

MOVING KING COUNTY RESIDENTS FORWARD

Special Hybrid Meeting of the Board of Directors Agenda

Tuesday, February 20, 2024

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. September 25, 2023 Board Meeting Minutes **1**

- V. Briefings and Reports**
 - A. Third Quarter 2023 Financial Report for MKCRF and MKCRF – Owned Properties **2**
 - B. Fourth Quarter 2023 Financial Report for MKCRF and MKCRF – Owned Properties **3**

- 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, September 25, 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, September 25, 2023 at the King County Housing Authority, 600 Andover Park West, Tukwila, WA at 5:11 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.

Excused: John Welch

III. PUBLIC COMMENT

No Public Comment.

IV. APPROVAL OF MINUTES

A. May 22, 2023 Board of Directors Meeting Minutes

On motion by Director Richard Jackson and seconded by Director TerryLynn Stewart, the Board of Directors unanimously approved the May 22, 2023 MKCRF Meeting Minutes.

V. BRIEFINGS AND REPORTS

A. Second Quarter 2023 Financial Report for MKCRF and MKCRF – Owned Properties

Saeed Hajarizadeh, Executive VP of Administration/Chief Administrative Officer, gave a detailed explanation on the reports.

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 5:19 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: December 18, 2023

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

EXECUTIVE SUMMARY

Through the third 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 September 30, 2023:

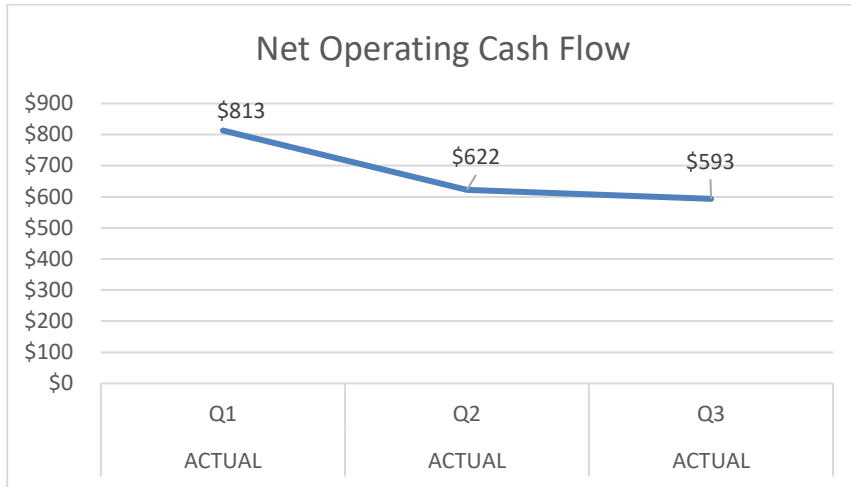
- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- 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 101.4% of the budget. Operating expenses were slightly lower than anticipated at 78.9% of the budget, due mostly to the timing of occupancy, maintenance, and utility expenses and lower salaries and benefit expenses due to unfilled positions.

During the third quarter, the properties generated net operating cash flow of \$1.9 million after required debt service payments and additions to replacement reserves. This result was greater than the third-quarter budget of \$652 thousand. It is expected net operating cash flow will end the year close to budget of \$1.5 million.

| | Actual |
|-----------------------------------|---------------|
| Net Operating Cash Flow | Q3 |
| Operating Revenues | \$2,551,153 |
| Operating Expenses | (\$1,581,215) |
| Debt Service | (\$386,995) |
| Transfers to Replacement Reserves | (\$52,365) |
| | <hr/> |
| Net Operating Cash Flow | \$530,578 |



Capital Projects

KCHA’s internal unit upgrade crews rehabilitated the interiors of twenty one 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, 252 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 464 units (91.2%) 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 third 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 September 30, 2023

| | MKCRF Properties 2023 Actual | MKCRF 2023 Actual |
|-------------------------------------|---|----------------------------------|
| Cash-Unrestricted | \$2,001,916 | (\$6,384) |
| Cash-Held by Management Agent | 0 | 0 |
| Cash-Designated | 1,501,730 | 0 |
| Cash-Restricted | 81,000 | 0 |
| Total Cash | <u>3,584,646</u> | <u>(6,384)</u> |
| Current Assets | 159,558 | 0 |
| Long-term Assets | 790,668 | 72,519,116 |
| Total Other Assetts | <u>950,226</u> | <u>72,519,116</u> |
| Total Assets | <u><u>\$4,534,872</u></u> | <u><u>\$72,512,732</u></u> |
| Current Liabilities | \$478,098 | \$787,642 |
| Long-Term Liabilities | 0 | 11,655,506 |
| Total Liabilities | <u>478,098</u> | <u>12,443,147</u> |
| Equity | 4,056,775 | 60,069,585 |
| Total Liabilities and Equity | <u><u>\$4,534,872</u></u> | <u><u>\$72,512,732</u></u> |

