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MOVING KING COUNTY RESIDENTS FORWARD

Meeting of the Board of Directors

Monday, September 16, 2019

10:15 AM or immediately following the KCHA Board meeting

King County Housing Authority

Snoqualmie Conference Room

700 Andover Park West

Tukwila, WA 98188

Agenda

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- I. Call to Order
 - II. Roll Call
 - III. Public Comment
 - IV. Approval of Minutes
 - A. May 20, 2019 Board Meeting Minutes 1
 - V. Resolutions for Discussion and Possible Action
 - VI. Briefings and Reports
 - A. Second Quarter 2019 Financial Report for MKCRF and MKCRF - Owned Properties 2
 - VII. Board of Directors Comments
 - VIII. Adjourn

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

Monday, May 20, 2019

I. CALL TO ORDER

The annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, May 20, 2019 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 9:37 a.m.

II. ROLL CALL

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

III. ELECTION OF OFFICERS

A. President: Douglas Barnes

On motion by Director TerryLynn Stewart and seconded by Director Susan Palmer, the Board of Directors unanimously approved Douglas Barnes as the President.

B. Secretary: Stephen Norman

On motion by Director TerryLynn Stewart and seconded by Director Susan Palmer, the Board of Directors unanimously approved Stephen Norman as the Secretary.

C. Treasurer: Susan Palmer

On motion by Director TerryLynn Stewart and seconded by Director Susan Palmer, the Board of Directors unanimously approved Susan Palmer as the Treasurer.

IV. PUBLIC COMMENT

No Public Comment.

V. APPROVAL OF MINUTES

A. May 21, 2018 Board Meeting Minutes

B. September 24, 2018 Board Meeting Minutes

C. December 17, 2018 Board Meeting Minutes

On motion by Director Susan Palmer and seconded by Director TerryLynn Stewart, the Board of Directors unanimously approved the May 21, 2018, September 24, 2018, and December 17, 2018 MKCRF Meeting Minutes.

VI. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

A. Resolution No. 31 – Election of Officers for Moving King County Resident’s Forward.

On motion by Director TerryLynn Stewart and seconded by Director Susan Palmer, the Board of Directors unanimously approved Resolution No. 31.

VII. BRIEFINGS AND REPORTS

A. Fourth Quarter 2018 Financial Report for MKCRF and MKCRF - Owned Properties

Windy Epps, Assistant Director of Finance, gave a summary of the report. There was a cash flow of \$1.8 million, which was partially used to fund the interior upgrades of 18 units, slightly more than the 2018 budget of 16 units.

Questions of Directors’ were answered.

B. First Quarter 2019 Report

Windy Epps, Assistant Director of Finance, gave a summary of the report and explained there was a correction to the document, that she passed out. Throughout the period, the Properties generated a cash flow, which was partially used to fund the interior upgrades of five out of the 19 units that were included in the 2019 budget. Since acquiring the Properties in 2012, 154 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 366 units (71.9%) have been upgraded since inception of the program in 2006.

Questions of Directors’ were answered.

VIII. BOARD OF DIRECTORS COMMENTS

None.

IX. ADJOURNMENT

Director Susan Palmer moved and Director TerryLynn Stewart seconded the motion. The meeting was officially adjourned at 9:47 a.m.

MOVING KING COUNTY RESIDENTS FORWARD

Douglas J. Barnes
President

Stephen J. Norman
Secretary of the Corporation

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MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Craig Violante

DATE: September 9, 2019

RE: Second quarter 2019 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

EXECUTIVE SUMMARY

Throughout the first half of 2019, 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 crews.

SECOND QUARTER 2019 FINANCIAL REPORTS

Attached are financial reports for the second quarter of 2019:

- 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 revenue is below projections as the budget assumed that higher rental income from increased contract rents would begin in January. In practice, actual increases only occur at the time of tenant recertification which happens periodically throughout the year. Operating expenses were slightly lower than anticipated, finishing the quarter at 98.1% of budget.

Throughout the first two quarters, the Properties generated net operating cash flow of \$1.2 million after required debt service payments and additions to replacement reserves:

Operating Revenues	\$4,091,435
Operating Expenses	(2,110,529)
Debt Service	(783,990)
Transfers to Replacement Reserves	(74,486)
Net Cash Flow	<u><u>\$1,122,430</u></u>

This cash flow was partially used to fund the interior upgrades of eight out of the 19 units that were included in the 2019 budget. Since acquiring the Properties in 2012, 157 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 369 units (72.5%) have been upgraded since inception of the program in 2006.

Operations of Moving King County Residents Forward

MKCRF had no operating activity during the first two quarters. All required monthly debt service payments to KCHA were made.

