

MOVING KING COUNTY RESIDENTS FORWARD

Special Annual Hybrid Meeting of the Board of Directors Agenda

Monday, May 22, 2023

5:00 PM or immediately following the KCHA Board meeting

King County Housing Authority, 600 Andover Park West, Tukwila, WA 98188

- I. Call to Order**
- II. Roll Call**
- III. Election of Officers**
 - A. Resolution No. 42 – Election of Officers**
 - i. President
 - ii. Secretary
 - iii. Treasurer
- IV. Public Comment**
- V. Approval of Minutes**
 - A. January 17, 2023 Board Meeting Minutes **1**
- VI. Briefings and Reports**
 - A. Fourth Quarter 2022 Financial Report for MKCRF and MKCRF - Owned Properties **2**
 - B. First Quarter 2023 Financial Report for MKCRF and MKCRF – Owned Properties **3**
- VII. Board of Directors Comments**
- VIII. Adjourn**

Members of the public who wish to give public comment: We are now accepting public comment during the meeting or written comments. Please send your requests for public comment to the Board Coordinator via email 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 SPECIAL HYBRID MEETING**

Tuesday, January 17, 2023

I. CALL TO ORDER

The hybrid meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Tuesday, January 17, 2023 at the King County Housing Authority, 600 Andover Park West, Tukwila, WA at 4:00 p.m.

II. ROLL CALL

Present: Board of Directors: Doug Barnes, Regina Elmi, TerryLynn Stewart and Secretary of the Corporation, Robin Walls.

Excused: John Welch

III. PUBLIC COMMENT

No Public Comment.

IV. APPROVAL OF MINUTES

A. December 19, 2022 Board of Directors Meeting Minutes

On motion by Director TerryLynn Stewart and seconded by Director Regina Elmi, the Board of Directors unanimously approved the December 19, 2022 MKCRF Meeting Minutes.

V. RESOLUTIONS FOR DISCUSSION AND POSSIBLE ACTION

A. Resolution No. 41 - Amending the Bylaws of Moving King County Residents Forward

Dan Watson, Advisor to the Executive Director presented the changes for the Bylaws for MKCRF.

On motion by Director TerryLynn Stewart and seconded by Director Regina Elmi, the Board of Directors unanimously approved Resolution No. 41.

VI. BOARD OF DIRECTORS COMMENTS

None.

VII. ADJOURNMENT

Director TerryLynn Stewart moved and Director John Welch seconded the motion. The meeting was officially adjourned at 4:06 p.m.

**MOVING KING COUNTY
RESIDENTS FORWARD**

DOUGLAS J. BARNES, President

ROBIN WALLS, Secretary of the Corporation

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MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Windy Epps

DATE: May 16, 2023

RE: 2022 Year-End Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

EXECUTIVE SUMMARY

Throughout 2022, 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 fifteen units using KCHA's internal unit upgrade crews.

2022 YEAR-END FINANCIAL REPORTS

Attached are the unaudited financial reports for the year ending December 31, 2022:

