

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

Wednesday, April 19, 2017
Conference Room
2603 Leahy St.
Muskegon Heights, MI 49444

MINUTES

I. Call to Order

Chair Ann Storberg called the meeting to order at 4:03 p.m.

A. Roll Call

Members Present – 3

Patrice Johnson

Dale Nesbary

Ann Storberg

Members Absent – 2

John Schrier

Clinton Todd – Arrived 4:14 p.m.

A quorum was present.

B. Approval of Minutes

Motion by Dr. Nesbary to approve the draft minutes of the RTAB's March 15, 2017 meeting as presented. Motion moved and seconded by Ms. Johnson. The RTAB approved the minutes of the March 15, 2017 meeting as presented by voice vote.

II. Old Business

None

III. New Business

A. News and Updates

i. District Visit

Treasury analyst Jake Brower provided an update on scheduling a visit to the Muskegon Heights Public School Academy System (the “System”) for the RTAB and District Board.

A tentative date is May 22, 2017. Chair Storberg encouraged all members from both the RTAB and District Board to attend.

ii. Epicenter

Mr. Brower reported that all RTAB and District Board members have been provided access to the Epicenter reporting system. A recording was made of the live demo for anyone unable to attend and additional support videos are available online.

Dr. Nesbary expressed support for the tool and thanked the System for providing a demo. Chair Storberg noted that using Epicenter will be helpful to the RTAB and District Board, and also for Mr. Lewis.

iii. Michigan Department of Education (MDE)

Chair Storberg noted that MDE will be visiting the District Board meeting in June to provide an overview of the Charter and responsibilities of the District as the authorizer for the System. Chair Storberg encouraged all members to attend.

Chair Storberg reported that the partnership agreement between MDE and the System was to be signed at the System’s most recent board meeting. The appointed attorney for the district, Gary Britton, confirmed the System approved the agreement.

B. Monthly Reports

i. Summary

RTAB Trustee Clinton Todd arrived at this time, 4:14 p.m., and was present for the remainder of the meeting.

Assistant Superintendent of Finance and Administration John Lewis began his report noting that he included a cover letter as part of the report and asked for any questions. Chair Storberg and other members thanked him for the report.

Ms. Johnson asked why the District was receiving funds from Highland Park Public Schools and Orchard View Schools. Mr. Lewis explained that the District and Highland Park had a management agreement splitting his time between the two districts. He will now be working solely for the District. Orchard View rents some of the space within the administrative building owned by the district.

Ms. Johnson noted that it appeared that the District had received taxes. Mr. Lewis concurred specifying that the district had received \$353,067 from the City of Muskegon Heights. No amount has been received from the County yet, but he is anticipating \$195,837 to be received in June.

Ms. Johnson asked about the \$455,683 amount to be borrowed from the School Loan Revolving Fund (SLRF). Mr. Lewis identified that this amount will go to the Debt Service fund to pay the debt service on the 2016 refunding bonds. He explained that the district borrows from the SLRF annually, submitting an application early in the year to borrow followed by an application later in the year for the amount.

ii. Liabilities Report

Mr. Lewis reviewed the current liabilities report. He noted that the amounts will be changing with a payment toward the District's Emergency Loans. The balance for Emergency Loans should decrease next month with other liabilities increasing.

Chair Storberg asked for clarification between the amounts in manual statements received from ORS and the amount reflected in the liabilities report. Mr. Lewis answered that report totals are taken from the ORS website, ORS is reporting a different amount in its manual statement and claim the difference was due to a system error. The higher amount includes accrued interest.

A request was made to provide detail behind each line item on the report.

Mr. Lewis explained that the Debt Service Fund is used solely to pay off the 2016 refunding bonds. Money collected from a voter-approved 13 mill levy is used towards this debt. The 18 mill levy collected on Non-Homestead properties goes into the District's General Fund.

Chair Storberg asked about progress with the Unemployment Insurance Agency (UIA) liability. Mr. Lewis is still researching the discrepancy and

is trying to schedule a meeting with UIA to resolve the difference in outstanding amounts due to UIA.

iii. Cash Flow Projections

Mr. Lewis noted the report now includes more detail for projected expenditures.

Mr. Lewis explained SLRF borrowing program and outlined why the district uses this program to prevent default. The amount borrowed only applies to taxpayer funded bonds, and that the State of Michigan offsets the amount if the debt millage fails to cover the full amount of the debt service payment.

iv. Comparison of Budgeted Revenue and Expenditure to Actual

Mr. Lewis provided a comparison of budgeted revenue and expenditure to actual for the District.

Discussion ensued regarding additional cost reductions. Mr. Lewis reported that he continues to review all opportunities, including selling the administration building or outline other viable uses of the building to offset costs. All options should be reviewed and presented to the District Board and RTAB.

IV. Public Comment

None

V. Adjournment

Motion made to adjourn by Ms. Johnson. Motion moved and seconded by Dr. Nesbary. The Board approved the motion to adjourn by voice vote.

There being no further business, the meeting adjourned at 4:51 p.m.