

**School District of the City of Muskegon Heights
Receivership Transition Advisory Board Agenda
Wednesday, August 19, 2020, 4:00 PM
Virtual Meeting via Microsoft Teams**

1. CALL TO ORDER

A. Roll Call

J. Thomas D. Nesbary J. Schrier P. Johnson C. Todd

B. Approval of RTAB Minutes

1. Regular Meeting of July 15, 2020 (attachment #1)

2. NEW BUSINESS

A. District Updates

B. Monthly Reports

1. August 19, 2020 (attachment #2)
 - a. Liabilities Report (attachment #2a)
 - b. Cash Flow Projections (attachment #2b)
 - c. Comparison of Budgeted Revenue and Expenditure to Actual
(attachment #2c)

C. PSA Board Appointments (attachment #3 and attachment #4)

3. PUBLIC COMMENT

4. BOARD COMMENT

5. ADJOURNMENT

School District of the City of Muskegon Heights
Receivership Transition Advisory Board Meeting

Wednesday, July 15, 2020
Virtual Meeting via Microsoft Meeting

MINUTES

I. Call to Order

Chair Jessica Thomas called the meeting to order at 4:03 p.m.

A. Roll Call

Members Present – 5 (via phone)

Jessica Thomas

Patrice Johnson

John Schrier

Clinton Todd – Arrived at 4:06 p.m.

Dale Nesbary

Members Absent – 0

(None)

Governor Whitmer's Executive Order 2020-154 provides authorization of remote participation in public meetings and hearings in accordance with the Opening Meetings Act (OMA). A quorum was present.

B. Approval of RTAB Minutes

Motion by Mr. Schrier to approve the draft minutes. Motion moved and seconded by Dr. Nesbary. The RTAB approved the June 17, 2020 meeting minutes.

II. Old Business

A. District Finance Update

As requested by Mr. Schrier and Dr. Johnson from June 17, 2020 RTAB meeting, Mr. Lewis provided additional information about potential general fund budget scenarios, payment options of long-term debt and interest rate options for the emergency loans. Mr. Lewis also emphasized the importance of holding a general fund balance. Dr. Nesbary supported Mr. Lewis's comments regarding the importance of fund balance.

III. New Business

A. District Updates

Mr. Lewis provided an overview of the July reports. Mr. Lewis stated that he is available to answer any questions on any of the items he provides an update on during the meeting.

B. July 15, 2020 Monthly Reports

i. Liabilities Report

Mr. Lewis reported that the district paid its June emergency loan obligations of \$410,502. Mr. Lewis stated that the June reports reflect updated interest amounts owed on the outstanding School Bond Loan Fund and School Loan Revolving Fund, showing an increase of \$125,000. Mr. Lewis stated the district has reduced their principal on three out of four emergency loans.

ii. Cash Flow Projections

Mr. Lewis reported cash is stable for the district. The district is on track with meeting all the obligations. The district's cash position will be strengthened by \$140,000 due to higher tax revenues than budgeted.

iii. Comparison of Budgeted Revenue and Expenditure to Actual

Mr. Lewis reported that the district will see some additional revenues and expenditures for FY 2019-20. Mr. Lewis noted the district has a 60-day grace period to claim revenues for the fiscal year. Invoices for FY 2019-20 will be received in July and August.

The district anticipates an \$140,000 increase in tax revenues than stated on the general fund budget amendment. The \$140,000 was money that could not be claimed during the FY 2017-18 audit due to lack of supporting documentation. On June 24, 2020, the audit firm and City of Muskegon Heights provided the district with the documentation. The documentation allowed the district to reclaim the revenues.

IV. Public Comment

None.

V. Board Comment

Dr. Johnson inquired about fall plans and Muskegon Heights Public School Academy Board reorganization per the request of the district board. Chair Thomas responded that the RTAB has not received documents detailing the proposed transition. Upon receipt, the information will be included in the RTAB packets and brought before the RTAB for a vote.

VI. Adjournment

There being no further business, Chair Jessica Thomas adjourned this meeting at 4:20 p.m.

DRAFT



Muskegon Heights Public Schools

2603 Leahy Street • Muskegon Heights, MI 49444 • Phone 231-830-3221 Fax
231-830-3560

Date: August 13, 2020

To: Receivership Transition Advisory Board (RTAB)
Muskegon Heights Public Schools Board of Education

From: John Lewis, Assistant Superintendent

Re: Board Meeting Packet for August 19, 2020

Attached, please find the Muskegon Heights Public Schools 2019-20 and 2020-21 Budget to Actual Revenue and Expenditure Reports, Cash Flow Statement, and Liabilities Report.

Budget to Actual Revenue and Expenditure Report

Attached you will find the budget to actual report for 2019-20 and 2020-21 as of August 13, 2020.

For 2019-20, we are continuing to close out our fiscal year. There is a possibility that our tax revenues may come in a bit higher than projected. The City of Muskegon Heights will be sending out its final disbursement to us within the next week. From what I have been told, it's a little bit more than what I had expected, but I do not have the final figure quite yet. In terms of expenses, the board of education costs will be a little bit higher than projected due to payment of MCEA dues charged by Middle Cities Risk Management Trust. We will no longer be paying these fees moving forward as we have opted out of this program. I am hopeful that the additional tax revenues will offset this cost.

For 2020-21, we have not had much financial activity for this period. This is to be expected as we are very early into the new fiscal year.

Cash Flow Statement

Cash flow continues to look positive for the coming year. I expect no major delays in receiving tax revenues as General Fund taxes are received via wire. I have also informed the city that we are willing to obtain any debt service checks in person due to current USPS delays.

