King County Housing Authority

MEETING OF THE
BOARD OF COMMISSIONERS

November 19, 2018 at 8:30 a.m.

King County Housing Authority
Snoqualmie Conference Room
700 Andover Park W
Tukwila, WA 98188

AMENDED
A G E N D A

I. **Call to Order**

II. **Roll Call**

III. **Public Comment**

IV. **Approval of Minutes**

A. Board Meeting Minutes – October 8, 2018 — 1

V. **Approval of Agenda**

VI. **Consent Agenda**

A. Correction to Voucher Reports for May, June and July 2018 — 2

B. Voucher Certification Reports for August and September 2018 — 3

C. **Resolution No 5606**: Unwind of Wonderland Estates and Tall Cedars Manufactured Home Parks New Markets Tax Credit Financing — 4

D. **Resolution No. 5607:** Authorizing Investment of Housing Authority of the County of King Monies in the Local Government Investment Pool — 5

VII. **Resolutions for Discussion & Possible Action**

A. **Resolution No. 5608** Authorizing the Purchase of a Portfolio of Five Section 8-Assisted Properties — 6

B. **Resolution No. 5609** Authorizing the Authority to Enter Into an Agreement With Seattle Housing Authority For the Authority to Acquire and Operate a — 7

Portfolio of Three Section 8-Assisted Properties Located Within the City of Seattle

C. **Resolution No. 5610** Issuance of a Tax-Exempt Revenue Note in a Principal Amount of Not to Exceed $32,500,000, for the Purpose of Refinancing Three Existing Multifamily Housing Projects; and Determining Related Matters. 8

D. **Resolution No. 5611** Issuance of Revenue Bonds of the Authority in the Aggregate Principal Amount of Not to Exceed $15,000,000, the Proceeds of Which Will be Used to Make a Loan to Somerset Gardens Apartments LLLP, a Washington Limited Liability Limited Partnership of Which the Authority is the Sole General Partner; and Determining Related Matters. 9

E. **Resolution No. 5612:** Acceptance of Washington State Auditor's Office Report on Financial Statements and Federal Single Audit (No. 1022298) and the Accountability Audit Report (No. 1022556), both for the Period Ended December 31, 2017 10

VIII. Briefings & Reports

A. Third Quarter CY18 Financial Report 11

B. CY 2019 Budget Briefing 12

C. Third Quarter CY18 Write-off Report 13

D. Third Quarter CY18 Procurement Report 14

IX. Executive Session

A. To review the performance of a public employee (RCW 42.30.110 (1) (g))

X. Executive Director Report

XI. KCHA in the News

XII. Commissioner Comments

XIII. Adjournment

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1198 prior to the meeting date.

TAB NUMBER 1

**MEETING MINUTES
OF THE
KING COUNTY HOUSING AUTHORITY
BOARD OF COMMISSIONERS**

Monday, October 8, 2018

I. CALL TO ORDER

The special meeting of the King County Housing Authority Board of Commissioners was held on Monday, October 8, 2018 at 700 Andover Park West, Tukwila, WA 98188. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:30 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair), Commissioner Michael Brown, Commissioner Susan Palmer, Commissioner TerryLynn Stewart, and Commissioner John Welch

Excused:

III. Public Comment

None.

IV. APPROVAL OF MINUTES

A. Board Meeting Minutes – September 24, 2018
On motion by Commissioner Palmer and seconded by Commissioner Stewart, the Board unanimously approved the September 24, 2018 Board of Commissioners' Meeting Minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner Welch and seconded by Commissioner Brown, the Board unanimously approved the October 8, 2018 Board of Commissioners' meeting agenda.

VI. VIDEO PRESENTATION
All Staff theme and speaker, Maintenance Video

VII. RESOLUTONS FOR DISCUSSION & POSSIBLE ACTION

A. **Resolution No. 5604:** Approval of the King County Housing Authority's Moving to Work Annual Plan for Fiscal Year 2019

Katie Escudero, MTW Analyst,

On motion by Commissioner Stewart and seconded by Commissioner Brown, the Board unanimously approved Resolution No. 5604.

B. **Resolution No. 5605:** A Resolution authorizing the Acquisition of the Riverstone Apartments

Tim Walter, [handout – aerial view] provided an overview of the acquisition and discussed proposed financing.

Questions of Commissioners' were answered by staff.
Stewart in favor; there is a need.

On motion by Commissioner Brown and seconded by Commissioner Palmer, the Board unanimously approved Resolution No. 5605.

VIII. BRIEFINGS AND REPORTS

A. Financial Metrics
Jill Stanton, Deputy Executive Director, reported on the financial metrics and introduced a dashboard that will be presented to the board on a routine basis. Explained dashboard entries and how to analyze the report.

B. Acquisition of International Association of Machinists and Aerospace Workers District 751 portfolio
Tim Walter, briefed the board on the acquisition, explained financing.

C. Community Dashboard Report
Sarah Oppenheimer, Interim Director of Policy and Research presented the first Quarterly Community Dashboard Report for 2018.

Commissioner Brown – affordability level indicator?

XI. EXECUTIVE DIRECTOR'S REPORT

Washington DC – Deputy Secretary of HUD meeting

CLPHA co-sponsoring with mobility advocates, bi-annual mobility conference combined. Sarah Oppenheimer will be a Speaker.

New York Times article, mentioned KCHA Program reg. CMTO

IT – CLPHA convening of IT Directors for PHA. Commended Gary Leaf for his efforts in organizing the IT portion of the conference.

Craig and team commended for a clean audit.

X. KCHA IN THE NEWS

None.

XI. COMMISSIONER COMMENTS

Dashboard and information much appreciated; info on the All staff and employee insight informative.

XII. ADJOURNMENT

Chair Barnes adjourned the meeting at 10:10 a.m.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

____
DOUGLAS J. BARNES, Chair
Board of Commissioners

____
STEPHEN J. NORMAN
Secretary

TAB NUMBER 2

King County Housing Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: June 30, 2018

Re: **VOUCHER CERTIFICATION FOR MAY 2018**

I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

Linda Riley
Controller
June 30, 2018

Bank Wires / ACH Withdrawals		7,062,675.84
	Subtotal	***7,062,675.84***
Accounts Payable Vouchers		
Key Bank Checks - #316008-#316501		4,590,911.55
Tenant Accounting Checks - #10604-#10625		3,506.79
Commerce Bank Direct Payment		102,421.39
	Subtotal	***4,696,839.73***
Payroll Vouchers		
Checks - #90891-#90918		45,886.60
Direct Deposit		1,458,655.08
	Subtotal	***1,504,541.68***
Section 8 Program Vouchers		
Checks - #621536-#621864		203,707.92
ACH - #415530-#418309		13,032,012.51
	Subtotal	***13,235,720.43***
Purchase Card / ACH Withdrawal		265,372.81
	Subtotal	***265,372.81***
	GRAND TOTAL	***$ 26,765,150.49***

King County Housing Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: July 31, 2018

Re: **VOUCHER CERTIFICATION FOR JUNE 2018**

I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

Linda Riley
Controller
July 31, 2018

Bank Wires / ACH Withdrawals		4,718,982.39
	Subtotal	***4,718,982.39***
Accounts Payable Vouchers		
Key Bank Checks - #316502-#317137		5,646,727.17
Tenant Accounting Checks - #10626-#10644		3,514.75
Commerce Bank Direct Payment		127,683.49
	Subtotal	***5,777,925.41***
Payroll Vouchers		
Checks - #90926-90994		74,870.50
Direct Deposit		2,323,528.00
	Subtotal	***2,398,398.50***
Section 8 Program Vouchers		
Checks - #621865-#622197		223,026.53
ACH - #418310-#421915		13,006,043.20
	Subtotal	***13,229,069.73***
Purchase Card / ACH Withdrawal		279,752.17
	Subtotal	***279,752.17***
	GRAND TOTAL	***$ 26,404,128.20***

King County Housing Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: August 31, 2018

Re: **VOUCHER CERTIFICATION FOR JULY 2018**

I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

Linda Riley
Controller
August 31, 2018

Bank Wires / ACH Withdrawals		3,720,732.99
	Subtotal	***3,720,732.99***
Accounts Payable Vouchers		
Key Bank Checks - #317138-#317645		4,631,556.52
Tenant Accounting Checks - #10645-#10669		4,933.04
Commerce Bank Direct Payment		50,360.76
	Subtotal	***4,686,850.32***
Payroll Vouchers		
Checks - #90995-91035		50,777.97
Direct Deposit		1,437,028.49
	Subtotal	***1,487,806.46***
Section 8 Program Vouchers		
Checks - #622198-#622505		197,930.32
ACH - #421917-#423673		13,099,721.16
	Subtotal	***13,297,651.48***
Purchase Card / ACH Withdrawal		264,559.83
	Subtotal	***264,559.83***
	GRAND TOTAL	***$ 23,457,601.08***

TAB NUMBER 3

King County **Housing** Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: September 28, 2018

Re: **VOUCHER CERTIFICATION FOR AUGUST 2018**

I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

Linda Riley
Controller
September 28, 2018

Bank Wires / ACH Withdrawals		5,503,591.41
	Subtotal	***5,503,591.41***
Accounts Payable Vouchers		
Key Bank Checks - #317646-#318212		6,204,686.47
Tenant Accounting Checks - #10670-#10693		6,742.61
Commerce Bank Direct Payment		88,099.89
	Subtotal	***6,299,528.97***
Payroll Vouchers		
Checks - #91036-91089		59,652.28
Direct Deposit		1,452,282.24
	Subtotal	***1,511,934.52***
Section 8 Program Vouchers		
Checks - #622508-#622821		177,170.90
ACH - #423674-#426406		13,375,649.14
	Subtotal	***13,552,820.04***
Purchase Card / ACH Withdrawal		190,503.25
	Subtotal	***190,503.25***
	GRAND TOTAL	***$ 27,058,378.19***

TO: THE BOARD OF COMMISSIONERS, HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

FROM: Wen Xu, Director of Asset Management

SUBJECT: **VOUCHER CERTIFICATION FOR AUGUST 2018**

I, Wen Xu, do hereby certify under penalty of perjury that the claims represented by the transactions below were just, due, and unpaid obligations against the Housing Authority, and that I, and my designees, are authorized to authenticate and certify said claims

Wen Xu — Wen Xu   10/23/18 — Date

Property Aug-18	Wired to Operating Account(s) for Obligations of Property Date	$	Claim	Notes:
Alpine Ridge	8/9/2018	$ 12,239 07	A/P & Payroll	
	8/23/2018	$ 30,934 69	A/P & Payroll	
Arbor Heights	8/9/2018	$ 8,058 45	A/P & Payroll	
	8/23/2018	$ 30,405 85	A/P & Payroll	
Aspen Ridge	8/9/2018	$ 23,736 67	A/P & Payroll	
	8/23/2018	$ 13,073 58	A/P & Payroll	
Auburn Square	8/2/2018	$ 6,064 51	A/P	
	8/9/2018	$ 22,905 67	A/P & Payroll	
	8/23/2018	$ 24,815 66	A/P & Payroll	
Carriage House	8/9/2018	$ 262,742 79	A/P & Payroll	
	8/23/2018	$ 43,141 11	A/P & Payroll	
Cascadian	8/9/2018	$ 77,148 75	A/P & Payroll	
	8/23/2018	$ 42,423 02	A/P & Payroll	
	8/30/2018	$ 2,849 00	A/P	
Colonial Gardens	8/9/2018	$ 14,059 74	A/P & Payroll	
	8/23/2018	$ 26,410 77	A/P & Payroll	
Fairwood	8/9/2018	$ 24,198 87	A/P & Payroll	
	8/23/2018	$ 23,307 62	A/P & Payroll	
Heritage Park	8/9/2018	$ 133,191 42	A/P & Payroll	
	8/23/2018	$ 23,044 40	A/P & Payroll	
Laurelwood	8/9/2018	$ 29,073 00	A/P & Payroll	
	8/23/2018	$ 70,801 92	A/P & Payroll	
Meadows	8/9/2018	$ 22,933 69	A/P & Payroll	
	8/23/2018	$ 23,463 64	A/P	
Newporter	8/9/2018	$ 76,676 52	A/P	
	8/23/2018	$ 62,972 77	A/P & Payroll	
Overlake TOD	8/2/2018	$ 2,590 70	A/P	
	8/9/2018	$ 274,111 00	BBF	
Parkwood	8/9/2018	$ 37,038 16	A/P & Payroll	
	8/23/2018	$ 91,584 97	A/P & Payroll	
Southwood Square	8/9/2018	$ 46,657 66	A/P & Payroll	
	8/23/2018	$ 20,154 22	A/P & Payroll	
	8/30/2018	$ 4,469 25	A/P	
Timberwood	8/9/2018	$ 46,280 47	A/P & Payroll	
	8/23/2018	$ 56,404 30	A/P & Payroll	
Walnut Park	8/9/2018	$ 80,021 47	A/P & Payroll	
	8/23/2018	$ 22,277 13	A/P & Payroll	
	8/31/2018	$ 67,333 00	Security Deposits	
Windsor Heights	8/9/2018	$ 49,260 23	A/P & Payroll	
	8/10/2018	$ 15,700 00	Payroll	
	8/23/2018	$ 60,423 32	A/P & Payroll	
Woodland North	8/9/2018	$ 12,727 14	A/P & Payroll	
	8/16/2018	$ 6,698 36	A/P	
	8/23/2018	$ 13,647 56	A/P & Payroll	
Woodridge Park	8/2/2018	$ 11,356 27	A/P	
	8/9/2018	$ 90,935 25	A/P & Payroll	
	8/16/2018	$ 8,056 97	A/P	
	8/23/2018	$ 46,211 42	A/P & Payroll	
Ballinger Commons	8/8/2018	$ 80,041 77	A/P & Payroll	
	8/22/2018	$ 120,109 14	A/P & Payroll	
Gilman Square	8/8/2018	$ 48,163 69	A/P & Payroll	
	8/22/2018	$ 50,616 51	A/P & Payroll	
Meadowbrook	8/8/2018	$ 15,794 09	A/P & Payroll	
	8/22/2018	$ 36,169 88	A/P & Payroll	
Villages at South Station	8/8/2018	$ 82,983 83	A/P & Payroll	
	8/22/2018	$ 45,213 59	A/P & Payroll	

Abbey Ridge	8/9/2018	$	138,997 51	A/P & Payroll	
	8/23/2018	$	73,842 43	A/P & Payroll	
Cottonwood	8/9/2018	$	23,986 25	A/P & Payroll	
	8/23/2018	$	13,536 45	A/P & Payroll	
Cove East	8/9/2018	$	31,565 25	A/P & Payroll	
	8/23/2018	$	115,789.16	A/P & Payroll	
Bellepark East	8/1/2018	$	11,591 85	A/P & Payroll	
	8/8/2018	$	14,551 35	A/P	
	8/16/2018	$	22,507 43	A/P & Payroll	
	8/22/2018	$	2,374 66	A/P	
	8/30/2018	$	11,487 27	A/P & Payroll	
Landmark	8/1/2018	$	58,877 46	A/P & Payroll	
	8/8/2018	$	1,545 61	A/P	
	8/16/2018	$	40,225 37	A/P & Payroll	
	8/22/2018	$	1,513 66	A/P	
	8/30/2018	$	27,992 90	A/P & Payroll	
Woodside East	8/1/2018	$	42,839 58	A/P & Payroll	
	8/2/2018	$	109,641 43	A/P	
	8/8/2018	$	69,594 86	A/P	
	8/16/2018	$	133,857 36	A/P & Payroll	
	8/23/2018	$	5,293 83	A/P	
	8/30/2018	$	27,102 07	A/P & Payroll	
Rainier View I	8/2/2018	$	7,448 35	A/P	
	8/16/2018	$	48,886 64	A/P	
	8/23/2018	$	2,700 52	A/P	
Rainier View II	8/2/2018	$	5,541 76	A/P	
	8/16/2018	$	10,090 18	A/P	
	8/23/2018	$	2,436 74	A/P	
Si View	8/2/2018	$	3,290 75	A/P	
	8/16/2018	$	6,154 43	A/P	
	8/23/2018	$	4,142 34	A/P	
Vashon Terrace	8/2/2018	$	12,924 62	A/P	
	8/22/2018	$	4,867 22	A/P	
	Total:	$3,758,902.02			

To: Board of Commissioners

From: Linda Riley, Controller

Date: October 30, 2018

Re: **VOUCHER CERTIFICATION FOR SEPTEMBER 2018**

I, Linda Riley, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, and that the claims represented by the vouchers listed below were just obligations of the Housing Authority of the County of King, and that I am authorized to authenticate and certify said claims.

Linda Riley

Linda Riley
Controller
October 30, 2018

Bank Wires / ACH Withdrawals		5,605,089.47
	Subtotal	***5,605,089.47***
Accounts Payable Vouchers		
Key Bank Checks - #318213-#318691		4,786,751.80
Tenant Accounting Checks - #10694-#10707		30,013.29
Commerce Bank Direct Payment		55,953.34
	Subtotal	***4,872,718.43***
Payroll Vouchers		
Checks - #91090-91136		53,470.58
Direct Deposit		1,415,219.34
	Subtotal	***1,468,689.92***
Section 8 Program Vouchers		
Checks - #622822-#623132		238,191.07
ACH - #426407-#429039		13,284,933.11
	Subtotal	***13,523,124.18***
Purchase Card / ACH Withdrawal		265,350.72
	Subtotal	***265,350.72***
	GRAND TOTAL	***$ 25,734,972.72***

TO: THE BOARD OF COMMISSIONERS, HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

FROM: Wen Xu, Director of Asset Management

SUBJECT: **VOUCHER CERTIFICATION FOR SEPTEMBER 2018**

I, Wen Xu, do hereby certify under penalty of perjury that the claims represented by the transactions below were just, due, and unpaid obligations against the Housing Authority, and that I, and my designees, are authorized to authenticate and certify said claims

Wen Xu — Wen Xu

10/23/18 — Date

Property	Wired to Operating Account(s) for Obligations of Property				Notes:
Sep-18	Date	$		Claim	
Alpine Ridge	9/6/2018	$	2,930.56	Payroll	
	9/13/2018	$	12,381.64	A/P	
	9/20/2018	$	2,317.74	Payroll	
	9/27/2018	$	8,065.66	A/P	
Arbor Heights	9/6/2018	$	7,133.67	Payroll	
	9/13/2018	$	47,152.08	A/P	
	9/20/2018	$	6,472.24	Payroll	
	9/27/2018	$	11,795.02	A/P	
Aspen Ridge	9/6/2018	$	4,920.91	Payroll	
	9/13/2018	$	11,128.77	A/P	
	9/20/2018	$	4,989.02	Payroll	
	9/27/2018	$	33,220.88	A/P	
Auburn Square	9/6/2018	$	38,987.18	Payroll & A/P	
	9/13/2018	$	19,292.55	A/P	
	9/20/2018	$	8,534.64	Payroll	
	9/27/2018	$	25,321.05	A/P	
Carriage House	9/6/2018	$	11,530.61	Payroll	
	9/13/2018	$	17,743.31	A/P	
	9/20/2018	$	11,475.81	Payroll	
	9/27/2018	$	34,557.93	A/P	
Cascadian	9/6/2018	$	11,752.10	Payroll	
	9/13/2018	$	86,440.37	A/P	
	9/20/2018	$	12,751.22	Payroll	
	9/27/2018	$	19,579.22	A/P	
Colonial Gardens	9/6/2018	$	4,504.60	Payroll	
	9/13/2018	$	12,893.46	A/P	
	9/20/2018	$	3,274.63	Payroll	
	9/27/2018	$	5,904.00	Deposit Correction	
	9/27/2018	$	37,299.36	A/P	
Fairwood	9/6/2018	$	9,146.76	Payroll	
	9/13/2018	$	13,554.91	A/P	
	9/20/2018	$	9,964.35	Payroll	
	9/27/2018	$	18,234.15	A/P	
Heritage Park	9/6/2018	$	6,903.56	Payroll	
	9/13/2018	$	20,911.34	A/P	
	9/20/2018	$	5,064.24	Payroll	
	9/27/2018	$	14,908.23	A/P	
Laurelwood	9/6/2018	$	10,493.28	Payroll	
	9/13/2018	$	48,730.04	A/P	
	9/20/2018	$	8,750.27	Payroll	
	9/27/2018	$	18,476.94	A/P	
Meadows	9/6/2018	$	6,424.68	Payroll	
	9/13/2018	$	43,850.57	A/P	
	9/20/2018	$	6,772.33	Payroll	
	9/27/2018	$	15,033.66	A/P	
	9/28/2018	$	12,400.58	A/P	
Newporter	9/6/2018	$	7,931.71	Payroll	
	9/13/2018	$	17,291.00	A/P	
	9/20/2018	$	8,105.72	Payroll	
	9/27/2018	$	111,243.59	A/P	
Overlake TOD	9/5/2018	$	262,229.50	BBF	
Parkwood	9/6/2018	$	5,150.40	Payroll	
	9/13/2018	$	31,862.10	A/P	
	9/20/2018	$	4,944.15	Payroll	
	9/27/2018	$	49,353.89	A/P	
Southwood Square	9/6/2018	$	7,952.81	Payroll	
	9/13/2018	$	26,982.86	A/P	
	9/20/2018	$	6,819.55	Payroll	
	9/27/2018	$	14,128.06	A/P	

Timberwood	9/6/2018	$	13,454.87	Payroll	
	9/13/2018	$	101,320.92	A/P	
	9/20/2018	$	14,322.43	Payroll	
	9/27/2018	$	107,271.05	A/P	
Walnut Park	9/6/2018	$	7,062.64	Payroll	
	9/13/2018	$	84,561.64	A/P	
	9/20/2018	$	6,105.95	Payroll	
	9/27/2018	$	402.27	Deposit Correction	
	9/27/2018	$	28,954.85	A/P	
Windsor Heights	9/6/2018	$	41,158.71	Payroll & A/P	
	9/13/2018	$	51,801.94	A/P	
	9/20/2018	$	15,862.39	Payroll	
	9/27/2018	$	40,192.23	A/P	
Woodland North	9/6/2018	$	5,138.04	Payroll	
	9/13/2018	$	21,411.58	A/P	
	9/20/2018	$	4,187.48	Payroll	
	9/27/2018	$	19,634.57	A/P	
Woodridge Park	9/6/2018	$	15,938.81	Payroll	
	9/13/2018	$	29,826.26	A/P	
	9/20/2018	$	11,907.56	Payroll	
	9/27/2018	$	25,717.33	A/P	
Ballinger Commons	9/5/2018	$	80,263.70	A/P & Payroll	
	9/20/2018	$	133,124.90	A/P & Payroll	
Gilman Square	9/5/2018	$	20,184.36	A/P & Payroll	
	9/20/2018	$	94,656.78	A/P & Payroll	
Meadowbrook	9/5/2018	$	19,899.28	A/P & Payroll	
	9/20/2018	$	20,212.54	A/P & Payroll	
Villages at South Station	9/5/2018	$	38,697.57	A/P & Payroll	
	9/20/2018	$	50,589.68	A/P & Payroll	
Abbey Ridge	9/6/2018	$	81,099.76	A/P & Payroll	
	9/20/2018	$	86,480.99	A/P & Payroll	
Cottonwood	9/6/2018	$	11,077.85	A/P & Payroll	
	9/20/2018	$	18,577.68	A/P & Payroll	
Cove East	9/6/2018	$	33,886.15	A/P & Payroll	
	9/20/2018	$	27,816.79	A/P & Payroll	
Highland Village	9/5/2018	$	591,522.18	To KCHA	
Bellepark East	9/5/2018	$	11,636.26	A/P	
	9/12/2018	$	7,787.41	Payroll	
	9/13/2018	$	8,925.14	A/P	
	9/20/2018	$	32,817.64	A/P	
	9/26/2018	$	5,923.92	Payroll	
	9/27/2018	$	1,445.01	A/P	
Landmark	9/5/2018	$	1,915.98	A/P	
	9/12/2018	$	13,121.43	Payroll	
	9/13/2018	$	3,998.52	A/P	
	9/20/2018	$	81,470.91	A/P	
	9/26/2018	$	9,675.62	Payroll	
	9/27/2018	$	15,353.57	A/P	
Woodside East	9/5/2018	$	3,355.50	A/P	
	9/12/2018	$	14,555.78	Payroll	
	9/13/2018	$	115,883.82	A/P	
	9/20/2018	$	65,583.85	A/P	
	9/26/2018	$	12,215.16	Payroll	
	9/27/2018	$	17,233.87	A/P	
Rainier View I	9/13/2018	$	16,756.92	A/P	
	9/20/2018	$	6,800.89	A/P	
Rainier View II	9/13/2018	$	10,282.15	A/P	
	9/20/2018	$	4,265.33	A/P	
SI View	9/13/2018	$	5,794.24	A/P	
	9/20/2018	$	4,437.87	A/P	
	9/27/2018	$	2,727.86	A/P	
Vashon Terrace	9/13/2018	$	4,524.09	A/P	
	9/27/2018	$	3,517.34	A/P	
	Total:	$	3,773,898.25		

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King County Housing Authority

To: Board of Commissioners

From: Wen Xu

Date November 19, 2018

Re: **Resolution 5606 Authorizing Unwind of NMTC Financing for Wonderland Estates and Tall Cedars Manufactured Home Parks**

Resolution 5606 authorizes the Executive Director to unwind the New Markets Tax Credit ("NMTC") transaction which KCHA entered into in September 2011 in order to complete infrastructure improvements at two manufactured home parks, Wonderland Estates and Tall Cedars. The seven-year compliance period for the NMTC will end in November, 2018 and at that time, the investor, Chase Bank, will have claimed all of its tax credits and will exit the transaction. Thereafter, KCHA will own all the membership interest in the two intermediate entities and will be in a position to take the steps necessary to unwind the transaction, including terminating the two 99-year master leases granted to the South King County Affordable Community Group ("SKCACG") for Wonderland Estates and Tall Cedars, in exchange for forgiving the outstanding balances of the two notes payable by SKCACG to KCHA.

