



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

**Index of Documents in Respect to
School District of the City of Highland Park Emergency Loan
(General Obligation Limited Tax)
2012-13 Series II
January 18, 2013**

<u>Responsibility for:</u>	<u>Document:</u>
School District	1. Application
School District	2. EFM Order Authorizing Loan Application
Emergency Loan Board	3. Emergency Loan Board Order of Approval
Department of Treasury	4. Appointment Documentation
School District	5. EFM Order Authorizing Issuance of Notes
Department of Treasury	6. Certification of Statutory Compliance
Department of Treasury	7. Certification of Final Transcript
Department of Treasury	8. Certified Copy of Emergency Municipal Loan Act
School District	9. Copy of Note
Department of Treasury	10. Funding Conditions Memorandum
School District	11. Certification of Non-Litigation/Signature Identification
School District	12. Certification of Receipt of Loan
Office of Attorney General	13. Cognovit
Foster Swift Collins & Smith, PC	14. Legal Opinion of Foster Swift Collins & Smith, PC
Office of Attorney General	15. Letter from Office of Attorney General
School District	16. Certification of Final Transcript by School District
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Department of Treasury	18. State Aid and Tax Pledge Agreement

Department of Treasury

19. Form of Tax Intercept Agreement

Department of Treasury

20. Depositary Agreement

.

1. APPLICATION

MICHIGAN DEPARTMENT OF TREASURY
Bureau of Local Government Services
PO Box 30728
Lansing, Michigan 48909
EMERGENCY MUNICIPAL LOAN APPLICATION

Applicant: Muskegon Heights Public Schools
 County/Countries of: Muskegon
 Mailing Address: 2603 Leahy St., Muskegon Heights, MI 49444
 Chief Financial Officer: Donald B. Weatherspoon Phone: 231-830-3221
 Contact Person: John Lewis Phone: 231-830-3219
 Loan Amount Requested: \$3,500,000

1. Projected General Fund deficit for the current fiscal year: (\$3,131,800)

2. Date of last Tax Anticipation Note or date of last application made to Department of Treasury to issue a Tax Anticipation Note: N/A
 For school districts, date of last State Aid Note: 8/22/2011

3. Income Tax Revenue Growth Rate
 A. Calendar year preceding application: 2012 Income tax revenue:
 B. Calendar year preceding above year: 2011 Income tax revenue:
 A/B #DIV/0!

4. Local and State Tax Base Growth Rates
 C. Tax year of most recent municipal State Equalized Value: 2012 Municipal SEV (real and personal):
 D. Tax year five years preceding above year: 2007 Municipal SEV (real and personal):
 E. Tax year of most recent statewide State Equalized Value: 2012 Statewide SEV (real and personal):
 F. Tax year five years preceding above year: 2007 Statewide SEV (real and personal):
 C/D #DIV/0!
 E/F #DIV/0!
 (C/D)/(E/F) #DIV/0!

5. Decrease in State Equalized Value
 G. Tax year of most recent municipal SEV: 2012 Municipal SEV (real and personal): \$0
 H. Tax year preceding above year: 2011 Municipal SEV (real and personal):

6. Ad valorem operating tax millage
 I. Maximum levy per charter:
 J. Maximum levy authorized as approved by voters:
 K. Current levy:

7. Does the municipality have one or more delinquent special assessments? Yes or No.

If yes, provide explanation:

8. Does the municipality have outstanding bonds, notes, or other evidences of indebtedness that were issued in anticipation of a contract obligation with, or an assessment obligation against, another municipality that has one or more delinquent special assessments that were levied to satisfy, in whole or in part, the contract or assessment obligation? Yes or No.

If yes, provide explanation:

9. School district enrollment
 L. Current fiscal year: 2013 Enrollment: 0
 M. Three years preceding above year: 2010 Enrollment: 1,599
 (M-L)/M 1.00

10. Is the municipality in receivership or subject to a consent agreement under the Local Government and School District Fiscal Accountability Act, Public Act 4 of 2011? Yes or No. Yes

ADDITIONAL REQUIRED INFORMATION

13. Deficit Elimination Plan, not exceeding five years, that eliminates the General Fund deficit and balances future expenditures with anticipated revenues.

14. Budget for current fiscal year and preceding fiscal year(s) if available.

15. Projected monthly cash flows for the preceding 12 months.

16. Accounts Payable Aging Report.

17. Additional comments.

Chief Administrative Officer Name: Donald G. Weatherspoon

Chief Administrative Officer Signature: *Donald G. Weatherspoon* 1/11/2013



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

January 14, 2013

Dr. Donald Weatherspoon, Emergency Manager
Muskegon Heights School District
2603 Leahy Street
Muskegon, MI 49444

Dear Dr. Weatherspoon:

As a condition in the Deficit Elimination Plan (DEP) approval letter dated August 7, 2012, the district was required to submit to the Michigan Department of Education (MDE) an operating budget and financial detail to the DEP. This letter will serve to confirm that the district has complied with that requirement.

Thank you.

Sincerely,

Daniel M. Hanrahan, Director
Office of State Aid and School Finance

cc: Carol Wolenberg, Deputy Superintendent
Jeff Kolb, Financial Analyst, Office of State Aid and School Finance
Tom Saxton, Deputy State Treasurer
Local Audits Unit
David Sipka, Superintendent, Muskegon Area Intermediate School District (ISD)
Marios Demetriou, Deputy Superintendent, Muskegon Area ISD

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STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

August 7, 2012

Dr. Donald Weatherspoon, Emergency Manager
Muskegon Heights School District
2603 Leahy Street
Muskegon, MI 49444

Dear Dr. Weatherspoon:

As the State Financial Authority under Section 18(3) of the Local Government and School District Fiscal Accountability Act (P.A. 4 of 2011), I am approving the Financial and Operating Plan as submitted on August 6, 2012 to serve as the Deficit Elimination Plan (DEP) for Muskegon Heights School District. MCL 388.1702 requires that I, as Superintendent of Public Instruction, approve a district's Deficit Elimination Plan (DEP). Therefore, I am granting contingent approval of the district's DEP with the following contingencies:

- For as long as the district is in deficit, the district must submit to MDE no less than annually an operating budget in accordance with the Uniform Budgeting and Accounting Act (MCL 141.434-141.438). The first operating budget must be submitted to MDE within thirty (30) days of the date of this letter.
- For as long as the district is in deficit, the district must submit to MDE no less than annually the financial detail to the DEP. The financial detail shall be in a form prescribed by MDE (attached as Schedule A). The first financial detail must be submitted to MDE within thirty (30) days of the date of this letter.
- The district is required to submit Monthly Budgetary Control Reports to MDE (attached as Schedule B).

Please notify us if significant changes occur which would invalidate the DEP as approved. The contingency requirements should be submitted to Dan Hanrahan, State Aid and School Finance Director, at hanrahand@michigan.gov. Dan can also be reached at 517-335-0521.

STATE BOARD OF EDUCATION

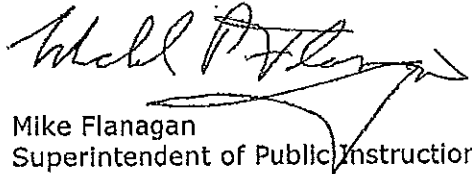
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Donald Weatherspoon
Page 2
August 7, 2012

I look forward to your submissions and continued cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Flanagan", with a large, sweeping flourish extending to the right.

Mike Flanagan
Superintendent of Public Instruction

Attachments

cc: Carol Wolenberg, Deputy Superintendent
Dan Hanrahan, Director, Office of State Aid and School Finance
Jeff Kolb, Financial Analyst, Office of State Aid and School Finance
Tom Saxton, Deputy State Treasurer
Local Audits Unit
David Sipka, Superintendent, Muskegon Area Intermediate School District (ISD)
Marios Demetriou, Deputy Superintendent, Muskegon Area ISD

Schedule A

Account		Preliminary Actual 2011-12	Board Adopted Budget 2012-13	Yearly Increase (Decrease)	% Increase (Decrease)	Target Budget 2013-14	Yearly Increase (Decrease)	% Increase (Decrease)
1	Beginning Fund Equity:	\$0	\$0			\$0		
2	Add: Revenues							
3	11x, 12x Local Sources	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
4	51x Local Rec'd Thru Another Public Sch.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
5	2xx Other Political Sub.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
6	3xx State Sources	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
7	4xx Federal Sources	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
8	52x-6xx Incoming Transfers & Other	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
9	TOTAL REVENUES, ETC.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
10	TOTAL RESOURCES AVAILABLE	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
11	Less: Expenditures:							
12	1xx Classroom Inst.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
13	Support Services:							
14	21x Pupil	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
15	22x Inst. Staff	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
16	23x Gen. Adm.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
17	24x Sch. Adm.	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
18	25x Business	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
19	26x Operation & Maintenance	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
20	27x Transportation	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
21	28x Central	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
22	29x Other	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
23	3xx Community Services	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
24	41, 42, 43 Outgoing Transfers	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
25	45x Facilities Acq	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
26	51x Debt Service	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
27	6xx Fund Modifications	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
28	TOTAL EXP. & OUTGOING TRANSFER	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
29	ENDING FUND BALANCE	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%

Notes:

SCHOOL DISTRICT NAME: _____
 SUMMARY MONTHLY DEP RECONCILIATION REPORT
 FOR THE MONTH ENDING _____

Acct Codes	A DEFICIT ELIMINATION PLAN 2012-2013	B ACTUAL Year-to Date	C PROJECTED To-Year-End	D(B+C) TOTAL PROJECTED	E(D-A) VARIANCE	F(E/A) % VARIANCE	Variance Explanation
1	Beginning Fund Equity	\$0		\$0		0.00%	
2	Add: Revenues						
3 11X	Local Sources	\$0	\$0	\$0	\$0	0.00%	
4 51X	Local Rec'd Thru Other Public Schl	\$0	\$0	\$0	\$0	0.00%	
5 20x	Local Thru Other Political Sub	\$0	\$0	\$0	\$0	0.00%	
6 30x	State Sources	\$0	\$0	\$0	\$0	0.00%	
7 40x	Federal Sources	\$0	\$0	\$0	\$0	0.00%	
8 52x-60x	Incoming Transfers & Other	\$0	\$0	\$0	\$0	0.00%	
9	Total Current Year Revenues	\$0	\$0	\$0	\$0	0.00%	
10	TOTAL RESOURCES AVAILABLE	\$0		\$0		0.00%	
11	Less: Expenditures						
12 10x	Classroom Instruction	\$0	\$0	\$0	\$0	0.00%	
13	Support Services:						
14 21X	Pupil Support	\$0	\$0	\$0	\$0	0.00%	
15 22X	Instructional Staff Supp	\$0	\$0	\$0	\$0	0.00%	
16 23X	General Admin.	\$0	\$0	\$0	\$0	0.00%	
17 24x	School Admin.	\$0	\$0	\$0	\$0	0.00%	
18 25x	Business Admin.	\$0	\$0	\$0	\$0	0.00%	
19 26x	Oper/Maintenance	\$0	\$0	\$0	\$0	0.00%	
20 27X	Transportation	\$0	\$0	\$0	\$0	0.00%	
21 28X	Central Admin.	\$0	\$0	\$0	\$0	0.00%	
22 29x	Other	\$0	\$0	\$0	\$0	0.00%	
23 30x	Community Services	\$0	\$0	\$0	\$0	0.00%	
24 41,42,43	Outgoing Transfers	\$0	\$0	\$0	\$0	0.00%	
25 45x	Facilities Acquisition	\$0	\$0	\$0	\$0	0.00%	
26 51x	Debt Service	\$0	\$0	\$0	\$0	0.00%	
27 60x	Fund Modifications	\$0	\$0	\$0	\$0	0.00%	
28	TOTAL EXPEND. & OUTGOING TRNSFRS	\$0	\$0	\$0	\$0	0.00%	
29	ENDING FUND BALANCE	\$0		\$0		0.00%	

Notes:



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

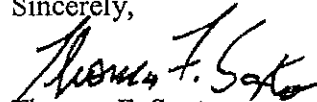
August 7, 2012

Donald B. Weatherspoon, Ph.D.,
Emergency Manager for the School District
of the City of Muskegon Heights
2603 Leahy Street
Muskegon Heights, MI 49444

Dear Manager Weatherspoon:

On behalf of the State Treasurer, I have approved the financial and operating plan for the School District of the City of Muskegon Heights that you submitted on August 7, 2012 under Section 18 of the Local Government and School District Accountability Act, 2011 PA 4, MCL 141.1518.

Sincerely,


Thomas F. Saxton
Deputy State Treasurer

cc: Andy Dillon, State Treasurer

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS

**Office of the Emergency Manager
Donald B. Weatherspoon**

Order 2012-12

**BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER
FOR THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS,
MICHIGAN ("EMERGENCY MANAGER") UNDER THE LOCAL GOVERNMENT
AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, 2011 PA 4, MCL
141.1501 to 141.1531**

**THE EMERGENCY MANAGER, DONALD B. WEATHERSPOON, ISSUES THE
FOLLOWING:**

**ORDER APPROVING AND ADOPTING A FINANCIAL AND OPERATING PLAN FOR
THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS**

WHEREAS, the School District for the City of Muskegon Heights ("District") is currently in receivership and under the supervision of an Emergency Manager appointed by the Governor ("Emergency Manager") under the Local Government and School District Fiscal Accountability Act, 2011 PA 4, MCL 141.1501 to 141.1531 ("Act");

WHEREAS, the Emergency Manager has broad powers under the Act to rectify the District's financial emergency and to assure the District's fiscal accountability and capacity to provide or cause to be provided necessary governmental services essential to the public health, safety and welfare;

WHEREAS, under Section 18 of the Act, the Emergency Manager must develop and may amend a written financial and operating plan for the District with the objectives of assuring that the District is able to provide or cause to be provided public educational services to residents of the District and assuring the fiscal accountability of the District ("Plan");

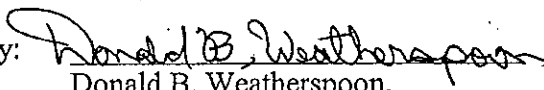
WHEREAS, as part of the Plan and consistent with the Code, the Emergency Manager has determined that the issuance of a public school academy contract to an applicant to organize and operate the Muskegon Heights Public School Academy System ("System") is a viable option that will allow the Emergency Manager to provide for the delivery of public education services to residents of the District and also allow for the repayment of existing District debt obligations;

WHEREAS, the Emergency Manager now desires to submit the Plan to the State Treasurer for approval, as provided under the Act; and

NOW, THEREFORE, IT IS ORDERED THAT, the attached Plan is approved and adopted by the Emergency Manager as the financial and operating plan for the District; and

IT IS FURTHER ORDERED THAT, the Plan shall be submitted to the State Treasury for approval and a copy shall be provided to the Superintendent of Public Instruction.

Dated: August 6, 2012

By: 
Donald B. Weatherspoon,
Emergency Manager

12 Month Cash Flow - Muskegon Heights Public Schools

	Jan-2013	Feb-2013	Mar-2013	Apr-2013	May-2013	Jun-2013	Jul-2013	Aug-2013	Sep-2013	Oct-2013	Nov-2013	Dec-2013
Beginning Balances (including investments)	494,863	429,333	409,002	388,672	368,342	163,207	142,877	772,547	702,216	639,216	801,411	252,206
Receipts												
Note												
Precedents	3,500,000						600,000					
Taxes												
Total State Aid	42,670	42,670	42,670	42,670	42,670	42,670	42,670	42,670		25,195	25,195	25,195
Other Grants												
Other Revenue												
Total Available Funds	437,533	472,002	451,672	431,342	411,011	205,877	785,547	785,216	702,216	664,411	826,606	277,401
Expenditures												
Note												
Repayment												
Payrolls	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Other Expenditures	3,500,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Other Liens/Loans (Totals)												
Estimated Ending Balance	494,863	429,333	409,002	388,672	368,342	163,207	785,547	785,216	702,216	664,411	826,606	277,401

As of 12/31/12

Vendor

	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over
A Parts Warehouse	105368	2/28/2012	495.94	\$736.94				495.94
	106222	5/3/2012	241.00					241.00
AB Spring Service, Inc.	A221090004	4/18/2012	253.96	\$394.64			253.96	
	A220960013	4/5/2012	140.68				140.68	
Acme Cleaners, Inc.	44729	9/21/2007	19.98	\$19.98				19.98
Act	144782	6/1/2012	200.00		200.00			
	31011501	1/4/2012	787.50					787.50
	31011222	1/4/2012	535.50	\$1,523.00				535.50
Act, Inc.	SES 1112-3	3/1/2012	1,868.47					1,868.47
	SES 1112-4	4/1/2012	353.47					353.47
	SES 1112-5	5/1/2012	495.00					495.00
	SES 1112-6	6/1/2012	293.47	\$3,010.41			293.47	
Adema	261093	5/25/2012	148.00	\$148.00		148.00		
Advanced Education	06644-050112	5/1/2012	725.00	\$725.00				725.00
Advanced Technical Services	01102	12/11/2011	1,275.00	\$1,275.00				1,275.00
American Red Cross	44-1307	6/10/2011	98.00	\$138.00				98.00
	44-1184	4/21/2011	40.00					40.00
American Arbitration Association	8122012	8/12/2012	225.00	\$225.00	225.00			
American Royal Travel	75739	4/27/2012	1,400.00	\$1,400.00		1,400.00		
Ameritas Group	Balance Forward	10/17/2011	2,767.60					2,767.60
		11/15/2011	684.44					684.44
		12/15/2011	908.64				908.64	
		1/16/2012	793.04			793.04		
		CM	(1,075.76)					(1,075.76)
Architectural Hardware Company	22501	11/22/2011	44.80	\$44.80				44.80
ARM Industrial & Environmental	2763	5/9/2012	1,425.00	\$1,425.00	1,425.00			
Arnold's Auto Glass	1027195	6/21/2012	650.10				650.10	
	1032161	5/21/2012	1,188.05	\$1,838.15			1,188.05	
At & t	Balance Forward	9/18/2012	139.58	\$139.58			139.58	
Bishop	76989	8/15/2012	80.00	\$80.00				
Bolduc's	22801	6/10/2011	525.00					525.00

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over
Bowen Refrigeration	79153	7/8/2011	275.00	\$1,222.96				275.00
	23288	9/16/2011	422.96					422.96
	50796	9/10/2011	345.50				345.50	
	50800	9/10/2011	557.00				557.00	
	50798	9/1/2011	377.50				377.50	
	50709	8/3/2011	505.16				505.16	
	50271	5/31/2011	90.00				90.00	
	49898	3/28/2011	201.25				201.25	
	47734	7/28/2011	866.06				866.06	
	49675	11/21/2011	90.00	\$3,032.47				90.00
Briekley Delong	1128335	7/3/2012	1,810.00			1,810.00		
	1128336	7/3/2012	8,135.00			8,135.00		
	1129030	8/3/2012	8,970.00		8,970.00			
Bridges Audio-Visual	1129819	10/3/2012	5,185.00		5,185.00			
	1130561	11/2/2012	6,555.00		6,555.00			
	12341	5/3/2011	51.00	\$51.00				
Cardinal Bus	18427	4/11/2012	1,177.50		1,177.50			
	96850260	8/7/2012	7,739.71			7,739.71		
Cengage	96858777	8/8/2012	8,151.68			8,151.68		
	96858779	8/8/2012	5,091.87			5,091.87		
	96858780	8/8/2012	44,706.05			44,706.05		
	96993061	8/22/2012	2,152.50			2,152.50		
Chalet Florals	56894	5/19/2012	121.00			121.00		
	107,788.37	3/31/2012	107,788.37			107,788.37		
Chartwells	X109480712	4/30/2012	80,165.45		80,165.45			
	X109480812	5/31/2012	98,382.93		98,382.93			
	X109480912	6/30/2012	42,188.92		42,188.92			
	X109481112	8/31/2012	3,900.14		3,900.14			
			3,900.14	\$332,425.81				
CIT	20945860	2/21/2012	1,257.96			1,257.96		
	21119297	3/23/2012	997.34		997.34			
	21287983	4/22/2012	1,311.83		1,311.83			
	21455926	5/23/2012	1,633.32		1,633.32			
	21621147	6/22/2012	1,954.81		1,954.81			
			1,954.81	\$7,155.26				
City of Muskegon Heights	1010260	Balance Forward	16,294.54		16,294.54			
	1031460	Balance Forward	3,894.46		3,894.46			
	1031460	Balance Forward	3,582.44		3,582.44			
	1031462	Balance Forward	328.47		328.47			
	1062860	Balance Forward	3,730.46		3,730.46			
	1062862	Balance Forward	128.94		128.94			
	2020180	Balance Forward	5,429.41		5,429.41			