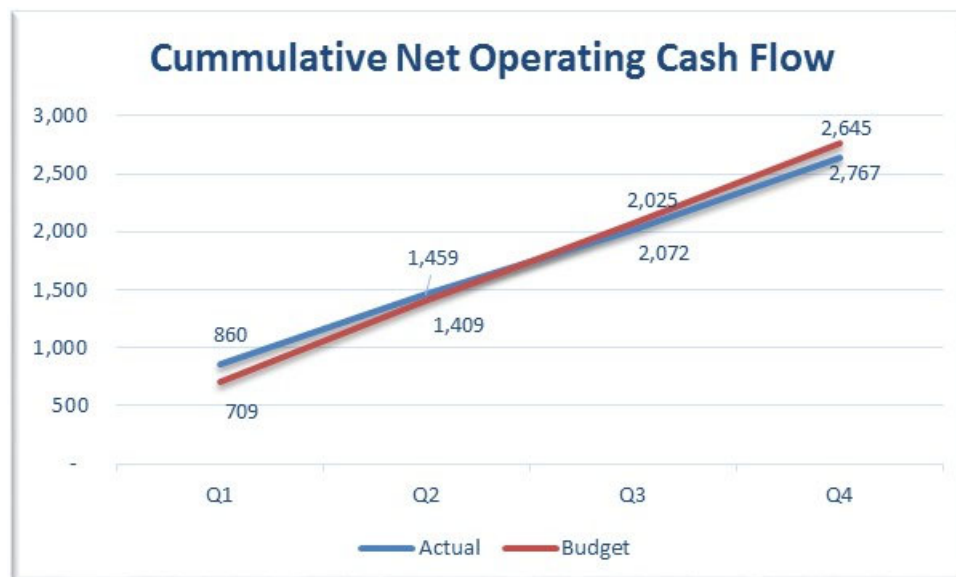
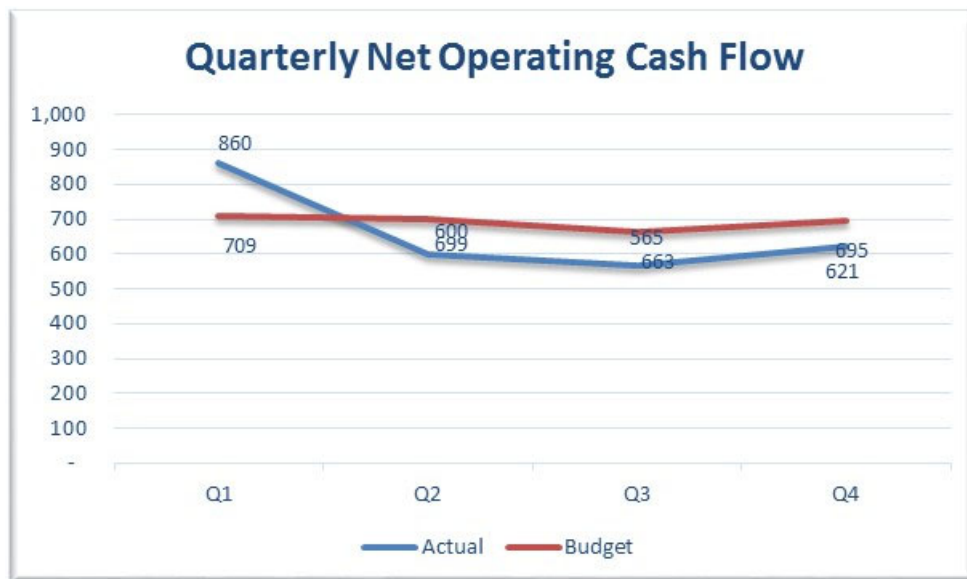
- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- 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 was 95.7% of the annual budget due to rent credits and concessions related to the Eviction Prevention Rental Assistance Program (EPRAP) program. Operating expenses were 92.8% of the annual budget, due mostly to the timing of maintenance projects and other administrative expenses.

During the fourth quarter, the Properties generated net operating cash flow of \$620 thousand after required debt service payments and additions to replacement reserves. This result was less than the fourth-quarter budget of \$695 thousand. Net operating cash flow for the year was slightly lower than budget by \$122 thousand.

	Actual
Net Operating Cash Flow	Q4
Operating Revenues	\$2,366,117
Operating Expenses	(\$1,313,568)
Debt Service	(\$386,995)
Transfers to Replacement Reserves	(\$44,802)
Net Operating Cash Flow	<u>\$620,752</u>



Capital Projects

Capital project expenditures for 2022 were less than assumed in the budget. It was expected that capital construction projects would have picked up in the fourth quarter but they ended the year lower than budget projections by \$1.7 million.

KCHA’s internal unit upgrade crews rehabilitated the interiors of fifteen of the eighteen standard units that were included in the 2022 budget. Unit upgrades depend on unit availability.

Since the transfer of the properties from KCHA to MKCRF in 2012, 231 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 443 units (87.0%) have been upgraded since the inception of the unit upgrade program in 2006.

