

**School District of the City of Muskegon Heights
Receivership Transition Advisory Board Agenda
Wednesday, January 18, 2017, 4:00 PM**

2603 Leahy St
Muskegon Heights, MI 49444

I. CALL TO ORDER

- A. Roll Call
- B. Approval of RTAB Meeting Minutes
 - i. November 16, 2016 (attachment #1)

II. OLD BUSINESS

III. NEW BUSINESS

- A. Financial Overview
 - i. District debt (attachment #2)
 - ii. Two-year budget (attachment #3)
- B. Monthly Reports
 - i. Liabilities report (attachment #4)
 - ii. Cash flow projections (attachment #5)
 - iii. Comparison of budgeted revenue and expenditure to actual (attachment #6)

IV. PUBLIC COMMENT

V. ADJOURNMENT

School District of the City of Muskegon Heights

Receivership Transition Advisory Board Meeting

Wednesday, November 16, 2016
State Treasurer's Boardroom
Austin Building – 1st Floor
430 W. Allegan St.
Lansing MI 48933

MINUTES

I. Call to Order

Chair Ann Storberg called the meeting to order at 3:00pm

A. Roll Call

Members Present – 5

Patrice Johnson
Dale Nesbary
John Schrier
Ann Storberg
Clinton Todd

Members Absent – 0

(None)

Let the record show that 5 Board members eligible to vote were present and participated in person. A quorum was present.

B. Introduction of Board Members

With this being the first meeting of the Muskegon Heights School District (“District”) Receivership Transition Advisory Board (“Board”), Chair Storberg asked for each member to introduce themselves.

Chair Storberg is the designee of the Department of Treasury and currently works in Treasury’s Bureau of Investments as Senior Executive Assistance Deputy Director. She has been involved with the District and worked closely with the former Emergency Manager (“EM”) on the transition back to local control for several months.

Dale Nesbary is the designee of the Department of Technology, Management and Budget (DTMB). Mr. Nesbary is President of Muskegon Community College and was a member of the initial review team for the District.

Patrice Johnson is a graduate of the District and is an appointee to the Board with relevant professional experience. She is the Director of Programs for the Gerald R. Ford Job Corps and served four years on Muskegon Heights City Council.

John Schrier is an attorney for Parmenter O'Toole Law Firm and is an appointee to the Board with relevant professional experience which includes work performed for the Citizens Research Council of Michigan and various Michigan municipalities.

Clinton Todd is the designee of the Superintendent of Public Instruction. He is the Vice President of Retail Lending for Community Shores Bank. Mr. Todd graduated from the District and has been in the financial industry for 39 years.

II. Orientation

A. Emergency Manager Final Order

Chair Storberg provided an overview of the EM's last order. The EM's orders cannot be changed or amended without approval from the State Treasurer. The Final Order outlines the duties, responsibilities, and authority between the District, Muskegon Heights Public School Academy System ("System"), and Board including certain restrictions imposed on the District's Board.

The Final Order appoints John Lewis as Assistant Superintendent in charge of finance and administrative responsibilities for the District, and appoints Mary Byrd to the System's Board.

B. Local Financial Stability and Choice Act

Public Act ("PA") 436 of 2012 ("Act") establishes the conditions to which a receivership transition advisory board ("RTAB") may be established and outlines its responsibilities and authority.

C. Open Meetings Act

The RTAB is a public body as defined in section 2 in Public Act 267 of 1976, the Open Meetings Act ("OMA"). All meetings of the Board will be open to the public. However, the OMA does allow for closed session meetings under certain circumstances.

Telephonic participation by Board members will be allowed in compliance with the Rules of Procedure being adopted in Resolution 2016-2.

D. Freedom of Information Act (FOIA)

FOIA requests related to the Board must be directed through the Department of Treasury's FOIA Coordinator. FOIA requests for District documents should be directed to the District's Assistant Superintendent John Lewis.

E. Media

Board members are welcome to speak to the media, but if a Board member is unable to address the inquiry or would prefer not to handle media inquiries, Chair Storberg encouraged the Board members to direct any media inquiries to Treasury's Communication Office.

F. Governor's Appointment Letter

Chair Storberg reviewed the Governor's appointment letter and highlighted the Board's duties outlined in the letter.