Moving King County Residents Forward
Cash Reconciliation
Properties and MKCRF
As of September 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 | 7,680,170 | 7,577,674 | 1.4% | - | - | 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 | 1,835,096 | 2,619,696 | -30.0% (4) |
| Total Operating Income | <u>7,680,170</u> | <u>7,577,674</u> | <u>1.4%</u> | <u>1,835,096</u> | <u>2,619,696</u> | <u>70.0%</u> |
| Salaries | (1,182,904) | (1,337,524) | 11.6% (1) | - | - | n/a |
| Benefits | (512,039) | (566,454) | 9.6% (1) | - | - | n/a |
| Occupancy Expenses | (1,601,009) | (2,218,667) | 27.8% (2) | - | - | n/a |
| Maintenance Projects | (106,132) | (430,077) | 75.3% (2) | - | - | n/a |
| HAP Expense-KCHA | - | - | n/a | - | - | n/a |
| HAP Expense-Ports In | - | - | n/a | - | - | n/a |
| Other Social Service Expenses | (209,572) | (188,341) | -11.3% (3) | - | - | n/a |
| Administrative Expenses | (835,087) | (896,318) | 6.8% | (135) | (1,001) | 86.5% |
| Total Operating Costs | <u>(4,446,743)</u> | <u>(5,637,380)</u> | <u>21.1%</u> | <u>(135)</u> | <u>(1,001)</u> | <u>-13.5%</u> |
| | <u>4,340,611</u> | | | | | |
| Total Operating Income before P & I | <u>3,233,427</u> | <u>1,940,295</u> | <u>66.6%</u> | <u>1,834,961</u> | <u>2,618,696</u> | <u>70.1%</u> |
| Transfers for Debt Service Payments | (1,160,985) | (1,160,984) | 0.0% | - | - | n/a |
| Transfers to Replacement Reserves | (149,964) | (127,402) | -17.7% | - | - | n/a |
| Principal Payments | - | - | n/a | (622,450) | (627,113) | 0.7% |
| Interest Payments | - | - | n/a | (538,534) | (533,872) | -0.9% |
| | | | n/a | | | n/a |
| Operating Cash Flow | <u>1,922,479</u> | <u>651,908</u> | <u>194.9%</u> | <u>673,976</u> | <u>1,457,712</u> | <u>46.2%</u> |
| Non-Operating income | 130,614 | 63,522 | 105.6% | - | (131) | 100.0% |
| Non-Operating Expenses | (678,589) | (1,458,712) | 53.5% (4) | - | - | n/a |
| Capital Expenditures | (12,492) | - | n/a | (674,111) | (1,458,712) | 53.8% (4) |
| Unit Upgrades | (923,263) | (785,774) | -17.5% (5) | - | - | n/a |
| Acquisitions/LIHTC Return to KCHA | - | - | n/a | - | - | n/a |
| Change in Designated Cash | - | - | n/a | - | - | n/a |
| Change in Restricted Cash | (1,617) | - | n/a | - | - | n/a |
| Transfers In/Out | - | - | n/a | - | - | n/a |
| Other Changes in Debt | - | - | n/a | - | - | n/a |
| Others Sources/(Uses of Cash) | (59,695) | 0 | n/a (7) | - | 0 | n/a |
| Non Operating Net Sources (Uses) of Cash | <u>(1,545,042)</u> | <u>(2,180,964)</u> | <u>29.2%</u> | <u>(674,111)</u> | <u>(1,458,843)</u> | <u>-46.2%</u> |
| Net Change in Unrestricted Cash | <u><u>377,437</u></u> | <u><u>(1,529,056)</u></u> | <u><u>124.7%</u></u> | <u><u>(135)</u></u> | <u><u>(1,132)</u></u> | <u><u>-11.9%</u></u> |
| Ending Cash Balance-Unrestricted | 2,001,916 | | | (6,651) | | |
| Ending Cash Balance-Designated | 1,501,730 | | | 0 | | |
| Ending Cash Balance-Restricted | 81,000 | | | 0 | | |
| | <u>3,584,646</u> | | | <u>(6,651)</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.
- Security patrol expenses exceeded target due to increased patrol activity following recent activity at the Central Office.
- Twenty two unit upgrade projects were budgeted to be completed throughout the year. As of September, twenty one unit upgrades were completed. Unit upgrades depend on unit availability.
- Mainly due to a decrease in accounts payable, contract retentions and prepaid revenue offset by decrease in prepaid rent revenue and tenant receivables.

