

**School District of the City of Muskegon Heights
Receivership Transition Advisory Board Agenda
Wednesday, January 20, 2021, 4:00 PM
Virtual Meeting via Microsoft Teams**

1. CALL TO ORDER

A. Roll Call

J. Thomas D. Nesbary J. Schrier P. Johnson C. Todd

B. Approval of RTAB Minutes

1. Regular Meeting of December 16, 2020

2. COMMUNICATIONS

A. Letter from Muskegon Heights Public School Academy to Muskegon Heights dated
December 15, 2020

B. Letter from Muskegon Heights Public School Academy to Muskegon Heights dated
December 31, 2020

3. OLD BUSINESS

A. Update from December 16, 2020 RTAB Meeting

4. NEW BUSINESS

A. District Financial Update

1. January Financial Status Report

- a. Liabilities Report

- b. Cash Flow Projections

- c. Comparison of Budgeted Revenue and Expenditure to Actual

B. Review and approval of the School District of the City of Muskegon Heights
Receivership Transition Advisory Board 2021 Regular Meeting Schedule

1. RTAB Resolution 2021-1

5. PUBLIC COMMENT

6. BOARD COMMENT

7. ADJOURNMENT

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

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

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

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

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.

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.

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.

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

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

c. Cash Flow Projections

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.

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.

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.

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.

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.

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.

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 its not, consideration can be given to pay it off.

7. Public Comment

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 exists.
- b. Dr. 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 exists 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

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

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December 15, 2020

School District of the City of Muskegon Heights
C/O Kevin Smith, Esq.
Public Solutions Group LLC
2801 Clark Street
Detroit, MI 48210

Re: Muskegon Heights Public School Academy System -and- School District of the City of Muskegon Heights

Dear Mr. Smith:

I write to follow up on the Academy's commitment to the District and to the Receivership Transition Advisory Board regarding initiating a meeting among the parties for the purpose of clarity and communication. I followed up the Academy's commitment to this course of action, made during the RTAB meeting, with a telephone call to you several days after the meeting. As I stated to the RTAB and to you, the Academy is and has been committed to open and transparent dialogue with the District. The Academy and its stakeholders are certainly cognizant of the RTAB's exhortation to resolve local issues through dialogue between the parties and refer you to communications from the Academy, including but not limited to our June 8, 2020 response to your client's May 28, 2020 letter, wherein, on behalf of the Academy, I suggested a mediated dialogue between the parties. The concept of a third party to facilitate understanding of the roles and responsibilities of all parties was also put forward by District Board President Scott in her August 13, 2020 to RTAB President Thomas. This letter appears at page 32 and 33 of the Packet for the December 2, 2020 RTAB Meeting.

Thus, the Academy suggests that, along with you and I, a designee or two from the District meet with Academy Board President Garland Kilgore and Director Celeste Parker to foster that dialogue. Given the pandemic, it would likewise be prudent to conduct the meeting via Zoom at a time convenient to all following the end-of-year holidays. The Academy believes, in keeping with its prior suggestions and Ms. Scott's letter to President Thomas, referenced above, that the meeting be convened under the auspices of a neutral mediator. When you and I spoke of this, you indicated that your client would likely be more amenable to meeting if the mediator is not a lawyer.

To that end, while the Academy maintains its suggestion of Mr. Sam McCargo of the law firm Lewis & Munday, it also adds for consideration Mr. James Spaulding, a retired mediator

Mr. Kevin Smith, Esq.
December 15, 2020
Page 2

with the Michigan Employment Relations Commission. Mr. McCargo has a great deal of respect in legal circles and in public life as a mediator who is a true neutral. He has great knowledge of school matters. Mr. Spaulding, likewise, is quite familiar with schools and, though retired from MERC, maintains an active practice.

You had suggested Dr. James Goenner of the Institute for Excellence in Education (d/b/a The National Charter Schools Institute). I disclosed to you my personal relationships with principals of the Institute so you could assess whether there is the appearance of a conflict. As to the Academy's position, the Academy would find Dr. Goenner suitable if you do. The Academy is also willing to entertain referrals from you to a mediator with experience in education who, similar to Mr. McCargo and Mr. Spaulding, has a documented history of neutrality. All suggestions are subject to the availability of the mediator candidates put forward. No prior contact has been made with any of them, but Dr. Goenner was an attendee at the December 2, 2020 RTAB meeting.

Also as you and I discussed, we will need to work on an appropriate agenda to ensure that the meeting does not run afoul of Michigan's Open Meetings Act. Thus, things like deliberations by the respective parties would need to be scrupulously avoided.

Please let me know at your early convenience if these suggestions are acceptable to you or if there is another means of achieving a structured discussion of the parties' perspectives that you would suggest.

Please feel free to contact me with any questions you may have.

Respectfully,

CLARK HILL PLC



Joseph B. Urban

cc: Ms. Brandy Johnson, Office of the Governor of the State of Michigan
Ms. Jessica Thomas, RTAB Chair
Mr. Leonard Wolfe, Dykema

Mr. Kevin Smith, Esq.
December 15, 2020
Page 3

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December 31, 2020

School District of the City of Muskegon Heights
c/o Kevin Smith, Esq.
Public Solutions Group LLC
2801 Clark Street
Detroit, MI 48210

Re: Muskegon Heights Public School Academy System -and- School District of the City of Muskegon Heights

Dear Mr. Smith:

As you have been designated my point of contact, I write to follow up on the meeting that the parties undertook yesterday regarding strengthening the relationship between the Academy and the School District. In attendance at the meeting was me, you, Ms. Brianna Scott (attorney for the District), District Board Member Ms. Trinell Scott, District Board Member Ms. Mimi Rankin, Mr. Garland Kilgore (Academy Board President) and Ms. Celeste Parker (Academy Board Director).

The meeting was agreed to by all as a preliminary meeting to outline areas of collaboration. The Academy believes the meeting was a very productive step forward for all. As the Academy team did on the call, we thank you and your team for taking the time to share concerns you have and discuss a way of moving forward.

As to moving forward, you shared that you have been in discussions with Len Wolfe, counsel for the RTAB and, we understand, the chief architect of the current system and its supporting documents in Muskegon Heights. You shared that you have been advocating for the dissolution of the RTAB. Your discussions have highlighted to Mr. Wolfe “that the state has a vested interest in dispelling the appearance that it is an occupying force in the local community.” You also observed that, in your opinion, units of government in local control may make mistakes or may take actions that some disagree with, but that the essence of local control is that the electoral process will address any deficiencies. While the Academy does not dispute your characterization of local control, the Academy wishes to point out that many current Academy board members and staff were not present at the time that the prior administration and its designees placed the District under Emergency Management and set up the current system. Further the Academy believes that the critical work of moving educational processes forward cannot afford mistakes that would jeopardize the progress of students.

Indeed, the Academy has at all times acted within the scope of the Second Amended Agreement for the Provision of Services between the School District for the City of Muskegon Heights and the Muskegon Heights Public School Academy System, which states:

Mr. Kevin Smith, Esq.

December 31, 2020

Page 2

While this agreement is in effect, the District shall not directly provide public educational services to the residents of the District or within the geographic boundaries of the District and shall instead cause public educational services to be provided to residents of the District or within the geographic boundaries of the District by the System. Any obligation of the District to provide public educational services to residents of the District or within the geographic boundaries of the District is hereby assumed by the System. Article 3, Section 3.1.

This Agreement, attached, was, we understand, drafted by Mr. Wolfe's office at Dykema and executed by Mr. Steven Schiller as Emergency Manager of the District. This document makes the charter contract between the parties a thing very different than any other charter contract in the State – as the operational process of providing education was transferred to the Academy by the State and local control of this process only reverts to the District several decades hence, upon payment of all emergency loans and repayment of remittances owed to the Michigan teacher retirement system. All of these actions were taken well before many board members and Superintendent Garcia became involved with the Academy and well before our involvement with the Academy. While, for reasons discussed below, the Academy Board and Superintendent Garcia may not have been directly conscious of the specific agreements at issue, they certainly attempted to move forward with fidelity to the principles of these agreements, as they were explained to them by the parties at the time.

The remainder of the call consisted of hearing from your team why the District Board is disappointed with the Academy. Essentially, the District Board highlighted that it does not believe the Academy is furnishing information to the District. The Academy fully acknowledges that each of the points Board President Scott raised are valid and deserve a full response. While we discussed the points and the Academy's perspective during the call, we attempt to provide a more fulsome response, anchored in our discussion, below.

Board President Scott cited as an example, that she believes the Academy never responded to a letter the District Board sent this year asking for information. We determined together as a group that the letter in question was the May 28 letter, attached. I reminded the group, and the group concurred, that the Academy had responded to that letter, which I emailed to Ms. Brianna Scott at approximately 9 a.m. on June 8, and which is also attached (the letter and our response have previously been provided to the RTAB, and which begins at page 128 of the RTAB December 2 Board Packet). The Academy did not receive any follow-up to its response, notwithstanding the invitation, in the last paragraph, to the District Board's attorney to contact me to discuss the matter further. It seems that Board President Scott stated that the District had follow-up questions and the follow-up questions had not been responded to, which formed the basis of her dissatisfaction.

The Academy is very sorry that the District was dissatisfied with the Academy's response to the May 28 letter. However, until our call yesterday, we were not aware that there were areas in the Academy's response that the District wished to probe. Now that we know there are follow-up questions, the Academy will fully respond to them when received. We appreciate your volunteering to forward any follow-up questions to my attention so that the Academy may respond. If you could, in order to preserve the integrity of the process, and so we know what you are seeking, I would request you put the District's follow-up questions in a letter or email to me so that I may fully understand what is being sought.

Board President Scott then asserted that the Academy does not observe the reporting requirements in the charter contract, which is located at the District website. While no specific sections were cited, we discussed areas of the District's concern.

Mr. Kevin Smith, Esq.

December 31, 2020

Page 3

As we discussed, the Academy has been doing a significant amount of review related to the District's ongoing feeling that it has not been providing information. While discussed at a high level on the call, below a detailed recitation of what we have discovered. In short, upon examining all the facts, the Academy agrees that there have been inadvertent omissions in reporting called for by certain documents that are separate from, but referred to in the charter. Those documents are posted separately on the District website. The Academy is laying bare its past inadvertent omissions on reporting in the hopes of moving forward and dispelling the feelings of being disrespected that Board President Scott shared.

As far as we can ascertain after discussion with the Academy and review of public documents, Emergency Manager Schiller left office in October of 2016. The serving school leader also left office in or around that time. Superintendent Garcia's hiring was initiated July 1, 2017. There were no documents or other guidance relative to reporting that the Board or Superintendent Garcia can locate as having been provided by the outgoing parties, including the Emergency Manager's team, the National Charter Schools Institute or other parties involved in the foundation and maintenance of the *status quo* in Muskegon Heights. The Institute had, we understand, been engaged to coach the parties on best practices and maintained an advisory role following the departure of Emergency Manager Schiller. The Institute also runs EpiCenter.

