

MOVING KING COUNTY RESIDENTS FORWARD

Special Meeting of the Board of Directors

Monday, August 21, 2017

10:15 AM or immediately following the KCHA Board meeting

Somerset Gardens
Community Conference Room
14700 N.E. 29th Place
Bellevue, WA 98007

Agenda

- I. Call to Order
- II. Roll Call
- III. Public Comment
- IV. Approval of Minutes - May 15, 2016 Annual Board Meeting Minutes
- V. Resolutions for Discussion and Possible Action

None.
- VI. Briefings and Reports
 - A. Second Quarter 2017 Financial Reports for Moving King County Residents Forward (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 15, 2017

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, May 15, 2017 at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:20 a.m.

II. ROLL CALL

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

Excused: Michael Brown (Treasurer)

III. Election of Officers for the Organization

- a. President: Doug Barnes
- b. Treasurer: Michael Brown

IV. Public Comment

No Public Comment.

V. Approval of the Minutes

Minutes from the April 17, 2017 Board of Directors' meeting were presented for approval.

Director TerryLynn Stewart moved for approval of the April 17, 2017 minutes, with Director John Welch seconding the motion. The minutes were approved.

VI. Resolutions for Discussion and Possible Action

None.

VII. Briefings and Reports

- a. First Quarter 2017 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.

VIII. Board of Director Comments

None.

IX. Adjournment

There being no further business, the meeting was officially adjourned at 10:28 a.m.

MOVING KING COUNTY RESIDENTS FORWARD

Douglas J. Barnes
President

Stephen J. Norman
Secretary of the Corporation

DRAFT FOR APPROVAL

MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Craig Violante

DATE: August 15, 2017

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

EXECUTIVE SUMMARY

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

SECOND QUARTER 2017 FINANCIAL REPORTS

Attached are financial reports through the second 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 just slightly below year-to-date budget estimates having earned 49.6% of projected income, while operations expended 37.1% of planned expenses.

Throughout the period, the Properties generated net operating cash flow of \$1,102,298 after required debt service payments and additions to replacement reserves:

Operating Revenues	\$3,727,360
Operating Expenses	(1,784,655)
Debt Service	(773,990)
Trf to Replacement Reserves	(66,417)
Net Cash Flow	<u><u>\$1,102,298</u></u>

This cash flow was partially used to fund the interior upgrades of seven units, 70% of the entire 2017 MKCRF unit upgrade budget. \$250,000 which was earmarked for a deck and patio project at Greenleaf is being repurposed to the unit upgrade program as the project is instead being added to a larger project scheduled for 2018 that will have a different funding source. This will give MKCRF the capacity to upgrade up to nine additional units. Since acquiring the Properties in 2012, 127 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 330 units (64.8%) have been upgraded since inception of the program in 2006.

As of June 30, 2017, the Properties had working capital of approximately \$365,000.

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 June 30, 2017 balance sheet reflects negative working capital of approximately \$584,000, 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 6/30/2017

ASSETS	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Working Capital Assets				
Cash-Unrestricted	\$420,972	\$40,278	\$461,249	(\$196)
Cash-Restricted Within Program	-	-	-	-
Cash-Restricted for WC Purposes	-	-	-	-
Accounts Receivable	63,898	-	63,898	-
Prepaid Assets & Inventory	54,050	-	54,050	-
Total Working Capital Assets	538,920	40,278	579,198	(196)
Liabilities Offsetting Working Capital Assets				
Accounts Payable	(64,210)	(965)	(65,174)	-
Payroll Liabilities	(149,268)	(198)	(149,466)	-
Accrued Liabilities	-	-	-	-
Deferrals	-	-	-	-
Current Portion of Long-term debt	-	-	-	(583,936)
Total Offsetting Liabilities	(213,478)	(1,163)	(214,641)	(583,936)
Working Capital	\$325,443	\$39,115	\$364,557	(\$584,132)
Other Assets				
Cash-Designated	578,857	-	578,857	-
Cash-Restricted	77,450	-	77,450	-
Receivables	-	-	-	-
Capital Assets	90,786	-	90,786	68,203,269
Work-in-Process	763	(1)	762	1,646,955
Suspense	-	-	-	-
Other Assets	-	-	-	-
Total Other Assets	747,857	(1)	747,855	69,850,223
TOTAL ASSETS (net of WC offsets)	\$1,073,299	\$39,113	\$1,112,412	\$69,266,092
LIABILITIES & EQUITY				
Other Liabilities				
Deferrals-Related to Restr Cash	77,450	-	77,450	-
Debt	-	-	-	15,460,643
Other Liabilities	-	-	-	-
	77,450		77,450	15,460,643
Equity				
Equity	995,849	39,113	1,034,962	53,805,449
	995,849	39,113	1,034,962	53,805,449
TOTAL LIAB & EQ (net of curr liab)	\$1,073,299	\$39,113	\$1,112,412	\$69,266,092

Operations and Capital of MKCRF Properties
Working Capital Budget vs. Actual Report
For the Period Ended 6/30/2017

