

# MOVING KING COUNTY RESIDENTS FORWARD

Telephonic Meeting of the Board of Directors

Monday, July 20, 2020

10:15 AM or immediately following the KCHA Board meeting

King County Housing Authority

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 18, 2020 Board Meeting Minutes 1
  - V. Briefings and Reports
    - A. First Quarter 2020 Financial Report for MKCRF and MKCRF - Owned Properties 2
  - VI. Board of Directors Comments
  - VII. Adjourn

Members of the public who wish to give public comment: We are only accepting written comments for the time being due to COVID-19. Please send your written comments to [kamir@kcha.org](mailto:kamir@kcha.org) prior to the meeting date. If you have questions, please call 206-574-1206.

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

**Monday, May 18, 2020**

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**I. CALL TO ORDER**

The telephonic annual meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, May 18, 2020 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:43am.

**II. ROLL CALL**

**Present:** Board of Directors: Doug Barnes, Susan Palmer, Michael Brown, John Welch, TerryLynn Stewart and Secretary of the Corporation, Stephen Norman.

**III. ELECTION OF OFFICERS**

- A. President: Doug Barnes
- B. Secretary: Stephen Norman
- C. Treasurer: Susan Palmer

On motion by Director TerryLynn Stewart and seconded by Director Michael Brown, the board of Directors unanimously approved Doug Barnes as President, Stephen Norman as Secretary and Susan Palmer as Treasurer.

**IV. PUBLIC COMMENT**

No Public Comment.

**V. APPROVAL OF MINUTES**

- A. December 16, 2019 Board Meeting Minutes

On motion by Director Susan Palmer and seconded by Director TerryLynn Stewart, the Board of Directors unanimously approved the December 16, 2019 MKCRF Meeting Minutes.

**VI. BRIEFINGS AND REPORTS**

- A. Fourth Quarter 2019 Financial Report for MKCRF and MKCRF – Owned Properties

Craig Violante, Director of Finance, gave a detailed explanation on the reports.

**VII. BOARD OF DIRECTORS COMMENTS**

None.

**VIII. ADJOURNMENT**

Director TerryLynn Stewart moved and Director Susan Palmer seconded the motion. The meeting was officially adjourned at 10:48 a.m.

**MOVING KING COUNTY RESIDENTS FORWARD**

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**DOUGLAS J. BARNES**  
President

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**STEPHEN J. NORMAN**  
Secretary of the Corporation

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# MOVING KING COUNTY RESIDENTS FORWARD

**TO:** Board of Directors

**FROM:** Craig Violante

**DATE:** July 12, 2020

**RE: First quarter 2020 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties**

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## EXECUTIVE SUMMARY

Throughout the first quarter of 2020, 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 two units using KCHA's internal unit upgrade crews.

## FIRST QUARTER 2020 FINANCIAL REPORTS

Attached are financial reports for the first quarter of 2020:

- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- Cash Reconciliation report for the Properties that reflects their operating income, expenses, and other cash expenditures
- Cash Reconciliation report for the non-profit Moving King County Residents Forward that reflects its minor operating income and expenses

### *KCHA Operations of the Properties*

Tenant revenue exceeded quarterly budget projections by 2.9%. Operating expenses lagged the budget by 8.7%, due mostly to the timing of utility invoices.

During the quarter, the Properties generated net operating cash flow in excess of \$863,000 million after required debt service payments and additions to replacement reserves:

Operating Revenues	\$2,195,623
Operating Expenses	(909,280)
Debt Service	(386,995)
Transfers to Replacement Reserves	(35,846)
Net Cash Flow	<u><u>\$863,503</u></u>

### *Capital Projects*

The 2020 budget included \$3.0 million in capital expenditures for several projects. Due to the effects of COVID-19, it is now expected total 2020 activity will be closer to \$2.0 million. As a result, first quarter capital expenditures are 50% below budget. KCHA's internal Unit Upgrade crews rehabilitated the interiors of two out of the 11 standard units that were included in the 2020 budget. In addition, 28 units are scheduled to be upgraded at Young's Lake as part of a more extensive project. Since acquiring the

Properties in 2012, 166 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 378 units (74.2%) have been upgraded since inception of the program in 2006.

***Operations of Moving King County Residents Forward***

MKCRF had only \$65 in administrative expenses in the quarter. All required monthly debt service payments to KCHA were made.

**Moving King County Residents Forward**  
**Statements of Financial Position**  
**As of March 31, 2020**

	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
<b>Assets</b>				
Cash-Unrestricted	\$657,827	(\$371,710)	\$286,117	\$595
Cash-Designated	973,334	0	973,334	0
Cash-Restricted	78,960	0	78,960	0
Accounts Receivable	23,548	0	23,548	0
Other Short-term Assets	111,942	0	111,942	0
Long-term Receivables	0	0	0	0
Capital Assets	78,245	432,457	510,701	71,459,300
Other Assets	0	0	0	0
Total Assets	<u>\$1,923,856</u>	<u>\$60,747</u>	<u>\$1,984,603</u>	<u>\$71,459,894</u>
<b>Liabilities and Equity</b>				
Short-term Liabilities	\$200,079	\$46,654	\$246,733	\$0
Current Portion of Long-term Debt	0	0	0	658,189
Long-term Debt	0	0	0	13,641,119
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>200,079</u>	<u>46,654</u>	<u>246,733</u>	<u>14,299,308</u>
Equity	1,723,777	14,093	1,737,870	57,160,586
Total Liabilities and Equity	<u>\$1,923,856</u>	<u>\$60,747</u>	<u>\$1,984,603</u>	<u>\$71,459,894</u>

**Moving King County Residents Forward**  
**Cash Reconciliation Report**  
**Properties and MKCRF**  
**Through March 31, 2020**