Following the departure of the Emergency Manager and the school leader, the Academy lost access to the reporting process, discussed below, that grew up in parallel to the process outlined in the charter and related documents. Had the Academy parties known to, they would have accessed the Oversight Agreement and any Master Calendar of Reporting that the District or the other responsible parties provided to guide their information submissions.

The Academy does not believe that anyone intentionally "dropped the ball" and negligently or carelessly deprived the new Academy administration of follow-through on reporting. Rather, the Academy believes the uniqueness of the situation (there being only one other school district, Highland Park, whose situation approximated that of the situation at Muskegon Heights), the number of parties involved, and the informal processes that were in place before Emergency Manager Schiller's departure led to the belief by the parties involved that all was handled.

In researching the matter, it appears that the District Board had not adopted or provided a Master Calendar to the Academy. Likely, it was simply not aware of this document and its importance to reporting. As the Master Calendar governs EpiCenter submissions, which are calendared based upon the dates in the Master Calendar, and also includes the sweep of information involved in running the Academy, the transition saw the loss of this vital link between the Academy and the Authorizer/Emergency Manager. Historically, it seems reporting requests and flow of information were handled through Emergency Manager Schiller's office which, along with Mr. Lewis and the then-active Academy administration provided a satisfactory, although alternative, route for information flow. This process would have been efficient and worked, notwithstanding it would not have been strictly in compliance with the charter. Even if EpiCenter and some form of Master Calendar was used by the prior parties, that process was not shared with the Academy when the transition occurred and the existence of such was not briefed to the incoming Superintendent. Again, likely the uniqueness of the situation was responsible for the omission.

Discussions with Superintendent Garcia and members of the Academy Board disclose that that none of the Academy parties had their attention drawn to the Oversight Agreement by the departing persons. The Master Calendar, which is an integral part of EpiCenter reporting, was not mentioned by the EpiCenter team when the Academy consulted them about setting up EpiCenter submissions. The Academy had been moving forward based upon guidance that Superintendent Garcia, on behalf of the Board, solicited from the Michigan Department of Education and the Muskegon Area ISD for proper transparency reporting.

What was critically missing was the formal process outlined in the charter, including the Master Calendar submissions through EpiCenter as that process seems to have either been eclipsed by the informal, though efficient, means described above or not communicated by the departing parties as an expectation.

As evidence of the Academy's good faith and respect for the District and its staff, periodically after Superintendent Garcia's hire, Mr. Lewis' assistant would copy Superintendent Garcia on emails requesting meeting minutes, calendar or other information. Superintendent Garcia's assistant would direct Mr. Lewis' assistant to the place on the Academy's website where this information was located and provide a copy. Other times, specific requests were made for information such as teacher certification (spring 2018) which Superintendent Garcia provided. Mr. Lewis likewise asked for enrollment and pupil tracking information as recently as this month, December, 2020. A response was provided including a request to confirm the answer met the needs of the MHPS Board. When no response was received, Superintendent Garcia took it to mean that the District was satisfied.

Another area in which the District stated its dissatisfaction was with the review of the Continuity of Learning Plan required by Executive Order 2020-35, attached. This plan was required of all schools in the state to address potential learning disruptions caused by the coronavirus pandemic. Board President Scott raised the issue that the District was not afforded the chance to review the Academy's Continuity of Learning Plan prior to submission, a right that she believed was the prerogative of the District under applicable law. President Scott did not refer to the document as such, but the context in which it was brought up leads the Academy to assume this is the document to which she was referring. Again, the Academy believed it was complying with all applicable law and had absolutely no desire to disrespect the District.

This circumstance seems to be another case of miscommunication and misunderstanding. Not aware at the time of the District's desire to review the Plan prior to submission, the Academy followed Executive Order 2020-35¹, which provided the requirements for the Continuity of Learning Plan and lists which entities must review the plan. Page 6, Section F of the Executive Order states:

For a public school academy that by agreement provides public educational services for the residents of a district that does not directly provide public educational services to the residents of its own, ***the public school academy's Plan must be approved by the intermediate superintendent of the intermediate district in which the public school academy is located.*** Emphasis added.

Under the Second Amendment and Restated Agreement for Continued Provision of Services between the School District of the City of Muskegon Heights and the Muskegon Heights Public School Academy, posted on the District website, the Academy fits the description of the Executive Order quoted above. Indeed the Executive Order quotes directly from the Agreement. The Academy did not set out to ignore the District. Rather, it believed it was undertaking all required steps. In retrospect, the Academy regrets not providing a courtesy copy of the Plan and the Executive Order to the District. It is committed to doing its level best to courtesy copy the District on such things going forward.

The Academy certainly regrets that the District took this circumstance as a sign of disrespect; it was certainly not meant to be such. Indeed, the Continuity of Learning plan was and remains posted on the Academy's website, along with transparency reporting items, links to the Board calendar, Board Meeting

¹ Available at: https://www.michigan.gov/whitmer/0,9309,7-387-90499_90705-524032--,00.html

Mr. Kevin Smith, Esq.

December 31, 2020

Page 5

Minutes, Board Policies, the Enrollment Packet (containing the enrollment information discussed in the Oversight Agreement), the Partnership Agreement and the Extended Learning Plan discussed above.

The above-described narrative demonstrates that the Academy truly believed that it had been in full compliance with the District's information requests, the charter and applicable law. All at the Academy were greatly puzzled when District Board Members would say that their information demands were not being met. The Academy raises this fact to explain that it never in any way intended to show disrespect to the District.

It is unfortunate for both sides, but Ms. Garcia did not have the guidance or history to look at the Oversight Agreement or ask for a Master Calendar. Neither Mr. Lewis, has staff at the District or the National Charter Schools Institute EpiCenter team directed her attention to those documents. Had that information been brought to the attention of the Academy, you may be assured the Academy would have done its level best to cure any deficiencies and proceed forward in full compliance.

It was in my delving into the claims by the District that the System is ignoring reporting requirements that I discovered this disconnect. I discussed and disclosed this disconnect with you prior to the December 2, 2020 RTAB meeting and have since verified that it truly seems that this disconnect is the root of the misunderstandings on both sides: the District believes it is being ignored and the Academy has no idea why the District keeps saying it is not receiving information, because the Academy posts a great deal of this information on its website, provides quarterly financial information to the District and because every time someone from the District would call to ask for additional information, it would be provided. The informal processes that predated Superintendent Garcia, or the lack of her being briefed upon arrival are the root of the miscommunication.

In simple point of fact, upon review of the documents and available public directives, now that they are known, the Academy fully acknowledges that the information set forth in the Oversight Agreement needs to be sent to the District and that availability on the website is not full compliance with the requirements of the charter contract.

The Academy cannot cure the past misunderstandings of the parties, but it certainly can bring itself into compliance moving forward. Thus, the Academy asks that you identify the individual tasked with receiving this information as well as his/her contact information.

Following the agreed-upon consultation among all counsel, the Academy will contact the National Charter Schools Institute to be sure the EpiCenter program will be configured to calendar requests for and receive this information. It is very likely that the Academy will need to create an EpiCenter reporting position and amend its budget to fund this position in the process. Until that position can be filled and the Master Calendar is received, we are calendaring the submissions set forth in Section 2.02 of the Oversight Agreement and plan for Superintendent Garcia's assistant to email that information to Mr. Lewis' assistant. If there is information your client feels is missing, the Academy would greatly appreciate it if Mr. Lewis' assistant might email Superintendent Garcia's assistant to request that information. We have attached the Master Calendar that Grand Valley State University's Charter Schools Office uses to guide reporting as a suggested beginning format. This document in large part mirrors the Master Calendar used by other authorizers.

The Academy cannot remedy any inadvertent omissions from the past. It can, however, resolve to move forward in good faith. As you can see from the above, there has never been a desire by the Academy or anyone affiliated with the Academy to withhold information from the District. Until very recently, the

Mr. Kevin Smith, Esq.

December 31, 2020

Page 6

Academy simply lacked the perspective about reporting that seems to have been lost after the exit of the Emergency Manager.

The Academy humbly asks that, in view of the situation and the inadvertency of omissions, the District consider permitting the Academy to demonstrate the central premise of this correspondence: that it can and will, now that it is aware of the documents requiring specific reporting, fulfill all such reporting obligations and that it can and will, upon receipt of the District's Master Calendar, comply with such requirements.

Please feel free to contact me with any questions you may have.

Respectfully,

CLARK HILL PLC



Joseph B. Urban

cc: Ms. Brandy Johnson, Office of the Governor of the State of Michigan
Ms. Jessica Thomas, RTAB Chair
Mr. Leonard Wolfe, Dykema



Muskegon Heights Public Schools

2603 Leahy Street • Muskegon Heights, MI 49444 • Phone 231-830-3221 Fax 231-830-3560

John Lewis
Assistant Superintendent

May 28, 2020

Mr. Rufus Garland Kilgore
President, Board of Directors
Muskegon Heights Public School Academy System
2441 Sanford Street
Muskegon Heights, Michigan 49444

Dear Mr. Rufus Garland Kilgore,

As I am sure you are aware, over the past several years, there has been a growing concern expressed by the Muskegon Heights Public School District ("District") concerning the lack of communication, transparency, accountability and progress with regard to the failing academic performance and other deficiencies of the Muskegon Heights Public School Academy System ("PSA").

We would like to remind you that, effective October 28, 2016 local control of the District (and responsibility for overseeing education in the District) was restored to the District when Governor Snyder accepted the recommendation to remove the District from state oversight of an Emergency Manager. The Board believes that the PSA should reflect its vision and expectations for how education will be advanced in Muskegon Heights going forward.

However, there continues to be a disconnect and lack of communication, which in turn hinders affective oversight by the District. This trend is troublesome, in that ultimately, it is the District that is responsible for the failings of the PSA. Consequently, the District is at an impasse and must make decisions on how to best provide the educational expectations while also balancing our fiduciary responsibilities placed upon it by law. This balancing act will require that certain issues be addressed and rectified to the Districts satisfaction forthwith.

Specifically, the District has communicated with you and continues to have the following concerns:

I. Financial Concerns

A. In the PSA's last two required financial audits, it was uncovered there were material weaknesses in the accounting processes of the academy. Please refer to finding 2018-001 in 2018. This finding was also repeated in 2019 under finding 2019-001. In the PSA's 2018 response to these findings, it was noted that they would correct this problem, but that did not occur. The PSA was given ample time to correct this issue.

B. In the 2018 financial audit, it was also determined that the PSA improperly purchased and distributed gift cards to the staff of MHPSA. This was a direct violation of school code. While there was no financial penalty imposed upon the PSA, the MHPS board believes this is still a serious managerial issue and is disappointed that there was little to no action taken by the academy board, including holding key managerial employees responsible. Please refer to audit finding 2018-002 for detail on this violation.

II. Board Relations Concerns

A. Recently, the MHPS board has been searching for ways to meet directly with members of the MHPSA board to discuss concerns and issues that have been presented to them by students, employees, and community members of the district. The MHPS board requested that a small committee from the MHPSA board to facilitate this. This, in the district's opinion, would not be a violation of Open Meetings Act as deliberations would not be made at this meeting and that discussions from these committee meetings would not be brought into either district's open meetings. When this was proposed to the PSA, the MHPS board was told by the PSA's attorney that this would be a violation of the Open Meetings Act and that they would no longer pursue meeting in this setting. The MHPS board desires a channel of communication that can ask the tough questions and make sure that the MHPSA board will follow up on all issues presented to the MHPS board by staff, parents, and community.

