

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

Wednesday, December 16, 2020

Virtual Meeting via Microsoft Teams

**MINUTES**

**1. Call to Order**

- A. Chair Jessica Thomas called the meeting to order at 4:11 p.m.
- B. In accordance with Public Act 228 of 2020, this meeting will be held by remote participation.

**2. Roll Call**

**Members Present-4**

- Jessica Thomas, Birmingham, MI
- Dr. Patrice Johnson (joined at 4:20pm)
- John Schrier – Muskegon, MI
- Dr. Dale K. Nesbary – Muskegon, MI

**Members Absent- 1**

- Clinton Todd  
A quorum was present.

**3. Approval of RTAB Minutes**

- A. Motion made by Mr. Schrier and seconded by Dr. Nesbary to approve the draft minutes of the RTAB December 2, 2020 meeting. The RTAB members approved the meeting minutes as presented.

**4. Communications**

- A. Chair Thomas informed the meeting that an email was received from the academy yesterday and noted that the email was not included in the packet due to the time that it was received. However, a copy will be forwarded to members of RTAB Board.

**5. Old Business**

- A. Chair Thomas reported that the only update that can be given at this time is the request from the academy to meet with the district to discuss some of the items that were addressed at the December 2, 2020 meeting. She stated that the academy is moving forward with the on-boarding process for the board member voted on and approved at the December 2, 2020 meeting.

**6. New Business**

**A. District Financial Update**

- a. Mr. Lewis provided an overview of the financial reports and stated that there was not a lot to report this month compared to the last budget report.
- b. Mr. Lewis noted that revenues and Expenditures are on target with this time of year except for legal fees as mentioned in the last report. He reported that he wanted to get a better grasp of what the legal fees would look like and

stated that after that is completed a budget amendment will be done in January or February, 2021 to reflect those costs.

- c. Mr. Lewis reported cash is stable for the year. Mr. Lewis reported a slight increase in enrollment which will impact authorizer fees. Chair Thomas asked if the report is favorable or unfavorable from the last report. Mr. Lewis reported that the fall count was up by 42 students when compared to last year which is favorable.
- d. Chair Thomas asked Mr. Lewis to articulate the impact that it will have on the district's financial statements and why. Mr. Lewis reported that the authorizer's fee is based on enrollment and the per pupil amount. He explained that the per pupil amount is \$8,111 currently, multiplied by the blended count 610.81, and 3% of that total is the authorizer's fee. He also stated that it is expected that there will be additional funds coming in with the authorizer's fee.

## **B. Liability Report**

- a. Mr. Lewis stated that this report remains unchanged from last month.

## **C. Cash Flow Projections**

- a. Mr. Lewis stated that there may be some changes in the numbers for the authorizer's fees, and reported that there are more legal fees and other issues to discuss and work through that will lead to additional costs, but it is not anticipated to be a budget breaker at this time.
- b. Dr. Nesbary asked if there was an estimation of what the legal fees will be. Mr. Lewis said that the bill received for the month was \$7,000 to \$8,000 and noted that based on what was happening at this time, it could go higher or lower.
- c. Chair Thomas asked Mr. Lewis to explain the process for the draws on the loans. Mr. Lewis stated that the operating mills for the district goes directly into the tax revenue bank account and portions of that money is used for operations and other larger expenses. He explained that a payment is made annually in the amount of \$182,092.42 for energy conservation bonds and that money is drawn down from the tax revenue bank account. He also stated that these funds are accounted for in the cash flow statements in terms of debt payments and other operating expenditures.
- d. Chair Thomas asked Mr. Lewis to give an update on what the transfers were for on the budget to actual report. Mr. Lewis stated that the transfers were for the Muskegon Heights Public School Academy technology millage.
- e. Chair Thomas noted that it was previously reported there were insurance proceeds for a building problem and queried if that issue was resolved. Mr. Lewis stated that resolving the issue is in progress and the district received an additional quote.
- f. Chair Thomas stated that the district appeared to be on track and added a significant amount to the fund balance again and asked what attributed to the positive financial standing. Mr. Lewis noted that it was primarily due to cost control.
- g. Dr. Johnson asked if the cash improvements be used to address the remaining debt. Mr. Lewis explained the importance of increasing cash

reserves. He also stated that there is a possibility that some of their debt could be forgiven, but if it's not, consideration can be given to pay it off.

**7. Public Comment**

A. None

**8. Board Comment**

A. Dr. Nesbary stated that based on the financial report, he is satisfied with the district's financial position, the progress made and the trajectory they are on. He further stated consideration should be given to the how much longer the RTAB will exist.

B. r. Johnson concurred with the statements of the Dr. Nesbary and stated that she was in agreement to the transitioning of the RTAB as her initial expectation was that the RTAB would exist for 2 years and she would like to see the public school board take ownership. She further noted that what occurred over the last 2 months was disheartening, but it is her desire to see a transition of the RTAB.

C. Chair Thomas thanked everyone for their work and stated that she will perform the necessary due diligence and add the requests to the January 2021 agenda.

**9. Adjournment**

A. There being no further business, Chair Jessica Thomas adjourned the meeting at 4:33 pm.