Resolution 5606 authorizes KCHA to take the various actions necessary to unwind the NMTC transaction as contemplated by all parties prior to entering the transaction in 2011. All aspects of this transaction have occurred as anticipated, and these are the final actions needed to return the improved property back to KCHA. The Board of SKCACG is expected to authorize the lease termination and related actions at a meeting of its Board before the end of 2018.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5606

REGARDING UNWIND OF WONDERLAND ESTATES AND TALL CEDARS MANUFACTURED HOME PARKS NEW MARKETS TAX CREDIT FINANCING

WHEREAS, the South King County Affordable Community Group ("SKCACG") was formed at the direction of Housing Authority of the County of King ("KCHA") in part to complete infrastructure improvements (the "Project") at the Wonderland Estates Manufactured Homes Park located at 14654 SE Renton-Maple Valley Road, Renton, WA ("Wonderland Estates") and the Tall Cedars Manufactured Homes Park located at 401 37th Street SE, Auburn, WA ("Tall Cedars") within King County; and

WHEREAS, the Project was financed using New Markets Tax Credits ("NMTC Financing") under Section 45D of the Internal Revenue Code of 1986 (as amended, the "Code"); and

WHEREAS, in furtherance of the Project and to enable the Project to benefit from the NMTC Financing, KCHA, in its capacity as Leverage Lender ("Leverage Lender"), made a loan to Chase NMTC TCW Investment Fund, LLC ("Investment Fund") pursuant to a certain Fund Loan Agreement dated November 18, 2011 (the "Leverage Loan Agreement") and evidenced by a certain Promissory Note dated November 18, 2011 in the principal amount of $12,965,095 ("Leverage Loan Note");

WHEREAS, in furtherance of the Project and to enable the Project to benefit from the NMTC Financing, KCHA also transferred to SKCACG (a) the Wonderland Estates by long-term lease for a term of ninety-nine (99) years (the "WE Master Lease"), and (b) Tall Cedars by a separate long-term lease for a term of ninety-nine (99) years (the "TC Master Lease"); and

WHEREAS, in furtherance of the Project and to enable the Project to benefit from the NMTC Financing, KCHA New Markets Partner 10 LLC, a Washington limited liability company ("QLICI Lender") was formed at the direction of KCHA and was certified as a "community development entity" ("CDE") by the U.S. Department of Treasury Community Development Financial Institutions Fund ("CDFI Fund") eligible to receive allocations or suballocations of New Markets of Tax Credits; and

WHEREAS, KCHA is a certified CDE and is a recipient of a $28,000,000 allocation of New Markets Tax Credits ("NMTCs") from the CDFI Fund, and in support of the Project, KCHA suballocated $18,000,000 of its NMTC investment authority to QLICI Lender; and

WHEREAS, QLICI Lender admitted the Investment Fund as its investor member in exchange for an equity contribution in the original amount of $18,000,0000 constituting a "qualified equity investment" as defined in Section 45D of the Code ("QEI"); and

WHEREAS, QLICI Lender used the proceeds of the QEI to make a "qualified low-income community investment" loan, as defined in Section 45D of the Code, in the amount of Seventeen Million Six Hundred Forty Thousand and No/100 Dollars ($17,640,000.00) (the "QLICI Loan") to SKCACG, which loan is evidenced by two Promissory Notes, each dated November 18, 2011, in the original principal amounts of Twelve Million Nine Hundred Sixty-Five Thousand, Ninety Five and No/100 Dollars ($12,965,095.00) (the "QLICI Note A") and Four Million Six Hundred Seventy-Four Thousand, Nine Hundred Five and No/100 Dollars ($4,674,905.00) (the "QLICI Note B"); and

WHEREAS, the NMTC Financing must have a QLICI Loan remain outstanding for a seven-year compliance period ("Compliance Period"), and the Compliance Period for the Project will expire on November 30, 2018, at which time the NMTC Financing will be unwound in accordance with the terms of the applicable agreements of the NMTC Financing (the "Unwind"); and

WHEREAS, in connection with the Unwind, KCHA desires to take the following actions (collectively, the "Corporate Actions"):

acquire from Chase Community Equity, LLC ("Chase Investor") all of its membership interest in Investment Fund pursuant to a Membership Interest Purchase Agreement by and among Investment Fund, KCHA and Chase Investor, and thereafter to hold, as sole member of Investment Fund, 100% of the membership interest in the Investment Fund and thereby to be the indirect holder of the Leverage Loan Note; and once KCHA has become the 100% member of the Investment Fund, KCHA as Leverage Lender will enter into a Loan Satisfaction Agreement with the Investment Fund in order to forgive the Leverage Loan in full, including terminating the Leverage Loan Agreement and canceling the Leverage Loan Note; and

once KCHA has become the 100% member of the Investment Fund, KCHA, in its capacity as sole member of Investment Fund and the managing member of QLICI Lender, will cause QLICI Lender to enter into a Loan Satisfaction Agreement with SKCACG in order to forgive the outstanding amounts of the QLICI Loan in full, including (i) terminating the QLICI Loan Agreement, (ii) canceling the QLICI Note A and QLICI Note B, (iii) terminating the WE Master Lease and the TC Master Lease and the two related Memoranda of Lease; and (iv) accepting an assignment of all the assets and liabilities of SKCACG, including any amounts remaining in NMTC Financing reserve and control accounts; and

subsequent to the execution and delivery of the Loan Satisfaction Agreement and the performance of the obligations arising thereunder, KCHA, in its capacity as sole member of Investment Fund and the managing member of QLICI Lender will take all such steps as may be necessary and expedient to dissolve and liquidate the QLICI Lender, including without limitation, executing a Plan of Dissolution, filing with the Washington Secretary of State a Certificate of Cancellation, and filing any required reporting requirements with the CDFI Fund in connection with the dissolution of the QLICI Lender; and

concurrently with the dissolution of the QLICI Lender, KCHA will take all such steps as may be necessary and expedient to dissolve and liquidate the Investment Fund, including without limitation, filing with the Delaware Secretary of State Certificates of Cancellation for the Investment Fund pursuant to which the Investment Fund will be dissolved.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:

Section 1: Authorization. KCHA reaffirms its commitment to and authorization of the Corporate Actions and authorizes the Executive Director to execute and deliver any and all agreements, documents, certificates, and authorizations that are necessary, convenient or advisable to accomplish all of the Corporate Actions.

Section 2: Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may, in his absence, be taken by a Deputy Executive Director of the Authority.

Section 3: Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are hereby ratified and confirmed.

Section 7: Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT A PUBLIC MEETING THIS 19TH DAY OF NOVEMBER, 2018.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

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DOUG BARNES, Chair
Board of Commissioners

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STEPHEN J. NORMAN
Secretary-Treasurer

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King County Housing Authority

To: Board of Commissioners

From: Windy Epps, Assistant Director of Finance

Date: November 9, 2018

Re: **Resolution 5607:** Designating the Assistant Director of Finance as the authorized individual for the Local Government Investment Pool account

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The Office of the State Treasurer requires a resolution from the governing body to designate authorized individuals to make changes to the Local Government Investment Pool account. The current resolution on file from 2014 names former Financial Manager Jeff Friend as the only authorized individual who can make changes on behalf of KCHA. Since Mr. Friend no longer works for KCHA an updated resolution is required.

Previously the Office of the State Treasurer required both a name and a title when designating authorized individuals. Since 2014, a governing body is allowed to designate an individual by title only.

A copy of the Transaction Authorization Form and the Prospectus which are referenced in the resolution are attached hereto.

Resolution 5610 is required to designate authorized individuals on the Local Government Investment Pool account. Board passage is recommended.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5607

RESOLUTION AUTHORIZING INVESTMENT OF HOUSING AUTHORITY OF THE COUNTY OF KING MONIES IN THE LOCAL GOVERNMENT INVESTMENT POOL

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, Housing Authority of the County of King the "governmental entity", to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the governmental entity shall be first duly authorized by the Housing Authority of the County of King, the "governing body" or any designee of the governing body pursuant to this resolution, or a subsequent resolution; and

WHEREAS the governmental entity will cause to be filed a certified copy of said resolution with the Office of the State Treasurer; and

WHEREAS the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body attests by the signature of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW THEREFORE, BE IT RESOLVED that the governing body does hereby authorize the contribution and withdrawal of governmental entity monies in the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by Windy Epps, Assistant Director of Finance and incorporates said form into this resolution by reference and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the governmental entity designates the Director of Finance and the Assistant Director of Finance, the "authorized individuals" to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity.

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and is entitled to rely on the authorized individual's instructions until such time as said notice has been provided.

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual's delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

ADOPTED AT THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 19th DAY OF NOVEMBER, 2018.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

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DOUG BARNES, Chair
Board of Commissioners

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STEPHEN J. NORMAN
Secretary-Treasurer

TAB NUMBER 6

King County Housing Authority

To: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date November 15, 2018

Re: **Resolution Nos. 5608 and 5609** – Authorizing KCHA to purchase a portfolio of five Section 8 assisted properties and to enter into an Agreement with the Seattle Housing Authority authorizing KCHA to acquire and operate three Section 8-assisted properties located within the City of Seattle

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As discussed at the October board meeting, KCHA has been working with the International Association of Machinists and Aerospace Workers District 751 ("IAM 751"") to preserve a portfolio of five Section 8-assisted multi-family developments located within King County that currently serve extremely low-income households. Each property is owned by a separate 501(c)(4) nonprofit corporation controlled by the IAM 751. Two of the properties (comprising 274 units) are located in the City of Kirkland and three properties (comprised of 262 units and including two senior communities) are located in the City of Seattle.

KCHA's primary interest is to preserve the portfolio for the long term as a vital low income housing resource in King County. The IAM 751 elected to sell the five properties as a portfolio to a single buyer and received a number of competing offers from private buyers. KCHA was successful in negotiating and executing five similar purchase contracts for the properties for a total portfolio acquisition price of $66 million ($123,135/unit).

KCHA has made a $150,000 earnest money deposit under each contract, for a total deposit amount of $750,000. Each purchase and sale agreement includes a contingency period for due diligence inspections that will expire on November 23, 2018. Closing for each property is to occur within 60 days after the later to occur of (1) HUD's approval of the transfer of the HAP contracts to KCHA, and (2) KCHA's waiver of the contingency period. The HUD approval process is lengthy and KCHA currently expects HUD approval to occur sometime between late December and early February with the result that closings would occur in the February/April time period.

Over the past month, KCHA has completed its due diligence on the properties, including physical needs assessments, environmental reports, ALTA surveys and title review. Based on the results of this due diligence work, KCHA is prepared to proceed with the waiver of the contingency period at the current negotiated prices.

In addition, similar to KCHA's acquisition of the Chaussee portfolio in 2014, a number of the properties are not located in KCHA's statutory authorized area of operation. The three Seattle properties are located within Seattle Housing Authority's area of operation and in order for

KCHA to acquire these properties, KCHA must receive authorization from the local housing authority (in this case SHA) to acquire and operate property within its area of jurisdiction.

Resolution 5609 authorizes the Executive Director to enter into a cooperation or other agreement with SHA to acquire and preserve the three Seattle properties. SHA has agreed to grant permission for KCHA to acquire the properties and is very appreciative of KCHA's willingness to step in and preserve this housing for the extremely low income seniors and families in the city.

Seattle Housing Authority has also expressed its interest in assuming ownership and operation of the Seattle properties. KCHA acknowledges it would be in the best interest of both the properties and the local housing authority to ultimately own and operate the properties within its area of jurisdiction. SHA, like KCHA, is an MTW housing authority and as such it has numerous financing and other resources available to ensure the long-term success and viability of these properties. KCHA and SHA have agreed to work together to ultimately have SHA assume long term ownership and operation of the Seattle properties.

Staff recommends passage of resolution numbers 5608 and 5609.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5608

AUTHORIZING THE PURCHASE OF A PORTFOLIO OF FIVE SECTION 8-ASSISTED PROPERTIES

WHEREAS, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority (the "Authority") is charged with addressing pursuant to its mission of providing quality affordable housing opportunities equitably distributed within King County; and

WHEREAS, it is a goal of local government and the Authority to further fair housing in the region affirmatively, in part through preservation of existing affordable housing opportunities in areas with significantly appreciating housing costs; and

WHEREAS, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations; and

WHEREAS, RCW 35.82.100 provides that "any two or more authorities may join or cooperate with one another in the exercise of any or all of the powers conferred hereby for the purpose of financing, planning, undertaking, constructing or operating housing project or projects located within the area of operation of any one or more of said authorities"; and

WHEREAS, the Authority has entered into five interrelated contracts (collectively the "Contracts") for the purpose of acquiring a portfolio of five separate Project-Based Section 8-assisted housing developments currently serving extremely low income persons (the "IAM Properties"), a number of which properties are located in areas identified as very high opportunity according to mapping established by the Authority and the Puget Sound Regional Council; and

WHEREAS, each of the IAM Properties is described as follows and is proposed to be sold to the Authority at the following sales price under the terms of the Contracts:

Project Name	Location	Units	Sale Price
Kirkland Heights	Kirkland	180	$22,164,000
Juanita View	Kirkland	94	$11,574,500
Golden Sunset	Seattle	92	$11,328,500
Weller	Seattle	50	$6,157,000
Martin Luther King	Seattle	120	$14,776,000

WHEREAS, the group of owners holding title to the IAM Properties are related through common ownership by the International Association of Mechanics and Aerospace Workers District 751 and desires to sell all five projects as a portfolio to the Authority; and

WHEREAS, by separate resolution, the Authority is seeking Board approval to enter into an agreement with the Seattle Housing Authority that would allow the Authority to acquire the three Seattle properties and for the two authorities to work collaboratively to ensure the long term preservation of the properties as permanent, affordable housing resources for the City of Seattle; and

WHEREAS, the inspection contingency period under the Contracts is due to expire on November 23, 2018, and

WHEREAS, acquisition and operation of the IAM Properties will serve the mission of the Authority and the housing goals of the region by preserving five low-income federally-assisted properties through an approach that is considerably less expensive than constructing the same number of new housing units and will prevent the potential dislocation of existing residents.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:

Section 1: Purpose. Acquisition of the IAM Properties by the Authority is necessary to preserve and provide housing for persons of very low income that is equitably distributed within various areas of the County and in areas of rising rents and high housing market costs in particular.

Section 2: Waiver of Contingency and Approval of Acquisition of IAM Properties. The Executive Director of the Authority is authorized, at such time as, in his judgment, all conditions have been resolved to his satisfaction on terms reasonably favorable to the Authority, to waive the due diligence contingency and take all other action necessary under the Contracts in order to acquire the IAM Properties at prices not to exceed an aggregate $66 million and on terms consistent with, or more favorable to the Authority than, the terms agreed in the Contracts.

Section 3: Government Filings; Other Agreements. The Board of Commissioners hereby authorizes the Executive Director of the Authority to execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed), on behalf of the Authority, any applications, agreements, certifications, government forms, notices, affidavits, documents and instruments that he determines to be necessary or advisable (i) to obtain all or part of any interim or permanent financing for the five IAM Properties, and (ii) to give effect to this resolution and consummate the transactions contemplated herein, including but not limited to management agreements, closing and title documents, and submissions to the U.S. Department of Housing and Urban Development.

Section 4: Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all due diligence reports, financing and application fees, and other costs relating to the actions authorized by this resolution.

Section 5: Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may, in his absence, be taken by a Deputy Executive Director of the Authority.

Section 6: Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution, including but not limited to the execution of the five Contracts for the IAM Properties each dated September 24, 2018, are hereby ratified and confirmed.

Section 7: Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT A PUBLIC MEETING THIS 19TH DAY OF NOVEMBER, 2018.

HOUSING AUTHORITY OF THE COUNTY OF KING

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DOUGLAS J. BARNES, CHAIR

ATTEST:

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STEPHEN J. NORMAN, SECRETARY

Project Summary

KCHA has entered into five purchase and sale agreements with the International Association of Machinists and Aerospace Workers Union District 751 ("IAM 751") for the acquisition of a portfolio of five properties located in Kirkland and Seattle. These five properties provide 536 units of housing, 274 of which are in the two properties located in Kirkland. The majority of these units receive project based rental assistance from HUD, enabling them to house extremely low-income households.

The properties were constructed between 1968 – 1971 and have provided rent assisted housing for extremely low-income households since inception. The properties have been owned and operated by 501(c)(4) affiliates of IAM 751 since construction, and KCHA's acquisition of the properties will be the first change in ownership for these properties.

The portfolio is comprised of Golden Sunset in Ballard (92 units – all of which are subsidized senior apartments), Juanita View in Kirkland (94 units – 51 of which are subsidized family apartments), Kirkland Heights in Kirkland (180 units – 106 of which are subsidized family apartments), Martin Luther King Jr. Apts. in South Seattle (120 units – 117 of which are subsidized family apartments) and Weller Apts. in South Seattle (50 units – 49 of which are subsidized senior apartments). The total acquisition price is $66 million ($123,200/unit).

KCHA's acquisition of the properties will assure the long-term preservation and continued HUD rental assistance of these apartments for this population.

Purchase Agreement and Status of Due Diligence

KCHA has submitted a successful offer for the portfolio and has executed individual purchase and sale agreements for each of the following five properties: Kirkland Heights and Juanita View, (both in Kirkland) and Golden Sunset, Weller and Martin Luther King (each located within the city limits of Seattle). The properties are owned by separate 501(c)(4) organizations but each of the organizations is controlled by the IAM 751. The form of the purchase and sale agreements for the five properties are identical and provide for closings to occur within 60 days after the later of the waiver of the inspection and due diligence contingencies (November 23, 2018) or receipt of approval from HUD for the assignment of the Section 8 housing assistance payments (HAP) contracts for each of the properties. Because HUD approval for the HAP contracts assignments involves a lengthy HUD review process, KCHA anticipates approval will not occur until sometime between late December to early February delaying the actual real estate closings to sometime between February and April of 2019.

The total purchase price for the portfolio is $66 million which equates to an average cost of $123,135 per unit. The individual property acquisition prices have been set at the average cost per unit multiplied by the total number of units in each individual property.

Each purchase agreement required an earnest money deposit upon signing of $150,000 ($750,000 in aggregate for all 5 properties) which becomes non-refundable upon waiver of the inspection and due diligence contingencies. The contingency waiver date is November 23, 2018 for each of the properties. If contingencies are not waived by this date, the purchase and sale agreements automatically terminate. For this reason, subject to Board approval, KCHA intends to waive its contingencies on or before November 23rd and to commit to acquiring the properties.

KCHA has completed its due diligence on the five properties including review of title, full ALTA surveys allowing the buyers to obtain extended coverage title insurance, environmental inspections and assessments of physical building condition. Staff have also visited the sites.

The properties have been managed by Quantum Management Services, an established property management company in King County, who also currently manages several of KCHA's multi-family properties. KCHA intends to retain Quantum Management as property manager at the sites under the same financial terms and conditions as the existing HUD approved management agreements.

Property Descriptions & Building Condition

Golden Sunset – Golden Sunset is located in Ballard at 3256 NW 54th St, Seattle 98107. The property was built in 1968 and consists of 92 units of senior housing (all 92 subsidized). All units are one bedroom apartments (540 sq. ft.). The complex is comprised of 3 three-story wood frame buildings and is situated on a 1.54 acre parcel. Common area amenities at the property include a wood deck and outdoor patio, a common laundry room and a leasing office.

The third party physical inspection report describes the physical condition of the property as follows: "The Subject was considered to be in Good to Fair condition overall, and exhibited wear and tear normal for its age and usage. The condition of some individual components and systems might differ from the overall condition... The Subject appeared to have been adequately maintained over the years...The buildings appear to be structurally adequate with no obvious evidence of major structural failures, differential settlement or significant soil erosion."

Management reported the following capital improvements were recently completed:
- New siding (2018)
- New sanitary lift station pump and motor (2018)

Juanita View – Juanita View is located at 11800 101st Pl NE, Kirkland 98034. The property was built in 1971 and consists of 94 units of family housing (51 subsidized). The unit mix includes 10 one-bedroom (9 subsidized) 523 sq. ft. units, 60 two-bedroom (28 subsidized) 728 sq. ft. units, and 24 three-bedroom (14 subsidized) 965 sq. ft. units. The complex is comprised of 13 two-story wood frame structures on a 4.86 acre parcel. Common area amenities at the property include an outdoor playground, volleyball and basketball courts, and a common laundry room.

The third party physical inspection report describes the physical condition of the property as follows: "The Subject was considered to be in Good to Fair condition overall, and exhibited wear and tear normal for its age and usage. The condition of some individual components and systems might differ from the overall condition... The Subject appeared to have been adequately maintained over the years... The buildings appear to be structurally adequate with no obvious evidence of major structural failures, differential settlement or significant soil erosion."

Management reported the following capital improvements were recently completed:
- New roof coverings at buildings A, F, J, and M (2015-2018)
- Office remodel (2018)

Kirkland Heights – Kirkland Heights is located at 13310 NE 133rd St, Kirkland 98034. The property was built in 1971 and consists of 180 total units of family housing (106 subsidized). The unit mix includes 80 two-bedroom (56 subsidized) 870 sq. ft. units, 80 three-bedroom (44 subsidized) 966 sq. ft. units and 20 four-bedroom/one and one-half bath (6 subsidized) 1,475 sq. ft. units. The complex is comprised of 25 two-story wood frame structures on a 14.02 acre parcel. Common area amenities at the property include an outdoor playground, an open grass playing field with barbeque grills and picnic tables, and a central laundry room.

The third party physical inspection report describes the physical condition of the property as follows: "The Subject was considered to be in Good to Fair condition overall, and exhibited wear and tear normal for its age and usage. The condition of some individual components and systems might differ from the overall condition... The Subject appeared to have been adequately maintained over the years... The buildings appear to be structurally adequate with no obvious evidence of major structural failures, differential settlement or significant soil erosion."

Management reported the following capital improvements were recently completed:
• Exterior façade painting (2018)

Martin Luther King Jr. Apartments – The Martin Luther King Jr. Apartments are located at 7923 Martin Luther King Way S, Seattle 98188. The property was built in 1968 and consists of 120 total units of family housing (117 subsidized). The unit mix includes 70 one-bedroom (68 subsidized) 400 sq. ft. units, 30 two-bedroom (30 subsidized) 750 sq. ft. units and 20 three-bedroom (19 subsidized) 1063 sq. ft. units. The complex is comprised of 12 two and three-story wood frame structures on a 3.56 acre parcel. Common area amenities at the property include an outdoor playground, several barbeque grills and picnic tables, three laundry rooms, a computer center and a leasing office.

The third party physical inspection report describes the physical condition of the property as follows: "The Subject was considered to be in Good to Fair condition overall, and exhibited wear and tear normal for its age and usage. The condition of some individual components and systems might differ from the overall condition... The Subject appeared to have been adequately maintained over the years... The buildings appear to be structurally adequate with no obvious evidence of major structural failures, differential settlement or significant soil erosion."

Management reported the following capital improvements were recently completed:
• Exterior façade painting (2017)
• Asphalt pavement seal coat/striping (2016)

Weller Apartments – The Weller Apartments are located at 1632 S Weller St, Seattle 98144. The property was built in 1968 and consists of 50 units of senior housing (all 50 subsidized). The unit mix includes 49 one-bedroom (49 subsidized) 976 sq. ft. units and one two-bedroom (one subsidized)1,096 sq. ft. unit. The complex is comprised of 2 three-story wood frame buildings on a .95 acre parcel. Common area amenities at the property include a laundry room, a computer center and a leasing office.

The third party physical inspection report describes the physical condition of the property as follows: "The Subject was considered to be in Good to Fair condition overall, and exhibited wear and tear normal for its age and usage. The condition of some individual components and systems might differ from the overall condition... The Subject appeared to have been adequately maintained over the years...The buildings appear to be structurally adequate with no obvious evidence of major structural failures, differential settlement or significant soil erosion."

Management reported the following capital improvements were recently completed:
• No improvements recently completed

Results of the overall inspections reveal that although the properties are each approximately 50 years old, they are in generally decent condition and while dated, provide safe and decent housing. Each of the five properties are excellent rehabilitation/resyndication candidates for the 4% Low Income Housing Tax Credit program.

Financing

KCHA intends to finance approximately $34 million of the $66 million total purchase price on its existing KeyBank general development line of credit (which will be sufficient to finance an amount equal to at least the two Kirkland properties). There are a number of potential options to finance the remaining balance. The options include securing a short-term loan from the Seattle Housing Authority to finance the three Seattle properties; increasing the Authority's short-term financing limits with KeyBank to allow for the additional debt financing (which KeyBank has verbally indicated would be acceptable); securing seller financing from IAM 751 (they have expressed a possible interest in doing so in order to generate some investment earnings on a portion of their sale proceeds); and/or securing a loan advance from the Federal Home Loan Bank of which KCHA is an Associate Housing Member.

