



Muskegon Heights Public Schools

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

Gregory Weatherspoon
Emergency Manager

January 10, 2014

SUBMITTED VIA E-MAIL

The Honorable Rick Snyder
Governor, State of Michigan
P.O. Box 30013
Lansing, MI 48909

The Honorable Jase Bolger
Speaker of the Michigan House of Representatives
P.O. Box 30014
Lansing, MI 48933

The Honorable Randy Richardville
Senate Majority Leader, State of Michigan
P.O. Box 30036
Lansing, MI 48909-7536

Dear Governor Snyder, Speaker Bolger, and Majority Leader Richardville:

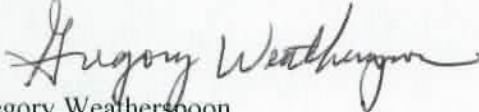
Pursuant to Section 1241a of Michigan Public Act 72 of 1990, as amended, I am hereby filing with the Governor, the Senate Majority Leader and the Speaker of the House of Representatives, a Three (3) Month Report on Expenditures. This report will also be posted on the School District of the City of Muskegon Heights' website, www.mhpsnet.org. This report is based upon the school district's records for the three month period beginning September 29, 2013 and ending December 28, 2013, and consists of the following:

- a.) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of \$5,000.00 or more and the source of the funds;
- b.) A list of each contract that the emergency manager awarded or approved with a cumulative value of \$5,000.00 or more, the purpose of the contract and the identity of the contractor;
- c.) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of \$5,000.00 or more and the proposed use of the funds;
- d.) A description of any new position created or any vacancy in a permanent position filled by the emergency manager;
- e.) A description of any position that has been eliminated or from which an employee has been laid-off;

- f.) A copy of the contract with the emergency manager as provided in Section 9(3)(e);
- g.) The salary and benefit of the emergency manager (please refer to contract under Item F); and
- h.) The Financial and Operating Plan

Please do not hesitate to contact me should you have any questions regarding this report.

Sincerely,



Gregory Weatherspoon
Emergency Manager

Cc: Andy Dillon Treasurer, State of Michigan
Mike Flanagan, Superintendent of Public Instruction

| VENDOR NAME | SOURCE OF FUNDS | STATUS | AMOUNT | DESCRIPTION |
|-------------------------------|-----------------|-------------------|-----------|----------------------------------|
| BRITTON & BOSSENBROEK | GENERAL FUND | APPROVED AND PAID | 9,920.00 | LEGAL SERVICES |
| BRITTON & BOSSENBROEK | GENERAL FUND | APPROVED AND PAID | 9,400.00 | LEGAL SERVICES |
| PITNEY BOWES | GENERAL FUND | APPROVED AND PAID | 7,692.00 | POSTAGE MACHINE LEASE SETTLEMENT |
| UNEMPLOYMENT INSURANCE AGENCY | GENERAL FUND | APPROVED AND PAID | 21,670.00 | PAYMENT PER AGREEMENT |
| UNEMPLOYMENT INSURANCE AGENCY | GENERAL FUND | APPROVED AND PAID | 21,670.00 | PAYMENT PER AGREEMENT |
| UNEMPLOYMENT INSURANCE AGENCY | GENERAL FUND | APPROVED AND PAID | 21,670.00 | PAYMENT PER AGREEMENT |

Emergency Manager Awarded or Approved with a Cumulative Value of \$5,000.00 or More

| Vendor | Value of Contract | Purpose of the Contract |
|---------------|--------------------------|--|
| Learning.com | \$ 21,660.02 | Contract renewal - Student assessment services for students at Muskegon Heights Public School Academy System |

Loans Sought, Approved, or Disapproved During Reporting Period

No loans have been sought, approved, or disapproved during the reporting period

Description of Any New Positions Created or Vacancy Filled During Reporting Period

No positions have been created or vacancy filled during reporting period

Description of Positions Eliminated/Layoffs

No positions have been eliminated during the reporting period



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Gregory D. Weatherspoon as the Emergency Manager (Emergency Manager) for the Muskegon Heights School District (School District) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.* (the Act).

The Emergency Manager will provide services to the School District pursuant to the terms and conditions set forth in this Contract and the Act.

