

MOVING KING COUNTY RESIDENTS FORWARD

Telephonic Meeting of the Board of Directors

Monday, October 12, 2020

9:45 AM or immediately following the KCHA Board meeting

King County Housing Authority

700 Andover Park West

Tukwila, WA 98188

Agenda

-
- I. Call to Order
 - II. Roll Call
 - III. Public Comment
 - IV. Approval of Minutes
 - A. July 20, 2020 Board Meeting Minutes 1
 - V. Briefings and Reports
 - A. Second 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 prior to the meeting date. If you have questions, please call 206-574-1206.

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

Monday, July 20, 2020

I. CALL TO ORDER

The telephonic meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, July 20, 2020 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:35am.

II. ROLL CALL

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

Absent: Michael Brown

III. PUBLIC COMMENT

No Public Comment.

IV. APPROVAL OF MINUTES

A. May 18, 2020 Board Meeting Minutes

On motion by Director TerryLynn Stewart and seconded by Director Susan Palmer, the Board of Directors unanimously approved the May 18, 2020 MKCRF Meeting Minutes.

V. BRIEFINGS AND REPORTS

A. First Quarter 2020 Financial Report for MKCRF and MKCRF – Owned Properties

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

VI. BOARD OF DIRECTORS COMMENTS

None.

VII. ADJOURNMENT

Director Susan Palmer moved and Director TerryLynn Stewart seconded the motion. The meeting was officially adjourned at 10:39 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: Windy Epps

DATE: October 2, 2020

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

EXECUTIVE SUMMARY

Throughout the second 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 six units using KCHA's internal unit upgrade crews.

SECOND QUARTER 2020 FINANCIAL REPORTS

Attached are financial reports for the second 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 apartments 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 4.0%. Operating expenses lagged the budget by 3.9%, due mostly to maintenance projects being put on hold due to COVID-19.

During the quarter, the Properties generated net operating cash flow in excess of \$1.5 million after required debt service payments and additions to replacement reserves:

Operating Revenues	\$4,440,528
Operating Expenses	(2,102,813)
Debt Service	(773,990)
Transfers to Replacement Reserves	(69,243)
Net Cash Flow	<u><u>\$1,494,482</u></u>

Capital Projects

The 2020 budget included \$3.0 million in capital expenditures for several projects. Due to the impact of COVID-19, it is now expected total 2020 activity will be closer to \$2.0 million. As a result, second quarter capital expenditures are 59% below budget. KCHA's internal Unit Upgrade crews rehabilitated the interiors of eight 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, 172 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 384 units (75.4%) have been upgraded since inception of the program in 2006.

Operations of Moving King County Residents Forward

MKCRF had no 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 June 30, 2020

	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Assets				
Cash-Unrestricted	\$509,211	(\$436,007)	\$73,204	\$595
Cash-Designated	1,006,731	0	1,006,731	0
Cash-Restricted	79,473	0	79,473	0
Accounts Receivable	64,108	0	64,108	0
Other Short-term Assets	76,932	0	76,932	0
Long-term Receivables	0	0	0	0
Capital Assets	77,035	480,456	557,491	71,457,612
Other Assets	0	0	0	0
Total Assets	<u>\$1,813,490</u>	<u>\$44,449</u>	<u>\$1,857,940</u>	<u>\$71,458,207</u>
Liabilities and Equity				
Short-term Liabilities	\$204,266	\$31,301	\$235,568	\$0
Current Portion of Long-term Debt	0	0	0	658,189
Long-term Debt	0	0	0	13,467,750
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>204,266</u>	<u>31,301</u>	<u>235,568</u>	<u>14,125,939</u>
Equity	1,609,224	13,148	1,622,372	57,332,268
Total Liabilities and Equity	<u>\$1,813,490</u>	<u>\$44,449</u>	<u>\$1,857,940</u>	<u>\$71,458,207</u>

Moving King County Residents Forward
Cash Reconciliation Report
Properties and MKCRF
Through June 30, 2020