Strategic Rationale for Acquisition

Over the last 50 years, each of these properties have been an extremely important public resource, by providing much needed affordable housing to extremely low income households in King County. If the housing units were sold to a market rate developer and/or if at some point in the future, the owner elected not to continue using the properties as subsidized housing for extremely low income households, the loss would be devastating and extremely difficult, if not impossible, to replace.

Risks & Mitigation

Acquisition Risks & Mitigation

- (Risk) The purchase price for the property is above its true market value and KCHA could risk overpaying for the property.

- (Mitigation) The cost/unit of $123,500 is well below current average market cost per unit. KCHA is not be able to construct or otherwise replace this housing at anywhere near this cost.

- (Risk) The condition of the property has title or physical defects unforeseen/unknown.

- (Mitigation) Outside counsel representing KCHA has reviewed the title insurance reports and KCHA has conducted extensive due diligence on the properties. KCHA has determined that, upon acquisition, KCHA will be able to obtain full owners' policies insuring clear title with extended coverage. KCHA has also engaged a third party inspection company to review the physical condition of the properties. The overall assessment of the third party inspector's investigations were that, in general, the properties appear to be in good to fair condition overall, although they exhibit wear and tear normal to their age and usage.

Financing Risk & Mitigation

- (Risk) KCHA has insufficient credit capacity within its existing line(s) of credit to finance the full $66 million acquisition.

- (Mitigation) KCHA has multiple financing options to ensure the full amount of the sale can be financed (see Financing section above).

- (Risk) The acquisition could negatively affect KCHA's S&P Issuer Credit Rating.

- (Mitigation) While no S&P rating will be necessary to secure the acquisition financing, KCHA has looked at the S&P financial indicators and it appears this acquisition will not change any of those key ratios. Accordingly, does not appear that this acquisition, in and of itself, would negatively affect KCHA's S&P rating.

Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.

- (Mitigation) KCHA anticipates that each of the five properties will ultimately be renovated using the 4% Low Income Housing Tax Credit program. Because virtually 100% of the current tenants would be LIHTC qualified, the properties would instantly qualify for the program with minimal, if any, tenant displacement. In addition, given their locations, it is likely the five properties would each be eligible for a 'basis boost' which automatically increases the amount of rehab related tax credits by an additional 30%. This results in additional tax credit equity investment available to help finance the renovations.

Operating Property within the City of Seattle

- (Risk) Long-term inefficiencies associated with owning and operating property within another housing authority's area of operation.

- (Mitigation) Recognizing the Seattle Housing Authority would be best positioned to provide the long-term resources, oversight and operation the Seattle properties, KCHA has been in discussion with SHA regarding their interest in owning and operating the three Seattle sites. They have expressed a sincere and strong desire to acquire the three properties from KCHA as soon as reasonably feasible for the KCHA. They have committed to acquire the properties in an amount that would cover both our acquisition costs and any costs associated with the acquisition or operation of the properties that are not otherwise able to be covered through operating cash flow. SHA, like KCHA, is an MTW housing authority and as such will have numerous financing and other tools available to ensure the long-term preservation of the three Seattle properties. Staff from SHA have participated in the due diligence inspection work associated with the Seattle sites and have stated they are satisfied with the results of the due diligence.

TAB NUMBER 7

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5609

AUTHORIZING THE AUTHORITY TO ENTER INTO AN AGREEMENT WITH SEATTLE HOUSING AUTHORITY FOR THE AUTHORITY TO ACQUIRE AND OPERATE A PORTFOLIO OF THREE SECTION 8 ASSISTED PROPERTIES LOCATED WITHIN THE CITY OF SEATTLE

WHEREAS, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

WHEREAS, the Housing Authority of the City of Seattle ("SHA") seeks to encourage the provision of long-term housing for low-income persons residing within the city limits of Seattle, Washington; and

WHEREAS, there is an increasingly serious shortage of affordable housing in King County including within the City of Seattle; and

WHEREAS, a group of related entities (collectively, the "Seller" or "Sellers") own a portfolio of five HUD Project-Based Section 8 housing developments (each, a "Property" and collectively, the "Properties") located in King County, all of which are a high priority for preservation. Three of the Properties (together, the "Seattle Sites") are located within the City of Seattle and two of the Properties are located in the City of Kirkland; and

WHEREAS, the Sellers wish to sell the Properties as one portfolio specifically to the Authority; and

WHEREAS, both the Authority and SHA are concerned with the provision of decent, safe and sanitary housing for elderly and low-income persons within their respective jurisdictions, and both acknowledge the shortage of such housing and the importance of preserving existing assisted housing such as the Properties; and

WHEREAS, RCW 35.82.070(2) provides that a housing authority may "prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof…"; and

WHEREAS, in order for the Authority to acquire and operate property within the City of Seattle, SHA who has jurisdiction to operate within such area of operation must confer on the Authority the right and power to acquire and operate the Seattle Sites; and

WHEREAS, the Authority and SHA wish to preserve the Seattle Sites as affordable housing for the long term; and

WHEREAS, RCW 35.82.100 provides that "any two or more authorities may join or cooperate with one another in the exercise of any or all of the powers conferred hereby for the purpose of financing, planning, undertaking, constructing or operating housing project or projects located within the area of operation of any one or more of said authorities"; and

WHEREAS, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking … to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income"; and

WHEREAS, RCW 35.82.070(1) provides that a housing authority many, among other things, "make and execute contracts and other instruments…";

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:

Section 1: Approval to operate within the City of Seattle. The Executive Director of the Authority is authorized and directed to negotiate and execute a cooperation, interlocal or other agreement (the "Agreement") with SHA pursuant to which the Authority: (i) may acquire the Seattle Sites, (ii) operate the Seattle Sites to provide housing for senior and/or low-income households, and (iii) exercise any other powers with respect to the Seattle Sites that SHA could otherwise exercise.

It is the express desire of the Authority and SHA to ensure the Seattle Sites remain as permanent, affordable housing resources for the City of Seattle, and the parties are entering into this Agreement with the understanding that, given its MTW Authority and relationship with the City Office of Housing, SHA is best positioned to provide the maximum amount of resources to ensure the long-term viability of the Seattle Sites. Accordingly, the parties agree to work cooperatively towards ensuring that the long-term ownership of the Seattle Sites will be vested with the party that is most able to ensure this outcome. To facilitate the intent of this agreement, the Authority is hereby authorized to assign or transfer its interests in the Seattle Sites to SHA upon mutual agreement by SHA and upon terms satisfactory to the Authority. The Executive Director of the Authority is further authorized to negotiate and execute any other documents reasonably required to be executed in connection with such agreement.

Section 2: Government Filings; Other Agreements. The Executive Director of the Authority is further authorized to execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed), on behalf of the Authority or as authorized by SHA, any applications, agreements, certifications, government forms, notices, affidavits, documents and instruments that he determines to be necessary or advisable to give effect to this resolution and consummate the transactions contemplated herein.

Section 3: Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all costs relating to the actions authorized by this resolution.

Section 4: Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may, in his absence, be taken by a Deputy Executive Director of the Authority.

Section 5: Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution.

Section 6: Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT A PUBLIC MEETING THIS 19TH DAY OF NOVEMBER, 2018.

HOUSING AUTHORITY OF THE COUNTY OF KING

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DOUGLAS J. BARNES, CHAIR

ATTEST:

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STEPHEN J. NORMAN, SECRETARY

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King County Housing Authority

To: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date November 12, 2018

Re: **Resolution 5610:** Refinance of the Villages at South Station, Southwood Square and Fairwood Apartments

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Resolution No. 5610 authorizes the Authority to issue tax-exempt housing revenue bonds, in an amount not to exceed $32.5 million, to refinance the Villages at South Station, Southwood Square and Fairwood Apartments. The financing will be guaranteed in part by King County's Contingent Loan Agreement program which guarantees loan payments to the lender. The bonds will be purchased by Columbia Bank and/or an affiliate as well as at least one other participating bank.

KCHA acquired Villages at South Station (191 units) in Tukwila in 2015 for $29.3 million. This development has been financed with proceeds from a line of credit which KCHA has in place to facilitate the acquisition of multi-family property when suitable properties become available on the open market. This property is part of KCHA's workforce housing portfolio. The Fairwood Apartments (176 units) located in unincorporated King County near Renton and the Southwood Square Apartments (104 units) in Kent are both low-income housing tax credit properties acquired by KCHA in 1995 and 2001, respectively. KCHA re-acquired Fairwood from its tax-credit partnership in 2010 and Southwood Square in 2017 by assuming the properties' outstanding indebtedness.

In 2016, the Authority applied for and received an award of $29.6 million in credit enhancement through King County's original Contingent Loan Agreement program. This credit enhancement further permitted KCHA to 'pool' other properties that were not otherwise credit enhanced by the County into a combined financing facility so long as a minimum debt coverage ratio test of 1.25:1.00 was projected to be met through the life of the credit enhancement commitment. The current projected debt coverage ratio is 2.19:1.0 and is expected to increase over the term of the commitment. Unfortunately, while contemplated, the credit enhancement agreement did not specifically clarify that the total amount of the pooled debt outstanding could be in excess of the $29.6 million in credit enhancement so long as the County's obligation to guarantee the financing was limited to its $29.6 million commitment. Instead, it stated that the total amount of the pooled debt itself may not exceed $29.6 million. In order to address this, the Authority will refinance the properties in two draws. The first draw will be in an amount of $29.6 million. The Authority will then work with the County to amend the Agreement to permit the total amount of pooled bonds outstanding to be in excess of the credit enhancement limit so long as the County's exposure is limited to $29.6 million. After consummating the amendment, KCHA will make a second draw to borrow the remaining balance of the note.

The purpose of this bond issue is to refinance the existing indebtedness of each property and roll all three properties into a single long-term low interest fixed-rate debt instrument with the following terms:

Total Loan:	Not to exceed $32,500,000
Approximate Debt to be refinanced:	Villages at South Station - $27,500,000 Southwood Square - $3,000,000 Fairwood Apartments - $2,000,000
Loan Term:	20 Years (interest rate is reset at 10-year mid-point)
Amortization:	30-year amortization
Interest Rate:	3.4% Fixed for first 10 years
Reset Rate:	100% minus the then current corporate tax rate times the sum of a) the 10 Year Constant Maturity Rate plus b) 1.25%. The current reset rate would be approximately 3.55% ((100% - 21%) * (3.24%+1.25%) = 3.55%).
Maturity Date:	12/1/2038 (20 years)
Termination:	KCHA may pre-pay at any time (pre-payment penalty within first 5 years of each 10-year fixed rate period is set at a declining penalty of 3%, 2%, 1% and then a nominal pre-payment penalty of .5% in years 6 – 10 of each 10-year fixed rate period for partial pre-payments (in minimum amounts of $1.5M per pre-payment) but no pre-payment penalty in years 6 – 10 for full repayment of the Note). Either the Bank or the Authority can elect not to renew at the end of the initial 10th year and if the Authority elects not to renew at that time, there is no pre-payment penalty for non-renewal of the loan. If the Authority desires and the Bank agrees to extend the financing, the facility will be fixed for an additional 10-year term (for a total term of 20 years).

This refinancing will provide KCHA with a fixed rate loan for the first 10 years at 3.4% that will amortize over a 30-year period. The 3.4% initial interest rate was fixed through negotiation and was used to derive the index for resetting the rate in 10 years to account for future interest rate movements and changes in corporate tax rates. The interest cost for the second 10-year fixed rate term will be based on a formula equal to 100% minus the then current corporate tax rate times the sum of: a) the 10 Year Constant Maturity Rate plus b) 1.25%. It should be noted that Columbia Bank can elect to terminate the loan after 10 years; otherwise, if Columbia Bank agrees to extend the term of the loan by an additional 10-year period, the loan will remain in place for the full 20-year maturity unless prepaid by KCHA.

Currently KCHA has $30 million outstanding in short-term variable rate lines of credit financing the Villages at South Station and Southwood Square properties. The interest rates on these lines of credit are indexed to monthly LIBOR rates. Interest costs on this debt could rise significantly as the Federal

Reserve and the market begin to reset rates. The current interest rate on the $2 million in Fairwood Apartments debt is 3.57%.

This refinancing represents an exceptional opportunity for KCHA to lock in a low interest rate on these projects for at least the next 10 years. The County has approved the pooling of this debt and the consolidation of its credit enhancement guarantees payment to Columbia Bank in a maximum amount of $29.6 million in the event KCHA is unable to make any of its payments when due. Passage of Resolution No. 5610 is recommended.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5610

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a tax-exempt revenue note in a principal amount of not to exceed $32,500,000, for the purpose of refinancing three existing multifamily housing projects; determining the form and terms of the note; creating a note fund; approving the sale and providing for the delivery of the note to Columbia State Bank; authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted November 19, 2018

This document was prepared by:

FOSTER PEPPER PLLC
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Seattle, Washington 98101
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HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5610

PROVIDING FOR THE ISSUANCE OF A TAX-EXEMPT REVENUE NOTE IN A PRINCIPAL AMOUNT OF NOT TO EXCEED $32,500,000, FOR THE PURPOSE OF REFINANCING THREE EXISTING MULTIFAMILY HOUSING PROJECTS; DETERMINING THE FORM AND TERMS OF THE NOTE; CREATING A NOTE FUND; APPROVING THE SALE AND PROVIDING FOR THE DELIVERY OF THE NOTE TO COLUMBIA STATE BANK; AUTHORIZING AND DIRECTING APPROPRIATE OFFICERS OF THE AUTHORITY TO NEGOTIATE, EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AS ARE USEFUL OR NECESSARY TO THE PURPOSES OF THIS RESOLUTION; AND DETERMINING RELATED MATTERS.

WHEREAS, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the "County"); and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, "own, hold, and improve real or personal property . . .," "purchase, lease, obtain options upon . . . any real or personal property or any interest therein" and "lease or rent any dwellings, houses, accommodations, lands, buildings, structures or facilities embraced in any housing project"; and

WHEREAS, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks, or other living accommodations for persons of low income" and "to provide decent, safe, and sanitary urban and rural dwellings, apartments, mobile home parks, or other living accommodations for senior citizens"; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, RCW 35.82.070(1) permits a housing authority to "make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority"; and

WHEREAS, RCW 35.82.040 authorizes the Authority to "delegate to one or more of its agents or employees such powers or duties as it may deem proper"; and

WHEREAS, the Authority intends to refinance the multifamily housing project located at 14300 S.E. 171st Way, Renton, Washington, and commonly known as the Fairwood Apartments, the multifamily housing project located at 26224 106th Place S.E., Kent, Washington, and commonly known as Southwood Square, and the multifamily housing project located at 3724 154th Lane, Tukwila, Washington, and commonly known as Villages at South Station (collectively, the "Project"); and

WHEREAS, Columbia State Bank has proposed to extend financing to the Authority, in one or more advances, to refinance the Project, subject to certain conditions stated in the Proposal (as hereinafter defined); and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority issue the Note (as hereinafter defined), in a principal amount not to exceed $32,500,000 for the purpose of refinancing the Project and paying costs if issuing the Note; and

WHEREAS, the County and the Authority have entered into a Contingent Loan Agreement dated September 6, 2016, under which the County has agreed to make a loan or loans to the Authority to pay debt service on obligations incurred to finance or refinance Villages at South Station and Pooled Bonds (as defined therein); NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1. **Definitions**. As used in this resolution, the following terms have the following meanings:

"Act" means chapter 35.82 of the Revised Code of Washington.

"Authority" means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

"Authorized Officers" means the Executive Director and any Deputy Executive Director of the Authority.

"Bank" means Columbia State Bank, as Registered Owner of the Note.

"Board" means the Board of Commissioners of the Authority.

"Business Day" means any day, other than a Saturday or Sunday, on which banking institutions are open in the State of Washington.

"CMT Rate" means the 10-year United States Treasury Constant Maturity Index Rate as published on the website of the Federal Reserve (accessible on the date of this resolution at http://www.federalreserve.gov/releases/H15/update) as of the Reset Date.

"Code" means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

"Contingent Loan Agreement" means the Contingent Loan Agreement (Villages at South Station) between the County and the Authority dated September 6, 2016, as it may be amended from time to time in accordance with the terms thereof.

"County" means King County, Washington.

“Draws” means incremental draws on the Note.

“Executive Director” means the Executive Director of the Authority.

“Fixed Rate” means 3.40% per annum.

“General Revenues” means all revenues of the Authority (other than Project Revenues) from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Initial Term” means the period from the date of issuance of the Note to, but not including, the Reset Date.

“Maturity Date” means December 1, 2038.

“Maximum Federal Corporate Tax Rate” means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time to time.

“Note” means the Authority’s Non-Revolving Revenue Note, 2018 (Villages at South Station, Southwood Square and Fairwood Apartments).

“Note Fund” means the Authority’s Non-Revolving Revenue Note Fund, 2018 (Villages at South Station, Southwood Square and Fairwood Apartments), created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the Registered Owner of the Note.

“Note Registrar” means the Executive Director.

"Payment Date" means each March 1, June 1, September 1, and December 1, commencing March 1, 2019.

"Project" means, depending on the context, (1) the refinancing of multifamily housing projects located at 14300 S.E. 171st Way, Renton, Washington, 26224 106th Place S.E., Kent, Washington, and 3724 154th Lane, Tukwila, Washington, and commonly known as the Fairwood Apartments, Southwood Square, and Villages at South Station, respectively, or (2) the Fairwood Apartments, Southwood Square, and Villages at South Station multifamily housing projects. A multifamily housing project shall be considered a portion of the Project only after, and so long as, it is financed and/or refinanced with proceeds of a Draw or Draws.

"Project Revenues" means all amounts due to or received by the Authority pursuant or with respect to the Project, including without limitation, all lease payments, all payments on contractors' bonds, insurance proceeds and condemnation awards, and all investment earnings thereon.

"Proposal" means the proposal letter to the Authority from the Bank provided on October 9, 2018, as it may be amended, proposing to purchase the Note on the terms set forth therein and herein.

"Registered Owner" the registered owner of the Note, registered as such on the registration books maintained by the Note Registrar.

"Reset Date" means December 1, 2028.

"Reset Rate" means the product of the Tax Adjustment Factor multiplied by the sum of (a) the CMT Rate plus (b) 1.25%.

"Tax Adjustment Factor" means 1.00 minus the Maximum Federal Corporate Tax Rate. For purposes of clarity, the Maximum Federal Corporate Tax Rate as of the date of this resolution is 0.21, such that the current Tax Adjustment Factor equals 0.79.

Section 2. Authorization of the Project; Authorization and Description of the Note. For the purpose of providing all or part of the money to refinance the Project and to pay costs of issuing the Note, the Authority shall issue its Non-Revolving Revenue Note, 2018 (Villages at South Station, Southwood Square and Fairwood Apartments) in the maximum principal amount of $32,500,000. Such Note financing is declared and determined to be important for the feasibility of the Project. The Board finds that it is in the best interest of the Authority to issue the Note for the purpose set forth in this resolution. The Board declares each of the multifamily housing projects constituting a portion of the Project to be a "housing project" of the Authority for purposes of the Act. Each of the multifamily housing projects constituting a portion of the Project shall continue to be rented to residents in accordance with the provisions of the Act including, without limitation, 35.82.070(5).

The Note shall be in a principal amount of not to exceed $32,500,000; shall be dated its date of delivery; shall be numbered R-1; and shall mature on the Maturity Date. The Note shall bear interest during the Initial Term at the Fixed Rate, and thereafter at the Reset Rate as determined on the Reset Date, in each case calculated on the basis of a 360-day year of twelve 30-day months. Principal and interest shall be payable quarterly, commencing March 1, 2019, and thereafter on each Payment Date until the Maturity Date or prepayment of the Note in full. If any principal or interest payment comes due on a day that is not a Business Day, the Authority may make the payment on the first Business Day following the payment date, with accrual of interest to be extended to the actual payment date. Principal and interest on the Note shall be payable in approximately equal quarterly installments in the amount necessary to amortize the principal of the Note over a period of 30 years at the Fixed Rate; provided that the amounts of the monthly payments on the Note shall be adjusted to reflect reamortization upon change in interest rate, an additional Draw and/or any prepayment of the Note. On the Maturity Date, all remaining outstanding principal balance of and accrued interest on the Note shall be due and payable in full.

The Authority reserves the right to prepay the Note, in whole or in part in amounts of no less than $1,500,000 and no more than twice in any calendar year, at any time, upon provision of notice and prepayment of a prepayment fee, if any, each as set forth in the Note. The Bank may in its sole discretion waive any prepayment fee. Interest on the Note shall cease to accrue on the date such prepayment is received by the Registered Owner. Unless waived by the Bank, the Note shall be subject to mandatory prepayment in whole, on the Reset Date. The Bank shall provide written notice to the Authority regarding the Bank's election to waive, or not waive, mandatory prepayment on the Reset Date not more than 270 days and not less than 180 days prior to the Reset Date (provided, however, that the Authority may accept greater or fewer days' notice in its sole discretion). If the Bank does not waive such right in writing, the Bank and the Authority may mutually agree to amend the terms of the Note. If the Bank does not waive the mandatory prepayment of the Note on the Reset Date and the parties do not reach an alternative mutual agreement to amend the terms of the Note, all remaining outstanding principal balance and accrued interest on the Note shall be due and payable in full on the Reset Date. If the Bank waives mandatory prepayment of the Note, in writing, the monthly level principal and interest installment payment shall adjust, beginning on the Reset Date to the amount sufficient to fully amortize the outstanding principal balance of the Note (as determined on the Reset Date) over a period of 20 years at the Reset Rate.

If the Note is not paid when properly presented on the Maturity Date, if the Authority fails to pay any installment of principal and interest on the Note when due, or if interest on the Note is no longer exempt from federal income taxation, at the option of the Bank, the interest rate on the Note will be increased to a rate equal to the Fixed Rate or the Reset Rate, as then applicable, divided by the Tax Adjustment Factor (the "Grossed-Up Rate"), until the Note, both principal and interest, is paid in full. Interest on the Note will be deemed to be no longer exempt from federal income taxation if the Bank receives an opinion to that effect from a nationally-recognized bond counsel firm. If interest on the Note is (or is so deemed to be) no longer exempt from federal income taxation, the adjustment to the interest rate on the Note may, at the election of the Bank, be retroactive to the date interest became so taxable. In the event that interest on the Note is (or is deemed to be) no longer exempt from federal income taxation, the Authority shall make a payment to the Bank equal to (a) the amount of interest that would have accrued at the Grossed-Up Rate from the date that interest on the Note became includable (or deemed includable) in the gross income of the holder of the Note for federal income tax purposes until the date that the Grossed-Up Rate became effective; minus (b) the amount of interest that actually accrued at the Fixed Rate or Reset Rate, as applicable, from the date that interest on the Note became includable (or deemed includable) in the gross income of the holder of the Note for federal income tax purposes until the date that the Grossed-Up Rate became effective. The Note shall have such other provisions consistent with the purposes of this resolution as are set forth in the Proposal or as otherwise determined by the Authorized Officers, or each of them acting alone. The authentication of the Note by the Note Registrar shall be conclusive evidence of approval by the Authority of the terms set forth therein.

Section 3. **Place, Manner and Medium of Payment**. Both principal of and interest on the Note shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Note Register on the date payment is mailed or delivered. Upon the final payment of principal of and interest on the Note, the Registered Owner shall surrender the Note at the principal office of the Note Registrar, for destruction or cancellation in accordance with law.

Section 4. **Note Fund; Security for the Note**. The Note Fund is hereby established as a special fund of the Authority and is to be known as the Authority's Non-Revolving Revenue Note Fund, 2018 (Villages at South Station, Southwood Square and Fairwood Apartments). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. The Authority pledges to deposit Project Revenues, General Revenues, and proceeds of any loans made by the County pursuant to the Contingent Loan Agreement, into the Note Fund in amounts sufficient to pay the principal of and interest on the Note when due. The Authority pledges and assigns to the Bank, to secure payment of the principal of and interest on the Note, all rights of the Authority to receive loan funds from the County under the Contingent Loan Agreement.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity with payments on the Note. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Note with respect to that portion of the General Revenues so pledged. The Authority may not pledge the Project Revenues or the real property constituting the Project other than to the Bank without the prior written consent of the Bank, which may be withheld in the Bank's sole discretion, subject to the Authority's rights to grant deeds of trust or otherwise encumber any portion of the Project in connection with loans or grants from local, state and federal governmental funding sources.

The Note shall not be a debt of the County, the State of Washington or any political subdivision thereof (except the Authority from the sources specified herein), and the Note shall so state on its face. Neither the County, the State of Washington nor any political subdivision thereof (except the Authority from the source specified herein and the County to extent provided under the terms of the Contingent Loan Agreement) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds other than the Note Fund of the Authority established herein. The owner of the Note shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 5. **Draws on the Note**. The Board authorizes the Authorized Officers, and each of them acting alone, to make Draws on the Note in such amounts and at such times as any Authorized Officer may determine, those Draws to be made in accordance with the terms and provisions set forth herein and in the Note. Draws shall be recorded in such form as the Authority and the Bank may agree. Draws shall be limited to a total aggregate principal amount of \$32,500,000. Further, unless waived by the Bank, Draws shall be limited to a principal amount of \$29,600,000 until such time as the Authority and the County have executed and delivered an amendment to the Contingent Loan Agreement together with an opinion from the County or its counsel in form satisfactory to the Bank. Proceeds of Draws on the Note shall be used to refinance the Project and pay costs of issuing the Note.