Liabilities Report

No changes to report.

| Fund | Rate | Description | Issuance Date | Original Amount | Term Length | Principal | Interest | Total Amount | Projected Maturity Date | As of Date |
|------|-------------|--|---------------|-----------------|-------------|---------------|--------------|---------------|-------------------------|------------|
| GF | | Payable to MDE - At-Risk Payback | | | Short | | | \$ 371,436 | N/A | 8/1/2020 |
| GF | 2.45% | Restructured Emergency Loan #1 - 2018 | 5/23/2018 | \$ 6,990,000 | Long | \$ 6,679,000 | \$ 2,086,151 | \$ 8,765,151 | 6/15/2042 | 8/1/2020 |
| GF | 2.35% | Restructured Emergency Loan #2 - 2018 | 5/23/2018 | \$ 3,165,000 | Long | \$ 3,155,000 | \$ 1,010,706 | \$ 4,165,706 | 6/15/2042 | 8/1/2020 |
| GF | 3.45% | Restructured Emergency Loan #3 - 2018 | 5/23/2018 | \$ 1,400,000 | Long | \$ 1,300,000 | \$ 537,669 | \$ 1,837,669 | 6/15/2043 | 8/1/2020 |
| GF | 2.70% | 2017/18 Emergency Loan #4 - 2018 | 5/23/2018 | \$ 2,449,000 | Long | \$ 2,449,000 | \$ 1,649,114 | \$ 4,098,114 | 6/15/2047 | 8/1/2020 |
| GF | NA | 2007 Energy Conservation Improvement Bonds | 12/19/2007 | | Long | \$ 3,149,000 | \$ - | \$ 3,149,000 | 12/19/2022 | 8/1/2020 |
| DF | 5.00% | 2016 Refunding Bonds, Series A | 3/29/2016 | | Long | \$ 10,990,000 | \$ 2,931,000 | \$ 13,921,000 | 5/1/2029 | 8/1/2020 |
| DF | 1.74%-2.61% | 2016 Refunding Bonds, Series B | 3/26/2016 | | Long | \$ 2,160,000 | \$ 82,792 | \$ 2,242,792 | 5/1/2021 | 8/1/2020 |
| DF | 3.41% | School Bond Loan Fund | Annual | | Long | \$ 2,212 | \$ 320 | \$ 2,532 | 5/1/2035* | 8/1/2020 |
| DF | 3.41% | School Loan Revolving Fund | Annual | | Long | \$ 4,918,431 | \$ 247,354 | \$ 5,165,785 | 5/1/2035* | 8/1/2020 |
| | | | | \$ 14,004,000 | | \$ 34,802,643 | \$ 8,545,107 | \$ 43,719,186 | | |

Note: GF - General Fund (18 mill levy); DF - Debt Service Fund (13 mill levy)

*Indicates Mandatory Repayment Date

Liability

Usage Explanation:

- EL #1 Majority of proceeds used to retire SAN received in August 2011. Remainder used for final payrolls and other prior year expenses
 - EL #2 Legacy costs
 - EL #3 Legacy costs
 - EL #4 Proceeds used to retire ORS and UIA debt
- Total Emergency Loans issued: \$14,004,000

Projected Monthly Cash Flow - One Year Projection

Date
8/19/2020

Attachment #2b

School District
Muskegon Heights Public Schools

| | August 20 | September 20 | October 20 | November 20 | December 20 | January 21 | February 21 | March 21 | April 21 | May 21 | June 21 | July 21 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Beginning Balance | \$ 1,069,266 | \$ 1,212,521 | \$ 1,434,286 | \$ 1,433,206 | \$ 1,431,044 | \$ 1,129,945 | \$ 1,201,919 | \$ 1,420,227 | \$ 1,416,055 | \$ 1,401,615 | \$ 1,391,763 | \$ 1,329,961 |
| Estimated Receipts | | | | | | | | | | | | |
| Taxes | \$ 151,000 | \$ 250,000 | \$ 17,281 | \$ 5,565 | \$ 72,322 | \$ 81,333 | \$ 227,481 | \$ 5,000 | | | \$ 360,948 | \$ 32,000 |
| Taxes - Tech Millage | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,507 | \$ 27,000 | \$ - | \$ - | \$ - | \$ - | \$ 21,187 | \$ - |
| Authorizer Fees | \$ 13,190 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 | \$ 12,463 |
| ELN Proceeds | | | | | | | | | | | | |
| Other Revenue | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| Total Available Funds | \$ 1,234,456 | \$ 1,478,521 | \$ 1,480,030 | \$ 1,467,234 | \$ 1,532,336 | \$ 1,224,741 | \$ 1,469,863 | \$ 1,438,690 | \$ 1,429,518 | \$ 1,415,078 | \$ 1,787,361 | \$ 1,375,424 |
| Less Estimated Expenditures: | | | | | | | | | | | | |
| Payrolls | \$ 14,070 | \$ 14,070 | \$ 18,658 | \$ 14,070 | \$ 14,070 | \$ 14,070 | \$ 14,070 | \$ 14,070 | \$ 18,658 | \$ 14,070 | \$ 14,070 | \$ 14,070 |
| Other Expenditures | \$ 7,865 | \$ 15,165 | \$ 13,165 | \$ 7,120 | \$ 16,346 | \$ 8,752 | \$ 8,565 | \$ 8,565 | \$ 9,245 | \$ 9,245 | \$ 9,245 | \$ 4,280 |
| Emergency Loan Payment | \$ - | \$ - | \$ - | \$ - | \$ 174,376 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 412,898 | \$ - |
| Tech Millage to PSA | \$ - | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,507 | \$ - | \$ 27,000 | \$ - | \$ - | \$ - | \$ 21,187 | \$ - |
| Other Liens/Loans (Totals) | \$ - | \$ - | \$ - | \$ - | \$ 182,092 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Estimated Ending Balance | \$ 1,212,521 | \$ 1,434,286 | \$ 1,433,206 | \$ 1,431,044 | \$ 1,129,945 | \$ 1,201,919 | \$ 1,420,227 | \$ 1,416,055 | \$ 1,401,615 | \$ 1,391,763 | \$ 1,329,961 | \$ 1,357,074 |

