

MOVING KING COUNTY RESIDENTS FORWARD

Special Hybrid Meeting of the Board of Directors Agenda

Monday, September 25, 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. Public Comment**
- IV. Approval of Minutes**
 - A. May 22, 2023 Board Meeting Minutes **1**
- V. Briefings and Reports**
 - B. Second Quarter 2023 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 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 ANNUAL HYBRID MEETING**

Monday, May 22, 2023

I. CALL TO ORDER

The hybrid Annual special meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, May 22, 2023 at the King County Housing Authority, 600 Andover Park West, Tukwila, WA at 5:06 p.m.

II. ROLL CALL

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

III. ELECTION OF OFFICERS

A. Resolution No. 42 - Election of Officers

- i. President - Doug Barnes**
- ii. Secretary - Robin Walls**
- iii. Treasurer - John Welch**

On motion by Director TerryLynn Stewart and seconded by Director Richard Jackson, the Board of Directors unanimously approved Resolution No. 42.

IV. PUBLIC COMMENT

No Public Comment.

V. APPROVAL OF MINUTES

A. January 17, 2023 Board of Directors Meeting Minutes

On motion by Director Regina Elmi and seconded by Director John Welch, the Board of Directors unanimously approved the January 17, 2023 MKCRF Meeting Minutes.

VI. BRIEFINGS AND REPORTS

A. Fourth Quarter 2022 Financial Report for MKCRF and MKCRF – Owned Properties

B. First Quarter 2023 Financial Report for MKCRF and MKCRF – Owned Properties

Tesh Assefa, Financial Reporting Manager gave a detailed explanation on the reports.

VII. BOARD OF DIRECTORS COMMENTS

None.

VIII. ADJOURNMENT

Director TerryLynn Stewart moved and Director John Welch seconded the motion. The meeting was officially adjourned at 5:17 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: Tesh Assefa

DATE: September 25, 2023

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

EXECUTIVE SUMMARY

Through the second 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 fifteen units using KCHA's internal unit upgrade crews.

2023 FINANCIAL REPORTS

Attached are the unaudited financial reports for the quarter ending June 30, 2023:

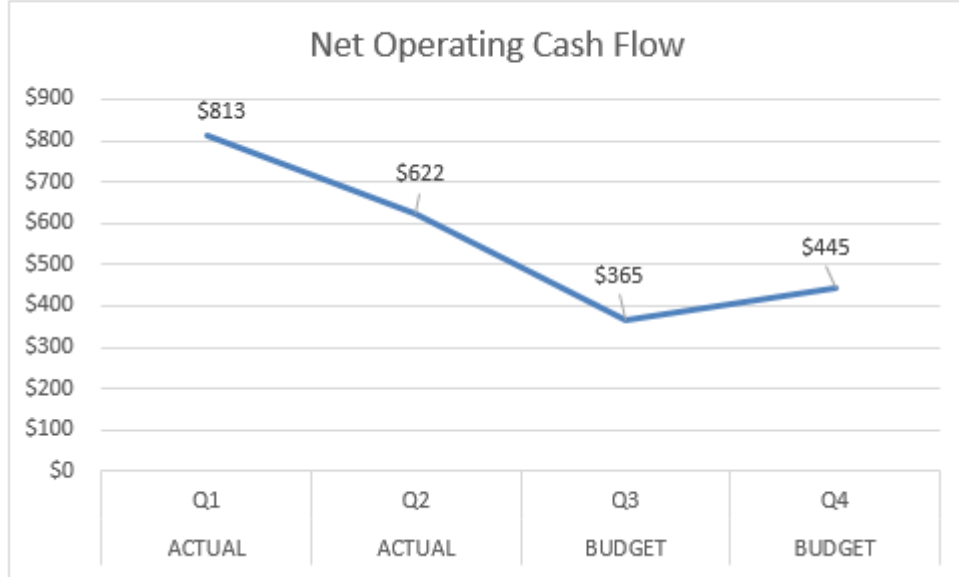
- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- 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 101.5% of the budget. Operating expenses were slightly lower than anticipated at 76.9% of the budget, due mostly to the timing of occupancy, maintenance, and utility expenses.

During the second quarter, the properties generated net operating cash flow of \$622 thousand after required debt service payments and additions to replacement reserves. This result was greater than the second-quarter budget of \$381 thousand. It is expected net operating cash flow will end the year close to budget of \$1.5 million.