The Emergency Manager's role is to remedy the financial distress of the School District by requiring, within available resources, prudent fiscal management and an efficient provision of services by exercising the necessary authority conferred herein to take appropriate action on behalf of the School District and its students. In accepting this appointment, the Emergency Manager agrees to leverage all the Emergency Manager's skills and abilities to accomplish these objectives on behalf of School District students.

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Gregory D. Weatherspoon.

1.2 Purpose. The parties to this Contract agree that Gregory D. Weatherspoon will act as the Emergency Manager for the School District. The Emergency Manager's duties and responsibilities are delineated in the Act and include conducting all aspects of the operations of the School District and establishing and implementing a written financial plan as required by Section 11 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to local governments. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor and the State Treasurer. The Emergency Manager agrees to continue to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury beginning on January 15, 2014, for the immediately preceding quarter and shall file the first report required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the School District, School District residents, and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

2.1 The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act.

2.2 Effective Date. This contract is effective on Wednesday October 16, 2013.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Source of Payment. The State shall pay the compensation of the Emergency Manager for all services rendered under this Contract.

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be \$60,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of a month, the Emergency Manager shall be entitled, for that portion of that month, to \$5,000.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month. The Emergency Manager shall not receive or accept any compensation from the School District or the State except as provided for in this contract.

3.3 Payment for Services. The Emergency Manager shall be paid in installments consistent with the established written policies and procedures of the Michigan Department of Treasury. If requested by the State Treasurer, the Emergency Manager shall provide to the Michigan Department of Treasury additional information regarding services performed pursuant to this Contract.

3.4 Reimbursement for Actual and Necessary Expenses. The actual and necessary expenses of the Emergency Manager, including customary expenses related to travel, meals, and lodging which are incurred in connection with service to the School District will be reimbursed by the School District. The Emergency Manager shall provide original copies of all receipts for meals, lodging, and travel reimbursement with any request for reimbursement. Any reimbursement for expenses under this contract shall be reviewed and approved in writing by the School District's Chief Financial Officer.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the School District. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least

24 hours before extending offers of employment for positions paying \$50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

4.2 Professional Assistance. The Emergency Manager may, as provided in the Act, secure professional assistance as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the School District. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before authorizing professional services contracts of \$50,000.00, or more, per engagement or project. If a contract under this Section, or under Section 4.1, has a value of \$50,000 or more, the Emergency Manager shall not execute the contract unless the contract is subject to competitive bidding by the Emergency Manager or the Emergency Manager receives prior written approval from the State Treasurer.

4.3 Security. The Emergency Manager will be entitled to receive security protection in connection with the Emergency Manager's duties under this Contract. Security personnel will be retained only upon the approval of the State Treasurer, or the designee of the State Treasurer, and only after consultation with the Director of the Michigan Department of State Police, or the designee of the Director of the Michigan Department of State Police. Payment of compensation for security personnel will be the obligation of the School District.

5. REPRESENTATIONS

5.1 Qualifications. By signing this Contract, the Emergency Manager, represents that the Emergency Manager meets the minimum qualifications for appointment set forth in the Act. The Emergency Manager shall perform the duties of that office on a full-time basis, except as otherwise approved by the State Treasurer, and shall not accept any other employment or engage in any other activity for remuneration without the express written approval of the State Treasurer.

5.2 Conflict of Interest. The Emergency Manager represents and warrants that the Emergency Manager has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 Non-competition. The Emergency Manager represents and warrants that the Emergency Manager is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The State will not be subject to any liability for any such claim.

5.4 Facilities and Personnel. The School District will provide the Emergency Manager with

proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

5.5 Records. The Emergency Manager shall maintain complete records in accordance with generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the computer system of the Emergency Manager or computer system of the School District. The State Treasurer and his designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Manager shall comply with Public Act 220 of 1976, the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

b) The Emergency Manager shall comply with Public Act 453 of 1976, the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State, and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that the Emergency Manager will not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. The Emergency Manager shall impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant shall be a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Manager shall not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to Public Act 278 of 1980, MCL 423.322, of employers found in contempt of court for failure to correct unfair labor practices. The State may void this Contract if the Emergency Manager, or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above mentioned register.