Section 6. **Lost, Stolen or Destroyed Note**. In case the Note shall be lost, stolen or destroyed after delivery to the Registered Owner, the Note Registrar may execute and deliver a new Note of like date and tenor to the Registered owner upon the Registered Owner paying the expenses and charges of the Authority and upon filing with the Note Registrar evidence satisfactory to the Note Registrar that such Note was actually lost, stolen or destroyed and of the Registered Owner's ownership thereof, and upon furnishing the Authority with indemnity reasonably satisfactory to the Authority.

Section 7. **Note Registrar; Registration and Transfer of the Note**. The Executive Director shall serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, at the office of the Executive Director, sufficient books for the registration of the Note (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note to any successor to the business and assets of the Bank.

Section 8. **Form and Execution of Note.** The Note shall in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and the Executive Director and shall be impressed with the seal of the Authority or shall bear a manual or facsimile thereof. The Note shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Note bears a Certificate of Authentication manually signed by the Note Registrar stating "This Note is the fully registered Non-Revolving Revenue Note, 2018 (Villages at South Station, Southwood Square and Fairwood Apartments), of the Authority described in the Note Resolution." A minor deviation in the language of such certificate shall not void a Certificate of Authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note bearing his or her facsimile signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign notes. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 9. **Authorization for Modification of the Note**. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to negotiate the terms of one or more modification of the terms of the Note with the Bank including, without limitation, modifications of the terms of the Note to become effective as of the Reset Date. The Authorized Officers, and each of them acting alone, are authorized, without further action of the Board of the Authority, to modify the interest rate and/or the interest rate formula applicable to the Note, or the amortization schedule applicable to the Note if such Authorized Officer determines that such modification is in the best interest of the Authority, all so long as no other material term of the Note is revised (unless otherwise authorized by the Board of the Authority). The Authorized Officers, and each of them acting alone, are authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such modification of the terms of the Note. An Authorized Officer's execution of documents in connection with the modification of the Note will constitute conclusive evidence of his or her approval of the modifications and/or other terms described therein and the approval by the Authority of such modifications and/or other terms.

Section 10. **Preservation of Tax Exemption for Interest on Note.** The Authority covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Note, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Note from being included in gross income for federal income tax purposes.

Section 11. **Authorization of Documents and Execution Thereof**. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The Board further authorizes the Authorized Officers, and each of them acting alone, to negotiate, approve, execute and deliver any credit agreement, loan agreement, and or such other instruments and agreements as may be necessary or desirable in connection with the sale of the Note to the Bank. The Authorized Officers, and each of them acting alone, are authorized to negotiate, execute and deliver documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note.

The Note will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Note.

Section 12. **Approval of Transaction**. The Bank has offered to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Proposal, including the payment of a fee to the Bank plus the fees and expenses of the Bank's legal counsel, and any other out-of-pocket costs incurred by the Bank, each payable at closing. The Board finds that the Bank's offer is in the best interest of the Authority and accepts such offer, and covenants that it will comply with all terms and conditions of the Proposal.

Section 13. **Reporting Requirements**. The Authority covenants and agrees for so long as the Note remains outstanding, and unless otherwise waived by the Bank, to provide financial information to the Bank as follows:

(A) the Authority's audited financial statements within 10 days after receipt of the Washington State Auditor's opinion letter;

(C) an internally prepared annual operating statement for the Project, no later than 10 days after receipt of the Washington State Auditor's opinion letter with respect to the Authority's audited financial statements; and

(D) the Authority's annual budget within 45 days of adoption.

Section 14. **Acting Officers Authorized**. Any action authorized by this resolution to be taken by the Executive Director, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director of the Authority, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority.

Section 15. **Contingent Loan Agreement**. The Authorized Officers, and each of them acting alone, are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to amend the Contingent Loan Agreement, and to provide all deliverables and certificates required by the Contingent Loan Agreement in connection with the Note.

Section 16. **Ratification and Confirmation**. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution including, without limitation, the negotiation, execution, and delivery of the Contingent Loan Agreement, are ratified and confirmed.

Section 17. **Severability**. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Note.

Section 18. **Effective Date**. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 19TH DAY OF NOVEMBER, 2018.

HOUSING AUTHORITY OF THE COUNTY OF KING

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DOUGLAS J. BARNES, CHAIR

ATTEST:

____

STEPHEN J. NORMAN, SECRETARY-TREASURER

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the "Authority"), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5610 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on November 19, 2018, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of November, 2018.

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Executive Director of the Authority

TAB NUMBER 9

King County Housing Authority

To: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date November 13, 2018

Re: **Resolution 5611**: Authorization to refinance up to $15 million of Somerset Gardens short-term bridge financing into long-term project financing

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At the December 7, 2017 Board of Commissioners' meeting, the Board adopted Resolution 5580 which authorized the issuance of short term debt in an amount not to exceed $20 million. To evidence the debt, the resolution further authorized the execution and delivery by KCHA of a term loan agreement and a Revenue Note to Bank of America. The proceeds of the Revenue Note were subsequently funded by the Bank and used by KCHA to make a loan to the Somerset Garden LLLP tax credit partnership to finance a portion of the acquisition and rehabilitation of the Somerset Gardens Apartments. At that time, the development projections planned for the issuance (sale) of approximately $13 million in bonds at the end of 2018 to refinance a portion of the short-term Bank of America loan. A copy of the December 2017 Project Profile describing both the Somerset Gardens project and its original financing plan is attached.

Resolution 5611 authorizes the issuance of up to $15 million in tax-exempt bonds to refinance a portion of the Revenue Note with Bank of America. This is approximately $2 million in additional refinancing proceeds relative to what KCHA originally projected. KCHA believes it can generate these additional proceeds by providing its corporate, general revenue pledge to the repayment of the bonds. The additional proceeds will reduce the amount of KCHA's required subordinate financing for the project and free up additional resources that can be used to offset increased construction costs associated with Highland Village (the second property owned by the Somerset Gardens LLLP tax credit partnership). The balance of the Revenue Note will be repaid with Low Income Housing Tax Credit equity payments received by the partnership's investor member in connection with the acquisition and rehab of the complex.

The bonds will be marketed by KeyBanc Capital Markets. Current indicative interest rates for the long-term financing are projected to be between 4.25% - 4.5% which is consistent with the original projections underwritten at 4.5%. The bonds will be guaranteed by KCHA's General Revenue Pledge (i.e. KCHA's corporate guarantee) and rated by Standard & Poor's. The bonds are expected to receive an "AA" Issuer Credit Rating similar to KCHA's 2018 Pooled Housing Revenue Bonds sold last May.

The issuance of the bonds and the amount financed is consistent with the original project financing plan. Staff recommends passage of Resolution 5611.

Somerset Gardens Somerset Gardens
Project Profile

Somerset Gardens is located in northeast Bellevue, west of the Microsoft campus and the new Overlake light rail station and north of Highway 520 and a major shopping district. Built in 1975 and acquired by KCHA in 1999, Somerset Gardens is currently comprised of 198 units in two two-story buildings, including 161 one bedroom/one bath units, 19 two-bedroom/one bath units, and 18 three-bedroom/2 bath units. Somerset Gardens is out of the Low Income Housing Tax Credit (LIHTC) 15-year compliance period and has exited the original partnership. The property offers an excellent LIHTC resyndication/ rehab development opportunity. Somerset Gardens will continue to provide affordable housing for low income households at or below 60% of the area median income in a location offering good schools and easy access to bus transportation and light rail.

Purchase Status

Somerset Gardens is owned by KCHA and managed by Allied Residential. KCHA acquired Somerset Gardens in 1999. In 2000, the acquisition and rehabilitation of the complex was financed with 4% and 9% LIHTC. KCHA is now out of the LIHTC 15-year compliance period and has exited the original partnership. The property has income restriction covenants associated with the 2000 acquisition and rehab with funding from the City of Bellevue and the State of Washington. In 2016 , KCHA paid off the bonds with a line of credit from Key Bank. Currently, the project owes $7,040,000 on the line of credit. In June 2017, KCHA paid off the State of Washington Housing Trust Fund loan. As of November 2017, KCHA owes $568,000 to the City of Bellevue.

Property Description & Building Condition

Somerset Gardens is a two story courtyard style apartment development located at 14700 NE 29th Place in Bellevue. The property consists of a relatively level rectangular shaped parcel totaling 8.9 acres. It was developed for multifamily residential use consistent with zoning.

The development includes two two-story residential buildings with 153,600 rentable square feet. There are 311 surface parking spaces (1.57 spaces/unit, or just over 1.23 spaces per bedroom). In the courtyard of the east building is an 8,000 square feet building with a management office, laundry facilities, and a community room. The east courtyard also has a large play structure. In the west courtyard is an 8,000 square feet building with an indoor swimming pool, an exercise room, and laundry facilities.

During the summer of 2017, a Capital Needs Assessment (CNA) and Phase I Environmental Site Assessment were conducted at Somerset Gardens. KCHA staff has completed an inspection of the interior of the units. Conditions normal to buildings of this age were observed. The CNA also included recommendations for kitchen cabinet replacements, countertop replacements, bath fan replacements, range hood replacements, interior and exterior door replacements, tub and tub surround replacements, flooring upgrades, roofing upgrade, exterior painting, and energy conservation measures. Staff anticipates the property will require approximately $35,000 per unit in improvements over time to address the capital needs of the property. These improvements are anticipated to be financed through a resyndication of the site to a low-income housing tax credit development where the tax credit equity would fund the rehab.

Unit Configuration

Somerset Gardens is currently comprised of 198 units in two two-story buildings, including 161 one bedroom/one bath units, 19 two-bedroom/one bath units, and 18 three-bedroom/2 bath units. As part of the rehab proposed for 2018, 12 pairs of one-bedroom units (24 total) will be combined to make 12 three-bedroom units. In addition, three one-bedroom units will be expanded into adjacent storage rooms to create three two-bedroom units. This means that 27 one-bedroom households will be voluntarily relocated to create 15 new larger units. There will be a net reduction of 12 units from 198 to 186.

The proposed unit mix includes:

- 135 one bedroom/one bath flats, averaging 680 square feet
- 18 two-bedroom/one bath flats, averaging 952 square feet
- 33 three-bedroom/2 bath flats, averaging 1,360 square feet

Neighborhood Description

The Somerset Gardens are located in the Bridal Trails neighborhood of the City of Bellevue, west of 148th Avenue NE and a few blocks north of Highway 520. Across 148th Avenue NE to the northeast is the Microsoft Campus. Single family homes surround the property to the west and north. An office complex abuts the property to the south.

Cherry Crest Elementary School is located two miles northwest of Somerset Gardens. Odle Middle School and Sammamish High School are two miles to the south. Goldsmith Neighborhood Park is five blocks to the northeast.

Somerset Gardens is served by Metro Routes 249 and 221. A quarter mile to the east will be the new Overlake Village Light Rail Station. The station is expected to open in 2023. The 520 Bike Path parallels State Highway 520. Within a half mile, along 148th Ave NE to the south, are a Fred Meyer store, a Sears department store, a Safeway grocery store, and numerous restaurants and smaller stores.

Proposed Financing

Interim Financing

Because the private activity bond program is threatened by tax reform to end December 31, 2017, KCHA will be issuing $20,000,000 in tax-exempt bond financing and closing on a Credit Agreement with Bank of America before the end of the year. This interim financing will be taken out by LIHTC equity and the permanent loan. The interest rate will be the calculated as 75% of the 1-month Eurodollar Rate plus 135 basis points, which currently is approximately 2.385%.

Permanent Financing

KCHA staff proposes to finance the rehabilitation of Somerset Gardens by using 4% Low Income Housing Tax Credits, permanent debt, and funds administered by KCHA's Weatherization Department. It is estimated that this project will generate close to $12,549,000 in tax credit equity and support $13,066,000 in fully amortizing bond financing.

Ownership of the property will be transferred to the tax credit partnership via a long term lease. The total lease price will be $24,740,000. KCHA will receive approximately $ 20,219,000 in lease payments from the partnership using loan proceeds received from KCHA during the development period. These payments to KCHA will be used to pay off the line of credit and will be loaned back to the partnership to cover development costs via a subordinate loan from

KCHA, which will be paid down out of operating cash flow over time. KCHA will provide seller financing for the remaining lease payments, and this seller financing will also be paid down out of operating cash flow.

KCHA has received a Letter of Interest from RBC Capital offering to purchase the tax credits for approximately $12,549,000, assuming a $1.05 price for each $1.00 of credits.

Sources & Uses

USES	
Acquisition	$24,740,000
Rehab Costs	$6,565,000
Professional Fees & Other Soft Costs	$808,000
Financing Costs	$1,322,000
Tax Credit Costs	$155,000
Relocation	$184,000
Developer Fee	$5,140,000
Reserves	$0
TOTAL	$38,914,000

SOURCES	
Tax Credit Equity	$12,549,000
Permanent Bond Financing	$13,066,000
KCHA Subordinate Loan	$8,443,000
KCHA Seller Financing	$4,521,000
KCHA Weatherization	$335,000
KCHA Development Fee (Deferred)	$0
TOTAL	$38,914,000

Strategic Justification

Somerset Gardens was built in 1975 and many of the building systems are in need of upgrades. Because of the current high appraised value of the property and the relatively good pricing on Low-Income Housing Tax Credits, it is a good time to use the Low-Income Housing Tax Credit program to finance these capital improvements. The high appraised value allows Somerset Gardens to generate a large number of acquisition credits, and the proceeds from the sale of these credits can help fund the rehab work. KCHA has received multiple proposals from tax credit syndicators offering more than $1.00 for each $1.00 of tax credits.

Risks & Mitigation

Financing Risk & Mitigation

- (Risk) The pricing on the Low-Income Housing Tax Credits may change based on tax reform.

- (Mitigation) The current LOI from RBC assumes a 25% corporate tax rate, 10% lower than current rates but 5% higher than what is currently being considered by Congress. RBC has estimated that the impact of proposed tax code changes would reduce the proposed equity by

$0.03 - $0.05. If it is a $0.05 reduction, the total equity would go down by $600,000. KCHA will look into potential scope reductions should the tax bill pass, but in the worst case KCHA would need to increase its investment in the project by this amount.

- (Risk) KCHA has not yet secured a permanent financing commitment and the terms may be worse than those assumed in the current financing plan.

- (Mitigation) The project pro forma assumes an interest rate that is 200 basis points higher than those that are available today. In addition, the KCHA used very conservative contract rents for the Section 8 units (both project-based and tenant-based). If necessary, higher rents can be achieved in those units.

- (Risk) Up to 27 households will need to be permanently relocated and a small number of the households may need to be temporarily relocated during the rehab period. Alternate lodging may be difficult to find for these households.

- (Mitigation) KCHA has budgeted $184,000 for potential relocation expenditures which should be adequate to cover both permanent and temporary relocation costs. Since all of the current residents have been initially income certified per the LIHTC limits, no residents will need to be relocated due to income. Per King County guidelines, the current residents were offered $3,100 in assistance if they would be willing to relocate from their current one bedroom apartment, and more than the required number of households have said that they would be willing to relocate. In addition, KCHA has extensive experience re-housing residents in tight markets and will look to its own broad portfolio for vacancies, if necessary.

Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.

- (Mitigation) KCHA has operated the property for years and has done extensive exploration into the condition of the property. KCHA staff is experienced in inspecting, acquiring and operating sites of this size, age and structure type. Staff estimates the property will require $35,000 in capital improvements per unit, and has built this cost, and a 15% construction contingency, into its development budget. Unanticipated but necessary additional repairs and improvements will be addressed by reprioritizing the projected work, such as undertaking fewer unit upgrades as part of the initial rehab.

- (Risk) KCHA does not have firm contractor bids in hand for the proposed work. The actual cost may come in higher than budgeted.

- (Mitigation) The KCHA development budgets are based on current market information from other recent similar KCHA projects. The work to be performed at is very similar to the types of projects KCHA completes each year in its aging bond and tax credit portfolio and staff has a significant amount of experience, including recent bid results, in accurately estimating the cost of this type of work. 3rd party construction cost estimates have been procured, and they are consistent with the estimates provided by KCHA staff. KCHA has also added a 15% contingency to allow for higher bids as well as unforeseen conditions.

Ongoing Operating Risks & Mitigations

- (Risk) KCHA will be providing an operating deficit guarantee on this project, and there is a risk that the rental income will be insufficient to cover both the operating costs and permanent debt.

- (Mitigation) KCHA currently operates other properties in the area and is very familiar with the surrounding rental market. Staff has used conservative rents and expense information in establishing the project pro forma.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5611

(Refunding Revenue Bonds, 2019 (Somerset Gardens Project))

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of revenue bonds of the Authority in the aggregate principal amount of not to exceed $15,000,000, the proceeds of which will be used to make a loan to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner; and determining related matters.

ADOPTED November 19, 2018

This document was prepared by:

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HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5611

(Refunding Revenue Bonds, 2019 (Somerset Gardens Project))

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING PROVIDING FOR THE ISSUANCE OF REVENUE BONDS OF THE AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $15,000,000, THE PROCEEDS OF WHICH WILL BE USED TO MAKE A LOAN TO SOMERSET GARDENS APARTMENTS LLLP, A WASHINGTON LIMITED LIABILITY LIMITED PARTNERSHIP OF WHICH THE AUTHORITY IS THE SOLE GENERAL PARTNER; AND DETERMINING RELATED MATTERS.

WHEREAS, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the "County"); and

WHEREAS, RCW 35.82.020 defines "housing project" to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income"; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things, "lease any . . . lands . . . embraced in any housing project and . . . establish and revise the rents or charges therefor"; and "sell, lease, exchange, transfer . . . or dispose of any real or personal property or any interest therein . . ."; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, "make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low-income"; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, pursuant to Resolution No. 5580 of the Authority, adopted by the Authority's Board of Commissioners on December 7, 2017, the Authority previously issued its Revenue Note, 2017 (Somerset Gardens Project) (the "2017 Note"), in the principal amount of $20,000,000, the proceeds of which were lent to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner (the "Borrower") to finance the acquisition (for federal income tax purposes) and rehabilitation of a multifamily rental housing project known as Somerset Gardens, containing a total of 186 dwelling units, located at 14700 NE 29th Place, Bellevue, Washington, to provide housing for low-income persons within King County, Washington (the "Project"); and

WHEREAS, the Borrower has applied to the Authority for financial assistance in the principal amount of up to $15,000,000 for the purpose of refunding, on a current basis, a portion of the 2017 Note; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue the Bonds, in an aggregate principal amount not to exceed $15,000,000, the proceeds of which will be lent to the Borrower for the purposes described herein; and

WHEREAS, the Authority anticipates that KeyBanc Capital Markets Inc. will offer to purchase the Bonds under the terms and conditions set forth in this resolution; and

WHEREAS, RCW 35.82.040 provides that a housing authority may delegate to one or more of its agents or employees such powers or duties as it may deem proper;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of King as follows:

Section 1. **Definitions**. As used in this resolution, the following words have the following meanings:

"Acquisition Date" means the date upon which the Authority acquires the Borrower's interest in the Project or acquires the limited partners' interest in the Borrower.

"Authority" means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

"Authority Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Authority and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, relating to the Bonds, including any supplements or amendments thereto.

"Authorized Officer" means the Chair of the Board, Executive Director of the Authority, or any Deputy Executive Director of the Authority.

"Board" means the Board of Commissioners of the Authority.

"Bond" or "Bonds" means one or more of the Housing Authority of the County of King Refunding Revenue Bonds, 2019 (Somerset Gardens Project), or any replacement thereof authorized by, and at any time outstanding pursuant to, this resolution and the Indenture.

"Bond Registrar" means the entity serving as registrar, authenticating agent and paying agent under the Indenture, initially the Trustee.

"Bond Purchase Agreement" means Bond Purchase Agreement between the Underwriter and the Authority relating to the sale of the Bonds.

"Borrower" means Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership.

"Borrower Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Borrower and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, relating to the Bonds, including any supplements or amendments thereto.

"Code" means the Internal Revenue Code of 1986, as in effect on the date on which the Bonds are issued or as it may be amended to apply to obligations issued on the date on which the Bonds are issued, or any successor federal income tax statute or code, together with applicable proposed, temporary and final regulations promulgated with respect thereto, and applicable official guidance published thereunder.

"County" means King County, Washington.

"General Revenues" means all revenues of the Authority from any source (other than Loan Payments), but only to the extent that those revenues are available to pay debt service on the Bonds and are not now or hereafter pledged or restricted, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

"Indenture" means the Trust Indenture between the Authority and the Trustee relating to the Bonds as originally executed or as it may from time to time be supplemented, modified or amended.

"Loan" means the loan to be made by the Authority to the Borrower of the proceeds of the Bonds.

"Loan Agreement" means the Loan Agreement by and between the Authority and the Borrower providing for, evidencing and securing the obligation of the Borrower to repay the Loan, and including any supplements or amendments thereto.

"Loan Payments" means the payments of principal of and premium, if any, and interest on the Loan pursuant to the Loan Agreement allocable to payment of principal of and interest on the Bonds.

"Net Operating Income" shall have the meaning ascribed thereto in the Indenture.

"Project" means the multifamily rental housing project known as Somerset Gardens containing a total of approximately 186 dwelling units, located at 14700 NE 29th Place, Bellevue, Washington.

"Refunded Obligation" the Revenue Note, 2017 (Somerset Gardens Project) of the Authority.

"Regulatory Agreement" means the Regulatory Agreement by and between the Borrower and the Authority governing the use of the Project, including any supplements or amendments thereto.

"Promissory Note" means the promissory note to be made by the Borrower to the Authority to evidence the Loan.

"Tax Agreement" means the Federal Tax Exemption Certificate and Agreement between the Authority and the Borrower, pertaining to the Bonds, including any supplements or amendments thereto.

"Trustee" means the entity serving as trustee under the Indenture, initially The Bank of New York Mellon Trust Company, N.A.

"Underwriter" means KeyBanc Capital Markets Inc.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

Section 2. **Authorization of Bonds and Application of Proceeds**. The Authority shall issue the Bonds for the purpose of making the Loan to the Borrower to provide all or a portion of the funds required to refund, on a current basis, a portion of the Refunded Obligation. Such Bond financing is declared and determined to be important for the feasibility of the Project. All proceeds of the Bonds shall be lent to the Borrower for that purpose, and shall be deposited with the Trustee, all as provided in the Indenture. The Board finds that it is in the best interest of the Authority to issue the Bonds for the purposes set forth in this resolution.

Section 3. **Description of Bonds**. The Bonds shall be called the Refunding Revenue Bonds, 2019 (Somerset Gardens Project) of the Authority. The Bonds shall be issued in registered form, shall be in an aggregate principal amount not to exceed $15,000,000; shall be in authorized denominations of $5,000 or any integral multiple thereof; shall be dated such date, shall bear interest payable on such dates and at such rates, shall mature at such times and in such amounts, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the terms of this resolution as shall be approved by any Authorized Officer and set forth in the Indenture. The execution of the Indenture by an Authorized Officer shall be conclusive evidence of approval by the Authority of the terms set forth therein.

Section 4. **Security for the Bonds**. The Bonds shall be special obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. The Trust Estate pledged under the Indenture shall include (a) the rights, title and interest of the Authority in Loan Payments received pursuant to the Loan Agreement or, upon and after the Authority Acquisition Date, all Net Operating Income, (b) General Revenues of the Authority, subject to the parity lien of other obligations, as described herein and in the Indenture, and (c) certain funds and accounts established under the Indenture and investment earnings thereon and money, securities and obligations therein (subject to disbursements from any such fund or account), (d) money and securities from time to time held by the Trustee under the Indenture (except money and securities in the Rebate Fund), and (e) to the extent not covered, all proceeds of all of the foregoing, all set forth in the Indenture.

The Bonds shall not be a debt of the County, the State or any political subdivision thereof, and the Bonds shall so state on their face. Neither the County, the State nor any political subdivision thereof (except the Authority, from the sources identified herein and in the Indenture) shall be liable for payment of the Bonds nor in any event shall principal of, premium, if any, on and interest on the Bonds be payable out of any funds or assets other than those pledged to that purpose by the Authority herein and in the Indenture. The Authority has no taxing power.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity of lien with the Bonds. At its option, the Authority may pledge any revenues that comprise a portion of the General Revenues to the payment of other obligations, such payments to have priority over the payments to be made under the Bonds with respect to that portion of the General Revenues so pledged.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bonds.

Section 5. **Form and Execution of Bonds**. The Bonds shall be in a form consistent with the provisions of this resolution, the Indenture and state law, shall bear the manual or facsimile signatures of the Chair of the Board and Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

The Bonds shall be authenticated by the Bond Registrar as set forth in the Indenture. No Bond shall be valid for any purpose until so authenticated. The authorized signing of a

Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

Section 6. **Preservation of Tax Exemption for Interest on Bonds**. The Authority covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the Authority treated as proceeds of the Bonds at any time during the term of the Bonds which would cause interest on the Bonds to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirement of Section 148 of the Code is applicable to the Bonds, it will take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

Section 7. **Refunding of Refunded Obligation**. The proceeds of the sale of Bonds shall be lent to the Borrower and then transferred immediately upon receipt thereof by the Trustee, along with other money of the Authority and/or the Borrower deposited with the Trustee for such purpose, if necessary, to the holder of the Refunded Obligation and used to discharge a portion of the obligations of the Authority relating to the outstanding Refunded Obligation. The proper officials of the Authority are authorized and directed to give or cause to be given such notices as are required (if any), at the times and in the manner required pursuant to the terms of the Refunded Obligation in order to effect the redemption of a portion of the Refunded Obligation.

