

# KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION

Date: May 24, 2019

To: Board of Directors

From: Tracee Pross, Secretary

Subject: **AGENDA**  
Annual Meeting of the Board of Directors  
**Thursday, May 30, 2019, 5:00 p.m.**  
KCDC Main Office, 901 N. Broadway  
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested of the minutes for the special meeting held on March 28, 2019. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

Chairman:  
President: Benjamin Bentley  
Secretary: Tracee Pross  
Treasurer: Joyce Floyd

## **FINANCE AND ACCOUNTING (Tracee Pross)**

4. Resolution approving operating budget for the fiscal year 2020 (July 1, 2019 through June 30, 2020). **(Attached)**
5. Adjourn

# KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION

## SPECIAL MEETING MINUTES

The Board of Directors of Knoxville's Housing Development Corporation met on **March 28, 2019**, at 901 N. Broadway, Knoxville, Tennessee.

The Chair declared a quorum present and called the meeting to order at 5:26 p.m. Those Directors present and absent were:

<b>Present:</b>	Chair John Winemiller	<b>Absent:</b>	Treasurer Gloria Garner
	Vice Chair Bob Whetsel		
	Commissioner Bruce Anderson		
	Commissioner Robyn McAdoo		
	Commissioner Kim Henry		
	Commissioner Sylvia Cook		

Approval of minutes for the special board meeting held on February 28, 2019. Director Anderson made the motion to approve the minutes. Director McAdoo seconded the motion and all Directors present voted "Aye."

### REDEVELOPMENT/LEGAL MATTERS (Brad Peters)

Approval to award Contract C19009 to set up modular housing units for The Cottages at Clifton. Director McAdoo made a motion to approve. Director Henry seconded the motion and all Directors present voted "Aye."

With no further business to come before the Board, the meeting adjourned at 5:43 p.m.

\_\_\_\_\_  
John T. Winemiller, Chair

Approved:

ATTEST:

\_\_\_\_\_  
Tracee B. Pross, Secretary

Approved:



## BOARD ACTION FORM

<b>MEETING DATE</b>	May 30, 2019
<b>AGENDA ITEM DESCRIPTION</b>	Resolution approving the Operating Budget for fiscal year 2020 (July 1, 2019-June 30, 2020).
<b>SUBMITTED BY</b>	<b>Name &amp; Title:</b> Tracee B. Pross, Chief Financial Officer <b>Department:</b> Executive Management
<b>MEETING TYPE</b>	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special
<b>AGENDA CLASSIFICATION</b>	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Regular
<b>BUDGET / FINANCIAL IMPACT</b>	<b>Budgeted:</b> <u>see pgm detail</u> <b>Expenditure:</b> _____ <b>Source of Funds:</b> Program Operating and Reserve Funds (as applicable)
<b>APPROVAL/REVIEWS</b>	<input checked="" type="checkbox"/> Department Head /Vice President <input checked="" type="checkbox"/> Budget/Finance <input type="checkbox"/> Legal Counsel <b>Name of Reviewer:</b> _____ <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Other - <b>Name &amp; Title:</b> _____
<b>STAFF RECOMMENDED ACTIONS</b>	<b>Approve:</b> <input checked="" type="checkbox"/> <b>Deny:</b> <input type="checkbox"/> <b>Defer:</b> <input type="checkbox"/>
<b><u>BACKGROUND</u></b>	
<p><b>1. What's the objective of the requested action?</b> To seek approval of the KHDC Operating Budget for FYE 2020 for internal policy compliance.</p> <p><b>2. Why is the action needed now?</b> We are required to bring an operating budget to the Board for approval within each fiscal year for the subsequent fiscal year period.</p> <p><b>3. Who are the parties involved and what are their roles (if appropriate)?</b> Program and financial management staff work together to closely monitor budget-expenditure variance reports on a monthly basis. Procedures are in place to ensure expenditures do not exceed approved budgets and/or revisions and that funds are expended in accordance with applicable program requirements.</p> <p><b>4. What are the long term and short term exposures to KCDC?</b> No exposure due to monitoring procedures and adequate reserves.</p>	
<b>HISTORICAL / TRANSACTIONAL INFORMATION</b> (who, when, where)	Our Fiscal and Accounting Policy requires an operating budget to be prepared and approved by the Board within each fiscal year for the subsequent fiscal year for prudent financial management of our programs.
<b>ATTACHMENTS</b>	Resolution Executive Summary Budget