G. Web Links

Treasury analyst Jake Brower reported that all information for the Board meetings, including the agenda, schedule, meeting packet, and minutes, will be available on the Department of Treasury's website through the following link:

http://www.michigan.gov/treasury/0,4679,7-121-1751_51556_64472_71819_75803---.00.html

The District's website also has a link established to Treasury's website for easy access to the Board's information. The district website is available through the following link:

<http://www.mhpsnet.org/>

III. Board Organization

A. Resolution #2016-1 Posting Notice Resolution

Motion made to approve Resolution #2016-1 designating certain persons to give notice of meetings of the Board. Motion moved and supported. The Board approved Resolution #2016-1 as presented.

B. Resolution #2016-2 Rules of Procedure

Motion made to approve Resolution #2016-2 adopting Rules of Procedure, which included the Standards of Conduct, Conflicts of Interest, and Ethics Policy. Motion moved and adopted. The Board approved Resolution #2016-2 as presented.

C. 2017 Meeting Schedule

The proposed 2017 meeting schedule for the Board was amended for meetings to be held on the third (3rd) Wednesday of each month at 4:00 p.m. at the following address:

2603 Leahy St.
Muskegon Heights, MI 49444.

Motion made to approve the 2017 meeting schedule as amended. Motion moved and supported. The Board approved the 2017 meeting schedule as amended. The schedule will be posted to the District and Treasury websites.

IV. Public Comment

Paul Connors, Director of the Office of School Review and Fiscal Accountability at Treasury

V. Adjournment

Motion made to adjourn. Motion moved and supported. The Board approved the motion to adjourn.

There being no further business, the meeting adjourned at 3:43 p.m.

Fund	Description	Long or Short Term	Principal	Interest	Total Amount	Projected Maturity Date	As of Date
GF	ORS	Short			\$ 1,852,989.62	N/A	12/16/2016
GF	UIA	Short			\$ 883,938.51	N/A	1/10/2017
GF	Emergency Loan #1 - 2012	Long	\$ 7,130,000.00	\$ 2,641,467.50	\$ 9,771,467.50	11/1/2041	1/10/2017
GF	Emergency Loan #2 - 2012	Long	\$ 3,235,000.00	\$ 1,128,705.00	\$ 4,363,705.00	11/1/2041	1/10/2017
GF	Emergency Loan #3 - 2012	Long	\$ 1,400,000.00	\$ 1,025,685.00	\$ 2,425,685.00	4/3/2044	1/10/2017
GF	2007 Energy Conservation Improvement Bonds	Long	\$ 3,149,000.00	\$ -	\$ 3,149,000.00	12/19/2022	1/10/2017
DF	2016 Refunding Bonds, Series A	Long	\$ 14,470,000.00	\$ 4,990,421.89	\$ 19,460,421.89	5/1/2029	1/10/2017
DF	2016 Refunding Bonds, Series B	Long	\$ 5,240,000.00	\$ 266,803.79	\$ 5,506,803.79	5/1/2021	1/10/2017
DF	School Bond Loan Fund	Long	\$ 2,211.92	\$ 56.96	\$ 2,268.88	5/1/2035*	1/10/2017
DF	School Loan Revolving Fund	Long	\$ 245,329.00	\$ 5,770.68	\$ 251,099.68	5/1/2035*	1/10/2017
			\$ 34,871,540.92	\$ 10,058,910.82	\$ 47,667,379.87		

*Indicates Mandatory Repayment Date

Muskegon Heights Public Schools
Revenues, Expenditures, and Fund Balance
2016-2017

	2016-17
Beginning Fund Balance*	\$ (2,007,918)
Revenue	
Property taxes	\$ 980,000
Oversight fees	\$ 166,740
Transfers and Other	\$ 111,490
Total Revenue	\$ 1,258,230
Expenditures	
Data Technology	\$ 6,750
Board of Education	\$ 49,820
Executive Administration	\$ 90,870
Business Services	\$ 273,320
Building Services	\$ 100,500
District Technology	\$ 3,460
Emergency Loan Payments	\$ 506,490
Transfers and Other	\$ 182,100
Total Expenditures	\$ 1,213,310
Revenues Less Expenditures	\$ 44,920
Projected Ending Fund Balance	\$ (1,962,998)

*Audited 2015-16 Fund Balance

Muskegon Heights Public Schools
Revenues, Expenditures, and Fund Balance
2017-2018

