

MOVING KING COUNTY RESIDENTS FORWARD

Hybrid Meeting of the Board of Directors Agenda

Monday, November 18, 2024

5:00 PM or immediately following the KCHA Board meeting

King County Housing Authority, 700 Andover Park West, Tukwila, WA 98188

- I. Call to Order**
- II. Roll Call**
- III. Public Comment**
- IV. Approval of Minutes**
 - A. June 17, 2024 - Board Meeting Minutes **1**
- V. Briefings and Reports**
 - A. Second Quarter 2024 Financial Report for MKCRF and MKCRF – Owned Properties **2**
 - B. Third Quarter 2024 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 HYBRID MEETING

Monday, June 17, 2024

I. CALL TO ORDER

The hybrid Annual special meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Tuesday, February 20, 2024 at the King County Housing Authority, 600 Andover Park West, Tukwila, WA at 4:28 p.m.

II. ROLL CALL

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

Excused: Robert Harmon

III. ELECTION OF OFFICERS

A. Resolution 43 – Election of Officers

- President – Doug Barnes
- Secretary – Robin Walls
- Treasurer – Richard Jackson

IV. PUBLIC COMMENT

No Public Comment.

V. APPROVAL OF MINUTES

A. February 20, 2024 - Board of Directors Meeting Minutes

On motion by Director Richard Jackson and seconded by Director TerryLynn Stewart, the Board of Directors unanimously approved the September 25, 2023 MKCRF Meeting Minutes.

VI. BRIEFINGS AND REPORTS

A. First Quarter 2024 Financial Report for MKCRF and MKCRF – Owned Properties

Saeed Hajarizadeh, Executive VP of Administration/Chief Administrative Officer, 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 5:19 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: Wendy Teh
DATE: November 18, 2024
RE: 2024 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 eight units using KCHA's internal unit upgrade crews.

2024 2nd QUARTER FINANCIAL REPORTS

Attached are the unaudited financial reports for the quarter ending June 30, 2024:

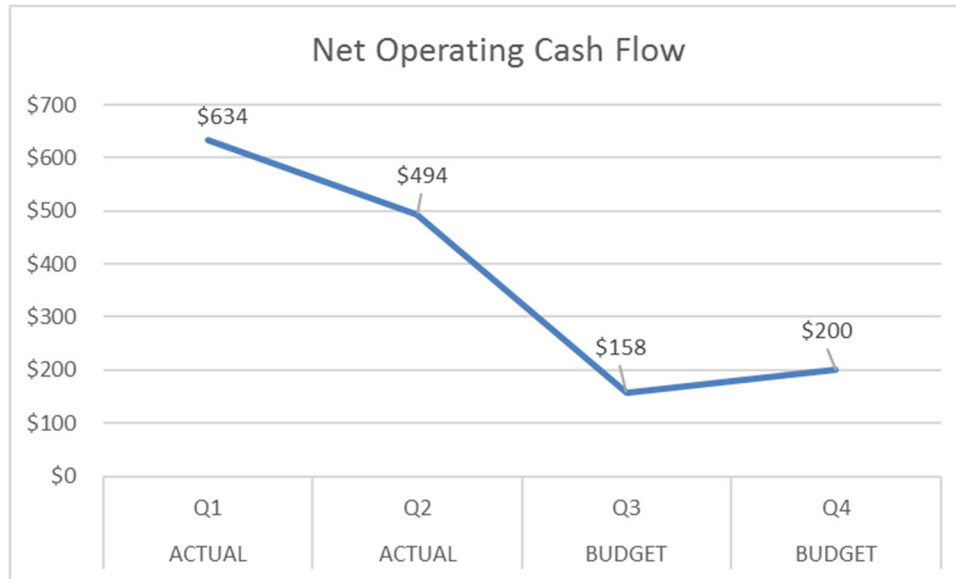
- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- 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 103.2% of the budget. Operating expenses were slightly lower than anticipated at 83.4% 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 \$493 thousand after required debt service payments and additions to replacement reserves. This result was greater than the second-quarter budget of \$117 thousand. It is expected net operating cash flow will end the year close to budget.

