

MOVING KING COUNTY RESIDENTS FORWARD

Meeting of the Board of Directors

Monday, November 21, 2016

10:15 AM or immediately following the KCHA Board meeting

Snoqualmie Conference Room

700 Andover Park West

Tukwila, WA 98188

Agenda

I. Call to Order

II. Roll Call

III. Public Comment

IV. Approval of Minutes

A. August 18, 2016 Board Meeting Minutes

V. Briefings and Reports

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

VI. Board of Directors Comments

VII. Adjourn

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

Thursday, August 18, 2016

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Thursday, August 18, 2016 via Conference Call at the King County Housing Authority, 700 Andover Park West, Tukwila, WA 98188 at 9:00 a.m.

II. ROLL CALL

Present: Board of Directors: Doug Barnes (Chair), Susan Palmer, 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 July 25, 2016 Special Board Meeting were presented for approval.

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

V. Resolutions for Discussion and Possible Action

None.

VI. Briefings and Reports

a. Second 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 9:06 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: November 15, 2016

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

EXECUTIVE SUMMARY

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

THIRD QUARTER 2016 FINANCIAL REPORTS

Attached are financial reports through the third 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 nine months of 2016 exceeded budget by 2.8% while operating expenses are right on target.

Throughout the first six months, the Properties generated net operating cash flow of \$1,577,772 after required debt service payments and additions to replacement reserves:

Operating Revenues	\$5,396,538
Operating Expenses	(2,561,200)
Debt Service	(1,160,985)
Trf to Replacement Reserves	(96,581)
Net Cash Flow	<u>\$1,577,772</u>

This cash flow was partially used to fund the interior upgrades of nine units. Although 25 apartments were budgeted for rehabilitation in 2016, unit availability has thus far limited upgrade opportunities. Since acquiring the Properties, 121 units have been upgraded by KCHA's in-house force account maintenance team. A total of 322 units (62.9%) 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 is the identified 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, of which \$493,000 will remain after reimbursing the Properties for third quarter capital expenses.

As of September 30, 2016, the Properties had combined cash on hand and short-term receivables from MKCRF of \$1.4 million.

Operations of Moving King County Residents Forward

Year-to-date, MKCRF has had minimal operating activity with only \$7,548 of administrative expenses, primarily fees for tax return preparation. All required monthly debt service payments to KCHA were made.

Although the September 30, 2016 balance sheet reflects negative working capital of \$518,060, this is 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 9/30/2016

ASSETS	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Working Capital Assets				
Cash-Unrestricted	\$1,284,539	(\$60,105)	\$1,224,435	(\$6,832)
Cash-Restricted Within Program	-	-	-	-
Cash-Restricted for WC Purposes	-	-	-	-
Accounts Receivables	61,371	136,216 (1)	197,586	-
Prepaid Assets & Inventory	11,099	-	11,099	-
Total Working Capital Assets	1,357,009	76,111	1,433,120	(6,832)
Liabilities Offsetting Working Capital Assets				
Accounts Payable	(0)	(34,279)	(34,279)	(136,216) (1)
Payroll Liabilities	(115,517)	-	(115,517)	-
Accrued Liabilities	-	-	-	-
Deferrals	-	-	-	-
Current Portion of Long-term debt	-	-	-	(518,060)
Total Offsetting Liabilities	(115,517)	(34,279)	(149,797)	(654,275)
Working Capital	\$1,241,491	\$41,832	\$1,283,323	(\$661,107)
Other Assets				
Cash-Designated	480,061	-	480,061	629,285
Cash-Restricted	77,232	-	77,232	-
Receivables	-	-	-	-
Capital Assets	64,894	-	64,894	67,078,404
Work-in-Process	767	(1)	766	1,702,099
Suspense	-	-	-	-
Other Assets	-	-	-	-
Total Other Assets	622,954	(1)	622,952	69,409,789
TOTAL ASSETS (net of WC offsets)	\$1,864,445	\$41,830	\$1,906,275	\$68,748,682
LIABILITIES & EQUITY				
Other Liabilities				
Deferrals-Related to Restr Cash	77,232	-	77,232	-
Debt	-	-	-	15,954,723
Other Liabilities	-	-	-	-
	77,232	-	77,232	15,954,723
Equity				
Equity	1,787,213	41,830	1,829,043	52,793,958
	1,787,213	41,830	1,829,043	52,793,958
TOTAL LIAB & EQ (net of curr liab)	\$1,864,445	\$41,830	\$1,906,275	\$68,748,682