Expenses by Month

| | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Jan 21 | Feb 21 | Mar 21 | Apr 21 | May 21 | Jun 21 | Jul 21 | Totals |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Payrolls (including contracted staff) | \$ 14,070 | \$ 14,070 | \$ 18,658 | \$ 14,070 | \$ 14,070 | \$ 14,070 | \$ 14,070 | \$ 14,070 | \$ 18,658 | \$ 14,070 | \$ 14,070 | \$ 14,070 | \$ 178,018 |
| Consumers - electric | \$ 800 | \$ 800 | \$ 800 | \$ 372 | \$ 356 | \$ 233 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 800 | \$ 6,661 |
| DTE - natural gas | \$ 500 | \$ 800 | \$ 800 | \$ 264 | \$ 1,478 | \$ 1,997 | \$ 1,500 | \$ 1,500 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 500 | \$ 15,339 |
| Waste & Water utility | \$ 220 | \$ 220 | \$ 220 | \$ 139 | \$ 168 | \$ 177 | \$ 220 | \$ 220 | \$ 400 | \$ 400 | \$ 400 | \$ 220 | \$ 3,004 |
| Audit Fees | | \$ 7,000 | \$ 5,000 | | | | | | | | | | \$ 12,000 |
| Legal Fees | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 1,160 | \$ 13,920 |
| Property Insurance | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 3,585 | \$ 39,435 |
| MAISD Tech Fee | | | | | \$ 8,000 | | | | | | | | \$ 8,000 |
| Epicenter | | | | | | | | | | | | | \$ - |
| Bank Fees | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 600 | \$ 7,200 |
| Misc. | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| EL Loan Payments | | | | | \$174,376 | | | | | | \$412,898 | | \$ 587,273 |
| Tech Millage Flowthrough | \$ - | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ 15,507 | \$ - | \$ 27,000 | \$ - | \$ - | \$ - | \$ 21,187 | \$ - | \$ 108,694 |
| QZAB Energy Bonds | | | | | \$182,092 | | | | | | | | \$ 182,092 |
| Totals | \$ 21,935 | \$ 44,235 | \$ 46,823 | \$ 36,190 | \$402,391 | \$ 22,823 | \$ 49,635 | \$ 22,635 | \$ 27,903 | \$ 23,315 | \$457,400 | \$ 18,350 | \$1,173,636 |

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 GENERAL FUND
 2019-20
 8/13/2020

| | Budget 2019-20 | Actuals to Date | Under/(Over) to Date | % of Budget Used |
|---|---------------------|---------------------|-------------------------|---------------------|
| Estimated Beginning Fund Balance | \$ 280,114 | \$ 280,114 | | |
| Revenue | | | | |
| Property taxes | \$ 1,187,400 | \$ 1,297,565 | \$ (110,165) | 109.3% |
| State Sources | \$ 6,740 | \$ 6,748 | \$ (8) | 100.1% |
| Oversight fees | \$ 146,110 | \$ 132,924 | \$ 13,186 | 91.0% |
| Transfers and Other | \$ 66,080 | \$ 66,084 | \$ (4) | 100.0% |
| Total Revenue | \$ 1,406,330 | \$ 1,503,320 | | |
| Expenditures | | | | |
| Data Technology | \$ 8,650 | \$ 8,599 | \$ 51 | 99.4% |
| Board of Education | \$ 14,660 | \$ 22,732 | \$ (8,072) | 155.1% |
| Executive Administration | \$ 69,100 | \$ 63,752 | \$ 5,348 | 92.3% |
| Business Services | \$ 104,150 | \$ 103,625 | \$ 525 | 99.5% |
| Interest and Fees Expense | \$ 6,360 | \$ 7,360 | \$ (1,000) | 115.7% |
| Unpaid Auction and Delinquent Tax Fees | \$ 13,280 | \$ 13,280 | \$ 0 | 100.0% |
| Building Services | \$ 90,020 | \$ 86,727 | \$ 3,293 | 96.3% |
| District Technology | \$ 880 | \$ 953 | \$ (73) | 108.3% |
| Emergency Loan Payments | \$ 588,500 | \$ 588,491 | \$ 9 | 100.0% |
| Transfers and Other | \$ 302,420 | \$ 289,908 | \$ 12,512 | 95.9% |
| Total Expenditures | \$ 1,198,020 | \$ 1,185,428 | | |
| Revenues Less Expenditures | \$ 208,310 | \$ 317,892 | | |
| Projected Ending Fund Balance | \$ 488,424 | \$ 598,006 | | |

| REVENUES | DESCRIPTION | TOTAL |
|--------------------------------------|--------------------------------|---------------|
| 11-0111-0000-000-0000-000000-000000- | PROPERTY TAXES CURRENT | -1,176,336.29 |
| 11-0111-0000-100-0000-000000-000000- | OTHER TAXES | -7,673.91 |
| 11-0121-0000-000-0000-000000-000000- | TECH MILLAGE FLOWTHROUGH | -107,815.88 |
| 11-0124-0000-000-0000-000000-000000- | PENALTY & INT ON DEL TAXES | -5,738.68 |
| 11-0151-0000-000-0000-000000-000000- | EARNINGS ON INVEST & DEPOSITS | 0.00 |
| 11-0191-0000-000-0000-000000-000000- | RENTALS | -8,500.00 |
| 11-0199-0000-000-0000-000000-000000- | MISCELLANEOUS | -57,583.93 |
| 11-0321-0000-000-0000-000000-000000- | PPT REIMBURSEMENT | -6,747.60 |
| 11-0519-0000-001-0000-000000-000000- | 3% AUTHORIZER FEE - MHPSA | -132,924.08 |
| 11-0519-0000-100-0000-000000-000000- | SHARED BUSINESS SVCS | 0.00 |
| 11-0591-0000-000-0000-000000-000000- | PROCEEDS FROM ISSUANCE OF BOND | 0.00 |
| | | -1,503,320.37 |