Operations of Moving King County Residents Forward

MKCRF administrative expenses were greater than budget for 2022, primarily due to the 2018-2020 Accountability Audit cost, which was missed in the budget. All required monthly debt service payments to KCHA were made.

Moving King County Residents Forward
Statement of Net Position
Properties and MKCRF
As of December 31, 2022

	MKCRF Properties 2022 Actual	MKCRF 2022 Actual
Cash-Unrestricted	\$1,447,535	(\$6,516)
Cash-Held by Management Agent	0	0
Cash-Designated	1,351,766	0
Cash-Restricted	79,383	0
Total Cash	<u>2,878,684</u>	<u>(6,516)</u>
Current Assets	319,430	0
Long-term Assets	780,250	72,602,749
Total Other Assetts	<u>1,099,681</u>	<u>72,602,749</u>
Total Assets	<u><u>\$3,978,365</u></u>	<u><u>\$72,596,233</u></u>
Current Liabilities	\$364,331	\$787,642
Long-Term Liabilities	0	11,454,154
Total Liabilities	<u>364,331</u>	<u>12,241,796</u>
Equity	3,614,034	60,354,438
Total Liabilities and Equity	<u><u>\$3,978,365</u></u>	<u><u>\$72,596,233</u></u>

Moving King County Residents Forward
Cash Reconciliation
Properties and MKCRF
As of December 31, 2022

	MKCRF Properties			MKCRF		
	2022 Actual	2022 Annual Budget	Favorable (Unfavorable) % Variance	2022 Actual	2022 Annual Budget	Favorable (Unfavorable) % Variance
Beginning Cash Balance-Unrestricted	(256,938)			2,271		
Beginning Cash Balance-Designated	1,201,053			0		
Beginning Cash Balance-Restricted	80,061			0		
	<u>1,024,176</u>			<u>2,271</u>		
Tenant Revenue	9,302,960	9,722,396	95.7%	-	-	n/a
Operating Subsidy from HUD-HCV	-	-	n/a	-	-	n/a
Operating Subsidy from HUD-PH	-	-	n/a	-	-	n/a
Port-In Income	-	-	n/a	-	-	n/a
Other Operating Income	8,053	-	n/a	3,794,196	5,477,708	69.3% (4)
Total Operating Income	<u>9,311,012</u>	<u>9,722,396</u>	<u>95.8%</u>	<u>3,794,196</u>	<u>5,477,708</u>	<u>69.3%</u>
Salaries	(1,310,456)	(1,283,196)	-102.1%	-	-	n/a
Benefits	(552,286)	(565,744)	-97.6%	-	-	n/a
Occupancy Expenses	(2,016,179)	(2,300,955)	-87.6% (1)	-	-	n/a
Maintenance Projects	(75,974)	(334,300)	-22.7% (2)	-	-	n/a
HAP Expense-KCHA	-	-	n/a	-	-	n/a
HAP Expense-Ports In	-	-	n/a	-	-	n/a
Other Social Service Expenses	(26,202)	(24,815)	-105.6%	-	-	n/a
Administrative Expenses	(993,988)	(1,104,900)	-90.0% (3)	(7,996)	(1,150)	-695.3%
Total Operating Costs	<u>(4,975,084)</u>	<u>(5,613,911)</u>	<u>-88.6%</u>	<u>(7,996)</u>	<u>(1,150)</u>	<u>-695.3%</u>
Total Operating Income before P & I	<u>4,335,928</u>	<u>4,108,485</u>	<u>105.5%</u>	<u>3,786,200</u>	<u>5,476,558</u>	<u>69.1%</u>
Transfers for Debt Service Payments	(1,547,979)	(1,547,980)	-100.0%	-	-	n/a
Transfers to Replacement Reserves	(150,713)	(127,788)	-117.9%	-	-	n/a
Principal Payments	-	-	n/a	(787,641)	(787,575)	-100.0%
Interest Payments	-	-	n/a	(760,339)	(760,405)	-100.0%
			n/a			n/a
Operating Cash Flow	<u>2,637,235</u>	<u>2,432,717</u>	<u>108.4%</u>	<u>2,238,221</u>	<u>3,928,578</u>	<u>57.0%</u>
Non-Operating income	41,825	12,328	339.3%	-	(9)	0.0%
Non-Operating Expenses	(2,248,249)	(3,929,728)	-57.2% (4)	-	-	n/a
Capital Expenditures	(34,831)	-	n/a	(2,246,217)	(3,929,728)	-57.2% (4)
Unit Upgrades	(708,772)	(626,786)	-113.1% (5)	-	-	n/a
Acquisitions/LIHTC Return to KCHA	-	-	n/a	-	-	n/a
Change in Designated Cash	-	-	n/a	-	-	n/a
Change in Restricted Cash	678	-	n/a	-	-	n/a
Transfers In/Out	2,191,350	1,800,000	121.7% (6)	-	-	n/a
Other Changes in Debt	-	-	n/a	-	-	n/a
Others Sources/(Uses of Cash)	(174,763)	0	n/a	(792)	0	n/a
Non Operating Net Sources (Uses) of Cash	<u>(932,762)</u>	<u>(2,744,186)</u>	<u>-34.0%</u>	<u>(2,247,008)</u>	<u>(3,929,737)</u>	<u>-57.2%</u>
Net Change in Unrestricted Cash	<u><u>1,704,473</u></u>	<u><u>(311,469)</u></u>	<u><u>547.2%</u></u>	<u><u>(8,787)</u></u>	<u><u>(1,159)</u></u>	<u><u>-758.2%</u></u>
Ending Cash Balance-Unrestricted	1,447,535			(6,516)		
Ending Cash Balance-Designated	1,351,766			0		
Ending Cash Balance-Restricted	79,383			0		
	<u>2,878,684</u>			<u>(6,516)</u>		