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

**Operations and Capital of MKCRF Properties
Working Capital Budget vs. Actual Report
For the Period Ended 9/30/2016**

	MKCRF Properties Managed by KCHA									MKCRF					
	Year-to-Date			Budget	Variance	(n/m= not meaningful)	2016 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful)	(n/m= not meaningful)			Annual Budget	Remainder to Receive/ Spend	
	Operations	Capital	Combined			Percent YTD Variance			Percent YTD Variance	Percent of Annual Budget	Actual	Budget			Variance
Revenues															
Tenant Revenue	5,387,154	0	\$5,387,154	\$5,244,934	\$142,220	2.7%	\$6,993,238	\$1,606,084	77.0%	\$0	\$0	\$0	n/m	\$0	\$0
Operating Fund Subsidy from HUD	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Section 8 Subsidy from HUD	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Other Operating Revenue	9,383	0	9,383	3,121	6,262	200.7%	9,443	60	99.4%	1,160,985	1,570,780	(409,795)	(26.1%)	2,677,674	1,516,689
Non-operating Revenue	11,340	(834)	10,506	(712)	11,218	n/m	(944)	(12,284)	n/m	0	0	0	n/m	0	0
Total Revenues	5,407,877	(834)	5,407,044	5,247,343	159,701	3.0%	7,001,737	1,593,860	77.2%	1,160,985	1,570,780	(409,795)	(26.1%)	2,677,674	1,516,689
Expenses															
Salaries & Benefits	651,167	0	651,167	645,249	5,918	0.9%	876,154	224,987	74.3%	0	0	0	n/m	0	0
Routine Maintenance, Utilities, Taxes & Insurance	1,343,334	0	1,343,334	1,366,264	(22,930)	(1.7%)	1,904,051	560,717	70.6%	0	0	0	n/m	0	0
Direct Social Service Salaries	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Other Social Service Support Expenses & HAP	45,861	0	45,861	489	45,372	9278.5% (1)	650	(45,211)	7055.5%	0	0	0	n/m	0	0
Administrative Support Expenses	529,690	0	529,690	549,198	(19,508)	(3.6%)	730,199	200,509	72.5%	2,253	7,536	(5,283)	(70.1%)	7,548	5,295
Non-operating Expenses	1,202,357	0	1,202,357	1,575,780	(373,423)	(23.7%)	2,687,674	1,485,317	44.7%	751,577	748,476	3,101	0.4%	997,968	246,391
Total Expenses	3,772,409	0	3,772,409	4,136,980	(364,571)	(8.8%)	6,198,728	2,426,319	60.9%	753,830	756,012	(2,182)	(0.3%)	1,005,516	251,686
Net Income	1,635,468	(834)	1,634,634	1,110,363	524,271	47.2%	803,009	(832,459)	203.7%	407,154	814,768	(407,614)	n/m	1,672,158	1,265,004
Other Sources/(Uses) of Working Capital															
(Increase) in Restricted/Designated Cash	(96,581)	0	(96,581)	(95,841)	(740)	0.8%	(127,788)	(31,207)	75.6%	0	0	0	n/m	0	0
Decrease in Restricted/Designated Cash	0	0	0	0	0	n/m	0	0	n/m	888,631	700,000	188,631	26.9%	700,000	(188,631)
(Increase) in LT Receivables	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Decrease in LT Receivables	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Acquisition of Capital Assets	(247,011)	(293,297)	(540,307)	(996,547)	456,240	(45.8%) (2)	(1,299,727)	(1,052,716)	19.0%	(785,189)	(1,110,162)	324,973	(29.3%)	(1,830,183)	(1,044,994)
Disposition of Capital Assets	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Change in Suspense	(0)	0	(0)	0	(0)	n/m	0	0	n/m	0	0	0	n/m	0	0
Change in Other Assets	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Change in Deferrals	(835)	0	(835)	0	(835)	n/m	0	835	n/m	0	0	0	n/m	0	0
Increase in LT Debt	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
(Decrease) in LT Debt	0	0	0	0	0	n/m	0	0	n/m	(409,407)	(437,951)	28,544	(6.5%)	(583,935)	(174,528)
Change in Other Liabilities	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Other Non-Working Capital Income/Expense Items	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Non Income/Expense Change in Equity	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Total Other Sources/(Uses) of Working Capital	(344,427)	(293,297)	(637,724)	(1,092,388)	454,664	(41.6%)	(1,427,515)	(1,083,088)	24.1%	(305,965)	(848,113)	542,148	(63.9%)	(1,714,118)	(1,408,153)
Transfer In from (Out to) Other Funds															
Transfers In from Other Funds	0	293,297	293,297	1,029,064	(735,767)	(71.5%)	1,861,381	1,861,381	0.0%	0	0	0	n/m	0	0
Transfers Out to Other Funds	(293,297)	0	(293,297)	(1,029,064)	735,767	(71.5%)	(1,861,381)	(1,568,084)	15.8%	0	0	0	n/m	0	0
Net Transfer In/(Out)	(293,297)	293,297	0	0	0	n/m	0	293,297	n/m	0	0	0	n/m	0	0
Net Change in Working Capital	\$997,745	(\$834)	\$996,911	\$17,975	\$978,936	5446.1%	(\$624,506)	(\$1,622,251)	n/m	\$101,190	(\$33,345)	\$134,535	(403.5%)	(\$41,960)	(\$143,150)
Working Capital, 12/31/2015	243,747	42,666	286,412							(762,297)					
Working Capital, 9/30/2016	\$1,241,491	\$41,832	\$1,283,323							(\$661,107)					

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

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