

Education Achievement Authority
of Michigan

Equity. Choice. Reinvention.

RESOLUTION 2013-01
APPROVAL OF REQUEST FOR AN ADVANCE OF A STATE AID PAYMENT

The Executive Committee of the Education Achievement Authority resolves:

1. That the Education Achievement Authority (the "Authority") local board and administration have pursued all known options for mitigating the cash flow crisis as indicated in the accompanying state form "Requesting an Advance of State School Aid"; and
2. The Executive Committee hereby authorizes that on this date, January 11, 2013, J. Wm. Covington, Chancellor may request an advance of the February, 2013 state aid payment on behalf of the Education Achievement Authority; and
3. That the Secretary of the Executive Committee of the Authority shall enter the terms in the minutes of the proceedings of the Executive Committee of the Authority.

Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Education Achievement Authority at a properly-noticed open meeting held with a quorum present on the ____ day of _____.

By: _____
President

By: _____
Secretary



Legal Counsel
Approved as to Form

Michigan Department of Education
Office of State Aid & School Finance
P.O. Box 30008
Lansing, Michigan 48909

SCHOOL DISTRICT REQUEST FOR STATE AID ADVANCE

Authority for this form: (MCL 388.1617(4)b) Upon the written request of a district or intermediate district and the submission of proof satisfactory to the department of a need of a temporary and nonrecurring nature, the superintendent with the written concurrence of the state treasurer and the state budget director, may authorize an advance release of funds due a district or intermediate district under this act. An advance authorized under this subsection shall not cause funds to be paid to a district or intermediate district more than 30 days earlier than the established payment date for those funds.

Legal Name of School District <u>Education Achievement Authority of Michigan</u>	School District Code
Address <u>3022 West Grand Boulevard, Suite 14-652, Detroit, MI 48202</u>	<u>84060</u>

District Certification: I hereby certify as the responsible official of said school district that the cash need facing the district is a temporary and non-recurring event and that we have pursued all viable options for mitigating the cash flow crisis as documented in pages two and three of this application and in the attached board resolution.

Typed Name and Title of Responsible Official: J. Wm. Covington, EdD., Ph.D., Chancellor

Date: 12/20/2012

Contact Person: Rebecca Lee-Gwin

Telephone: 313-456-3010

Email: rlee-gwin@eaaofmichigan.org

State Use Only

The projected (month) _____ State Aid payment amount for the district is: \$ _____. The MFA set aside amount for that payment is: \$ _____. The resulting amount available to advance from the payment is \$ _____. The cash flow analysis on page two of this form, along with the accompanying written request provides sufficient evidence of an inability of the district to meet financial obligations as of (date) _____. As a result, the district has been approved for an advance of the (month) _____ State School Aid Payment in the amount of \$ _____ due to be paid (date) _____. (NOTE: In most cases, state aid will only be advanced for payroll-related expenses.)

Signature of the State Treasurer: _____ Date: _____

Reviewed by Treasury Staff:

Signature of the State Budget Director: _____ Date: _____

Reviewed by DMB Staff:

Signature of the Superintendent of Public Instruction: _____ Date: _____

Reviewed by MDE Staff:

* MAILING INSTRUCTIONS:

Return ONE copy of this form, accompanied by a written request for the advance of a School Aid payment. Also include a board resolution indicating that the district has pursued all other options to mitigate the cash shortage and concur with the need to request the advance of the State School Aid Payment. E-mail to raderg@michigan.gov, or by fax to (517) 241-0196 ATTN: Glenda Rader. Request must be received at least one week prior to the date the advance is needed.

1) Please provide a statement of the hardship that necessitates request for an advance release of a State School Aid payment.

As a newly created State-wide School District, the Education Achievement Authority of Michigan is funded with State dollars only. The EAA of Michigan receives no local revenue. As a start-up organization, the EAA has established systems that require upfront funding for both instruction

2. Please provide a list of actions the local school board and administration have taken to mitigate the problem, including a statement of the borrowing options pursued. **Note: The district must exhaust all borrowing options prior to requesting an advance of State School Aid.**

As a start-up organization, the EAA of Michigan has no audited financials that are required by financial institutions for establishing a line of credit. The EAA has applied for and received funding from the Kellogg, Skillman and Gates Foundations. State Grants for technology, career technical education and other applicable grants have been submitted to the Michigan Department of Education for approval.

3. Does the district have an MFA authorized borrowing? If so, the administration MUST contact the Michigan Finance Authority (MFA) for approval to proceed with this Request for a State Aid Advance. A copy of the approval from MFA should be attached to the request for State Aid advance.

No.

4. How much of the State Aid payment for which you are requesting an advance is pledged for an MFA authorized borrowing?

N/A

5. Explain the financial repercussion if the district does not receive a State School Aid advance.

Unable to make payroll (Amount of cash shortage to meet this obligation \$_____)

Unable to make debt obligation payment (Amount of shortage to meet this obligation \$2,000,000)

Unable to make retirement system payment (Amount of shortage to meet this obligation \$_____)

Unable to make vendor payment (Amount of payment over 30 days \$_____)

Other, Please describe

6. Explain how this request for an advance of State School Aid is non-recurring.

The debt obligation will be paid in full.

**School District
Request for State Aid Advance
Cash Flow Statement**

Michigan Department of Education
Office of State Aid and School Finance
PO Box 30008
Lansing, Michigan 48909

Legal Name of School District Education Achievement Authority of Michigan	Contact Name Rebecca Lee-Gwin	School District Code 8-4060		
	Week Ending January 11, 2013	Week Ending January 18, 2013	Week Ending January 25, 2013	Week Ending February 1, 2013
Beginning Balances				
(Including Investments)	1,104,670	344,308	37,348	1,008,306
Estimated Receipts				
Property Taxes				
Total State Aid			5,786,000	
Note Proceeds				
Other Grants			125,600	
Other Revenue				
Total Available Funds	1,104,670	344,308	5,948,948	1,008,306
Less Estimated Expenditures:				
Payrolls				2,925,716
Other Expenditures		306,960	1,940,642	92,139
Note Repayment / Set Asides			3,000,000	
Other Liens/Loans (Totals)				
Estimated Ending Balance	\$344,308	\$37,348	\$1,008,306	(\$2,009,549)
Amount of Advance Requested:			\$ 2,000,000	