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over	
CMT (central michigan paper co)	2070290	Balance Forward	2,298.58	\$60,514.41	2,298.58				
	3022780	Balance Forward	1,862.83		1,862.83				
	3030450	Balance Forward	14,828.68		14,828.68				
	3030452	Balance Forward	716.60		716.60				
	3050580	Balance Forward	451.28		451.28				
	3050590	Balance Forward	3,347.90		3,347.90				
	3070530	Balance Forward	3,619.82		3,619.82				
	20120003-00	7/31/2012	1,390.55		\$1,390.55	1,390.55			
	17662	10/24/2011	177.00		177.00				177.00
	12240	12/5/2011	1,601.00		1,601.00				1,601.00
17647	9/12/2011	135.00	135.00				135.00		
17654	9/22/2011	149.00	149.00				149.00		
Consumers Energy	400	9/7/2012	12.27	\$25,826.84	12.27				
	1393	8/7/2012	613.36		613.36				
	1534	8/2/2012	2,872.81		2,872.81				
	3092	7/25/2012	51.75		51.75				
	3468	7/25/2012	(2,704.75)		(2,704.75)				
	3921	7/21/2012	880.15		880.15				
	4142	8/2/2012	1,279.93		1,279.93				
	4882	8/2/2012	5,579.84		5,579.84				
	5094	8/20/2012	17,885.53		17,885.53				
	5561	8/20/2012	75.71		75.71				
	6673	8/20/2012	1,177.96		1,177.96				
	6863	9/12/2012	(18.40)		(18.40)				
	7085	07/25/1/12	42.07		42.07				
	7299	7/20/2012	341.78		341.78				
	9397	7/20/2012	60.41		60.41				
		8/30/2012	(2,314.87)		(2,314.87)				
		7/25/2012	42.40		42.40				
		8/30/2012	(51.11)		(51.11)				
		6/30/2010	1,103.43		1,103.43				1,103.43
		8/15/2012	125.00		125.00				
County of Muskegon	117349	6/30/2010	1,103.43	\$1,228.43	125.00				
	128810	8/15/2012	125.00						
CRS Advanced Technology	SF1217141	6/1/2012	3,378.00	\$3,378.00	3,378.00				
Cumulus	449493	4/29/2012	484.00	\$684.00			484.00		
	449484	4/29/2012	200.00				200.00		
Discover Supply	82693	6/21/2011	49.00	\$415.00				49.00	
	82695	6/21/2011	274.00					274.00	
	82830	8/4/2011	50.00					50.00	
	83098	11/3/2011	42.00					42.00	
Drug Screens Plus	FCG M625	4/30/2009	82.00	\$241.00				82.00	
	AF08 FCG M625	1/15/2019	159.00					159.00	

	<u>Vendor</u>	<u>Invoice No.</u>	<u>Invoice Date</u>	<u>Invoice Amount</u>	<u>Total</u>	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91 & Over</u>
DTE Energy									
		462586200018		6,972.46		6,972.46			
		459010800017		3,537.59		3,537.59			
		458338300015		1,801.16		1,801.16			
		462580500017		6,155.40		6,155.40			
		462577800032		565.97		565.97			
		461278000017		971.83		971.83			
		461434900019		-		-			
		462585900014		972.72		972.72			
		462577800024		111.38	\$21,088.51	111.38			
Expar		46545	9/8/2011	7.00	\$7.00				7.00
Fed Ex		7-844-12398	4/4/2012	191.17	\$191.17				191.17
Ferguson Supply Company		554041	7/28/2011	336.00					336.00
		553973	7/27/2011	392.05					392.05
		600744	8/9/2012	50.45		50.45			
		600745	8/9/2012	47.03	\$825.53	47.03			
FinishMaster		62509278	12/20/2011	300.64					300.64
		62509334	12/20/2011	(52.10)					(52.10)
		62719014	1/24/2012	14.12					14.12
		63625828	5/31/2012	4.01					4.01
		63830796	6/30/2012	3.88					3.88
		64032812	7/31/2012	4.01	\$274.56		4.01		
Frontier									
		231-189-0623-112303-5	8/10/2012	6,537.88		6,537.88			
		616-040-5381-032180-5	8/10/2012	1,186.45		1,186.45			
		517-713-0039-051612-5	8/10/2012	2,880.53		2,880.53			
		231-737-7044-010165-5	8/10/2012	353.16	\$10,958.02	353.16			
Frontline		INVUS11307	11/11/2012	4,000.00					4,000.00
		INVUS11755	2/29/2012	765.21					765.21
		INVUS12313	7/1/2012	1,818.50	\$6,583.71				1,818.50
Ginman Tire		22772	4/3/2012	533.60					533.60
		22419	3/22/2012	378.42	\$912.02				378.42
Graduation Sources		203513	4/20/2011	2,134.39	\$2,134.39				2,134.39
Grotenhuis		418345	9/1/2012	5,973.73	\$5,973.73	5,973.73			
H & H Lawn Service		25612	7/18/2012	114.00	\$114.00				114.00
Hackley Hospital		01572	2/13/2012	1,478.90					1,478.90
		01692	5/11/2012	1,053.40	\$2,532.30		1,053.40		
Hackley workplace Health		25424	5/3/2012	52.50					52.50
		33836	5/1/2012	128.50					128.50

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over	
Heinemann	35348	4/1/2012	38.00					38.00	
	36484	5/1/2012	76.00					76.00	
	38510	5/1/2012	38.00					38.00	
	43910	4/9/2012	18.00					18.00	
	1249-269	8/6/2012	487.18	\$838.18					
Heinemann	T110024247	6/25/2012	1,695.00			1,695.00			
	6059473	6/7/2012	830.70	\$2,525.70		830.70			
Hewlett Packard	82342	4/3/2012	89.00	\$89.00			89.00		
	436412	4/20/2012	232.11	\$232.11			232.11		
Home Science Tools	7012012	7/1/2012	418.00	\$418.00		418.00			
Hometown doors, Inc.	3541725	7/6/2011	2,629.00					2,629.00	
	3530968	4/6/2011	2,629.00					2,629.00	
	990907	5/24/2011	3,012.23	\$8,270.23				3,012.23	
	948134179	3/1/2012	1,289.96			1,289.96			
Houghton Mifflin Harcourt	948134180	3/1/2012	651.88			651.88			
	948134181	3/1/2012	162.97			162.97			
	948253103	4/20/2012	197.00			197.00			
	948263848	4/25/2012	1,015.91			1,015.91			
	948263849	4/25/2012	103.04			103.04			
	948266485	4/26/2012	69.50			69.50			
	948293407	5/7/2012	5,821.26			5,821.26			
	948293408	5/7/2012	395.91	\$9,707.43	395.91				
	Hurst	90406	8/22/2012	1,599.07			1,599.07		
		90405	8/22/2012	953.00			953.00		
90462		8/23/2012	521.35	\$3,073.42		521.35			
Infinitsource	C100310575	7/16/2012	1,497.96	\$1,497.96			1,497.96		
Integrity	670950-1	10/10/2011	4.25					4.25	
	672835-0	9/27/2011	96.08					96.08	
	672835-1	9/29/2011	17.51					17.51	
	704707-0	12/21/2011	91.44					91.44	
	Adj CM	7/1/2011 3/15/2012	55.20 (121.08)	\$143.40			(121.08)	55.20	
IPEVO	22011100000038	10/7/2011	444.95					444.95	
	22011100000199	10/10/2011	108.95	\$553.90				108.95	
John Wiley	1177217	10/3/2011	801.40	\$801.40				801.40	
Jostens	14323553	12/16/2010	23.80					23.80	
	14347850	1/21/2011	23.94					23.94	

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over
	14395035	2/25/2011	23.96					23.96
	CM114718445	6/15/2011	(5.59)					(5.59)
	14726335	6/21/2011	7.50					7.50
	14747585	7/18/2011	24.16					24.16
	942490	12/19/2011	6,825.38					6,825.38
	14933962	2/3/2012	29.33					29.33
	15118713	4/16/2012	41.80					41.80
	15252046	4/19/2012	26.00					26.00
	15181211	5/1/2012	198.89					198.89
	15181576	5/1/2012	558.65					558.65
	15218812	5/10/2012	455.63					455.63
	15227264	5/12/2012	1,099.00					1,099.00
	15231694	5/14/2012	198.68					198.68
	15240900	5/16/2012	193.92					193.92
	15259248	5/22/2012	11.56					11.56
	15258623	5/22/2012	26.00					26.00
	15260852	5/23/2012	26.00					26.00
	15266277	5/24/2012	15.89					15.89
	CM15361021	8/6/2012	(522.00)	\$9,282.50		(522.00)		
Kaplan	2703724	12/17/2011	307.28				307.28	
	2703731	12/17/2011	1,590.51				1,590.51	
	2703732	12/17/2011	240.28	\$2,138.07			240.28	
Kent Isd	90000646	4/9/2012	1,620.00	\$1,620.00		1,620.00		
Kohleys	Acct # 87221	8/1/2012	161.50		161.50			
	Acct # 150482	7/1/2012	172.50	\$334.00		172.50		
LRP	FT14105725	7/16/2012	296.00	\$296.00		296.00		
Macul	8032012	8/3/2012	205.00	\$205.00				205.00
MAISD	04509	8/7/2012	732.50			732.50		
	04511	8/7/2012	655.46			655.46		
	04574	8/13/2012	11,638.49			11,638.49		
	04595	8/15/2012	160.00			160.00		
	04763	10/17/2012	29,239.04	\$42,425.49	29,239.04			
MARSHALL MUSIC CO.	GR271317	12/10/2010	20.00					20.00
	GR271316	12/10/2010	20.16					20.16
	3164216	1/27/2011	8.70					8.70
	3165156	1/28/2011	195.00					195.00
	GR267915	1/28/2011	8.40					8.40
	GR267935	2/3/2011	44.00					44.00
	3171971	2/3/2011	19.12					19.12
	655943	1/27/2011	6.00					6.00
	655962	2/10/2011	47.00					47.00
	GR268360	2/22/2011	87.10					87.10
	3211651	2/22/2011	5.56					5.56
	664587	2/17/2011	60.00					60.00

<u>Vendor</u>	<u>Invoice No.</u>	<u>Invoice Date</u>	<u>Invoice Amount</u>	<u>Total</u>	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91 & Over</u>
	664588	2/17/2011	75.00					75.00
	3222728	3/2/2011	23.00					23.00
	655951	2/3/2011	80.00					80.00
	664589	2/17/2011	169.00					169.00
	655992	2/24/2011	69.00					69.00
	655993	2/24/2011	80.00					80.00
	655994	2/24/2011	80.00					80.00
	655991	2/24/2011	86.00					86.00
	655990	2/24/2011	84.00					84.00
	3255574	3/16/2011	15.12					15.12
	664625	3/10/2011	60.00					60.00
	GR260643	3/19/2011	19.85					19.85
	664626	3/10/2011	75.00					75.00
	664527	3/10/2011	75.00	\$1,512.01				75.00
	51512	5/5/2012	3,345.00				3,345.00	
	10672	8/2/2011	150.00			150.00		
				\$3,495.00				
MASB								
McGraw Hill Companies	68347133001	7/10/2012	1,213.73	\$1,213.73		1,213.73		
Medco	41416445	9/12/2011	764.84					764.84
	41419727	9/16/2011	307.36					307.36
	41432004	10/10/2011	8.84					8.84
MEES								
		12/1/2011	18,210.63					18,210.63
		10/1/2012	21,085.99					21,085.99
		2/1/2012	21,264.85					21,264.85
		3/1/2012	12,534.55					12,534.55
		4/1/2012	19,732.19					19,732.19
		5/1/2012	19,732.19					19,732.19
		6/1/2012	19,732.19					19,732.19
		7/1/2012	20,195.54					20,195.54
		8/1/2012	20,195.54					20,195.54
				\$172,683.67		20,195.54		19,732.19
Mercy Health Partners	6/1/2012	Vines, L.	697.00	\$697.00				
Merle Boes, Inc.		6/30/2012	6,834.79	\$6,834.79		6,834.79		
MESSA	11-0036064	5/16/2011						194,706.72
	11-0036576	6/20/2011						220,242.43
	11-0037123	7/18/2011						218,138.64
	11-0037630	8/15/2011						221,697.98
	11-0038158	9/12/2011	30,833.71					221,778.06
	11-0038678	10/17/2011	173,288.75					173,288.75
	11-0039187	11/14/2011	198,904.00					198,904.00
	12-0039688	12/12/2011	195,849.62					195,849.62
	12-0040187	1/18/2012	193,069.91					193,069.91
	12-0040705	2/13/2012	137,652.34					137,652.34
	12-0041197	3/13/2012	123,028.69					123,028.69
	12-C041819	3/13/2012	156.03					156.03

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over
	12-0041701	4/16/2012	172,537.79					172,537.79
	12-C042285	4/16/2012	156.03					156.03
	12-C042280	4/16/2012	622.02					622.02
	12-0042206	5/4/2012	132,321.54					132,321.54
	12-0042688	6/18/2012	127,380.31				127,380.31	
	12-0043213	7/16/2012	131,815.05	\$1,617,615.79		131,815.05		
MET Life	Balance Forward	10/25/2011	(771.35)					(771.35)
		10/25/2011	8,738.96					8,738.96
		4/16/2012	(1,865.12)					(1,865.12)
		11/4/2011	10,044.10					10,044.10
		12/13/2011	9,959.72					9,959.72
		1/13/2012	9,959.72					9,959.72
		2/13/2012	375.00				9,959.72	
		2/13/2012	7,364.62				375.00	
		pmt	(9,664.78)				7,364.62	
		3/13/2012	1,224.20			1,224.20		
		4/13/2012	6,781.09		6,781.09			
		5/13/2012	550.68		550.68			
Print Date		6/13/2012						
		7/13/2012	5,878.07	\$47,914.87	5,878.07			
		pmt	(660.04)		(660.04)			
Michigan Dept of Licensing	BLR329264	6/8/2012	60.00	\$60.00		60.00		
Michigan Office Solutions	478123	12/14/2011	1,256.37					1,256.37
	47W432	3/19/2012	293.22					293.22
	48C699	6/12/2012	249.50	\$1,799.09		249.50		
MICR GRAPHICS PRINTING	81399	5/16/2012	74.00	\$74.00			74.00	
MicroData Systems	Adult Ed	9/14/2010	320.00	\$320.00				
Mitive	7312012	7/31/2012	234.30	\$234.30		234.30		
MPSERS	Credit Forward	5/1/2011	(5,491.23)					(5,491.23)
		6/1/2011	224,212.68					224,212.68
		6/1/2011	7,113.47					7,113.47
		7/1/2011	189,941.08					189,941.08
		8/1/2011	177,717.59					177,717.59
		9/1/2011	6,565.83					6,565.83
		9/1/2011	285,420.31					285,420.31
		9/1/2011	6,515.83					6,515.83
		10/1/2011	234,925.37					234,925.37
		10/1/2011	8,086.82					8,086.82
		11/1/2011	234,695.26					234,695.26
		11/1/2011	4,728.25					4,728.25
		12/1/2011	238,185.30					238,185.30
		12/1/2011	25,270.52					25,270.52
		11/1/2011	(123,058.66)					(123,058.66)
		12/1/2011	(238,600.37)				(238,600.37)	

<u>Vendor</u>	<u>Invoice No.</u> <u>Fees & Interest</u>	<u>Invoice Date</u>	<u>Invoice Amount</u>	<u>Total</u>	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91 & Over</u>
Muskegon Public Schools	00134 00164	12/12/2011 2/15/2012	68,993.00 68,993.00	\$1,375,146.74	98,918.69	-	-	68,993.00 68,993.00
Neal's	1124627 1131268 1131348	8/24/2011 12/28/2011 12/29/2011	1,600.00 316.79 26.82	\$1,943.61				1,600.00 316.79 26.82
Neola, Inc.	50770 49766	8/1/2012 7/2/2012	500.00 1,033.68	\$1,533.68	500.00 1,033.68			
Noble Industrial Supply Corp.	SI-1724	8/1/2011	227.73	\$227.73				227.73
Northside Heating, Cooling & Refrigeration	50773	7/11/2012	212.00	\$212.00		212.00		
Ottawa ISD	05796 05659 05654	11/10/2011 9/29/2011 9/26/2011	22,560.00 11,280.00 150.00	\$33,990.00				22,560.00 11,280.00 150.00
OreficeLTD.	17554	9/21/2011	198.50	\$198.50				198.50
Orkin	Acct # D-7228254 Acct # D-2787141-2	7/11/2012 7/31/2012	86.20 127.74	\$213.94	86.20 127.74			
Phoenix Refrigeration	FS54865 FS54876	4/27/2012 5/4/2012	371.41 608.42	\$979.83				371.41 608.42
Pioneer	INV411045	7/20/2011	1,430.00	\$1,430.00				1,430.00
Pitney Boes	0283333-JN12	6/13/2012	1,923.00	\$1,923.00	1,923.00			
Pearson	7020712050 4020907980	9/30/2011 10/2/2011	6,461.53 8,651.00	\$15,112.53				6,461.53 8,651.00
Priority Health	Balance Forward	9/1/2012	113,637.37	\$113,637.37	113,637.37			
ProPhone	R1280M-1311 A2927-3212 A2927-1812 A2927-2312	3/21/2011 6/1/2012 6/5/2012 8/5/2012	831.00 (193.75) (168.75) (118.75)	\$349.75				831.00 (193.75) (168.75) (118.75)
QDS	20945860.00	2/21/2012	1,257.96	\$1,257.96	1,257.96			
Quill	5258665 5403763 5694605 5694623	7/1/2011 7/12/2011 7/26/2011 7/26/2011	302.04 188.71 122.58 529.71					302.04 188.71 122.58 529.71

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over
	5681456	7/26/2011	84.84					84.84
	5694653	7/26/2011	284.46					284.46
	5694703	7/26/2011	250.02					250.02
	5681567	7/26/2011	16.48					16.48
	6288020	8/23/2011	247.59					247.59
	6274930	8/23/2011	94.25					94.25
	6711880	9/13/2011	84.92					84.92
	6754897	9/13/2011	3,031.00					3,031.00
	6803011	9/16/2011	370.51					370.51
	6803011	9/16/2011	17.97					17.97
	6984172	9/29/2011	72.71					72.71
	6984173	9/26/2011	47.46					47.46
	7026630	9/26/2011	75.42					75.42
	7026632	9/26/2011	11.06					11.06
	7258977	10/7/2011	30.16					30.16
	7684035	10/27/2011	111.62					111.62
	7894777	11/7/2012	157.98					157.98
	7924462	11/7/2012	88.92					88.92
	7983872	11/10/2011	210.32					210.32
	8079112	11/15/2012	88.48					88.48
	8235538	11/22/2011	36.07					36.07
	39570340	12/1/2011	397.68					397.68
	8392716	12/1/2011	139.08					139.08
	8438806	12/1/2011	23.16					23.16
	8645417	11/30/2011	426.38					426.38
	8793332	12/19/2011	216.43					216.43
	8780203	12/19/2011	57.38					57.38
	8977756	12/12/2011	179.99					179.99
	8996318	12/30/2011	179.99					179.99
	9646240	1/6/2012	213.99					213.99
	8645417	1/11/2012	(213.19)					(213.19)
	2986558	5/4/2012	226.08					226.08
	5101677	8/14/2012	31.79		31.79			
	5150679	8/14/2012	27.96		27.96			
	5138445	8/16/2012	20.97		20.97			
	5150679	8/20/2012	(27.96)		(27.96)			
				\$8,455.01				
Redl Rental	7761-1	5/24/2012	517.93	\$517.93				517.93
Riddell	93604564	7/1/2011	3,597.55					3,597.55
	93903475	9/8/2011	2,657.89					2,657.89
	93952880	9/22/2011	36.42					36.42
	93963194	9/24/2011	70.79					70.79
	94053834	9/28/2011	(767.52)					(767.52)
	93980339	9/30/2011	25.46					25.46
	94008340	10/12/2011	876.52					876.52
	94026367	10/19/2011	95.09					95.09
	94026368	10/19/2011	40.96					40.96
				\$6,633.16				
Road Equipment	KG281539	2/22/2012	(89.97)					(89.97)
	KG233982	5/12/2011	(334.22)					(334.22)
	KG267505	11/28/2011	270.28					270.28