5.8 Independent Contractor. The relationship of the Emergency Manager to the State and to the School District under this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability, benefits, workers compensation rights or liabilities, insurance rights or liabilities, or any other rights or liabilities arising out of, or related to, a contract for hire, nor employer-employee relationship, shall arise, accrue, or be implied to either party under this Contract or to an agent, subcontractor, or employee of either party under this Contract, as a

result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee for this Contract unless notice of another designation is provided by the Governor. All notices, correspondence, requests, inquiries, billing statements, and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, Andy Dillon, and to the following:

For the State:

Michigan Department of Treasury
Office of Legal Affairs
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3223

For the Emergency Manager:

Gregory D. Weatherspoon
Administration Building
2603 Leahy Street
Muskegon Heights, MI 49444

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the State Treasurer, and all other State officials are not liable for any obligation of or claim against the School District resulting from actions taken in accordance with the Act or this Contract.

7.2 The Emergency Manager. Pursuant to the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which the Emergency Manager reasonably believes to be within the scope of the Emergency Manager's authority granted by the Act or by this Contract.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the School District, health, worker's compensation, general liability, professional liability, and motor vehicle insurance for the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the School District. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager to the extent permitted by the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is con-

cluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees, payments in satisfaction of judgments, and payments made in settlement as specified pursuant to the Act, shall be paid by the School District. If such expenses are not paid by the School District, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

8.3 Additional Insurance. If the School District has purchased, or otherwise obtained, an errors and omissions policy, then the Emergency Manager may choose to be covered under such policy at the expense of the School District.

8.4 Payment by School District. All insurance required under this Contract shall be acquired at the expense of the School District under valid and enforceable policies, issued by insurers of recognized responsibility. The State Treasurer reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) The State. The Emergency Manager serves at the pleasure of the Governor except as provided in Section 9(3)(d) and Section 9(6)(c) of the Act. The Governor has the power to rescind the appointment and terminate this Contract at any time, and without cause, by issuing a Notice of Termination to the Emergency Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed, the Emergency Manager shall:

a) Cease work under this Contract upon the date and to the extent specified in the Notice of Termination;

b) Incur no costs beyond the date specified by the Notice of Termination;

c) Submit to the State Treasurer on the date the termination is effective all records, reports and documents as this State shall specify and carry out such directives as the State Treasurer may issue concerning the safeguarding and disposition of files and property; and

d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with 30 days written notice to the State Treasurer. Within 30 days of the Emergency Manager's final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within 30 calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to, and construed according to, the laws of the State of Michigan, and no action shall be commenced against this State, its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan State court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager represents and warrants that the Emergency Manager is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Contract shall not be affected, and each remaining provision of this Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Section headings contained in this Contract are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

10.7 Amendment. No Contract amendment will be effective and binding upon the parties to this Contract unless the amendment expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite State approvals are obtained.


10.8 Order of Priority. This Contract and the Act shall be read to be consistent one with the other. However, if a conflict is deemed to exist between the terms of this Contract and the Act, the Act shall supersede the terms of this Contract.

10.9 Counterparts. This Contract may be executed in separate counterparts, each of which when executed shall be deemed an original, but all of which when taken together shall constitute one and the same Contract.

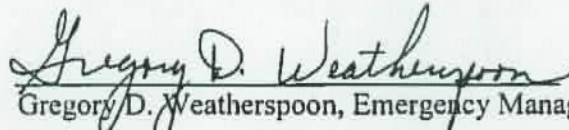
IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: 10/16/13


Rick Snyder, Governor

Dated: 10/18/13


Gregory D. Weatherspoon, Emergency Manager

Approved as to form and content pursuant to Section 9(3)(e) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.*

Dated: 10/21/13


Andy Dillon, State treasurer

FINANCIAL PLAN
for the
SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
under the
Local Financial Stability and Choice Act,
2012 PA 436, MCL 141.1541 to 141.1575

November 25, 2013

Part 1

Authorization

Section 1.01. Written Financial and Operating Plan. This written financial and operating plan for the School District of the City of Muskegon Heights is required by Section 11 of the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.1541. A financial plan must provide for all of the following:

- (a). Conducting all aspects of the operations of the District within the resources available according to the Manager's revenue estimate.
- (b). The payment in full of the scheduled debt service requirements on all bonds, notes, and municipal securities of the District, contract obligations in anticipation of which bonds, notes, and municipal securities are issued, and all other uncontested legal obligations.
- (c). The modification, rejection, termination, and renegotiation of contracts pursuant to section 12 of the Act.
- (d). The timely deposit of required payments to the pension fund for the District or in which the local government participates.
- (e). An educational plan.
- (f). Any other actions considered necessary by the Manager in the Manager's discretion to achieve the objectives of the Plan, alleviate the financial emergency, and remove the local government from receivership.