- Maintenance expenses and utilities are lower than budgeted due to slower spending on maintenance contracts.
- Various maintenance projects were below target. The Riverton Terrace parking lot project didn't start until the end of the year. The Youngs Lake project to install curbs and storm drains was cancelled as the actual scope of the project was more complicated and expensive than anticipated in the budget. Finally, the Vista Heights project to replace rotting sub-floors in several units was postponed to 2023.
- Mainly due to reversal of uncollectible accounts expense as rental receivable balances were paid by the Eviction Prevention Rental Assistance Program (EPRAP). Also, various categories of administrative expenses were under target.
- MKCRF capital projects were less than target resulting in lower capital transfers and reimbursements.
- Eighteen unit upgrades were budgeted for 2022 whereas fifteen were completed. Unit upgrades depend on availability. The average unit upgrade cost has increased due to increase in material prices.
- EPRAP grant income from King County transferred-in to various MKCRF housing projects.

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MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Windy Epps

DATE: May 16, 2023

RE: 2023 First-Quarter Financial Reports for Moving King County Residents Forward (MKCRF) and MKCRF-Owned Properties

EXECUTIVE SUMMARY

Through the first quarter, 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.

2023 YEAR-END FINANCIAL REPORTS

Attached are the unaudited financial reports for the quarter ending March 31, 2023:

