDENTS FORWARD

Meeting of the Board of Directors

Thursday, August 18, 2016

9:00 AM or immediately following the KCHA Board meeting

Via Conference Call
Snoqualmie Conference Room
700 Andover Park West
Tukwila, WA 98188

Agenda

I. Call to Order

II. Roll Call

III. Approval of Minutes

A. July 25, 2016 Board Meeting Minutes

IV. Briefings and Reports

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

V. Board of Directors Comments

VI. Adjourn

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

Monday, July 25, 2016

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, July 25, 2016 at the, at the Nia Apartments (Greenbridge), 9935 8th Avenue SW, Seattle WA at 10:15 a.m.

II. ROLL CALL

Present: Board of Directors: Doug Barnes (Chair), Susan Palmer (via Telephone), TerryLynn Stewart, Michael Brown (Treasurer), and Secretary of the Corporation, Stephen Norman

Excused: John Welch

III. Public Comment:

No Public Comment.

IV. Approval of the Minutes:

Minutes from the May 16, 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.

V. Resolutions for Discussion and Possible Action

None.

VI. Briefings and Reports

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

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

VII. Board of Director Comments

None.

VIII. Adjournment

There being no further business, the meeting was officially adjourned at 10:20 a.m.

MOVING KING COUNTY RESIDENTS FORWARD

**Douglas J. Barnes
President**

Stephen J. Norman

MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Craig Violante

DATE: August 10, 2016

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

EXECUTIVE SUMMARY

Throughout the first six 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 six units using KCHA's internal unit upgrade crew.

SECOND QUARTER 2016 FINANCIAL REPORTS

Attached are financial reports through the second 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 six months of 2016 exceeded budget by 1.9% while operating expenses are right on target.

Throughout the first six months, the Properties generated net operating cash flow of \$1,071,424 after required debt service payments and additions to replacement reserves:

Operating Revenues	\$3,565,741
Operating Expenses	(1,655,603)
Debt Service	(773,990)
Trf to Replacement Reserves	(64,874)
Net Cash Flow	<u><u>\$1,071,274</u></u>

This cash flow was partially used to fund the interior upgrades of six units. Although 25 apartments were budgeted for rehabilitation in 2016, unit availability has thus far limited upgrade opportunities. Since acquiring the Properties, 118 units have been upgraded by KCHA's in-house force account maintenance team. A total of 319 units (62.7%) 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 June 30, 2016, the Properties had combined cash on hand and short-term receivables from MKCRF of \$1.2 million.

Operations of Moving King County Residents Forward

MKCRF had minimal operating activity with only \$1,293 of administrative expenses in the six months. All required monthly debt service payments to KCHA were made.

Although the June 30, 2016 balance sheet reflects negative working capital of \$523,931, 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 6/30/2016

	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
ASSETS				
Working Capital Assets				
Cash-Unrestricted	\$1,000,017	(\$282,352)	\$717,665	\$398,943
Cash-Restricted Within Program	-	-	-	-
Cash-Restricted for WC Purposes	-	-	-	-
Accounts Receivables	42,744	404,815 (1)	447,558	-
Prepaid Assets & Inventory	34,741	-	34,741	-
Total Working Capital Assets	1,077,501	122,463	1,199,964	398,943
Liabilities Offsetting Working Capital Assets				
Accounts Payable	(4,887)	(86,174)	(91,061)	(404,815) (1)
Payroll Liabilities	(115,517)	-	(115,517)	-
Accrued Liabilities	-	-	-	-
Deferrals	-	-	-	-
Current Portion of Long-term debt	-	-	-	(518,060)
Total Offsetting Liabilities	(120,405)	(86,174)	(206,578)	(922,875)
Working Capital	\$957,097	\$36,289	\$993,386	(\$523,931)
Other Assets				
Cash-Designated	447,518	-	447,518	629,285
Cash-Restricted	77,507	-	77,507	-
Receivables	-	-	-	-
Capital Assets	65,837	-	65,837	67,470,548
Work-in-Process	767	(1)	766	1,565,883
Suspense	-	-	-	-
Other Assets	-	-	-	-
Total Other Assets	591,629	(1)	591,628	69,665,717
TOTAL ASSETS (net of WC offsets)	\$1,548,726	\$36,288	\$1,585,014	\$69,141,785
LIABILITIES & EQUITY				
Other Liabilities				
Deferrals-Related to Restr Cash	77,507	-	77,507	-
Debt	-	-	-	16,093,239
Other Liabilities	-	-	-	-
	77,507	-	77,507	16,093,239
Equity				
Equity	1,471,219	36,288	1,507,507	53,048,546
	1,471,219	36,288	1,507,507	53,048,546
TOTAL LIAB & EQ (net of curr liab)	\$1,548,726	\$36,288	\$1,585,014	\$69,141,785

1) Owed to KCHA for capital work performed at MKCRF properties in the second quarter. Payment to KCHA to be made in July.