Section 1.02. Objectives

This financial and operating plan for the District has both of the following objectives:

- (a). Assuring that the District is able to be provided a system of free public elementary and secondary schools and other public educational services to residents of the District.
- (b). Assuring the fiscal accountability of the District.

Section 1.03. Deficit Elimination Plan.

As authorized by the Act, this financial and operating plan also shall serve as a deficit elimination plan for the School District of the City of Muskegon Heights otherwise required by law for the District, if approved for that purpose by the State Superintendent of Public Instruction.

Part 2

Definitions

Section 2.01. Definitions. As used in this written financial plan:

- (a). "Act" means the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.1541 to 141.1575
- (b). "Board" means the school board of the District, as that term is defined under the Act.
- (c). "Code" means The Revised School Code, 1976 PA 451, MCL 380.1 to 380.1852.
- (d). "District" means the School District of the City of Muskegon Heights.
- (e). "Manager" means the emergency manager for the District appointed under the Act.
- (f). "Plan" means this written financial and operating plan for the District.

Section 2.02. Singular or Plural Terms. Every word or defined term in this Plan importing the singular number only may extend to and embrace the plural number, and every word or defined term importing the plural number may be applied and limited to the singular number.

Section 2.03. References to Statutes. A reference to a statute or portion of a statute in this Plan shall be deemed to include the latest amendments to the statute or portion of a statute.

Section 2.04. Catch lines. The catch line heading of any section of this Plan shall not be deemed to be a part of the section or the Plan, or be used to construe the section more broadly or narrowly than the text of the section would indicate, but shall be deemed to be inserted for purposes of convenience.

Part 3

Plan Duration

Section 3.01. Plan Effective. This Plan is effective beginning in the 2013-2014 fiscal year, which began on July 1, 2013 and ends on June 30, 2014.

Section 3.02. Plan Duration. This Plan will remain in effect until the scheduled debt service requirements on all bonds, notes, and securities of the District and all other uncontested legal obligations of the District are fully satisfied and paid in full, as determined by the Manager.

Section 3.03. Plan Expiration. It is currently projected that the scheduled debt service requirements on all bonds, notes, and securities of the District and all other uncontested legal obligations will be fully satisfied and paid in full in the District's 2041-2042 fiscal year. Accordingly, this Plan will expire on June 30, 2042 and will no longer be effective on July 1, 2042.

Part 4

Revenue Estimate

Section 4.01. Revenue Estimate. The Manager estimates that the District will generate revenue in the following amounts from the following sources in the fiscal year beginning on July 1, 2013 and ending on June 30, 2014:

| | |
|--|--------------------|
| Property taxes under Section 1211 of the Code ¹ | \$1,207,026 |
| Sinking fund revenue | \$ 0 |
| Other property taxes | \$ 0 |
| Oversight fees under Section 502(6) of the Code | \$ 277,155 |
| Asset sales | \$ 10,000 |
| Other revenue | \$ 0 |
| TOTAL | \$1,494,181 |

A table providing a revenue estimate for each fiscal year in which this Plan is effective (FY 2013-2014 to FY 2041 to 2042) is attached as Appendix A.

Section 4.02. Revised Revenue Estimate. The Manager will reexamine the revenue estimate not less than once each fiscal year. If reexamination results in a reduced revenue estimate, the Manager will modify this Plan to conform to the revised revenue estimate.

¹ While this Plan remains in effect, if authorization of the electors of the District is required to levy a millage under Section 1211 of the Code, before any authorization is scheduled to expire, the Manager will order, as necessary, 1 or more school millage elections for the District placing the question of renewal of the millage before the electors of the District as authorized by Section 28 of the Act.

District Operations

Section 5.01. Limited District Operations. Beginning with the 2013-2014 fiscal year, the operations of the District will be conducted within the limited resources available to the District and will be restricted to the following functions and responsibilities:

- (a). Assuring the timely payment of financial obligations of the District, including, but not limited to, scheduled debt service on all bonds, notes, and securities of the District and all other uncontested legal obligation of the District.
- (b). Levying and collecting District taxes.
- (c). Budgeting for the District.
- (d). Overseeing the activities of the Muskegon Heights Public School Academy System as an authorizer of a public school academy under Part 6A of the Code.
- (e). Performing functions of the District relating to school elections.
- (f). Exercising functions and responsibilities of the Manager relating to the District under the Act.