B. During a public board meeting, the MHPS board was informed that the proceeds of the county-wide safety and technology millage would be used to provide every student with Chromebooks. Through discussions with numerous sources, the district found that this was not the case and many students were without Chromebooks. We have been informed that this did recently change due to supplemental funding from the "stay at home" orders, but the board is still concerned that they are being told one thing while another thing occurred. In the board's opinion, this is a continuing pattern of miscommunication from the PSA.

C. The PSA is currently under a partnership agreement with the state and other key community organizations and stakeholders. One of those organizations is the Muskegon Heights Alumni Association. This group has been a cornerstone of Muskegon Heights Public Schools and community for many years and has gained the respect and appreciation of many present and previous board members, superintendents, and emergency managers and community members of the district. Over the past few years, their role within the PSA has been vastly diminished and the MHPS board and community is very disappointed and confused by this. We do not know why this changed so drastically.

D. When the partnership agreement was created, the MHPS board was not included as a partner. This was very confusing as per the contract between MHPS and MHP SA we are responsible for the oversight of the MHP SA board. This concern was brought to the state department responsible for facilitating this agreement and it was fully agreed upon that the MHPS board should be a partner in said agreement. When trying to get the MHPS board on this agreement, the district was met with roadblocks from the PSA. In fact, there was a direct request from MHP SA management to the state department asking that we not be included in certain communications. This created two issues for the MHPS board. One, the district interpreted this to keep us out of the informational loop which further created a divide between MHPS and MHP SA boards. Two, who is making decisions on how information is provided to the MHPS board? Should this have been a decision by MHP SA management or the MHP SA board? Was the MHP SA board even made aware of this decision?

E. There is also concern over what seems to be selective staff member accountability. Certain employee groups are held to very high accountability standards while other higher-ranking key management is not. There seems to be a great deal of inconsistency regarding this matter. There also seems to be a lack of due process when employees have been terminated. This is a huge concern for the MHPS board as teacher turnover inhibits student growth/educational consistency and can create a hostile work environment.

III. Educational Concerns

A. The MHPS board also believes there is a lack of vision for the district and questions whether the current board and management understands what this district means to the community of Muskegon Heights. Is the current curriculum and educational direction enough to keep our kids competitive with other neighboring districts?

B. When information is presented by MHP SA management to the MHPS and community, the information shared tends to be vague and confusing. It appears the focus is on items other than student achievement. The MHPS board wants to know what direct instructions are taking place. Are we experimenting with learning experiences too much as opposed to providing solid, proven classroom learning techniques?

C. MHP SA students are consistently performing among the lowest in Michigan according to standardized assessments. Students are being “pushed through” the district ill prepared to enter college or the workforce upon graduation.

Based on the above mentioned concerns, the District hereby notifies you that it is considering reconstituting the PSA Board pursuant to its authority under Section 507 of The revised School Code, Public Act 451 of 1976, as amended, MCL 380.507 (the “School Code”). Prior to taking this action, the Board hereby directs that your PSA Board appear before the District Board at its special scheduled meeting to be held June 8, 2020 at noon to address the concerns. At the meeting, the District Board will also review with you its Educational Strategic Plan, vision and mission and goals and objectives to ensure all are on the same page about what is expected by the District to consider the next Charter Authorization Period. The attendance of all PSA Board members is mandatory. In the event the District is not satisfied with the information it receives prior to and at the meeting, a Resolution to reconstitute the PSA Board will be unavoidable.

If you or your board have any questions regarding the Board's request, please contact the District's Assistant Superintendent, John Lewis, prior to the next meeting and supply any documentation relative to the above addressed concerns prior to the meeting. We look forward to meeting with the PSA Board to address and hopefully resolve these concerns. As it stands, this will be the first time since last year that we have had the opportunity to all get together to work towards setting the best possible course of action for the District and its students.

Sincerely,



Trinell Scott

President, Muskegon Heights Board of Education

Muskegon Heights Public School District

cc: Board of Education, Muskegon Heights Public School District
Board of Directors, Muskegon Heights Public School Academy System

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June 8, 2020

BY ELECTRONIC MAIL

Muskegon Heights Public Schools
c/o Ms. Brianna T. Scott, Esq.
75 West Apple Avenue
Muskegon, MI 49440

Re: Response to Letter from Board President T. Scott

Dear Ms. Scott:

We are writing to respond to the letter from your client, the Muskegon Heights Public Schools Board of Education (the “District”), to the Board of the Muskegon Heights Public School Academy System Board of Directors (the “Academy” and the “Academy Board,” respectively).

This letter will do its best to respond to the wide-ranging issues that are raised in the District’s correspondence. The specific concern raised by the District will be listed in **bold**, with our response below in plain text. I do apologize for the timing of transmission to you, but it took quite a bit of time to research and respond to the wide-ranging statements from the District Board in a very compressed period.

After completing the research on the District letter, I did reach out to you on Thursday of last week to discuss the letter and our thoughts about a response. You shared, via email, that you would be unable to speak to me at all until Monday, June 8, 2020 after 10:30 a.m., just before the meeting of your client’s Board of Education. I hope that we can have a productive conversation during this short window before the meeting.

Despite years of dialogue between the two bodies, there seems to be a significant and persistent negative feeling by the District Board about the System Board’s efficacy as well as a desire, evidenced by a fair reading of quotes from members of the District Board in public and in the media, to dissolve the System Board. As will be discussed below, the System board has been quite effective at addressing the combined deficits of the District and its subsequent emergency manager and has also been quite effective in

improving student educational outcomes. As to the dissolution of the System Board, such an action would deprive the students of Muskegon Heights of a school.

To that end, the System Board genuinely wishes to put aside any misunderstandings between the parties and to amicably resolve any differences. A collaborative, mediated process to achieve this, as discussed further down in our response, is a suggestion as a means to this end. We would look forward to working together to set such a process in motion.

The Academy's response follows.

FINANCIAL CONCERNS

District Concern: In the PSA's last two required financial audits, it was uncovered there were material weaknesses in the accounting processes of the academy. Please refer to finding 2018-001 in 2018. This finding was also repeated in 2019 under finding 2019-001. In the PSA's 2018 response to these findings, it was noted that they would correct this problem, but that did not occur. The PSA was given ample time to correct this issue.

Since day to day operational responsibility was handed over to the Academy Board, the Academy Board has been a good steward of its financial resources. For example, since the prior Governor declared a financial emergency in 2012, due to an estimated \$12,000,000 deficit, the Academy has turned those financial circumstances around such that the school now posts an estimated ending positive fund balance for 2018-19 of \$1,197,441, which is up \$199,141 from the 2017-18 fund balance of \$998,700. That is 14.33% of revenues, according to the Academy's projected general fund budget.

The assertions about a repeat issues detected by the successive audits, above, is in error. In fact, the findings in 2018 and 2019 are not repeat issues. They are both independent findings. The finding in 2018 was for an accrual of textbooks that was purchased and paid for, but recognized in the previous year. The audited financials are 100% correct and the audit adjustment was made prior to the final statement of the financials. That error has not been repeated.

In 2019, a different finding in the same category was made and the audit team worked closely with the business manager. An accrual of payroll was missed prior to the audit team beginning their work. The finding has been noted and the business manager is actively working with the auditors to insure that all audit entries are accounted for prior to the engagement of the audit for the FY 2020.

The auditor spoke to our board at an open meeting in 2019 regarding the audit and advised that the audit from 2019 was the best audit that Muskegon Heights Public School Academy has had in many years.

District Concern: In the 2018 financial audit, it was also determined that the PSA improperly purchased and distributed gift cards to the staff of MHPSA. This was a direct violation of school code. While there was no financial penalty imposed upon the PSA, the MHPS board believes this is still a serious managerial issue and is disappointed that there was little to no action taken by the academy board, including holding key managerial employees responsible. Please refer to audit finding 2018-002 for detail on this violation.

We are quite confused by your assertions above. The 2018 audit simply states that “future staff retention measures will be vetted with contractors, ISD and MDE support systems to ensure compliance with all school code and policy.” There is no statement in 2018-002 that “the PSA improperly purchased and distributed gift cards to the staff of MHPSA.” Nor does 2018-002 provide detail on any “violation.”

In fact, the investigation that was conducted by an independent law firm at the request of the State Department of Education concluded that “it does not appear that Superintendent Garcia intended to violate any policies, contracts, or laws through the issuance of gift cards. A preponderance of the evidence available indicates she issued the gift cards to retain Academy teachers and staff.” Further, the law firm concluded that the purchase was for educational purposes and did not violate any employment or other contracts, nor did it violate school policy. During a media interview, Interim State Superintendent of Public Instruction Sheila Alles concluded that she was “assured that Superintendent Garcia’s actions were in the best interest of the district to recognize the commitment of Muskegon Heights staff, and provide continuity for the students in their classrooms.”

Given the outcomes of the official investigation, and Interim Superintendent Alles’ assertion that Superintendent acted in good faith, there does not appear to be any offense to punish. Guidance from you in this regard, given the full context of the situation, would be appreciated.

BOARD RELATIONS CONCERNS

District Concern: Recently, the MHPS board has been searching for ways to meet directly with members of the MHPSA board to discuss concerns and issues that have been presented to them by students, employees, and community members of the

district. The MHPS board requested that a small committee from the MHPSA board to facilitate this. This, in the district's opinion, would not be a violation of Open Meetings Act as deliberations would not be made at this meeting and that discussions from these committee meetings would not be brought into either district's open meetings. When this was proposed to the PSA, the MHPS board was told by the PSA's attorney that this would be a violation of the Open Meetings Act and that they would no longer pursue meeting in this setting. The MHPS board desires a channel of communication that can ask the tough questions and make sure that the MHPSA board will follow up on all issues presented to the MHPS board by staff, parents, and community.

The Academy, too, has sought meaningful ways to work with the District Board, particularly given the quotes in the media that demonstrate the District Board wishes for the destruction of the Academy Board.

The convening of a sub-quorum committee of a public body has been deemed to be a violation of the Open Meetings Act. *See, e.g., Booth Newspapers, Inc. v. Board of Regents of University of Michigan*, 444 Mich 211 (1993)(a committee is a public body within the meaning of the OMA when it is effectively exercising the authority of the governing board by narrowing the field of candidates for a position). Additionally, a committee deliberates when it exchanges “affirmative or opposing views, debating an issue or engaging in discussion about an issue. *See Ryan v. Cleveland Township*, 239 Mich App 430 (2000). In this case, the District Board has requested Academy board members to take part in discussion about concerns, which would constitute deliberation, as defined above.

The Academy welcomes a legally-appropriate line of communication and, in fact, the Academy Board President has agreed to meet, socially, with members of the District Board, not to deliberate, but merely to get to know one another socially. Dinner commitments have been made by both sides, only for the Academy Board President to be told, while in the parking lot of a restaurant at which such a meeting was to occur that the meeting was cancelled. One such example occurred on Thursday, November 21, 2019.

