

ANNUAL MOVING KING COUNTY RESIDENTS FORWARD

Telephonic Meeting of the Board of Directors

Monday, May 17, 2021

10:50 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. Election of Officers
 - A. President
 - B. Secretary
 - C. Treasurer
- IV. Public Comment
- V. Approval of Minutes
 - A. December 21, 2020 Board Meeting Minutes 1
- VI. Briefings and Reports
 - A. Fourth Quarter 2020 Financial Report for MKCRF and MKCRF - Owned Properties 2
- VII. Board of Directors Comments
- VIII. 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.

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

Monday, December 21, 2020

I. CALL TO ORDER

The telephonic meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, December 21, 2020 at the, at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:41 am.

II. ROLL CALL

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

III. PUBLIC COMMENT

No Public Comment.

IV. APPROVAL OF MINUTES

A. October 12, 2020 Board Meeting Minutes

On motion by Director TerryLynn Stewart and seconded by Director John Welch, the Board of Directors unanimously approved the October 12, 2020 MKCRF Meeting Minutes.

V. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

A. Resolution No. 34 – Adoption of the Calendar Year 2021 Operating and Capital Budget

Craig Violante, Director of Finance, explained the report.

On motion by Director Susan Palmer and seconded by Director Michael Brown, the Board of Directors unanimously approved Resolution No. 34.

VI. BRIEFINGS AND REPORTS

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

Windy Epps, Assistant Director of Finance, gave a detailed explanation on the reports.

VII. BOARD OF DIRECTORS COMMENTS

None.

VIII. ADJOURNMENT

Director Susan Palmer moved and Director TerryLynn Stewart seconded the motion. The meeting was officially adjourned at 10:46 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: Windy Epps

DATE: April 26, 2021

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

EXECUTIVE SUMMARY

Throughout 2020, the MKCRF-owned Properties (the Properties) generated cash flow sufficient to make all required debt service payments, fully fund replacement reserves, and complete 10 routine upgrades using KCHA's internal upgrade crews. The upgrades completed at Youngs Lake had a different funding source.

FOURTH-QUARTER 2020 FINANCIAL REPORTS

Attached are year-end unaudited financial reports for 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 budget projections for the year by 5.9%. Operating expenses were slightly over budget with a variance of 2.0%. Salaries and benefits exceeded budget due to disinfecting efforts in response to COVID-19. These costs were partially offset by lower maintenance costs, which were also due to the effects of the pandemic.

During 2020, the Properties generated net operating cash flow in excess of \$2.69 million after required debt service payments and additions to replacement reserves:

Operating Revenues	\$9,029,681
Operating Expenses	(4,649,956)
Debt Service	(1,547,979)
Transfers to Replacement Reserves	(134,370)
Net Cash Flow	<u>\$2,697,376</u>

Capital Projects

The 2020 budget included \$3.0 million in capital expenditures for several projects. Due to the impact of COVID-19, 2020 activity was closer to \$2.0 million. As a result, capital expenditures were 55.7% below budget for the year.

KCHA's internal Unit Upgrade crews rehabilitated the interiors of 10 out of the 11 standard units that were included in the 2020 budget. In addition, 26 of the 28 units that were scheduled to be upgraded as part of an extensive rehabilitation project at Young's Lake in Renton were completed. The last two units were completed in January of this year. Since the transfer of the properties from KCHA to MKCRF in 2012, 200 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 412 units (80.9%) have been upgraded since inception of the upgrade program in 2006. As previously projected during the 2021 budget process, MKCRF finished 2020 with a negative cash balance in its construction fund. Rather than transferring MTW funds at the end of 2020 to offset this deficit, cash flow from 2021 will instead be used to replenish the account.

Operations of Moving King County Residents Forward

MKCRF had only \$1,706 in administrative expenses throughout the year. All required monthly debt service payments to KCHA were made.

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

	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
Assets				
Cash-Unrestricted	\$40,398	(\$545,066)	(\$504,668)	(\$1,046)
Cash-Designated	1,071,859	0	1,071,859	0
Cash-Restricted	79,393	0	79,393	0
Accounts Receivable	80,132	0	80,132	0
Other Short-term Assets	190,835	0	190,835	0
Long-term Receivables	0	0	0	0
Capital Assets	74,847	690,152	764,998	71,799,267
Other Assets	0	0	0	0
Total Assets	<u>\$1,537,464</u>	<u>\$145,086</u>	<u>\$1,682,549</u>	<u>\$71,798,221</u>
Liabilities and Equity				
Short-term Liabilities	\$211,915	\$90,222	\$302,136	\$0
Current Portion of Long-term Debt	0	0	0	658,189
Long-term Debt	0	0	0	13,113,726
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>211,915</u>	<u>90,222</u>	<u>302,136</u>	<u>13,771,915</u>
Equity	1,325,549	54,864	1,380,413	58,026,306
Total Liabilities and Equity	<u>\$1,537,464</u>	<u>\$145,086</u>	<u>\$1,682,549</u>	<u>\$71,798,221</u>