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over
Saginaw Valley State University	KG268099	11/30/2011	(27.63)					(27.63)
	KG268134	11/30/2011	(109.96)	\$84.49				(109.96)
	KG280147	2/15/2012	375.99	\$914.10				375.99
Schedule Star	635876	12/2/2010	914.10	\$914.10				914.10
	40885	7/30/2012	55.00	\$55.00	55.00			
Scholastic	3506291	9/2/2010	1,886.09	\$1,886.09				1,886.09
	208104810565	8/31/2010	168.88					168.88
School Specialty	208104860838	9/3/2010	26.70					26.70
	208104860840	9/3/2010	89.70					89.70
	204500207473	9/12/2011	1,608.00					1,608.00
	208107157822	9/29/2011	24.92					24.92
	208107157830	9/29/2011	92.15					92.15
	208107190507	10/4/2011	450.00					450.00
	208107215616	10/10/2011	92.43					92.43
	208107221374	10/11/2011	35.60					35.60
	208107279367	10/19/2011	(135.05)					(135.05)
	308101193812	2/3/2012	150.89					150.89
	208108066259	4/20/2012	247.88					247.88
	308101247626	4/30/2012	230.82					230.82
	308101302535	7/10/2012	831.98				831.98	
	308101116796	9/30/2011	45.12	\$3,960.02	45.12			
	Set Seg	61020	7/1/2012	2,618.00	\$2,618.00		2,618.00	
Shoreline Rehab	Balance Forward	7/12/2012	4,436.75	\$4,436.75			4,436.75	
	4102012	4/10/2012	450.00	\$450.00		450.00		
Staples	3173112716	4/15/2012	109.17					109.17
	3173186806	4/19/2012	165.65					165.65
	3173564253	4/27/2012	110.96					110.96
	3174559876	5/11/2012	26.99					26.99
	3174884201	5/18/2012	127.96					127.96
	3175675223	5/26/2012	59.98					59.98
	3178049197	7/12/2012	111.93				111.93	
3178633757	7/23/2012	13.98	\$726.62	13.98				
State of Michigan	732176	11/15/2011	61.00					61.00
	BLR329264	6/8/2012	60.00					60.00
	LATE PAYMENT FEE	1/1/2012	100.00					100.00
	762992	8/15/2012	50.00	\$271.00				50.00
Stoneöver	37103214	5/6/2012	7.18	\$7.18				7.18
Superior Groundcover	10445	8/31/2011	7,245.00	\$7,245.00				7,245.00

Vendor	Invoice No.	Invoice Date	Invoice Amount	Total	0-30	31-60	61-90	91 & Over
Tape Online	INV446696	11/30/2011	731.23	\$731.23				731.23
Thyssenkrupp Elevator Corp	3000082691	10/1/2011	1,562.44					1,562.44
	3000104949	1/1/2012	1,648.38	\$3,210.82				1,648.38
TigerDirect.com	J06959620101	7/5/2012	5,071.92		5,071.92			
	J06959700101	7/5/2012	6,599.88		6,599.88			
	F98158030101	5/15/2012	98.52	\$11,770.32				98.52
Time Trak	A-001213	8/13/2012	735.00	\$735.00	735.00			
Trophy House	Finance charges	8/1/2012	189.24	\$189.24			189.24	
UnemploymentSpecial Pmt Plan (UJA)	Balance Forward		37,717.82	\$37,717.82				37,717.82
University of Oregon	12-08078-S	6/2/2012	15.00	\$15.00			15.00	
UPS Store	443	1/31/2012	56.58	\$56.58				56.58
US Toy Co.	5121389400	1/8/2012	117.59					117.59
	5121389401	1/30/2012	19.02	\$136.61				19.02
Verizon	Acct # 000131825714 25Y		0.03		0.03			
	Acct # 787124758-00001		3.54		3.54			
	Acct # 980942218-00001		(890.16)		(890.16)			
	Acct # 000131825713 42Y		-					
Waste Management Acct #2333-\$	Balance Forward	8/1/2012	3,471.78	\$3,471.78	3,471.78			
Wholesale School Supply, Inc.	09-W-040	9/13/2011	1,330.74	\$1,330.74				1,330.74
Weekly Reader	5075474	8/31/2011	888.00	\$888.00		888.00		
Weller	40022778	5/29/2012	544.33	\$544.33				544.33
West Michigan Document Shredding LLC	32174	8/27/2012	900.00	\$900.00			900.00	
Wirtz	34215	7/13/2012	134.00	\$134.00		134.00		
Xerox Corporation	11619	11/17/2011	10,748.56					10,748.56
	14727	1/10/2012	9,266.00					9,266.00
	15122	1/18/2012	10,214.39					10,214.39
	17084	2/16/2012	10,192.60					10,192.60
	19218	3/18/2012	10,192.60					10,192.60
	21540	4/17/2012	10,192.60					10,192.60
	24099	5/18/2012	10,192.60					10,192.60
	26803	6/17/2012	10,192.60					10,192.60
	29768	7/18/2012	10,192.60					10,192.60

Vendor Invoice No. Invoice Date Invoice Amount Total 0-30 31-60 61-90 91 & Over

33013

8/18/2012

10,192.60

\$101,577.15

10,192.60

Open PO with no invoices

#REF!

#REF!

#REF!



Prepared by: Theresa Mamer MAISD

2. EFM ORDER AUTHORIZING LOAN APPLICATION

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS

**Office of the Emergency Manager
Donald B. Weatherspoon**

Order 2012-11

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER FOR THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS, MICHIGAN ("EMERGENCY MANAGER") UNDER THE LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, 2011 PA 4, MCL 141.1501 to 141.1531,

THE EMERGENCY MANAGER, DONALD B. WEATHERSPOON, ISSUES THE FOLLOWING:

ORDER APPROVING SUBMISSION OF THE APPLICATION TO THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD ("BOARD") CREATED BY THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 to 141.942, REQUESTING EMERGENCY LOANS ENABLING THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS ("DISTRICT") TO MEET ITS FINANCIAL OBLIGATIONS; ASSURING THE FISCAL ACCOUNTABILITY OF THE DISTRICT; APPROVING ISSUANCE OF DISTRICT LOAN NOTES TO THE BOARD;; PRESCRIBING THE FORM OF THE NOTES; PROVIDING FOR THE RIGHTS OF NOTE HOLDERS AND ENFORCEMENT OF THE RIGHTS; DETERMINING LOAN TERMS, DETERMINING OTHER RELATED MATTERS; AND DELEGATING AUTHORITY TO MAKE DETERMINATIONS RELATING TO THE NOTES AND ASSOCIATED DOCUMENTS.

WHEREAS, the School District of the City of Muskegon Heights ("School District") is a general powers school district under The Revised School Code, 1976 PA 451, MCL 380.1380.1852, ("Act 451"), and has the power conferred upon the School District by Act 451, the State Constitution of 1963 ("Constitution"), and other applicable law;

WHEREAS, the Emergency Municipal Loan Act, 1980 PA 243, MCL 1980 PA 243, MCL 141.931 to 141.942, authorizes municipalities, including school districts, to borrow money and the State of Michigan ("State") to issue debt and securities as emergency loans;

WHEREAS, the School District is a municipality under Act 243 with the power to borrow money and issue evidences of indebtedness for repayment of obligations, including, but not limited to, money advanced or previously advanced approved or previously approved for advancement under Section The State School Aid Act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896 ("Act 94"), or money borrowed under Section 1225 of Act 451;

WHEREAS, the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2101 to 141.2821 ("Act 34"), authorizing the borrowing of money and the issuance of certain debt and securities, providing for tax levies, authorizing the issuance of debt and securities, and generally governing municipal finance practices in the State;

WHEREAS, the School District is a municipality under Act 34 with the power to issue a security such as bonds, notes, contracts, obligations or other similar instruments;

WHEREAS, Section 11 of Act 451 allows school districts to levy taxes and use the proceeds to repay an emergency loan under Act 243;

WHEREAS, the School District is currently in receivership and under the supervision of an Emergency Manager appointed by the Governor ("Emergency Manager") under the Local Government and School District Fiscal Accountability Act, 2011 PA 4, MCL 141.1501 to 141.1531 ("Act 4");

WHEREAS, the Emergency Manager has broad powers under the Act to rectify the District's financial emergency and to assure the School District's fiscal accountability and capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare and to assure the fiscal accountability of the School District;

WHEREAS, under Section 18 of Act 4, a financial and operating plan adopted by the Emergency Manager must provide for the payment in full of the scheduled debt service requirements on all bonds, notes, and municipal securities of the School District and all other uncontested legal obligations;

WHEREAS, under Section 19(1)(g) of Act 4, the Emergency Manager may make, approve, or disapprove of any loan with respect to the School District;

WHEREAS, under Section 19(1)(s) of Act 4, the Emergency Manager may apply for a loan from the State on behalf of the School District, subject to the conditions of Act 243 in a sufficient amount to pay the expenses of the emergency manager and for other lawful purposes;

WHEREAS, under Section 19(1)(u) of Act 4, the Emergency Manager may authorize the borrowing of money by the School District as provided by law;

WHEREAS, under Section 19(1)(v) of Act 4, the Emergency Manager may approve or disapprove of the issuance of obligations of the School District on behalf of the School District;

WHEREAS, under Section 19(1)(x) of Act 4, the Emergency Manager may into agreements with creditors or other persons or entities to restructure debt on terms, at rates of interest, and with security as shall be agreed among the parties, subject to approval by the State Treasurer;

WHEREAS, under Section 20(e) of Act 4, the Emergency Manager may approve or disapprove of the issuance of obligations of the School District;

WHEREAS, under Section 19(1)(dd) of Act 4, the Emergency Manager may exercise solely, for and on behalf of the School District, all certain authority and responsibilities of the chief administrative officer and governing body concerning the adoption, amendment, and enforcement of ordinances or resolutions of the School District as provided in Act 451 and Act 94;

WHEREAS, under Section 20(f) of Act 4, the Emergency Manager may exercise solely, for and on behalf of the School District, all other authority and responsibilities affecting the School District that prescribed by law to the school board and superintendent of the School District;

WHEREAS, under Section 19(1)(ee) of Act 4, the Emergency Manager may take any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the School District, whether elected or appointed, relating to the operation of the School District;

WHEREAS, while the School District is in receivership, the authority of the chief administrative officer and governing body to exercise power for and on behalf of the School District under law, charter, and ordinance is suspended and vested in the Emergency Manager under Section 19(2) of Act 4;

WHEREAS, the Emergency Manager has broad powers under Act 4 to rectify the School District's financial emergency and to assure the District's fiscal accountability and capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare;

WHEREAS, the Emergency Manager has been granted the authority under Act 4 to act for and in the place and stead of the school board of the School District ("District Board"), the Emergency Manager has the power to exercise solely, on behalf of the School District, all other authority and responsibilities affecting the School District that are prescribed by law to the District Board and orders of the Emergency Manager constitute resolutions of the District Board for these purposes; and

WHEREAS, the Emergency Manager, on behalf of the School District, has determined that there exists or will exist a deficit in the School District's general fund for the current fiscal year that could not reasonably have been foreseen and adequately provided for in the current fiscal year budget;

WHEREAS, the Emergency Manager has further determined that insufficient monies are available for it to pay an outstanding note, issued within the last 18 months under Section 1225 of Act 451, when it becomes due;

WHEREAS, the School District is in receivership under Act 4 and the loan authorization requested is necessary to implement a financial and operating plan adopted for the School District;

WHEREAS, the School District has submitted or will submit a 5-year plan, approved by the Emergency Manager, to balance future expenditures with anticipated revenues; and

WHEREAS, as part of the financial and operating plan adopted for the School District, the Emergency Manager has determined that it is necessary and in the best interest of the School District to make application to the Local Emergency Financial Assistance Loan Board ("Board") to borrow a sum not to exceed \$20,000,000.00 to be evidenced by notes issued in one or more series;

WHEREAS, an emergency loan to the School District under Act 243 will enable the Emergency Manager to cause public educational services to continue to be provided to residents of the School District, allow for the repayment of existing School District debt obligations, and assure the fiscal accountability of the School District;

WHEREAS, pursuant to Act 451, Act 243, Act 34 and Act 4, the Emergency Manager, on behalf of the School District, may borrow money for permitted purposes and may issue notes or other evidences of indebtedness;

WHEREAS, under Act 451, Act 243, Act 34 and Act 4, the Emergency Manager, on behalf of the School District, may approve the issuance of municipal securities to finance the deficit within the School District and pay necessary expenditures of the School District;

WHEREAS, under Act 451, Act 243, Act 34, Act 4 and Act 94, the Emergency Manager, on behalf of the School District, may order or resolve the issuance of municipal securities, the order or resolution may contain an irrevocable provision for the levying of a tax in order to repay the municipal security from the receipt of the taxes, the order or resolution and may contain an irrevocable provision authorizing the withholding of all delinquent payments due on each municipal security from State money appropriated to the School District, including, but not limited to, money appropriated under Act 94, and the funds may be applied to the repayment of principal of or interest on each municipal security;

WHEREAS, the Emergency Manager seeks to make certain determinations for, and on behalf of and in the best interest of the School District in writing, to be filed and included with all other documentation of any emergency loan under Act 243; and

NOW, THEREFORE, THE EMERGENCY MANAGER, ON BEHALF OF THE SCHOOL DISTRICT, ORDERS AND RESOLVES THAT::

Section 1. The School District shall submit an application to the Board requesting a loan in an amount not to exceed \$20,000,000.00 or such part of that amount authorized by the Michigan Department of Treasury, for which one or more notes of the School District shall be issued as evidence of the loan.

Section 2. Donald B. Weatherspoon, the Emergency Manager, any emergency manager or emergency financial manager that may be appointed for the School District, and any other official or employee of the School District or other individual authorized by the Board (when applicable) or the State to act on behalf of the School District for this purpose, (each an "Authorized Officer") are authorized and ordered to take action or execute documents and certificates as necessary or desirable and in the best interest of the School District in connection with the delivery of the notes authorized by this order and resolution and the School District's receipt of the proceeds of the loans authorized by this order and resolution.

Section 3. Notes of the School District designated "Emergency Loan Note (General Obligation Limited Tax), 2012-13 Series _" (each a "Note") shall be issued in one or more series, with sequential series references as determined by an Authorized Officer, each in an amount determined by an Authorized Officer, not to exceed \$20,000,000.00 in the aggregate (each a "Loan" and collectively, the "Loans"). Each Note shall evidence the obligation of the School District to repay the applicable Loan to the State under Act 243. Each Note shall be dated as of the date of delivery of the Note to the State. Each Note shall bear interest from the date of delivery of the Note, and shall be payable as to principal and interest on the dates and in the amounts, at the rates, and subject to redemption before maturity, as determined by an Authorized Officer; provided that the final maturity shall not exceed 30 years from the applicable date of issuance, and the interest rates, or the maximum interest rate if issued on a variable rate basis, shall not exceed 10 percent. Principal and interest on each Note shall be payable to the State Treasurer.

Section 4. Each Note shall be a limited tax general obligation of the School District and the full faith and credit of the School District shall be pledged to the payment of the principal of and interest on the Note as and when due. The Note shall be payable out of the general funds of the School District, including collection of ad valorem taxes the School District may levy on property within the School District under Section 1211 of Act 451, within Constitutional and statutory limitations. As additional security for the payments due and owing under each Note, the School District pledges, and acknowledges the State's statutory right to withhold the amount of all delinquent payments due on each Note from State money appropriated to the School District, including, but not limited to, money appropriated under Act 94, and authorizes the State to withhold the funds and apply the funds to the repayment of principal of or interest on any Note delinquent according to the terms of the Note.

Section 5. An Authorized Officer shall execute each Note on behalf of the School District and upon acknowledgment of receipt of the principal amount of the applicable Loan, the fully executed applicable Note shall be delivered to the Board as agent for the State.

Section 6. Each Note shall be in substantially the form attached to this order and resolution as Exhibit A with changes as approved by an Authorized Officer not inconsistent with the terms of this order and resolution.

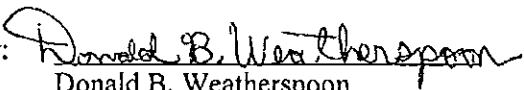
Section 7. The School District also acknowledges that there will be conditions of the Loan and agrees to comply with the requirements of the Board's Order of Approval of Loan ("Board Order") as approved by an Authorized Officer not inconsistent with this order and resolution. Once accepted, the terms and conditions of the Board Order shall be binding on the School District.

Section 8. The proceeds of each Loan shall be disbursed in accordance with a Use of Proceeds of Emergency Loan Table to be completed by an Authorized Officer at the time of issuance of the Loan.

Section 9. This Order is effective immediately.

Section 10. All orders and resolutions and parts of orders or resolutions conflicting with this order and resolution are rescinded. This order may be amended, modified, repealed, or terminated by any subsequent order issued by the Emergency Manager.

Dated: August 3, 2012

By: 
Donald B. Weatherspoon,
Emergency Manager

3. EMERGENCY LOAN BOARD ORDER OF APPROVAL



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD

ORDER 2013-4

ORDER OF APPROVAL OF LOAN

**THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD,
ACTING UPON THE APPLICATION OF**

**SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
COUNTY OF MUSKEGON
STATE OF MICHIGAN**

For the permission to borrow the principal amount of \$3,500,000.00 for the purpose of enabling the School District to meet its financial obligations as more fully set forth herein, the Board determines that:

1. A local fiscal emergency exists within the School District.
2. The School District has complied with the provisions of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, as follows:
 - (a) The School District has provided by order for, and has applied to, the Board for a loan pursuant to the Act.
 - (b) A deficit in the general fund of the School District is projected for the current fiscal year ending June 30, 2013.
 - (c) The School District has issued State aid anticipation notes pursuant to Public Act 451 of 1976, the Revised School Code.

- (d) The School District meets the condition set forth in Section 4(1)(c)(v) of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, in that the pupil membership of the School District under Section 6 of Public Act 94 of 1979, the School Aid Act of 1979, at the time the loan application was made had declined over a preceding three-State-fiscal-year period by a total of 15 percent or more, as determined by the Department of Treasury
 - (e) The School District meets the condition set forth in Section 4(1)(c)(vii) of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, in that the School District is a unit of local government for which a financial emergency has been confirmed to exist and responsibilities for the School District are vested in an Emergency Financial Manager appointed pursuant to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act.
 - (f) The School District submitted its deficit elimination plan on August 6, 2012, and the plan was approved by the Michigan Department of Education on August 7, 2012. The Michigan Department of Education subsequently confirmed on January 14, 2013 that the School District has complied with the conditions set forth in its approved deficit elimination plan.
3. The School District shall submit in a timely manner to the Department of Treasury and the Michigan Department of Education the documentation required by Section 7 of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended.

NOW, THEREFORE, be it ordered by the Board that the application of the School District for an emergency loan in the amount of three million, five hundred thousand dollars (\$3,500,000) for the fiscal year of the School District ending June 30, 2013 is hereby approved, subject to the conditions set forth in this Order of Approval.

