

MOVING KING COUNTY RESIDENTS FORWARD

Virtual Meeting of the Board of Directors

Monday, July 19, 2021

10:30 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. May 17, 2021 Board Meeting Minutes 1
 - V. Briefings and Reports
 - A. First Quarter 2021 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.

T
A
B

N
U
M
B
E
R

1

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

Monday, May 17, 2021

I. CALL TO ORDER

The virtual meeting of the Annual Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, May 17, 2021 at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:12 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. 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 21, 2020 Board Meeting Minutes

On motion by Director TerryLynn Stewart and seconded by Director Michael Brown, the Board of Directors unanimously approved the December 21, 2020 MKCRF Meeting Minutes.

VI. BRIEFINGS AND REPORTS

- A. Fourth 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 Michael Brown moved and Director Susan Palmer seconded the motion. The meeting was officially adjourned at 10:16 a.m.

MOVING KING COUNTY RESIDENTS FORWARD

DOUGLAS J. BARNES
President

STEPHEN J. NORMAN
Secretary of the Corporation

T
A
B

N
U
M
B
E
R

2

MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Windy Epps

DATE: July 7, 2021

RE: First quarter 2021 Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

EXECUTIVE SUMMARY

Throughout the first quarter of 2021, 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.

FIRST-QUARTER 2021 FINANCIAL REPORTS

Attached are financial reports for the first quarter of 2021:

- 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

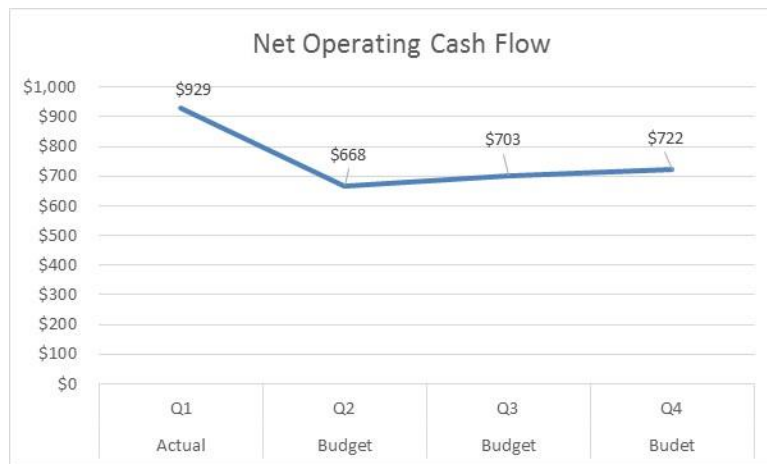
KCHA Operations of the Properties

Tenant revenue exceeded budget projections by 0.9%. Operating expenses lagged the budget by 16.2%, due mostly to the timing of maintenance projects and utility invoices.

During the first quarter, the Properties generated net operating cash flow of nearly \$929,000 after required debt service payments and additions to replacement reserves.

Operating Revenues	\$2,348,251
Operating Expenses	(999,981)
Debt Service	(386,995)
Transfers to Replacement Reserves	(32,350)
Net Cash Flow	<u><u>\$928,924</u></u>

Although this result exceeded the budgeted first quarter net cash flow of \$640,000, it is anticipated that operating expenses will increase throughout the remainder of the year and final 2021 net cash flow is expected to be near the original budget projection of \$2.9 million, as depicted by the graph on the next page.



Capital Projects

The 2021 budget assumed lower spending on capital projects in the first quarter, as is typical. However some pandemic-delayed projects originally budgeted in 2020 commenced in the first quarter of 2021. The combination of these two factors resulted in capital expenditures greater than budget projections by 80.8%. Despite this large first quarter variance, it is expected that capital construction projects will end the year close to original budget projections.

KCHA’s internal unit upgrade crews rehabilitated the interiors of 6 of the thirteen standard units that were included in the 2021 budget. Since unit upgrades were budgeted relatively evenly throughout the year, this resulted in a significant timing variance in capital expenditures of 91.6% for the first quarter. Unit upgrades depend on unit availability, and it is anticipated that unit upgrade expenditures will flatten out for the remainder of the year.

Since the transfer of the properties from KCHA to MKCRF in 2012, 206 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 418 units (82.1%) have been upgraded since the inception of the upgrade program in 2006.

Operations of Moving King County Residents Forward

MKCRF had no administrative expenses in the first quarter. All required monthly debt service payments to KCHA were made.