Moving King County Residents Forward
Cash Reconciliation Report
Properties and MKCRF
Through December 31, 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	\$9,029,681	\$8,530,442	\$499,239	5.9%	\$0	\$0	\$0	n/a
<i>Total Rental Revenue and Federal Support</i>	<u>9,029,681</u>	<u>8,530,442</u>	<u>499,239</u>	<u>5.9%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
<i>Other Operating Revenue</i>								
Other Revenue	14,590	49,877	(35,287)	-70.7%	3,274,983	4,777,019	(1,502,036)	-31.4%
<i>Total Other Operating Revenue</i>	<u>14,590</u>	<u>49,877</u>	<u>(35,287)</u>	<u>-70.7%</u>	<u>3,274,983</u>	<u>4,777,019</u>	<u>(1,502,036)</u>	<u>-31.4%</u>
<i>Total Operating Revenue</i>	<u>9,044,271</u>	<u>8,580,319</u>	<u>463,952</u>	<u>5.4%</u>	<u>3,274,983</u>	<u>4,777,019</u>	<u>(1,502,036)</u>	<u>-31.4%</u>
<i>Operating Expenses</i>								
Salaries and Benefits	(1,905,762)	(1,708,269)	(197,494)	-11.6%	0	0	0	n/a
Administrative Expenses	(202,974)	(160,606)	(42,368)	-26.4%	(1,706)	(800)	(906)	-113.3%
Maintenance Expenses and Utilities	(1,775,031)	(1,890,212)	115,180	6.1%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(764,252)	(765,847)	1,595	0.2%	0	0	0	n/a
Other Programmatic Expenses	(1,936)	(815)	(1,121)	-137.5%	0	0	0	n/a
Debt Service	(1,547,979)	(1,547,980)	1	0.0%	0	0	0	n/a
<i>Total Operating Expenses</i>	<u>(6,197,935)</u>	<u>(6,073,729)</u>	<u>(124,206)</u>	<u>-2.0%</u>	<u>(1,706)</u>	<u>(800)</u>	<u>(906)</u>	<u>-113.3%</u>
<i>Net Operating Income</i>	<u>2,846,336</u>	<u>2,506,590</u>	<u>339,746</u>	<u>13.6%</u>	<u>3,273,277</u>	<u>4,776,219</u>	<u>(1,502,942)</u>	<u>-31.5%</u>
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(849,791)	(849,196)	(595)	-0.1%
Other Non-operating Income/(Expense)	(60,457)	0	(60,457)	n/a	0	0	0	n/a
<i>Total Non Operating Income/(Expense)</i>	<u>(60,457)</u>	<u>0</u>	<u>(60,457)</u>	<u>n/a</u>	<u>(849,791)</u>	<u>(849,196)</u>	<u>(595)</u>	<u>-0.1%</u>
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	620,000	1,400,000	(780,000)	-55.7%	0	0	0	n/a
Capital Project Expenditures	(1,988,920)	(3,229,001)	1,240,081	38.4%	(1,727,003)	(3,229,001)	1,501,997	46.5%
Unit Upgrades	(1,404,633)	(1,621,390)	216,757	13.4%	0	0	0	n/a
<i>Total Change in Capital Assets, net of Direct Funding and Debt</i>	<u>(2,773,553)</u>	<u>(3,450,391)</u>	<u>676,837</u>	<u>19.6%</u>	<u>(1,727,003)</u>	<u>(3,229,001)</u>	<u>1,501,997</u>	<u>46.5%</u>
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(134,738)	(145,220)	10,482	7.2%	0	0	0	n/a
Change in Short-term Assets	(29,638)	0	(29,638)	n/a	0	0	0	n/a
Change in Short-term Liabilities	(342,759)	0	(342,759)	n/a	(1,100)	0	(1,100)	n/a
Change in Long-term Debt	0	0	0	n/a	(698,188)	(698,784)	596	0.1%
<i>Change in Other Assets/Liabilities</i>	<u>(507,135)</u>	<u>(145,220)</u>	<u>(361,915)</u>	<u>-249.2%</u>	<u>(699,288)</u>	<u>(698,784)</u>	<u>(504)</u>	<u>-0.1%</u>
<i>Change in Unrestricted/Program Cash</i>	<u>(\$494,810)</u>	<u>(\$1,089,020)</u>	<u>\$594,210</u>	<u>54.6%</u>	<u>(\$2,806)</u>	<u>(\$762)</u>	<u>(\$2,044)</u>	<u>-268.3%</u>
ENDING UNRESTRICTED/PROGRAM CASH	<u>(\$504,668)</u>				<u>(\$1,046)</u>			
BEGINNING DESIGNATED/RESTRICTED CASH								
\$1,016,514								
Change in Replacement Reserves	134,370	145,220	(10,850)	-7.5%	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	367	0	367	n/a	0	0	0	n/a
<i>Change in Designated/Restricted Cash</i>	<u>134,738</u>	<u>145,220</u>	<u>(10,482)</u>	<u>-7.2%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>
ENDING DESIGNATED/RESTRICTED CASH	<u>\$1,151,251</u>				<u>\$0</u>			

- 1) As interest rates fell, lower than anticipated interest income was earned on invested cash.
- 2) Due to temporary employees and more overtime pay for maintenance and landscapers to clean and disinfect buildings due to COVID-19.
- 3) Maintenance projects and contracts expenses were well below budget due to projects being put on hold due to COVID-19.
- 4) Due to fire loss repair at Victorian Woods; slightly offset by insurance proceeds.
- 5) Transfers related to capital construction and unit upgrades were under budget. See notes 6 and 7.
- 6) Capital construction projects were below budget as several projects were delayed to 2021.
- 7) Unit upgrades were below budget due to unit availability.
- 8) Decrease in accounts payable.