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MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors

FROM: Tesh Assefa

DATE: February 20, 2023

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

EXECUTIVE SUMMARY

Throughout 2023, 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 December 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 101.9% of the budget. Operating expenses were slightly lower than anticipated at 85.3% of the budget, due mostly to the timing of occupancy and maintenance, expenses and lower salaries and benefit expenses due to unfilled positions.

During the fourth quarter, the properties generated net operating cash flow of \$299.7 thousand after required debt service payments and additions to replacement reserves. This result was less than the fourth-quarter budget of \$444 thousand. Net operating cash flow for the year was higher than budget by \$1.3 million.

| | Actual |
|-----------------------------------|---------------|
| Net Operating Cash Flow | Q4 |
| Operating Revenues | \$2,608,272 |
| Operating Expenses | (\$1,868,770) |
| Debt Service | (\$386,995) |
| Transfers to Replacement Reserves | (\$52,738) |
| Net Operating Cash Flow | \$299,769 |

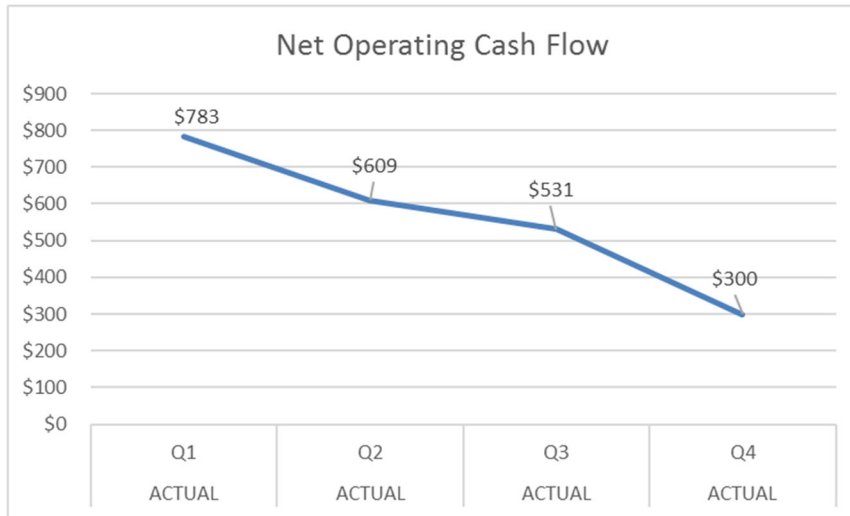
Moving King County Residents Forward
Statement of Net Position
Properties and MKCRF
As of December 31, 2023

| | MKCRF Properties 2023 Actual | MKCRF 2023 Actual |
|-------------------------------------|---|----------------------------------|
| Cash-Unrestricted | \$1,637,097 | (\$6,516) |
| Cash-Held by Management Agent | 0 | 0 |
| Cash-Designated | 1,554,468 | 0 |
| Cash-Restricted | 81,475 | 0 |
| Total Cash | <u>3,273,040</u> | <u>(6,516)</u> |
| Current Assets | 169,214 | 0 |
| Long-term Assets | 789,459 | 72,602,749 |
| Total Other Assets | <u>958,673</u> | <u>72,602,749</u> |
| Total Assets | <u><u>\$4,231,713</u></u> | <u><u>\$72,596,233</u></u> |
| Current Liabilities | \$653,908 | \$787,642 |
| Long-Term Liabilities | 0 | 11,454,154 |
| Total Liabilities | <u>653,908</u> | <u>12,241,796</u> |
| Equity | 3,577,805 | 60,354,438 |
| Total Liabilities and Equity | <u><u>\$4,231,713</u></u> | <u><u>\$72,596,233</u></u> |

