

MOVING KING COUNTY RESIDENTS FORWARD

Virtual Meeting of the Board of Directors

Monday, September 20, 2021

10:30 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. July 19, 2021 Board Meeting Minutes 1
 - V. Briefings and Reports
 - A. Second 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.

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

Monday, July 19, 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, July 19, 2021 at the King County Housing Authority, 700 Andover Park West, Tukwila, WA at 10:29 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. May 17, 2021 Board Meeting Minutes

On motion by Director Susan Palmer and seconded by Director Michael Brown, the Board of Directors unanimously approved the May 17, 2020 MKCRF Meeting Minutes.

V. BRIEFINGS AND REPORTS

A. First Quarter 2021 Financial Report for MKCRF and MKCRF – Owned Properties

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

VI. BOARD OF DIRECTORS COMMENTS

None.

VII. ADJOURNMENT

Director Michael Brown moved and Director John Welch seconded the motion.
The meeting was officially adjourned at 10:33 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: September 10, 2021

RE: Financial results through June, 2021 for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

EXECUTIVE SUMMARY

Throughout the first two quarters 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 two units using KCHA's internal unit upgrade crews.

FINANCIAL REPORTS

Attached are financial reports through June of 2021:

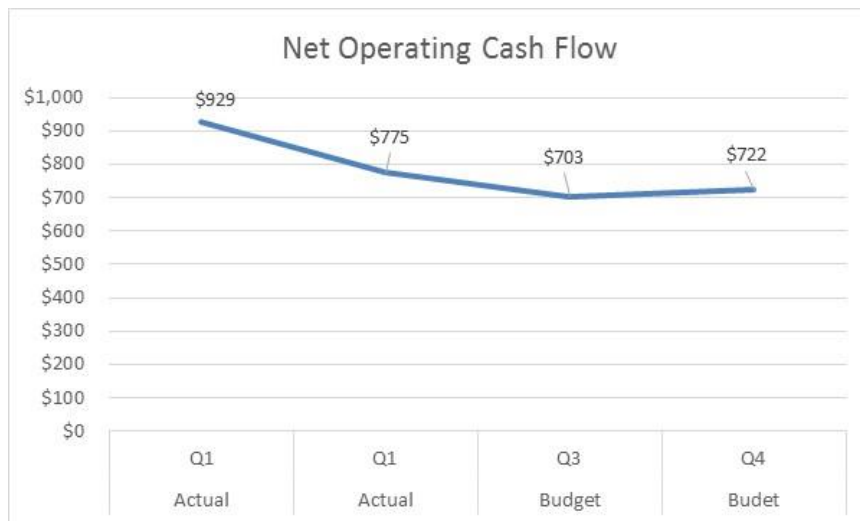
- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- 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 1.3%. Operating expenses lagged the budget by 10.0%, primarily due to the timing of maintenance projects and utility invoices.

During the second quarter, the Properties generated net operating cash flow of nearly \$775,000 after required debt service payments and additions to replacement reserves. Although this result exceeded the budgeted second-quarter net cash flow of \$668,000, it is anticipated that operating expenses will increase throughout the remainder of the year. 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.

Operating Revenues	\$2,366,476
Operating Expenses	(1,172,633)
Debt Service	(386,995)
Transfers to Replacement Reserves	(32,218)
Net Operating Cash Flow	<u><u>\$774,630</u></u>



Capital Projects

Capital project expenditures were close to budget through the second quarter, coming in over budget by \$93,000, or 7.2%.

KCHA's internal unit upgrade crews rehabilitated the interiors of 8 of the thirteen standard units included in the 2021 budget. However, more unit upgrades were budgeted in the second half of the year, which has resulted in a timing variance in capital expenditures of 44.0% through the second 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, 208 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 420 units (82.5%) 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 second quarter. All required monthly debt service payments to KCHA were made.

Moving King County Residents Forward
Statements of Financial Position
As of June 30, 2021

	MKCRF Properties Managed by KCHA			
	Operations	Capital	Combined	MKCRF
Assets				
Cash-Unrestricted	\$157,539	(\$620,107)	(\$462,568)	(\$1,046)
Cash-Designated	1,136,427	0	1,136,427	0
Cash-Restricted	80,519	0	80,519	0
Accounts Receivable	112,014	0	112,014	0
Other Short-term Assets	92,978	0	92,978	0
Long-term Receivables	0	0	0	0
Capital Assets	82,221	745,625	827,846	72,404,364
Other Assets	0	0	0	0
Total Assets	<u>\$1,661,699</u>	<u>\$125,518</u>	<u>\$1,787,217</u>	<u>\$72,403,317</u>
Liabilities and Equity				
Short-term Liabilities	\$259,043	\$74,125	\$333,167	\$0
Current Portion of Long-term Debt	0	0	0	658,189
Long-term Debt	0	0	0	12,748,334
Other Long-term Liabilities	0	0	0	0
Total Liabilities	<u>259,043</u>	<u>74,125</u>	<u>333,167</u>	<u>13,406,523</u>
Equity	1,402,656	51,394	1,454,049	58,996,794
Total Liabilities and Equity	<u>\$1,661,699</u>	<u>\$125,518</u>	<u>\$1,787,217</u>	<u>\$72,403,317</u>