Moving King County Residents Forward
Statements of Financial Position
As of June 30, 2019

	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Assets				
Cash-Unrestricted	\$1,320,517	\$140,897	\$1,461,414	\$1,800
Cash-Designated	862,963	0	862,963	0
Cash-Restricted	77,750	0	77,750	0
Accounts Receivable	16,132	0	16,132	0
Other Short-term Assets	66,504	0	66,504	0
Long-term Receivables	0	0	0	0
Capital Assets	81,873	10,342	92,215	71,132,855
Other Assets	0	0	0	0
Total Assets	<u>\$2,425,740</u>	<u>\$151,239</u>	<u>\$2,576,978</u>	<u>\$71,134,655</u>
Liabilities and Equity				
Short-term Liabilities	\$191,810	\$118,842	\$310,652	\$0
Current Portion of Long-term Debt	0	0	0	658,189
Long-term Debt	0	0	0	14,145,386
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>191,810</u>	<u>118,842</u>	<u>310,652</u>	<u>14,803,575</u>
Equity	2,233,929	32,397	2,266,326	56,331,080
Total Liabilities and Equity	<u>\$2,425,740</u>	<u>\$151,239</u>	<u>\$2,576,978</u>	<u>\$71,134,655</u>

Moving King County Residents Forward
Cash Reconciliation Report
Properties and MKCRF
Through June 30, 2019

	MKCRF Properties, Managed by KCHA				MKCRF			
	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
BEGINNING UNRESTRICTED/PROGRAM CASH	\$1,323,610				(\$7,902)			
<i>Rental Revenue and Subsidy</i>								
Tenant Revenue	\$4,091,435	\$4,426,140	(\$334,705)	-7.6%	\$0	\$0	\$0	n/a
Total Rental Revenue and Federal Support	4,091,435	4,426,140	(334,705)	-7.6%	0	0	0	n/a
<i>Other Operating Revenue</i>								
Other Revenue	25,563	16,422	9,141	55.7%	1,681,096	1,488,888	192,208	12.9%
Total Other Operating Revenue	25,563	16,422	9,141	55.7%	1,681,096	1,488,888	192,208	12.9%
Total Operating Revenue	4,116,998	4,442,562	(325,564)	-7.3%	1,681,096	1,488,888	192,208	12.9%
<i>Operating Expenses</i>								
Salaries and Benefits	(919,975)	(879,620)	(40,355)	-4.6%	0	0	0	n/a
Administrative Expenses	(61,244)	(69,490)	8,246	11.9%	0	0	0	n/a
Maintenance Expenses, Utilities, Taxes	(743,716)	(839,025)	95,309	11.4%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(384,880)	(386,550)	1,670	0.4%	0	0	0	n/a
Other Programmatic Expenses	(715)	(426)	(289)	-67.8%	0	0	0	n/a
Debt Service	(783,990)	(774,606)	(9,384)	-1.2%	0	0	0	n/a
Total Operating Expenses	(2,894,519)	(2,949,717)	55,198	1.9%	0	0	0	n/a
Net Operating Income	1,222,479	1,492,845	(270,366)	-18.1%	1,681,096	1,488,888	192,208	12.9%
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(449,274)	(445,254)	(4,020)	-0.9%
Other Non-operating Income/(Expense)	50,100	0	50,100	n/a	0	0	0	n/a
Total Non Operating Income/(Expense)	50,100	0	50,100	n/a	(449,274)	(445,254)	(4,020)	-0.9%
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	517,423	0	517,423	n/a	0	0	0	n/a
Capital Project Expenditures	(1,161,588)	(1,017,481)	(144,107)	-14.2%	(897,106)	(714,282)	(182,824)	-25.6%
Total Change in Capital Assets, net of Direct Funding and Debt	(644,164)	(1,017,481)	373,317	36.7%	(897,106)	(714,282)	(182,824)	-25.6%
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(74,011)	(73,428)	(583)	-0.8%	0	0	0	n/a
Change in Short-term Assets	119,367	0	119,367	n/a	0	0	0	n/a
Change in Short-term Liabilities	(535,967)	0	(535,967)	n/a	(298)	0	(298)	n/a
Change in Long-term Debt	0	0	0	n/a	(324,716)	(329,358)	4,642	1.4%
Change in Other Assets/Liabilities	(490,611)	(73,428)	(417,183)	-568.2%	(325,014)	(329,358)	4,344	1.3%
Change in Unrestricted/Program Cash	\$137,804	\$401,936	(\$264,132)	-65.7%	\$9,702	(\$6)	\$9,708	161804.2%
ENDING UNRESTRICTED/PROGRAM CASH	\$1,461,414				\$1,800			
<i>BEGINNING DESIGNATED/RESTRICTED CASH</i>								
Change in Replacement Reserves	74,486	73,428	1,058	1.4%	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	(475)	0	(475)	n/a	0	0	0	n/a
Change in Designated/Restricted Cash	74,011	73,428	583	0.8%	0	0	0	n/a
ENDING DESIGNATED/RESTRICTED CASH	\$940,713				\$0			

1) Due to higher-than-anticipated interest rates, interest income was higher than budgeted.

2) Various categories are under target (professional services, postage and travel).

3) Seasonal and periodic contracts are low as is typical early in the year but expected to increase as the year progresses.

4) Vista Heights insurance proceeds for fire loss. Unbudgeted.

5) MKCRF capital expenditures exceeded budget as the Eastridge House roofing project was unbudgeted. Also, the Greenleaf Envelope & Deck project was budgeted in 2018, but the project continued into 2019.

6) Due to changes in tenant accounts receivable and prepaid insurance which are not budgeted.

7) Due to change in accounts payable which is not budgeted.