While this Plan is in effect the District will expend no funds for the direct provision of public educational services by the District in public schools operated by the District.

Section 5.02. Debt Service Obligations. The Manager will assure the payment in full of the scheduled debt service requirements on all bonds, notes, and securities of the District and other uncontested legal obligations for the District. The estimated obligations of the District are detailed in Appendix B.

Section 5.03. Pension Fund Payments. The Manager will assure the timely deposit of any required District payments to the Michigan Public School Employees' Retirement System under The Public School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1467.

Section 5.04. Books and Records. The Manager will regularly examine the books and records of the District. The Manager may require the attendance of witnesses and the production of books, papers, contracts, and other documents relevant to an analysis of the financial condition of the District. All officers and employees of the District shall fully cooperate with the Manager regarding the Manager's examination of the books and records of the District.

Section 5.05. Payroll and Other Claims. The Manager will review any payrolls or other claims against the District before payment. No payments for payroll or other

claims against the District may be made without the express authorization of the Manager.

Section 5.06. Contracts. The Manager will negotiate, renegotiate, approve, and enter into all contracts on behalf of the District. No contract may be entered into or amended by the District without the express authorization of the Manager. The Manager may employ or contract for, at the expense of the District and with the approval of the State Superintendent of Public Instruction, auditors and other technical personnel considered necessary to implement this Plan. The Manager also may enter into contracts, including, but not limited to, contracts with other school districts, the Muskegon Area Intermediate School District ("MAISD") for the provision of services to the District in a manner that allows this District to conduct the operations of the District within the limited resources available to the District and consistent with this Plan.

Section 5.07. State and Federal Funds. The Manager will receive and disburse on behalf of the District all federal, state, and local funds earmarked for the District, including, but not limited to, funds for specific programs and the retirement of the District's debt. No federal, state, or local funds received by the District may be disbursed by the District without the express authorization of the Manager.

Section 5.08. Budgets and Expenditures. Each fiscal year, the Manager will adopt a final budget for the next fiscal year of the District. The Manager will have exclusive authority to amend any adopted budget of the District. The authorization to expend funds in a budget is not a mandate to spend. At any time, the Manager may reduce expenditures authorized in the District's budget.

Section 5.09. Collective Bargaining. The Manager will act as the exclusive agent of the District in any collective bargaining with any District employees. To the fullest extent possible under Michigan law, the Manager may renegotiate any existing labor agreements and negotiate new labor agreements.

Section 5.10. Positions and Vacancies. The Manager may create a new position or approve or disapprove the creation of any new position within the District. The Manager may approve or disapprove the filling of a vacancy in any permanent position within the District by any appointing authority within the District. No new position within the District may be created or vacant position filled without the express approval of the Manager.

Section 5.11. Borrowing and Obligations. The Manager may borrow money on behalf of the District and approve or disapprove the issuance of obligations of the District as the Manager determines necessary for the implementation of this Plan. The District may not borrow any money or issue obligations without the express approval of the Manager.

Section 5.12. Sale of Assets. The Manager will sell or otherwise use the assets of the District to meet past or current obligations as the Manager determines necessary for the implementation of this Plan. The assets of the District may not be sold or otherwise used to meet District obligations without the express approval of the Manager.

Section 5.13. Sinking Fund. The Manager may expend money from any sinking fund established by the District under Section 1212 of the Code for the construction or repair of a school building of the District and as the Manager determines necessary to preserve or enhance the value of an asset of the District, such as an expenditure to physically secure a school building owned by the District.

Section 5.14. Superintendent Services. The District will not directly employ a Superintendent. The Manager will exercise the authority and responsibilities affecting the financial condition of the District that are prescribed by law to the Superintendent of the District to the fullest extent permitted by law. If it is necessary for a person other than the Manager to perform other authority or responsibilities prescribed by law to the Superintendent of the District, the Manager will contract with the MAISD for the intermediate superintendent of the MAISD to exercise the authority or responsibilities for the District or for the MAISD to provide another person to exercise the authority or responsibilities for the District.