Section 8. **Authority Findings with Respect to Refunding**. The Board finds and determines that the issuance and sale of the Bonds at this time is in the best interest of the

Authority. In making such findings and determination, the Board has given consideration to the proposed terms and maturities of the Bonds and the terms and maturities of the Refunded Obligation, and the costs of issuance of the Bonds.

Section 9 Authorization of Bond and Loan Documents and Execution Thereof. The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the Indenture, the Loan Agreement, the Promissory Note, the Authority Continuing Disclosure Agreement, the Regulatory Agreement, the Tax Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bonds, the sale of the Bonds and the making of the Loan to the Borrower. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Bonds, the Indenture, the Loan Agreement, the Authority Continuing Disclosure Agreement, the Regulatory Agreement, the Tax Agreement, and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bonds and making of the Loan. The Authorized Officers, and each of them acting alone, are authorized and directed to do everything necessary for the issuance, execution, sale and delivery of the Bonds, including "deeming final" of the preliminary official statement for the Bonds for the sole purpose of the Bond purchaser's compliance with Securities and Exchange Commission Rule 15c2-12(b)(1); and to execute and deliver, on behalf of the Authority, the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Agreement, the Authority Continuing Disclosure Agreement, and any other documents that may be useful or necessary in connection with the issuance and sale of the Bonds or the making of the Loan, and to ensure the proper use and application of the proceeds from the sale of the Bonds. The Authorized Officers, and each of them acting alone, are further authorized to approve and execute an official statement for the Bonds on behalf of the Authority. The execution of any instrument by an Authorized Officer shall be conclusive evidence that such instrument has been duly approved by such Authorized Officer.

Section 10. **Authorization of Borrower Documents and Execution Thereof**. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to negotiate, execute and deliver, on behalf of the Authority in its capacity as general partner of the Borrower, the Loan Agreement, the Promissory Note, the Regulatory Agreement, the Borrower Continuing Disclosure Agreement, the Tax Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bonds, the sale of the Bonds and the Loan to the Borrower.

Section 11. **Authorization of Purchase Contract.** It is anticipated that KeyBanc Capital Markets Inc. will present the Bond Purchase Contract to the Authority offering to purchase the Bonds under the terms and conditions provided herein and therein. The Board finds that entering into the Bond Purchase Contract is in the best interest of the Authority and the Borrower, and therefore authorizes the Authorized Officers of the Authority, and each of them acting alone, to accept the offer contained in the Bond Purchase Contract and to execute the Bond Purchase Contract on behalf of the Authority and the Borrower.

Section 12. **Acting Officers Authorized.** Any action authorized by this resolution to be taken by the Chair of the Board, may in his or her absence be taken by a duly authorized acting Chair of the Board. Any action authorized by this resolution to be taken by the Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority.

Section 13. **Ratification and Confirmation**. Any actions of the Authority or its officers or employees prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 14. **Changes to Titles or Parties**. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form. .

Section 15 **Severability**. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this resolution and shall in no way affect the validity of the other provisions of this resolution or the Bonds.

Section 16. **Effective Date**. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THEREOF THIS 19TH DAY OF NOVEMBER, 2018.

HOUSING AUTHORITY OF THE COUNTY OF KING

____
DOUGLAS J. BARNES, Chair

ATTEST:

____
STEPHEN J. NORMAN, Executive Director

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the "Authority"), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5611 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on November 19, 2018, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of November, 2018.

Executive Director of the Authority

TAB NUMBER 10

King County Housing Authority

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: November 1, 2018

Re: **Resolution 5612 :** Acceptance of Washington State Auditor's Office Report on Financial Statements and Federal Single Audit (No. 1022298) and the Accountability Audit Report (No. 1022556), both for the Period Ended December 31, 2017

On September 27, 2018 the Washington State Auditor's Office (SAO) issued Financial and Single Audit Report Number 1022298, and on November 1, 2018 the SAO issued Accountability Audit Report Number 1022556. Both reports relate to KCHA's fiscal year which ended on December 31, 2017.

Report 1022298 covers the Authority's financial statements and related disclosures along with the Federal "Single Audit" for the period January 1, 2017 through December 31, 2017. Report 1022556 is a separate "Accountability Audit Report" for the period January 1, 2017 through December 31, 2017, which reports on KCHA's compliance with State laws and regulations and its own policies and procedures.

There were no findings in this year's Financial Audit report or Accountability Audit Report, and there were no management letter items.

An exit conference with the SAO took place on October 25, 2018 and was attended by Commissioner Stewart along with several KCHA staff members. The SAO expressed their appreciation for the responsiveness of KCHA staff toward the SAO audit staff.

Resolution 5612 is a required element to KCHA's audit. Board passage is recommended.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5612

ACKNOWLEDGING RECEIPT OF THE POST AUDIT REPORTS FOR THE PERIOD JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

WHEREAS, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted a Fiscal Audit of the Housing Authority of the County of King for the period January 1, 2017 through December 31, 2017 and has transmitted same to the Housing Authority; and

WHEREAS, the State of Washington, Office of the State Auditor, Division of Audit Services, has conducted an Accountability Audit of the Housing Authority of the County of King for the period January 1, 2017 through December 31, 2017 and has transmitted same to the Housing Authority; and

WHEREAS, a formal acceptance of the Audit is required by the Board of Commissioners;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:

Receipt of the official examination, Financial Statements and Federal Single Audit Report No. 1022298 for the period January 1, 2017 through December 31, 2017, and Accountability Audit Report No. 1022556 of the Housing Authority of the County of King for the period January 1, 2017 through December 31, 2017 prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260, is hereby acknowledged and formally accepted by the Board of Commissioners of the Housing Authority of the County of King.

ADOPTED AT THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 19th DAY OF NOVEMBER, 2018.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

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DOUG BARNES, Chair
Board of Commissioners

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STEPHEN J. NORMAN
Secretary-Treasurer

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King County **Housing** Authority

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: November 7, 2018

Re: **Third Quarter 2018 Financial Statements**

EXECUTIVE SUMMARY

Financial results through September exceeded budget projections. Operating revenue exceeded the adopted 2018 budget by 1.7%, while operating expenses were 1.1% below. Most of the positive results in operating revenue stem from tenant revenue at workforce housing sites which has exceeded budget projections by $2.4 million or 5.4%. Operating expenses have lagged budget in several categories, most notably in Salary/Benefits and Maintenance/Utility and Expenses, but have been offset by higher HAP costs, mostly related to program participants who have "ported-in" from other jurisdictions. While salaries and benefits will continue to be below budget at roughly the same levels throughout the remainder of the year, maintenance expenses are expected to see a spike in the fourth quarter but will also end the year below budget.

Throughout the first three quarters of 2018, HUD used an interim proration of 93.39% for Public Housing Operating Fund Subsidy payments versus budgeted estimates of 90.0%. In addition, the portion of the Subsidy designed to reimburse public housing properties for utility costs was budgeted to decline by 7% based on preliminary HUD guidance but actually reflected a 5.4% increase over 2017, a positive annual funding swing of $434,000 across the entire portfolio.

Earlier in the year, KCHA was awarded a 2018 Housing Choice Voucher program inflation factor of 18.2%, prorated at 99.745% vs. the budgeted inflation of 8.0% and 97.0% prorate. Combining both factors, the total HCV funding award for 2018 reflects an increase of $24.3 million over 2017 and a positive variance of $17.1 million vs. the 2018 budget. Due to HUD cash management regulations, KCHA has been unable to draw all awarded funds and current projections show up to $10 million in HUD-held funds by the end of the year.

As calculated by HUD, the inflation factor for the Seattle-King County Metro Area was actually 18.3%. Due to HUD incorrectly geocoding 23 vouchers to areas outside of King County, HUD lowered KCHA's inflation factor to 18.2%. This error caused 2018 funding to be approximately $133,000 lower that is should have been, and KCHA appealed. HUD recently responded and admitted their error, but stated that there is no additional revenue to disburse. Staff is considering its options.

2018 Housing Choice Voucher (HCV) Housing Assistance Payments (HAP) to landlords, excluding those made on behalf of tenants who have moved into KCHA's service area (ports-in), are over budget by $930,000 or 1.0% due to higher over-issuance than initially anticipated. KCHA is a cumulative 1,420 unit months over budget through the first three quarters, but the average HAP payment has been $3.39 lower than original estimates.

QUARTERLY HIGHLIGHTS

153 new Housing Choice Vouchers were awarded to KCHA during the quarter, 99 in the Mainstream Non-Elderly Disabled (NED) program, and 54 in the VASH program. Total first year funding for these vouchers will total nearly $1.5 million. Subsequent rounds of funding for NED vouchers are anticipated, as HUD has only awarded $98 million of the $385 million appropriated by Congress. There is one remaining voucher application still outstanding-100 vouchers in the Family Unification Program (FUP) program. Award announcements are expected this month.

The Washington State Department of Commerce has approved a $640,000 grant for capital repairs at the Nike Manor property. KCHA leases this 31 unit complex to a consortium of non-profit homeless service providers – the Multi-Service Center, St. Stephens Housing Association and Navos Mental Health Solutions – who provide emergency shelter, transitional housing and permanent housing for homeless individuals and families. Cash flow on the property is not sufficient to cover the on-going capital replacement needs of the property. The State funds will be used to address a range of near–term capital needs including roof and siding replacements.

The annual audit has concluded with no findings for the seventh consecutive year. The entire agency is responsible for this outstanding result, and the finance team deserves special thanks.

KCHA must maintain a debt service coverage ratio of 1.1 or better to remain in compliance with lender debt covenants. The debt service coverage ratio is calculated by dividing net operating income by the annual required debt service payments and is a measure of the ability of a borrower to meet current debt obligations. A ratio of 1.0 or greater means the borrower has sufficient income to cover its obligations. Below is a chart detailing the recent history of this important metric:

2017 Ratios	
Q1	2.09
Q2	1.98
Q3	1.67
Q4	1.59

2018 Ratios	
Q1	1.99
Q2	1.77
Q3	1.64
Q4	

CASH AND INVESTMENT SUMMARIES

Overall cash balances are largely unchanged from the previous quarter, declining by $1.3 million. Unrestricted cash fell by $5.5 million due to $5.4 million of subordinate loans made to the Highland Village/Somerset Gardens project. The source of these subordinate loans was a lease payment from the partnership earlier in the year. For a complete report on KCHA's overall cash position at the end of the quarter, please see page 10.

Investment Summary (in millions) as of September 30, 2018	Amount	Yield	% of Total
Invested in the Local Government Investment Pool & Masterfund	$74.1	2.06%	35.4%
Invested by KCHA	64.0	1.83%	30.6%
Cash held by trustees	14.3	0.10% *	6.8%
Cash held in checking and savings accounts	34.9	0.10% *	16.7%
Invested by KCHA	$187.4	1.56%	89.5%
Cash loaned for low income housing & EPC project purposes	22.0	4.98%	10.5%
Loaned by KCHA	22.0	4.98%	10.5%
Total	$209.5	1.92%	100.0%

*Estimate

The overall Return on Investment (ROI) on all KCHA investments, including loans made for low income housing and EPC project purposes was 1.92%, up from 1.66% last quarter. The Washington State Treasurer's Local Government Investment Pool (LGIP) interest rate at 9/30/2018 was 2.23%.

Balances and quarterly activity for MTW and COCC cash reserves (in millions of dollars) are:

MTW Cash, Beginning of Quarter	$17.3
Quarterly change:	
Standard block grant cash receipts from HUD	33.5
Quarterly HAP payments sourced from the block grant	(26.9)
Quarterly block grant administrative fees paid to Section 8	(2.2)
Loan to EPC project	(6.3)
Additional transfers to EPC project	(1.3)
Additional subsidy transferred to Public Housing properties	(1.1)
Capital construction projects	(2.4)
Unit upgrades	(0.6)
Direct social service expenses	(1.0)
Homeless Housing expenses	(0.5)
Other net changes	0.4
MTW Cash, End of Quarter	$8.9
Less Reserves:	
Restricted reserve-Green River collateral	(6.0)
Restricted reserve-FHLB collateral	(3.8)
FSS reserves	(0.2)
MTW Available Cash, End of Quarter	($1.2) (1)

1) Requested and received addtional $6.3 million from HUD in October

COCC Cash, Beginning of Quarter	$50.8
Quarterly change:	
Fee revenue	2.1
Transfer of excess cash to COCC	0.8
Return cash back to COCC (transferred out in error)	0.7
Interest income on investments and loans	0.3
Net lending activity	(0.3)
Short-term receivable	(1.1)
Administrative expenses	(3.0)
Net change in Central Maintenance and Vehicle Funds	(0.2)
Other net change	0.2
COCC Cash, End of Quarter	$50.3
Less Reserves:	
Liquidity reserves for King County credit enhancement	(13.0)
COCC Working Capital Cash, End of Quarter	$37.3

CAPITAL INVESTMENTS (Including tax credit partnerships)

The following schedule shows the budget versus actual costs of both KCHA-owned properties and KCHA-managed tax credit partnerships' capital projects through the third quarter.

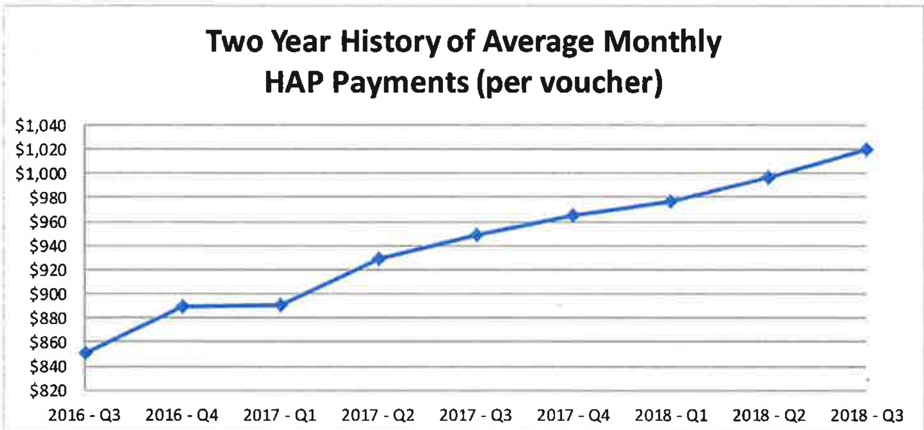
	Actuals Thru 9/30/2018		Budget Thru 9/30/2018	YTD Variance	Percent of Annual Budget	2018 Annual Budget
CONSTRUCTION ACTIVITIES						
Managed by Capital Construction Department						
Public Housing	$3,865,447	(1)	$5,949,754	($2,084,307)	60.3%	$6,411,806
509 Properties	715,184	(2)	3,536,910	(2,821,726)	20.0%	3,575,529
Other Properties	701,531	(3)	1,930,834	(1,229,303)	35.0%	2,007,234
	5,282,161		11,417,498	(6,135,337)	44.0%	11,994,569
Managed by Housing Management Department						
Unit Upgrade Program	2,327,777		2,397,663	(69,886)	72.8%	3,196,871
Energy Performance Contract	5,659,123	(4)	3,933,899	1,725,224	102.2%	5,537,742
Other Projects	663,581		212,938	450,643	278.5%	238,250
	8,650,480		6,544,500	2,105,980	96.4%	8,972,863
Managed by Asset Management Department						
Bond Properties-managed by KCHA staff	783,066		992,752	(209,686)	76.3%	1,026,451
Bond Properties-managed by external property mgt	1,159,907	(5)	3,149,700	(1,989,793)	30.4%	3,809,600
	1,942,973		4,142,452	(2,199,479)	40.2%	4,836,051
Subtotal Construction Activities	**15,875,614**		**22,104,450**	**(6,228,836)**	**61.5%**	**25,803,483**
DEVELOPMENT ACTIVITY						
Managed by Hope VI Department						
Seola Gardens	(1,977)		-	(1,977)	N/A	-
Greenbridge	1,553,589	(6)	1,568,894	(15,305)	55.7%	2,789,520
Notch	73,525		90,576	(17,051)	60.5%	121,515
Salmon Creek/Nia	144,484		160,000	(15,516)	90.3%	160,000
	1,771,598		1,819,470	(49,849)	57.7%	3,071,035
Managed by Development Department						
	-		-	-	N/A	-
	-		-	-	N/A	-
Other Projects	(799,698)	(7)	1,750,000	(2,549,698)	(34.8%)	2,300,000
	(799,698)		1,750,000	(2,549,698)	(34.8%)	2,300,000
Subtotal Development Activity	**971,900**		**3,569,470**	**(2,599,547)**	**18.1%**	**5,371,035**
TOTAL CONSTRUCTION & DEVELOPMENT	**$16,847,514**		**$25,673,920**	**($8,828,383)**	**54.0%**	**$31,174,518**
PROPERTY ACQUISITIONS & OTHER ASSETS						
Acquisitions	5,079,251					
Other Assets	267,438					
TOTAL PER CASH RECONCILATION REPORT	**$22,194,203**					

1) Valli Kee site improvement, Paramount House envelope and Forest Glen site improvement projects were budgeted starting January. While the Valli Kee and Paramount projects started in the third quarter, the Forest Glen project was postponed to 2019
2) MKCRF capital expenditures are less than budgeted as the Juanita Trace building envelope and Green Leaf Envelope and Desk projects didn't start until late in the 3rd quarter.
3) Paramount House bulding envelope project started a bit later than originally anticipated but is still expected to be finished by the end of the year
4) Timing. EPC costs were budgeted evenly throughout the year but most of 2018 budgeted Ductless Heat Pumps (DHP) and Energy Recovery Ventilators (ERV) were installed in the first quarter.
5) Maintenance projects at bond properties that would occur after tenants vacate units were behind schedule as unit turnover was less than anticipated.
6) Some utility hookup fees and engineering costs for the preliminary development of raw land in Greenbridge Division 8 were budgeted for the first quarter but will occur later in the year.
7) Reversal of previous costs and transfer to the Highland Village/Somerset Gardens tax credit partnership ($1.1M); unbudgeted. Also, the budgeted $1.8M for Trailhead Issaquah Predevelopment project has yet to be used.

PROGRAM ACTIVITIES

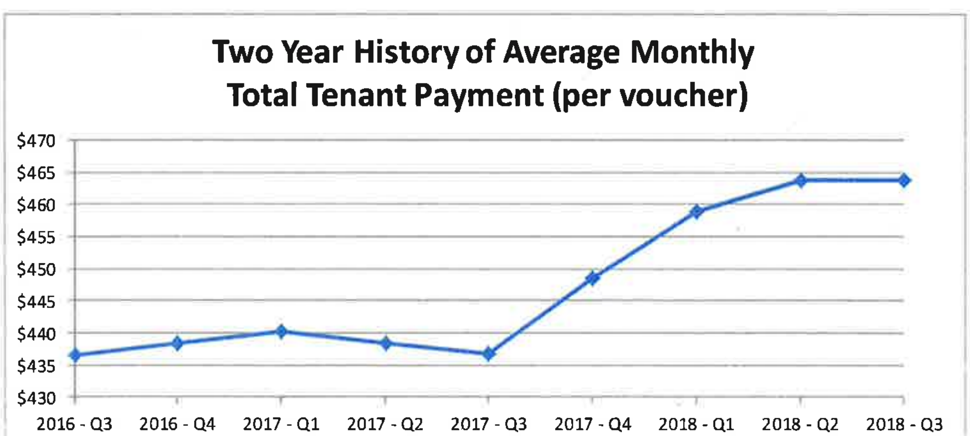
HOUSING CHOICE VOUCHERS

The average quarterly HAP payment to landlords for all HCV vouchers was $1.019.52, compared to $996.86 last quarter and $949.49 one year ago, an annual increase of 7.4%, and a two-year rise of 19.8%.



KCHA's average HAP cost continued to rise during the quarter at roughly the same pace since the second quarter of 2017. With continued rising market rents for lower priced units, continued low vacancy rates and KCHA's commitment to adequately sizing subsidy payments to enable program participants to reside in higher priced sub-markets, the increase in average HAP costs is expected to continue, but signs of moderation have begun to emerge.

Total Tenant Payment (TTP) is the tenant's monthly contribution towards rent and utilities and is benchmarked at 28.3% of their income. Average TTP for the quarter was $463.68, down slightly from $463.84 the previous quarter but up from $436.68 one year ago. The rate growth in TTP slackened a bit in the second quarter and was essentially flat in the third, likely due to a combination of payment standard adjustments authorized by the Board at the end of 2017 and again in June of 2018.



MTW PROGRAM

In the *MOVING TO WORK (MTW) FUND,* KCHA combines certain HUD Public Housing revenues with Housing Choice Vouchers (HCV) Block Grant funding. Out of these aggregated revenues, there are five distinct uses:

1. *Transfers to the Section 8 program to pay for Housing Assistance Payments to landlords and administrative expenses*

Monthly block grant payments from HUD have increased during the last quarter, bringing the cumulative total closer to budget projections. An additional $6.3 million was requested and received from HUD in October.

(In thousands of dollars)	Actual	Budget	Variance	%Var	
HCV Block Grant Revenue	94,971.1	95,837.7	($866.6)	(0.9%)	(1)
Funding of HAP Payments to Landlords	(79,049.3)	(78,237.9)	811.4	(1.0%)	
Funding of Section 8 Administrative Costs	(6,505.2)	(6,453.5)	51.7	(0.8%)	
Excess of HCV Block Grant Funding over Expenses	$ 9,416.7	$ 11,146.4	$ (1,729.7)	(15.5%)	

1) Receiving block grant payments from HUD is a three stage process. First, HUD must issue budget authority to housing authorities, which it does on a periodic basis. Second, cash is advanced to each PHA based on prior year expense levels. Finally, additional cash is requested from HUD when sufficient budget authority exists and KCHA has a need for additional cash. Accordingly, quarterly cash receipts vary.

2. *Payments to Public Housing sites to subsidize the difference between operating costs and tenant revenue*

Through the first nine months, transfers of MTW funds to subsidize Public Housing have based on the budget and have therefore matched exactly. At year-end, a final transfer is made to insure each Public Housing property has enough cash to maximize scoring under HUD's financial scoring system.

(In thousands of dollars)	Actual	Budget	Variance	%Var
Additional Transfers to PH AMPs Based on Need	($2,571.2)	($2,571.2)	$0.0	(0.0%)
Net Flow of Cash(from)/to MTW from/(to) PH	($2,571.2)	($2,571.2)	$0.0	(0.0%)

3. *Expenditures for homeless and resident service programs*

MTW dollars support nearly all resident service programs and various initiatives designed to alleviate and prevent homelessness:

(In thousands of dollars)	Actual	Budget	Variance	%Var	
Public Housing Subsidy earmarked for resident services	$356.9	$317.0	$39.9	12.6%	
Homeless Initiatives	(1,354.9)	(1,710.6)	$355.7	(20.8%)	(1)
Resident Services	(4,029.5)	(4,369.6)	$340.1	(7.8%)	
Use of MTW Funds for Special Programs	($5,027.5)	($5,763.1)	$735.6	(12.8%)	

1) Service providers have been slow in billing the Authority. Also, the Coming Up, PACT and New DV Programs were budgeted to incur $717K of expenses but only $470K have been billed to the Authority through the 3rd quarter. Billing is expected to increase during the 4th quarter and the year-end closing process.

4. *Other uses of MTW funds*

MTW working capital is used for a variety of other purposes. Year-to-date expenditures include:

(In thousands of dollars)	Actual	Budget	Variance	%Var	
Construction Activity & Management Fees	$5,141.51	$8,378.45	($3,236.9)	(38.6%)	(1)
Misc. Other Uses	2,014.2	1,717.4	296.9	17.3%	(2)
	$7,155.7	$10,095.8	($2,940.1)	(29.1%)	

1) Transfers from MTW for capital construction is below target as some projects such as the Juanita Trace and Green Leaf envelope projects are delayed and others like the Forest Glen site improvement project are postponed to 2019.
2) The budget included $1 million transfer from MTW to backstop funding shortfalls in special purpose vouchers. With the 18.2% inflation factor, this transfer will no longer be needed.

5. *Costs to administer the MTW program*

Administrative costs are primarily salaries and benefits of those who manage or analyze MTW-funded programs, with year-to-date expenses of $530,241 or 0.56% of program gross revenues. Expenses are below the year-to-date budget of $789,991 and it is projected that approximately $150,000 of budgeted expenses will not be spent.

AGENCY OVERHEAD

The Central Office Cost Center (COCC) aggregates overhead costs for the Authority. The COCC is supported by fees charged to both Federal and non-Federal programs and housing properties, and by transfers of excess cash from non-Federal housing programs. KCHA continues to administer its programs in a fiscally-prudent manner and within HUD guidelines. The chart below reflects a summary of COCC activity, excluding Regional Maintenance crews, as Regional Maintenance activity is accounted for in a separate fund and is not considered part of KCHA's general overhead.