	<u>2017-18</u>
Beginning Fund Balance	\$ (1,962,998)
Revenue	
Property taxes	\$ 980,000
Oversight fees	\$ 170,350
Transfers and Other	\$ 111,490
Total Revenue	\$ 1,261,840
Expenditures	
Data Technology	\$ 6,750
Board of Education	\$ 44,820
Executive Administration	\$ 90,870
Business Services	\$ 283,350
Building Services	\$ 100,500
District Technology	\$ 3,460
Emergency Loan Payments	\$ 506,470
Transfers and Other	\$ 182,100
Total Expenditures	\$ 1,218,320
Revenues Less Expenditures	\$ 43,520
Projected Ending Fund Balance	\$ (1,919,478)

MUSKEGON HEIGHTS PUBLIC SCHOOLS
Current Liabilities Report

VENDOR	VENDOR NAME	ACCOUNT	YEAR	PERIOD	TYPE	STATUS	AMOUNT	INVOICE	FULL DESC	INVOICE DATE
297	MICHIGAN DEPT. OF ED	11-0551-0000-000-0000-000000-	2013	12	INV	A	371,435.77	2013	PRIOR YEAR AT RISK	06/30/2013

Projected Monthly Cash Flow - One Year Projection

Date 1/6/2017

Attachment 5

School District Muskegon Heights Public Schools	
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	January 17	February 17	March 17	April 17	May 17	June 17	July 17	August 17	September 17	October 17	November 17	December 17
Beginning Balance	\$ 600,834	\$ 610,481	\$ 776,729	\$ 939,543	\$ 799,487	\$ 786,634	\$ 342,465	\$ 351,913	\$ 618,460	\$ 576,051	\$ 216,172	\$ 252,797
Estimated Receipts												
Taxes		\$ 180,000	\$ 180,000			\$ 180,000		\$ 280,000	\$ 40,000		\$ 50,000	\$ 50,000
Authorizer Fees	\$ 16,523	\$ 16,523	\$ 16,523	\$ 16,523	\$ 16,523	\$ 16,523	\$ 16,523	\$ 16,523		\$ 15,400	\$ 15,400	\$ 15,400
Note Proceeds												
Other Revenue	\$ 23,900	\$ 1,000	\$ 1,000	\$ 23,900	\$ 1,000	\$ 1,000	\$ 23,900	\$ 1,000	\$ 1,000	\$ 23,900	\$ 1,000	\$ 1,000
Total Available Funds	\$ 641,257	\$ 808,004	\$ 974,252	\$ 979,966	\$ 817,010	\$ 984,157	\$ 382,888	\$ 649,436	\$ 659,460	\$ 615,351	\$ 282,572	\$ 319,197
Less Estimated Expenditures:												
Payrolls	\$ 23,405	\$ 23,405	\$ 26,839	\$ 23,405	\$ 23,405	\$ 30,922	\$ 23,405	\$ 23,405	\$ 26,839	\$ 23,405	\$ 23,405	\$ 30,922
Other Expenditures	\$ 7,370	\$ 7,870	\$ 7,870	\$ 7,570	\$ 6,970	\$ 6,770	\$ 7,570	\$ 7,570	\$ 56,570	\$ 16,270	\$ 6,370	\$ 18,120
Note Repayment / Set Asides	\$ -	\$ -	\$ -	\$ 149,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,504	\$ -	\$ -
Other Liens/Loans (Totals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,092
Estimated Ending Balance	\$ 610,481	\$ 776,729	\$ 939,543	\$ 799,487	\$ 786,634	\$ 342,465	\$ 351,913	\$ 618,460	\$ 576,051	\$ 216,172	\$ 252,797	\$ 88,062

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 2016-2017
 As of 1/6/17

	Budget 2016-17	Actuals to Date	Under/(Over) to Date
Beginning Fund Balance	\$ (2,007,918)	\$ (2,007,918)	
Revenue			
Property taxes	\$ 980,000	\$ 373,548	\$ 606,452
Oversight fees	\$ 166,740	\$ 33,046	\$ 133,694
Transfers and Other	\$ 111,490	\$ 48,918	\$ 62,572
Total Revenue	\$ 1,258,230	\$ 455,512	
Expenditures			
Data Technology	\$ 6,750	\$ 7,878	\$ (1,128)
Board of Education	\$ 49,820	\$ 44,500	\$ 5,320
Executive Administration	\$ 90,870	\$ 36,282	\$ 54,588
Business Services	\$ 273,320	\$ 110,252	\$ 163,068
Building Services	\$ 100,500	\$ 73,706	\$ 26,794
District Technology	\$ 3,460	\$ 2,181	\$ 1,279
Emergency Loan Payments	\$ 506,490	\$ 356,980	\$ 149,510
Transfers and Other	\$ 182,100	\$ 224,526	\$ (42,426)
Total Expenditures	\$ 1,213,310	\$ 856,305	
Revenues Less Expenditures	\$ 44,920	\$ (400,793)	
Projected Ending Fund Balance	\$ (1,962,998)	\$ (2,408,711)	