Section 5.15. Internal Reorganization. The Division of the Office of the Emergency Financial Manager is established within the District. All other divisions and functions within the District are transferred to and consolidated within the Division of the Office of the Emergency Financial Manager. All heads of divisions within the district other than the Division of the Office of Emergency Financial Manager are removed. All divisions within the District other than the Division of the Office of Emergency Financial Manager are abolished. The Manager shall serve as the head of the Division of the Office of the Emergency Financial Manager. The following positions are established within the Division of the Office of Emergency Financial Manager:

- a. Emergency Financial Manager.
- b. Financial Control Manager.

Part 6

IMPLEMENTATION

Sec. 6.01. Public Availability of Plan. In compliance with Section 11(4) of the Act, the Manager will conduct a public informational meeting on the Plan and any modifications to the Plan at 7 p.m. on Monday, December 16, 2013 at the following location:

**Muskegon Heights High School Auditorium
2441 Sanford St.
Muskegon Heights, MI 49444**

Sec. 6.02. Reexamination of Plan. This Plan will be reexamined at least every 6 months by the Manager and the Treasurer, or his or her designee.

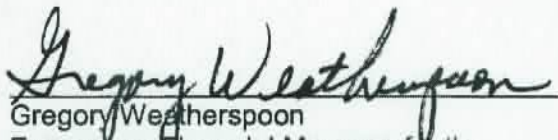
Sec. 6.03. Modification of Plan. The Manager may from time to time modify this Plan as the Manager determines necessary to advance the objectives of this Plan. If the Manager reduces revenue estimates for the District, the Manager will modify the plan to conform to the revised revenue estimates. Prior to implementing any modification, the Manager will first notify the Treasurer and the State Superintendent of Public Instruction.

Sec. 6.04. Issuance of Orders. As authorized under Section 10 of the Act, the Manager will issue to the appropriate elected and appointed officials and employees, agents, and contractors of the District the orders the Manager considers necessary for the timely and satisfactory implementation of this Plan

Sec. 6.05 Submission of Plan. This Plan was developed after consultation with the State Treasurer and the State Superintendent of Public Instruction and is submitted to the State Treasurer as required by Section 11 of the Act. A copy of this Plan will be transmitted to the State Superintendent of Public Instruction, the superintendent of the District, and the Board.

This Plan is adopted as the written financial plan for the District required under the Act.

Adopted by:


Gregory Weatherspoon
Emergency Financial Manager for the
School District of the City of Muskegon Heights

11/25/13
Date

APPENDIX A

REVENUE ESTIMATE

FY 2013-2014

To

FY 2041-2042

Mustang Heights Public Schools
Estimated Revenue

Section 4.01. Revenue Estimates. The Manager estimates that the District will generate revenue in the following amounts from the following sources during the following fiscal year(s) beginning July 1 and ending June 30:

| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Property taxes under Section 1311 of the Code (1) | \$ 1,207,026 | \$ 1,170,816 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 |
| Sinking Fund revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Overweight fees under Section 502(g) of the Code | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 |
| Asset Sales | \$ 10,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other revenue (State Aid) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Revenue (Deferred from prior year) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 1,494,181 | \$ 1,467,971 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 |

| | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 2027-2028 | 2028-2029 | 2029-2030 | 2030-2031 | 2031-2032 | 2032-2033 | 2033-2034 | 2034-2035 | 2035-2036 | 2036-2037 | 2037-2038 | 2038-2039 | 2039-2040 | 2040-2041 | 2041-2042 | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Property taxes under Section 1311 of the Code (1) | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 | \$ 1,135,691 |
| Sinking Fund revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Overweight fees under Section 502(g) of the Code | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 | \$ 277,155 |
| Asset Sales | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other revenue (State Aid) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Revenue (Deferred from prior year) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 | \$ 1,412,846 |

[1] While this Plan remains in effect, if authorization of the factors of the District is required (or any millage under Section 1311 of the Code, before any authorization is scheduled to expire, the Manager will order, as necessary, for more school millage elections for the District placing the question of renewal of the millage before the electors of the District as authorized by Section 412(c) of the Act.

APPENDIX B

ESTIMATE OF OBLIGATIONS

FY 2013-2014

To

FY 2041-2042