	ACTUAL
Net Operating Cash Flow	Q2
Operating Revenues	\$2,664,597
Operating Expenses	(\$1,709,737)
Debt Service	(\$386,995)
Transfers to Replacement Reserves	(\$74,363)
Net Operating Cash Flow	<u>\$493,502</u>



Capital Projects

Capital project expenditures for the second quarter exceed budget due to projects carried over from the prior year.

KCHA’s internal unit upgrade crews rehabilitated the interiors of eight of the twenty-eight standard units that were included in the 2024 budget. Unit upgrades depend on unit availability.

Since the transfer of the properties from KCHA to MKCRF in 2012, 265 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 475 units (93.3%) 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, 2024

	MKCRF Properties 2024 Actual	MKCRF 2024 Actual
Cash-Unrestricted	\$1,756,265	(\$5,412)
Cash-Held by Management Agent	0	0
Cash-Designated	1,703,199	0
Cash-Restricted	80,029	0
Total Cash	<u>3,539,492</u>	<u>(5,412)</u>
Current Assets	210,171	0
Long-term Assets	791,882	72,133,082
Total Other Assets	<u>1,002,053</u>	<u>72,133,082</u>
Total Assets	<u><u>\$4,541,545</u></u>	<u><u>\$72,127,670</u></u>
Current Liabilities	\$362,672	\$787,642
Long-Term Liabilities	0	11,853,867
Total Liabilities	<u>362,672</u>	<u>12,641,508</u>
Equity	4,178,873	59,486,162
Total Liabilities and Equity	<u><u>\$4,541,545</u></u>	<u><u>\$72,127,670</u></u>

Moving King County Residents Forward
Cash Reconciliation
Properties and MKCRF
As of June 30, 2024

	MKCRF Properties			MKCRF		
	2024 Actual	2024 Annual Budget	Favorable (Unfavorable) % Variance	2024 Actual	2024 Annual Budget	Favorable (Unfavorable) % Variance
Beginning Cash Balance-Unrestricted	1,612,207			(8,263)		
Beginning Cash Balance-Designated	1,554,468			0		
Beginning Cash Balance-Restricted	81,475			0		
	<u>3,248,150</u>			<u>(8,263)</u>		
Tenant Revenue	5,273,529	5,111,180	103.2%	-	-	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	1,131,948	812,933	139.2% (4)
Total Operating Income	<u>5,273,529</u>	<u>5,111,180</u>	<u>103.2%</u>	<u>1,131,948</u>	<u>812,933</u>	<u>139.2%</u>
Salaries	(924,393)	(912,666)	-101.3%	-	-	n/a
Benefits	(385,410)	(385,364)	-100.0%	-	-	n/a
Occupancy Expenses	(1,124,300)	(1,627,948)	-69.1% (1)	-	-	n/a
Maintenance Projects	(114,978)	(242,041)	-47.5% (1)	-	-	n/a
HAP Expense-KCHA	-	-	n/a	-	-	n/a
HAP Expense-Ports In	-	-	n/a	-	-	n/a
Other Social Service Expenses	(63,386)	(64,812)	-97.8%	-	-	n/a
Administrative Expenses	(610,395)	(633,035)	-96.4%	-	(10,508)	0.0%
Total Operating Costs	<u>(3,222,863)</u>	<u>(3,865,866)</u>	<u>-83.4%</u>	<u>-</u>	<u>(10,508)</u>	<u>0.0%</u>
Total Operating Income before P & I	<u>2,050,666</u>	<u>1,245,314</u>	<u>164.7%</u>	<u>1,131,948</u>	<u>802,424</u>	<u>141.1%</u>
Transfers for Debt Service Payments	(773,990)	(773,990)	-100.0%	-	-	n/a
Transfers to Replacement Reserves	(148,731)	(104,149)	-142.8% (2)	-	-	n/a
Principal Payments	-	-	n/a	(437,257)	(443,861)	-98.5%
Interest Payments	-	-	n/a	(336,733)	(330,129)	-102.0%
			n/a			n/a
Operating Cash Flow	<u>1,127,946</u>	<u>367,175</u>	<u>307.2%</u>	<u>357,958</u>	<u>28,435</u>	<u>1258.9%</u>
Non-Operating income	91,097	142,787	63.8% (3)	-	100	0.0%
Non-Operating Expenses	(379,448)	(38,943)	-974.4% (4)	-	-	n/a
Capital Expenditures	(14,623)	(23,269)	-62.8%	(357,958)	(38,943)	-919.2% (4)
Unit Upgrades	(450,600)	(726,162)	-62.1% (5)	-	-	n/a
Acquisitions/LIHTC Return to KCHA	-	-	n/a	-	-	n/a
Change in Designated Cash	-	-	n/a	-	-	n/a
Change in Restricted Cash	1,446	-	n/a	-	-	n/a
Transfers In/Out	-	-	n/a	-	-	n/a
Other Changes in Debt	-	-	n/a	-	-	n/a
Others Sources/(Uses of Cash)	(231,760)	0	n/a (6)	-	0	n/a
Non Operating Net Sources (Uses) of Cash	<u>(983,888)</u>	<u>(645,587)</u>	<u>-152.4%</u>	<u>(357,958)</u>	<u>(38,843)</u>	<u>-921.6%</u>
Net Change in Unrestricted Cash	<u>144,058</u>	<u>(278,411)</u>	<u>51.7%</u>	<u>0</u>	<u>(10,408)</u>	<u>0.0%</u>
Ending Cash Balance-Unrestricted	1,756,265			(8,263)		
Ending Cash Balance-Designated	1,703,199			0		
Ending Cash Balance-Restricted	80,029			0		
	<u>3,539,492</u>			<u>(8,263)</u>		