| EXPENDITURES | DESCRIPTION | TOTAL | |
|--------------------------------------|--------------------------------|-----------------|-----------------|
| 11-1-225-7410-840-0000-00000-000000- | LICENSING FEES & RENEWALS | 8,146.00 | |
| 11-1-226-4220-899-0000-00000-000000- | COPY MACHINE | 453.20 | \$ 8,599.20 |
| 11-1-231-3170-000-0000-00000-000000- | LEGAL SERVICES | 5,303.50 | |
| 11-1-231-3180-000-0000-00000-000000- | AUDIT SERVICES | 11,550.00 | |
| 11-1-231-3220-007-0000-00000-000000- | TRAVEL - TRINELL SCOTT | 0.00 | |
| 11-1-231-7410-000-0000-00000-000000- | DUES & FEES | 5,878.00 | \$ 22,731.50 |
| 11-1-232-3150-000-0000-00000-000000- | CONTRACTED SERVICES | 63,752.40 | |
| 11-1-232-3210-000-0000-00000-000000- | COST OF TRAVEL (MILEAGE) | 0.00 | |
| 11-1-232-3430-000-0000-00000-000000- | MAILING | 0.00 | |
| 11-1-232-7910-000-0000-00000-000000- | MISCELLANEOUS | 0.00 | \$ 63,752.40 |
| 11-1-252-1620-033-0000-00000-000000- | ACCOUNTING SPECIALIST | 59,999.94 | |
| 11-1-252-2130-000-0000-00000-000000- | HOSPITALIZATION | 20,482.03 | |
| 11-1-252-2820-033-0000-00000-000000- | CONTRIB TO ST&LOC RETIRE FUNDS | 16,317.10 | |
| 11-1-252-2830-033-0000-00000-000000- | EMPLOYER SOCIAL SECURITY | 4,590.04 | |
| 11-1-252-2840-033-0000-00000-000000- | WORKMAN'S COMPENSATION | 1.82 | |
| 11-1-252-3150-030-0000-00000-000000- | CONTRACTED SERVICES | 0.00 | |
| 11-1-252-3220-030-0000-00000-000000- | TRAVEL & CONFERENCE | 0.00 | |
| 11-1-252-5910-030-0000-00000-000000- | OFFICE SUPPLIES | 2,234.47 | \$ 103,625.40 |
| 11-1-252-7410-000-0000-00000-000000- | INTEREST & FEES EXPENSE | 7,360.16 | \$ 7,360.16 |
| 11-1-259-7610-000-0000-00000-000000- | TAXES ABATED & WRITTEN OFF | 13,279.88 | \$ 13,279.88 |
| 11-1-261-3190-100-0000-00000-000000- | CONTRACTED SERVICES | 15,806.97 | |
| 11-1-261-3410-000-0000-00000-000000- | TELEPHONE CHARGES | 173.65 | |
| 11-1-261-3830-000-0000-00000-000000- | WATER & SEWAGE | 1,793.97 | |
| 11-1-261-3840-000-0000-00000-000000- | WASTE & TRASH DISPOSAL | 736.00 | |
| 11-1-261-3910-000-0000-00000-000000- | INSURANCE | 53,075.00 | |
| 11-1-261-4110-000-0000-00000-000000- | LAND AND BLDGS-REPAIRS & MAINT | 0.00 | |
| 11-1-261-5510-000-0000-00000-000000- | HEATING FUEL | 10,337.60 | |
| 11-1-261-5520-000-0000-00000-000000- | ELECTRICITY | 4,804.17 | \$ 86,727.36 |
| 11-1-284-3410-000-0000-00000-000000- | CELL PHONE CHARGES | 952.99 | \$ 952.99 |
| 11-1-411-8910-000-0000-00000-000000- | TRANSFERS TO MHPSA | 107,815.88 | |
| 11-1-511-7110-994-0000-00000-000000- | PRINCIPAL PMT - EMERGENCY LOAN | 233,000.00 | |
| 11-1-511-7230-994-0000-00000-000000- | INTEREST PMT - EMERGENCY LOANS | 355,490.81 | \$ 588,490.81 |
| 11-1-634-8110-000-0000-00000-000000- | QZAB TRANSFER - DEBT RETIREMEN | 182,092.42 | \$ 289,908.30 |
| | | \$ 1,185,428.00 | \$ 1,185,428.00 |