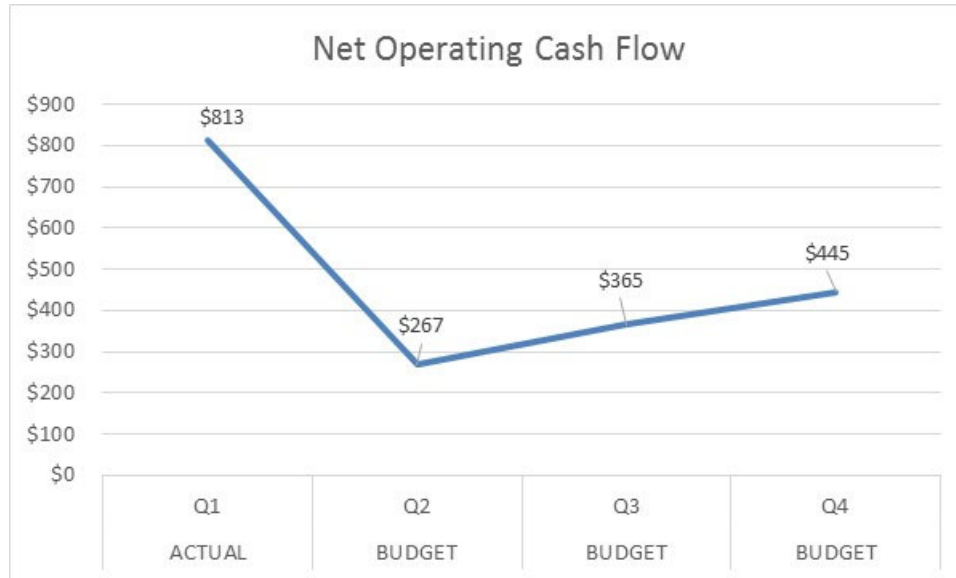
- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- 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 was close to expectations at 25.8% of the annual budget. Operating expenses were slightly lower than anticipated at 18.5% of the annual budget, due mostly to the timing of occupancy, maintenance, and utility expenses.

During the first quarter, the Properties generated net operating cash flow of \$813 thousand after required debt service payments and additions to replacement reserves. This result was greater than the first-quarter budget of \$449 thousand. It is expected net operating cash flow will end the year close to budget of \$1.5 million.

	Actual
Net Operating Cash Flow	Q1
Operating Revenues	\$2,602,467
Operating Expenses	(\$1,354,739)
Debt Service	(\$386,995)
Transfers to Replacement Reserves	(\$47,568)
Net Operating Cash Flow	<u>\$813,166</u>



Capital Projects

Capital project expenditures for the first quarter were less than assumed in the budget. It was expected that capital construction projects will ramp up later in the year.

KCHA’s internal unit upgrade crews rehabilitated the interiors of six of the twenty-two standard units that were included in the 2023 budget. Unit upgrades depend on unit availability.

Since the transfer of the properties from KCHA to MKCRF in 2012, 237 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 449 units (88.2%) have been upgraded since the inception of the unit upgrade program in 2006.

Operations of Moving King County Residents Forward

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

Moving King County Residents Forward
Statement of Net Position
Properties and MKCRF
As of March 31, 2023

	MKCRF Properties 2023 Actual	MKCRF 2023 Actual
Cash-Unrestricted	\$1,739,131	(\$1,075)
Cash-Held by Management Agent	0	0
Cash-Designated	1,399,334	0
Cash-Restricted	79,230	0
Total Cash	<u>3,217,695</u>	<u>(1,075)</u>
Current Assets	275,657	0
Long-term Assets	794,203	71,798,476
Total Other Assetts	<u>1,069,860</u>	<u>71,798,476</u>
Total Assets	<u><u>\$4,287,555</u></u>	<u><u>\$71,797,401</u></u>
Current Liabilities	\$430,593	\$787,642
Long-Term Liabilities	0	12,049,282
Total Liabilities	<u>430,593</u>	<u>12,836,924</u>
Equity	3,856,961	58,960,478
Total Liabilities and Equity	<u><u>\$4,287,555</u></u>	<u><u>\$71,797,401</u></u>

Moving King County Residents Forward
Cash Reconciliation
Properties and MKCRF
As of March 31, 2023