Expenditure - Actual

11-1-225-7410-840-0000-00000-000000-	LICENSING FEES & RENEWALS	7,630.35	
11-1-226-4220-899-0000-00000-000000-	COPY MACHINE	247.20	7,877.55
11-1-231-3170-000-0000-00000-000000-	LEGAL SERVICES	24,960.00	
11-1-231-3180-000-0000-00000-000000-	AUDIT SERVICES	16,315.00	
11-1-231-7410-000-0000-00000-000000-	DUES & FEES	3,225.00	44,500.00
11-1-232-3150-000-0000-00000-000000-	CONTRACTED SERVICES	30,111.60	
11-1-232-3210-000-0000-00000-000000-	COST OF TRAVEL (MILEAGE)	1,299.65	
11-1-232-3430-000-0000-00000-000000-	MAILING	303.35	
11-1-232-7910-000-0000-00000-000000-	MISCELLANEOUS	4,567.47	36,282.07
11-1-252-1620-033-0000-00000-000000-	ACCOUNTING SPECIALIST	41,257.16	
11-1-252-2130-000-0000-00000-000000-	HOSPITALIZATION	15,075.05	
11-1-252-2820-033-0000-00000-000000-	CONTRIB TO ST&LOC RETIRE FUNDS	10,462.83	
11-1-252-2830-033-0000-00000-000000-	EMPLOYER SOCIAL SECURITY	3,156.16	
11-1-252-2840-033-0000-00000-000000-	WORKMAN'S COMPENSATION	94.92	
11-1-252-3150-030-0000-00000-000000-	CONTRACTED SERVICES	37,188.67	
11-1-252-3220-030-0000-00000-000000-	TRAVEL & CONFERENCE	1,190.75	
11-1-252-5910-030-0000-00000-000000-	OFFICE SUPPLIES	242.70	
11-1-252-7410-000-0000-00000-000000-	INTEREST & FEES EXPENSE	1,583.93	110,252.17
11-1-261-3190-100-0000-00000-000000-	CONTRACTED SERVICES	11,035.39	
11-1-261-3410-000-0000-00000-000000-	TELEPHONE CHARGES	34.98	
11-1-261-3830-000-0000-00000-000000-	WATER & SEWAGE	795.56	
11-1-261-3840-000-0000-00000-000000-	WASTE & TRASH DISPOSAL	330.00	
11-1-261-3910-000-0000-00000-000000-	INSURANCE	48,592.02	
11-1-261-4110-000-0000-00000-000000-	LAND AND BLDGS-REPAIRS & MAINT	5,523.79	
11-1-261-5510-000-0000-00000-000000-	HEATING FUEL	1,419.24	
11-1-261-5520-000-0000-00000-000000-	ELECTRICITY	5,974.68	73,705.66
11-1-284-3410-000-0000-00000-000000-	CELL PHONE CHARGES	2,181.32	2,181.32
11-1-511-7110-994-0000-00000-000000-	PRINCIPAL PMT - EMERGENCY LOAN	205,000.00	
11-1-511-7230-994-0000-00000-000000-	INTEREST PMT - EMERGENCY LOANS	151,980.00	356,980.00
11-1-634-8110-000-0000-00000-000000-	QZAB TRANSFER	182,092.42	
11-1-411-8910-000-0000-00000-000000-	TRANSFERS TO MHPSA	42,433.56	224,525.98

Revenue - Actual

11-0111-0000-000-0000-000000-000000-	PROPERTY TAXES CURRENT	\$ (366,715.47)
11-0199-0000-000-0000-000000-000000-	MISCELLANEOUS	\$ (47,218.41)
11-0519-0000-001-0000-000000-000000-	3% AUTHORIZER FEE - MHPSA	\$ (33,045.66)
11-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	\$ (6,832.20)
11-0191-0000-000-0000-000000-000000-	RENTALS	\$ (1,700.00)