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 DEBT SERVICE - 2016 REFUNDING BONDS
 2019-20
 8/13/2020

| | Actuals to Date |
|---|---------------------|
| Estimated Beginning Fund Balance | \$ 225,460 |
| Revenue | |
| Tax Revenues | \$ 1,343,995 |
| SBLF/SLRF (State Bond Loan Programs) | \$ 1,390,800 |
| Total Revenue | \$ 2,734,795 |
| Expenditures | |
| Tax Chargebacks & Auction Property | \$ - |
| Principal Payments | \$ 1,995,000 |
| Interest Payments | \$ 674,542 |
| Total Expenditures | \$ 2,669,542 |
| Revenues Less Expenditures | \$ 65,253 |
| Projected Ending Fund Balance | \$ 290,713 |

| Account | Description | Total |
|---------------------------------------|--------------------------------|---------------|
| 32-0111-0000-000-0000-000000-0000000- | PROPERTY TAX LEVY | -1,213,491.74 |
| 32-0111-0000-100-0000-000000-0000000- | OTHER TAXES-HSBF | 0.00 |
| 32-0124-0000-000-0000-000000-0000000- | PENALTY & INT ON DEL TAXES | -6,185.46 |
| 32-0151-0000-000-0000-000000-0000000- | EARNINGS ON INVESTMENTS-HSBF | -247.67 |
| 32-0321-0000-000-0000-000000-0000000- | PPT REIMBURSEMENT | -124,070.05 |
| 32-0591-0000-000-0000-000000-0000000- | BOND PROCEEDS | 0.00 |
| 32-0595-0000-000-0000-000000-0000000- | STATE LOAN PROGRAM-HSBF | -1,390,800.00 |
| 32-0596-0000-000-0000-000000-0000000- | PROCEEDS FROM REFINANCING DEBT | 0.00 |
| 32-0596-0000-001-0000-000000-0000000- | PREMIUM ON REFUNDING BONDS | 0.00 |
| 32-0599-9000-000-0000-000000-0000000- | DUE TO/FROM | 0.00 |
| 32-0631-0000-000-0000-000000-0000000- | TRANSFER IN | 0.00 |

| Account | Description | Total |
|---------------------------------------|-------------------------------|--------------|
| 32-1-252-3180-000-0000-000000-000000- | AUDIT SERVICES | 0.00 |
| 32-1-252-7410-000-0000-000000-000000- | PAYING AGENT FEES | 0.00 |
| 32-1-259-3610-000-0000-000000-000000- | PRINTING | 0.00 |
| 32-1-259-7610-000-0000-000000-000000- | TAXES ABATED & WRITTEN OFF | 0.00 |
| 32-1-511-7110-000-0000-000000-000000- | PRINCIPAL - 2006 REF BDS | 1,995,000.00 |
| 32-1-511-7230-000-0000-000000-000000- | INTEREST-HSBF | 674,542.00 |
| 32-1-511-7310-000-0000-000000-000000- | OTHER BOND ISSUANCE COSTS | 0.00 |
| 32-1-511-7330-000-0000-000000-000000- | BOND DISCOUNT | 0.00 |
| 32-1-511-7410-000-0000-000000-000000- | PAYING AGENT FEES-HSBF | 0.00 |
| 32-1-512-7320-000-0000-000000-000000- | PAYMENTS TO BOND ESCROW AGENT | 0.00 |

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 QZAB Fund
 2019-20
 8/13/2020

| | Actuals to Date |
|---|---------------------|
| Estimated Beginning Fund Balance | \$ 2,240,644 |
| Revenue | |
| Earnings on Investment | \$ 20,662 |
| Transfers In | \$ 182,092 |
| Total Revenue | \$ 202,755 |
| Expenditures | \$ - |
| Total Expenditures | \$ - |
| Revenues Less Expenditures | \$ 202,755 |
| Projected Ending Fund Balance | \$ 2,443,399 |

| Account | Description | Total |
|--------------------------------------|-------------------------|--------------|
| 34-0151-0000-000-0000-000000-000000- | EARNINGS ON INVESTMENTS | -20,662.29 |
| 34-0611-0000-000-0000-000000-000000- | QZAB TRANSFER | -182,092.42 |

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 GENERAL FUND
 2020-21
 8/13/2020

| | Budget 2020-21 | Actuals to Date | Under/(Over) to Date | % of Budget Used |
|---|---------------------|--------------------|-------------------------|---------------------|
| Estimated Beginning Fund Balance | \$ 488,424 | \$ 488,424 | | |
| Revenue | | | | |
| Property taxes | \$ 1,188,930 | \$ 5,373 | \$ 1,183,557 | 0.5% |
| State Sources | \$ 6,740 | \$ - | \$ 6,740 | 0.0% |
| Oversight fees | \$ 137,100 | \$ - | \$ 137,100 | 0.0% |
| Transfers and Other | \$ 18,500 | \$ 4 | \$ 18,496 | 0.0% |
| Total Revenue | \$ 1,351,270 | \$ 5,377 | | |
| Expenditures | | | | |
| Data Technology | \$ 8,650 | \$ - | \$ 8,650 | 0.0% |
| Board of Education | \$ 21,550 | \$ - | \$ 21,550 | 0.0% |
| Executive Administration | \$ 69,100 | \$ - | \$ 69,100 | 0.0% |
| Business Services | \$ 106,060 | \$ 11,122 | \$ 94,938 | 10.5% |
| Interest and Fees Expense | \$ 6,360 | \$ 284 | \$ 6,076 | 4.5% |
| Unpaid Auction and Delinquent Tax Fees | \$ 50,000 | \$ - | \$ 50,000 | 0.0% |
| Building Services | \$ 83,570 | \$ 5,698 | \$ 77,872 | 6.8% |
| District Technology | \$ 880 | \$ - | \$ 880 | 0.0% |
| Emergency Loan Payments | \$ 587,280 | \$ - | \$ 587,280 | 0.0% |
| Transfers and Other | \$ 302,420 | \$ - | \$ 302,420 | 0.0% |
| Total Expenditures | \$ 1,235,870 | \$ 17,103 | | |
| Revenues Less Expenditures | \$ 115,400 | \$ (11,726) | | |
| Projected Ending Fund Balance | \$ 603,824 | \$ 476,698 | | |