**RESOLUTION NO. 2019-01**

**RESOLUTION APPROVING OPERATING BUDGET FOR  
KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION  
FOR THE FISCAL YEAR JULY 1, 2019 THROUGH JUNE 30, 2020**

**WHEREAS** the Operating Budget for Knoxville's Housing Development Corporation is not subject to annual approval by the Department of Housing and Urban Development; and

**WHEREAS** the annual budget for the above referenced project, programs, and departments are directly dependent upon existing contractual relationships or upon contractual relationships that may yet be negotiated during any given fiscal year; and

**WHEREAS** the above referenced budget has been prepared based upon anticipated revenues from existing contractual relationships between Knoxville's Housing Development Corporation and other second parties; and

**WHEREAS** in the opinion of the Board of Commissioners, the financial plan for this program is consistent with KCDC's overall operating strategy and is fiscally responsible.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION:**

**THAT** the Operating Budget for Knoxville's Housing Development Corporation is hereby approved and adopted for the fiscal year July 1, 2019 through June 30, 2020.

APPROVED: May 30, 2019

\_\_\_\_\_  
Tracee B. Pross, Secretary



**EXECUTIVE SUMMARY  
PROPOSED 2020 BUDGET  
SUBSIDIARY CORPORATIONS (KHDC)  
CHANGES FROM FY2019 TO FY2020**

**KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION:**

**TOTAL REVENUE:** An increase of 70% from 516,270 to 879,940 is proposed for 2020 over 2019 figures primarily due to the projection of a new dwelling property, Clifton Roads, added to the portfolio for most of the year.

**TOTAL EXPENSES:** A decrease of 27% from 947,740 to 695,470 is proposed for 2020 over 2019 primarily due to removal of the expense of the Austin Homes Master Plan in FY 2019 but with additions of salaries and benefits related to development and new Clifton Road expenses.

**NET INCOME:** Proposed at \$184,470.

**Reserves:**

**FYE 2018:** \$10,004,776

**FYE 2019:** (estimated):\$9,402,041

**KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION**  
**KHDC**  
**July 1, 2019 - June 30, 2020**

REVENUE	FY 2020	FY 2019	Difference	Percentage
Tenant and Non-Dwelling Rental Income	783,030	487,790	295,240	60.53%
Investment Income	96,900	27,550	69,350	251.72%
Tax Increment Revenue	0	0	0	0.00%
Other Income	10	930	(920)	(98.92%)
<b>TOTAL REVENUE</b>	<b>879,940</b>	<b>516,270</b>	<b>363,670</b>	<b>70.44%</b>
<b>EXPENSES</b>				
Administrative Salaries	96,190	41,030	55,160	134.44%
Employee Benefits - Administrative	29,350	10,710	18,640	174.04%
Other Operating - Administrative	146,220	668,490	(522,270)	(78.13%)
Management Fees	56,050	17,630	38,420	217.92%
Travel	0	0	0	0.00%
Utilities	10,650	420	10,230	2,435.71%
Ordinary Maintenance and Operations	72,340	22,940	49,400	215.34%
Contract Costs	137,300	88,330	48,970	55.44%
PILOT	8,790	2,390	6,400	267.78%
Insurance	8,890	7,830	1,060	13.54%
Collection Loss	540	90	450	500.00%
Interest Expense	129,150	87,880	41,270	46.96%
Other General	0	0	0	0.00%
<b>Administrative Expense</b>	<b>695,470</b>	<b>947,740</b>	<b>(252,270)</b>	<b>(26.62%)</b>
<b>TOTAL EXPENSES</b>	<b>695,470</b>	<b>947,740</b>	<b>(252,270)</b>	<b>(26.62%)</b>
<b>NET INCOME (LOSS)</b>	<b>184,470</b>	<b>(431,470)</b>	<b>615,940</b>	<b>(142.75%)</b>
<b>OPERATING TRANSFERS</b>				
COCC	0	0	0	0.00%
<b>TOTAL OPERATING TRANSFERS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>INCOME (LOSS) AFTER TRANSFERS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>RESERVES ESTIMATED AT JUNE 30, 2019:</b>	<b>\$ 9,402,041</b>			