

Cash Flow Management

March 2, 2019



Robert W. Baird & Co. Incorporated is providing this information to you for discussion purposes only in seeking to serve as a financial advisor or municipal advisor to you on a possible issuance of municipal securities. Baird is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB"). A financial advisor or municipal advisor is subject to a fiduciary duty, including a duty of care and a duty of loyalty, and is required to act solely in the best interests of the client. See "Important Disclosures" contained herein.

Weekly Cash Flow Purposes/Advantages

- Monitoring cash position on a weekly basis
 - Reconciliation with monthly cash flow, budget, and bank account balances
 - Investment strategy for idle cash
- Greater transparency for proactive budget management and improvement of financial agility
 - Ability to see when thin margins will occur, or avoid and reduce unnecessary interest costs related to a issuance of a state aid notes (“SANs”), tax anticipation notes (“TANs”) or Lines of Credit (“LOCs”).
- Allows for historical tracking of revenue and expenditures to provide refined forecasts and improved transparency for :
 - Sale of SANs, TANs or LOCs
 - Credit Rating/Analysis
 - Tax Analysis (Tax-exempt or taxable)
 - Interest cost

Weekly Cash Flow Template Model



Weekly Cash Flow - Projection

Week Ending	First Quarter													
	7/1/16	7/8/16	7/15/16	7/22/16	7/29/16	8/5/16	8/12/16	8/19/16	8/26/16	9/2/16	9/9/16	9/16/16	9/23/16	9/30/16
Beginning Cash Balance		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Receipts														
State Aid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Property Tax Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes - SAN (less fees)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Notes - TAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Specify Fund(s):														
Act 18 Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reconciliation Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Receipts (list any major)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Disbursements														
Gross Payroll	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MPSERS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Note Repayments - SAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Note Repayments - TAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Specify Destination(s):														
Debt Service	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Accounts Payable (list major)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Disbursements (list major)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Disbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Change	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ending Cash Balance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Without SAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



Weekly Cash Flow Sample Cash Shortfall

Month with Greatest Weekly Deficit	November 2018				
Week Ending	Nov 04	Nov 11	Nov 18	Nov 25	Dec 02
Beginning Balances <i>(Include Investments)</i>	250,348	200,348	30,039	106,879	195,461
Estimated Receipts					
Operating Taxes					
State Aid				441,778	
Other Grants					
Other Revenue			96,839		
Total Available Funds	250,348	200,348	126,879	548,656	195,461
Less Estimated Expenditures					
Note Payments (if applicable)				82,887	
Payrolls		170,308		170,308	
Other Expenditures	50,000			100,000	
Lease Payments			20,000		
Bond Payments					
Other Debt					
Total Estimated Expenditures	50,000	170,308	20,000	353,195	-
Ending Balance with Note Proceeds	200,348	30,039	106,879	195,461	195,461
Ending Balance without Note Proceeds	(533,878)	(704,186)	(627,347)	(538,764)	(538,764)
Maximum Allowable Borrowing Amount:	593,000	616,225	531,225	432,225	432,225

Operating Funds	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019
Beginning Balances <i>(Include Investments)</i>	220,000	279,628	229,850	369,234	250,348	195,461	305,617	333,252	360,887	388,522	416,157	443,791	471,426	499,061
Estimated Receipts														
Note Proceeds (September SAN)			600,000											
Operating Taxes														
State Aid	406,809	406,809		441,778	441,778	441,778	441,778	441,778	441,778	441,778	441,778	441,778	441,778	441,778
Other Grants	68,946					165,043	82,521	82,521	82,521	82,521	82,521	82,521	82,521	82,521
Other Revenue	98,225	57,764		96,839	96,839	96,839	96,839	96,839	96,839	96,839	96,839	96,839	96,839	96,839
Total Available Funds	793,979	744,201	829,850	907,851	788,964	899,121	926,755	954,390	982,025	1,009,660	1,037,295	1,064,930	1,092,564	1,037,678
Less Estimated Expenditures														
2017-18 Note Payments (if applicable)	98,735	98,735												
September 2018 SAN Payments				82,887	82,887	82,887	82,887	82,887	82,887	82,887	82,887	82,887	82,887	82,887
Payrolls	245,616	245,616	290,616	404,616	340,616	340,616	340,616	340,616	340,616	340,616	340,616	340,616	340,616	340,616
Other Expenditures	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Lease Payments ²	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Bond Payments ³														
Other Debt ⁴														
Total Estimated Expenditures	514,351	514,351	460,616	657,503	593,503	593,503	593,503	593,503	593,503	593,503	593,503	593,503	593,503	593,503
Estimated Ending Balance	279,628	229,850	369,234	250,348	195,461	305,617	333,252	360,887	388,522	416,157	443,791	471,426	499,061	444,175
Balance Without 2018 Note Proceeds	279,628	229,850	(230,766)	(266,765)	(238,764)	(45,721)	64,801	175,323	285,845	396,367	506,890	617,412	727,934	755,935