	MKCRF Properties Managed by KCHA							MKCRF								
	Year-to-Date			Budget	Variance	Percent YTD Variance	2017 Annual Budget	Remainder to Receive/ Spend	(n/m= not meaningful) Percent of Annual Budget	Actual	Budget	Variance	(n/m= not meaningful)			
	Operations	Capital	Combined										Percent YTD	Percent YTD	Annual Budget	Annual Budget
Revenues																
Tenant Revenue	3,725,710	0	\$3,725,710	\$3,756,763	(\$31,053)	(0.8%)	\$7,513,534	\$3,787,824	49.6%	\$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	1,651	0	1,651	0	1,651	n/m	3,830	2,179	43.1%	1,081,027	1,097,935	(16,908)	(1.5%)	2,974,407	1,893,380	
Non-operating Revenue	3,878	85	3,962	1,575	2,387	151.6%	3,316	(562)	116.9%	0	0	0	n/m	0	0	
Total Revenues	3,731,238	85	3,731,323	3,758,338	(27,015)	(0.7%)	7,520,680	3,789,442	49.6%	1,081,027	1,097,935	(16,908)	(1.5%)	2,974,407	1,893,380	
Expenses																
Salaries & Benefits	469,492	1,955	471,447	481,567	(10,120)	(2.1%)	963,030	493,538	48.8%	0	0	0	n/m	0	0	
Routine Maintenance, Utilities, Taxes & Insurance	913,251	0	913,251	955,756	(42,505)	(4.4%)	1,998,168	1,084,917	45.7%	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	857	0	857	281	576	205.0%	530	(327)	161.7%	0	0	0	n/m	0	0	
Administrative Support Expenses	348,026	0	348,026	347,051	975	0.3%	706,024	357,998	49.3%	195	0	195	n/m	1,000	805	
Non-operating Expenses	736,300	307,038	1,043,338	1,097,935	(54,597)	(5.0%)	2,976,407	2,240,107	24.7%	486,390	482,022	4,368	0.9%	964,044	477,654	
Total Expenses	2,467,926	308,992	2,776,919	2,882,590	(105,671)	(3.7%)	6,644,159	4,176,233	57.1%	486,585	482,022	4,563	0.9%	965,044	476,459	
Net Income	1,263,312	(308,908)	954,404	875,748	78,656	9.0%	876,521	(386,791)	144.1%	594,442	615,913	(21,471)	n/m	2,009,363	1,414,921	
Other Sources/(Uses) of Working Capital																
(Increase) in Restricted/Designated Cash	(66,417)	0	(66,417)	(64,854)	(1,563)	2.4%	(129,708)	(63,291)	51.2%	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	407	0	407	0	407	n/m	0	(407)	n/m	(307,038)	(324,189)	17,151	(5.3%)	(1,426,916)	(1,119,878)	
Maintenance Projects	(192,422)	(165,620)	(358,042)	(309,875)	(48,167)	15.5%	(732,648)	(540,226)	26.3%	0	0	0	n/m	0	0	
Acquisition of Capital Assets	(192,015)	(165,620)	(357,635)	(309,875)	(47,760)	15.4%	(732,648)	(540,633)	26.2%	(307,038)	(324,189)	17,151	(5.3%)	(1,426,916)	(1,119,878)	
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	193	0	193	0	193	n/m	0	(193)	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	(353,476)	(309,976)	(43,500)	14.0%	(619,951)	(266,475)	
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	(258,239)	(165,620)	(423,859)	(374,729)	(49,130)	13.1%	(862,356)	(604,117)	29.9%	(660,514)	(684,165)	(26,349)	4.2%	(2,046,867)	(1,386,353)	
Transfer in from (Out to) Other Funds																
Transfers In from Other Funds	0	472,658	472,658	468,814	3,844	0.8%	1,716,164	1,716,164	0.0%	0	0	0	n/m	0	0	
Transfers Out to Other Funds	(472,658)	0	(472,658)	(468,814)	(3,844)	0.8%	(1,716,164)	(1,243,507)	27.5%	0	0	0	n/m	0	0	
Net Transfer In/(Out)	(472,658)	472,658	0	0	0	n/m	0	472,658	n/m	0	0	0	n/m	0	0	
Net Change in Working Capital	\$532,415	(161,670)	\$370,745	\$501,019	(129,275)	5.9%	\$14,165	(513,221)	375.0%	(\$65,072)	(\$18,252)	(\$47,180)	261.6%	(\$17,504)	(\$21,932)	
Working Capital, 12/31/2016	(206,569)	40,985	(165,584)							(518,060)						
Working Capital, 6/30/2017	(\$32,154)	199,115	(\$64,536)							(\$584,132)						

1) New playgrounds for Greenleaf and Juanita Court properties were budgeted for late 2016 but the actual expenses of \$160k occurred February 2017. A deck and patio project was budgeted for Greenleaf in 2017 (\$250K) but will not occur as the work is being instead included in a Capital Construction project in 2018. The funds budgeted for this project are being redirected towards unit upgrades in 2017. The resulting variance partially offsets resulting from the playgrounds.