- 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.
- Deposits to replacement reserves exceeded target.
- Allocation of interest income on deposits was below target. Interest income allocation depends on the ending cash balance.
- The Juanita Trace roof repair and Eastridge fire monitoring system upgrade projects were budgeted in 2023. However, actual work continued through the first half of this year resulting in higher than target capital transfer.
- Twenty eight unit upgrade projects were budgeted to be completed throughout the year. As of June, eight unit upgrades were completed. Unit upgrades depend on unit availability.
- Mainly due to a decrease in accounts payable.

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MOVING KING COUNTY RESIDENTS FORWARD

TO: Board of Directors
FROM: Wendy Teh
DATE: November 18, 2024
RE: 2024 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.

2024 3rd QUARTER FINANCIAL REPORTS

Attached are the unaudited financial reports for the quarter ending September 30, 2024:

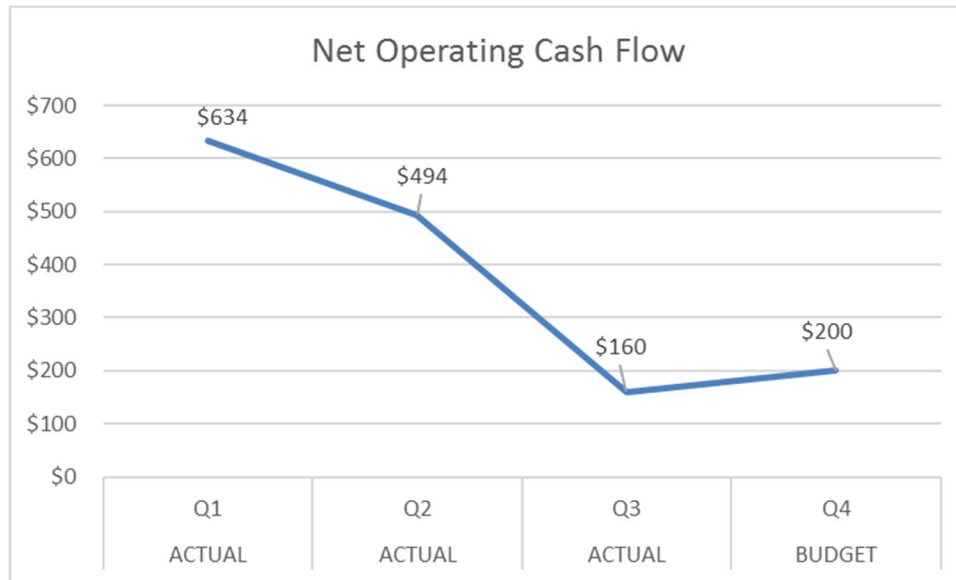
- Statement of Financial Position for the Properties that reflects their short-term assets and liabilities
- Statement of Financial Position for the non-profit Moving King County Residents Forward that reflects its long-term assets and liabilities, primarily the apartment complexes and related debt
- 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 103.5% of the budget. Operating expenses were slightly lower than anticipated at 85.2% of the budget, due mostly to the timing of occupancy, maintenance, and utility expenses.