Moving King County Residents Forward
Statements of Financial Position
As of March 31, 2021

	MKCRF Properties Managed by KCHA			
	Operations	Capital	Combined	MKCRF
Assets				
Cash-Unrestricted	\$549,387	(\$625,122)	(\$75,735)	(\$1,046)
Cash-Designated	1,104,209	0	1,104,209	0
Cash-Restricted	79,768	0	79,768	0
Accounts Receivable	94,777	0	94,777	0
Other Short-term Assets	147,201	0	147,201	0
Long-term Receivables	0	0	0	0
Capital Assets	74,673	745,625	820,298	71,588,297
Other Assets	0	0	0	0
Total Assets	<u>\$2,050,015</u>	<u>\$120,503</u>	<u>\$2,170,518</u>	<u>\$71,587,250</u>
Liabilities and Equity				
Short-term Liabilities	\$239,974	\$66,633	\$306,607	\$0
Current Portion of Long-term Debt	0	0	0	658,189
Long-term Debt	0	0	0	12,932,397
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>239,974</u>	<u>66,633</u>	<u>306,607</u>	<u>13,590,586</u>
Equity	1,810,041	53,870	1,863,911	57,996,664
Total Liabilities and Equity	<u>\$2,050,015</u>	<u>\$120,503</u>	<u>\$2,170,518</u>	<u>\$71,587,250</u>

Moving King County Residents Forward
Cash Reconciliation Report
Properties and MKCRF
Through March 31, 2021

	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	(\$283,382)				(\$1,046)			
<i>Rental Revenue and Subsidy</i>								
Tenant Revenue	\$2,348,251	\$2,327,179	\$21,071	0.9%	\$0	\$0	\$0	n/a
Total Rental Revenue and Federal Support	2,348,251	2,327,179	21,071	0.9%	0	0	0	n/a
<i>Other Operating Revenue</i>								
Other Revenue	(307)	3,714	(4,022)	-108.3%	605,744	539,263	66,481	12.3%
Total Other Operating Revenue	(307)	3,714	(4,022)	-108.3%	605,744	539,263	66,481	12.3%
Total Operating Revenue	2,347,943	2,330,893	17,050	0.7%	605,744	539,263	66,481	12.3%
<i>Operating Expenses</i>								
Salaries and Benefits	(410,030)	(420,306)	10,275	2.4%	0	0	0	n/a
Administrative Expenses	(42,718)	(59,007)	16,289	27.6%	0	(300)	300	100.0%
Maintenance Expenses and Utilities	(346,290)	(584,260)	237,970	40.7%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(200,608)	(195,221)	(5,388)	-2.8%	0	0	0	n/a
Other Programmatic Expenses	(335)	(9,393)	9,058	96.4%	0	0	0	n/a
Debt Service	(386,995)	(386,995)	0	0.0%	0	0	0	n/a
Total Operating Expenses	(1,386,976)	(1,655,181)	268,205	16.2%	0	(300)	300	100.0%
Net Operating Income	960,967	675,712	285,255	42.2%	605,744	538,962	66,781	12.4%
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(205,666)	(201,540)	(4,126)	-2.0%
Other Non-operating Income/(Expense)	0	0	0	n/a	0	0	0	n/a
Total Non Operating Income/(Expense)	0	0	0	n/a	(205,666)	(201,540)	(4,126)	-2.0%
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	0	0	0	n/a	0	0	0	n/a
Capital Project Expenditures	(275,258)	(152,268)	(122,990)	-80.8%	(218,749)	(152,268)	(66,481)	-43.7%
Unit Upgrades	(214,077)	(111,739)	(102,337)	-91.6%	0	0	0	n/a
Total Change in Capital Assets, net of Direct Funding and Debt	(489,335)	(264,007)	(225,327)	-85.3%	(218,749)	(152,268)	(66,481)	-43.7%
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(32,726)	(31,947)	(779)	-2.4%	0	0	0	n/a
Change in Short-term Assets	95,474	0	95,474	n/a	0	0	0	n/a
Change in Short-term Liabilities	(326,734)	0	(326,734)	n/a	0	0	0	n/a
Change in Long-term Debt	0	0	0	n/a	(181,329)	(185,455)	4,126	2.2%
Change in Other Assets/Liabilities	(263,986)	(31,947)	(232,039)	-726.3%	(181,329)	(185,455)	4,126	2.2%
Change in Unrestricted/Program Cash	\$207,647	\$379,758	(\$172,111)	-45.3%	\$0	(\$300)	\$300	100.0%
ENDING UNRESTRICTED/PROGRAM CASH	(\$75,735)				(\$1,046)			
BEGINNING DESIGNATED/RESTRICTED CASH	\$1,151,251				\$0			
Change in Replacement Reserves	32,350	31,947	403	1.3%	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	375	0	375	n/a	0	0	0	n/a
Change in Designated/Restricted Cash	32,726	31,947	779	2.4%	0	0	0	n/a
ENDING DESIGNATED/RESTRICTED CASH	\$1,183,977				\$0			

- 1) As interest rates fell, lower than anticipated interest income was earned on invested cash.
- 2) Various categories were under target (professional services, admin supplies, and travel).
- 3) Some properties have not yet been billed for water and sewer expenses in March. Also, seasonal and periodic contracts are low as is typical early in the year.
- 4) Security patrol expenses were under target through the first quarter.
- 5) Transfers related to capital construction and unit upgrades exceeded budget. See notes 6 and 7.
- 6) Capital construction projects delayed in 2020 due to COVID 19 pandemic were started this year resulting in higher than budgeted expenditures.
- 7) Thirteen unit upgrades were budgeted evenly throughout the year, six unit upgrades were completed during the first quarter. Upgrades depend on unit availability.
- 8) Decrease in accounts receivable.
- 9) Decrease in deferred revenue and accounts payable.