Cash Flow Management

Short-Term Cash Flow Borrowing



	K-12 School District	Public School Academy
Authority	<ul style="list-style-type: none"> Public Act 451 (Revised School Code) Public Act 34 (Revised Municipal Finance Act) <ul style="list-style-type: none"> Requires Qualified Status (or an order of Prior Approval) from the State Line of credit requires order of Prior Approval regardless of Qualified Status 	<ul style="list-style-type: none"> Public Act 451 (Revised School Code) Public Act 34 (Revised Municipal Finance Act) <ul style="list-style-type: none"> Requires Qualified Status (or an order of Prior Approval) from the State Line of credit requires order of Prior Approval regardless of Qualified Status
Security	<ul style="list-style-type: none"> State School Aid/State Aid Intercept Mechanism Limited Tax General Obligation (Operating Taxes) 	<ul style="list-style-type: none"> State School Aid/State Aid Intercept Mechanism Asset Pledge
Types	<ul style="list-style-type: none"> State Aid Note ("SAN") Line of Credit ("LOC") Tax Anticipation Note ("TAN") 	<ul style="list-style-type: none"> State Aid Note ("SAN") Line of Credit ("LOC")
Maximum Pledge	<p>State Aid Note ("SAN")</p> <ul style="list-style-type: none"> Up to 70% of remaining appropriated state aid to be received in current fiscal year Up to 50% of appropriated state aid for next fiscal year (after 3/1 of current fiscal year) <p>Line of Credit ("LOC")</p> <ul style="list-style-type: none"> Up to 30% of appropriated but not received state aid <p>Tax Anticipation Note ("TAN")</p> <ul style="list-style-type: none"> Up to 50% of current FY or next FY operating tax levy <p>Interest Rate could be reflective of coverage of revenue pledged</p>	<p>State Aid Note ("SAN")</p> <ul style="list-style-type: none"> Up to 70% of remaining State Aid to be received in current fiscal year Up to 50% of State Aid to be received in next fiscal year <p>Line of Credit ("LOC")</p> <ul style="list-style-type: none"> Up to 30% of appropriated but not received state aid <p>Interest Rate could be reflective of coverage of revenue</p>
Method of Sale	<ul style="list-style-type: none"> Private Placement/Purchase (i.e. bank) Competitive public offering Michigan Finance Authority (MFA) pooled program (limits borrowing to ≤ 50%) 	<ul style="list-style-type: none"> Private Placement/Purchase (i.e. bank) Competitive public offering Michigan Finance Authority (MFA) pooled program (limits borrowing to ≤ 40%)
Maturity and Structure	<ul style="list-style-type: none"> SANs: ≤ 372 days, but number of payments/maturity varies LOC: Must be repaid within fiscal year TANs: Number of payments/maturity varies, but requires set aside for the repayment of principal and interest equal to ~\$0.63/\$1 of pledged taxes until repaid MFA SAN Program: <ul style="list-style-type: none"> Set-aside option equal monthly set-aside payments - three (May - July), five (March - July) or seven (January - July) or no set-aside option (August) 	<ul style="list-style-type: none"> SANs: ≤ 372 days, but number of payments/maturity varies LOC: Must be repaid within fiscal year MFA SAN Program: <ul style="list-style-type: none"> 11 equal monthly installments (October – August)
Features	<ul style="list-style-type: none"> Issuance through MFA for intercept mechanism (lower interest rate) either through pooled or standalone basis Trust Indenture/lockbox Draw structure Optional redemption 	<ul style="list-style-type: none"> Issuance through MFA for intercept mechanism (lower interest rate) either through pool or standalone Trust Indenture/lockbox Draw Structure Optional redemption
Tax Status	<ul style="list-style-type: none"> Tax-exempt if anticipate 90% of proceeds expended within six months of issuance (IRS Code of 1986 as amended) 	<ul style="list-style-type: none"> Tax-exempt if anticipate 90% of proceeds expended within six months of issuance (IRS Code of 1986 as amended) Certain management agreements may prevent issuance on a tax-exempt basis