Terms of Emergency Loan

1. The emergency loan shall be evidenced by a note to be designated as the "Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II." The note shall be for a term not to exceed 30 years. The principal amount outstanding shall bear interest initially at the rate of 2.35% percent (2.35%) per annum, but the initial rate of interest may be adjusted thereafter at such times and by such amount as the Board may determine. Until the emergency loan is repaid, a payment of interest only then owing shall be remitted each May

1, beginning in 2013, and a payment of principal and interest then owing shall be remitted each November 1, beginning in 2013.

Use of Proceeds of Emergency Loan

1. The School District shall use the proceeds of the emergency loan solely to pay critical vendors as approved by the State Treasurer.
2. Within not more than 90 days after the emergency loan is disbursed to the School District, the Emergency Financial Manager for the School District shall file with the Board an accounting of the use of the emergency loan proceeds.

Conditions Upon School District

1. As a condition of receiving the emergency loan authorized by this Order of Approval, the Emergency Financial Manager agrees to perform all of the following:
 - (a) Execute property tax and delinquent property tax intercept agreements as required by the State Treasurer.
 - (b) Execute a cognovit related to the emergency loan authorizing the Attorney General to confess a judgment against the School District in the event of a default upon the emergency loan.
2. As a condition of receiving the emergency loan authorized by this Order of Approval, the School District agrees to perform all of the following during the period that any portion of the emergency loan remains outstanding:
 - (a) Not later than six months after the date upon which the emergency loan is disbursed to the School District, and every six months after that date for the period that the emergency loan is outstanding, submit to the State Treasurer and Superintendent of Public Instruction an evaluation of the performance of the School District against the long-range plan which was submitted pursuant to this Order of Approval.
 - (b) Submit to the State Treasurer and Superintendent of Public Instruction on a quarterly basis beginning April 15, 2013, for the immediately preceding quarter all of the following:
 - (1) A statement of actual revenues received by the School District in the last quarter of the current fiscal year of the School District and in the current fiscal year of the School District to date.

- (2) A statement of total revenues estimated to be received by the School District in the current fiscal year of the School District.
 - (3) A statement of expenditures made and encumbrances entered into by the School District in the last quarter of the current fiscal year of the School District and in the current fiscal year of the School District to date.
 - (4) A statement of revenues which were estimated to be received by the School District and expenditures which were estimated to be made by the School District during the current fiscal year of the School District and through the end of the last quarter of the current fiscal year of the School District.
 - (5) A balance sheet indicating whether total estimated expenditures for the current fiscal year of the School District and for the last quarter exceed the total estimated revenues for the current fiscal year of the School District and for the last quarter, respectively.
- (c) Submit annually by July 1 to the State Treasurer and Superintendent of Public Instruction the general appropriations act of the School District and submit forthwith any amendments to the general appropriations act of the School District adopted pursuant to Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act. An annual operating budget of the School District shall not become effective until approved by the State Treasurer, in consultation with the Superintendent of Public Instruction.
- (d) Certify annually by July 1 that the School District has fully complied with all statutory requirements concerning the use of the uniform chart of accounts and audits as promulgated by the Michigan Department of Education.
- (e) To the extent applicable, comply with the requirements of both of the following:
- (1) Section 3 or 4 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.
 - (2) Section 5 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.
3. Compliance with the conditions imposed upon the School District by this Order of Approval shall be the responsibility of the Emergency Financial Manager appointed pursuant to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act, and shall continue under Public Act 436 of 2012, the Local Financial Stability and Choice Act, or any future successor act unless modified by the Board.

Conditions not Discharged by Contingencies

The conditions imposed upon the School District by this Order of Approval are not subject to release or discharge due to any contingencies, including, but not limited to, clerical errors, computer failures, late mailings, or the failure to comply with reporting due dates or other scheduled due dates due to adverse weather, acts of God, acts of third parties, or compliance with court orders.

Due Dates

A provision of this Order of Approval which requires the School District to submit to the Board, the State Treasurer, or the Superintendent of Public Instruction a report, listing, or other document by a specific due date shall not be deemed complied with unless the report, listing, or other document is received by the Board, the Michigan Department of Treasury, or the Michigan Department of Education by the due date specified. If the due date for a report, listing, or other documents falls on a weekend or legal holiday, then the report, listing, or other document shall be due on the first day thereafter which is not a weekend or legal holiday.

Waiver of Provisions

To the extent permitted by Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, the Board may waive or modify a provision of this Order of Approval if, in its sole discretion, the Board concludes that the School District has demonstrated good cause shown for the waiver. However, the lack of a specific action by the Board shall not be construed as a waiver or modification of a provision of this Order of Approval.

Delegation of Ongoing Supervision

The Board delegates to the State Treasurer responsibility for the day to day supervision of the compliance by the School District with this Order of Approval.

Delegation of Supervision of Disbursement of Loan Proceeds

The Board delegates to the State Treasurer the authority to require that the proceeds from the emergency loan authorized by this Order of Approval be drawn upon by School District officials in one or more installments upon such dates and subject to the satisfaction of such conditions as the State Treasurer may establish.

IN WITNESS WHEREOF, the members of the Board, or their designees, have signed and executed this Order of Approval.

LOCAL EMERGENCY FINANCIAL ASSISTANCE
LOAN BOARD

By Thomas F. Saxton

Thomas F. Saxton, Deputy State Treasurer
As Designee for Andy Dillon, State Treasurer

By Michael J. Moody

Michael J. Moody, Chief Financial Officer
As Designee for John E. Nixon, Director
Department of Technology, Management and Budget

By Steve Arwood

Steve Arwood, Acting Director
Department of Licensing and Regulatory Affairs

Date: 1-18-13
Lansing, Michigan

Bond Debt Service

Muskegon Heights Public Schools, Michigan
 Emergency Loan #2
 \$3,500,000 Par Amount | Dated: January 18, 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
5/1/2013			23,532.64	23,532.64	
6/30/2013					23,532.64
11/1/2013	65,000	2.350%	41,125.00	106,125.00	
5/1/2014			40,361.25	40,361.25	
6/30/2014					146,486.25
11/1/2014	65,000	2.350%	40,361.25	105,361.25	
5/1/2015			39,597.50	39,597.50	
6/30/2015					144,958.75
11/1/2015	65,000	2.350%	39,597.50	104,597.50	
5/1/2016			38,833.75	38,833.75	
6/30/2016					143,431.25
11/1/2016	70,000	2.350%	38,833.75	108,833.75	
5/1/2017			38,011.25	38,011.25	
6/30/2017					146,845.00
11/1/2017	70,000	2.350%	38,011.25	108,011.25	
5/1/2018			37,188.75	37,188.75	
6/30/2018					145,200.00
11/1/2018	75,000	2.350%	37,188.75	112,188.75	
5/1/2019			36,307.50	36,307.50	
6/30/2019					148,496.25
11/1/2019	75,000	2.350%	36,307.50	111,307.50	
5/1/2020			35,426.25	35,426.25	
6/30/2020					146,733.75
11/1/2020	75,000	2.350%	35,426.25	110,426.25	
5/1/2021			34,545.00	34,545.00	
6/30/2021					144,971.25
11/1/2021	80,000	2.350%	34,545.00	114,545.00	
5/1/2022			33,605.00	33,605.00	
6/30/2022					148,150.00
11/1/2022	80,000	2.350%	33,605.00	113,605.00	
5/1/2023			32,665.00	32,665.00	
6/30/2023					146,270.00
11/1/2023	120,000	2.350%	32,665.00	152,665.00	
5/1/2024			31,255.00	31,255.00	
6/30/2024					183,920.00
11/1/2024	120,000	2.350%	31,255.00	151,255.00	
5/1/2025			29,845.00	29,845.00	
6/30/2025					181,100.00
11/1/2025	125,000	2.350%	29,845.00	154,845.00	
5/1/2026			28,376.25	28,376.25	
6/30/2026					183,221.25
11/1/2026	125,000	2.350%	28,376.25	153,376.25	
5/1/2027			26,907.50	26,907.50	
6/30/2027					180,283.75
11/1/2027	130,000	2.350%	26,907.50	156,907.50	
5/1/2028			25,380.00	25,380.00	
6/30/2028					182,287.50
11/1/2028	130,000	2.350%	25,380.00	155,380.00	
5/1/2029			23,852.50	23,852.50	
6/30/2029					179,232.50

Bond Debt Service

Muskegon Heights Public Schools, Michigan

Emergency Loan #2

\$3,500,000 Par Amount | Dated: January 18, 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/1/2029	135,000	2.350%	23,852.50	158,852.50	
5/1/2030			22,266.25	22,266.25	
6/30/2030					181,118.75
11/1/2030	140,000	2.350%	22,266.25	162,266.25	
5/1/2031			20,621.25	20,621.25	
6/30/2031					182,887.50
11/1/2031	140,000	2.350%	20,621.25	160,621.25	
5/1/2032			18,976.25	18,976.25	
6/30/2032					179,597.50
11/1/2032	145,000	2.350%	18,976.25	163,976.25	
5/1/2033			17,272.50	17,272.50	
6/30/2033					181,248.75
11/1/2033	150,000	2.350%	17,272.50	167,272.50	
5/1/2034			15,510.00	15,510.00	
6/30/2034					182,782.50
11/1/2034	150,000	2.350%	15,510.00	165,510.00	
5/1/2035			13,747.50	13,747.50	
6/30/2035					179,257.50
11/1/2035	155,000	2.350%	13,747.50	168,747.50	
5/1/2036			11,926.25	11,926.25	
6/30/2036					180,673.75
11/1/2036	160,000	2.350%	11,926.25	171,926.25	
5/1/2037			10,046.25	10,046.25	
6/30/2037					181,972.50
11/1/2037	160,000	2.350%	10,046.25	170,046.25	
5/1/2038			8,166.25	8,166.25	
6/30/2038					178,212.50
11/1/2038	170,000	2.350%	8,166.25	178,166.25	
5/1/2039			6,168.75	6,168.75	
6/30/2039					184,335.00
11/1/2039	170,000	2.350%	6,168.75	176,168.75	
5/1/2040			4,171.25	4,171.25	
6/30/2040					180,340.00
11/1/2040	175,000	2.350%	4,171.25	179,171.25	
5/1/2041			2,115.00	2,115.00	
6/30/2041					181,286.25
11/1/2041	180,000	2.350%	2,115.00	182,115.00	
6/30/2042					182,115.00
	3,500,000		1,430,947.64	4,930,947.64	4,930,947.64

4. APPOINTMENT DOCUMENTATION



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RECEIVED
2012 AUG -8 PM 4:13
OFFICE OF THE GREAT SEAL

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

August 8, 2012

The Honorable Ruth Johnson
Secretary of State
Office of the Great Seal
Michigan Department of State
Lansing, Michigan 48909

Dear Secretary Johnson:

Please be advised of the following appointment to office:

Emergency Financial Manager - Muskegon Heights School District

Donald B. Weatherspoon of 8942 East Saginaw, Haslett, Michigan 48840, county of Clinton, is appointed to serve effective August 8, 2012.

Sincerely,

Rick Snyder
Governor

RECEIVED
AUG -8 PM 10 19
OFFICE OF THE SECRETARY

OATH OF OFFICE

STATE OF MICHIGAN }
County of Ingham } SS.

I do solemnly swear that I will support the Constitution of the United States and the
Constitution of this State, and that I will faithfully discharge the duties of the office of
Emergency Financial Manager - Muskegon Heights School District
according to the best of my ability.

Donald B. Weatherspoon **
Signature

Donald B. Weatherspoon
Name Printed or Typed

Sworn to and subscribed before me this 8th day of August, 2012

Carolyn Harden **
Signature

Notary Public **
Title

Carolyn Harden **
Name Printed or Typed

Notary Public, State of Michigan, County of Ingham

My Commission Expires 9/20/17

Acting in the County of Ingham

**When filing with the Secretary of State, original signatures are required.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

August 8, 2012

The Honorable Rick Snyder
Governor of Michigan
Romney Building, 2nd Floor
P.O. Box 30013
Lansing, MI 48909

Dear Governor Snyder:

In an April 19, 2012 letter to Interim Superintendent David Sipka and the Board of Education at the Muskegon Heights School District you confirmed, pursuant to Section 15(2) of Public Act 4 of 2011, that a local government financial emergency existed in the Muskegon Heights School District. Pursuant to Section 15(4) of the Act, you notified the district that you were naming a Financial Manager "to act for and in the place and stead of the governing body and the office of chief administrative officer" of the Muskegon Heights School District. These actions were based on the findings of a Review Team that was convened under P.A. 4. Those findings confirmed a level of financial stress at the district that warranted further action under P.A. 4 and resulted in the naming of an Emergency Manager. The criteria considered for confirmation of a financial emergency under P.A. 4 are substantially similar to the criteria for a serious financial problem outlined in Sec. 34(1) of Public Act 72 of 1990. The following facts outlined in your April 19, 2012 letter exist today as confirmed by Donald Weatherspoon, the current district Emergency Manager.

These facts included the following:

- According to the School District's 2011 fiscal year financial audit, the School District's cumulative general fund deficit increased by 102 percent, from \$4,195,864 (as restated) as of June 30, 2010 to \$8,472,543 as of June 30, 2011. The one-year increase in the School District's cumulative general fund deficit resulted from general fund expenditures and transfers out exceeding general fund revenues by \$4,276,679.
- Since at least the 2006 fiscal year, the School District has not had a positive year-end fund balance in its general fund. Based upon information on file with the Michigan Department of Education, the negative year-end general fund balance during these years has ranged from \$900,378 for the 2006 fiscal year to a projected \$9,442,788 for the current fiscal year which ends on June 30, 2012.
- Financial audit reports for the School District for its last three fiscal years reflected the following variances between general fund revenues and expenditures, as initially budgeted and as amended, versus general fund revenues and expenditures actually realized:

STATE BOARD OF EDUCATION

JOHN C. AUSTIN – PRESIDENT • CASANDRA E. ULBRICH – VICE PRESIDENT
NANCY DANHOF – SECRETARY • MARIANNE YARED MCGUIRE – TREASURER
RICHARD ZEILE – NASBE DELEGATE • KATHLEEN N. STRAUS
DANIEL VARNER • EILEEN LAPPIN WEISER

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www.michigan.gov/mde • (517) 373-3324

	<u>2008-09</u>	<u>%</u>	<u>2009-10</u>	<u>%</u>	<u>2010-11</u>	<u>%</u>
<u>Revenues</u>						
Original	\$22,481,370		\$21,964,880		\$19,743,100	
Final	\$22,481,370		\$21,048,383		\$20,007,464	
Actual	<u>\$22,770,560</u>		<u>\$20,437,910</u>		<u>\$17,784,569</u>	
Variance	\$289,190	1.29	(\$610,473)	(2.9)	(\$2,222,895)	(11.1)

	<u>2008-09</u>	<u>%</u>	<u>2009-10</u>	<u>%</u>	<u>2010-11</u>	<u>%</u>
<u>Expenditures</u>						
Original	\$22,481,370		\$21,949,880		\$23,230,460	
Final	\$22,481,370		\$23,781,642		\$21,950,437	
Actual	<u>\$23,608,408</u>		<u>\$23,032,858</u>		<u>\$22,061,248</u>	
Variance	(\$1,127,038)	(5.01)	\$748,784	3.15	(\$110,811)	(0.50)

- The School District's pupil enrollment decreased by 34.3 percent, from 2,142 pupils for the 2006 fiscal year to 1,408 pupils for the 2012 fiscal year. The decline in the number of pupils in the School District had a corresponding impact upon the general fund revenues available as school funding continues to be based upon the number of pupils.

Fiscal Year	Pupil Count	General Fund Revenue
2006	2,142	\$24,224,178
2007	2,046	\$22,032,907
2008	1,909	\$21,701,821
2009	1,820	\$22,033,838
2010	1,599	\$19,894,627
2011	1,537	\$17,784,577
2012	1,408	\$17,600,387

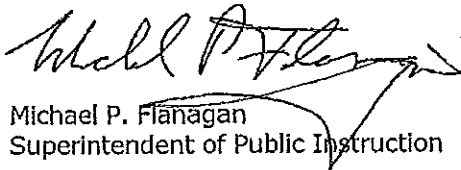
- Pursuant to documents School District officials signed on August 1, 2011, related to a \$7.9 million State aid note for the School District, the Department of Treasury was required to intercept a portion of the School District's State aid payments beginning in February 2012 in order to help ensure the timely repayment by the School District of that State aid note. The intercepts are a direct result of the School District's loss of students and associated State aid. These intercepts will continue through July of 2012, in the amount of \$113,678.46 (approximately 12 percent) from each State aid payment. These partial intercepts will be in addition to a 100 percent intercept of the School District's August 2012 State aid payment, which also is required pursuant to the August 1, 2011 documents. Even after the intercepts, the School District still will owe approximately \$6.3 million on its State aid note which is due August 20, 2012.
 (NOTE: The Emergency Manager appointed under P.A. 4 of 2011 has submitted a Financial and Operating Plan that has been accepted as a Deficit Elimination Plan by the State Superintendent of Public Instruction. It was approved with contingencies on August 7, 2012)

Governor Snyder
August 8, 2012
Page 3

The Michigan Attorney General, In Opinion 7267, has advised that Public Act 72 of 1990 (the Local Government Fiscal Responsibility Act) is in effect with the suspension of Public Act 4 of 2011. The determination of a financial emergency in the Muskegon Heights School District remains legally valid and has not been revoked by me or by any court. For those reasons, a financial emergency continues to exist at this time. Pursuant to Sec. 38(1) of Public Act 72, I submit the following nominee for your consideration for appointment to the position of Emergency Financial Manager for the Muskegon Heights School District.

Donald B. Weatherspoon
Lansing, MI

Sincerely,



Michael P. Flanagan
Superintendent of Public Instruction

cc: State Board of Education



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ANDY DILLON
STATE TREASURER

CONTRACT FOR EMERGENCY FINANCIAL MANAGER SERVICES

RICK SNYDER, Governor of the State of Michigan (Governor), and the Department of Treasury retain and appoint Donald B. Weatherspoon as the Emergency Financial Manager for the Muskegon Heights School District (School District) under Public Act 72 of 1990, the Local Government Fiscal Responsibility Act, MCL 141.1201 *et seq.* (the Act).

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

Students being educated within the School District are entitled to an education that enables them to learn at high levels and, upon graduation, be fully prepared to enter the work force or attend college. This cannot happen when there is uncertainty about schools being able to stay open, or about their ability to maintain an environment that is conducive to teaching and learning.

The Emergency Financial Manager's role is to remedy the distress of the School District by requiring prudent fiscal management and efficient provision of services by exercising the necessary authority conferred by the State to take appropriate action on behalf of the District and its students. The result for students should be an education that allows them to think and act innovatively, demonstrate high performance, and meet the highest expectations. In accepting this appointment, the Emergency Financial Manager agrees to leverage all his skills and abilities to accomplish these objectives on behalf of our students, parents, and citizens.

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 Donald B. Weatherspoon.

1.2 Purpose. The parties to this Contract agree that Donald B. Weatherspoon will act as the Emergency Financial Manager for the School District. The Emergency Financial 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 40 of the Act.

1.3 Duties. The Emergency Financial Manager shall possess all the powers and duties authorized under the Act, including those specifically related to school districts. In addition, the Emergency Financial Manager shall work cooperatively with the Office of the Governor, the State Treasurer, and the Superintendent of Public Instruction as part of an education reform leadership team. The Emergency Financial Manager agrees to inform these officials of major initia-

tives to be undertaken in furtherance of this Contract before their public announcement. The Emergency Financial Manager shall seek the approval of the State Treasurer before entering into a new collective bargaining agreement.

1.4 Bankruptcy Proceedings. The Emergency Financial Manager shall not institute proceedings under Section 41(3) of the Act to authorize the School District to proceed as a debtor under the federal bankruptcy code without the express prior written approval of the Governor.

1.5 Reports. The Emergency Financial Manager shall file quarterly reports with the Department of Treasury beginning on October 15, 2012, for the immediately preceding quarter and shall file the first report required by Section 41a of the Act within six months of his appointment and every six months thereafter.

