

MONTGOMERY VILLAGE CORPORATION

Date: May 24, 2019

To: Board of Directors

From: Tracee Pross, Secretary/Treasurer
Con

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 for the minutes of the special meeting held on January 2, 2019. ([Attachment](#))
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Benjamin Bentley
Vice President: Tracee Pross
Secretary/Treasurer: Joyce Floyd

FINANCE AND ACCOUNTING (Tracee Pross)

4. Resolution approving the Operating Budget for fiscal year 2020 (July 1, 2019–June 30, 2020). ([Attachment](#))
5. Adjourn

MONTGOMERY VILLAGE CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of Montgomery Village Corporation met on **January 2, 2019**, at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared at 1:39 p.m. Those Directors present and absent were:

Present: Director Bob Whetsel
Director Gloria Garner

Absent: Director John Winemiller

Approval of the minutes for the special meeting held on September 27, 2018. **Director Whetsel made the motion to approve. Director Garner seconded the motion and all Directors present voted "Aye."**

Approval to authorize Contract C19011 for Montgomery Village Apartment Complex renovations to The Franklin Group. **Director Whetsel made the motion to approve. Director Garner seconded the motion and all Directors present voted "Aye."**

With no more business to come before the Board, the meeting adjourned at 1:42 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Tracee B. Pross, Secretary/Treasurer

Approved:



BOARD ACTION FORM

MEETING DATE	May 30, 2019
AGENDA ITEM DESCRIPTION	Resolution approving the Operating Budget for fiscal year 2020 (July 1, 2019-June 30, 2020).
SUBMITTED BY	Name & Title: Tracee B. Pross, Chief Financial Officer Department: Executive Management
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special
AGENDA CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Regular
BUDGET / FINANCIAL IMPACT	Budgeted: <u>see pgm detail</u> Expenditure: _____ Source of Funds: Program Operating and Reserve Funds (as applicable)
APPROVAL/REVIEWS	<input checked="" type="checkbox"/> Department Head /Vice President <input checked="" type="checkbox"/> Budget/Finance <input type="checkbox"/> Legal Counsel Name of Reviewer: _____ <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Other - Name & Title: _____
STAFF RECOMMENDED ACTIONS	Approve: <input checked="" type="checkbox"/> Deny: <input type="checkbox"/> Defer: <input type="checkbox"/>
<u>BACKGROUND</u>	
<p>1. What's the objective of the requested action? To seek approval of the Operating Budget for FYE 2020 for policy compliance.</p> <p>2. Why is the action needed now? 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>3. Who are the parties involved and what are their roles (if appropriate)? 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>4. What are the long term and short term exposures? No exposure due to monitoring procedures and adequate reserves.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (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.
ATTACHMENTS	Resolution Executive Summary Budget

RESOLUTION NO. 2019-01

**RESOLUTION APPROVING OPERATING BUDGET FOR
MONTGOMERY VILLAGE CORPORATION
FOR THE FISCAL YEAR JULY 1, 2019 THROUGH JUNE 30, 2020**

WHEREAS the Operating Budget for Montgomery Village 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 Montgomery Village 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 DIRECTORS OF MONTGOMERY VILLAGE CORPORATION:

THAT the Operating Budget for Montgomery Village 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 (Montgomery Village Corporation)**

CHANGES FROM FY2019 TO FY2020

MONTGOMERY VILLAGE CORPORATION:

TOTAL REVENUE: An increase of 12% from 2,820,990 to 3,147,290 is proposed for 2020 over 2019 figures primarily due to the full year in Multi-Family Housing along with Rehab Assistance Payments during the rehab period. (Prior year figures from the Public Housing Program)

TOTAL EXPENSES: An increase of 6% from 1,810,400 to 1,904,500 is proposed for 2020 over 2019 primarily due projected utilities that include rate increases and utilities assumed during the rehab period. (Prior year figures from the Public Housing Program)

INTEREST: Interest of 488,400 for the FHA 223 (F) Loan.

NET INCOME: Proposed at \$754,390.