	MKCRF Properties			MKCRF		
	2023 Actual	2023 Annual Budget	Favorable (Unfavorable) % Variance	2023 Actual	2023 Annual Budget	Favorable (Unfavorable) % Variance
Beginning Cash Balance-Unrestricted	1,624,480			(6,516)		
Beginning Cash Balance-Designated	1,351,766			0		
Beginning Cash Balance-Restricted	79,383			0		
	<u>3,055,629</u>			<u>(6,516)</u>		
Tenant Revenue	2,602,467	10,095,486	25.8%	-	-	n/a
Operating Subsidy from HUD-HCV	-	-	n/a	-	-	n/a
Operating Subsidy from HUD-PH	-	-	n/a	-	-	n/a
Port-In Income	-	-	n/a	-	-	n/a
Other Operating Income	-	-	n/a	559,919	3,205,692	17.5% (2)
Total Operating Income	<u>2,602,467</u>	<u>10,095,486</u>	<u>25.8%</u>	<u>559,919</u>	<u>3,205,692</u>	<u>17.5%</u>
Salaries	(402,061)	(1,759,674)	-22.8%	-	-	n/a
Benefits	(174,512)	(745,454)	-23.4%	-	-	n/a
Occupancy Expenses	(431,061)	(2,894,284)	-14.9% (1)	-	-	n/a
Maintenance Projects	(30,657)	(529,450)	-5.8% (1)	-	-	n/a
HAP Expense-KCHA	-	-	n/a	-	-	n/a
HAP Expense-Ports In	-	-	n/a	-	-	n/a
Other Social Service Expenses	(71,429)	(250,921)	-28.5%	-	-	n/a
Administrative Expenses	(275,676)	(1,305,563)	-21.1%	-	(1,001)	0.0%
Total Operating Costs	<u>(1,385,396)</u>	<u>(7,485,347)</u>	<u>-18.5%</u>	<u>-</u>	<u>(1,001)</u>	<u>0.0%</u>
Total Operating Income before P & I	<u>1,217,071</u>	<u>2,610,139</u>	<u>46.6%</u>	<u>559,919</u>	<u>3,204,691</u>	<u>17.5%</u>
Transfers for Debt Service Payments	(386,995)	(1,547,979)	-25.0%	-	-	n/a
Transfers to Replacement Reserves	(47,568)	(169,870)	-28.0%	-	-	n/a
Principal Payments	-	-	n/a	(204,387)	(836,150)	-24.4%
Interest Payments	-	-	n/a	(182,608)	(711,829)	-25.7%
			n/a			n/a
Operating Cash Flow	<u>782,509</u>	<u>892,290</u>	<u>87.7%</u>	<u>172,924</u>	<u>1,656,712</u>	<u>10.4%</u>
Non-Operating income	34,920	84,696	41.2%	-	(175)	0.0%
Non-Operating Expenses	(172,924)	(1,657,713)	-10.4% (2)	-	-	n/a
Capital Expenditures	(0)	-	n/a	(172,924)	(1,657,713)	-10.4% (2)
Unit Upgrades	(306,708)	(1,047,698)	-29.3%	-	-	n/a
Acquisitions/LIHTC Return to KCHA	-	-	n/a	-	-	n/a
Change in Designated Cash	-	-	n/a	-	-	n/a
Change in Restricted Cash	153	-	n/a	-	-	n/a
Transfers In/Out	-	-	n/a	-	-	n/a
Other Changes in Debt	-	-	n/a	-	-	n/a
Others Sources/(Uses of Cash)	(223,298)	0	n/a (3)	-	0	n/a
Non Operating Net Sources (Uses) of Cash	<u>(667,857)</u>	<u>(2,620,715)</u>	<u>-25.5%</u>	<u>(172,924)</u>	<u>(1,657,888)</u>	<u>-10.4%</u>
Net Change in Unrestricted Cash	<u>114,651</u>	<u>(1,728,424)</u>	<u>6.6%</u>	<u>0</u>	<u>(1,176)</u>	<u>0.0%</u>
Ending Cash Balance-Unrestricted	1,739,131			(6,516)		
Ending Cash Balance-Designated	1,399,334			0		
Ending Cash Balance-Restricted	79,230			0		
	<u>3,217,695</u>			<u>(6,516)</u>		

- 1) Maintenance, occupancy, and utility expenses are lower than budgeted due to slower spending and timing of utility bills as it is typically early in the year but are expected to increase as the year progresses.
- 2) MKCRF capital projects were less than target during the first resulting in lower capital transfer and reimbursements but are expected to pick up throughout the year.
- 3) Mainly due to a decrease in accounts payable.