

MOVING KING COUNTY RESIDENTS FORWARD

Annual

Meeting of the Board of Directors

Monday, May 15, 2017

10:00 AM or immediately following the KCHA Board meeting

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

Agenda

- I. Call to Order
- II. Roll Call
- III. Election of Officers for the Organization
 - a. Chair
 - b. Vice-Chair
- IV. Public Comment
- V. Approval of Minutes - April 17, 2017 Board Meeting Minutes
- VI. Resolutions for Discussion and Possible Action

None.
- VII. Briefings and Reports
 - A. First Quarter 2017 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties
- VIII. Board of Directors Comments
- IX. Adjourn

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

Monday, April 17, 2017

I. CALL TO ORDER

The regular meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, April 17, 2017 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, 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), John Welch and Secretary of the Corporation, Stephen Norman

III. Public Comment

No Public Comment.

IV. Approval of the Minutes

Minutes from the December 19, 2016 Special Board Meeting were presented for approval.

Director Susan Palmer moved for approval of the December 19, 2016 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. Fourth 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
Secretary of the Corporation

MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Craig Violante

DATE: April 27, 2017

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

EXECUTIVE SUMMARY

Throughout the first three months of 2017, 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 five units using KCHA's internal unit upgrade crew.

FIRST QUARTER 2017 FINANCIAL REPORTS

Attached are financial reports through the first quarter of 2017:

- 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

Tenant revenues were slightly below first quarter budget projections, while operations expended 90.3% of budgeted expenses. As is typical early in the year, maintenance expenses were the main driver of the variance, with 84% of budget having been expended.

Throughout the period, the Properties generated net operating cash flow of \$595,632 after required debt service payments and additions to replacement reserves:

Operating Revenues	\$1,851,055
Operating Expenses	(835,043)
Debt Service	(386,995)
Trf to Replacement Reserves	(33,385)
Net Cash Flow	<u><u>\$595,632</u></u>

This cash flow was partially used to fund the interior upgrades of five units, half of the entire 2017 MKCRF unit upgrade budget. Once the 10 unit limit is reached, vacated units will most likely be subject to a regular as opposed to an upgrade turn. Since acquiring the Properties in 2012, 127 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 328 units (64.4%) have been upgraded since inception of the program in 2006.

As of March 31, 2016, the Properties had combined cash on hand and short-term receivables of \$315,000.

Operations of Moving King County Residents Forward

MKCRF has had minimal operating activity with only \$195 of administrative expenses. All required monthly debt service payments to KCHA were made.

The March 31, 2017 balance sheet reflects negative working capital of \$518,060, which is equal to the minimum loan payments due within the next 12 months. These loan payments 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 3/31/2017

ASSETS	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Working Capital Assets				
Cash-Unrestricted	\$109,860	\$147,338	\$257,198	(\$195)
Cash-Restricted Within Program	-	-	-	-
Cash-Restricted for WC Purposes	-	-	-	-
Accounts Receivable	57,990	-	57,990	-
Prepaid Assets & Inventory	76,367	-	76,367	-
Total Working Capital Assets	244,218	147,338	391,555	(195)
Liabilities Offsetting Working Capital Assets				
Accounts Payable	(64,210)	(108,083)	(172,293)	-
Payroll Liabilities	(149,268)	(198)	(149,466)	-
Accrued Liabilities	-	-	-	-
Deferrals	-	-	-	-
Current Portion of Long-term debt	-	-	-	(518,060)
Total Offsetting Liabilities	(213,478)	(108,282)	(321,759)	(518,060)
Working Capital	\$30,740	\$39,056	\$69,796	(\$518,255)
Other Assets				
Cash-Designated	545,550	-	545,550	-
Cash-Restricted	77,725	-	77,725	-
Receivables	-	-	-	-
Capital Assets	91,996	-	91,996	68,610,234
Work-in-Process	767	(1)	766	1,543,174
Suspense	-	-	-	-
Other Assets	-	-	-	-
Total Other Assets	716,038	(1)	716,036	70,153,408
TOTAL ASSETS (net of WC offsets)	\$746,778	\$39,055	\$785,832	\$69,635,154
LIABILITIES & EQUITY				
Other Liabilities				
Deferrals-Related to Restr Cash	77,725	-	77,725	-
Debt	-	-	-	15,671,395
Other Liabilities	-	-	-	-
	77,725	-	77,725	15,671,395
Equity				
Equity	669,053	39,055	708,107	53,963,758
	669,053	39,055	708,107	53,963,758
TOTAL LIAB & EQ (net of curr liab)	\$746,778	\$39,055	\$785,832	\$69,635,154