District Concern: During a public board meeting, the MHPS board was informed that the proceeds of the county-wide safety and technology millage would be used to provide every student with Chromebooks. Through discussions with numerous sources, the district found that this was not the case and many students were without Chromebooks. We have been informed that this did recently change due to supplemental funding from the "stay at home" orders, but the board is still concerned that they are being told one thing while another thing occurred. In the board's opinion, this is a continuing pattern of miscommunication from the PSA.

The assertions in this paragraph are incorrect. The Academy does not believe that full, one-on-one instruction by computer is educationally advantageous, except under the current circumstances in which virtual education is the only available modality. This philosophy is embodied in the attached Board Technology Updates. In order to respond to the COVID-19 crisis, the Academy has used its general fund to provide technology to all students so that they may participate in distance-learning.

District Concern: The PSA is currently under a partnership agreement with the state and other key community organizations and stakeholders. One of those organizations is the Muskegon Heights Alumni Association. This group has been a cornerstone of Muskegon Heights Public Schools and community for many years and has gained the respect and appreciation of many present and previous board members, superintendents, and emergency managers and community members of the district. Over the past few years, their role within the PSA has been vastly diminished and the MHPS board and community is very disappointed and confused by this. We do not know why this changed so drastically.

The Academy is also at a loss as to why the Alumni Association has not chosen to engage constructively with the Academy. There was an issue with items which were prohibited by external regulation being sold from a store run by the Association during the school day. The Academy tried to constructively resolve the issue with the Association. After that process, the Alumni Association seems to have withdrawn fully from engagement. The Academy welcomes constructive engagement with the Alumni Association.

District Concern: When the partnership agreement was created, the MHPS board was not included as a partner. This was very confusing as per the contract between MHPS and MHPSA we are responsible for the oversight of the MHPSA board. This concern was brought to the state department responsible for facilitating this agreement and it was fully agreed upon that the MHPS board should be a partner in said agreement. When trying to get the MHPS board on this agreement, the district was met with roadblocks from the PSA. In fact, there was a direct request from MHPSA management to the state department asking that we not be included in certain communications. This created two issues for the MHPS board. One, the district interpreted this to keep us out of the informational loop which further created a divide between MHPS and MHPSA boards. Two, who is making decisions on how information is provided to the MHPS board? Should this have been a decision by MHPSA management or the MHPSA board? Was the MHPSA board even made aware of this decision?

As stated in the Partnership Agreement, the Muskegon Heights Public School District Board is the authorizer of the Muskegon Heights Public School Academy System and shares in the interest of the successful implementation of the Partnership Agreement. Quarterly reporting is done by the Academy to the District as a part of the charter contract and will continue through the duration of this agreement. The Academy welcomes constructive engagement with the district board and continues to invite them to all Partnership Agreement meetings or other public meetings, subject to the requirements of the Open Meetings Act.

District Concern: There is also concern over what seems to be selective staff member accountability. Certain employee groups are held to very high accountability standards while other higher-ranking key management is not. There seems to be a great deal of inconsistency regarding this matter. There also seems to be a lack of due process when employees have been terminated. This is a huge concern for the MHPS board as teacher turnover inhibits student growth/educational consistency and can create a hostile work environment.

The Academy is not aware of any selective accountability of staff members.

As the District is aware, all but a very few staff at the Academy are employed through a third-party employer, which is solely responsible for the terms and conditions of employment for the great majority of Academy staff. That third-party employer has a complaint process for staff, as well as total responsibility, per the contract approved by the District, for investigating and resolving all complaints, including those of “selective staff member accountability.”

There have been a number of complaints made by staff to outside investigatory authorities with this narrative as a through-line, but, we understand, all have been resolved favorably. It should be noted that the Academy has worked with its third-party employer to increase retention and, as of the 2019-20 school year, enjoyed a 95% teacher retention rate.

That said, the Academy is in the process of selecting a new third-party employer as it continually seeks to improve its processes and outcomes.

EDUCATIONAL CONCERNS

District Concern: The MHPS board also believes there is a lack of vision for the district and questions whether the current board and management understands what this district means to the community of Muskegon Heights. Is the current

curriculum and educational direction enough to keep our kids competitive with other neighboring districts?

In the 2016-2017 school year, a strategic plan was developed during a public process in which all voices who raised questions were heard. There were over 170 community members who provided input. With the input and collaboration of this community group, five goal areas were selected: Rigorous Learning, Tiger Pride, Leadership, Community Partnerships and Systems and are at the foundation of the vision for the System's work and curriculum.

The Michigan Department of Education has reviewed the plan, approved the strategic steps necessary to implement and has awarded the System the highest rating of 'On Track' in each evaluation, see attached Review of Goal Attainment Documents, Feb 2019 and May 2020.

In the most recent review, the Michigan Department of Education shared their findings in a Summary of Best Practices. Specific statements that support current work of the Academy include:

Promising Practices:

- The partnership with MI Excel Statewide Field Team and the Michigan Department of Education has been successful.
- A viable curriculum and a school-wide pacing chart is being implemented with fidelity.
- The district's readiness to pivot to remote learning and to ensure that students were getting their needs met, included all staff being part of the online learning process.
- Staff has been successful in reaching out to students during the Stay at Home order.
- District leaders have a relentless nature to provide students with the best education that they deserve.
- A coaching model is in place to provide teachers with support.
- A Performance Management system around high-quality instruction is used to support teachers.

In that same Review of Goal Attainment, the Michigan Department of Education recommended that the Academy continue to use the same curriculum for the Continuity Learning Plan.

Based upon the expert analysis and encouragement that the MDE has provided, we believe that the current curriculum and educational direction are more than sufficient to achieve the goal of maintaining competitiveness with neighboring school districts.

One thing that is important to note in this regard is that, many times, the District will criticize the Academy for not doing what the District wishes, but the criticism has been vague, confusing or contradictory. Examples are numerous. It appears many times that the focus is on items other than student achievement. It also appears to the Academy that the District, far from wishing to collaborate with the Academy, is seeking to destroy the Academy by using media and selective information against the Academy. Examples in the media abound of quotes from the District board and others, including a story whose headline states that the District wishes to do away with the Academy altogether.

As to the performance questions, the Academy is only able to respond to specific and clear questions with data. This data tells a very positive story to any objective listener. For example, data for the most recent academic progress is included in the 2019-2020 3rd Quarter Academic Update. Trends are improving and more students are scoring proficient on Benchmarks. This is due to the specific practices set forth below. The Academy welcomes the chance to discuss this data with the District with the assistance of a collaborative process.

PEDAGOGICAL PRACTICES implemented are based on the following research:

Explicit Instruction is provided, which includes the following sixteen essential components

- Focus Instruction on critical elements.
- Sequence skills logically .
- Break down complex skills and strategies into smaller instructional units.
- Design organized and focused lessons.
- Begin lessons with a clear statement of the lesson's goal and your expectations.
- Review prior skills and knowledge before beginning instruction.
- Provide step by step demonstrations.
- Use clear and concise language.
- Provide an adequate range of examples and non-examples.

- Provide guided and supported practice.
- Require frequent responses.
- Monitor student performance closely.
- Provide immediate affirmative and corrective feedback.
- Deliver the lesson at a brisk pace.
- Help students organize their knowledge.
- Provide distributed and cumulative practice.

In addition, the 5D+ Evaluation Framework, one of the State of Michigan approved evaluation systems, drives the work and instructional practices. This includes the following domains with clear criteria for each:

- Purpose.
- Student Engagement.
- Curriculum & Pedagogy.
- Assessment for Student Learning.
- Classroom Environment & Culture.

District Concern: MHPSA students are consistently performing among the lowest in Michigan according to standardized assessments. Students are being "pushed through" the district ill prepared to enter college or the workforce upon graduation.

The Academy disagrees with this assessment. Students are met where they are, with the goal of increasing growth and proficiency. MHPSAS implements a multi tiered system of support to provide different levels of instruction as identified through benchmark assessments and progress monitoring. Retention is considered when a team member or parent expresses concern regarding student progress. Retention is chosen when there is evidence that retention will have a positive academic outcome that outweighs the negative social and emotional outcomes as demonstrated by research. The data do not demonstrate that children are not "pushed through," but, rather, that they are increasingly realizing positive outcomes. We would be happy to discuss this data with you.

District directive to System Board to present itself at the District Board of Education Meeting of June 8, 2020 to respond to the District letter, five business days after receipt of letter from the District.

Regretfully, due to commitments that had been pre-scheduled, as well as employment obligations of Academy Board Members who work for full-time employers, it is

impossible to attend as directed. The notice of approximately five (5) business days is insufficient for the required, pre-scheduled commitments of the board.

That said, the Academy Board does wish to undertake a constructive dialogue with the District at a mutually convenient time that meets the schedules of all involved. Likewise, the Academy Board would like to respectfully suggest that the parties participate in a collaborative problem-solving conversation, mediated by a third-party sophisticated in educational issues and charter schools generally, so that both boards may be on the same page moving forward. We have been asked to facilitate that with your counsel and look forward to her response in this regard.

The District hereby notifies you that it is considering reconstituting the PSA Board pursuant to its authority under Section 507 of The Revised School Code, Public Act 451 of 1976, as amended, MCL 380.507 (the "School Code").

It is important to note that the Charter Contract requires any substantive amendments, such as those which would be made through reconstitution, be acquiesced to by the RTAB. See Section 9.4 of the Charter, Section 10.5(c) and 10.5(d), as well as the Method of Selection of Board Members ordered by the Emergency Manager in 2016, all available at the District's website. We would prefer to avoid the destructive processes invoked by the District and resolve issues amicably and collaboratively, and trust that you and your client would prefer to choose this path, as well.

We look forward to working with you toward the amicable resolution of any issues the District may have with the Academy, for the benefit of all stakeholders in the Muskegon Heights community, especially the students enrolled, or to be enrolled, at the Academy.

Please contact me to discuss these matters further.

Respectfully,
CLARK HILL PLC



Joseph B. Urban

SECOND AMENDED AND RESTATED
AGREEMENT FOR CONTINUED PROVISION OF SERVICES

BETWEEN THE

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
(a Michigan general powers school district and public body corporate)

AND THE

MUSKEGON HEIGHTS PUBLIC SCHOOL ACADEMY SYSTEM
(a Michigan public school academy and body corporate)

RECITALS

The following recitals are made regarding this second amended and restated agreement between the School District of the City of Muskegon Heights (the “**District**”) and the Muskegon Heights Public School Academy System (the “**System**”):

1. The State of Michigan and its political subdivisions have been authorized by the People of the State of Michigan to enter into agreements for the performance, financing, and execution of governmental functions through Section 5 of Article III of the State Constitution of 1963.

2. Additionally, under Section 28 of Article VII of the State Constitution of 1963, the People of the State of Michigan have required the Michigan Legislature to authorize two or more counties, townships, cities, villages, or districts to, among other things: (1) enter into contracts, including with the State, for the joint administration of functions or powers; (2) share costs and responsibilities; (3) transfer functions or responsibilities; (4) cooperate; and (5) lend their credit in connection with any publicly owned undertaking.