2. TERM OF CONTRACT

2.1 The Emergency Financial Manager shall serve at the pleasure of the Governor as provided in Section 38 of the Act.

2.2 Effective Date. This contract is effective on Thursday August 9, 2012. The term of the contract shall be from August 9, 2012 to August 9, 2013, and may be renewed at the option of the State upon 30 calendar days written notice and with the written consent of the Emergency Financial Manager.

2.3 Oath of Office. The Emergency Financial Manager shall take and subscribe an oath of office administered by an official authorized to administer oaths under the laws of Michigan and file such oath with the Office of the Great Seal.

3. COMPENSATION FOR SERVICES PROVIDED

3.1 Salary. The Emergency Financial Manager's salary for services rendered under this Contract shall be \$125,000.00 per year, paid by the School District. If this Contract is terminated after the Emergency Manager has provided services for a portion of the month, the Emergency Manager shall be entitled, for that portion of that month, to \$10,416.66 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.

3.2 Payment for Services. The Emergency Financial Manager will be paid in equal bi-weekly installments consistent with the established written policies and procedures of School District. Additional information for services performed shall be provided if requested by the State.

3.3 Reimbursement for Actual and Necessary Expenses. The Emergency Financial Manager's actual and necessary expenses will be reimbursed, including customary expenses related to travel, meals, and lodging, incurred and connected to services for the School District. The Emergency Financial Manager must provide original copies of all receipts for meals, lodging, and travel reimbursement with his billings.

3.4 Source of Payment. The School District is required to pay the Emergency Financial Manager's compensation for all services rendered and for all expenses incurred under this Contract.

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Financial Manager may appoint additional staff as necessary to fulfill the obligations of his 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 Financial Manager, the Emergency Financial Manager agrees to consult with the Treasurer or the Treasurer's designee at least 24 hours before extending offers of employment for positions paying \$100,000.00, or more, annually.

4.2 Professional Assistance. The Emergency Financial Manager may secure professional assistance as necessary to fulfill the obligations of his appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the School District. The Emergency Financial Manager agrees to consult with the Treasurer or the Treasurer's designee at least 24 hours before authorizing professional services contracts of \$100,000.00 or more per engagement or project.

4.3 Security. The Emergency Financial Manager will be entitled to receive security protection in connection with his 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 State Police or her designee. Payment of compensation for security personnel will be the obligation of the School District.

5. REPRESENTATIONS

5.1 Qualifications. The Emergency Financial Manager, by signing this Contract, represents that he meets the minimum qualifications for appointment set forth in the Act.

5.2 Conflict of Interest. The Emergency Financial Manager represents and warrants that, to his knowledge, he 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 Financial Manager warrants that he 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 Financial 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 Financial Manager shall maintain complete records in accordance with generally accepted accounting practices and sound business practices. This re-

quirement applies to all information maintained or stored in the Emergency Financial Manager's computer system and in the School District's computer system. The State and its designees shall have the right to inspect all records related to this Contract.

5.6 Non-Discrimination.

a) The Emergency Financial Manager shall comply with 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 Financial Manager covenants that he 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 Financial Manager must 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 is a material breach of this Contract. MCL 37.1209.

b) The Emergency Financial Manager shall comply with 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 Financial Manager covenants that he 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 Financial Manager must 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 may be considered a material breach of this Contract.

5.7 Unfair Labor Practices. The Emergency Financial Manager must 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 MCL 423.322 of employers found in contempt of court for failure to correct unfair labor practices. MCL 423.323. The State may void this Contract if the Emergency Financial Manager or any subcontractor, manufacturer, or supplier of the Emergency Financial Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above register.

5.8 Independent Contractor. The relationship of the Emergency Financial Manager to the State and the School District in this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability or benefits, such as workers compensation rights or liabilities, insurance rights or liabilities, or any other provisions or liabilities, arising out of or related to a contract for hire or employer-employee relationship, shall arise, accrue or be implied to either party or either party's agent, subcontractor or employee as a result of the performance of this Contract.

6. NOTICES

6.1 The State Treasurer is the designee of the State for this Contract unless notice of an-

other 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:

Thomas F. Saxton, Deputy Treasurer
Richard H. Austin Building
430 W. Allegan Street
Lansing, Michigan 48909
Phone: (517) 373-3223

Frederick Headen
Director, Bureau of Local Government Services
Richard H. Austin Building, 430 West Allegan Street
Lansing, Michigan 48922
Phone: (517) 373-3305

For the Emergency Financial Manager:

Donald B. Weatherspoon
8942 East Saginaw
Haslett, MI 48840

7. LIMITATION UPON LIABILITY

7.1 The State. The State, the Governor, the 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 the Contract.

7.2 The Emergency Financial Manager. The Emergency Financial Manager is engaging in a governmental function and is immune from liability for any action taken which he reasonably believes to be within the scope of his authority granted by the Contract or the Act.

8. INSURANCE

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

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

is concluded, the Emergency Financial Manager or any employee, agent, appointee, or contractor of the Emergency Financial Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Financial Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees 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 the State as set forth in the Act.

8.3 Additional Insurance. If the School District has purchased or otherwise obtained an errors and omissions policy, then, as provided in the Act, the Emergency Financial 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 reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) GOVERNOR. The Emergency Financial Manager serves at the pleasure of the Governor, who 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 Financial Manager.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed by the Governor or his designee, the Emergency Financial Manager shall:

a) Cease work under the Contract on 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 this State on the date the termination is effective all records, reports and documents as the state shall specify and carry out such directives as the state may issue concerning the safeguarding and disposition of files and property; and

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

9.3 Termination by Emergency Financial Manager. The Emergency Financial Manager may terminate this Contract at any time, with or without cause, with thirty (30) days written notice to the Treasurer. Within 30 days of his final day of service, the Emergency Financial Manager shall submit a closing memorandum and final billing, which shall be paid within thirty (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 the 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 Financial Manager agrees that he is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Severability. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be judicially determined to be invalid or unenforceable, the remainder of this Contract shall not be affected thereby, and each provision of the Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Invalidity of Act. If the Act is repealed, or otherwise rendered ineffective, this Contract shall continue in full force and effect under any prior or successor statute providing for emergency manager contracts, emergency financial manager contracts, or similar forms of agreement.

10.6 Headings. Contract section headings are for convenience only and shall not be used to interpret the scope or intent of this Contract.

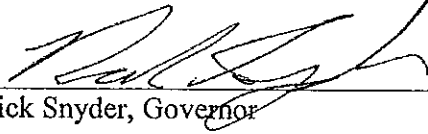
10.7 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

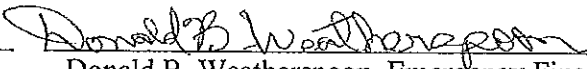
10.8 Amendment. No Contract amendment will be effective and binding upon the parties unless it expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite state approvals are obtained.

10.9 Order of Priority. This Contract and the Act shall be read to be consistent with one another. However, if there is a conflict between the terms of the Contract and the Act, the Act shall supersede the terms of the Contract.

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

STATE OF MICHIGAN

Dated: 8/8/12 _____

Rick Snyder, Governor

Dated: 8-8-2012 _____

Donald B. Weatherspoon, Emergency Financial
Manager

5. EFM ORDER AUTHORIZING ISSUANCE OF NOTES

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS

**Office of the Emergency Financial Manager
Donald B. Weatherspoon**

Order 2012-1

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY FINANCIAL MANAGER FOR THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS, COUNTY OF MUSKEGON, STATE OF MICHIGAN ("EMERGENCY FINANCIAL MANAGER") UNDER THE LOCAL GOVERNMENT AND FISCAL RESPONSIBILITY ACT, 1990 PA 72, AS AMENDED, MCL 141.1201 to 141.1244,

THE EMERGENCY FINANCIAL MANAGER, DONALD B. WEATHERSPOON, ISSUES THE FOLLOWING:

**ORDER RATIFYING ORDER 2012-11 ISSUED BY THE THEN EMERGENCY MANAGER OF THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS ("DISTRICT"), APPROVING ISSUANCE OF EMERGENCY LOAN NOTES OF THE DISTRICT TO THE STATE OF MICHIGAN TO EVIDENCE THE OBLIGATION OF THE DISTRICT TO REPAY EMERGENCY LOANS FROM THE STATE OF MICHIGAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT FOR THE PURPOSE OF ENABLING THE DISTRICT TO MEET ITS FINANCIAL OBLIGATIONS,
AND RATIFYING THE TERMS OF THE LOANS.**

WHEREAS, the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.942 ("*Act 243*"), authorizes municipalities, including school districts, to borrow money and the State of Michigan ("*State*") to make emergency loans to school districts;

WHEREAS, on August 3, 2012, while the School District was in receivership and under the supervision of an Emergency Manager appointed by the Michigan Governor ("*Emergency Manager*") under the Local Government and School District Fiscal Accountability Act, 2011 PA 4, as amended, MCL 141.1501 to 141.1531 ("*Act 4*"), the then Emergency Manager, Donald B. Weatherspoon, issued his Order 2012-11 (the "*Authorizing Order*"), which remains in full force and effect, resolving that it was necessary and in the best interest of the School District to request a loan from the Michigan Local Emergency Financial Assistance Loan Board (the "Board") and authorizing the issuance of certain notes of the School District to evidence certain emergency loans from the State under Act 243 and approving the loans and other matters related thereto;

WHEREAS, Section 2 of the Authorizing Order authorized and ordered not only the Emergency Manager but also "any emergency manager or emergency financial manager that may be appointed for the School District . . . to take action or execute documents and certificates as necessary or desirable and in the best interest of the School District in connection with the

delivery of the notes authorized by this order and resolution and the School District's receipt of the proceeds of the loans authorized by this order and resolution";

WHEREAS, as a result of the subsequent suspension of Act 4 and the revival of a predecessor statute, the Local Government and Fiscal Responsibility Act, 1990 PA 72, as amended, MCL 141.1201 to 141.1244 ("*Act 72*"), as described in the following recitals, the notes of the School District that have been validly authorized by the Authorizing Order to evidence such emergency loans from the State will be issued while Act 72, not Act 4, is in effect;

WHEREAS, on March 16, 2011, the Governor signed Act 4 into law with immediate effect, including Act 4's repeal of the predecessor statute, Act 72,

WHEREAS, pursuant to an Order of the Michigan Supreme Court entered on August 3, 2012, the Board of State Canvassers on August 8, 2012, certified a referendum petition with respect to Act 4 for inclusion on the November 6, 2012 general election ballot;

WHEREAS, the Attorney General of the State of Michigan has issued his Opinion No. 7267 dated August 6, 2012, declaring, among other things, that;

(i) such action of the Board of State Canvassers would result in Act 4 ceasing to be effective and becoming suspended as a matter of law until the outcome of the November 6, 2012 general election;

(ii) Act 4 "is not rendered 'void' by the Board of State Canvassers' certification of referendum. Rather, its effect is 'stayed' until the results of the election are certified"; and

(iii) upon Act 4 becoming suspended as a matter of law, "the prior repealed law, [Act 72], is revived until certification of the November 6, 2012 general election results. Depending on the vote of the electorate, the temporary revival of [Act 72] will either cease with the approval of [Act 4], or become permanent with [Act 4's] disapproval";

WHEREAS, after the Board of State Canvassers' certification of referendum with respect to Act 4 on August 8, 2012, the Governor appointed Donald B. Weatherspoon as the Emergency Financial Manager of the School District ("*Emergency Financial Manager*") pursuant to the revived Act 72, and the School District now is under the supervision of the Emergency Financial Manager under Act 72;

WHEREAS, under Section 41(2)(p) of Act 72, the Emergency Financial Manager may borrow money on behalf of the School District, including pursuant to Section 7(a) of Act 243;

WHEREAS, under Section 41(2)(q) of Act 72, the Emergency Financial Manager may approve or disapprove of the issuance of obligations of the School District, including pursuant to Sections 7(a) and 7(c) of Act 243;

WHEREAS, the Board, at a meeting held on August 16, 2012, approved a loan to the School District in the principal amount of Seven Million Six Hundred Fifty Thousand Dollars (\$7,650,000.00) together with other matters related thereto;

WHEREAS, under Section 41(2)(t) of Act 72, the Emergency Financial Manager may exercise the authority and responsibilities affecting the financial condition of the School District that prescribed by law to the school board and superintendent of the School District;

WHEREAS, pursuant to Act 451, Act 243, Act 34 and Act 72, the Emergency Financial Manager, on behalf of the School District, may borrow money for permitted purposes and may issue notes or other evidences of indebtedness; and

WHEREAS, the purpose of this Order is to ratify and approve the terms and conditions of the Loan (as defined below), which were not yet known when the Authorizing Order was issued, and, although unnecessary, to use this opportunity to ratify the Authorizing Order as provided in Section 1 below;

NOW, THEREFORE, THE EMERGENCY FINANCIAL MANAGER ORDERS AND RESOLVES THAT:

Section 1. The Authorizing Order issued by the then Emergency Manager on August 3, 2012, is ratified and confirmed, except as expressly provided otherwise below; and all actions taken by that Emergency Manager pursuant to the Authorizing Order are ratified and confirmed.

Section 2. Donald B. Weatherspoon, as the Emergency Financial Manager, and any other official or employee of the School District or other individual who may be duly authorized by law to act on behalf of the School District for this purpose (each an "**Authorized Officer**"), jointly and severally, are authorized and ordered to: (i) execute and deliver an initial Note (as defined below), and similarly any subsequent Note, to the appropriate agent of the State in exchange for the advancement by the State of the full principal amount of the Note to the Emergency Financial Manager or a depository acceptable to the Emergency Financial Manager and either the Michigan Local Emergency Financial Assistance Loan Board (the "**Board**") established pursuant to Act 243 or the State Treasurer or, under his authorization, a Deputy State Treasurer, a Bureau Director within the State Treasury Department or another appropriate official of that Department as the State Treasurer may direct in writing; (ii) in connection with the initial Note, execute and deliver a Funding Conditions Memorandum, a Cognovit instrument, a Tax Intercept Agreement and a State Aid and Tax Pledge Agreement in substantially the forms of such documents filed with the Emergency Financial Manager at the time of the issuance of this Order, with changes as approved by an Authorized Officer not inconsistent with the terms of this Order; (iii) in connection with any subsequent Note, execute and deliver a similar Cognovit instrument; and (iv) take any other action or execute and deliver any other documents and certificates as the Authorized Officer deems necessary or desirable and in the best interest of the School District in connection with the delivery of the Notes authorized by this Order and the School District's receipt of the proceeds of the loans authorized by this Order.

Section 3. Notes of the School District designated "Emergency Loan Note (General Obligation Limited Tax), 2012-13 Series __" (each a "**Note**") shall be issued in one or more

series, with sequential series references as determined by an Authorized Officer, each in an amount determined by an Authorized Officer, not to exceed \$20,000,000.00 in the aggregate (each a "*Loan*" and collectively, the "*Loans*"). Each Note shall evidence the obligation of the School District to repay the applicable Loan to the State under Act 243. Each Note shall be dated as of the date of delivery of the Note to the State. Each Note shall bear interest from the date of delivery of the Note, and shall be payable as to principal and interest on the dates and in the amounts, at the rates, and subject to prepayment before maturity, as determined by an Authorized Officer; provided, that the final maturity shall not exceed 30 years from the applicable date of issuance, and the interest rates, or the maximum interest rate if issued on a variable rate basis, shall not exceed 10 percent per annum. Principal and interest on each Note shall be payable to the State Treasurer on behalf of the State.

Section 4. Each Note shall be in substantially the form attached to this Order as Exhibit A with changes as approved by an Authorized Officer not inconsistent with the terms of this Order.

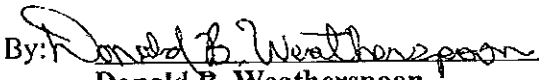
Section 5. The School District acknowledges the conditions of the Loan and agrees to comply with the requirements of the Board's Order of Approval of Loan ("*Board Order*"). A copy of the Board Order is attached to this Order as Exhibit B.

Section 6. The terms of the initial Loan as set forth in Exhibit B and in Exhibit A are approved and ratified.

Section 7. This Order is effective immediately.

Section 8. All orders and resolutions, and parts of orders or resolutions, of the Emergency Financial Manager or the predecessor Emergency Manager of the School District conflicting with this Order are rescinded. This Order may be amended, modified, repealed, or terminated by any subsequent order issued by the Emergency Financial Manager.

Dated: August 16, 2012

By: 
Donald B. Weatherspoon,
Emergency Financial Manager

**EXHIBIT A
TO EMERGENCY FINANCIAL MANAGER ORDER 2012-1**

NOTE FORM

NOTE FORM

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF _____

SCHOOL DISTRICT OF THE CITY OF _____

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2012-13 Series I

Registered Owner: State of Michigan

Principal Amount: \$ _____

Date of Original Issue: August 16, 2012

The SCHOOL DISTRICT OF THE CITY OF _____, County of _____, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the State of Michigan the Principal Amount specified above, in lawful money of the United States of America, in 30 consecutive annual installments as set forth on the attached Exhibit A, incorporated herein by reference, unless modified by written agreement of the State Treasurer, ~~each~~ on November 1 in each of the years 2013 to 2042, inclusive, unless prepaid in whole or in part prior thereto as hereinafter provided, with interest on the unpaid principal balance hereof from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the rates per annum determined as set forth herein, payable first on May 1, 2013 and semi-annually on each May 1 and November 1 thereafter. Both the principal of and interest on this note are payable at the Office of the State Treasurer in Lansing, Michigan, or such other place as may be designated in writing to the Issuer by the State Treasurer.

From the Date of Original Issue specified above, this note shall bear interest at the rate of [2.45%][2.35%]per annum. Interest on this note shall be computed on the basis of a 365 day year and the actual number of days elapsed.

By accepting this note on behalf of the State of Michigan, the State Treasurer agrees (i) to determine the interest rate on each Interest Determination Date in accordance with the preceding paragraph and (ii) within two business days thereafter to give to the Issuer written notice of such interest rate and the period for which it applies.

This note is issued on the Date of Original Issue specified above in the name of the Issuer by the duly appointed and qualified Emergency Financial Manager of the Issuer under Act No. 72 of the Public Acts of 1990, as amended ("Act 72"), pursuant to an order issued by such Emergency Financial Manager under Act 72 on August 16, 2012 confirming and approving the terms and conditions of this loan, and an order issued by the predecessor Emergency Manager of

the Issuer under Act No. 4, Public Acts of 2011, on August 3, 2012, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act No. 243, Public Acts of 1980, as amended ("Act 243"), to evidence the obligation of the Issuer to repay an emergency loan made to it by the State of Michigan for the purpose of enabling the Issuer to meet its financial obligations.

The Issuer shall have the right to pay at any time or times prior to maturity, without penalty or premium, all or any portion of this note. Prepayments shall be credited to principal payments in direct order of maturity.

In addition, on each November 1, commencing November 1, 2013, the Issuer shall have the obligation to prepay, without penalty or premium, an aggregate principal amount equal to the net amount on deposit in the Account (as defined in the Tax Intercept Agreement described below) as of the preceding business day, less an amount equal to the operating expenses retained by the School District as approved from time to time by the State Treasurer. Prepayments shall be credited to principal payments in inverse order of maturity.

This note and the interest hereon are payable, as a first budget obligation, from any funds of the Issuer available therefor, including but not limited to any delinquent taxes payable to the Issuer from the County of _____, State of Michigan's delinquent tax revolving fund, or from general ad valorem taxes imposed on all taxable property in the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, charter and statutory tax rate limitations.

The maturity of principal of and accrued and unpaid interest on this note may be accelerated by the State Treasurer on behalf of the State of Michigan upon the occurrence and during the continuance of any Event of Default under this note. Each of the following shall constitute an "Event of Default" under this note: (A) non-payment of any principal of or interest on this note, when due; and (B) failure of the Issuer to comply with the terms of paragraph 2 of the Funding Conditions Memorandum dated the date hereof between the Issuer and the State of Michigan.