**Operations and Capital of MKCRF Properties
Working Capital Budget vs. Actual Report
For the Period Ended 3/31/2017**

	MKCRF Properties Managed by KCHA										MKCRF				
	Year-to-Date					(n/m= not meaningful)	2017	Remainder	(n/m= not meaningful)	(n/m= not meaningful)					
	Operations	Capital	Combined	Budget	Variance	Percent YTD Variance	Annual Budget	to Receive/ Spend	Percent of Annual Budget	Actual	Budget	Variance	Percent YTD Variance	Annual Budget	Remainder to Receive/ Spend
Revenues															
Tenant Revenue	1,849,463	0	\$1,849,463	\$1,878,385	(\$28,922)	(1.5%)	\$7,513,534	\$5,664,071	24.6%	\$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	1,593	0	1,593	0	1,593	n/m	3,830	2,238	41.6%	590,252	623,293	(33,041)	(5.3%)	2,974,407	2,384,155
Non-operating Revenue	1,463	26	1,489	763	726	95.1%	3,316	1,853	44.1%	0	0	0	n/m	0	0
Total Revenues	1,852,518	26	1,852,544	1,879,148	(26,604)	(1.4%)	7,520,680	5,668,162	24.6%	590,252	623,293	(33,041)	(5.3%)	2,974,407	2,384,155
Expenses															
Salaries & Benefits	215,765	1,955	217,719	227,978	(10,259)	(4.5%)	963,030	747,265	22.4%	0	0	0	n/m	0	0
Routine Maintenance, Utilities, Taxes & Insurance	363,785	0	363,785	432,612	(68,827)	(15.9%)	(1) 1,998,168	1,634,383	18.2%	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	241	0	241	142	99	69.8%	530	289	45.5%	0	0	0	n/m	0	0
Administrative Support Expenses	172,365	0	172,365	174,311	(1,946)	(1.1%)	706,024	533,659	24.4%	195	0	195	n/m	1,000	805
Non-operating Expenses	349,305	203,257	552,563	623,293	(70,730)	(11.3%)	(2) 2,976,407	2,627,102	11.7%	244,271	241,011	3,260	1.4%	964,044	719,773
Total Expenses	1,101,461	205,212	1,306,673	1,458,336	(151,663)	(10.4%)	6,644,159	5,542,698	16.6%	244,466	241,011	3,455	1.4%	965,044	720,578
Net Income	751,057	(205,186)	545,871	420,812	125,059	29.7%	876,521	125,464	85.7%	345,786	382,282	(36,496)	(9.5%)	2,009,363	1,663,577
Other Sources/(Uses) of Working Capital															
(Increase) in Restricted/Designated Cash	(33,385)	0	(33,385)	(32,427)	(958)	3.0%	(129,708)	(96,323)	25.7%	0	0	0	n/m	0	0
Decrease in Restricted/Designated Cash	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
(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	(0)	0	0	0	0	n/m	0	0	n/m	(203,257)	(236,420)	33,163	n/m	(1,426,916)	(1,223,659)
Maintenance Projects	(181,013)	(96,560)	(277,573)	(137,464)	(140,109)	101.9%	(732,648)	(551,635)	24.7%	0	0	0	n/m	0	0
Acquisition of Capital Assets	(181,013)	(96,560)	(277,573)	(137,464)	(140,109)	101.9%	(3) (732,648)	(551,635)	24.7%	(203,257)	(236,420)	33,163	(14.0%)	(1,426,916)	(1,223,659)
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	468	0	468	0	468	n/m	0	(468)	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	(142,724)	(154,988)	12,264	(7.9%)	(619,951)	(477,227)
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	(213,930)	(96,560)	(310,490)	(169,891)	(140,599)	82.8%	(862,356)	(648,426)	24.8%	(345,981)	(391,408)	45,427	(11.6%)	(2,046,867)	(1,700,886)
Transfer In from (Out to) Other Funds															
Transfers In from Other Funds	0	299,818	299,818	308,734	(8,916)	(2.9%)	1,716,164	1,716,164	0.0%	0	0	0	n/m	0	0
Transfers Out to Other Funds	(299,818)	0	(299,818)	(308,734)	8,916	(2.9%)	(1,716,164)	(1,416,346)	17.5%	0	0	0	n/m	0	0
Net Transfer In/(Out)	(299,818)	299,818	0	0	0	n/m	0	299,818	n/m	0	0	0	n/m	0	0
Net Change in Working Capital	\$237,309	(\$1,929)	\$235,381	\$250,921	(\$15,540)	(6.2%)	\$14,165	(\$223,144)	1675.3%	(\$195)	(\$9,126)	\$8,931	(97.9%)	(\$37,504)	(\$37,309)
Working Capital, 12/31/2016	(206,569)	40,985	(165,584)							(518,060)					
Working Capital, 3/31/2017	\$30,740	\$39,056	\$69,796							(\$518,255)					

- 1) Timing of invoicing; many properties have not yet received water and sewer bills for March. Seasonal and periodic contracts are low as is typical early in the year.
- 2) Vista Heights fire damage repair was completed in 2016 but the final insurance reimbursement of \$37K was received in February 2017 and recorded as an offset to non-operating expenses
- 3) New playgrounds for Greenleaf and Juanita Court properties were budgeted for late 2016 but the actual expenses of \$160k occurred February 2017.