3. The Michigan Legislature has implemented Section 5 of Article III of the State Constitution of 1963 and Section 28 of Article VII of the State Constitution of 1963 in part by enacting all of the following:

a. Section 11a(4) of The Revised School Code, 1976 PA 451, as amended, MCL 380.11a(4), authorizing a general powers school district to enter into agreements or cooperative arrangements with other entities, public or private.

b. Section 1228 of The Revised School Code, 1976 PA 451, MCL 380.1228, authorizing, among other things, the board of a school district to enter into an agreement with a public school academy to the school district or pupils of the school district.

4. Under Section 11a(3) of The Revised School Code, 1976 PA 451, MCL 380.11a(3), a general powers school district has all of the rights, powers, and duties expressly stated in The Revised School Code; may exercise a power implied or incident to a power expressly stated in The Revised School Code; and, except as provided by law, may exercise a power incidental or appropriate to the performance of a function related to operation of a public school and the provision of public education services in the interests of public elementary and secondary in the school district.

5. The District is a general powers school district and the System is a public school academy authorized and are authorized to enter into an agreement under Section 1228 of The Revised School Code, 1976 PA 451, as amended, MCL 380.1228.

6. On July 9, 2012, the District Board and the System entered into the initial version of this Agreement and the agreement was first amended and restated on April 26, 2014.

7. The District and the System want to amend and restate in its entirety their agreement previously amended and restated on April 26, 2014 for the purpose of assuring to the

continued provision of public educational services to residents of the School District of the City of Muskegon Heights.

The parties therefore agree as follows:

ARTICLE 1 **Definitions**

Section 1.1 **Definitions**. As used in this intergovernmental agreement:

- (a) “**Act**” means the Local Financial Stability and Choice Act, 2012 PA 436, as amended, MCL 141.1541 to 141.1575, or any successor statute.
- (b) “**Agreement**” means this agreement between the District and the System, as amended and restated.
- (c) “**Code**” means The Revised School Code, 1976 PA 451, MCL 380.1 to 380.1853.
- (d) “**Contract**” means the executive act taken by the District Board under the Code issuing to the System a contract to charter a public school academy, and includes any contract amendments.
- (e) “**District**” means the School District of the City of Muskegon Heights.
- (f) “**District Board**” means the District school board. If an Emergency Manager is in place for the District under the Act, “**District Board**” means the Emergency Manager as the Emergency Manager is authorized under the Act to act for and in the place and stead of the District school board, the authority of the District school board to exercise power for and on behalf of the District under law is suspended and vested in the Emergency Manager under the Act, and the Emergency Manager is authorized under the Act to exercise solely, for and on behalf of the District, all other authority and responsibilities affecting the District that are prescribed by law to the District school board and superintendent of the District.
- (g) “**Effective Date**” means July 9, 2012.
- (h) “**Emergency Manager**” means the individual appointed under the Act, or as the emergency manager for the District.
- (i) “**System**” means the Muskegon Heights Public School Academy System, a Michigan nonprofit corporation, established as a public school academy pursuant to a contract initially issued by the District on July 9, 2012, as later amended.
- (j) “**System Board**” means the board of directors of the System.

Section 1.2 **Captions and Headings**. The captions, headings, and titles in this Agreement are a convenience and not intended to have any substantive meaning or be interpreted as part of this Agreement.

Section 1.3 Plural Terms. A term or phrase in this Agreement importing the singular number may extend to and embrace the plural number and every term or phrase importing the plural number may be applied and limited to the singular number.

ARTICLE 2

Purpose

Section 2.1 Purpose. The purpose of this Agreement is to assure the provision of public educational services to residents of the District while the financial obligations of the District are satisfied.

ARTICLE 3

Provision of Services

Section 3.1 Public Educational Services. While this Agreement is in effect, the District shall not directly provide public educational services to residents of the District or within the geographic boundaries of the District and shall instead cause public educational services to be provided to residents of the District or within the geographic boundaries of the District by the System. Any obligation of the District to provide public educational services to residents of the District or within the geographic boundaries of the District is hereby assumed by the System. If an obligation to provide public educational services is within the scope of the Contract, the System shall provide the public educational services under the Contract. If an obligation to provide public educational services is not within the scope of the Contract, the public educational services shall be provided by the System under this Agreement.

Section 3.2 Enrolling District Students. Any student seeking to enroll in the District or obtain public educational services from the District shall be enrolled by the System in the System. The System shall give preference to eligible students from the District subject only to the preference for currently enrolled students in the System and their siblings. An eligible student includes a student otherwise eligible to enroll in the District who meets any applicable District residency requirements and who was not previously expelled from the District. The District shall not enroll a student while this Agreement is in effect.

Section 3.3 Student Selection. Notwithstanding Section 3.2, the System shall continue to enroll pupils using a random selection process, if required by the Code. The System shall assure that adequate capacity to allow the enrollment of any student eligible to enroll in the System under Section 3.2.

Section 3.4 Student Membership. For purposes of Article I of The State School Aid Act of 1979, 1979 PA 94, as amended, MCL 388.1601 to 388.1772, and other applicable law, students otherwise eligible to be counted in membership in the District and enrolled in the System shall be counted in membership of System, and not the District. For each school year in which this Agreement is in effect, the pupil count of the District shall be zero.

Section 3.5 Student Records. Upon the enrollment of a student in the System, upon request by the System, the District will provide the System with any records relating to the student in a manner that complies with applicable law, no later than 14 days after receipt of a request for from the System.

Section 3.6 **Schools of Choice**. Nothing in this Agreement prohibits or restricts the ability of the District to grant consent to a resident of the District to attend another public school other than the System.

Section 3.7 **Ongoing Operations**. The parties state that a closure of the System or any site operated by the System would undermine the ability of the System to provide services under this agreement and result in an unreasonable hardship to pupils enrolled in the System or residing in the District, or both, because there is no general powers school district within the geographic boundaries of the District operating a public school and there are insufficient other public school options reasonably available to the pupils.

ARTICLE 4 Additional Provisions

Section 4.1 Relationship of the Parties. No one party shall be responsible for the acts of another party to this Agreement or of the employees, agents, and servants of the other party, whether acting separately or in conjunction with the implementation of this Agreement. The parties will only be bound and obligated under this Agreement as expressly agreed to by each party and no party may otherwise obligate any other party.

Section 4.2 No Non-Party Beneficiaries. Except as expressly provided in this Agreement, the Agreement does not create in any person or entity, and is not intended to create by implication or otherwise, any direct or indirect obligation, duty, promise, benefit, right to be indemnified (such as contractually, legally, equitably, or by implication), right to be subrogated to any party's rights in this Agreement, or any other right.

Section 4.3 Employees. The District will function as the employer of any employees of the District. The District Board shall have the responsibility, authority, and right to manage and direct any employees of the District. Nothing in this Agreement creates an employment relationship between the District and any employee of the System Board or the System. The System will function as the employer of any employees of the System. The System Board shall have the responsibility, authority, and right to manage and direct any employees of the System. Nothing in this Agreement creates an employment relationship between the System and any employee of the District or the District Board. Nothing in this Agreement creates a joint employer relationship between the District and the System.

Section 4.4 No Waiver of Governmental Immunity. The parties agree that no provision of the Agreement is intended, nor shall it be construed, as a waiver by any party of any governmental immunity provided under the Act or other law.

Section 4.5 Term. This Agreement shall commence on the Effective Date and continue while the Contract remains in place. The Agreement may be terminated at any time by joint action of the parties, and, if a receivership transition advisory board (the "**Advisory Board**") is in place for the District under the Act, the approval of the Advisory Board.

Section 4.6 Due Execution of Agreement. Each party shall execute not less than 4 copies of this Agreement, each of which, taken together, is an original but all of which

constitute 1 instrument. A copy of the executed Agreement shall be transmitted by the District to the State Superintendent of Public Instruction and to the State Treasurer.

Section 4.7 Amendment. This Agreement may be amended or an alternative form of this Agreement adopted only upon written agreement of all parties, and if an Advisory Board is in place for the District under the Act, the approval of the Advisory Board. Any contract among the parties that is inconsistent with this Agreement shall be adopted as an amendment to the Agreement and be approved by the District Board, the System Board, and if an Advisory Board is in place for the District under the Act, the Advisory Board, before taking effect.

Section 4.8 Public Purpose and Governmental Functions. The powers, duties, rights, obligations, functions, and responsibilities exercised by the parties under this Agreement constitute essential public purposes and governmental functions.

Section 4.9 Non-Impairment. Nothing in this Agreement authorizes the impairment of a bond, note, security, or uncontested legal obligation of a party.

Section 4.10 Notices. (a) For a notice or other communication under this Agreement to be valid, it must be in writing and delivered (1) by hand, (2) by national transportation company, with all fees prepaid, or (3) by registered or certified mail, return receipt requested and postage prepaid.

(b) Subject to Section 4.10(e), a valid notice or communication under this agreement will be effective when received by the party to which it is addressed. It will be deemed to have been received as follows:

- (1) if it is delivered by hand, delivered by a national transportation company, with all fees prepaid, or delivered by registered or certified mail, return receipt requested and postage prepaid, upon receipt as indicated by the date on the signed receipt; and
- (2) if the party to which it is addressed rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal, or inability to deliver.

(c) For a notice or other communication to a party under this agreement to be valid, it must be addressed using the information specified below for that party or any other information specified by that party in a notice in accordance with this Section 4.10.

To the District: School Board of the School District of the City of
Muskegon Heights
2603 Leahy St.
Muskegon Heights, MI 49444
Attn: Emergency Manager (if applicable) or Board Secretary

To the System: Muskegon Heights Public School Academy System
2441 Sanford St.
Muskegon Heights, MI 49444

Attn: Board Secretary

(d) If an Advisory Board is in place for the District, a copy of a notice or communication to a party under this Section 4.10 also must be transmitted to the Advisory Board by the party providing the notice or communication and addressed using the information specified below:

To the Advisory Board: Receivership Transition Advisory Board for the School
District of the City of Muskegon Heights
Richard H. Austin Building
430 W. Allegan St.
Lansing, MI 48933
Attn: State Treasurer

(e) If a notice or other communication to a party is received after 5:00 p.m. on a business day at the location specified in the address for that party, or on a day that is not a business day, then the notice will be deemed received at 9:00 a.m. on the next business day.

Section 4.11 Entire Agreement. This Agreement as amended and restated constitutes the entire understanding between the parties with respect to the subject matter of this agreement and supersedes all other agreements, whether written or oral, between the parties with respect to the subject matter of this agreement.

Section 4.12 Severability of Provisions. The parties intend as follows:

- (1) that if any provision of this Agreement is held to be unenforceable, then that provision will be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded;
- (2) that if an unenforceable provision is modified or disregarded in accordance with this section 4.12, then the rest of the agreement will remain in effect as written; and
- (3) that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable.

Section 4.13 Governing Law. The laws of the State of Michigan, without giving effect to its principles of conflicts of law, govern all adversarial proceedings arising out of this agreement, compliance with the Act, and oversight by the Advisory Board.

