

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

Wednesday, May 17, 2017
Conference Room
2603 Leahy St.
Muskegon Heights, MI 49444

MINUTES

I. Call to Order

Chair Ann Storberg called the meeting to order at 4:03pm

A. Roll Call

Members Present – 4

Patrice Johnson

Dale Nesbary

John Schrier

Ann Storberg

Members Absent – 1

Clinton Todd

A quorum was present.

B. Approval of Minutes

Motion by Mr. Schrier to approve the draft minutes of the RTAB's April 19, 2017 meeting as presented. Motion moved and seconded by Dr. Nesbary. The RTAB approved the minutes of the April 19, 2017 meeting as presented.

II. Old Business

None

III. New Business

A. News and Updates

i. School Visit

Treasury analyst Jake Brower provided an agenda for the May 22, 2017 board visit to Muskegon Heights Public School Academy System (the “System”) for the RTAB and District Board. Detail was provided for the location and timeline of the visit. All members were encouraged to attend.

ii. System Update

Chair Storberg reported that System Superintendent Alena Zachery-Ross has been hired by Okemos Public Schools. The System’s Board will be performing a search for a new superintendent as soon as possible as Superintendent Zachery-Ross’ last day is June 30, 2017.

Chair Storberg also expressed the importance of consistency for the System and knowledge of the System’s new partnership agreement in its upcoming decision to replace the current superintendent.

B. Monthly Reports

i. Report Summary

Assistant Superintendent of Finance and Administration John Lewis began his report noting the inclusion of County settlement data showing the amount of taxes expected to be received by the District. Mr. Lewis explained that the data does not include fees and chargebacks and therefore overstates anticipated tax revenue.

Mr. Lewis reported that the District’s original revenue estimates appear close, if not under, his current expectations. A budget amendment will occur in June including final revenue and expenditure projections.

Mr. Lewis answered questions on the components of the District’s debt, explaining the Emergency Loan Breakdown provided in his report and how it is reflected in the liabilities report. Further discussion occurred clarifying the sources of individual liabilities.

Chair Storberg asked about a low projected cash flow balance and the timing of ORS payments. Mr. Lewis answered that the District was able to make a payment to ORS in April, but identified concern about the next payment in April 30, 2018. Chair Storberg directed Mr. Lewis toward contacts in Treasury that can offer assistance to the District.

ii. Liabilities Report

Mr. Lewis reviewed the current liabilities report. Chair Storberg asked about progress determining a correct amount for the ORS liability. Mr. Lewis responded that he plans to resolve the difference with auditors and may need to book the extra amount.

Ms. Johnson asked if the District has any ability to renegotiate loan terms with Treasury. Chair Storberg responded that per statute, the loans may be restructured but the outstanding principle balance cannot be reduced. Asked on the Emergency Loan payments, Mr. Lewis answered that all proceeds have been expended and the District is now repaying the Emergency Loans to the State.

iii. Cash Flow Projections

Mr. Lewis reviewed the District's projected monthly one-year cash flow report noting that the May projection is a conservative estimate. He noted that making future ORS payments in April may result in a cash balance that is below a safe threshold, and needs to be pushed back to June 30, 2018. The District will work with ORS to adjust the future timing of payments under the Remediation Agreement.

Mr. Schrier commented that State Law requires tax payments to be released earlier than is currently being received by the District and encouraged Mr. Lewis to communicate with the new City Manager.

Chair Storberg asked about the miscellaneous category on the cash flow. Mr. Lewis explained that it includes expenses that do not fit into the other categories such as the copier machine.

iv. Comparison of Budgeted Revenue and Expenditure to Actual

Discussion ensued regarding continued borrowing from the School Loan Revolving Fund. Since the District's current millage does not cover the principle and interest payments on the two refunding bonds, the District needs to borrow from the revolving fund to cover the gap.

Mr. Schrier called attention back to the liabilities report, noting the District made progress reducing its debt over the year.

Discussion continued to the physical property and assets of the District. Chair Storberg noted that the former emergency managers liquidated most spare assets with the exception of the current administration building.

Ms. Johnson asked about the roles of the RTAB and District Board in selecting a new superintendent for the System. Based on the charter contract, the authority to select and hire a superintendent resides with the System's board, not the District' board or RTAB. Ms. Johnson noted that communication and comradery between the System and District Board has increased, giving the District Board a larger capacity to be involved. Dr. Nesbary added that the RTAB can advocate on the behalf of the District Board and System and provide advisory support.

IV. Public Comment

District Board President Trinell Scott provided public comment.

V. Adjournment

Motion made to adjourn by Mr. Schrier. Motion moved and seconded by Dr. Nesbary. The Board approved the motion to adjourn.

There being no further business, the meeting adjourned at 4:49 p.m.