Moving King County Residents Forward
Cash Reconciliation
Properties and MKCRF
As of December 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 | 10,288,442 | 10,095,486 | 1.9% | - | - | 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 | 2,964,565 | 3,205,692 | -7.5% |
| Total Operating Income | <u>10,288,442</u> | <u>10,095,486</u> | <u>1.9%</u> | <u>2,964,565</u> | <u>3,205,692</u> | <u>92.5%</u> |
| Salaries | (1,566,234) | (1,759,674) | 11.0% (1) | - | - | n/a |
| Benefits | (685,902) | (745,454) | 8.0% (1) | - | - | n/a |
| Occupancy Expenses | (2,414,825) | (2,894,284) | 16.6% (2) | - | - | n/a |
| Maintenance Projects | (185,494) | (529,450) | 65.0% (2) | - | - | n/a |
| HAP Expense-KCHA | - | - | n/a | - | - | n/a |
| HAP Expense-Ports In | - | - | n/a | - | - | n/a |
| Other Social Service Expenses | (271,338) | (250,921) | -8.1% | - | - | n/a |
| Administrative Expenses | (1,191,760) | (1,305,563) | 8.7% | (1,747) | (1,001) | -74.5% |
| Total Operating Costs | <u>(6,315,553)</u> | <u>(7,485,347)</u> | <u>15.6%</u> | <u>(1,747)</u> | <u>(1,001)</u> | <u>-174.5%</u> |
| Total Operating Income before P & I | <u>3,972,889</u> | <u>2,610,139</u> | <u>52.2%</u> | <u>2,962,819</u> | <u>3,204,691</u> | <u>92.5%</u> |
| Transfers for Debt Service Payments | (1,547,979) | (1,547,979) | 0.0% | - | - | n/a |
| Transfers to Replacement Reserves | (202,702) | (169,870) | -19.3% | - | - | n/a |
| Principal Payments | - | - | n/a | (836,221) | (836,150) | 0.0% |
| Interest Payments | - | - | n/a | (711,759) | (711,829) | 0.0% |
| | | | n/a | | | n/a |
| Operating Cash Flow | <u>2,222,208</u> | <u>892,290</u> | <u>149.0%</u> | <u>1,414,840</u> | <u>1,656,712</u> | <u>85.4%</u> |
| Non-Operating income | 175,823 | 84,696 | 107.6% (3) | - | (175) | 100.0% |
| Non-Operating Expenses | (1,423,096) | (1,657,713) | 14.2% (4) | - | - | n/a |
| Capital Expenditures | (36,652) | - | n/a | (1,416,586) | (1,657,713) | 14.5% (4) |
| Unit Upgrades | (1,030,033) | (1,047,698) | 1.7% | - | - | n/a |
| Acquisitions/LIHTC Return to KCHA | - | - | n/a | - | - | n/a |
| Change in Designated Cash | - | - | n/a | - | - | n/a |
| Change in Restricted Cash | (2,092) | - | n/a | - | - | n/a |
| Transfers In/Out | - | - | n/a | - | - | n/a |
| Other Changes in Debt | - | - | n/a | - | - | n/a |
| Others Sources/(Uses of Cash) | 106,459 | 0 | n/a (7) | - | 0 | n/a |
| Non Operating Net Sources (Uses) of Cash | <u>(2,209,591)</u> | <u>(2,620,715)</u> | <u>15.7%</u> | <u>(1,416,586)</u> | <u>(1,657,888)</u> | <u>-85.4%</u> |
| Net Change in Unrestricted Cash | <u><u>12,617</u></u> | <u><u>(1,728,424)</u></u> | <u><u>100.7%</u></u> | <u><u>(1,747)</u></u> | <u><u>(1,176)</u></u> | <u><u>-148.5%</u></u> |
| Ending Cash Balance-Unrestricted | 1,637,097 | | | (8,263) | | |
| Ending Cash Balance-Designated | 1,554,468 | | | 0 | | |
| Ending Cash Balance-Restricted | 81,475 | | | 0 | | |
| | <u>3,273,040</u> | | | <u>(8,263)</u> | | |

- Salaries and benefits were below target due to unfilled positions.
- Maintenance and occupancy expenses were lower than budgeted as some projected were delayed and postponed to 2024.
- Due to rising rates, interest income exceeded target.
- Due to project delays, spending and the related transfer on MKCRF capital projects were lower than budgeted.
- Mainly due to a decrease in prepaid insurance and tenant accounts receivable offset by decrease in accounts payable.



Capital Projects

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

Since the transfer of the properties from KCHA to MKCRF in 2012, 255 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 467 units (91.7%) have been upgraded since the inception of the unit upgrade program in 2006.