Section 4.14 Jurisdiction and Venue. Jurisdiction and venue for any disputes between the parties over the meaning, interpretation, or implementation of this Agreement not resolved by the parties shall be submitted to the courts of the State of Michigan in the County of Muskegon.

Section 4.15 Effective Date. This Agreement is effective on the Effective Date.

Each party is signing this second amended and restated agreement on the date stated opposite that party's signature. The date of this second amended and restated agreement will be

the date this second amended and restated agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature).

Date: October 20, 2016

**SCHOOL DISTRICT OF THE CITY OF
MUSKEGON HEIGHTS**

By: _____


Steven M. Schiller
Emergency Manager

Date: October 24, 2016

**MUSKEGON HEIGHTS PUBLIC
SCHOOL ACADEMY SYSTEM**

By: _____


Carmella M. Ealom
Board President

**Public School Academy / School of Excellence
Master Calendar of Reporting Requirements
July 1, 2020 – June 30, 2021**

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
July 11	Board Adopted 2020-2021 School Calendar/School Day Schedule.	CSO
July 11	Board adopted Annual Calendar of Regularly Scheduled Meetings for 2020-2021.	CSO
July 11	Board Adopted Annual Operating Budget for the General Fund and School Service Fund for 2020-2021.	CSO
July 11	Copy of Notice of Public Hearing for Annual Operating Budget for 2020-2021.	CSO
July 11	Budgeted Enrollment Number for 2010-2021.	CSO
July 25	DS-4168 Report of Days and Clock Hours of Pupil Instruction for 2019-2020 academic year, if applicable (See MDE website, www.michigan.gov/mde , for MDE due date and form).	CSO
August 3	Board Resolution appointing Chief Administrative Officer for 2020-2021. Must be a board member.	CSO
August 3	Board Resolution appointing Freedom of Information Act Coordinator for 2020-2021.	CSO
August 3	Board Designated Legal Counsel for 2020-2021	CSO
August 3	School Safety Liaison for 2020-2021.	CSO
August 3	Draft COVID-19 Preparedness and Response Plans (and Workplace Plans)	
August 10	Board Approved COVID-19 Preparedness and Response Plans (and Workplace Plans)	CSO
August 15	Special Education Data Report; Special Education Procedures; Section 504 Data Report. Use GVSU Templates located within the task in Epicenter.	CSO
August 29	4 th Quarter Financial Statements – quarter ending 06/30.	CSO
September 6	GVSU Check Directions (Where do we send checks for the 2020-2021 year?).	CSO
September 6	Updated Waitlist Number for 2020-2021.	CSO
September 6	Board approved Student Handbook 2020-2021.	CSO
September 6	Board approved Employee Handbook 2020-2021.	CSO
September 6	Copy of School Improvement Plan covering 2020-2021 academic year. * Not required for 2020-2021 school year.	CSO
September 6	School Information Update- See Epicenter Task for template.	CSO
September 6	School Contacts Update Certification.	CSO
September 15	Hylant Insurance Policy Submission.	CSO
October 3	Completed PSA Insurance Questionnaires. See Epicenter Task for template.	CSO
October 3	Staff Roster (GVSU Format).	CSO

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
October 3	Annual Nonprofit Corporation Information Update for 2020.	CSO
October 3	Board adoption of the Statewide Safety Information Policy (see MCL 380.1308 for more information).	CSO
October 11	Unaudited Count Day Submission.	CSO
October 11	Criminal History Record Registration- New Schools.	CSO
October 11	DS-4898 PSA Preliminary Pupil Membership Count for September 2020 Enrollment and Attendance for 1 st & 2 nd Year PSAs and Academies who added grade levels. (See MDE website, www.michigan.gov/mde for MDE due date).	CSO
October 30	Audited Financial Statements for fiscal year ending June 30, 2020. (See MDE Website, www.michigan.gov/mde , for MDE due date).	CSO
October 30	Management Letter (comments and recommendations from independent financial auditor) for fiscal year ending June 30, 2020, if issued. If a management letter is not issued, a letter from the Academy stating a management letter was not issued is required to be submitted.	CSO
October 30	Annual A-133 Single Audit for year ending June 30, 2020, is required if over \$500K in federal funds have been expended. If a single audit is not necessary, a letter from the Academy stating as such is required to be submitted.	CSO
October 30	1 st Quarter Financial Statements – quarter ending 09/30.	CSO
December 2	Special Education Population Data request sheet.	CSO
December 13	Transparency Page Update Certification.	CSO
January 13	Staff Roster (GVSU Format).	CSO
January 13	School Contacts Update Certification.	CSO
January 30	2 nd Quarter Financial Statements – quarter ending 12/31.	CSO
January 30	Board Member Annual Conflict of Interest.	CSO
January 30	Annual Education Report. The deadline changes for this each year. Please be sure to check mischool.net for the updated templates, or find them in the Epicenter Task.	CSO
February 21	Unaudited Winter Count Day Submission.	CSO
March (TBD)	Anti-Bullying Policy, in accordance with Matt’s Safe School Law (new schools).	CSO
April 1	Special Education: Maintenance of Effort (MOE) Eligibility Test submitted through Catamaran. Please download PDF or Excel and submit.	CSO
April 27	3 rd Quarter Financial Statements – quarter ending 03/31.	CSO
May 15	Notice of Open Enrollment & Lottery Process or Open Enrollment & Lottery Process Board Policy for 2020-2021. Must include board approved offered seat schedule.	CSO

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
June 4	Certificate of Boiler Inspection covering years 2021-2022.	CSO
June 27	Waitlist for 2021-2022.	CSO
June 27	Number of graduates in Class of 2021. Enter directly into Epicenter.	CSO
June 27	Amount of scholarship dollars received for class of 2021. Enter directly into Epicenter.	CSO
June 27	Board Approved Amended Budget for 2020-2021 fiscal year (or statement that budget has been reviewed and no amendment was needed).	CSO
June 27	2020-2021 Log of emergency drills, including date, time and results. See Epicenter Task for template.	CSO
June 27	Board adopted Letter of Engagement for year ending June 30, 2021, independent financial audit.	CSO
June 27	Food service license expiring 04/30/2021.	CSO
June 27	Special Education Population Data request sheet.	CSO

Ongoing Reporting Requirements July 1, 2020 – June 30, 2021

The following documents do not have a set calendar date; however, they require submission within a certain number of days from board action or other occurrence.

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
Date notice is posted	Academy Board Meeting Record of Postings – cancellations, changes, special meetings, emergency etc. Must include time and date of actual posting.	CSO
14 days after Board meeting	Draft Academy Board Meeting Minutes and Resolutions of regular, special & emergency board meetings.	CSO
14 days after Board approval	Approved Academy Board Meeting Minutes and Resolutions of regular, special & emergency board meetings.	CSO
30 business days after board approval	Board Adopted Annual Operating Budget for 2019-2020 including Salary/Compensation Transparency Reporting to be available on school website per the State School Aid Act as amended	No submission needed.
14 days after Board approval	Oath of Office and written acceptance for each Board Member.	CSO
10 business days after Board approval	Board adopted <i>Amended</i> Budget and General Appropriations Resolution.	CSO

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
10 days of receipt	Correspondence received from the Michigan Department /State Board of Education requiring a formal response.	CSO
10 days of receipt	Correspondence received from the Health Department requiring a formal response.	CSO
10 days of receipt	Written notice of litigation or formal proceedings involving the Academy.	CSO
30 days prior to board execution	Board proposed draft Educational Management Company Agreements or Amendments thereto.	CSO
5 business days of receipt	Request and Responses to Freedom of Information Requests.	CSO

**Original/Subsequent Board Policy Reporting Requirements
July 1, 2020 – June 30, 2021**

The following documents do not have a set calendar date; however, they require an original submission and subsequent submission if Board action is taken making amendments/changes.

REPORT DESCRIPTION	SUBMIT TO:
Articles of Incorporation. Must have GVSU Board approval before modifying.	CSO
Board of Director Bylaws.	CSO
Educational Service Provider Agreements/Amendments	CSO
Academy's Educational Goals.	CSO
Office of Fire Safety (OFS-40) – original occupancy permit and permits for renovations/additions, etc.	CSO
Lease, Deed of Premises or Rental Agreement and subsequent amendments (includes modular units).	CSO
Curriculum including any additions/deletions.	CSO
Asbestos Hazardous Emergency Response Act (AHERA) Management Plan. Visit www.michigan.gov/asbestos for Michigan's model management plan. A copy of the "acceptance" letter sent by MIOSHA is also required.	CSO
Communicable Disease Curriculum (including minutes of board approval).	CSO
Job Descriptions for all employee groups	CSO
REQUIRED BOARD POLICIES	
Board adopted Purchasing Policy (date of approval or revision). Reference: MCL 380.1267, MCL 380.1274	CSO
Use of Medications Policy (date of approval or revision). Reference: MCL 380.1178, 380.1178a, 380.1179	CSO
Harassment of Staff or Applicant Policy (date of approval or revision). Harassment of Students Policy (date of approval or revision) Reference: MCL 380.1300a	CSO

Search and Seizure Policy (date of approval or revision). Reference: MCL 380.1306	CSO
Emergency Removal, Suspension and Expulsion of Students Policy (date of approval or revision). Reference: MCL 380.1309; MCL 380.1312(8)&(9); MCL 37.1402	CSO
Parent/Guardian Review of Instructional Materials & Observation of Instructional Activity Policy (date of approval or revision). Reference: MCL 380.1137	CSO
Board Member Reimbursement of Expenses Policy (date of approval or revision). Reference: MCL 380.1254; MCL 388.1764b	CSO
Equal Access for Non-School Sponsored Student Clubs and Activities Policy (date of approval or revision). Reference: MCL 380.1299	CSO
Electronic or Wireless Communication Devices Policy (date of approval or revision).	CSO
Preparedness for Toxic Hazard and Asbestos Hazard Policy (date of approval or revision). Reference: MCL 324.8316, 380.1256	CSO
Nondiscrimination and Access to Equal Educational Opportunity Policy (date of approval or revision). Including, but not limited to, Michigan Constitution, Article I, §26, Elliott-Larsen Civil Rights Act, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.	CSO
Academy Deposit Policy (date of approval or revision). PA 105 of 1855, being MCL 21.146, Section 11.10 of the Charter Contract	CSO
Parental Involvement Policy (date of approval or revision). Reference: MCL 380.1294	CSO
Wellness Policy (date of approval or revision). Reference: 42 USC §§ 1751, 1758, 1766; 42 USC § 1773	CSO
Corporal Punishment Policy (date of approval or revision). Reference: MCL 380.1312(8)&(9);	CSO
Anti-Bullying Policy (Matt's Safe School Law) (date of approval or revision). Reference: MCL 380.1310b	CSO
Cardiac Emergency Response Plan (date of approval or revision). Reference: MCL 29.19	CSO
Emergency Operations Plan (date of approval or revision). Reference: MCL 380.1308	CSO
Data Breach Response Plan (date of approval or revision). The Academy Board shall design and implement a comprehensive data breach response plan that is made available to Academy personnel and Educational Service Providers.	CSO

Calendar of Additional Reporting Requirements and Critical Dates July 1, 2020 – June 30, 2021

The following reports Academies must submit to the local ISD, MDE, CEPI and other organizations throughout the year.