The Issuer shall pledge to the State Treasurer the proceeds of 100% of the operating taxes levied for the Issuer and the delinquencies thereon for application to pay the principal of and interest on this note, when due. The Issuer shall enter into a Tax Intercept Agreement with The Bank of New York Mellon Trust Company, N.A., located in Detroit, Michigan, as depository (the "*Depository*"), the City of _____ and the County Treasurer of the County of _____ to provide for the payment to the Depository by such City and County Treasurer of such operating taxes and the delinquencies thereon collected by them on behalf of the Issuer after the date of such agreement. As additional security for payment of this note and in the event of the delinquency of the Issuer in paying required principal of or interest on this note, the State Treasurer is authorized to intercept up to but not more than all delinquent amounts of principal and interest due on this note from state school aid payments to the Issuer otherwise required to be made to the Issuer pursuant to the provisions of the State School Aid Act, Act No. 94, Public Acts of 1979, as amended, and said intercepted state school aid payments shall be applied by the State Treasurer against said delinquent payments.

The Issuer shall enter into a Depositary Agreement related to the Tax Intercept Agreement with the Depositary to provide for the manner in which the revenue from taxes collected will be deposited for use to repay the principal and interest due on this note.

While this note is outstanding, the Issuer has the right to issue additional notes only to the State of Michigan in order to obtain additional emergency loans for the purpose of enabling the Issuer to meet its financial obligations.

The Issuer covenants that it shall perform and meet all requirements imposed upon the Issuer as a result of receiving this loan pursuant to Act 243 until this note is paid in full.

The Issuer waives presentment, demand, notice of dishonor, protest and notice of non-payment with respect to this note.

The Principal Amount of this Note has been disbursed for the benefit of the Issuer by deposit into an account established in its name (the "*Disbursement Account*") at The Bank of New York Mellon Trust Company, N.A., (the "*Disbursement Depositary*") established pursuant to a Disbursement Depositary Agreement between the Issuer and the Disbursement Depositary dated the date hereof (the "*Disbursement Depositary Agreement*"). Moneys in the Disbursement Account shall be the property of the Issuer. Unless the Disbursement Depositary has been advised that an Event of Default has occurred and is continuing, the Disbursement Depositary shall disburse to the Issuer out of the Disbursement Account the amount requisitioned from time to time by the Issuer and approved by the State Treasurer, until the full Principal Amount shall have been disbursed to the Issuer. Such disbursements shall be made from time to time upon presentation of, and pursuant to, a requisition certificate executed by the Issuer in the form shown on Exhibit B attached hereto or in a form approved by the State Treasurer. Disbursements from the Disbursement Account shall be made upon the Disbursement Depositary's receipt of an executed requisition certificate in the described form, which requisition certificate may be submitted electronically or by facsimile. The Disbursement Depositary shall be entitled to rely on the truthfulness of each executed requisition certificate in the prescribed form and shall have no duty to inquire into or investigate the truth thereof.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this note, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the Issuer, including this note, does not exceed any constitutional, charter or statutory debt limitation.

[Signature Page To Follow]

IN WITNESS WHEREOF, the Issuer has caused this note to be signed in the name of the Issuer by the manual signature of its Emergency Financial Manager, as of the Date of Original Issue.

SCHOOL DISTRICT OF THE CITY OF _____
County of _____
State of Michigan

By _____

Its Emergency Financial Manager

EXHIBIT B
TO EMERGENCY FINANCIAL MANAGER ORDER 2012-1
COPY OF BOARD'S ORDER OF APPROVAL OF LOAN

1407942_1.DOC



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD

ORDER 2012-8

ORDER OF APPROVAL OF LOAN

THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD,
ACTING UPON THE APPLICATION OF

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
COUNTY OF MUSKEGON
STATE OF MICHIGAN

For the permission to borrow the principal amount of \$7,650,000.00 for the purpose of enabling the School District to meet its financial obligations as more fully set forth herein, the Board determines that:

1. A local fiscal emergency exists within the School District.
2. The School District has complied with the provisions of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, as follows:
 - (a) The School District has provided by order for, and has applied to, the Board for a loan pursuant to the Act.
 - (b) A deficit in the general fund of the School District is projected for the current fiscal year ending June 30, 2013.
 - (c) The School District has issued State aid anticipation notes pursuant to Public Act 451 of 1976, the Revised School Code.

(d) The School District meets the condition set forth in Section 4(1)(c)(v) of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, in that the pupil membership of the School District under Section 6 of Public Act 94 of 1979, the School Aid Act of 1979, at the time the loan application was made had declined over a preceding three-State-fiscal-year period by a total of 15 percent or more, as determined by the Department of Treasury.

(e) The School District meets the condition set forth in Section 4(1)(c)(vii) of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, in that the School District is a unit of local government for which a financial emergency has been confirmed to exist and responsibilities for the School District are vested in an Emergency Financial Manager appointed pursuant to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act.

(f) The School District submitted its financial and operating plan on August 6, 2012, and the plan was approved by the Michigan Department of Education on August 7, 2012, and by the State Treasurer on August 7, 2012.

3. The School District shall submit in a timely manner to the Department of Treasury and the Michigan Department of Education the documentation required by Section 7 of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended.

NOW, THEREFORE, be it ordered by the Board that the application of the School District for an emergency loan in the amount of seven million, six hundred fifty thousand dollars (\$7,650,000.00) for the fiscal year of the School District ending June 30, 2013 is hereby approved, subject to the conditions set forth in this Order of Approval.

Terms of Emergency Loan

1. The emergency loan shall be evidenced by a note to be designated as the "Emergency Loan

Note (General Obligation Limited Tax) 2012-13 Series I." The note shall be for a term not to exceed 30 years. The principal amount outstanding shall bear interest initially at the rate of 2.45 percent (2.45%) per annum, but the initial rate of interest may be adjusted thereafter at such times and by such amount as the Board may determine. Until the emergency loan is repaid, a payment of interest only then owing shall be remitted each May 1, beginning in 2013, and a payment of principal and interest then owing shall be remitted each November 1, beginning in 2013.

Use of Proceeds of Emergency Loan

1. The School District shall use the proceeds of the emergency loan solely to pay the following expenses in the following amounts:

Table 1

	<u>Amount</u>
Repayment of August 2011 State Aid Note	\$6,394,429.38
Current Operating Expenses	392,570.62
August 17, 2012 Payroll	283,452.00
MESSA (Healthcare)	250,000.00
Retirement Payouts	243,000.00
Summer School Payroll	81,548.00
Legal Expenses	5,000.00
Grand Total	\$7,650,000.00

2. Within not more than 90 days after the emergency loan is disbursed to the School District, the Emergency Financial Manager for the School District shall file with the Board an accounting of the use of the emergency loan proceeds.

Conditions Upon School District

1. As a condition of receiving the emergency loan authorized by this Order of Approval, the Emergency Financial Manager agrees to perform all of the following:

(a) Execute property tax and delinquent property tax intercept agreements as required by the State Treasurer.

(b) Execute a cognovit related to the emergency loan authorizing the Attorney General to confess a judgment against the School District in the event of a default upon the emergency loan.

2. As a condition of receiving the emergency loan authorized by this Order of Approval, the School District agrees to perform all of the following during the period that any portion of the emergency loan remains outstanding:

(a) Not later than six months after the date upon which the emergency loan is disbursed to the School District, and every six months after that date for the period that the emergency loan is outstanding, submit to the State Treasurer and Superintendent of Public Instruction an evaluation of the performance of the School District against the long-range plan which was submitted pursuant to this Order of Approval.

(b) Submit to the State Treasurer and Superintendent of Public Instruction on a quarterly basis beginning October 15, 2012, for the immediately preceding quarter all of the following:

(1) A statement of actual revenues received by the School District in the last quarter of the current fiscal year of the School District and in the current fiscal year of the School District to date.

(2) A statement of total revenues estimated to be received by the School District in the current fiscal year of the School District.

(3) A statement of expenditures made and encumbrances entered into by the School District in the last quarter of the current fiscal year of the School District and in the current fiscal year of the School District to date.

(4) A statement of revenues which were estimated to be received by the School District and expenditures which were estimated to be made by the School District during the current fiscal year of the School District and through the end of the last quarter of the current fiscal year of the School District.

(5) A balance sheet indicating whether total estimated expenditures for the current fiscal year of the School District and for the last quarter exceed the total estimated revenues for the current fiscal year of the School District and for the last quarter, respectively.

(c) Submit annually by July 1 to the State Treasurer and Superintendent of Public Instruction the general appropriations act of the School District and submit forthwith any amendments to the general appropriations act of the School District adopted pursuant to Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act. An annual operating budget of the School District shall not become effective until approved by the State Treasurer, in consultation with the Superintendent of Public Instruction.

(d) Certify annually by July 1 that the School District has fully complied with all statutory requirements concerning the use of the uniform chart of accounts and audits as promulgated by the Michigan Department of Education.

(e) To the extent applicable, comply with the requirements of both of the following:

(i) Section 3 or 4 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.

(ii) Section 5 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.

3. Compliance with the conditions imposed upon the School District by this Order of Approval shall be the responsibility of the Emergency Financial Manager appointed pursuant to Public

Act 72 of 1990, the Local Government Fiscal Responsibility Act, or an individual appointed under a successor statute. As used in this Order of Approval, successor statute includes the former Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, if that Act is approved by electors at the November 2012 general election.

Conditions not Discharged by Contingencies

The conditions imposed upon the School District by this Order of Approval are not subject to release or discharge due to any contingencies, including, but not limited to, clerical errors, computer failures, late mailings, or the failure to comply with reporting due dates or other scheduled due dates due to adverse weather, acts of God, acts of third parties, or compliance with court orders.

Due Dates

A provision of this Order of Approval which requires the School District to submit to the Board, the State Treasurer, or the Superintendent of Public Instruction a report, listing, or other document by a specific due date shall not be deemed complied with unless the report, listing, or other document is received by the Board, the Michigan Department of Treasury, or the Michigan Department of Education by the due date specified. If the due date for a report, listing, or other document falls on a weekend or legal holiday, then the report, listing, or other document shall be due on the first day thereafter which is not a weekend or legal holiday.

Waiver of Provisions

To the extent permitted by Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, the Board may waive or modify a provision of this Order of Approval if, in its sole discretion, the Board concludes that the School District has demonstrated good cause shown

for the waiver. However, the lack of a specific action by the Board shall not be construed as a waiver or modification of a provision of this Order of Approval.

Delegation of Ongoing Supervision

The Board delegates to the State Treasurer responsibility for the day to day supervision of the compliance by the School District with this Order of Approval.

Delegation of Supervision of Disbursement of Loan Proceeds

The Board delegates to the State Treasurer the authority to require that the proceeds from the emergency loan authorized by this Order of Approval be drawn upon by School District officials in one or more installments upon such dates and subject to the satisfaction of such conditions as the State Treasurer may establish.

IN WITNESS WHEREOF, the members of the Board, or their designees, have signed and executed this Order of Approval.

LOCAL EMERGENCY FINANCIAL ASSISTANCE
LOAN BOARD

By _____
Thomas F. Saxton, Deputy State Treasurer
As Designee for Andy Dillon, State Treasurer

By _____
John E. Nixon, Director
Department of Technology, Management and Budget

By _____
Steven H. Hilfinger, Director
Department of Licensing and Regulatory Affairs

Date: _____
Lansing, Michigan

IN WITNESS WHEREOF, the members of the Board, or their designees, have signed and executed this Order of Approval.

LOCAL EMERGENCY FINANCIAL ASSISTANCE
LOAN BOARD

By _____
Thomas F. Saxton, Deputy State Treasurer
As Designee for Andy Dillon, State Treasurer

By _____
John E. Nixon, Director
Department of Technology, Management and Budget

By _____
Shelly Edgerton, Deputy Director
As Designee for Steven H. Hilfinger, Director
Department of Licensing and Regulatory Affairs

Date: _____
Lansing, Michigan

Bond Debt Service
Muskegon Heights Public Schools
EL #1
Emergency Loan #1 -- \$7,650,000

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
5/1/2013			132,759.38	132,759.38	
6/30/2013					132,759.38
11/1/2013	125,000	2.450%	93,712.50	218,712.50	
5/1/2014			92,181.25	92,181.25	
6/30/2014					310,893.75
11/1/2014	125,000	2.450%	92,181.25	217,181.25	
5/1/2015			90,650.00	90,650.00	
6/30/2015					307,831.25
11/1/2015	135,000	2.450%	90,650.00	225,650.00	
5/1/2016			88,996.25	88,996.25	
6/30/2016					314,646.25
11/1/2016	135,000	2.450%	88,996.25	223,996.25	
5/1/2017			87,342.50	87,342.50	
6/30/2017					311,338.75
11/1/2017	140,000	2.450%	87,342.50	227,342.50	
5/1/2018			85,627.50	85,627.50	
6/30/2018					312,970.00
11/1/2018	140,000	2.450%	85,627.50	225,627.50	
5/1/2019			83,912.50	83,912.50	
6/30/2019					309,540.00
11/1/2019	145,000	2.450%	83,912.50	228,912.50	
5/1/2020			82,136.25	82,136.25	
6/30/2020					311,048.75
11/1/2020	145,000	2.450%	82,136.25	227,136.25	
5/1/2021			80,360.00	80,360.00	
6/30/2021					307,496.25
11/1/2021	150,000	2.450%	80,360.00	230,360.00	
5/1/2022			78,522.50	78,522.50	
6/30/2022					308,882.50
11/1/2022	155,000	2.450%	78,522.50	233,522.50	
5/1/2023			76,623.75	76,623.75	
6/30/2023					310,146.25
11/1/2023	260,000	2.450%	76,623.75	336,623.75	
5/1/2024			73,438.75	73,438.75	
6/30/2024					410,062.50
11/1/2024	265,000	2.450%	73,438.75	338,438.75	
5/1/2025			70,192.50	70,192.50	
6/30/2025					408,631.25
11/1/2025	275,000	2.450%	70,192.50	345,192.50	
5/1/2026			66,823.75	66,823.75	
6/30/2026					412,016.25
11/1/2026	280,000	2.450%	66,823.75	346,823.75	
5/1/2027			63,393.75	63,393.75	
6/30/2027					410,217.50
11/1/2027	290,000	2.450%	63,393.75	353,393.75	
5/1/2028			59,841.25	59,841.25	
6/30/2028					413,235.00
11/1/2028	295,000	2.450%	59,841.25	354,841.25	
5/1/2029			56,227.50	56,227.50	

Bond Debt Service
Muskegon Heights Public Schools
EL #1
Emergency Loan #1 -- \$7,650,000

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
6/30/2029					411,068.75
11/1/2029	305,000	2.450%	56,227.50	361,227.50	
5/1/2030			52,491.25	52,491.25	
6/30/2030					413,718.75
11/1/2030	310,000	2.450%	52,491.25	362,491.25	
5/1/2031			48,693.75	48,693.75	
6/30/2031					411,185.00
11/1/2031	320,000	2.450%	48,693.75	368,693.75	
5/1/2032			44,773.75	44,773.75	
6/30/2032					413,467.50
11/1/2032	325,000	2.450%	44,773.75	369,773.75	
5/1/2033			40,792.50	40,792.50	
6/30/2033					410,566.25
11/1/2033	335,000	2.450%	40,792.50	375,792.50	
5/1/2034			36,688.75	36,688.75	
6/30/2034					412,481.25
11/1/2034	345,000	2.450%	36,688.75	381,688.75	
5/1/2035			32,462.50	32,462.50	
6/30/2035					414,151.25
11/1/2035	355,000	2.450%	32,462.50	387,462.50	
5/1/2036			28,113.75	28,113.75	
6/30/2036					415,576.25
11/1/2036	360,000	2.450%	28,113.75	388,113.75	
5/1/2037			23,703.75	23,703.75	
6/30/2037					411,817.50
11/1/2037	370,000	2.450%	23,703.75	393,703.75	
5/1/2038			19,171.25	19,171.25	
6/30/2038					412,875.00
11/1/2038	375,000	2.450%	19,171.25	394,171.25	
5/1/2039			14,577.50	14,577.50	
6/30/2039					408,748.75
11/1/2039	385,000	2.450%	14,577.50	399,577.50	
5/1/2040			9,861.25	9,861.25	
6/30/2040					409,438.75
11/1/2040	400,000	2.450%	9,861.25	409,861.25	
5/1/2041			4,961.25	4,961.25	
6/30/2041					414,822.50
11/1/2041	405,000	2.450%	4,961.25	409,961.25	
6/30/2042					409,961.25
	7,650,000		3,411,594.38	11,061,594.38	11,061,594.38

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS

**Office of the Emergency Financial Manager
Donald B. Weatherspoon**

Order 2013-1

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY FINANCIAL MANAGER FOR THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS, COUNTY OF MUSKEGON, STATE OF MICHIGAN ("EMERGENCY FINANCIAL MANAGER") UNDER THE LOCAL GOVERNMENT AND FISCAL RESPONSIBILITY ACT, 1990 PA 72, AS AMENDED, MCL 141.1201 to 141.1244,

THE EMERGENCY FINANCIAL MANAGER, DONALD B. WEATHERSPOON, ISSUES THE FOLLOWING:

SUPPLEMENTAL ORDER APPROVING TERMS OF SECOND EMERGENCY LOAN TO THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS ("SCHOOL DISTRICT") BY THE STATE OF MICHIGAN

WHEREAS, the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 to 141.942 ("*Act 243*"), authorizes municipalities, including school districts, to borrow money and the State of Michigan ("*State*") to make emergency loans to school districts;

WHEREAS, on August 16, 2012, the Emergency Financial Manager for the School District issued his Order 2012-1 (the "*Authorizing Order*"), which remains in full force and effect, authorizing the issuance of certain notes of the School District to evidence certain emergency loans from the State under Act 243 and approving the loans and other matters related thereto;

WHEREAS, the Michigan Local Emergency Financial Assistance Loan Board (the "*Board*"), at a meeting held on January 18, 2013, approved a second emergency loan to the School District in the principal amount of Three Million Five Hundred Thousand Dollars (\$3,500,000.00) together with other matters related thereto; and

WHEREAS, the purpose of this Order is to supplement the Authorizing Order by approving the terms and conditions of the second Loan (as defined in the Authorizing Order), which were not yet known when the Authorizing Order was issued;

NOW, THEREFORE, THE EMERGENCY FINANCIAL MANAGER ORDERS AND RESOLVES THAT THE AUTHORIZING ORDER IS SUPPLEMENTED AS FOLLOWS:


Section 1. The School District acknowledges the conditions of the second Loan and agrees to comply with the requirements of the Board's Order of Approval of Loan pertaining to the second Loan ("**Board Order**"). A copy of the Board Order is attached to this Order as **Exhibit B**.

Section 2. The terms of the second Loan as set forth in attached **Exhibit B** and in **Exhibit A** to the Authorizing Order are approved and ratified.

Section 3. This Order is effective immediately.

Section 4. All orders and resolutions and parts of orders or resolutions, *other than* the Authorizing Resolution, of the Emergency Financial Manager or the predecessor Emergency Manager of the School District conflicting with this Order are rescinded. This Order may be amended, modified, repealed, or terminated by any subsequent order issued by the Emergency Financial Manager.

Dated: January 18, 2013

By: 
Donald B. Weatherspoon,
Emergency Financial Manager

**EXHIBIT B
TO EMERGENCY FINANCIAL MANAGER ORDER 2013-1
COPY OF BOARD'S ORDER OF APPROVAL OF THE SECOND LOAN**

[TO BE INSERTED WHEN AVAILABLE]

54772:00001:1531134-1



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD

ORDER 2013-4

ORDER OF APPROVAL OF LOAN

**THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD,
ACTING UPON THE APPLICATION OF**

**SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
COUNTY OF MUSKEGON
STATE OF MICHIGAN**

For the permission to borrow the principal amount of \$3,500,000.00 for the purpose of enabling the School District to meet its financial obligations as more fully set forth herein, the Board determines that:

1. A local fiscal emergency exists within the School District.
2. The School District has complied with the provisions of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, as follows:
 - (a) The School District has provided by order for, and has applied to, the Board for a loan pursuant to the Act.
 - (b) A deficit in the general fund of the School District is projected for the current fiscal year ending June 30, 2013.
 - (c) The School District has issued State aid anticipation notes pursuant to Public Act 451 of 1976, the Revised School Code.