| REVENUES | DESCRIPTION | TOTAL |
|--------------------------------------|--------------------------------|-----------|
| 11-0111-0000-000-0000-000000-000000- | PROPERTY TAXES CURRENT | 0.00 |
| 11-0111-0000-100-0000-000000-000000- | OTHER TAXES | 0.00 |
| 11-0121-0000-000-0000-000000-000000- | TECH MILLAGE FLOWTHROUGH | -5,373.25 |
| 11-0124-0000-000-0000-000000-000000- | PENALTY & INT ON DEL TAXES | 0.00 |
| 11-0151-0000-000-0000-000000-000000- | EARNINGS ON INVEST & DEPOSITS | 0.00 |
| 11-0191-0000-000-0000-000000-000000- | RENTALS | 0.00 |
| 11-0199-0000-000-0000-000000-000000- | MISCELLANEOUS | -4.00 |
| 11-0321-0000-000-0000-000000-000000- | PPT REIMBURSEMENT | 0.00 |
| 11-0519-0000-001-0000-000000-000000- | 3% AUTHORIZER FEE - MHPSA | 0.00 |
| 11-0519-0000-100-0000-000000-000000- | SHARED BUSINESS SVCS | 0.00 |
| 11-0591-0000-000-0000-000000-000000- | PROCEEDS FROM ISSUANCE OF BOND | 0.00 |
| | | -5,377.25 |

| EXPENDITURES | DESCRIPTION | TOTAL | |
|--------------------------------------|--------------------------------|--------------|--------------|
| 11-1-225-7410-840-0000-00000-000000- | LICENSING FEES & RENEWALS | 0.00 | |
| 11-1-226-4220-899-0000-00000-000000- | COPY MACHINE | 0.00 | \$ - |
| 11-1-231-3170-000-0000-00000-000000- | LEGAL SERVICES | 0.00 | |
| 11-1-231-3180-000-0000-00000-000000- | AUDIT SERVICES | 0.00 | |
| 11-1-231-3220-007-0000-00000-000000- | TRAVEL - TRINELL SCOTT | 0.00 | |
| 11-1-231-7410-000-0000-00000-000000- | DUES & FEES | 0.00 | \$ - |
| 11-1-232-3150-000-0000-00000-000000- | CONTRACTED SERVICES | 0.00 | |
| 11-1-232-3210-000-0000-00000-000000- | COST OF TRAVEL (MILEAGE) | 0.00 | |
| 11-1-232-3430-000-0000-00000-000000- | MAILING | 0.00 | |
| 11-1-232-7910-000-0000-00000-000000- | MISCELLANEOUS | 0.00 | \$ - |
| 11-1-252-1620-033-0000-00000-000000- | ACCOUNTING SPECIALIST | 6,923.07 | |
| 11-1-252-2130-000-0000-00000-000000- | HOSPITALIZATION | 1,764.79 | |
| 11-1-252-2820-033-0000-00000-000000- | CONTRIB TO ST&LOC RETIRE FUNDS | 1,903.83 | |
| 11-1-252-2830-033-0000-00000-000000- | EMPLOYER SOCIAL SECURITY | 529.62 | |
| 11-1-252-2840-033-0000-00000-000000- | WORKMAN'S COMPENSATION | 0.21 | |
| 11-1-252-3150-030-0000-00000-000000- | CONTRACTED SERVICES | 0.00 | |
| 11-1-252-3220-030-0000-00000-000000- | TRAVEL & CONFERENCE | 0.00 | |
| 11-1-252-5910-030-0000-00000-000000- | OFFICE SUPPLIES | 0.00 | \$ 11,121.52 |
| 11-1-252-7410-000-0000-00000-000000- | INTEREST & FEES EXPENSE | 283.54 | \$ 283.54 |
| 11-1-259-7610-000-0000-00000-000000- | TAXES ABATED & WRITTEN OFF | 0.00 | \$ - |
| 11-1-261-3190-100-0000-00000-000000- | CONTRACTED SERVICES | 1,500.00 | |
| 11-1-261-3410-000-0000-00000-000000- | TELEPHONE CHARGES | 0.00 | |
| 11-1-261-3830-000-0000-00000-000000- | WATER & SEWAGE | 0.00 | |
| 11-1-261-3840-000-0000-00000-000000- | WASTE & TRASH DISPOSAL | 0.00 | |
| 11-1-261-3910-000-0000-00000-000000- | INSURANCE | 3,584.82 | |
| 11-1-261-4110-000-0000-00000-000000- | LAND AND BLDGS-REPAIRS & MAINT | 0.00 | |
| 11-1-261-5510-000-0000-00000-000000- | HEATING FUEL | 0.00 | |
| 11-1-261-5520-000-0000-00000-000000- | ELECTRICITY | 613.36 | \$ 5,698.18 |
| 11-1-284-3410-000-0000-00000-000000- | CELL PHONE CHARGES | 0.00 | \$ - |
| 11-1-411-8910-000-0000-00000-000000- | TRANSFERS TO MHPSA | 0.00 | |
| 11-1-511-7110-994-0000-00000-000000- | PRINCIPAL PMT - EMERGENCY LOAN | 0.00 | |
| 11-1-511-7230-994-0000-00000-000000- | INTEREST PMT - EMERGENCY LOANS | 0.00 | \$ - |
| 11-1-634-8110-000-0000-00000-000000- | QZAB TRANSFER - DEBT RETIREMEN | 0.00 | \$ - |
| | | \$ 17,103.24 | \$ 17,103.24 |