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
TBD	Student Count Day for State Aid F.T.E.	No submission required.
August	4094 Transportation Report from 18-19.	CEPI (online)
September	SE-4096 Special Education Actual Cost Report (Contact ISD for due date).	ISD
Sept.	*Special Education Findings – Sept. Strand Report for: B-1, B-2, B-9, B-10, and B-13. Data review and complete corrective actions if required. Corrective Action	Catamaran
October	Eye Protection Certificate (#4527 Certification of Eye Protective Devices Electronic Grant System [MEGS] if applicable).	CEPI
October	Certification of Constitutionally Protected Prayer.	MDE
October	SE-4094 Transportation Expenditure Report (Contact ISD for due date).	ISD
October 1 – October 31 (as scheduled)	Teacher Certification/Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission needed.
Oct/Nov	Deadline for MEIS/Single Record Student Database (“SRSD”) electronic file (Contact the local ISD for due date.)	CEPI
November	Deadline for Immunization Records Report – IP100. (Contact Health Dept. for due date).	Local Health Dept.
November 14	Deadline for electronic submission to the Financial Information Database (FID, formerly known as the Form B). State aid will be withheld if the submission is not successful.	CEPI
Nov/Dec	Special Education Count on MI-CIS. Special education data must be current and updated in the Michigan Compliance and Information System (MI-CIS). This information is used to determine funding for next year (Contact local ISD for due date).	ISD
December 1 - December 31 (as scheduled)	Teacher Certification/Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission required.
Nov/Dec	Registry of Educational Personnel (REP) Submission.	CEPI
December 30	Municipal Finance Qualifying Statement, if applicable (online submission).	MI Dept. of Treasury
January	*Special Education Findings – January Strand Report for: B-11, B-12. Data review and complete corrective actions if required.	Catamaran

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
Feb 1	Deadline for Immunization Record Report – IP100 (Contact Health Dept. for due date). A financial penalty of 5% of a school’s state aid allocation can be assessed if the immunization rate is not at 90% or above.	Local Health Dept.
Feb	Supplemental Student Count for State Aid F.T.E.	No submission required.
March	FS-4731-C – Count of Membership Pupils eligible for free/reduced breakfast, lunch or milk (official date TBD).	MDE
March	MEIS/Single Record Student Database (“SRSD”) electronic file (Contact local ISD for due date.)	ISD, CEPI
March	Special Education: Maintenance of Effort (MOE) Eligibility Test.	Catamaran (online)
May 1 – May 31 (as scheduled)	Teacher Certification/ Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission required.
May	*Special Education Findings – May Strand Report for: B-3, B-4, B-5, B-6, and B-13. Data review and completion of corrective actions as required.	Catamaran
June	MEIS/ Single Record Student Database (“SRSD”) electronic file (Contact local ISD for due date).	ISD, CEPI
June	Registry of Educational Personnel (REP).	CEPI
June	School Infrastructure Database (SID).	CEPI
June	4107 – Bus inventory	CEPI (online)

*Monthly special education compliance updates, all special education complaints, and the annual Maintenance of Effort (MOE) Eligibility Test and corrective measures are communicated and submitted through Catamaran. Regular monthly (or more frequently) review of special education information is recommended to assure compliance with state reporting requirements. Catamaran can be accessed at: <https://training.catamaran.partners/>. Timelines and Due Dates are located on bottom left side of the screen under *Deadlines*. User account and login information is located at: <https://catamaran.partners/Login.aspx?APPTHEME=MICIMS&ReturnURL=/>



Muskegon Heights Public Schools

2603 Leahy Street • Muskegon Heights, MI 49444 • Phone 231-830-3221 Fax
231-830-3560

Date: January 13, 2021

To: Receivership Transition Advisory Board (RTAB)
Muskegon Heights Public Schools Board of Education

From: John Lewis, Assistant Superintendent

Re: Board Meeting Packet for January 20, 2021

Attached, please find the Muskegon Heights Public Schools 2020-21 Budget to Actual Revenue and Expenditure Report, Cash Flow Statement, and Liabilities Report.

Budget to Actual Revenue and Expenditure Report

Attached you will find the budget to actual report for 2020-21 as of January 13, 2020.

We have yet to receive tax proceeds for the winter levy, but I am expecting something this month. I also want to point out that roughly \$145,000 in the miscellaneous revenue account are earmarked for repairs at the high school and the Martin Luther King buildings. Our insurance company has paid the district upfront and we will pay the invoices as they come in.

In terms of expenditures, we will have a significant increase of around \$30,000 for building insurance. Our previous insurance carrier decided to not renew the district effectively forcing us to go with a new carrier. This is most definitely an unseen event, but we were able to secure a new carrier. The budget will be amended next month to account for this change as the MHPS board voted on the new carrier just today.

Cash Flow Statement

Cash flow continues to remain stable for the next year, even with the increase in insurance premium. Enrollment increased from last year by roughly 11 FTE's, giving our cash flow a small boost of roughly \$2,100. The cash flow now includes these new enrollment numbers. It also includes the aforementioned increase in insurance premium.

Liabilities Report

Interest payments were made on the district's emergency loans in the amount of \$174,000. These payments are reflected in this report.

Fund	Rate	Description	Issuance Date	Original Amount	Term Length	Principal	Interest	Total Amount	Projected Maturity Date	As of Date
GF		Payable to MDE - At-Risk Payback			Short			\$ 371,436	N/A	1/1/2021
GF	2.45%	Restructured Emergency Loan #1 - 2018	5/23/2018	\$ 6,990,000	Long	\$ 6,679,000	\$ 2,004,333	\$ 8,683,333	6/15/2042	1/1/2021
GF	2.35%	Restructured Emergency Loan #2 - 2018	5/23/2018	\$ 3,165,000	Long	\$ 3,155,000	\$ 973,635	\$ 4,128,635	6/15/2042	1/1/2021
GF	3.45%	Restructured Emergency Loan #3 - 2018	5/23/2018	\$ 1,400,000	Long	\$ 1,300,000	\$ 515,244	\$ 1,815,244	6/15/2043	1/1/2021
GF	2.70%	2017/18 Emergency Loan #4 - 2018	5/23/2018	\$ 2,449,000	Long	\$ 2,449,000	\$ 1,616,053	\$ 4,065,053	6/15/2047	1/1/2021
GF	NA	2007 Energy Conservation Improvement Bonds	12/19/2007		Long	\$ 3,149,000	\$ -	\$ 3,149,000	12/19/2022	1/1/2021
DF	5.00%	2016 Refunding Bonds, Series A	3/29/2016		Long	\$ 10,990,000	\$ 2,656,250	\$ 13,646,250	5/1/2029	1/1/2021
DF	1.74%-2.61%	2016 Refunding Bonds, Series B	3/26/2016		Long	\$ 2,160,000	\$ 55,621	\$ 2,215,621	5/1/2021	1/1/2021
DF	3.41%	School Bond Loan Fund	Annual		Long	\$ 2,212	\$ 320	\$ 2,532	5/1/2035*	1/1/2021
DF	3.41%	School Loan Revolving Fund	Annual		Long	\$ 4,918,431	\$ 247,354	\$ 5,165,785	5/1/2035*	1/1/2021
				\$ 14,004,000		\$ 34,802,643	\$ 8,068,810	\$ 43,242,889		

Note: GF - General Fund (18 mill levy); DF - Debt Service Fund (13 mill levy)

*Indicates Mandatory Repayment Date

Beginning Cash Worksheet

BONY Accounts

Amount in EL Proceeds acct.	\$ -	
Amount in Tax Rev Account	\$1,355,605.18	Balance as of 1/1/21
Less Amounts Belonging to Other Funds		
Debt Service	\$ (290,638.28)	
Less amount due to city for overpayment of taxes (estimated)		
Less Amounts Due for Debt Service of EL Loan		
Total Usable BONY Funds	<u>\$1,064,966.90</u>	

Cash Currently in GF Checking Account	\$ 188,456.80	Balance as of 1/1/21
Less Amounts Belonging to Other Funds		
Debt Service		
ORS Healthcare Refund		
Tech Millage due to MHPSA	\$ (20,591.53)	
Funds Held for Special Projects	\$ (145,783.76)	
Unknown from SOM		
Less Outstanding Checks		
Total Usable GF Cash	<u>\$ 22,081.51</u>	

Total Funds Available For GF Purposes \$1,087,048.41

Projected Monthly Cash Flow - One Year Projection

Date
1/20/2021

School District
Muskegon Heights Public Schools

	January 21	February 21	March 21	April 21	May 21	June 21	July 21	August 21	September 21	October 21	November 21	December 21
Beginning Balance	\$ 1,087,048	\$ 1,144,511	\$ 1,366,148	\$ 1,365,305	\$ 1,339,194	\$ 1,332,671	\$ 1,274,198	\$ 1,287,415	\$ 1,432,272	\$ 1,456,262	\$ 1,442,511	\$ 1,443,678
Estimated Receipts												
Taxes	\$ 81,333	\$ 227,481	\$ 5,000			\$ 360,948	\$ 32,000	\$ 150,000	\$ 50,000	\$ 17,281	\$ 5,565	\$ 72,322
Taxes - Tech Millage	\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ 21,187		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,507
Authorizer Fees	\$ 13,567	\$ 13,567	\$ 13,567	\$ 13,567	\$ 13,567	\$ 13,567	\$ 13,567	\$ 13,567		\$ 13,567	\$ 13,567	\$ 13,567
ELN Proceeds												
Other Revenue	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Available Funds	\$ 1,182,948	\$ 1,413,559	\$ 1,385,715	\$ 1,379,872	\$ 1,353,761	\$ 1,729,373	\$ 1,320,765	\$ 1,451,982	\$ 1,498,272	\$ 1,503,110	\$ 1,477,643	\$ 1,546,074
Less Estimated Expenditures:												
Payrolls	\$ 14,070	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070	\$ 14,070	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070
Other Expenditures	\$ 24,367	\$ 6,340	\$ 6,340	\$ 22,020	\$ 7,020	\$ 7,020	\$ 19,280	\$ 5,640	\$ 12,940	\$ 26,940	\$ 4,895	\$ 4,895
Emergency Loan Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,644
Tech Millage to PSA	\$ -	\$ 27,000	\$ -	\$ -	\$ -	\$ 21,187	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,507
Other Liens/Loans (Totals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,092
Estimated Ending Balance	\$ 1,144,511	\$ 1,366,148	\$ 1,365,305	\$ 1,339,194	\$ 1,332,671	\$ 1,274,198	\$ 1,287,415	\$ 1,432,272	\$ 1,456,262	\$ 1,442,511	\$ 1,443,678	\$ 1,157,866