Revenues	YTD Actual	YTD Budget	Variance	%Var	
Management fees	6,978.5	6,756.4	$222.1	3.2%	
Cash transferred-in from local properties	5,554.4	5,298.4	256.0	4.6%	
Investment income	1,733.4	1,401.6	331.9	19.1%	
Other income	1,054.0	881.8	172.2	16.3%	
	$15,320.3	$14,338.2	$982.2	6.4%	
Expenses					
Salaries & Benefits	7,939.3	8,271.5	($332.2)	(4.2%)	
Administrative Expenses	1,772.5	2,415.1	(642.5)	(36.2%)	(1)
Occupancy Expenses	197.4	169.2	28.2	14.3%	(2)
Other Expenses	533.1	529.7	3.4	0.6%	
	$10,442.3	$11,385.4	($943.1)	(9.0%)	
Net Change in Available COCC Resources	$4,878.0	$2,952.7	$1,925.3		

1) Various administrative categories are under target
2) Includes $30K of flooring expenses from a public housing property that was accidentally coded to the COCC. This will be corrected in the fourth quarter.

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King County Housing Authority
Consolidated Cash Report
As of 9/30/2018

	KCHA Cash		Cash of
	Current Quarter	Prior Quarter	Other Entities
Unrestricted	$53,095,598	$58,589,978	$3,952,570
Designated, but Available for General Use			
Excess Cash Flow from Birch Creek	8,588,000	6,588,000	0
Excess Cash Flow from Green River	4,500,000	4,300,000	0
Voluntary Debt Service Reserve-Birch Creek	0	0	0
Exit Tax Reserve, Birch Creek	3,000,000	3,021,176	0
Exit Tax Reserve, Egis	3,000,000	3,031,651	0
Liquidity Reserve-County Credit Enhancement Program	13,000,000	13,006,732	0
Total Cash Available for General Use	**85,183,598**	**88,537,537**	3,952,570
Other Designated Cash			
Voluntary Replacement Reserves	19,981,579	19,931,466	0
Funds Held by Outside Property Management Companies	26,112,161	20,215,943	0
EPC Project Reserves	1,466,560	0	0
Funds Held Related to Hope VI and Lot Sales Activity	7,910,915	7,875,518	0
Other Designated Funds	91,681	2,211,294	268,919
Total Other Designated Cash	55,562,895	50,234,222	268,919
Programmatic Cash			
MTW Program	(1,242,844) (1)	5,106,652	0
Public Housing	4,809,961	4,594,690	2,570,428
Housing Choice Voucher Program	414,520	(1,088,004)	0
Energy Performance Contract Project	1,574,912	2,972,624	0
Hope VI Lot Sales Proceeds (not subject to HUD approval)	1,790,495	1,871,303	0
Other Programmatic Cash	232,445	381,695	0
Total Programmatic Cash	7,579,490	13,838,960	2,570,428
Restricted Cash			
MTW Pledged as Collateral	9,831,700	9,831,700	0
Bond Reserves-1 Year Payment	2,239,792	2,232,924	0
Bond Reserves-P & I	6,162,859	4,037,556	0
Hope VI Lot Sales Proceeds	3,036,295	3,036,142	0
Replacement Reserves	579,799	537,890	2,238,769
Highland Village/Somerset Projects	10,671,033	10,697,788	0
FSS Reserves	1,188,744	1,191,186	0
Security Deposits	2,367,703	2,357,005	164,384
Other Restricted Cash	1,824,410	1,060,576	130,735
Total Restricted Cash	39,100,422	36,135,659	2,533,889
TOTAL CASH	$187,426,405	$188,746,378	$9,325,805

King County Housing Authority
Statements of Financial Position
As of September 30, 2018

	Public Housing Not For Profit Properties	Other LIH Not for Profit Properties	Housing Net Cash Flow Properties	Other LIH Net Cash Flow Properties	Housing Choice Voucher Program	MTW Program	Development Program	Other Funds	COCC Overhead	Total
Assets										
Cash-Unrestricted	$9,126,818	$4,816,004	($3,005,523)	$11,589,337	$414,520	($1,242,844)	$1,554,131	$9,154,605	$37,278,557	$69,685,607
Cash-Designated	3,268,919	2,505,970	40,242,592	19,274,566	(10,679)	0	7,910,915	1,700,700	13,026,830	87,919,814
Cash-Restricted	1,998,002	1,656,728	20,472,481	876,336	987,210	10,033,234	3,122,798	0	0	39,146,790
Accounts Receivable	675,243	615,550	1,173,693	4,491,651	334,546	1,135,034	0	1,000,512	999,475	10,425,702
Other Short-term Assets	3,068	395,098	17,905	9,002	4,673	(315)	0	16,219	16,261	461,910
Long-term Receivables	85,075,477	26,663,814	92,456,940	118,762,501	0	24,890,812	365,084	13,427,681	33,479,061	395,121,371
Capital Assets	224,819,315	118,568,640	309,236,857	179,265,934	0	30	16,278,199	21,441,837	13,671,534	883,282,346
Other Assets	1,422,910	111	(1,052,347)	301,750	(4,448)	0	50,277	3,305	(8,700)	712,858
Total Assets	$326,389,750	$155,221,916	$459,542,599	$334,571,077	$1,725,823	$34,815,951	$29,281,404	$46,744,859	$98,463,019	$1,486,756,398
Liabilities and Equity										
Short-term Liabilities	$854,811	$793,790	$6,391,199	$2,487,409	$1,469,348	$1,274,380	$279,339	$2,071,196	$684,957	$16,306,431
Current Portion of Long-term Debt	0	983,600	4,251,585	5,510,661	0	0	0	0	900,000	11,645,846
Long-term Debt	74,547,792	54,313,137	393,908,869	150,833,053	0	0	0	4,964,517	23,052,432	701,619,801
Other Long-term Liabilities	11,119,256	1,362,109	479,914	4,512,858	0	0	9,493,085	26,218,698	0	53,185,920
Total Liabilities	86,521,859	57,452,636	405,031,567	163,343,982	1,469,348	1,274,380	9,772,424	33,254,411	24,637,390	782,757,997
Equity	239,867,891	97,769,279	54,511,032	171,227,095	256,474	33,541,571	19,508,980	13,490,449	73,825,629	703,998,401
Total Liabilities and Equity	$326,389,750	$155,221,916	$459,542,599	$334,571,077	$1,725,823	$34,815,951	$29,281,404	$46,744,859	$98,463,019	$1,486,756,398

King County Housing Authority
Cash Reconciliation Report
Combined Operations
Through September 30, 2018

	Actuals	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$63,707,785**				
Rental Revenue and Subsidy					
Tenant Revenue	$72,008,685	$69,691,068	$2,317,617	3.3%	
Federal Operating Support	9,884,624	9,069,806	814,818	9.0%	
Total Rental Revenue and Federal Support	81,893,309	78,760,874	3,132,435	4.0%	
Other Operating Revenue					
Federal Support for HCV Program	107,477,331	107,362,322	115,009	0.1%	
Other Revenue	93,242,362	91,771,405	1,470,957	1.6%	
Total Other Operating Revenue	200,719,693	199,133,727	1,585,966	0.8%	
Total Operating Revenue	282,613,002	277,894,601	4,718,401	1.7%	
Operating Expenses					
Salaries and Benefits	(32,952,732)	(34,432,106)	1,479,374	4.3%	
Administrative Expenses	(7,423,064)	(8,321,537)	898,473	10.8%	(1)
Maintenance Expenses, Utilites, Taxes	(23,617,386)	(28,291,356)	4,673,970	16.5%	(2)
Management Fees Charged to Properties and Programs	(5,759,496)	(5,630,908)	(128,588)	-2.3%	
HCV Housing Assistance Payments to Landlords	(118,316,790)	(114,232,800)	(4,083,990)	-3.6%	
Other Programmatic Expenses	(6,333,907)	(6,808,423)	474,516	7.0%	
Other Expenses	(357,222)	0	(357,222)	n/a	(3)
Transfers Out for Operating Purposes	(38,807,649)	(38,396,435)	(411,214)	-1.1%	
Total Operating Expenses	(233,568,245)	(236,113,565)	2,545,320	1.1%	
Net Operating Income	49,044,757	41,781,036	7,263,721	17.4%	
Non Operating Income/(Expense)					
Interest Income from Loans	7,822,333	7,824,017	(1,684)	0.0%	
Interest Expense	(15,958,074)	(17,778,207)	1,820,133	10.2%	(4)
Other Non-operating Income/(Expense)	11,934,033	1,165,560	10,768,473	923.9%	(5, 6)
Total Non Operating Income/(Expense)	3,798,293	(8,788,630)	12,586,923	143.2%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	9,255,742	11,461,770	(2,206,028)	-19.2%	(5)
Capital Project Expenditures	6,558,301	(954,261)	7,512,562	787.3%	(5, 7)
Total Change in Capital Assets, net of Direct Funding and Debt	15,814,043	10,507,509	5,306,534	50.5%	
Change in Assets/Liabilities					
Change in Designated/Restricted Cash	22,139,464	40,836,861	(18,697,397)	-45.8%	(8)
Change in Short-term Assets	4,301,387	0	4,301,387	n/a	(9)
Change in Long term Receivables	(62,391,278)	(68,656,519)	6,265,241	9.1%	
Change in Other Assets	158,436	0	158,436	n/a	
Change in Short-term Liabilities	(5,701,172)	0	(5,701,172)	n/a	(10)
Change in Long-term Debt	(30,606,273)	2,139,592	(32,745,865)	-1530.5%	(11)
Change in Other Liabilities	6,938,849	(585,960)	7,524,809	1284.2%	(12)
Change in Equity	(6,204)	0	(6,204)	n/a	
Change in Other Assets/Liabilities	(65,166,791)	(26,266,026)	(38,900,765)	-148.1%	
Change in Unrestricted/Program Cash	**$3,490,300**	**$17,233,889**	**($13,743,589)**	**-79.7%**	
ENDING UNRESTRICTED/PROGRAM CASH	$67,198,085				

	Actuals	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$151,693,589**				
Change in Replacement Reserves	(2,122,890)	1,822,572	(3,945,462)	-216.5%	(8)
Change in Debt Service Reserves	1,861,223	0	1,861,223	n/a	(8)
Change in Other Reserves	(21,877,796)	(42,659,433)	20,781,637	48.7%	(8)
Change in Designated/Restricted Cash	**(22,139,464)**	**(40,836,861)**	**18,697,397**	**45.8%**	
ENDING DESIGNATED/RESTRICTED CASH	**$129,554,125**				

1) Various categories are under target (i.e. software maintenance, administrative contracts, agency-wide training, professional services) for COCC. Will likely end the year below budget.
2) Various maintenance project costs (doors, cabinets, carpentry, roof, ventilation, plumbing) are less than anticipated. Expenditures will increase in the 4th quarter but are expected to finish 2018 below budget as unit turnover has been lower than originally forecast. Additionally, residual receipt reserves funded maintenance projects for Parkway are expected to occur in the fourth quarter. Lastly, $300K was budgeted for plumbing work at Friendly Village but the project is postponed to 2019.
3) Technical accounting entry to correct prior year revenue.
4) EPC program loan interest was capitalized as project cost instead of being expensed as budgeted. Actual interest for Ballinger Commons, 2018 Pool refinancing, was less than anticipated in the budget.
5) MKCRF capital expenditures are less than budgeted as the Juanita Trace building envelope and Green Leaf Envelope and Deck projects didn't start until late in the 3rd quarter. This also affects technical entries related to income and expense.
6) Additionally, gain on disposal of Somerset Gardens/Highland Village exceeded budget by $7.2M.
7) Valli Kee and Forest Glen site improvement projects were budgeted starting January. While the Valli Kee site improvement projects started in the third quarter, the Forest Glen site improvement project is postponed to 2019 resulting in less than anticipated capital construction transfer from MTW and draw from CFP grant.
8) $25M was budgeted to be drawn from Highland Village rehab reserves but only $14M has been drawn to-date. The remainder is expected be drawn 2019. Also, net unbudgeted reduction in designated/restricted cash due to refinancing of 2005 pool with the new 2018 pool.
9) Repayment of Spiritwood developer fee of $1.3M from net cash flow was unbudgeted. Also, repayment of Birchcreek lease receivable from net cash flow exceed the original budget by $735K. Also, due to amortization of prepaid insurance which was unbudgeted.
10) Payment of short-term liabilities which are unbudgeted (accounts payable, payroll, current portion of long-term debt)
11) A $20M loan was budgeted for acquisition of new property evenly through out the year as a placeholder. The actual acquisition will not occur until 2019 (Riverstone Apartments). Additionally, issuance of Private Activity Bonds for Highland Village and Somerset Gardens was budgeted in 2018 but occurred in late 2017. Also, net decrease in long term debt due to refinancing of 2005 pool with the new 2018 pool.
12) Due to unbudgeted MTW loan to EPC totaling $6.3M. Also, increase in short term liabilities.

King County Housing Authority
Cash Reconciliation Report
Public Housing Not for Profit
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$8,101,851**				
Rental Revenue and Subsidy					
Tenant Revenue	$5,868,527	$5,650,344	$218,183	3.9%	
Federal Operating Support	7,712,356	7,128,135	584,221	8.2%	
Total Rental Revenue and Federal Support	13,580,883	12,778,479	802,404	6.3%	
Other Operating Revenue					
Other Revenue	148,867	41,279	107,588	260.6%	(1)
Total Other Operating Revenue	148,867	41,279	107,588	260.6%	
Total Operating Revenue	13,729,750	12,819,758	909,992	7.1%	
Operating Expenses					
Salaries and Benefits	(4,161,450)	(4,495,991)	334,541	7.4%	
Administrative Expenses	(862,480)	(885,605)	23,125	2.6%	
Maintenance Expenses, Utilites, Taxes	(4,568,737)	(4,705,579)	136,842	2.9%	
Management Fees Charged to Properties and Programs	(1,250,646)	(1,223,686)	(26,960)	-2.2%	
Other Programmatic Expenses	(53,907)	(47,487)	(6,420)	-13.5%	
Other Expenses	24,307	0	24,307	n/a	
Transfers Out for Operating Purposes	(105,289)	0	(105,289)	n/a	(3)
Total Operating Expenses	(10,978,203)	(11,358,348)	380,145	3.3%	
Net Operating Income	**2,751,547**	**1,461,410**	**1,290,137**	**88.3%**	
Non Operating Income/(Expense)					
Interest Income from Loans	1,232,160	1,232,151	9	0.0%	
Interest Expense	(1,308,717)	(1,247,405)	(61,312)	-4.9%	
Other Non-operating Income/(Expense)	2,757,422	2,757,050	372	0.0%	
Total Non Operating Income/(Expense)	2,680,865	2,741,796	(60,931)	-2.2%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	8,529,696	9,043,151	(513,455)	-5.7%	(4)
Capital Project Expenditures	(11,768,649)	(14,026,962)	2,258,313	16.1%	(4)
Grant Revenue-Capital	2,174,415	2,989,387	(814,972)	-27.3%	(4)
Total Change in Capital Assets, net of Direct Funding and Debt	(3,238,953)	(4,983,811)	1,744,858	35.0%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	3,812	712,503	(708,691)	-99.5%	(5)
Change in Receivables	(1,305,601)	(1,232,151)	(73,450)	-6.0%	
Change in Other Assets	358,731	0	358,731	n/a	(6)
Change in Other Liabilities	(225,433)	1,247,405	(1,472,838)	-118.1%	(7)
Change in Other Assets/Liabilities/Equity	(1,168,492)	727,757	(1,896,249)	-260.6%	
Change in Unrestricted/Program Cash	**$1,024,967**	**($52,848)**	**$1,077,815**	**2039.5%**	
ENDING UNRESTRICTED/PROGRAM CASH	**$9,126,818**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$5,270,733**				
Change in Replacement Reserves	21,620	187,497	(165,877)	-88.5%	(8)
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	(25,432)	(900,000)	874,568	97.2%	(5)
Change in Designated/Restricted Cash	**(3,812)**	**(712,503)**	**708,691**	**99.5%**	
ENDING DESIGNATED/RESTRICTED CASH	**$5,266,921**				

1) Due to rising interest rates, higher than anticipated interest income was earned on invested cash. Also, Brookside non-dwell rent from Sound Mental Health was unbudgeted.
2) Mostly due to unfilled positions.
3) Transfer of the Northlake House replacement reserves to COCC upon conversion to public housing property. Unbudgeted.
4) Valli Kee and Forest Glen site improvement projects were budgeted starting January. While the Valli Kee site improvement pr ojects started in the third quarter, the Forest Glen site improvement project is postponed to 2019 resulting in less than anticipated capital c onstruction transfer from MTW and draw from CFP grant.
5) A $1.2M draw from Egis exit tax reserve was budgeted evenly through out the year to fund a construction project at Paramount property. Instead, MTW funding will be used in lieu of the exit tax draw. This is partially offset due to t ransfer of the Northlake House replacement reserves to COCC.
6) Due to amortization of prepaid insurance and tax credit partnerships LIHTC fees. Unbudgeted.
7) Decrease in short term liabilities (accounts payable and deferred revenue-rent). Unbudgeted.
8) Release from restriction of the Northlake house, Burien Park and Northwood replacement reserve funds upon conversion to Pub lic Housing properties. Funds are now unrestricted have been transferred to the COCC.

King County Housing Authority
Cash Reconciliation Report
Other Low Income Housing-Not for Profit
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$2,993,192**				
Rental Revenue and Subsidy					
Tenant Revenue	$9,219,888	$9,344,457	($124,569)	-1.3%	
Federal Operating Support	395,511	375,899	19,612	5.2%	
Total Rental Revenue and Federal Support	9,615,399	9,720,356	(104,957)	-1.1%	
Other Operating Revenue					
Federal Support for HCV Program	290,588	311,206	(20,618)	-6.6%	
Other Revenue	4,660,774	7,403,537	(2,742,763)	-37.0%	(1)
Total Other Operating Revenue	4,951,362	7,714,743	(2,763,381)	-35.8%	
Total Operating Revenue	14,566,761	17,435,099	(2,868,338)	-16.5%	
Operating Expenses					
Salaries and Benefits	(1,975,556)	(2,108,226)	132,670	6.3%	
Administrative Expenses	(261,310)	(289,147)	27,837	9.6%	
Maintenance Expenses, Utilites, Taxes	(3,095,398)	(4,166,532)	1,071,134	25.7%	(2)
Management Fees Charged to Properties and Programs	(609,776)	(606,565)	(3,211)	-0.5%	
Other Programmatic Expenses	(18,336)	(12,810)	(5,526)	-43.1%	
Other Expenses	157,412	0	157,412	n/a	(1)
Transfers Out for Operating Purposes	0	(52,782)	52,782	100.0%	(3)
Total Operating Expenses	(5,802,964)	(7,236,062)	1,433,098	19.8%	
Net Operating Income	8,763,797	10,199,037	(1,435,240)	-14.1%	
Non Operating Income/(Expense)					
Interest Income from Loans	1,054,890	1,054,887	3	0.0%	
Interest Expense	(1,503,323)	(1,661,887)	158,564	9.5%	(4)
Other Non-operating Income/(Expense)	(2,659,261)	(5,422,609)	2,763,348	51.0%	(1)
Total Non Operating Income/(Expense)	(3,107,694)	(6,029,609)	2,921,915	48.5%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	(613,054)	2,309,742	(2,922,796)	-126.5%	(1)
Capital Project Expenditures	(1,618,834)	(4,828,213)	3,209,379	66.5%	(1)
Total Change in Capital Assets, net of Direct Funding and Debt	(2,231,888)	(2,518,471)	286,583	11.4%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(308,825)	333,770	(642,595)	-192.5%	(5)
Change in Receivables	(57,945)	(270,366)	212,421	78.6%	(6)
Change in Other Assets	201,955	0	201,955	n/a	(4)
Change in Debt	(728,850)	(963,280)	234,430	24.3%	(7)
Change in Other Liabilities	(707,737)	(69,447)	(638,290)	-919.1%	(8)
Change in Other Assets/Liabilities/Equity	(1,601,402)	(969,323)	(632,079)	-65.2%	
Change in Unrestricted/Program Cash	**$1,822,813**	**$681,634**	**$1,141,179**	**167.4%**	
ENDING UNRESTRICTED/PROGRAM CASH	**$4,816,004**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$3,853,873**				
Change in Replacement Reserves	274,326	231,129	43,197	18.7%	(9)
Change in Debt Service Reserves	(36,549)	0	(36,549)	n/a	
Change in Other Reserves	71,048	(564,899)	635,947	112.6%	(5)
Change in Designated/Restricted Cash	**308,825**	**(333,770)**	**642,595**	**192.5%**	
ENDING DESIGNATED/RESTRICTED CASH	**$4,162,698**				

1) MKCRF capital expenditures are less than budgeted as the Juanita Trace building envelope and Green Leaf Envelope and Desk projects didn't start until late in the 3rd quarter, but most is projected to be finished by year end. This also affects technical entries related to income and expense.
2) Various Parkway maintenance projects to be funded from residual receipt reserves draw are expected to occur in the fourth quarter. Also, $300K was budgeted for plumbing work at Friendly Village but the project is postponed to 2019.
3) The non-profit asset management fee and financing lease payment for Rural Housing properties were budgeted evenly throughout the year but expected to occur in December. The budgeted excess cash transfer from Rainier View won't occur in 2018 as management decided to use the fund with in the project next year.
4) Timing: the Friendly Village Tax Exempt Revenue Note principal and interest payments budgeted for the 2nd and 3rd quarters occurred in the 4th quarter
5) $565K was budgeted to be drawn from Parkway Residual Receipt reserve during the 1st and 2nd quarters. Actual draw is expected to occur in the 4th quarter. See note 2.
6) Repayments of KCHA loans was higher than anticipated in the budget as the net cash flow from the Nia and Seola Crossing was higher than originally anticipated. Additionally, decrease in tenant receivable in the amount of $148K which was not budgeted.
7) Due to amortization of prepaid insurance and decrease in mobile home inventory. unbudgeted.
8) Decrease in short term liabilities (accounts payable and deferred revenue-rent). Unbudgeted.
9) Deposit of $35K was made to Rainier View I replacement reserve account to help fund future projects. Unbudgeted.

King County Housing Authority
Cash Reconciliation Report
Workforce Housing-Net Cash Flow
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**($5,369,043)**				
Rental Revenue and Subsidy					
Tenant Revenue	$45,999,968	$43,648,006	$2,351,962	5.4%	
Total Rental Revenue and Federal Support	45,999,968	43,648,006	2,351,962	5.4%	
Other Operating Revenue					
Other Revenue	30,852,909	32,637,263	(1,784,354)	-5.5%	
Total Other Operating Revenue	30,852,909	32,637,263	(1,784,354)	-5.5%	
Total Operating Revenue	76,852,877	76,285,269	567,608	0.7%	
Operating Expenses					
Salaries and Benefits	(5,374,465)	(5,624,183)	249,718	4.4%	
Administrative Expenses	(3,044,425)	(2,868,201)	(176,224)	-6.1%	
Maintenance Expenses, Utilites, Taxes	(13,102,454)	(16,425,590)	3,323,136	20.2%	(1)
Management Fees Charged to Properties and Programs	(1,033,821)	(1,033,769)	(52)	0.0%	
Other Programmatic Expenses	(146,697)	(175,411)	28,714	16.4%	
Other Expenses	(607,967)	0	(607,967)	n/a	(2)
Transfers Out for Operating Purposes	(31,003,382)	(31,293,172)	289,790	0.9%	
Total Operating Expenses	(54,313,212)	(57,420,326)	3,107,114	5.4%	
Net Operating Income	**22,539,665**	**18,864,943**	**3,674,722**	**19.5%**	
Non Operating Income/(Expense)					
Interest Income from Loans	1,121,128	1,159,804	(38,676)	-3.3%	
Interest Expense	(9,134,803)	(9,908,183)	773,380	7.8%	
Other Non-operating Income/(Expense)	16,509,268	9,986,489	6,522,779	65.3%	(3)
Total Non Operating Income/(Expense)	8,495,593	1,238,110	7,257,483	586.2%	
Capital Activity					
Capital Project Expenditures	26,619,998	24,617,059	2,002,939	8.1%	
Total Change in Capital Assets, net of Direct Funding and Debt	26,619,998	24,617,059	2,002,939	8.1%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	26,685,429	43,992,027	(17,306,598)	-39.3%	(4)
Change in Receivables	(57,654,047)	(69,402,294)	11,748,247	16.9%	(5)
Change in Other Assets	404,511	0	404,511	n/a	(6)
Change in Debt	(27,307,104)	(8,606,013)	(18,701,091)	-217.3%	(7)
Change in Other Liabilities	2,579,474	0	2,579,474	n/a	(8)
Change in Other Assets/Liabilities/Equity	(55,291,736)	(34,016,280)	(21,275,456)	-62.5%	
Change in Unrestricted/Program Cash	**$2,363,520**	**$10,703,832**	**($8,340,312)**	**-77.9%**	
ENDING UNRESTRICTED/PROGRAM CASH	**($3,005,523)**				

	Actual	Budget	$ Variance	% Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$87,400,503**				
Change in Replacement Reserves	(2,440,170)	1,087,479	(3,527,649)	-324.4%	(4)
Change in Debt Service Reserves	1,897,771	0	1,897,771	n/a	(9)
Change in Other Reserves	(26,143,031)	(45,079,506)	18,936,475	42.0%	(4)
Change in Designated/Restricted Cash	**(26,685,429)**	**(43,992,027)**	**17,306,598**	**39.3%**	
ENDING DESIGNATED/RESTRICTED CASH	**$60,715,074**				

1) Various maintenance project costs (doors, cabinets, carpentry, roof, ventilation, plumbing) are less than anticipated. Expen ditures will increase in the 4th quarter but are expected to finish 2018 approximately $1.5M below budget as unit turnover has been lower than origina lly forecast.
2) Portion of the Carriage House fire loss insurance proceeds was received in 2017 while the entire repair work was done in 201 8. The Woodside East fire loss repair cost exceeds insurance proceeds as final disbursement is not expected to be received before November.
3) Gain on disposal of Somerset Gardens/Highland Village exceeded budget by $7.2M. This is partially offset due to unbudgeted Ballinger Commons closing cost totaling $387K.
4) $25M was budgeted to be drawn from Highland Village rehab reserves but only $14M has been drawn to -date. The remainder is expected be drawn in the 4th quarter and in first half of 2019. Also, net unbudgeted reduction in designated/restricted cash due to refinancing of 2005 pool with the new 2018 pool.
5) The budgeted $11M loan to Somerset tax credit partnership is expected to occur in the 4th quarter and in first half of 2019 when the related draw occurs. See note #4.
6) Due to amortization of prepaid insurance . Unbudgeted.
7) Issuance of Private Activity Bonds for Highland Village and Somerset Gardens was budgeted in 2018 but occurred in late 2017 . Also, net decrease in long term debt due to refinancing of 2005 pool with the new 2018 pool.
8) Decrease in short term liabilities . Unbudgeted.
9) Increase in Ballinger Commons debt service reserve . Unbudgeted.