During the third quarter, the properties generated net operating cash flow of \$160 thousand after required debt service payments and additions to replacement reserves. This result was greater than the third-quarter budgeted deficit of \$191 thousand. It is expected net operating cash flow will end the year close to budget.

	ACTUAL
Net Operating Cash Flow	Q3
Operating Revenues	\$2,659,710
Operating Expenses	(\$2,037,247)
Debt Service	(\$386,995)
Transfers to Replacement Reserves	(\$75,103)
Net Operating Cash Flow	<u>\$160,365</u>



Capital Projects

Capital project expenditures for the third quarter exceed budget due to projects carried over from the prior year.

KCHA’s internal unit upgrade crews rehabilitated the interiors of fifteen of the twenty-eight standard units that were included in the 2024 budget. Unit upgrades depend on unit availability.

Since the transfer of the properties from KCHA to MKCRF in 2012, 272 units have been upgraded by KCHA’s in-house unit upgrade crew. A total of 482 units (94.7%) 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 September 30, 2024

	MKCRF Properties 2024 Actual	MKCRF 2024 Actual
Cash-Unrestricted	\$1,646,787	(\$6,384)
Cash-Held by Management Agent	0	0
Cash-Designated	1,778,302	0
Cash-Restricted	80,050	0
Total Cash	<u>3,505,139</u>	<u>(6,384)</u>
Current Assets	108,429	0
Long-term Assets	786,002	72,519,116
Total Other Assetts	<u>894,432</u>	<u>72,519,116</u>
Total Assets	<u><u>\$4,399,571</u></u>	<u><u>\$72,512,732</u></u>
Current Liabilities	\$393,029	\$787,642
Long-Term Liabilities	0	11,655,506
Total Liabilities	<u>393,029</u>	<u>12,443,147</u>
Equity	4,006,542	60,069,585
Total Liabilities and Equity	<u><u>\$4,399,571</u></u>	<u><u>\$72,512,732</u></u>

Moving King County Residents Forward
Cash Reconciliation
Properties and MKCRF
As of September 30, 2024