Expenses by Month

	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Totals
Payrolls (including contracted staff)	\$ 14,070	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070	\$ 14,070	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070	\$ 178,018
Consumers - electric	\$ 233	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 800	\$ 800	\$ 800	\$ 800	\$ 372	\$ 372	\$ 6,677
DTE - natural gas	\$ 1,997	\$ 1,500	\$ 1,500	\$ 2,000	\$ 2,000	\$ 2,000	\$ 500	\$ 500	\$ 800	\$ 800	\$ 264	\$ 264	\$ 14,125
Waste & Water utility	\$ 177	\$ 220	\$ 220	\$ 400	\$ 400	\$ 400	\$ 220	\$ 220	\$ 220	\$ 220	\$ 139	\$ 139	\$ 2,975
Audit Fees									\$ 7,000	\$ 6,000			\$ 13,000
Legal Fees	\$ 4,000	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 16,760
Property Insurance	\$ 16,360	\$ 1,360	\$ 1,360	\$ 16,360	\$ 1,360	\$ 1,360	\$ 15,000	\$ 1,360	\$ 1,360	\$ 16,360	\$ 1,360	\$ 1,360	\$ 74,960
MAISD Tech Fee													\$ -
Epicenter													\$ -
Bank Fees	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,200
Misc.	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
EL Loan Payments						\$412,898						\$171,644	\$ 412,898
Tech Millage Flowthrough	\$ -	\$ 27,000	\$ -	\$ -	\$ -	\$ 21,187	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,507	\$ 108,694
QZAB Energy Bonds												\$182,092	\$ 182,092
Totals	\$ 38,438	\$ 47,410	\$ 20,410	\$ 40,678	\$ 21,090	\$455,175	\$ 33,350	\$ 19,710	\$ 42,010	\$ 60,598	\$ 33,965	\$388,209	\$1,029,400

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 GENERAL FUND
 2020-21
 1/13/2021

	Budget 2020-21	Actuals to Date	Under/(Over) to Date	% of Budget Used
Estimated Beginning Fund Balance	\$ 488,424	\$ 488,424		
Revenue				
Property taxes	\$ 1,188,930	\$ 445,843	\$ 743,087	37.5%
State Sources	\$ 6,740	\$ -	\$ 6,740	0.0%
Oversight fees	\$ 137,100	\$ 40,086	\$ 97,014	29.2%
Transfers and Other	\$ 18,500	\$ 148,413	\$ (129,913)	802.2%
Total Revenue	\$ 1,351,270	\$ 634,342		
Expenditures				
Data Technology	\$ 8,650	\$ 395	\$ 8,255	4.6%
Board of Education	\$ 21,550	\$ 24,151	\$ (2,601)	112.1%
Executive Administration	\$ 69,100	\$ 24,041	\$ 45,059	34.8%
Business Services	\$ 106,060	\$ 56,252	\$ 49,808	53.0%
Interest and Fees Expense	\$ 6,360	\$ 1,812	\$ 4,548	28.5%
Unpaid Auction and Delinquent Tax Fees	\$ 50,000	\$ -	\$ 50,000	0.0%
Building Services	\$ 83,570	\$ 41,901	\$ 41,669	50.1%
District Technology	\$ 880	\$ 390	\$ 490	44.3%
Emergency Loan Payments	\$ 587,280	\$ 174,376	\$ 412,905	29.7%
Transfers and Other	\$ 302,420	\$ 202,511	\$ 99,909	67.0%
Total Expenditures	\$ 1,235,870	\$ 525,828		
Revenues Less Expenditures	\$ 115,400	\$ 108,513		
Projected Ending Fund Balance	\$ 603,824	\$ 596,937		

REVENUES

11-0111-0000-000-0000-000000-000000-	PROPERTY TAXES CURRENT	-404,832.77
11-0111-0000-100-0000-000000-000000-	OTHER TAXES	0.00
11-0121-0000-000-0000-000000-000000-	TECH MILLAGE FLOWTHROUGH	-41,009.80
11-0124-0000-000-0000-000000-000000-	PENALTY & INT ON DEL TAXES	0.00
11-0151-0000-000-0000-000000-000000-	EARNINGS ON INVEST & DEPOSITS	0.00
11-0191-0000-000-0000-000000-000000-	RENTALS	-2,550.00
11-0199-0000-000-0000-000000-000000-	MISCELLANEOUS	-145,862.76
11-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	0.00
11-0519-0000-001-0000-000000-000000-	3% AUTHORIZER FEE - MHPSA	-40,086.30
11-0519-0000-100-0000-000000-000000-	SHARED BUSINESS SVCS	0.00
11-0591-0000-000-0000-000000-000000-	PROCEEDS FROM ISSUANCE OF BOND	0.00
		-634,341.63

Muskegon Heights Public Schools
Revenues, Expenditures, and Fund Balance
DEBT SERVICE - 2016 REFUNDING BONDS
2020-21
1/13/2021

	Actuals to Date
Estimated Beginning Fund Balance	\$ 290,713
Revenue	
Tax Revenues	\$ 421,376
SBLF/SLRF (State Bond Loan Programs)	\$ -
Total Revenue	\$ 421,376
Expenditures	
Tax Chargebacks & Auction Property	\$ -
Principal Payments	\$ -
Interest Payments	\$ 301,922
Total Expenditures	\$ 301,922
Revenues Less Expenditures	\$ 119,455
Projected Ending Fund Balance	\$ 410,168

Account	Description	
32-0111-0000-000-0000-000000-000000-	PROPERTY TAX LEVY	-421,354.43
32-0111-0000-100-0000-000000-000000-	OTHER TAXES-HSBF	0.00
32-0124-0000-000-0000-000000-000000-	PENALTY & INT ON DEL TAXES	0.00
32-0151-0000-000-0000-000000-000000-	EARNINGS ON INVESTMENTS-HSBF	-21.95
32-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	0.00
32-0591-0000-000-0000-000000-000000-	BOND PROCEEDS	0.00
32-0595-0000-000-0000-000000-000000-	STATE LOAN PROGRAM-HSBF	0.00
32-0596-0000-000-0000-000000-000000-	PROCEEDS FROM REFINANCING DEBT	0.00
32-0596-0000-001-0000-000000-000000-	PREMIUM ON REFUNDING BONDS	0.00
32-0599-9000-000-0000-000000-000000-	DUE TO/FROM	0.00
32-0631-0000-000-0000-000000-000000-	TRANSFER IN	0.00
		-421,376.38

Account	Description	
32-1-252-3180-000-0000-000000-000000-	AUDIT SERVICES	0.00
32-1-252-7410-000-0000-000000-000000-	PAYING AGENT FEES	0.00
32-1-259-3610-000-0000-000000-000000-	PRINTING	0.00
32-1-259-7610-000-0000-000000-000000-	TAXES ABATED & WRITTEN OFF	0.00
32-1-511-7110-000-0000-000000-000000-	PRINCIPAL - 2006 REF BDS	0.00
32-1-511-7230-000-0000-000000-000000-	INTEREST-HSBF	301,921.50
32-1-511-7310-000-0000-000000-000000-	OTHER BOND ISSUANCE COSTS	0.00
32-1-511-7330-000-0000-000000-000000-	BOND DISCOUNT	0.00
32-1-511-7410-000-0000-000000-000000-	PAYING AGENT FEES-HSBF	0.00
32-1-512-7320-000-0000-000000-000000-	PAYMENTS TO BOND ESCROW AGENT	0.00

Muskegon Heights Public Schools
Revenues, Expenditures, and Fund Balance
QZAB Fund
2020-21
1/13/2021

	Actuals to Date
Estimated Beginning Fund Balance	\$ 2,443,399
Revenue	
Earnings on Investment	\$ 22,904
Transfers In	\$ 182,092
Total Revenue	\$ 204,997
Expenditures	
	\$ -
Total Expenditures	\$ -
Revenues Less Expenditures	\$ 204,997
Projected Ending Fund Balance	\$ 2,648,396

Account	Description	
34-0151-0000-000-0000-000000-	EARNINGS ON INVESTMENTS	-22,904.33
34-0611-0000-000-0000-000000-	QZAB TRANSFER	-182,092.42



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

**RECEIVERSHIP TRANSITION ADVISORY BOARD
FOR
THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS**

RESOLUTION 2021-1

**APPROVING AND ADOPTING MEETING SCHEDULE OF THE
SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
RECEIVERSHIP TRANSITION BOARD FOR 2021**

WHEREAS, on October 28, 2016, the Governor appointed a Receivership Transition Advisory Board for the School District of the City of Muskegon Heights (“the Board”); And WHEREAS, Section 23(6) of the Act provides that “[a] receivership transition advisory board is a public body as that term is defined in section 2 of the open meetings act, 1976 PA 267, MCL 15.262, and meetings of a receivership transition advisory board are subject to the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A receivership transition advisory board is also a public body as that term is defined in section 2 of the freedom of information act, 1976 PA 442, MCL 15.232, and a public record in the possession of a receivership transition advisory board is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246”

WHEREAS, a receivership transition advisory board is subject to Public Act 267 of 1976, the Open Meetings Act, and the receivership transition advisory board, in the interest of promoting transparency in the discharge of its duties, deems the board to be a “public body” as that term is used in Section 2(a) of the Open Meetings Act; and

WHEREAS, Section 5(2) of the Open Meetings Act, provides that “[f]or regular meetings of a public body, shall be posted within 10 days after the first meeting of the public

body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings”.

NOW THEREFORE, be it resolved by the School District of the City of Muskegon Heights Receivership Transition Board as follows:

1. That the Notice of Regular Meetings, attached as **Exhibit A** to this Resolution, is approved and adopted by the receivership transition advisory board.
2. That the persons designated in Resolution 2021-1 are hereby directed to post the Notice of Regular Meetings within 10 days pursuant to Section 5(2) of Public Act 267 of 1976, the Open Meetings Act.
3. That the minutes of the School District of the City of Muskegon Heights Receivership Transition Board
4. meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
5. This Resolution shall have immediate effect.

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS RECEIVERSHIP TRANSITION ADVISORY BOARD (RTAB)

2021 NOTICE OF REGULAR MEETINGS

The School District of the City of Muskegon Heights Receivership Transition Advisory Board (RTAB) will hold its regular monthly meetings during the calendar year ending December 31, 2021, on the following dates at the following times remotely using Microsoft Teams:

Date	Via Microsoft Teams	Meeting Time
Wednesday, January 20, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday February 17, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday, March 17, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday, April 21, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday, May 19, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday, June 16, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday, July 21, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday, August 18, 2021	Remotely using Microsoft Teams	4:00 p.m.
Wednesday, September 15, 2021	Remotely using Microsoft Teams	4:00 p.m.
Monday, October 20, 2021	Remotely using Microsoft Teams	4:00 p.m.
Monday, November 17, 2021	Remotely using Microsoft Teams	4:00 p.m.
Monday, December 15, 2021	Remotely using Microsoft Teams	4:00 p.m.

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the School District of the City of Muskegon Heights Receivership Transition Advisory Board should contact Beverly Greaves at (313) 456-4796 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12131 to 12134.

A copy of the proposed minutes of the meeting will be available for public inspection at the Treasury Website within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the Treasury Website within 5 business days after approval by the Board.

The Board may hold special meetings, in addition to the regular meetings above. Special meetings are also open to the public and separate notices will be posted in advance of special meetings.