- (d) The School District meets the condition set forth in Section 4(1)(c)(v) of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, in that the pupil membership of the School District under Section 6 of Public Act 94 of 1979, the School Aid Act of 1979, at the time the loan application was made had declined over a preceding three-State-fiscal-year period by a total of 15 percent or more, as determined by the Department of Treasury
 - (e) The School District meets the condition set forth in Section 4(1)(c)(vii) of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, in that the School District is a unit of local government for which a financial emergency has been confirmed to exist and responsibilities for the School District are vested in an Emergency Financial Manager appointed pursuant to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act.
 - (f) The School District submitted its deficit elimination plan on August 6, 2012, and the plan was approved by the Michigan Department of Education on August 7, 2012. The Michigan Department of Education subsequently confirmed on January 14, 2013 that the School District has complied with the conditions set forth in its approved deficit elimination plan.
3. The School District shall submit in a timely manner to the Department of Treasury and the Michigan Department of Education the documentation required by Section 7 of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended.

NOW, THEREFORE, be it ordered by the Board that the application of the School District for an emergency loan in the amount of three million, five hundred thousand dollars (\$3,500,000) for the fiscal year of the School District ending June 30, 2013 is hereby approved, subject to the conditions set forth in this Order of Approval.

Terms of Emergency Loan

- 1. The emergency loan shall be evidenced by a note to be designated as the "Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II." The note shall be for a term not to exceed 30 years. The principal amount outstanding shall bear interest initially at the rate of 2.35% percent (2.35%) per annum, but the initial rate of interest may be adjusted thereafter at such times and by such amount as the Board may determine. Until the emergency loan is repaid, a payment of interest only then owing shall be remitted each May

1, beginning in 2013, and a payment of principal and interest then owing shall be remitted each November 1, beginning in 2013.

Use of Proceeds of Emergency Loan

1. The School District shall use the proceeds of the emergency loan solely to pay critical vendors as approved by the State Treasurer.
2. Within not more than 90 days after the emergency loan is disbursed to the School District, the Emergency Financial Manager for the School District shall file with the Board an accounting of the use of the emergency loan proceeds.

Conditions Upon School District

1. As a condition of receiving the emergency loan authorized by this Order of Approval, the Emergency Financial Manager agrees to perform all of the following:
 - (a) Execute property tax and delinquent property tax intercept agreements as required by the State Treasurer.
 - (b) Execute a cognovit related to the emergency loan authorizing the Attorney General to confess a judgment against the School District in the event of a default upon the emergency loan.
2. As a condition of receiving the emergency loan authorized by this Order of Approval, the School District agrees to perform all of the following during the period that any portion of the emergency loan remains outstanding:
 - (a) Not later than six months after the date upon which the emergency loan is disbursed to the School District, and every six months after that date for the period that the emergency loan is outstanding, submit to the State Treasurer and Superintendent of Public Instruction an evaluation of the performance of the School District against the long-range plan which was submitted pursuant to this Order of Approval.
 - (b) Submit to the State Treasurer and Superintendent of Public Instruction on a quarterly basis beginning April 15, 2013, for the immediately preceding quarter all of the following:
 - (1) A statement of actual revenues received by the School District in the last quarter of the current fiscal year of the School District and in the current fiscal year of the School District to date.

- (2) A statement of total revenues estimated to be received by the School District in the current fiscal year of the School District.
 - (3) A statement of expenditures made and encumbrances entered into by the School District in the last quarter of the current fiscal year of the School District and in the current fiscal year of the School District to date.
 - (4) A statement of revenues which were estimated to be received by the School District and expenditures which were estimated to be made by the School District during the current fiscal year of the School District and through the end of the last quarter of the current fiscal year of the School District.
 - (5) A balance sheet indicating whether total estimated expenditures for the current fiscal year of the School District and for the last quarter exceed the total estimated revenues for the current fiscal year of the School District and for the last quarter, respectively.
- (c) Submit annually by July 1 to the State Treasurer and Superintendent of Public Instruction the general appropriations act of the School District and submit forthwith any amendments to the general appropriations act of the School District adopted pursuant to Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act. An annual operating budget of the School District shall not become effective until approved by the State Treasurer, in consultation with the Superintendent of Public Instruction.
 - (d) Certify annually by July 1 that the School District has fully complied with all statutory requirements concerning the use of the uniform chart of accounts and audits as promulgated by the Michigan Department of Education.
 - (e) To the extent applicable, comply with the requirements of both of the following:
 - (1) Section 3 or 4 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.
 - (2) Section 5 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.
3. Compliance with the conditions imposed upon the School District by this Order of Approval shall be the responsibility of the Emergency Financial Manager appointed pursuant to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act, and shall continue under Public Act 436 of 2012, the Local Financial Stability and Choice Act, or any future successor act unless modified by the Board.

Conditions not Discharged by Contingencies

The conditions imposed upon the School District by this Order of Approval are not subject to release or discharge due to any contingencies, including, but not limited to, clerical errors, computer failures, late mailings, or the failure to comply with reporting due dates or other scheduled due dates due to adverse weather, acts of God, acts of third parties, or compliance with court orders.

Due Dates

A provision of this Order of Approval which requires the School District to submit to the Board, the State Treasurer, or the Superintendent of Public Instruction a report, listing, or other document by a specific due date shall not be deemed complied with unless the report, listing, or other document is received by the Board, the Michigan Department of Treasury, or the Michigan Department of Education by the due date specified. If the due date for a report, listing, or other documents falls on a weekend or legal holiday, then the report, listing, or other document shall be due on the first day thereafter which is not a weekend or legal holiday.

Waiver of Provisions

To the extent permitted by Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, the Board may waive or modify a provision of this Order of Approval if, in its sole discretion, the Board concludes that the School District has demonstrated good cause shown for the waiver. However, the lack of a specific action by the Board shall not be construed as a waiver or modification of a provision of this Order of Approval.

Delegation of Ongoing Supervision

The Board delegates to the State Treasurer responsibility for the day to day supervision of the compliance by the School District with this Order of Approval.

Delegation of Supervision of Disbursement of Loan Proceeds

The Board delegates to the State Treasurer the authority to require that the proceeds from the emergency loan authorized by this Order of Approval be drawn upon by School District officials in one or more installments upon such dates and subject to the satisfaction of such conditions as the State Treasurer may establish.

IN WITNESS WHEREOF, the members of the Board, or their designees, have signed and executed this Order of Approval.

LOCAL EMERGENCY FINANCIAL ASSISTANCE
LOAN BOARD

By Thomas F. Saxton

Thomas F. Saxton, Deputy State Treasurer
As Designee for Andy Dillon, State Treasurer

By Michael J. Moody

Michael J. Moody, Chief Financial Officer
As Designee for John E. Nixon, Director
Department of Technology, Management and Budget

By Steve Arwood

Steve Arwood, Acting Director
Department of Licensing and Regulatory Affairs

Date: 1-18-13
Lansing, Michigan

Bond Debt Service

Muskegon Heights Public Schools, Michigan
 Emergency Loan #2
 \$3,500,000 Par Amount | Dated: January 18, 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
5/1/2013			23,532.64	23,532.64	
6/30/2013					23,532.64
11/1/2013	65,000	2.350%	41,125.00	106,125.00	
5/1/2014			40,361.25	40,361.25	
6/30/2014					146,486.25
11/1/2014	65,000	2.350%	40,361.25	105,361.25	
5/1/2015			39,597.50	39,597.50	
6/30/2015					144,958.75
11/1/2015	65,000	2.350%	39,597.50	104,597.50	
5/1/2016			38,833.75	38,833.75	
6/30/2016					143,431.25
11/1/2016	70,000	2.350%	38,833.75	108,833.75	
5/1/2017			38,011.25	38,011.25	
6/30/2017					146,845.00
11/1/2017	70,000	2.350%	38,011.25	108,011.25	
5/1/2018			37,188.75	37,188.75	
6/30/2018					145,200.00
11/1/2018	75,000	2.350%	37,188.75	112,188.75	
5/1/2019			36,307.50	36,307.50	
6/30/2019					148,496.25
11/1/2019	75,000	2.350%	36,307.50	111,307.50	
5/1/2020			35,426.25	35,426.25	
6/30/2020					146,733.75
11/1/2020	75,000	2.350%	35,426.25	110,426.25	
5/1/2021			34,545.00	34,545.00	
6/30/2021					144,971.25
11/1/2021	80,000	2.350%	34,545.00	114,545.00	
5/1/2022			33,605.00	33,605.00	
6/30/2022					148,150.00
11/1/2022	80,000	2.350%	33,605.00	113,605.00	
5/1/2023			32,665.00	32,665.00	
6/30/2023					146,270.00
11/1/2023	120,000	2.350%	32,665.00	152,665.00	
5/1/2024			31,255.00	31,255.00	
6/30/2024					183,920.00
11/1/2024	120,000	2.350%	31,255.00	151,255.00	
5/1/2025			29,845.00	29,845.00	
6/30/2025					181,100.00
11/1/2025	125,000	2.350%	29,845.00	154,845.00	
5/1/2026			28,376.25	28,376.25	
6/30/2026					183,221.25
11/1/2026	125,000	2.350%	28,376.25	153,376.25	
5/1/2027			26,907.50	26,907.50	
6/30/2027					180,283.75
11/1/2027	130,000	2.350%	26,907.50	156,907.50	
5/1/2028			25,380.00	25,380.00	
6/30/2028					182,287.50
11/1/2028	130,000	2.350%	25,380.00	155,380.00	
5/1/2029			23,852.50	23,852.50	
6/30/2029					179,232.50

Bond Debt Service

Muskegon Heights Public Schools, Michigan
 Emergency Loan #2
 \$3,500,000 Par Amount | Dated: January 18, 2013

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/1/2029	135,000	2.350%	23,852.50	158,852.50	
5/1/2030			22,266.25	22,266.25	
6/30/2030					181,118.75
11/1/2030	140,000	2.350%	22,266.25	162,266.25	
5/1/2031			20,621.25	20,621.25	
6/30/2031					182,887.50
11/1/2031	140,000	2.350%	20,621.25	160,621.25	
5/1/2032			18,976.25	18,976.25	
6/30/2032					179,597.50
11/1/2032	145,000	2.350%	18,976.25	163,976.25	
5/1/2033			17,272.50	17,272.50	
6/30/2033					181,248.75
11/1/2033	150,000	2.350%	17,272.50	167,272.50	
5/1/2034			15,510.00	15,510.00	
6/30/2034					182,782.50
11/1/2034	150,000	2.350%	15,510.00	165,510.00	
5/1/2035			13,747.50	13,747.50	
6/30/2035					179,257.50
11/1/2035	155,000	2.350%	13,747.50	168,747.50	
5/1/2036			11,926.25	11,926.25	
6/30/2036					180,673.75
11/1/2036	160,000	2.350%	11,926.25	171,926.25	
5/1/2037			10,046.25	10,046.25	
6/30/2037					181,972.50
11/1/2037	160,000	2.350%	10,046.25	170,046.25	
5/1/2038			8,166.25	8,166.25	
6/30/2038					178,212.50
11/1/2038	170,000	2.350%	8,166.25	178,166.25	
5/1/2039			6,168.75	6,168.75	
6/30/2039					184,335.00
11/1/2039	170,000	2.350%	6,168.75	176,168.75	
5/1/2040			4,171.25	4,171.25	
6/30/2040					180,340.00
11/1/2040	175,000	2.350%	4,171.25	179,171.25	
5/1/2041			2,115.00	2,115.00	
6/30/2041					181,286.25
11/1/2041	180,000	2.350%	2,115.00	182,115.00	
6/30/2042					182,115.00
	3,500,000		1,430,947.64	4,930,947.64	4,930,947.64

6. CERTIFICATION OF STATUTORY COMPLIANCE



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CERTIFICATION OF STATUTORY COMPLIANCE

I, Andy Dillon, State Treasurer, hereby certify in conjunction with the School District of the City of Muskegon Heights "Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II," in the principal amount of three million, five hundred thousand dollars (\$3,500,000) made under the authority of Public Act 243 of 1980, the Emergency Municipal Loan Act, as amended, that the total of emergency loans made to all municipalities that are school districts does not exceed the amount authorized by Section 3 of the Act.

By 
Andy Dillon

Date: 1/17/13
Lansing, Michigan

7. CERTIFICATION OF FINAL TRANSCRIPT



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

CERTIFICATION OF FINAL TRANSCRIPT

I, Harlan Goodrich, Secretary to the Local Emergency Financial Assistance Loan Board, Bureau of Local Government Services, Michigan Department of Treasury, do hereby certify as follows:

1. That the foregoing is a complete and correct transcript of all relevant proceedings and records on file in the Bureau of Local Government Services relating to the issuance by the School District of the City of Muskegon Heights, Muskegon County, Michigan, of its "Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II," in the principal amount of three million, five hundred thousand dollars (\$3,500,000.00), dated January 18, 2013, the same having been compared by me with the originals on file in the Bureau of Local Government Services.

2. That the Local Emergency Financial Assistance Loan Board proceedings of January 18, 2013, have not been vetoed, rescinded, or amended in any manner whatsoever, but are in full force and effect.

3. That, at the time of the taking of the proceedings of the Local Emergency Financial Assistance Loan Board of January 18, 2013, the persons named in the proceedings were the duly qualified and acting members of the Board, and that the persons who acted for, or as designees

of, any members at the meeting at which the proceedings were taken were duly qualified and authorized to act.

4. That public notice of the meeting of the Local Emergency Financial Assistance Loan Board of January 18, 2013, was given pursuant to and in compliance with Public Act 267 of 1976, the Open Meetings Act, as amended, including in the case of a special meeting or a meeting recessed for more than 36 hours, notice by posting at least 18 hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereunto affixed my signature on the date indicated below.

By Harlan Goodrich

Harlan Goodrich

Date: 1-18-13

Lansing, Michigan

January 10, 2013

Mr. Harlan Goodrich
Local Emergency Financial Assistance Loan Board
430 W. Allegan Street
Lansing, MI 48922

Dear Mr Goodrich:

Attached please find two copies of the following act:

Act 243 of 1980, as amended, being § 141.931 et seq. of the *Michigan Compiled Laws*.

The attached copies of this act were generated from *MichLaw*, the computerized database of the *Michigan Compiled Laws*, which database is maintained by the Legislative Service Bureau, a nonpartisan agency of the Michigan Legislature, pursuant to its duty to maintain the official text of the statutes of Michigan. See Act 268 of 1986, being § 4.1101 et seq. of the *Michigan Compiled Laws*, and Const 1963, art 4, sec 36.

The text of the above described act, as set forth in the attached copies, has been verified against the official copy of the act and all amendments thereto as filed with the Secretary of State.

Materials in boldface type on the attached copies, particularly the act heading, M. C. L. numbers, catchlines, history notes, compiler's notes, and related annotations are not part of the statutes as enacted by the Michigan Legislature.

Sincerely,



Marge Martin, Legal Counsel
Legal Division, Statutory Compiling and
Law Publications Unit
Legislative Service Bureau

Is
Enclosure

EMERGENCY MUNICIPAL LOAN ACT
Act 243 of 1980

AN ACT to provide emergency financial assistance for certain political subdivisions of this state; to create a local emergency financial assistance loan board and to prescribe the powers and duties of this board; to prescribe conditions for granting and receiving loans, to prescribe terms and conditions for the repayment of loans, and to allow the limiting of repayment by a county from specified revenue sources; to impose certain requirements and duties on certain state departments, political subdivisions of this state, and officials of this state and political subdivisions of this state; and to prescribe remedies and penalties.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1988, Act 198, Imd. Eff. June 27, 1988;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

The People of the State of Michigan enact:

141.931 Definitions.

Sec. 1. As used in this act:

- (a) "Board" means the local emergency financial assistance loan board created under section 2.
- (b) "Fiscal year" means, unless otherwise provided in this act, the fiscal year of the municipality applying for a loan under this act.
- (c) "Income tax collections" means the total collection of a municipality under the city income tax act, 1964 PA 284, MCL 141.501 to 141.787, in any calendar year.
- (d) "Income tax revenue growth rate" means the quotient of the following:
 - (i) The numerator is the income tax collections of the municipality for the calendar year immediately preceding the municipality's application for a loan under this act.
 - (ii) The denominator is the income tax collections for the municipality for the calendar year preceding the calendar year used in determining the numerator.
- (e) "Municipality" means a county, city, village, or township in this state. For the period beginning on October 1, 2011 and ending on September 30, 2018, municipality also includes a school district in this state.
- (f) "Local tax base growth rate" for a municipality means the state equalized valuation of the real and personal property of the municipality for the most recent year for which data is available divided by the state equalized valuation of real and personal property of the municipality for the fifth year preceding the most recent year for which data is available.
- (g) "Statewide tax base growth rate" means the total state equalized valuation for real and personal property for the most recent year for which data is available divided by the total state equalized valuation for the fifth year preceding the most recent year for which data is available.
- (h) "State equalized valuation of real and personal property of the municipality" means the valuation determined under 1911 PA 44, MCL 209.1 to 209.8, of real and personal property within the municipality plus an amount equal to the state equalized valuation equivalent of certain revenues of the municipality as determined under this subdivision. The state equalized valuation equivalent shall be calculated by dividing the sum of the following amounts by the municipality's millage rate for the fiscal year:
 - (i) The amount levied by the municipality for its own use during the municipality's fiscal year from the specific tax levied under 1974 PA 198, MCL 207.551 to 207.572.
 - (ii) The amount levied by the municipality for its own use during the municipality's fiscal year from the specific tax levied under the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 2007, Act 178, Imd. Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.932 Local emergency financial assistance loan board; creation; membership; powers and duties; approval of actions; conducting business at public meeting; staff services.

Sec. 2. (1) There is created a local emergency financial assistance loan board within the department of treasury. This board shall consist of the state treasurer, the director of the department of licensing and regulatory affairs, and the director of the department of technology, management, and budget. Except for budgeting, procurement, and related functions of the board that shall be performed under the direction and supervision of the state treasurer, the board shall exercise its prescribed statutory powers, duties, and functions independently of the department of treasury.

(2) The board has the powers necessary to carry out and effectuate the purposes and provisions of this act, and powers vested in the board under other laws of this state, including, but not limited to, all of the following powers:

(a) To act by an order issued in the name of the board and signed by the members of the board. The signature of the designee of a member, when the designee is acting for his or her principal, has the same force and effect as the signature of the member.

(b) To authorize and make loans; to renegotiate the terms of outstanding loans; and to make, execute, and deliver contracts and other instruments necessary or convenient to the exercise of its powers.

(c) To aid, advise, and consult with a municipality with respect to fiscal questions arising from and relating to its proposed or outstanding loans.

(d) To promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, that it considers necessary.

(e) To examine the books and records of a municipality applying for or receiving a loan under this act for the purpose of ascertaining if the municipality is complying, in relation to a loan under this act, with the requirements of the board, the laws of this state, and the charter, ordinances, and resolutions of the municipality. Additionally, for effectuating this purpose, the board may require sworn statements from any officer or employee of the municipality and may require the municipality to furnish a statement of its financial condition. The board has full power, in furtherance of its investigations, to examine witnesses on oath, to compel the attendance of witnesses, to compel the giving of testimony, and to compel the production of books, papers, and records. Witnesses may be summoned by the board by its process upon the payment of the same fees as are allowed to witnesses attending in the circuit court for the county in which a hearing is held. A person duly subpoenaed under this section who fails to attend or testify at the place named in the subpoena served for that purpose is guilty of a misdemeanor.

(f) To serve notice upon a municipality of an order relating to the municipality issued by the board. A municipality has prima facie notice of and is bound by an order of the board if notice has been served upon it by registered mail addressed to any officer of the municipality upon whom legal process may be served.

(g) To enforce compliance with its orders; with the terms of outstanding loans; with any provision of this act; or, in relation to a loan under this act, with any law of this state or with the charter, ordinances, or resolutions of a municipality that received a loan under this act. As 1 method to enforce compliance, the board may institute appropriate proceedings in the courts of this state, including proceedings for writs of mandamus and injunctions.