	MKCRF Properties			MKCRF		
	2024 Actual	2024 Annual Budget	Favorable (Unfavorable) % Variance	2024 Actual	2024 Annual Budget	Favorable (Unfavorable) % Variance
Beginning Cash Balance-Unrestricted	1,612,207			(8,263)		
Beginning Cash Balance-Designated	1,554,468			0		
Beginning Cash Balance-Restricted	81,475			0		
	<u>3,248,150</u>			<u>(8,263)</u>		
Tenant Revenue	7,933,240	7,666,770	103.5%	-	-	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	1,701,043	1,488,313	114.3% (6)
Total Operating Income	<u>7,933,240</u>	<u>7,666,770</u>	<u>103.5%</u>	<u>1,701,043</u>	<u>1,488,313</u>	<u>114.3%</u>
Salaries	(1,437,803)	(1,387,490)	-103.6%	-	-	n/a
Benefits	(586,603)	(585,750)	-100.1%	-	-	n/a
Occupancy Expenses	(2,011,466)	(2,715,904)	-74.1% (1)	-	-	n/a
Maintenance Projects	(158,784)	(445,662)	-35.6% (2)	-	-	n/a
HAP Expense-KCHA	-	-	n/a	-	-	n/a
HAP Expense-Ports In	-	-	n/a	-	-	n/a
Other Social Service Expenses	(113,206)	(97,218)	-116.4% (3)	-	-	n/a
Administrative Expenses	(952,247)	(942,181)	-101.1%	(60)	(15,763)	-0.4%
Total Operating Costs	<u>(5,260,110)</u>	<u>(6,174,205)</u>	<u>-85.2%</u>	<u>(60)</u>	<u>(15,763)</u>	<u>-0.4%</u>
Total Operating Income before P & I	<u>2,673,129</u>	<u>1,492,565</u>	<u>179.1%</u>	<u>1,700,983</u>	<u>1,472,551</u>	<u>115.5%</u>
Transfers for Debt Service Payments	(1,160,985)	(1,160,984)	-100.0%	-	-	n/a
Transfers to Replacement Reserves	(223,834)	(156,223)	-143.3% (4)	-	-	n/a
Principal Payments	-	-	n/a	(660,842)	(665,791)	-99.3%
Interest Payments	-	-	n/a	(500,143)	(495,193)	-101.0%
			n/a			n/a
Operating Cash Flow	<u>1,288,311</u>	<u>175,357</u>	<u>734.7%</u>	<u>539,998</u>	<u>311,566</u>	<u>173.3%</u>
Non-Operating income	138,010	214,180	64.4% (5)	-	150	0.0%
Non-Operating Expenses	(561,719)	(327,329)	-171.6% (6)	-	-	n/a
Capital Expenditures	(21,632)	(34,903)	-62.0%	(540,058)	(327,329)	-165.0% (6)
Unit Upgrades	(710,152)	(1,089,243)	-65.2% (7)	-	-	n/a
Acquisitions/LIHTC Return to KCHA	-	-	n/a	-	-	n/a
Change in Designated Cash	-	-	n/a	-	-	n/a
Change in Restricted Cash	1,425	-	n/a	-	-	n/a
Transfers In/Out	-	-	n/a	-	-	n/a
Other Changes in Debt	-	-	n/a	-	-	n/a
Others Sources/(Uses of Cash)	(99,662)	0	n/a (6)	-	0	n/a
Non Operating Net Sources (Uses) of Cash	<u>(1,253,730)</u>	<u>(1,237,294)</u>	<u>-101.3%</u>	<u>(540,058)</u>	<u>(327,179)</u>	<u>-165.1%</u>
Net Change in Unrestricted Cash	<u><u>34,580</u></u>	<u><u>(1,061,937)</u></u>	<u><u>3.3%</u></u>	<u><u>(60)</u></u>	<u><u>(15,613)</u></u>	<u><u>-0.4%</u></u>
Ending Cash Balance-Unrestricted	1,646,787			(8,323)		
Ending Cash Balance-Designated	1,778,302			0		
Ending Cash Balance-Restricted	80,050			0		
	<u>3,505,139</u>			<u>(8,323)</u>		

- Maintenance, occupancy, and utility expenses are lower than budgeted due to slower spending and timing of utility bills but are expected to catch up to budget by year-end.
- The budgeted Kings Court electrical contract started in the 3rd quarter and expected to be completed during the 1st quarter of 2025. The Riveron Terrace exterior paint project was budgeted throughout the year. However, the project was started in september and completed in October. The budgeted Victorian Woods and Shoreham exterior paint projects are not expected to be completed in 2024.
- Security patrol expenses exceeded target due to increased patrol activity following recent activities at various KCHA sites.
- Deposits to replacement reserves exceeded target.
- Allocation of interest income on deposits was below target. Interest income allocation depends on the ending cash balance.
- The Juanita Trace roof repair and Eastridge fire monitoring system upgrade projects were budgeted in 2023. However, actual work continued through the first half of this year resulting in higher than target capital transfer.
- Twenty eight unit upgrade projects were budgeted to be completed throughout the year. As of September, fifteen unit upgrades were completed. Unit upgrades depend on unit availability.
- Mainly due to a decrease in accounts payable.