King County Housing Authority
Cash Reconciliation Report
Other Low Income Housing-Net Cash Flow
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$9,072,984**				
Rental Revenue and Subsidy					
Tenant Revenue	$10,828,764	$10,977,011	($148,247)	-1.4%	
Federal Operating Support	69,801	49,258	20,543	41.7%	(1)
Total Rental Revenue and Federal Support	10,898,565	11,026,269	(127,704)	-1.2%	
Other Operating Revenue					
Other Revenue	437,348	181,607	255,741	140.8%	(2)
Total Other Operating Revenue	437,348	181,607	255,741	140.8%	
Total Operating Revenue	11,335,913	11,207,876	128,037	1.1%	
Operating Expenses					
Salaries and Benefits	(1,623,739)	(1,575,408)	(48,331)	-3.1%	
Administrative Expenses	(645,260)	(640,525)	(4,735)	-0.7%	
Maintenance Expenses, Utilites, Taxes	(2,428,795)	(2,708,921)	280,126	10.3%	(3)
Management Fees Charged to Properties and Programs	(346,415)	(339,198)	(7,217)	-2.1%	
Other Programmatic Expenses	(121,734)	(120,387)	(1,347)	-1.1%	
Other Expenses	208,432	0	208,432	n/a	(4)
Transfers Out for Operating Purposes	(2,460,000)	(1,369,645)	(1,090,355)	-79.6%	(5)
Total Operating Expenses	(7,417,510)	(6,754,084)	(663,426)	-9.8%	
Net Operating Income	**3,918,403**	**4,453,792**	**(535,389)**	**-12.0%**	
Non Operating Income/(Expense)					
Interest Income from Loans	2,452,620	2,418,292	34,328	1.4%	
Interest Expense	(3,350,148)	(3,332,547)	(17,601)	-0.5%	
Other Non-operating Income/(Expense)	2,757,693	2,684,065	73,628	2.7%	
Total Non Operating Income/(Expense)	1,860,165	1,769,810	90,355	5.1%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	6,568	108,877	(102,309)	-94.0%	
Capital Project Expenditures	(579,386)	(879,038)	299,652	34.1%	(6)
Total Change in Capital Assets, net of Direct Funding and Debt	(572,818)	(770,161)	197,343	25.6%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(2,774,334)	(2,216,467)	(557,867)	-25.2%	(7)
Change in Receivables	3,545,021	867,730	2,677,291	308.5%	(8)
Change in Other Assets	161,375	0	161,375	n/a	(9)
Change in Debt	(6,305,896)	(4,576,096)	(1,729,800)	-37.8%	(8)
Change in Other Liabilities	203,120	965,534	(762,414)	-79.0%	(8,10)
Change in Equity	(6,204)	0	(6,204)	n/a	
Change in Other Assets/Liabilities/Equity	(5,176,917)	(4,959,299)	(217,618)	-4.4%	
Change in Unrestricted/Program Cash	**$28,832**	**$494,142**	**($465,310)**	**-94.2%**	
ENDING UNRESTRICTED/PROGRAM CASH	**$9,101,816**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$19,864,089**				
Change in Replacement Reserves	294,497	316,467	(21,970)	-6.9%	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	2,479,837	1,900,000	579,837	30.5%	(7)
Change in Designated/Restricted Cash	**2,774,334**	**2,216,467**	**557,867**	**25.2%**	
ENDING DESIGNATED/RESTRICTED CASH	**$22,638,423**				

1) As Northwood Square will be public housing by the end of the year, th e budgeted MTW operating subsidy transfer will not occur.
2) Due to rising interest rates, higher than anticipated interest income was earned on invested cash.
3) Various maintenance project costs (Electrical, cabinets, carpentry, HVAC, plumbing) are less than anticipated. Expenditures will increase in the 4th quarter but are expected to finish 2018 below budget as unit turnover has been lower than originally forecast.
4) Insurance proceeds for Southwood Square fire loss. Unbudgeted.
5) Excess cash transfer to other properties to balance cash. Unbudgeted. The transfer was made from Newport, Hidden Village, Harrison House, Bellevue Manor and Northwood Square properties.
6) $300K was budgeted for Bellevue Manor and Patricia Harris predevelopment project s. However, management has decided to postpone the project to next year.
7) Reclassification of the Southwood Square fire loss insurance proceeds to restriction. Also, transfer of GRH2 excess cash to restriction. Unbudgeted.
8) Repayment of Spiritwood developer fee of $1.3M from net cash flow was unbudgeted. Also, repayment of Birchcreek lease receiv able from net cash flow exceeded the original budget by $735K.
9) Due to amortization of prepaid insurance . Unbudgeted.
10) Decrease in short term liabilities . Unbudgeted.

King County Housing Authority
Cash Reconciliation Report
Housing Choice Voucher Program
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**($876,946)**				
Operating Revenue					
Federal Support for HCV Program	97,770,036	95,904,729	1,865,307	1.9%	
Revenue from Collection	$91,539	$71,250	$20,289	28.5%	
Portability Income	27,852,181	24,781,712	3,070,469	12.4%	(1)
Other Revenue	1,994,692	2,593,222	(598,530)	-23.1%	(2)
Total Operating Revenue	127,708,447	123,350,913	4,357,534	3.5%	
Operating Expenses					
Salaries and Benefits	(5,003,829)	(5,501,396)	497,567	9.0%	
Administrative Expenses	(503,272)	(644,435)	141,163	21.9%	(3)
Maintenance Expenses, Utilites, Taxes	(200,800)	(192,567)	(8,233)	-4.3%	
Management Fees Charged to Properties and Programs	(2,299,077)	(2,202,555)	(96,522)	-4.4%	
HCV Housing Assistance Payments to Landlords	(90,375,423)	(89,451,088)	(924,335)	-1.0%	
HCV Housing Assistance Payment-Ports In	(27,941,367)	(24,781,712)	(3,159,655)	-12.7%	(1)
Other Programmatic Expenses	(108,469)	(105,198)	(3,271)	-3.1%	
Other Expenses	25,571	0	25,571	n/a	
Transfers Out for Operating Purposes	(872,818)	0	(872,818)	n/a	(4)
Total Operating Expenses	(127,279,484)	(122,878,951)	(4,400,533)	-3.6%	
Net Operating Income	428,963	471,962	(42,999)	-9.1%	
Non Operating Income/(Expense)					
Other Non-operating Income/(Expense)	(144,385)	(240,000)	95,615	39.8%	(5)
Total Non Operating Income/(Expense)	(144,385)	(240,000)	95,615	39.8%	
Capital Activity					
Capital Project Expenditures	2,751	0	2,751	n/a	
Total Change in Capital Assets, net of Direct Funding and Debt	2,751	0	2,751	n/a	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	667,185	0	667,185	n/a	(6)
Change in Receivables	167,872	0	167,872	n/a	(7)
Change in Other Assets	62,663	0	62,663	n/a	(8)
Change in Other Liabilities	106,418	0	106,418	n/a	(9)
Change in Other Assets/Liabilities/Equity	1,004,137	0	1,004,137	n/a	
Change In Unrestricted/Program Cash	**$1,291,466**	**$231,962**	**$1,059,504**	**456.8%**	
ENDING UNRESTRICTED/PROGRAM CASH	**$414,520**				

BEGINNING DESIGNATED/RESTRICTED CASH	**$1,643,716**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	(667,185)	0	(667,185)	n/a	(6)
Change In Designated/Restricted Cash	**(667,185)**	**0**	**(667,185)**	**n/a**	
ENDING DESIGNATED/RESTRICTED CASH	**$976,531**				

1) Higher than budgeted income related to ports-in as the budget assumed an average of 2,700 ports-in unit months while actual has been 2,911.
2) $1.0M was budgeted evenly through out the year for MTW subsidization of special purpose vouchers. With the larger-than-budgeted RFIF, this subsidization is no longer needed and will not occur. Also, the FSS program ROSS grant was budgeted under the section 8 fund . However, management decided to book the grant and the related expenses in Other Fund Group (Fund group 8). This is partially offset due to higher than expected port-in admin income.
3) Various categories are under target (i.e. Professional Services and Admin Contracts) but expected to increase in the 4th quarter. The budgeted $85K for Housing Counseling Services is expected to be used in the 4th quarter.
4) Technical accounting entry to move the Southwood Square net assets to MTW.
5) Flex-fund expenditures have been less than anticipated
6) Unbudgeted release from restriction of Southwood Square HAP reserves as the vouchers transitioned into the block grant upon renewal and the reserves were transferred to MTW. Also, changes in FSS reserve accounts are not budgeted.
7) Decrease in short -term receivables mainly due to collection of port-in and ROSS grant receivables.
8) Due to amortization of prepaid insurance . Unbudgeted.
9) Changes in FSS reserve accounts are not budgeted. Also, due to decrease in accounts payable.

King County Housing Authority
Cash Reconciliation Report
MTW Program
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$3,500,547**				
Federal Support					
Block Grant Revenue	$94,971,114	$95,837,730	($866,616)	-0.9%	
Less: Used for HAP	(79,049,256)	(78,237,880)	(811,376)	-1.0%	
Less: Used HCV Administrative Program Support	(6,505,151)	(6,453,463)	(51,688)	-0.8%	
Federal Operating Support	356,895	317,039	39,856	12.6%	(1)
Total Net Federal Support	9,773,602	11,463,426	(1,689,824)	-14.7%	
Other Operating Revenue					
Other Revenue	1,054,288	168,704	885,584	524.9%	(2)
Total Other Operating Revenue	1,054,288	168,704	885,584	524.9%	
Total Operating Revenue	10,827,890	11,632,130	(804,240)	-6.9%	
Program Expenses					
Resident Service Salaries and Benefits	(2,307,357)	(2,552,080)	244,723	9.6%	(3)
Resident Service Program and Administrative Expenses	(1,698,764)	(1,817,481)	118,717	6.5%	
Homeless Salaries and Benefits	(302,750)	(291,307)	(11,443)	-3.9%	
Homeless Program and Administrative Expenses	(1,052,137)	(1,419,268)	367,131	25.9%	(4)
Policy Salaries and Benefits	(379,480)	(425,610)	46,130	10.8%	(5)
Policy Administrative Expenses	(8,322)	(202,976)	194,654	95.9%	(6)
Additional Support of Public Housing Program	(2,571,185)	(2,571,173)	(12)	0.0%	
Other Programmatic Expenses	(129,492)	(894,066)	764,574	85.5%	(7)
Total Programmatic Expenses	(8,449,486)	(10,173,961)	1,724,475	16.9%	
Used for Rehabilitation, Development or Debt Service Purposes					
Funding for Capital Construction Projects	(5,018,546)	(6,732,680)	1,714,134	25.5%	(8)
Funding for Unit Upgrades	(1,156,651)	(1,206,516)	49,865	4.1%	
Management Fees Charged by COCC	(293,302)	(440,239)	146,937	33.4%	(9)
Total Rehab, Development and Debt Service Expenses	(6,468,499)	(8,379,435)	1,910,936	22.8%	
Administrative Expenses					
Salaries and Benefits	(136,133)	(157,093)	20,960	13.3%	
Administrative Expenses	(32,110)	(46,891)	14,781	31.5%	
Internal Management Fees	(25,068)	(32,314)	7,246	22.4%	
Total Administrative Expenses	(193,310)	(236,298)	42,988	18.2%	
Total Operating Expenses	(15,111,296)	(18,789,694)	3,678,398	19.6%	
Net Operating Income	(4,283,406)	(7,157,564)	2,874,158	40.2%	
Non Operating Income/(Expense)					
Interest Income from Loans	537,791	539,255	(1,464)	-0.3%	
Total Non Operating Income/(Expense)	537,791	539,255	(1,464)	-0.3%	
Capital Activity					
Capital Project Expenditures	0	(218,376)	218,376	100.0%	(10)
Total Change in Capital Assets, net of Direct Funding and Debt	0	(218,376)	218,376	100.0%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	2,675,861	951,014	1,724,847	181.4%	(11)
Change in Receivables	(3,696,536)	2,796,018	(6,492,554)	-232.2%	(12)
Change in Other Assets	2,006	0	2,006	n/a	
Change in Other Liabilities	20,892	0	20,892	n/a	(13)
Change in Other Assets/Liabilities/Equity	(997,777)	3,747,032	(4,744,809)	-126.6%	
Change in Unrestricted/Program Cash	**($4,743,391)**	**($3,089,653)**	**($1,653,738)**	**-53.5%**	
ENDING UNRESTRICTED/PROGRAM CASH	**($1,242,844)**				

	Actual	Budget	$ Variance	% Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$12,709,095**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	(2,675,861)	(951,014)	(1,724,847)	-181.4%	(11)
Change in Designated/Restricted Cash	**(2,675,861)**	**(951,014)**	**(1,724,847)**	**-181.4%**	
ENDING DESIGNATED/RESTRICTED CASH	**$10,033,234**				

1) The 2018 operating subsidy was budgeted at a 90% proration level but actual funding was at 93.39% through September. Also, the portion of the subsidy designed to reimburse utility costs was budgeted to decline by 7% in 2018 according to preliminary HUD guidance but actually increased by 5.4%.
2) Technical accounting entry to move the Southwood Square net assets to MTW ($872K).
3) Health Services Advisor and the Career Services Coordinator positions were budgeted beginning January but have yet to be filled. Also, the ROSS Coordinator position was vacated in July and not filled yet.
4) Service providers have been slow in billing the Authority. Also, the Coming Up, PACT and New DV Programs were budgeted to incur $717K of expenses but only $470K have been billed to the Authority through the 3rd quarter. Billing is expected to increase during the 4th quarter.
5) Unfilled Director of Policy and Intergovernmental Affairs position
6) Policy and Intergovernmental affairs has yet to incur any agency wide training costs which were budgeted at $40K. Additionally, a one time budget item of $116K for Research and Evaluation Iniativies has yet to be incurred.
7) $1.0M was budgeted evenly through out the year for MTW subsidization of special purpose vouchers. With the larger-than-budgeted RFIF, this subsidization is no longer needed and will not occur.
8) Transfers from MTW for capital construction is below target as some projects such as the Juanita Trace and Green Leaf envelope projects are delayed and others like the Forest Glen site improvement project are postponed to 2019.
9) As capital projects are below target, the related management fee transfers are also below target. (See note 8)
10) $279K was budgeted as a placeholder for Architecture and Engineering project costs; actual costs are being coded directly to projects.
11) Elimination of HAP reserve totaling $2.1M, unbudgeted. This variance was offset as the budgeted release of the FHLB collateral reserve of $394K has yet to occur.
12) Due to unbudgeted MTW loan to EPC totaling $6.3M
13) Decrease in short term liabilities . Unbudgeted.

King County Housing Authority
Cash Reconciliation Report
Development Activities
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$2,039,737**				
Rental Revenue and Subsidy					
Total Rental Revenue and Federal Support	0	0	0	n/a	
Other Operating Revenue					
Other Revenue	3,837,705	3,034,542	803,163	26.5%	(1)
Total Other Operating Revenue	3,837,705	3,034,542	803,163	26.5%	
Total Operating Revenue	3,837,705	3,034,542	803,163	26.5%	
Operating Expenses					
Salaries and Benefits	(191,917)	(122,655)	(69,262)	-56.5%	(2)
Administrative Expenses	(50,884)	(45,196)	(5,688)	-12.6%	
Other Expenses	(47,500)	0	(47,500)	n/a	(3)
Total Operating Expenses	(290,301)	(167,851)	(122,450)	-73.0%	
Net Operating Income	**3,547,404**	**2,866,691**	**680,713**	**23.7%**	
Non Operating Income/(Expense)					
Interest Income from Loans	619	0	619	n/a	
Interest Expense	(103)	(187,515)	187,412	99.9%	(4)
Total Non Operating Income/(Expense)	516	(187,515)	188,031	100.3%	
Capital Activity					
Capital Project Expenditures	(136,624)	(1,079,320)	942,696	87.3%	(5)
Total Change in Capital Assets, net of Direct Funding and Debt	(136,624)	(1,079,320)	942,696	87.3%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(3,627,865)	(2,935,236)	(692,629)	-23.6%	(6)
Change in Receivables	456,403	0	456,403	n/a	(7)
Change in Other Assets	(586)	0	(586)	n/a	
Change in Debt	(19,823)	15,000,000	(15,019,823)	-100.1%	(8)
Change in Other Liabilities	(705,030)	29,831	(734,861)	-2463.4%	(9)
Change in Other Assets/Liabilities/Equity	(3,896,901)	12,094,595	(15,991,496)	-132.2%	
Change in Unrestricted/Program Cash	**($485,605)**	**$13,694,451**	**($14,180,056)**	**-103.5%**	
ENDING UNRESTRICTED/PROGRAM CASH	**$1,554,131**				

	Actual	Budget	$ Variance	% Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$7,405,848**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	3,627,865	2,935,236	692,629	23.6%	(6)
Change in Designated/Restricted Cash	**3,627,865**	**2,935,236**	**692,629**	**23.6%**	
ENDING DESIGNATED/RESTRICTED CASH	**$11,033,712**				

1) Lot sales price participation was higher than anticipated in the budget as six lots were budgeted to be sold through September but a total of 13 lots sold during this time.
2) Since the Bellevue Manor and Patricia Harris development projects have not started, 55% of the development department's staff salaries that were budgeted to be charged elsewhere are being charged to the general development fund.
3) Write-off of receivable that should have been removed from the books in a prior year. Unbudgeted
4) $325K LOC interest expense was budgeted for acquisition of new property. As the actual acquisitions occurred in the 4th quarter, the related intere expense will be incurred starting in the 4th quarter.
5) Due to project delay, the Issaquah TOD development project is below target. This is partially offset as KCHA acquired back Greenbridge HomeSight l for $352K.
6) Contribution to program income reserves from Hope VI lots sales proceeds was higher than anticipated in the budget.
7) Reversal of the construction loan advanced for the development of the Greenbridge HomeSight 3 lot as the lot was acquired back by KCHA ($352K) Unbudgeted. Write -off of Write-off of prior year New Market Tax Credit Fee Receivable ($47K). (See note 3).
8) A $20M loan was budgeted for acquisition of new property evenly through out the year as a placeholder. The actual acquisition will not occur until : (Riverstone Apartments).
9) As the Greenbridge project costs were below target , draws from Greenbridge Internal loan was less than anticipated in the budget. Also, due to dec in short tem liabilities and refund of the Connor Homes earnest money deposit.

King County Housing Authority
Cash Reconciliation Report
Other Activities
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$8,631,431**				
Rental Revenue and Subsidy					
Federal Operating Support	1,350,061	1,199,475	150,586	12.6%	(1)
Total Rental Revenue and Federal Support	1,350,061	1,199,475	150,586	12.6%	
Other Operating Revenue					
Other Revenue	6,005,595	5,581,640	423,955	7.6%	(2)
Total Other Operating Revenue	6,005,595	5,581,640	423,955	7.6%	
Total Operating Revenue	7,355,656	6,781,115	574,541	8.5%	
Operating Expenses					
Salaries and Benefits	(1,287,287)	(1,158,186)	(129,101)	-11.1%	(3)
Administrative Expenses	(115,339)	(90,343)	(24,996)	-27.7%	
Maintenance Expenses, Utilites, Taxes	(10,507)	(9,211)	(1,296)	-14.1%	
Management Fees Charged to Properties and Programs	(18,739)	(18,870)	131	0.7%	
Other Programmatic Expenses	(3,313,748)	(3,356,943)	43,195	1.3%	
Other Expenses	(140,836)	0	(140,836)	n/a	(4)
Transfers Out for Operating Purposes	(1,528,952)	(1,029,047)	(499,905)	-48.6%	(5)
Total Operating Expenses	(6,415,409)	(5,662,600)	(752,809)	-13.3%	
Net Operating Income	940,247	1,118,515	(178,268)	-15.9%	
Non Operating Income/(Expense)					
Interest Income from Loans	266,256	266,254	2	0.0%	
Interest Expense	(128,544)	(911,016)	782,472	85.9%	(6)
Other Non-operating Income/(Expense)	(343,256)	0	(343,256)	n/a	(7)
Total Non Operating Income/(Expense)	(205,545)	(644,762)	439,217	68.1%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	1,326,993	0	1,326,993	n/a	
Capital Project Expenditures	(5,659,155)	(3,933,899)	(1,725,256)	-43.9%	(8)
Total Change in Capital Assets, net of Direct Funding and Debt	(4,332,162)	(3,933,899)	(398,263)	-10.1%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(1,700,700)	0	(1,700,700)	n/a	(9)
Change in Receivables	(159,238)	0	(159,238)	n/a	(10)
Change in Other Assets	13,465	0	13,465	n/a	
Change in Debt	(401,275)	0	(401,275)	n/a	(11)
Change in Other Liabilities	6,368,383	(799,302)	7,167,685	896.7%	(12)
Change in Other Assets/Liabilities/Equity	4,120,635	(799,302)	4,919,937	615.5%	
Change In Unrestricted/Program Cash	$523,175	($4,259,448)	$4,782,623	112.3%	
ENDING UNRESTRICTED/PROGRAM CASH	**$9,154,605**				

	Actual	Budget	$ Variance	% Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$0**				
Change in Replacement Reserves	234,141	0	234,141	n/a	(9)
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	1,466,560	0	1,466,560	n/a	(9)
Change In Designated/Restricted Cash	1,700,700	0	1,700,700	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$1,700,700**				

1) Operating Fund subsidy that is the result of EPC energy savings is allocated directly to the EPC fund and has been higher th an anticipated.
2) Permanent equity transfer of $1.3M from MTW to EPC as not enough subsidy was allocated to the EPC fund in prior years , unbud geted. Technical accounting entry to adjust Gates grant income of $612K.
3) The FSS program staff salaries was budgeted to the Section 8 fund . However, management decided to charge actual salaries to the ROSS grant fun in Other Activities Fund Group.
4) Prior period adjustment to clear grant receivable account. The amount was received and booked to income instead of clearing t he receivable balan
5) Technical accounting entry to adjust the Gates grant income of $612K. See note #2. This is partially offset as internal weatherization transfers were slightly under projection.
6) EPC program loan interest was capitalized as project cost instead of being expensed as budgeted.
7) Due to unbudgeted transfer of EPC debt service proceeds to Zephyr and Sixth Place projects.
8) The quarterly EPC project costs were higher than forecast in the budget due to timing.
9) Increase in EPC project reserves ($1.4M) and replacement reserves ($234K); unbudgeted.
10) Due to increase in grant receivable the bulk of which was collected in October.
11) New Market Tax Credit LOC principal payment of $400K. Unbudgeted.
12) Due to unbudgeted MTW loan to EPC totaling $6.3M. Also, increase in short term liabilities ($700K).