Reserves:

FYE 2018: NA

FYE 2019: (estimated):\$426,690

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
MONTGOMERY VILLAGE CORPORATION
 July 1, 2019 - June 30, 2020

	FY 2020	FY 2019	FY Variance	FY Variance Pct
REVENUE				
Dwelling Rentals:				
Gross Potential Rent	3,327,410	2,866,160	461,250	16.09%
Vacancy Loss	(598,930)	(103,200)	(495,730)	480.36%
Net Dwelling Rentals	2,728,480	2,762,960	(34,480)	(1.25%)
Other Rental Income	40,000	40,110	(110)	(0.27%)
Non-dwelling Rentals	0	0	0	0.00%
Public Housing Subsidy (initial year funding)	0	0	0	0.00%
Investment Income	11,000	9,995	1,005	10.05%
Other Income	367,810	7,925	359,885	4,541.13%
TOTAL REVENUE	3,147,290	2,820,990	326,300	11.57%
EXPENSES				
Administrative Salaries	202,300	207,330	(5,030)	(2.42%)
Benefits	72,250	52,245	20,005	38.29%
Compensated Absences	30,380	29,860	520	1.74%
Legal	9,500	6,995	2,505	35.81%
Staff Training	2,200	4,505	(2,305)	(51.16%)
Travel	1,200	0	1,200	0.00%
Audit	6,540	4,235	2,305	54.42%
Telephone	9,350	8,570	780	9.10%
Computer Support	4,910	5,195	(285)	(5.48%)
Office Expenses	4,860	4,805	55	1.14%
Advertising and Marketing	300	600	(300)	(50.00%)
Management Fee	181,340	191,450	(10,110)	(5.28%)
Bookkeeping Fee	24,330	28,100	(3,770)	(13.41%)
Centralized Front-Line Service Fee (Administrative)	0	0	0	0.00%
Court Costs	20,000	17,500	2,500	14.28%
Administrative Other	6,200	5,050	1,150	22.77%
Total Administrative	575,660	566,440	9,220	1.62%
Resident Participation	0	0	0	0.00%
Resident Services Contracts	38,810	36,850	1,960	5.31%
Total Resident Services	38,810	36,850	1,960	5.31%
Gas	0	0	0	0.00%
Electric	66,700	59,255	7,445	12.56%
Water	170,940	140,565	30,375	21.60%
Sewer	386,380	313,660	72,720	23.18%
Total Utilities	624,020	513,480	110,540	21.52%
Maintenance Salaries	159,490	144,580	14,910	10.31%
Benefits	57,430	56,820	610	1.07%
Maintenance Materials	27,320	43,350	(16,030)	(36.97%)
Fee for Service: Bulky Debris Pickup	0	0	0	0.00%
Fee for Service: HVAC	59,000	40,010	18,990	47.46%
Fee for Service: Plumbing	11,000	27,000	(16,000)	(59.25%)
Routine Contracts: Grounds/Landscaping	45,000	42,000	3,000	7.14%
Routine Contracts: Vehicle Maintenance	3,500	4,505	(1,005)	(22.30%)
Routine Contracts: Pest Control	18,290	18,000	290	1.61%
Routine Contracts: Security Monitoring	2,500	3,995	(1,495)	(37.42%)
Routine Contracts: Uniforms	800	805	(5)	(0.62%)
Other Routine & Miscellaneous Contracts	83,500	91,455	(7,955)	(8.69%)
Elevator Service	0	0	0	0.00%
Electrical Service	1,000	740	260	35.13%
Trash Removal	60,000	60,000	0	0.00%

Total Maintenance	528,830	533,260	(4,430)	(0.83%)
Contracts-City Police	55,000	60,000	(5,000)	(8.33%)
Total Protective Services	55,000	60,000	(5,000)	(8.33%)
Insurance:				
Property	19,290	21,050	(1,760)	(8.36%)
General Liability	9,730	9,910	(180)	(1.81%)
Fidelity	200	410	(210)	(51.21%)
Workers Compensation	6,800	5,295	1,505	28.42%
Other	3,030	2,640	390	14.77%
PILOT	0	0	0	0.00%
Bad Debt Expense (Collection Loss)	32,920	41,865	(8,945)	(21.36%)
Other General Expense	210	205	5	2.43%
Housing Assistance Payments	0	0	0	0.00%
Total General Expenses	72,180	81,375	(9,195)	(11.29%)
Total Expenses, excl. Asset Management	1,894,500	1,791,405	103,095	5.75%
Asset Management	10,000	18,995	(8,995)	(47.35%)
Other:				
Debt Service/Interim Income for Development	488,400	0	488,400	0.00%
Replacement Reserves	0	0	0	0.00%
Reserves for Initial Operating Deficitis	0	0	0	0.00%
TOTAL EXPENSES	2,392,900	1,810,400	582,500	32.18%
Cash Flow from Operations	754,390	1,010,590	(256,200)	(25.35%)
Capital Expenses and Extraordinary Maintenance	0	0	0	0.00%
NET PER BUDGET STATEMENT	754,390	1,010,590	(256,200)	(25.35%)
Reserves estimated at June 30, 2019:	\$	426,690		