

**STATE AID AGREEMENT  
CONSENT, ACKNOWLEDGMENT AND AUTHORIZATION**

This State Aid Agreement Consent, Acknowledgment and Authorization (the "**Authorization**") is entered by the undersigned entity (the "**Authorizing Body**") as of August 1, 2013.

**RECITALS:**

The Michigan Finance Authority (the "**Authority**") has entered into certain purchase contracts with the public school academies and strict discipline academies listed on Exhibit A (the "**Governmental Units**").

The Authority, pursuant to such purchase contracts, has agreed to purchase certain municipal obligations (the "**Municipal Obligations**") from the Governmental Units, in the respective principal (also called par) amounts listed on Exhibit A.

The Authorizing Body has authorized one or more of the Governmental Units, as designated on Exhibit A, to act as a public school academy or strict discipline academy as the case may be pursuant to an existing contract between the designated Governmental Unit and Authorizing Body.

Pursuant to each Governmental Unit's Purchase Contract, each Governmental Unit has pledged certain state school aid payments to be received by such Governmental Unit for the payment of the principal of, and interest on, the Governmental Unit's Municipal Obligation, and has directed the Authority to enter into a Master State Aid Agreement among the Authority, the State Treasurer and Wells Fargo Bank, National Association, (the "**Trustee**") dated as of August 1, 2013 (the "**State Aid Agreement**").

The Authorizing Body wishes to facilitate the transfer of the pledged state aid payments as provided in the State Aid Agreement and the Purchase Contracts.

**CONSENT, ACKNOWLEDGMENT AND AUTHORIZATION**

1. **The Authorizing Body.** The Authorizing Body represents that it is the authorizing body for the designated Governmental Unit(s) set forth on Exhibit A, that the person executing this Authorization on behalf of such Authorizing Body is duly authorized to do so, and that this Authorization is valid and binding upon such Authorizing Body.

2. **Not an Obligation of Authorizing Body.** Each Governmental Unit has no authority to extend the full faith and credit of its Authorizing Body or to create any obligation, direct or indirect, general, special or moral on the part of its Authorizing Body. None of the documents executed in connection with the notes of the Authority to be issued in connection with the transactions described in the State Aid Agreement (the "**Notes**"), the Municipal Obligations, and the transactions to which the State Aid Agreement relates, creates any pecuniary obligation or liability, direct or indirect, general, special or moral, on the part of the Authorizing Body.

3. **The Governmental Unit.** The Authorizing Body makes no representations concerning the financial or operating condition of any Governmental Unit, any of the facilities of any Governmental Unit, or the present or future ability of any Governmental Unit to meet its financial obligations, including those under the Municipal Obligation(s). The Authorizing Body has no responsibility or duty to verify any Governmental Unit's pupil count, as defined in the State School Aid Act of 1979 (1979 PA 94), as amended (the "*School Aid Act*"), or to authorize, approve or determine the accuracy of the state school aid payments to be received on behalf of the Governmental Unit from the State Treasurer. The Authorizing Body shall have no liability to any party for any action or omission of the Authorizing Body in connection with the revocation, termination, suspension or renewal or failure to renew the charter school contract of any Governmental Unit(s).

4. **Direction to the State Treasurer.** In accordance with the applicable Purchase Contract(s), the Authorizing Body requests the State Treasurer to pay to the Trustee the Direct Payments defined in the State Aid Agreement, for any Governmental Units it authorizes, subject to the limitations contained in the State Aid Agreement.

5. **Allocation Agreement.** The Authorizing Body acknowledges that on the date the State Treasurer pays state school aid installments to local school districts and intermediate school districts for the fiscal year ending June 30, 2014, all state school aid payments payable to the designated Governmental Unit(s) set forth on Exhibit A that it authorizes and any intercepted and/or advanced funds will be deemed to be allocated to such Authorizing Body.

6. **Authorization for Intercept and Advance.** The Authorizing Body agrees that if on any due date for a Municipal Obligation payment, the funds on deposit with the Trustee, together with scheduled future Direct Payments, are insufficient to pay the principal of and interest on such Municipal Obligation when due, then with respect to such Governmental Unit(s): pursuant to applicable law and the agreement herein contained of such Authorizing Body, the State Treasurer on behalf of the Authority is authorized (in accordance with applicable law and the applicable Purchase Contract) to intercept and/or advance not to exceed 97% of all state school aid payments which are dedicated for distribution or for which the appropriation authorizing payment has been made under the School Aid Act.

7. **Irrevocable Agreement; Termination.** This Authorization shall be irrevocable and shall terminate with respect to the Authorizing Body for any particular Governmental Unit upon the earlier of payment in full of the Governmental Unit's Municipal Obligation or termination of the charter contract between the Authorizing Body and Governmental Unit.

8. **Conflicting Provisions.** If any provision of this Authorization, the State Aid Agreement or the applicable Purchase Contract is inconsistent with the terms of any agreement between a Governmental Unit and its Authorizing Body, the provisions of this Authorization, the State Aid Agreement or the applicable Purchase Contract, respectively, shall be controlling with respect to the obligation of the Governmental Unit to pay its Municipal Obligation in accordance with its terms and the terms of the applicable Purchase Contract and the right of the Authority and the Trustee to receive transferred state aid payments pursuant to the State Aid Agreement.

10. **Affirmation of Authorizing Body Certificate.** The certifications and agreements of the Authorizing Body included in its Authorizing Body Certificate previously submitted are affirmed as of the date hereof.

*(Signatures on Next Page)*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in the spaces set forth below.

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

By: Donald B. Weatherspoon

Donald B. Weatherspoon

Title: Emergency Manager

**EXHIBIT A  
TO  
STATE AID AGREEMENT  
CONSENT, ACKNOWLEDGMENT AND AUTHORIZATION**

**LIST OF PURCHASE CONTRACT PARTICIPANTS  
COPIES OF INTERCEPT SCHEDULES ATTACHED**

<u>Governmental Unit</u>	<u>Par Amount of Municipal Obligation</u>	<u>Number of Direct Payments</u>
Muskegon Heights Public School Academy	\$2,000,000	11

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SCHEDULE OF DIRECT PAYMENT  
Michigan Finance Authority  
Public School Academy Revenue Notes, Series 2013B-1  
Muskegon Heights Public School Academy  
School Code :: 614905

Date	Principal	Coupon	Interest	Direct Payment
10/21/2013	183,910.74	2.800%	872.55	184,783.29
11/20/2013	183,498.80	2.800%	1,284.49	184,783.29
12/20/2013	183,074.60	2.800%	1,708.69	184,783.29
1/21/2014	182,638.31	2.800%	2,144.98	184,783.29
2/20/2014	182,232.04	2.800%	2,551.25	184,783.29
3/20/2014	181,813.67	2.800%	2,969.62	184,783.29
4/21/2014	181,383.36	2.800%	3,399.93	184,783.29
5/20/2014	180,982.66	2.800%	3,800.63	184,783.29
6/20/2014	180,569.99	2.800%	4,213.30	184,783.29
7/21/2014	180,145.55	2.800%	4,637.74	184,783.29
8/20/2014	179,750.28	2.800%	5,033.01	184,783.29
	2,000,000.00		32,616.19	2,032,616.19