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 DEBT SERVICE - 2016 REFUNDING BONDS
 2020-21
 8/13/2020

| | | Actuals to Date |
|---|-----------|-----------------|
| Estimated Beginning Fund Balance | \$ | 290,713 |
| Revenue | | |
| Tax Revenues | \$ | - |
| SBLF/SLRF (State Bond Loan Programs) | \$ | - |
| Total Revenue | \$ | - |
| Expenditures | | |
| Tax Chargebacks & Auction Property | \$ | - |
| Principal Payments | \$ | - |
| Interest Payments | \$ | - |
| Total Expenditures | \$ | - |
| Revenues Less Expenditures | \$ | - |
| Projected Ending Fund Balance | \$ | 290,713 |

| Account | Description | Total |
|---------------------------------------|--------------------------------|--------------|
| 32-0111-0000-000-0000-000000-0000000- | PROPERTY TAX LEVY | 0.00 |
| 32-0111-0000-100-0000-000000-0000000- | OTHER TAXES-HSBF | 0.00 |
| 32-0124-0000-000-0000-000000-0000000- | PENALTY & INT ON DEL TAXES | 0.00 |
| 32-0151-0000-000-0000-000000-0000000- | EARNINGS ON INVESTMENTS-HSBF | 0.00 |
| 32-0321-0000-000-0000-000000-0000000- | PPT REIMBURSEMENT | 0.00 |
| 32-0591-0000-000-0000-000000-0000000- | BOND PROCEEDS | 0.00 |
| 32-0595-0000-000-0000-000000-0000000- | STATE LOAN PROGRAM-HSBF | 0.00 |
| 32-0596-0000-000-0000-000000-0000000- | PROCEEDS FROM REFINANCING DEBT | 0.00 |
| 32-0596-0000-001-0000-000000-0000000- | PREMIUM ON REFUNDING BONDS | 0.00 |
| 32-0599-9000-000-0000-000000-0000000- | DUE TO/FROM | 0.00 |
| 32-0631-0000-000-0000-000000-0000000- | TRANSFER IN | 0.00 |

| Account | Description | Total |
|---------------------------------------|-------------------------------|--------------|
| 32-1-252-3180-000-0000-000000-000000- | AUDIT SERVICES | 0.00 |
| 32-1-252-7410-000-0000-000000-000000- | PAYING AGENT FEES | 0.00 |
| 32-1-259-3610-000-0000-000000-000000- | PRINTING | 0.00 |
| 32-1-259-7610-000-0000-000000-000000- | TAXES ABATED & WRITTEN OFF | 0.00 |
| 32-1-511-7110-000-0000-000000-000000- | PRINCIPAL - 2006 REF BDS | 0.00 |
| 32-1-511-7230-000-0000-000000-000000- | INTEREST-HSBF | 0.00 |
| 32-1-511-7310-000-0000-000000-000000- | OTHER BOND ISSUANCE COSTS | 0.00 |
| 32-1-511-7330-000-0000-000000-000000- | BOND DISCOUNT | 0.00 |
| 32-1-511-7410-000-0000-000000-000000- | PAYING AGENT FEES-HSBF | 0.00 |
| 32-1-512-7320-000-0000-000000-000000- | PAYMENTS TO BOND ESCROW AGENT | 0.00 |

Muskegon Heights Public Schools
Revenues, Expenditures, and Fund Balance
QZAB Fund
2020-21
8/13/2020

| | Actuals to Date |
|---|---------------------|
| Estimated Beginning Fund Balance | \$ 2,443,399 |
| Revenue | |
| Earnings on Investment | \$ - |
| Transfers In | \$ - |
| Total Revenue | \$ - |
| Expenditures | |
| | \$ - |
| Total Expenditures | \$ - |
| Revenues Less Expenditures | \$ - |
| Projected Ending Fund Balance | \$ 2,443,399 |

| Account | Description | Total |
|--------------------------------------|-------------------------|--------------|
| 34-0151-0000-000-0000-000000-000000- | EARNINGS ON INVESTMENTS | 0.00 |
| 34-0611-0000-000-0000-000000-000000- | QZAB TRANSFER | 0.00 |

Muskegon Heights Public School Academy System



2441 Sanford, Muskegon Heights, MI 49444
Phone 231-830-3703 • Fax 231-830-3755 • mhtigers.org
Rané Garcia, Superintendent

July 22, 2020

Dear Ms. Thomas:

The Board of Directors of the Muskegon Heights Public School Academy System (“System Board”) is requesting assistance from the Receivership Transition Advisory Board (“RTAB”) in order to enable the System Board to properly fulfill its governance responsibilities and in order to continue providing vital educational services to the children of Muskegon Heights.

The System Board is specifically requesting the RTAB appoint a member to the System Board. Pursuant to Order 2016-8, issued by Steven M. Schiller, the RTAB is authorized to take action to appoint a member to the System Board, “If the District Board and System Board are unable to agree on a subsequent System Board nominee for appointment...then the Advisory Board shall appoint the subsequent System Board member.”

Based on the following facts and the recent actions of the District Board, it is the System Board’s position that “the District Board and the System Board are unable to agree.” The timeline of this latest situation is as follows:

- The System Board nominated Mrs. Kim Sims on March 16, 2020 for appointment. Mrs. Sims is a former mayor and council member of Muskegon Heights, a resident, and an active member of the community. During her 12 years serving with the City of Muskegon Heights, Mrs. Sims worked to support the schools of Muskegon Heights, first as the Muskegon Heights Public Schools, through the transition and then as the Muskegon Heights Public School Academy System. Mrs. Sims leadership has been recognized through a 2020 nomination for the African American Leadership Award, appointment to the Community Service Commission by the Governor, and as a 2018 Woman of Accomplishment award recipient from the Greater Muskegon Woman's Club. Kim’s experience serving on Boards includes being a trustee of the Michigan Municipal League and Muskegon YMCA.
- The District Board met on April 20, 2020 and voted to NOT appoint Mrs. Sims.
- On May 27, 2020, given the District Board’s failure to act and appoint Ms. Sims, the System Board approved two additional nominees, from which the District Board could choose: Reverend Duane Banks and Dr. Angelia Coleman, to the District Board for consideration and appointment. These suggested appointments were conducted by the System in accordance with and in reliance upon the terms and conditions of the Charter Contract.
- On the evening of May 29, 2020, the District Board sent a letter to the System Board with concerns.