	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	(\$9,858)				\$1,760			
<i>Rental Revenue and Subsidy</i>								
Tenant Revenue	\$4,440,528	\$4,268,663	\$171,864	4.0%	\$0	\$0	\$0	n/a
<i>Total Rental Revenue and Federal Support</i>	4,440,528	4,268,663	171,864	4.0%	0	0	0	n/a
<i>Other Operating Revenue</i>								
Other Revenue	10,089	24,954	(14,866)	-59.6%	1,329,902	2,463,569	(1,133,666)	-46.0%
<i>Total Other Operating Revenue</i>	10,089	24,954	(14,866)	-59.6%	1,329,902	2,463,569	(1,133,666)	-46.0%
<i>Total Operating Revenue</i>	4,450,616	4,293,618	156,998	3.7%	1,329,902	2,463,569	(1,133,666)	-46.0%
<i>Operating Expenses</i>								
Salaries and Benefits	(953,733)	(854,115)	(99,618)	-11.7%	0	0	0	n/a
Administrative Expenses	(70,995)	(75,164)	4,170	5.5%	(65)	0	(65)	n/a
Maintenance Expenses, Utilities, Taxes	(695,324)	(905,307)	209,984	23.2%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(382,122)	(383,230)	1,108	0.3%	0	0	0	n/a
Other Programmatic Expenses	(639)	(431)	(209)	-48.5%	0	0	0	n/a
Debt Service	(773,990)	(774,609)	620	0.1%	0	0	0	n/a
<i>Total Operating Expenses</i>	(2,876,802)	(2,992,857)	116,055	3.9%	(65)	0	(65)	n/a
<i>Net Operating Income</i>	1,573,814	1,300,761	273,053	21.0%	1,329,837	2,463,569	(1,133,731)	-46.0%
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(429,825)	(424,938)	(4,888)	-1.2%
Other Non-operating Income/(Expense)	(85,800)	0	(85,800)	n/a	0	0	0	n/a
<i>Total Non Operating Income/(Expense)</i>	(85,800)	0	(85,800)	n/a	(429,825)	(424,938)	(4,888)	-1.2%
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	0	699,996	(699,996)	-100.0%	0	0	0	n/a
Capital Project Expenditures	(1,026,222)	(2,500,286)	1,474,064	59.0%	(555,913)	(1,688,942)	1,133,029	67.1%
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	(1,026,222)	(1,800,290)	774,068	43.0%	(555,913)	(1,688,942)	1,133,029	67.1%
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(69,690)	(72,624)	2,934	4.0%	0	0	0	n/a
Change in Short-term Assets	100,288	0	100,288	n/a	0	0	0	n/a
Change in Short-term Liabilities	(409,328)	0	(409,328)	n/a	(1,100)	0	(1,100)	n/a
Change in Long-term Debt	0	0	0	n/a	(344,164)	(349,672)	5,507	1.6%
<i>Change in Other Assets/Liabilities</i>	(378,730)	(72,624)	(306,106)	-421.5%	(345,264)	(349,672)	4,407	1.3%
<i>Change in Unrestricted/Program Cash</i>	\$83,062	(\$572,153)	\$655,215	114.5%	(\$1,165)	\$18	(\$1,183)	-6593.9%
ENDING UNRESTRICTED/PROGRAM CASH	\$73,204				\$595			
BEGINNING DESIGNATED/RESTRICTED CASH	\$1,016,514				\$0			
Change in Replacement Reserves	69,243	72,624	(3,381)	-4.7%	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	447	0	447	n/a	0	0	0	n/a
<i>Change in Designated/Restricted Cash</i>	69,690	72,624	(2,934)	-4.0%	0	0	0	n/a
ENDING DESIGNATED/RESTRICTED CASH	\$1,086,204				\$0			

- As interest rates fell, lower than anticipated interest income was earned on invested cash.
- Due to temporary employees and more overtime pay for maintenance and landscapers to clean and disinfect buildings due to COVID-19.
- Maintenance projects and contracts expenses were well below budget due to projects being put on hold due to COVID-19.
- Due to fire loss repair at Victorian Woods; slightly offset by insurance proceeds.
- MKCRF capital projects are under target. Several projects are delayed to late 2020 or 2021, and 2020 expenditures are expected to remain below budget. Unit upgrades and capital construction were below budget. Unit upgrades depend on availability. The related unit upgrade and capital transfers were also under target.
- Decrease in tenant receivables and prepaid insurance. Unbudgeted.
- Decrease in accounts payable. Unbudgeted.