Cash Flow Management

Borrowing Process, Timing and Milestones

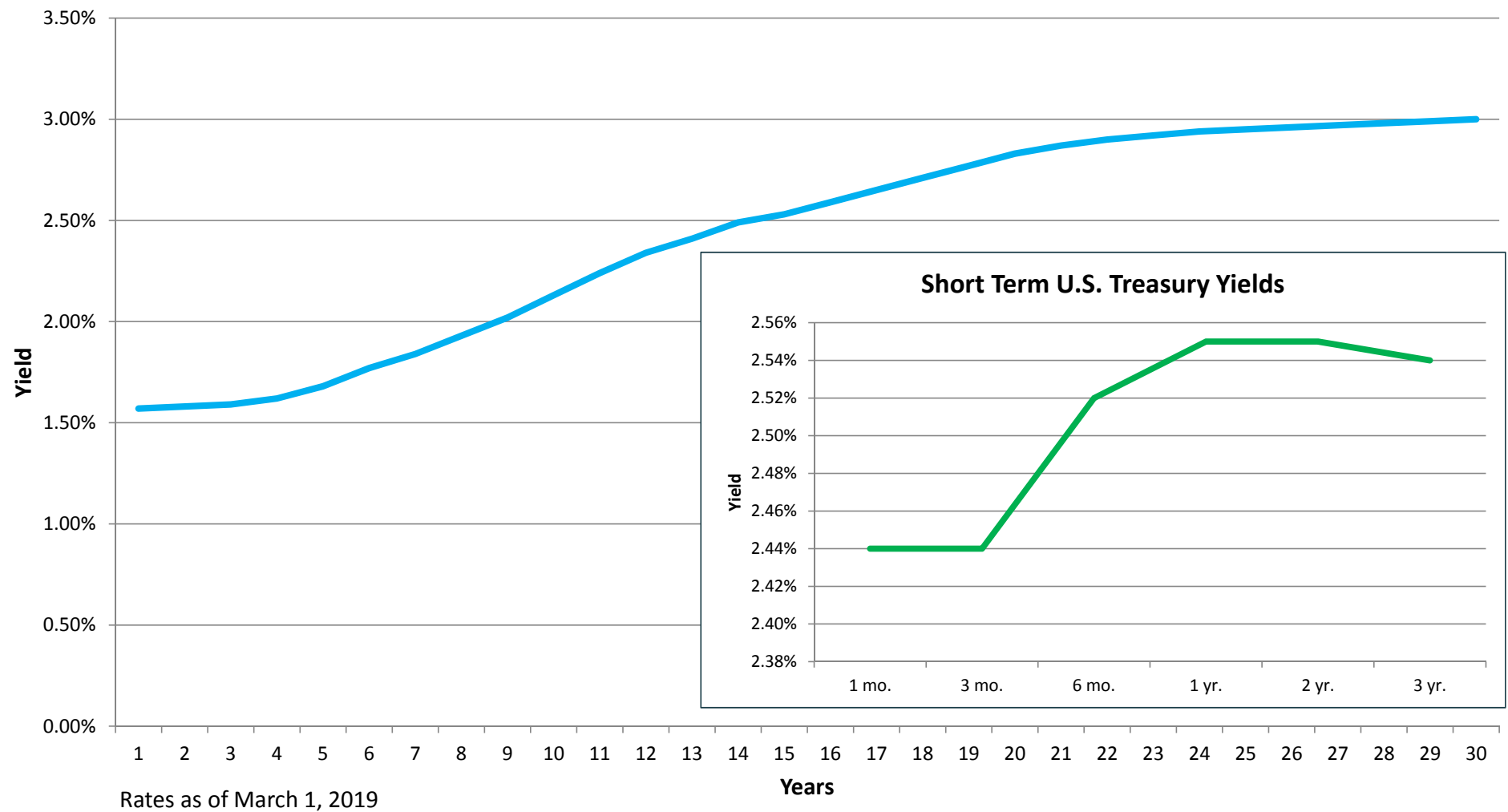


	K-12 School District	Public School Academy
SAN	<ul style="list-style-type: none"> ○ Audit completed and qualified statement applied for (12/31) ○ Engagement of Local Counsel and Municipal Advisor ○ Budget is adopted (6/30) ○ Borrowing need/size of borrowing determined ○ Authorizing Resolution adopted by Board ○ Prior Approval Submitted to Treasury, if required ○ [Application due to MFA for SAN Program] ○ Offering Document Distributed or Discussions with Banks/Lenders/MFA ○ Pricing/Term Sheet provided by Bank or purchaser (1-4 weeks prior to closing) ○ Purchase contract executed ○ Documentation is finalized ○ Pre-close (a week or two prior to closing) ○ Closing [August for MFA Program] 	<ul style="list-style-type: none"> ○ Audit completed and qualified statement applied for (12/31) ○ Engagement of Local Counsel and Municipal Advisor ○ Budget is adopted (6/30) ○ Borrowing need/size of borrowing determined ○ Authorizing Resolution adopted by Board ○ Prior Approval Submitted to Treasury, if required ○ [Application due to MFA for SAN Program] ○ Offering Document Distributed or Discussions with Banks/Lenders/MFA ○ Pricing/Term Sheet provided by Bank or purchaser (1-4 weeks prior to closing) ○ Purchase contract executed ○ Documentation is finalized ○ Pre-close (a week or two prior to closing) ○ Closing [September for MFA Program]
LOC	<ul style="list-style-type: none"> ○ Audit completed and qualified statement applied for (12/31) ○ Engagement of Local Counsel and Municipal Advisor ○ Budget is adopted (6/30) ○ Borrowing need/size of borrowing determined ○ Authorizing Resolution adopted by Board ○ Prior Approval Submitted to Treasury ○ Request for proposal distributed or Discussions with Banks/Lenders ○ Pricing/Term Sheet provided by Bank or purchaser (1-4 weeks prior to closing) ○ Line of credit agreement is executed ○ Documentation is finalized ○ Pre-close (a week or two prior to closing) ○ Closing 	<ul style="list-style-type: none"> ○ Audit completed and qualified statement applied for (12/31) ○ Engagement of Local Counsel and Municipal Advisor ○ Budget is adopted (6/30) ○ Borrowing need/size of borrowing determined ○ Authorizing Resolution adopted by Board ○ Prior Approval Submitted to Treasury ○ Request for proposal distributed or Discussions with Banks/Lenders ○ Pricing/Term Sheet provided by Bank or purchaser (1-4 weeks prior to closing) ○ Line of credit agreement is executed ○ Documentation is finalized ○ Pre-close (a week or two prior to closing) ○ Closing
TAN	<ul style="list-style-type: none"> ○ Audit completed and qualified statement applied for (12/31) ○ Engagement of Local Counsel and Municipal Advisor ○ Budget is adopted (6/30) ○ Borrowing need/size of borrowing determined ○ Authorizing Resolution adopted by Board ○ Prior Approval Submitted to Treasury, if required ○ Offering Document Distributed or Discussions with Banks/Lenders ○ Pricing/Term Sheet provided by Bank or purchaser (1-4 weeks prior to closing) ○ Documentation is finalized ○ Pre-close (a week or two prior to closing) ○ Closing 	<ul style="list-style-type: none"> ○ Not applicable



Yield Curves

Tax Exempt Yield (MMD)