**Operations and Capital of MKCRF Properties
Working Capital Budget vs. Actual Report
For the Period Ended 6/30/2016**

	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	\$3,559,400	\$0	\$3,559,400	\$3,496,621	\$62,779	1.8%	\$6,993,238	\$3,433,838	50.9%	\$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	6,341	0	6,341	2,064	4,277	207.2%	9,443	3,102	67.2%	773,990
Non-operating Revenue	9,135	(812)	8,323	(477)	8,800	n/m	(944)	(10,079)	n/m	0
Total Revenues	3,574,876	(812)	3,574,064	3,498,208	75,856	2.2%	7,001,737	3,426,861	51.1%	773,990
Expenses										
Salaries & Benefits	417,637	5,445	423,081	414,328	8,753	2.1%	876,154	458,517	47.7%	0
Routine Maintenance, Utilities, Taxes & Insurance	859,058	0	859,058	883,212	(24,154)	(2.7%)	1,904,051	1,044,993	45.1%	0
Direct Social Service Salaries	0	0	0	0	0	n/m	0	0	n/m	0
Other Social Service Support Expenses & HAP	20,088	0	20,088	327	19,761	6043.2%	650	(19,438)	3090.5%	(1) 0
Administrative Support Expenses	349,287	0	349,287	357,736	(8,449)	(2.4%)	730,199	380,912	47.8%	1,293
Non-operating Expenses	792,430	0	792,430	773,746	18,684	2.4%	2,687,674	1,895,244	29.5%	503,098
Total Expenses	2,438,500	5,445	2,443,944	2,429,349	14,595	0.6%	6,198,728	3,760,228	39.3%	504,391
Net Income	1,136,376	(6,256)	1,130,119	1,068,859	61,260	5.7%	803,009	(333,367)	141.5%	269,598
Other Sources/(Uses) of Working Capital										
(Increase) in Restricted/Designated Cash	(64,874)	0	(64,874)	(63,894)	(980)	1.5%	(127,788)	(62,914)	50.8%	0
Decrease in Restricted/Designated Cash	560	0	560	0	560	n/m	0	(560)	n/m	483,816
(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	(175,905)	(182,366)	(358,271)	(552,496)	194,225	(35.2%)	(1,299,727)	(1,123,822)	13.5%	(2) (648,973)
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	(560)	0	(560)	0	(560)	n/m	0	560	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	(270,891)
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	(240,779)	(182,366)	(423,145)	(616,390)	193,245	(31.4%)	(1,427,515)	(1,186,736)	16.9%	(436,048)
Transfer In from (Out to) Other Funds										
Transfers In from Other Funds	0	182,246	182,246	412,603	(230,357)	(55.8%)	1,861,381	1,861,381	0.0%	(2) 0
Transfers Out to Other Funds	(182,246)	0	(182,246)	(412,603)	230,357	(55.8%)	(1,861,381)	(1,679,135)	9.8%	(2) 0
Net Transfer In/(Out)	(182,246)	182,246	(781,417)	0	(781,417)	n/m	0	182,246	n/m	0
Net Change in Working Capital	\$713,350	(\$6,376)	\$706,974	\$452,469	\$254,505	56.2%	(\$624,506)	(\$1,337,856)	n/m	(\$166,450)
Working Capital, 12/31/2015	243,747	42,666	286,412							(762,297)
Working Capital, 6/30/2016	\$957,097	\$36,289	\$993,386							(\$928,746)

1) Following a serious safety incident at Riverton Terrace Family Apartments, a security patrol agency was temporarily hired to provide security services. Unbudgeted.

2) Six unit upgrades have been completed through June. The number is below the pace necessary to reach the annual budget of 25 units. Upgrades are dependent upon unit availability.