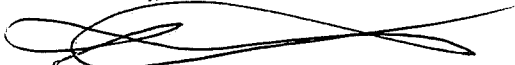
- On June 8, the System responded to the concerns listed in the District's communication with significant detail and requested a collaborative problem-solving conversation, mediated by a third-party sophisticated in educational issues and charter schools.
- On June 8, the District's attorney communicated to the System's attorney that the District had no interest in entering into mediation.
- On June 8, the District's assistant superintendent stated he could not provide any timeline for moving forward with the nominations.
- On June 9, the System's superintendent requested the process move forward in accordance with EM 2016-8
- On June 12, we received your letter urging discussion and resolution.
- Yesterday, July 21, the district interviewed Reverend Banks and Dr. Coleman and voted to NOT appoint either of these candidates.
- Additionally, the District Board held interviews of 6 other candidates that were not nominated by the System Board. The District voted to approve each of these candidates. During the interviews it was stated by Ms. Trinell Scott, District Board president, that there were 5 System Board seats to fill. This statement is inaccurate because the System Board currently has only one (1) vacancy.
- It may be helpful to have some background on Reverend Duane Banks and Dr. Angelia Coleman. Reverend Banks is a Muskegon Heights resident, Muskegon Heights Public School Alumnus, senior pastor at Spring Street Missionary Baptist Church and a Chaplain at Mercy Health. He has served on several volunteer organizations including the Board of Directors for Habitat for Humanity and Life Circles Senior Resources. Dr. Coleman is a Muskegon community member and brings a strong educational perspective to the System Board having formerly served as a teacher, school administrator in our area, and recently completed her PhD in Educational Leadership with a dissertation titled The Lethal Implications of Deficit thinking in Urban Education. She is in her second year of serving on the Michigan Elementary and Middle School Principal Association (MEMSPA) on the Professional Development Committee and currently holds a position on the Muskegon Township Board of Review.

With the District Board failing to take action to appoint any of the three nominees properly proposed by the System Board, the System Board is unable to move forward to fill the board seat and properly govern the System.

Thus, we feel we have no alternative but to request the RTAB use its authority to bring the System Board back to its full five (5) member capacity by appointing Mrs. Sims to serve on the System Board at your earliest convenience.

Should you or other members of the RTAB have any questions or need additional information, please let me know.

Sincerely,



Garland Kilgore, President

Board of Directors

Muskegon Heights Public School Academy System



Muskegon Heights Public Schools

2603 Leahy Street • Muskegon Heights, MI 49444 • Phone 231-830-3221 Fax 231-830-3560

August 13, 2020

Jessica Thomas, President
Receivership Transition Advisory Board for
Muskegon Heights Public Schools
Michigan Department of Treasury
430 W. Allegan St.
Lansing, MI 48922

Dear President Thomas:

In response to your letter dated June 12, 2020, the Muskegon Heights Public Schools (MHPS) Board of Education provides the following plan for removal and replacement of the Muskegon Heights Public School Academy (MHPSA) appointed board.

On August 13, 2020, a letter was sent to the current MHPSA board members via email notifying the members that the MHPS board will be removing them from their board positions on August 13, 2020 pending review by the Receivership Transition Advisory Board (RTAB).

Prior to the aforementioned letter sent to the current MHPSA board, the MHPS board has conducted interviews of potential board replacements and held votes on these candidates during public virtual meetings. Copies of their completed Public School Academy System Board Member Appointment Questionnaires are included in the email attached to this letter, as well as the meeting minutes approving these candidates. We would also like to note that the MHPS board has processed and received criminal background check results as well as collected candidate conflict of interest waivers (via questionnaire). The MHPS Board approves the following candidates:

- Mr. Marquis Childers, Jr.
- Mr. David Fox
- Mrs. Antonette Robinson
- Mrs. Leslie Slater
- Mr. Joseph Warren

Each candidate above is a citizen of the United States and a resident of Michigan. Equally important, all candidates are Muskegon Heights Public School alumni and four of the above approved candidates are current residents of the city of Muskegon Heights.

No approved candidate is appointed or controlled by another profit or non-profit corporation. No candidate is a MHPSA system employee or independent contractor performing services for MHPSA. No candidate is a current or former director, officer, or employee of an educational management company that contracts with MHPSA. No member is a current MHPS district board member, official, or employee.

The MHPS board believes that these candidates share the vision of what a successful public school academy in Muskegon Heights should be and how it can be achieved. They are ready to begin their roles immediately should they be approved by the Muskegon Heights RTAB. The MHPS board fully intends upon meeting with the new MHPSA board shortly after their appointment by the RTAB. The purpose of this meeting, with the assistance of an independent facilitator, is to discuss the working relationship of both the MHPS and MHPSA boards, as well as the educational expectations of MHPSA.

We are requesting that the RTAB review the information provided and include the MHPS board on the RTAB meeting agenda for August 19, 2020. This will provide the MHPS board with an opportunity to discuss why we feel board member replacement is necessary, as well as provide the RTAB with an opportunity to voice questions or concerns regarding this change. It is our hope that these five candidates be placed prior to the beginning of the school year which begins on August 31, 2020.

Respectfully,

A handwritten signature in black ink, appearing to read "Trinell Scott". The signature is fluid and cursive, with a large initial "T" and "S".

Trinell Scott
President, Muskegon Heights Board of Education
Muskegon Heights Public School District