Rates as of March 1, 2019

Resources or Questions

School Review and Fiscal Accountability Contact Information

- Shelbi Frayer (517) 335-2521 frayers2@michigan.gov
- Samuel Irrer (517) 335-1009 irriers3@michigan.gov

Robert W. Baird & Co (Municipal Advisor) Contact Information

- Brian Lefler (517) 371-2607 blefler@rwbaird.com
- Alyson Hayden (517) 371-2732 ahayden@rwbaird.com
- Connor Sullivan (517) 371-2652 csullivan@rwbaird.com

Important Disclosures

The logo for Baird, featuring the word "BAIRD" in white, uppercase, sans-serif font, set against a blue, parallelogram-shaped background that is tilted to the right.

Robert W. Baird & Co. Incorporated (“Baird”) is providing you with the information contained herein and/or accompanying materials (the “Materials”) for discussion purposes only in seeking to serve as a financial advisor or municipal advisor to you on a possible issuance of municipal securities. Baird is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (“MSRB”).

If Baird is hired as financial advisor in connection with an issuance of municipal securities, Baird will provide municipal advisory services with respect to the issuance of municipal securities, including advice, recommendations and other assistance regarding the structure, timing, terms and other similar matters concerning the particular issuance of municipal securities for which you may be considering. As such, Baird will serve as a fiduciary and act solely in your best interest. Baird’s fiduciary duties as your financial advisor will include the duty of care and the duty of loyalty. Under MSRB Rule G-23, if Baird is hired as financial advisor with respect to an issuance of municipal securities, Baird will not be able to serve as underwriter or placement agent for that issuance.

Should you want Baird serve in a different capacity, such as underwriter or placement agent, you should notify Baird of such decision immediately and Baird will provide additional disclosures to you which will describe the role of underwriter or placement agent and explain any actual or potential conflicts of interest inherent in that role.

The Materials do not include any proposals, recommendations or suggestions that you take or refrain from taking any action with regard to an issuance of municipal securities and are not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 or Rule 15Ba1-1 thereunder. The Materials are intended to provide information of a factual, objective or educational nature, as well as general information about Baird (including its Public Finance unit) and its experience, qualifications and capabilities.

Any information or estimates contained in the Materials are based on publicly available data, including information about recent transactions believed to be comparable, and Baird’s experience, and are subject to change without notice. Interested parties are advised to contact Baird for more information.

If you have any questions or concerns about the above disclosures, please contact Baird Public Finance.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that the Materials do not constitute tax advice and shall not be used for the purpose of (i) avoiding tax penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.