Moving King County Residents Forward
Cash Reconciliation Report
Properties and MKCRF
Through June 30, 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	\$4,714,727	\$4,654,358	\$60,368	1.3%	\$0	\$0	\$0	n/a
Total Rental Revenue and Federal Support	4,714,727	4,654,358	60,368	1.3%	0	0	0	n/a
<i>Other Operating Revenue</i>								
Other Revenue	(49)	7,428	(7,477)	-100.7%	2,095,285	2,067,125	28,160	1.4%
Total Other Operating Revenue	(49)	7,428	(7,477)	-100.7%	2,095,285	2,067,125	28,160	1.4%
Total Operating Revenue	4,714,678	4,661,787	52,891	1.1%	2,095,285	2,067,125	28,160	1.4%
<i>Operating Expenses</i>								
Salaries and Benefits	(855,546)	(839,747)	(15,799)	-1.9%	0	0	0	n/a
Administrative Expenses	(102,770)	(114,649)	11,879	10.4%	0	(600)	600	100.0%
Maintenance Expenses and Utilities	(794,307)	(1,144,594)	350,287	30.6%	0	0	0	n/a
Management Fees Charged to Properties and Programs	(401,330)	(390,441)	(10,889)	-2.8%	0	0	0	n/a
Other Programmatic Expenses	(18,661)	(18,786)	125	0.7%	0	0	0	n/a
Debt Service	(773,990)	(773,990)	0	0.0%	0	0	0	n/a
Total Operating Expenses	(2,952,588)	(3,282,207)	329,619	10.0%	0	(600)	600	100.0%
Net Operating Income	1,762,090	1,379,580	382,510	27.7%	2,095,285	2,066,525	28,761	1.4%
<i>Non Operating Income/(Expense)</i>								
Interest Expense	0	0	0	n/a	(408,598)	(403,080)	(5,519)	-1.4%
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	(408,598)	(403,080)	(5,519)	-1.4%
<i>Capital Activity</i>								
Capital Project Funding, Excluding Debt Issuance	0	0	0	n/a	0	0	0	n/a
Capital Project Expenditures	(1,386,160)	(1,293,135)	(93,024)	-7.2%	(1,321,296)	(1,293,135)	(28,160)	-2.2%
Unit Upgrades	(321,708)	(223,479)	(98,229)	-44.0%	0	0	0	n/a
Total Change in Capital Assets, net of Direct Funding and Debt	(1,707,867)	(1,516,614)	(191,253)	-12.6%	(1,321,296)	(1,293,135)	(28,160)	-2.2%
<i>Change in Other Assets/Liabilities</i>								
Change in Designated/Restricted Cash	(65,694)	(63,894)	(1,800)	-2.8%	0	0	0	n/a
Change in Short-term Assets	132,460	0	132,460	n/a	0	0	0	n/a
Change in Short-term Liabilities	(300,174)	0	(300,174)	n/a	0	0	0	n/a
Change in Long-term Debt	0	0	0	n/a	(365,392)	(370,911)	5,519	1.5%
Change in Other Assets/Liabilities	(233,408)	(63,894)	(169,514)	-265.3%	(365,392)	(370,911)	5,519	1.5%
Change in Unrestricted/Program Cash	(\$179,186)	(\$200,929)	\$21,743	10.8%	\$0	(\$601)	\$601	100.0%
ENDING UNRESTRICTED/PROGRAM CASH	(\$462,568)				(\$1,046)			
BEGINNING DESIGNATED/RESTRICTED CASH	\$1,151,251				\$0			
Change in Replacement Reserves	64,568	63,894	674	1.1%	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a	0	0	0	n/a
Change in Other Reserves	1,126	0	1,126	n/a	0	0	0	n/a
Change in Designated/Restricted Cash	65,694	63,894	1,800	2.8%	0	0	0	n/a
ENDING DESIGNATED/RESTRICTED CASH	\$1,216,946				\$0			

- As interest rates fell, lower than anticipated interest income was earned on invested cash.
- Various categories were under target (professional services, admin supplies, and travel).
- Some properties have not yet been billed for water and sewer expenses in June. Seasonal and periodic contracts are low partially due to project delays related to the pandemic but are expected to increase as the year progresses.
- Transfers related to capital construction and unit upgrades exceeded budget. See notes 5 and 6.
- Capital construction projects delayed in 2020 due to COVID-19 pandemic were started this year, resulting in higher than budgeted expenditures.
- Thirteen unit upgrades were budgeted evenly throughout the year, while eight unit upgrades were completed through the second quarter. Upgrades depend on unit availability.
- Decrease in accounts receivable and prepaid insurance.
- Decrease in deferred revenue and accounts payable.