	ACTUAL
	Q2
Net Operating Cash Flow	
Operating Revenues	\$2,526,550
Operating Expenses	(\$1,467,507)
Debt Service	(\$386,995)
Transfers to Replacement Reserves	(\$50,031)
Net Operating Cash Flow	<u><u>\$622,017</u></u>



Capital Projects

Capital project expenditures for the second 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 fifteen 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, 246 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 458 units (90%) 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 second 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 June 30, 2023

	MKCRF Properties 2023 Actual	MKCRF 2023 Actual
Cash-Unrestricted	\$2,082,816	(\$5,412)
Cash-Held by Management Agent	0	0
Cash-Designated	1,449,365	0
Cash-Restricted	79,925	0
Total Cash	<u>3,612,106</u>	<u>(5,412)</u>
Current Assets	234,133	0
Long-term Assets	793,954	72,133,082
Total Other Assetts	<u>1,028,086</u>	<u>72,133,082</u>
Total Assets	<u><u>\$4,640,192</u></u>	<u><u>\$72,127,670</u></u>
Current Liabilities	\$456,916	\$787,642
Long-Term Liabilities	0	11,853,867
Total Liabilities	<u>456,916</u>	<u>12,641,508</u>
Equity	4,183,276	59,486,162
Total Liabilities and Equity	<u><u>\$4,640,192</u></u>	<u><u>\$72,127,670</u></u>

Moving King County Residents Forward
Cash Reconciliation
Properties and MKCRF
As of June 30, 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	5,129,017	5,051,783	1.5%	-	-	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	976,979	1,588,484	-38.5% (5)
Total Operating Income	<u>5,129,017</u>	<u>5,051,783</u>	<u>1.5%</u>	<u>976,979</u>	<u>1,588,484</u>	<u>61.5%</u>
Salaries	(743,337)	(879,829)	15.5% (1)	-	-	n/a
Benefits	(332,345)	(372,667)	10.8% (1)	-	-	n/a
Occupancy Expenses	(1,043,241)	(1,502,703)	30.6% (2)	-	-	n/a
Maintenance Projects	(43,281)	(199,384)	78.3% (2)	-	-	n/a
HAP Expense-KCHA	-	-	n/a	-	-	n/a
HAP Expense-Ports In	-	-	n/a	-	-	n/a
Other Social Service Expenses	(145,807)	(125,560)	-16.1% (3)	-	-	n/a
Administrative Expenses	(557,515)	(647,674)	13.9% (4,5)	-	-	n/a
Total Operating Costs	<u>(2,865,528)</u>	<u>(3,727,818)</u>	<u>23.1%</u>	<u>-</u>	<u>-</u>	<u>n/a</u>
Total Operating Income before P & I	<u>2,263,490</u>	<u>1,323,965</u>	<u>71.0%</u>	<u>976,979</u>	<u>1,588,484</u>	<u>61.5%</u>
Transfers for Debt Service Payments	(773,990)	(773,990)	0.0%	-	-	n/a
Transfers to Replacement Reserves	(97,599)	(84,935)	-14.9%	-	-	n/a
Principal Payments	-	-	n/a	(411,855)	(418,075)	1.5%
Interest Payments	-	-	n/a	(362,135)	(355,914)	-1.7%
			n/a			n/a
Operating Cash Flow	<u>1,391,901</u>	<u>465,040</u>	<u>199.3%</u>	<u>202,989</u>	<u>814,495</u>	<u>24.9%</u>
Non-Operating income	78,886	42,348	86.3%	-	(87)	100.0%
Non-Operating Expenses	(207,466)	(814,495)	74.5% (5)	-	-	n/a
Capital Expenditures	(2,576)	-	n/a	(202,989)	(814,495)	75.1% (5)
Unit Upgrades	(646,415)	(523,849)	-23.4% (6)	-	-	n/a
Acquisitions/LIHTC Return to KCHA	-	-	n/a	-	-	n/a
Change in Designated Cash	-	-	n/a	-	-	n/a
Change in Restricted Cash	(542)	-	n/a	-	-	n/a
Transfers In/Out	-	-	n/a	-	-	n/a
Other Changes in Debt	-	-	n/a	-	-	n/a
Others Sources/(Uses of Cash)	(155,451)	0	n/a (7)	-	0	n/a
Non Operating Net Sources (Uses) of Cash	<u>(933,565)</u>	<u>(1,295,996)</u>	<u>28.0%</u>	<u>(202,989)</u>	<u>(814,582)</u>	<u>-24.9%</u>
Net Change in Unrestricted Cash	<u>458,336</u>	<u>(830,956)</u>	<u>155.2%</u>	<u>0</u>	<u>(87)</u>	<u>0.0%</u>
Ending Cash Balance-Unrestricted	2,082,816			(6,516)		
Ending Cash Balance-Designated	1,449,365			0		
Ending Cash Balance-Restricted	79,925			0		
	<u>3,612,106</u>			<u>(6,516)</u>		

- Salaries and benefits were below target due to unfilled positions.
- Maintenance, occupancy, and utility expenses are lower than budgeted due to slower spending and timing of utility bills but are expected to increase as the year progresses.
- Security patrol expenses exceeded target due to increased patrol activity following recent activity at the Central Office.
- Various categories were under target: professional services, admin expenses, and computer equipment but expected to increase as the year progresses.
- MKCRF capital projects were less than target resulting in lower capital transfer and management fee but are expected to pick up as the year progresses.
- Twenty two unit upgrade projects were budgeted to be completed throughout the year. As of June, fifteen unit upgrades were completed. Unit upgrades depend on unit availability.
- Mainly due to a decrease in accounts payable and prepaid rent revenue.