King County Housing Authority
Cash Reconciliation Report
Central Office Cost Center
Through September 30, 2018

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$35,614,033**				
Operating Revenue					
Property Management Fees	$3,424,300	$3,287,809	$136,491	4.2%	
Bookkeeping Fees	1,506,426	1,473,609	32,817	2.2%	
Asset Management Fees	1,029,915	1,031,310	(1,395)	-0.1%	
Construction Fees	1,014,446	960,239	54,207	5.6%	
Other Revenue	1,036,988	657,281	379,707	57.8%	(1)
Total Operating Revenue	8,012,075	7,410,248	601,827	8.1%	
Operating Expenses					
Salaries and Benefits	(7,939,269)	(8,357,750)	418,481	5.0%	
Administrative Expenses	(1,426,160)	(2,127,425)	701,265	33.0%	(2)
Maintenance Expenses, Utilites, Taxes	(184,812)	(82,956)	(101,856)	-122.8%	(3)
Management Fees Charged to Properties and Programs	(89,977)	(87,837)	(2,140)	-2.4%	
Other Programmatic Expenses	(654)	0	(654)	n/a	
Transfers Out for Operating Purposes	(136,530)	(1,186,550)	1,050,020	88.5%	(4)
Total Operating Expenses	(9,777,402)	(11,842,518)	2,065,116	17.4%	
Other Operating Sources					
Transfer in-General Support	105,289	0	105,289	n/a	(5)
Transfer in of Excess Cash	5,554,375	5,298,362	256,013	4.8%	
Central Maintenance Cash Flow	(150,124)	8,182	(158,306)	-1934.8%	(6)
Central Vehicle Cash Flow	(67,627)	(41,459)	(26,168)	-63.1%	
Total Other Operating Sources	5,441,913	5,265,085	176,828	3.4%	
Net Operating Income	3,676,585	832,815	2,843,770	341.5%	
Non Operating Income/(Expense)					
Interest Income from Loans	1,156,869	1,153,374	3,495	0.3%	
Interest Expense	(532,435)	(529,654)	(2,781)	-0.5%	
COCC Capital Projects	(83,748)	(375,512)	291,764	77.7%	(7)
Funding for Capital Construction Projects Outside of COCC	(151,814)	(160,000)	8,186	5.1%	
Other Operating Income/(Expense)	(240,000)	0	(240,000)	n/a	(8)
Total Non Operating Income/(Expense)	148,872	88,208	60,664	68.8%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	518,902	(750)	519,652	69286.9%	(9)
Change in Receivables	(568,631)	(1,396,893)	828,262	59.3%	(10)
Change in Other Assets	20,220	(18,563)	38,783	208.9%	
Change in Debt	(675,000)	(675,000)	0	0.0%	
Change in Other Liabilities	(1,456,424)	0	(1,456,424)	n/a	(11)
Change in Other Assets/Liabilities/Equity	(2,160,933)	(2,091,206)	(69,727)	-3.3%	
Change in Unrestricted/Program Cash	**$1,664,525**	**($1,170,183)**	**$2,834,708**	**242.2%**	
ENDING UNRESTRICTED/PROGRAM CASH	**$37,278,557**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$13,545,732**				
Change in Replacement Reserves	(507,305)	0	(507,305)	n/a	(9)
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	(11,597)	0	(11,597)	n/a	
Change in Designated/Restricted Cash	**(518,902)**	**0**	**(518,902)**	**n/a**	
ENDING DESIGNATED/RESTRICTED CASH	**$13,026,830**				

1) Due to rising interest rates, higher than anticipated interest income was earned on invested cash.
2) Various categories are under target (i.e. software maintenance, administrative contracts, agency-wide training, professional services).
3) Due to budgeting error the entire central office facilities maintenance cost was budgeted in December.
4) $1.5M was budgeted evenly through out the year to finance the operation of Ballinger Commons. As the financing was not needed, the budgeted transfer was not made.
5) Unbudgeted transfer of replacement reserves from Northlake, Burien Park and Northwood as the properties were transferred to Public Housing program.
6) Retirement pay-out to two long serving employees and union benefit expenses for temporary employees. Unbudgeted.
7) The 700 building office Space project was budgeted in the third quarter. The project didn't start until late in September but is expected to be substantially completed by year end.
8) Unbudgeted $240K option payment for land acquisition in Redmond.
9) Unbudgeted transfer of replacement reserves from Northlake, Burien Park and Northwood as the properties were transferred to Public Housing program.
10) As the Greenbridge project costs were below target, draws from Greenbridge internal loan have been less than anticipated in the budget. Also, decrease in short term liabilities primarily due to reimbursement $250K from MHCP-Wonderland.
11) Decrease in short term liabilities due to technical entry to reverse the 2017 year-end accounts payable accrual entry.

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King County Housing Authority

To: Board of Commissioners

From: Jill Stanton, Deputy Executive Director

Date: November 13, 2018

Re: **CY 2019 Budget Context**

Executive Summary

At the November Board meeting staff will be discussing the broad outlines of the CY 2019 KCHA budget. The final budget will be presented for Board consideration at the December meeting.

Key initiatives developed as a part of this budget proposal reflect a focus on voucher utilization, primarily through increasing housing choice voucher unit availability, and a continued commitment to our homeless, education and geographic mobility initiatives. Additionally this budget proposal reflects continued upgrades to our inventory and new property acquisition and development projects. Internal initiatives reflect a focus on business improvements including communication, performance management, technological solutions, and on-going staff training and organizational development.

A large portion of our budget is dependent upon HUD funding levels. While agreement has apparently been reached between the House and the Senate on the particulars of the HUD fiscal year 2019 budget, these final numbers have not been released publicly and there remains a degree of uncertainty as to when a T-HUD appropriations bill will be approved. A continuing resolution (CR) that extends fiscal year 2018 funding levels is in effect until December 7, 2018. This budget proposal reflects the assumption that 2019 funding levels will fall roughly mid-way between the House and Senate's proposed appropriation levels. It is possible that a subsequent CR will be introduced and that the final budget numbers will not be known prior to the approval of KCHA's budget in December. If the assumptions presented in December are below the actual funding levels finally approved, the Authority will develop contingency plans to reduce costs in programs funded from KCHA's MTW block grant.

On the non-Federal side, our bond and tax credit properties continue to perform well with low vacancy rates and strong cost controls. We anticipate $11.6 million in cash flow from this inventory in 2019. This is in addition to a $7 million equity pay-in on the recently completed Somerset Gardens LIHTC project which will be used to pay down the bridge financing associated with this project.

In general, our financial picture remains strong, as evidenced by KCHA's AA rating issued by Standards and Poor's, significant working capital and reserves, and the quality and condition of our housing portfolio.

Background – HUD Funding Overview

Our single largest fund is the MTW Block grant. The bulk of this funding is utilized to provide Housing Assistance Payments (HAP) to landlords under the Housing Choice Voucher (HCV) program. To the extent that program funding from HUD is in excess of HAP subsidies and HCV administrative costs this cash flow (MTW Block Grant Working Capital) is used to support a broad array of other mission-related activities. The Resident Services and Homeless Housing Initiatives departments are mostly funded from this source, as is a significant portion of capital expenditures for our public housing inventory.

Annually, block grant funding may be increased by HUD using an inflation factor based largely on national market trends. This national inflation simply does not reflect our market. Last year KCHA sponsored a local rent survey which was alternatively used by HUD to determine the 2018 inflation factor relative to our market. This resulted in a CY 2018 18.2% inflation factor. This 2018 inflation factor increases our baseline funding going forward, which is reflected in the 2019 budget. However, we are not anticipating an increase of this magnitude in 2019 and have conservatively reflected a 1% inflation factor. This number could be too high or too low: each percentage point adjusts our funding eligibility level by $1.431 million. We do not anticipate receiving HUD's inflation adjustment factor for our region before March 2019.

Another unknown is the proration which will be reflected in the final congressional appropriation level for 2019. The 2018 proration for the block grant is 99.745%. For 2019 we are estimating a 99% proration. Using a 1% inflation factor, and assuming a 99% Congressional proration on HCV funding, KCHA estimates that the value of the CY 2019 Block Grant will be $143.2 million, which should generate MTW working capital of approximately $19.7 million to fund non-HAP related expenses. Should there be a shortfall due to a lower HUD inflation factor or Congressional prorate, KCHA has reserves which can only be used for HUD programs including undrawn Capital Funds currently estimated at $18.5 million and HOPE VI program funds from land sales of former public housing property of $10.2 million. These can be used to bridge the funding gap while other steps, including freezing the wait list for general vouchers, reducing the value of each voucher across the board, deferring increases in payment standards, reducing capital expenditures on the public housing inventory or scaling back education or homelessness initiatives are taken. The Board will be kept closely apprised as the federal funding situation evolves.

Housing Choice Vouchers

As of December 31, 2018 KCHA has contract authority for 9,862 vouchers. 8,253 of these are funded through the MTW block grant (including some targeted to specific populations by KCHA policy), and the balance funded as "special purpose vouchers" (SPVs) outside the block grant that are targeted towards specific populations by HUD requirements. The largest number of SPVs outside the block-grant are VASH vouchers used by homeless veterans. In 2018 the HCV department continued to emphasize voucher issuance and lease-up. The HUD funded block-grant voucher baseline this year was 8,253 vouchers and the actual number of households served through block-grant vouchers as of November 1 was 8,525 reflecting an over-lease of 272 vouchers. Of the 1,595 special purpose vouchers outside of the block-grant, 235 are not currently leased. This under-lease reflects VASH and Non-elderly Disabled vouchers recently awarded by HUD where issuance and lease-up assistance is on-going. In total, KCHA averaged 185 units over its combined block-grant and special purpose voucher baseline throughout the year. This total does not include the additional 253 households being assisted through sponsor-based rental subsidies or other forms of non-conventional housing assistance so far in 2018. KCHA's status as an MTW housing authority allows it to help these additional families.

In 2018, the average landlord HAP payment increased by approximately $70 per month when compared to 2017. This reflects continued market pressures and rent increase requests during the year. Only 27% of KCHA voucher holders have the same rent that they did a year ago. We estimate that by 2019 year's end annual HAP costs will be $16.1 million higher than in 2018. This includes new vouchers awarded and estimated over-leasing.

The draft 2019 budget forecasts 100% utilization of contracted vouchers awarded prior to September 30, 2018. In addition this assumes over-leasing of approximately 300 vouchers in our block grant. With the 18.2% RFIF that we received in CY 2018, funding will be sufficient to support the over-leasing in FY2019. The over-leasing in excess of our baseline standard of 300 is necessary to support the efforts of our Creating Moves to Opportunity initiative started in 2018. Our ability to sustain over-leasing at any level beyond FY2019 will be contingent upon on-going funding decisions by HUD and Congress.

Subsidized Property Management

The prorate received for Public Housing in FY2018 was 93.39% and the prorate projected for FY2019 is 90%, with KCHA budgeting receipt of $10 million. This includes roughly $2.9 million in incremental subsidy received as incentives for the Authority's Energy Performance Contract (EPC) measures. A minimum of 75% of that amount must be used for energy-related costs including debt service for the measures previously installed.

As with all of our affordable programs, vacancy is very low. The Department expects to see some increases in rental income due to the 2.8% SSI adjustment awarded in

January 2019 and from higher incomes received by working families as some wage progression take effect. Overall rental income is expected to climb about 2.7% over 2018 levels.

The Department will continue both its Unit Upgrade and Small Projects program. Currently, we estimate that 150 units will be upgraded at an average cost of $28 thousand per unit. Funding for the Unit Upgrade program comes from a variety of sources with the largest, $2.6 million, coming from the MTW fund. The Small Projects group will also undertake up to $1.25 million in contracted projects. This successful model brings an economy of scale to the procurement and management of projects which are too complex for site staff to undertake and too small for the Capital Construction department.

The Energy Performance Contract is nearly completed. The final projects involve $6.2 million in elevator upgrades funded through a loan of MTW working capital that will be repaid through the EPC incremental subsidy. Staff plans to update the Board on the status of this project at a Board meeting in early 2019.

In addition to the partial funding of our elevator upgrade initiative through EPC financing, an additional $10 million in capital improvements to this inventory, as further discussed below, are being scheduled for FY2019.

Asset Management

The Asset Management portfolio budget includes projections for the purchase of six new properties including the five properties from the International Aerospace Machinists Union and the Riverstone Apartment Complex. We anticipate that there may be additional acquisitions during the year. Additionally two properties (Wonderland Estates and Tall Cedars) previously reported under a separate New Market Tax Credit ownership structure will now be reported under direct ownership by KCHA and have also been included as a part of this budget.

As with the subsidized portfolio, vacancy rates for workforce housing are very low. Physical occupancy as of October 2018 was 97.9%. Historically these properties see much higher turnover than public housing as tenants move for jobs or other reasons. The highest turnover rates occur in the newly acquired properties as the rents of those properties are initially at the market rate. Over time these properties become more affordable because the rents do not rise as the same rate as surrounding market rents and, therefore, turnover rates decline. Most of these properties' rental costs are now below market by double digits; unlike private sector owners the Authority's rent increases are designed to cover expenses but not match the market.

The Department is estimating that owned and managed properties will deliver $5.1 million in net cash flow to the Authority as compared to $4.8 million projected in 2018's budget. Net cash flow (NCF) includes $1.6 million charged to the properties for KCHA overhead. It also excludes amounts kept by the properties for needed capital work not covered by replacement reserves.

The tax credit portfolio delivers cash flow to KCHA in the year following; thus 2018 amounts will not be paid until the 2018 audits are completed in March 2019. The current estimate for the March payment is $6.5 million. The largest contributor of NCF among the tax credit properties is Birch Creek; its NCF can be used by KCHA to retire the property's outstanding debt.

Capital Expenditures

Currently planned capital expenditures by department include:

Housing Management	$ 5,495,633
Capital Construction	16,983,208
Asset Management	17,241,102
Development	14,637,041
Other	536,120
Total Planned	$54,893,104

Major individual projects included in the above chart:

- Housing Management-Unit Upgrades-$4,244,429
- Capital Construction- EPC-$6,227,214
- Capital Construction- Public Housing Improvements -$8,668,575
- Capital Construction- MKCRF Improvements-$1,387,4220
- Development-Redmond Bus Layover-$5,750,000
- Development-Greenbridge -$5,410,837
- Fee property managers-small projects across whole portfolio-$15,458,231

Excluding funds budgeted for development activities, the projected 2019 budget for capital upgrades to our inventory is $39.7 million. This compares to $39.6 million projected to have been expended in 2018 by year's end.

In addition, KCHA is assuming the acquisition of the six properties mentioned above for $137 million.

Funding sources have been identified for all budgeted projects. They include capital grant funds, EPC financing and MTW working capital for the HUD funded inventory, property cash flow and replacement reserves for the asset managed properties, and new debt for property acquisitions.

PERSONAL SERVICE COSTS

Aside from housing assistance payments, salaries and benefits are the single largest operating expense at KCHA. The baseline increase in personal service costs across the Authority is roughly 8% when compared to 2018 levels. The greatest drivers of this change are:

1. Cost of Living Adjustments. The 2018 COLA for the KCHA staff was approved by the Board in September. The 3.6% inflation adjustment, based on 100% of the CPI-W for our area, is the highest experienced by KCHA since 2008. Between represented and non-represented employees, this adds $1 million to payroll costs. We are also assuming up to a 2.5% COLA increase in the budget in November 2019.
2. Medical Premiums. After significant increases in 2017, PEBB rate increases have trended slightly down. Plan increases vary, but no plan increased by more than 2.63% for 2019. The employee census shows a shift to fewer families and spouses covered, leading to an overall decrease in insurance costs to KCHA. The cost per employee for 2019 of $14,556 is an increase of only 1.6% over 2018's average of $14,323. Plan designs did not have any significant changes.
3. Over the past 10 years, the cost of participating in the State pension system has gone up dramatically. However, in July 2018, the PERS rate increased only slightly to 12.83% of covered wages, where it will remain throughout 2019.
4. KCHA continues to fund a 2% of eligible payroll merit pool. Employees not at the top of their range who achieve an "exceeds standards" rating are eligible for a merit increase. Employees rated "outstanding" for two consecutive years who are at the top of their range may receive a one-time, 2% bonus which does not increase base pay.

Although KCHA has done an excellent job in recent years of managing its L&I experience rating, in 2019 our rating will be going up to 1.0829. In 2018 the rate was .9411. This rating reflects claims from employees who had significant time loss charges and will increase our L&I expenses next year by approximately $15,000.

KCHA is committed to our staff and continued improvements to the policies and procedures that shape our working environment. The 2019 budget provides an ongoing emphasis on employee training, especially for middle managers. A trainer has recently been hired to lead this effort. A major initiative proposed by the Administrative department is a restructure of the KCHA performance management and job classification system. This will involve all departments to varying degrees and will concentrate on providing an updated compensation policy, performance review process, and position description classification restructure.

In addition, the Human Resources department will take the lead on an initiative that continues and expands agency awareness and training on fair and equitable practices. This will include training on implicit bias in hiring practices and an increased focus on how issues such as social justice, structural racism, racial and minority equity and inclusion, and exposure to adverse experiences in childhood and beyond affect people's lives and experiences.

Additional personnel have been requested by various departments as part of this budget, however, none have been approved at this point. Additional approved FTEs, if any, will be discussed at the December meeting.

KCHA remains committed to continuous improvements and several initiatives reflect these efforts through technological solutions and cross-departmental process management efforts. Highlights of 2019 Continuous Improvement projects include:

- Unit inspection system using OnBase workflow initiated by a Unity form
- Optical scanning of vendor invoices directly into the financial software greatly, reducing manual data entry
- Resident Services case management software implementation
- New budget software system implementation
- Network Security improvements including stricter password rules, auditing firewall rules by 3rd party providers, dual factor authentication, and a full audit of our logons and security groups
- Establishing a research and development plan for the future conversion of Tenmast to MRI or other housing software platform.

As this complex budget continues to come together, staff will be working on the year end 2019 cash projections for the major MTW and COCC fund groups as well as tracking developments on the Congressional appropriations front. There will be preliminary estimates of these balances included in the presentation made at the November Board meeting.

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King County Housing Authority

TO: Board of Commissioners

FROM: Linda Riley, Controller LR

DATE: October 18, 2018

RE: **3rd Quarter 2018 Summary Write-Offs**

During the third quarter of 2018, tenant accounts totaling $40,570 were deemed uncollectible and written off. This was a decrease of 63% from the previous quarter. Of the 17 accounts written off, three accounted for 71% of the total dollars. Cleaning and damages of $33,109 were partially offset by the retention of $1,975 in security deposits. All of the accounts greater than $100 will be forwarded to the collection agency, but recovery rates tend to be low. In the third quarter, $553 was recovered.

	Total WRITE-OFFS	YTD WRITE-OFFS
Rent Balance Forward to Vacate Month	$ 5,467.85	$ 69,417.79
Retro Rent Write-offs	$ -	$ 6,906.23
VACATE CHARGES:		
Rent Delinquent in Vacate Month	2,886.17	14,454.66
Cleaning & Damages	33,108.54	87,918.99
Paper Service & Court Costs	2,549.65	8,248.60
Miscellaneous Charges	154.00	4,187.75
Total Charges	38,698.36	114,810.00
Total All Charges	44,166.21	191,134.02
CREDITS:		
Security Deposits	(1,975.00)	(12,802.00)
Miscellaneous Payments & Credits	(1,621.12)	(13,112.11)
Total Credits	(3,596.12)	(25,914.11)
Total Net Write-offs	**$ 40,570.09**	**$ 165,219.91**
Net Write-offs by Portfolio		
KCHA	28,132.55	137,493.32
Green River	2,078.11	3,949.90
Green River II	-	215.89
Egis	3,364.40	12,100.37
Soosette Creek	421.77	2,668.34
Zephyr	-	-
Fairwind	6,573.26	6,573.26
Vantage Point	-	2.83
Spiritwood Manor	-	2,216.00
	$ 40,570.09	**$ 165,219.91**

Write-off and Collection Summary
2016 - 2018

NET WRITE-OFFS

	2018	2017	2016
January to March	13,801.87	29,410.02	23,434.99
April to June	110,847.95	28,988.40	23,594.38
July to September	40,570.09	35,216.21	39,776.14
October to December		10,606.63	38,819.29
TOTAL	165,219.91	104,221.26	125,624.80

NET COLLECTIONS

	2018	2017	2016
January to March	745.08	3,757.85	6,130.40
April to June	1,064.10	4,104.25	4,798.56
July to September	553.34	588.53	2,098.53
October to December		4,470.21	1,996.72
TOTAL	2,362.52	12,920.84	15,024.21

******Detail by tenant is available by request.**

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King County Housing Authority

TO: Board of Commissioners

FROM: Tim Baker, Senior Management Analyst

DATE: October 2, 2018

RE: **Third Quarter CY 2018 Procurement Report**

In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from July through September 2018 that involved the award of contracts valued over the amount of $100,000 and change orders that have cumulatively exceeded 10% of the original or not to exceed contract amount.

Awarded Contracts Over $100,000:
The awarded contracts section of the report lists the issuing department, contract type, the company awarded the contract, the award and estimate/budgeted amounts, procurement process involved, the number of bids received and notes about the procurement.

In the second quarter, there were 13 contracts awarded and valued at more than $100,000, representing 97% of the contracts over $25,000 executed in the quarter. The largest contract executed for construction work was for $2,111,775 awarded to ELTEC for the multiple sites elevator upgrades project. The largest contract for non-construction work was for $145,358 executed by the Resident Services department for the CARE baby academy program funded through a Gates Foundation grant.

Contract Change Orders Exceeding 10%:
KCHA's internal procedures require heightened oversight and review once a contract has incurred change orders valued at more than 10% of the original contract amount. The change order (CO) section of the report includes the issuing department, contract type, company awarded the contract, the original amount awarded, as well as the number of change orders, the amounts of the total change orders to date expressed both in dollars and percentages above the original contract value, and notes about the procurement. Per the Board's request, this section was divided between change orders issued in response to unforeseen field conditions or expanded project scopes, and change orders which were foreseen at the time the initial contract was let (primarily through contract extensions on multi-year contracts). The not-to-exceed total for the

"foreseen" change order section is the projected total amount of the contract once all the foreseen change orders are completed.

There were 3 construction change orders necessitated by unforeseen field conditions or scope additions that pushed total contract costs over the 10% threshold executed in the quarter. The largest was for $101,515 to Pete Almond Development for the Ballinger Homes water and sewer replacement project. Eight units needed new water and sewer lines after an investigation of the pipelines as part of the ongoing analysis of KCHA's water and sewer lines. The contractor was on site performing similar work in other areas of Ballinger and was hired to perform the work.

There was 1 anticipated change order involving the extension of the contract as allowed in the original contract. This was issued by Resident Services Department for the Vantage Point exercise programs operated by Fitness for All.

KING COUNTY HOUSING AUTHORITY
QUARTERLY PROCUREMENT REPORT
July-September 2018 (Third Quarter)

Awarded Contracts Over $100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Asset Management	Somerset Gardens landscaping	Judha of Lion	$149,368	$129,404	$129,404	sealed bid	3	Contractor has performed several successful projects for KCHA; minority owned business.
Asset Management	Southwood Square fire restoration	Belfor	$250,000	$279,791	$279,791	sealed bid	3	Insurance company procured the contractor.
Asset Management	multiple properties asphalt replacement	Northwest Asphalt	$1,040,520	$892,614	$892,614	sealed bid	3	Contractor has performed several successful projects for KCHA.
Capital Construction	Lake House site improvements	Dannecko	$214,500	$141,800	$141,800	sealed bid	2	Contractor to self perform much of the work and will have access to a staging area not included in estimate.
Capital Construction	Parkway window and door replacement	Buchanan	$503,979	$403,192	$403,192	sealed bid	3	Contractor will self perform most of the work, keeping costs down.
Capital Construction	500 building tenant improvements	Pete Almond	$375,212	$631,207	$631,207	sealed bid	6	Contractor has performed several successful projects for KCHA; Section 3 company.
Capital Construction	Juanita Trace building envelope	Green Built NW	$1,470,269	$932,085	$932,085	sealed bid	7	Contractor to self perform much of the work, lowering costs. Minority owned and Section 3 company.
Capital Construction	elevator upgrades, multiple sites	ELTEC Systems	$1,916,514	$2,111,775	$2,111,775	cooperative	n/a	Contractor obtained from State of WA contract, has performed on prior projects for KCHA.
HOPE VI	Greenbridge electrical upgrades	Seattle City Light	$961,080	$666,580	$961,080	sole source	n/a	SCL is the sole electric provider for Greenbridge.
Resident Services	CARE baby academy program	Kent Youth & Family Services	$145,358	$145,358	$145,358	sole source	n/a	Non-profit named in grant funded by Gates Foundation.
Weatherization	refrigerators	Albert Lee	$100,000	$100,000	$100,000	RFP	2	Contractor was the prior refrigerator supplier with good results.
Weatherization	Juanita Trace heat pumps	UCONS	$145,901	$135,228	$135,228	sealed bid	3	Contractor has performed several successful projects for KCHA
Weatherization	Parkway mechanical upgrades	UCONS	$212,787	$188,778	$188,778	sealed bid	3	Contractor has performed several successful projects for KCHA.
		Total	$7,555,297	$6,787,812	$7,052,312			

Contracts exceeding 10% cumulative change order-Condition Changes

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Total Contract Value to Date	% of NTE*	Notes (Current Quarter Change Orders)
Asset Management	Highland Village weatherization work	Superior Weatherization	$154,980	$48,666 (3)	$226,613	46%	KCHA had to adjust to new construction codes that were not in place when the contract was executed.
Capital Construction	Ballinger Homes plumbing work	Pete Almond	$31,816	$101,515 (1)	$133,331	310%	8 units needed new sewer & water lines. Contractor on site doing similar work.
HOPE VI	Nia tenant improvements	Mike Werlech	$639,000	$98,509 (4)	$741,037	16%	Miscellaneous tenant improvements for items not scoped in original contract.
		Total	$825,802		$1,101,001		

Contracts with contract extensions or other foreseen change orders

Issuing Department	Contract type	Contract awarded to	NTE*	Change Order Amount & No. This Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Resident Services	Vantage Point exercise programs	Fitness for All	$13,000	$8,000 (1)	$13,000	100%	Two year extension as planned in the original contract.
		Total	$13,000		$13,000		

*NTE = Not To Exceed