	MKCRF Properties, Managed by KCHA				MKCRF			
	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance	Actual	Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
<b>BEGINNING UNRESTRICTED/PROGRAM CASH</b>	<b>(\$9,858)</b>				<b>\$1,760</b>			
<i>Rental Revenue and Subsidy</i>								
Tenant Revenue	\$2,195,623	\$2,134,330	\$61,293	2.9%	\$0	\$0	\$0	n/a
<b>Total Rental Revenue and Federal Support</b>	<b>2,195,623</b>	<b>2,134,330</b>	<b>61,293</b>	<b>2.9%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>
<i>Other Operating Revenue</i>								
Other Revenue	8,260	12,477	(4,218)	-33.8%	529,958	532,758	(2,800)	-0.5%
<b>Total Other Operating Revenue</b>	<b>8,260</b>	<b>12,477</b>	<b>(4,218)</b>	<b>-33.8%</b>	<b>529,958</b>	<b>532,758</b>	<b>(2,800)</b>	<b>-0.5%</b>
<b>Total Operating Revenue</b>	<b>2,203,882</b>	<b>2,146,807</b>	<b>57,075</b>	<b>2.7%</b>	<b>529,958</b>	<b>532,758</b>	<b>(2,800)</b>	<b>-0.5%</b>
<i>Operating Expenses</i>								
Salaries and Benefits	(435,030)	(393,555)	(41,476)	-10.5%	0	0	0	n/a
Administrative Expenses	(30,641)	(38,875)	8,234	21.2%	(65)	0	(65)	n/a
Maintenance Expenses, Utilities, Taxes	(252,276)	(408,043)	155,767	38.2%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(191,076)	(191,615)	540	0.3%	0	0	0	n/a
Other Programmatic Expenses	(256)	(215)	(41)	-18.9%	0	0	0	n/a
Debt Service	(386,995)	(387,305)	310	0.1%	0	0	0	n/a
<b>Total Operating Expenses</b>	<b>(1,296,274)</b>	<b>(1,419,608)</b>	<b>123,334</b>	<b>8.7%</b>	<b>(65)</b>	<b>0</b>	<b>(65)</b>	<b>n/a</b>
<b>Net Operating Income</b>	<b>907,608</b>	<b>727,199</b>	<b>180,409</b>	<b>24.8%</b>	<b>529,893</b>	<b>532,758</b>	<b>(2,865)</b>	<b>-0.5%</b>
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(216,200)	(212,469)	(3,731)	-1.8%
Other Non-operating Income/(Expense)	(22,296)	0	(22,296)	n/a	0	0	0	n/a
<b>Total Non Operating Income/(Expense)</b>	<b>(22,296)</b>	<b>0</b>	<b>(22,296)</b>	<b>n/a</b>	<b>(216,200)</b>	<b>(212,469)</b>	<b>(3,731)</b>	<b>-1.8%</b>
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	0	349,998	(349,998)	-100.0%	0	0	0	n/a
Capital Project Expenditures	(261,233)	(551,116)	289,883	52.6%	(142,963)	(145,444)	2,481	1.7%
<b>Total Change in Capital Assets, net of Direct Funding and Debt</b>	<b>(261,233)</b>	<b>(201,118)</b>	<b>(60,115)</b>	<b>-29.9%</b>	<b>(142,963)</b>	<b>(145,444)</b>	<b>2,481</b>	<b>1.7%</b>
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(35,780)	0	(35,780)	n/a	0	0	0	n/a
Change in Short-term Assets	105,839	0	105,839	n/a	0	0	0	n/a
Change in Short-term Liabilities	(398,163)	0	(398,163)	n/a	(1,100)	0	(1,100)	n/a
Change in Long-term Debt	0	0	0	n/a	(170,795)	(174,836)	4,041	2.3%
<b>Change in Other Assets/Liabilities</b>	<b>(328,104)</b>	<b>0</b>	<b>(328,104)</b>	<b>n/a</b>	<b>(171,895)</b>	<b>(174,836)</b>	<b>2,941</b>	<b>1.7%</b>
<b>Change in Unrestricted/Program Cash</b>	<b>\$295,975</b>	<b>\$526,081</b>	<b>(\$230,106)</b>	<b>-43.7%</b>	<b>(\$1,165)</b>	<b>\$9</b>	<b>(\$1,174)</b>	<b>-13087.7%</b>
<b>ENDING UNRESTRICTED/PROGRAM CASH</b>	<b><u>\$286,117</u></b>				<b><u>\$595</u></b>			
<i>BEGINNING DESIGNATED/RESTRICTED CASH</i>								
<b>BEGINNING DESIGNATED/RESTRICTED CASH</b>	<b>\$1,016,514</b>				<b>\$0</b>			
Change in Replacement Reserves	35,846	0	35,846	n/a	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	(65)	0	(65)	n/a	0	0	0	n/a
<b>Change in Designated/Restricted Cash</b>	<b>35,780</b>	<b>0</b>	<b>35,780</b>	<b>n/a</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>
<b>ENDING DESIGNATED/RESTRICTED CASH</b>	<b><u>\$1,052,294</u></b>				<b><u>\$0</u></b>			

- 1) Timing of invoicing; some properties have not yet been billed for water and sewer expense in March. Also, seasonal and periodic contracts are low as is typical early in the year.
- 2) Victorian Wood fire loss repair costs. Insurance proceeds were received in 2019.
- 3) Due to late start, MKCRF capital expenditures were below target resulting lower than budgeted transfers.
- 4) Unbudgeted increase in replacement reserves.
- 5) Increase in tenant receivables and prepaid insurance. Unbudgeted.
- 6) Decrease in accounts payable. Unbudgeted.