(h) To subject a loan to the terms and conditions the board considers necessary to ensure compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, and to ensure timely repayment of the loan, including, but not limited to, requiring the direct assignment for repayment of a loan of any state money appropriated to the municipality or, for a municipality that is a school district, other revenue or money that may be pledged by a school district under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, or other law.

(i) To provide loan terms specifying conditions and events of default and remedies available upon default by a municipality.

(j) To impose loan terms upon the disbursement of a loan authorized to be made under section 3(2)(b) or (3).

(3) The board shall review each application for a loan from a municipality to determine if the municipality satisfies the requirements of this act. Except for loans authorized under section 3(2) or (3), upon determining those applications that satisfy the application eligibility requirements of section 4 and, for subsequent annual loans, section 8, the board may authorize an annual loan to 1 or more of those eligible applicants upon declaring that a local fiscal emergency exists in the municipality. For loans authorized under section 3(2) or (3), the board may authorize a loan upon determining that the municipality has satisfied the requirements of this act applicable to loans under section 3(2) or (3).

(4) All actions of the board shall be approved by all members of the board. All meetings of the board shall be conducted at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(5) Subject to the requirements of this act, the board has the sole authority to determine all of the following:

(a) The amount of a loan.

(b) The rate or rates of interest on a loan.

(c) Any other condition related to a loan including, but not limited to, requiring that the proceeds of a loan be used for specified purposes.

(6) The department of treasury shall provide staff services to the board to carry out this act.

(7) A municipality may do 1 or more of the following:

(a) Borrow money under this act, and issue evidences of indebtedness for repayment of obligations, including, but not limited to, money advanced or previously advanced to a school district or approved or

previously approved for advancement to a school district under section 15(2) of the state school aid act of 1979, 1979 PA 94, MCL 388.1615, or money borrowed by the school district under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225.

(b) Enter into a loan agreement with the board.

(c) Issue its notes evidencing the loan.

(d) Assign and convey any revenues allocated to it for repayment of the loan.

(e) Take any other action necessary to receive, secure, or repay a loan under this act.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.933 Maximum amount of loans in fiscal year; limitations; conditions; revenue for loans; restructuring payments; "county juvenile agency" defined.

Sec. 3. (1) For state fiscal years ending before October 1, 2011, the board may authorize loans under this act to municipalities that total up to \$5,000,000.00 in a state fiscal year. For state fiscal years beginning after September 30, 2018, the board may authorize loans under this act to municipalities that total up to \$10,000,000.00 in a state fiscal year, but a loan to a single municipality shall not exceed \$4,000,000.00 in a state fiscal year. For the period beginning on October 1, 2011 and ending on September 30, 2018, the board may do all of the following:

(a) Authorize loans to municipalities other than school districts that total up to \$35,000,000.00 during the period. Loans to a single municipality under this subdivision shall not total more than \$20,000,000.00. The board shall not authorize a loan to a municipality under this subdivision until 30 days after the effective date of the amendatory act that added this subdivision.

(b) Authorize loans to municipalities that are school districts that total up to \$50,000,000.00 during the period. Loans to a single school district under this subdivision shall not total more than \$20,000,000.00.

(2) The board may authorize loans under this act to a county within the following limitations:

(a) In the 1998-99 state fiscal year, the board may authorize loans under this act to a county with a population greater than 1,500,000.

(b) For a state fiscal year in which the block grant appropriated to a county with a population of more than 1,500,000 that is organized under 1966 PA 293, MCL 45.501 to 45.521, and that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county for that fiscal year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b. The board is not required to authorize loans under this subdivision to a county for more than 1 state fiscal year.

(3) If in a state fiscal year the block grant appropriated to a county other than a county described in subsection (2) that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, in that state fiscal year.

(4) Sections 6(2), 7, and 8 and the conditions listed in section 4(1) do not apply to a loan authorized under subsection (2) or (3).

(5) The proceeds of a loan made under subsection (2) or (3) shall be maintained in a separate account and shall not be commingled with the county's general fund or any other special fund or account.

(6) The state treasurer or his or her designee shall monitor the expenditure of the proceeds of any loan made under subsection (2) or (3).

(7) The proceeds of a loan made under subsection (2) or (3) are subject to the requirements of the county juvenile agency act, 1998 PA 518, MCL 45.621 to 45.631.

(8) Except as otherwise provided in this subsection, revenue for loans made under this act shall be provided from the surplus funds of this state under authorization granted under section 1 of 1855 PA 105, MCL 21.141. Alternatively, for a school district, revenue for a loan made under this act may be provided from money advanced to the school district by this state from money appropriated from the state school aid fund established under section 11 of article IX of the state constitution of 1963 and payable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

(9) After September 30, 2012, the board may restructure payments, but not the outstanding principal balance or interest, on a loan to a municipality under subsection (1) if all of the following apply:

(a) For a municipality that is a school district, in a state fiscal year after the state fiscal year in which the

loan to the school district was authorized by the board, the foundation allowance for the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896, is less than the foundation allowance for the school district in the state fiscal year in which the loan was authorized.

(b) For a municipality other than a school district, in a state fiscal year after the state fiscal year in which the loan to the municipality was authorized by the board, statutory revenue sharing for the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, combined with any economic vitality incentive program money payable to the municipality is less than the statutory revenue sharing for the municipality combined with any economic vitality incentive program money payable to the municipality in the state fiscal year in which the loan was authorized.

(c) The municipality is in compliance with the terms of the loan and any other requirements applicable to the municipality under this act.

(d) The municipality is in compliance with any requirements relating to a deficit elimination plan under state law.

(e) The municipality is in compliance with any applicable consent agreement or order of an emergency manager under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531.

(f) For a municipality that is a school district, the school district is in compliance with all requirements for receipt of the foundation allowance and any other requirements applicable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

(g) For a municipality other than a school district, the municipality is in compliance with all conditions for economic vitality incentive program money or statutory revenue sharing or other requirements applicable to the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(h) The restructuring of payments complies with applicable law.

(i) The loan has not been sold or transferred under section 6a.

(10) As used in this section, "county juvenile agency" means that term as defined in section 2 of the county juvenile agency act, 1998 PA 518, MCL 45.622.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.933a Proceeds of a loan; special assessment.

Sec. 3a. The proceeds of a loan issued under this act to a municipality shall not be used by the municipality to finance any costs associated with a special assessment or special assessment district established after the effective date of the amendatory act that added this section.

History: Add. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.934 Application for loan; resolution; certification of information and conditions; inspection, copying, or auditing of books and records; applicability of subsection (1).

Sec. 4. (1) If the governing body of a municipality desires to request a loan, it shall provide by resolution for the submission of an application to the board for a loan made under this act. The municipality shall certify and substantiate all of the following information and conditions to be eligible for consideration for a loan authorization by the board:

(a) A deficit for the municipality's general fund is projected for the current fiscal year.

(b) That 1 or both of the following have occurred within the 18 months immediately preceding the loan request:

(i) The municipality has issued tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or for a school district, issued notes under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225.

(ii) The department of treasury has acted upon a request by the municipality to issue tax anticipation notes or revenue sharing notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(c) The municipality meets 1 or more of the following conditions:

(i) Its income tax revenue growth rate is .90 or less, or the municipality has 2 or more emergency loans outstanding at the time its application is submitted and its income tax revenue growth rate is 1.3 or less.

(ii) Its local tax base growth rate is 75% or less of the statewide tax base growth rate.

(iii) The state equalized valuation of real and personal property within the municipality at the time the loan application is made is less than the state equalized valuation of real and personal property within the municipality in the immediately preceding year.

(iv) The municipality is levying the maximum number of mills it is authorized to levy as approved by the

voters and has either of the following:

(A) One or more delinquent special assessments.

(B) Outstanding bonds, notes, or other evidences of indebtedness that were issued in anticipation of a contract obligation with, or an assessment obligation against, another municipality that has 1 or more delinquent special assessments that were levied to satisfy, in whole or in part, the contract or assessment obligation.

(v) For a school district, the school district's membership under section 6 of the state school aid act of 1979, 1979 PA 94, MCL 388.1606, at the time the loan application is made has declined over a preceding 3-state-fiscal-year period by a total of 15% or more, as determined by the department of treasury.

(vi) The municipality is in receivership or is subject to a consent agreement under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, and loan authorization by the board is necessary to implement a financial and operating plan, a consent agreement, or a continuing operations plan or recovery plan for the municipality under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute.

(vii) The municipality is a municipality for which a financial emergency has been confirmed to exist and responsibilities for the municipality are vested in an emergency financial manager under former 1990 PA 72 or is a municipality for which a consent agreement, including a plan to address a serious financial problem, is in place for the municipality under former 1990 PA 72. This subparagraph applies only if the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable.

(d) The municipality submits a 5-year plan, that has been approved by the governing body of the municipality, and that will balance future expenditures with anticipated revenues.

(2) If the board determines it necessary, the board may inspect, copy, or audit the books and records of a municipality.

(3) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1983, Act 67, Imd. Eff. May 31, 1983;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2002, Act 405, Imd. Eff. June 3, 2002;—Am. 2007, Act 198, Imd. Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.935 Maximum amount of loans; eligibility.

Sec. 5. Except for a county subject to section 3(2), until September 30, 2011, the board may authorize loans to any 1 municipality in an amount not to exceed \$3,000,000.00 in any 1 fiscal year of the municipality. Except for a county subject to section 3(2), a municipality is not eligible to receive loans in more than 5 fiscal years in any 10-year period.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 2007, Act 198, Imd. Eff. Dec. 21, 2007;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.936 Annual rate or rates of interest; fixed rate; rate calculated upon formula; limitation; payment of interest and principal; delinquency; repayment at earlier date or in fewer installments; prohibited conditions; effect of failure to make repayments; loan as general obligation of municipality; exception.

Sec. 6. (1) A loan made under this act shall bear an annual rate or rates of interest, if any, as established by the board under section 2(5). The board may establish interest for a loan under this act either at a rate or rates that are fixed for the term of the loan or, if the formula is approved by the board at the time the loan is made or renegotiated as authorized in section 2, at a rate calculated upon a formula that varies the rate annually. The board may provide that the interest rate or rates for a loan under this act may adjust to an interest rate or rates determined at the time of the sale or transfer by the state treasurer to be sufficient to facilitate the sale of the loans under section 6a. Except for loans sold or transferred under section 6a, if the interest rate for a loan under this act is a single fixed rate, the annual rate of interest for the term of a loan shall not be less than the municipal 10-year rate as determined by the state treasurer. The board may consider a higher interest rate based on both the market interest rates and the risk of the municipality requesting the loan.

(2) Interest payments are due and payable as determined by the board or the state treasurer under section 6a. Repayment of all of the principal shall be made not more than 30 years from the date of issuance determined by the board or state treasurer under section 6a, except as provided in subsection (5). This subsection, sections 7 and 8, and the conditions listed in section 4(1) do not apply to a loan authorized under section 3(2) or (3).

(3) The loan agreement between the board and a county for a loan authorized under section 3(2) or (3) shall establish the schedule for payment of the principal of and interest on the loan, the nature of the

obligation of the county to repay a loan made under this act, and any security for that loan. Payments of principal and interest for a loan authorized by section 3(2) shall be limited to revenues allocated to the county under the health and safety fund act, 1987 PA 264, MCL 141.471 to 141.479, minus those revenues authorized by the board in the loan agreement for use in the payment of other county obligations.

(4) Unless other state appropriations to a municipality are pledged or assigned in an amount sufficient for the municipality to make a required principal or interest payment, if the municipality's payment of required principal or interest is delinquent, the state treasurer may withhold the amount of all delinquent payments that are due on a loan issued under this act from state payments to the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(5) Except for loans sold or transferred under section 6a or as otherwise determined by the board, notwithstanding the payment schedules and methods established by this section or by the terms of a loan agreement, a municipality may initiate repayment of all or part of a loan made under this act at an earlier date or may make repayment in fewer installment payments, or both. The board shall not condition either eligibility for consideration for a loan or the grant of a loan under this act on repayment schedules and terms other than those required by subsections (1), (2), (3), and (4). In addition, failure of a municipality to make repayments under terms or a schedule it has instituted under this subsection does not disqualify the municipality from eligibility for consideration for loans in subsequent fiscal years.

(6) A loan issued under this act shall be a general obligation of the municipality except that a loan issued under section 3(2) shall not be a general obligation of the municipality and shall be repaid solely from specific revenues pledged for repayment of the loan.

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1987, Act 282, Eff. Apr. 11, 1988;—Am. 1988, Act 198, Imd. Eff. June 27, 1988;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.936a State treasurer selling or transferring loan; security; interest rate; terms; notice.

Sec. 6a. (1) The state treasurer may sell or transfer a loan under this act and enter into an agreement related to the sale or transfer of the loan. The state treasurer also may assign to the purchaser or transferee of a loan under this act all security pledged for the loan by a municipality. A loan sold or transferred under this section shall be secured in the same manner as a loan under this act not sold or transferred, including, but not limited to, benefiting from the security provided by section 6(4).

(2) The state treasurer may enter into an agreement with the purchaser or transferee of a loan under this act to repurchase the loan at a price and time or upon the occurrence of an event provided in the agreement.

(3) Except as otherwise provided in this subsection, at the time a loan is sold or transferred under this section, the state treasurer may set the interest rate, or method of determining the interest rate, on the loan being sold or transferred, including, but not limited to, a loan made before the effective date of the amendatory act that added this section, at a rate the state treasurer determines necessary and advisable to accomplish the sale or transfer. A rate determined by the state treasurer shall not exceed the maximum rate otherwise authorized by law.

(4) When a loan is sold or transferred under this section, the state treasurer may make changes to the terms of the loan, including a loan made before the effective date of the amendatory act that added this section, as the state treasurer determines necessary and advisable to permit a purchaser or transferee to sell obligations secured by the loans as tax-exempt under federal law, including, but not limited to, modifying redemption provisions, principal amortization, and interest and principal payment dates of the loan. The state treasurer also may require a municipality to make certain covenants the state treasurer determines necessary or advisable relating to the tax-exempt status of the obligations of a purchaser or transferee.

(5) At any time, the state treasurer may require a municipality to enter into an agreement with a purchaser or transferee of a loan regarding continuing disclosure obligations under federal law or any other matters the state treasurer determines are necessary and advisable. The state treasurer may require entry into an agreement with a recipient of a loan issued before the effective date of the amendatory act that added this section.

(6) If a loan is sold or transferred under this section, the state treasurer shall notify all of the following that the loan was sold or transferred:

- (a) Governor.
- (b) Senate majority leader.
- (c) Senate minority leader.
- (d) Speaker of the house of representatives.
- (e) House minority leader.
- (f) Senate fiscal agency.

(g) House fiscal agency.

History: Add. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.937 Duties of municipality receiving loan; definitions; exception.

Sec. 7. (1) A municipality that receives a loan under this act shall perform all of the following:

(a) Except as otherwise provided in this subdivision, employ a full-time professional administrator or contract with a person with expertise in municipal finance and administration to direct or participate directly in the management of the municipality's operations until otherwise ordered by the board. If the municipality is in receivership under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, compensate the emergency manager for the municipality and reimburse the emergency manager's actual and necessary expenses as provided under section 15(5)(e) of the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1515, or a successor statute. If the municipality is under a consent agreement as provided under the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, or a successor statute, compensate those officials who are required to be compensated under the consent agreement with the municipality and reimburse those officials' actual and necessary expenses as provided under the consent agreement.

(b) If the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable and an emergency financial manager is in place for the municipality under former 1990 PA 72, compensate the emergency financial manager and reimburse the emergency financial manager's actual and necessary expenses. If the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531, is repealed or otherwise not effective and former 1990 PA 72 is again in effect or applicable and a consent agreement is in place for the municipality under former 1990 PA 72, compensate those officials who are required to be compensated under the consent agreement with the municipality and reimburse those officials' actual and necessary expenses as provided under the consent agreement.

(c) Not more than 6 months after receiving a loan and semiannually after that date for the period the loan is outstanding, submit to the board an evaluation of the performance of the municipality against the 5-year plan submitted under section 4(1).

(d) Submit all of the following to the board on a quarterly basis:

(i) A statement of actual revenues received in the last quarter and in the current fiscal year to date.

(ii) A statement of total revenues estimated to be received by the municipality in the current fiscal year.

(iii) A statement of expenditures made and encumbrances entered into by the municipality in the last quarter and in the current fiscal year to date.

(iv) A statement of revenues that were estimated to be received and expenditures that were estimated to be made during the current fiscal year and through the end of the last quarter.

(v) A balance sheet indicating whether total estimated expenditures for the current fiscal year and for the last quarter exceed the total estimated revenues for the current fiscal year and for the last quarter, respectively.

(e) Submit the general appropriations act of the municipality, and any amendments to that act, adopted under the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, or any equivalent report as may be required by the board if the municipality is not required to adopt a general appropriations act.

(f) Submit any budget change in the current fiscal year or any amendment to the general appropriations act of the municipality for the current fiscal year to the board before adoption.

(g) Submit any budget for the ensuing fiscal year or the general appropriations act of the municipality for the ensuing fiscal year to the board before adoption.

(h) Certify that the municipality has fully complied with all statutory requirements concerning use of the uniform chart of accounts and audits.

(2) If the state treasurer determines that a municipality is not in compliance with all of the requirements under subsection (1) and with the 5-year plan submitted under section 4(1), the state treasurer may modify the terms of the loan to require a higher interest rate or to accelerate the repayment of the loan.

(3) As used in this section, "expenditure" and "revenue" mean those terms as defined in sections 2c and 2d of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.422c and 141.422d.

(4) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999;—Am. 2012, Act 284, Imd. Eff. Aug. 1, 2012.

141.938 Additional eligibility requirements; exception.

Sec. 8. (1) In addition to the requirements of section 4, to be eligible for consideration for a fiscal year loan

under this act after having qualified for and received the first or any subsequent fiscal year loan under this act, a municipality shall satisfy all of the following requirements:

(a) Fulfilled the requirements of section 7.

(b) Submitted a progress report to the board detailing the steps that have been taken to achieve the long-range plan submitted pursuant to section 4(1) and the management measures that have been taken to improve fiscal management of the municipality.

(c) Satisfy the board that reasonable progress has been made to resolve any federal discrimination suit pending against the municipality.

(2) Subsection (1) does not apply to a loan authorized under section 3(2) or (3).

History: 1980, Act 243, Imd. Eff. July 24, 1980;—Am. 1980, Act 324, Imd. Eff. Dec. 15, 1980;—Am. 1986, Act 6, Imd. Eff. Feb. 21, 1986;—Am. 1998, Act 528, Imd. Eff. Jan. 12, 1999.

141.939 Annual report; evaluation of loan program; recommendations.

Sec. 9. The board shall report annually to the governor and the legislature on which municipalities have applied for loans under the program, which municipalities have received loans, the amount of each loan, and the conditions under which each loan was made. Five years after the effective date of this act, the board shall submit to the governor and the legislature an evaluation of the loan program with recommendations for its continuance or discontinuance.

History: 1980, Act 243, Imd. Eff. July 24, 1980.

141.940 Repealed. 1980, Act 324, Imd. Eff. Dec. 15, 1980.

Compiler's note: The repealed section pertained to local emergency financial assistance loan fund.

141.941 Short title.

Sec. 11. This act may be known and may be cited as the "emergency municipal loan act".

History: 1980, Act 243, Imd. Eff. July 24, 1980.

141.942 Conditional effective date.

Sec. 12. This act shall not take effect unless the following Senate Bills of the 1980 regular session of the legislature are enacted into law:

(a) Senate Bill No. 1192.

(b) Senate Bill No. 1193.

History: 1980, Act 243, Imd. Eff. July 24, 1980.

Compiler's note: Senate Bill No. 1192, referred to in this section, was approved by the Governor on July 24, 1980, and became P.A. 1980, No. 242, Imd. Eff. July 24, 1980. Senate Bill No. 1193, also referred to in this section, was approved by the Governor on July 24, 1980, and became P.A. 1980, No. 241, Imd. Eff. July 24, 1980.

NUMBER
R-1



UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MUSKEGON

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS

EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2012-13 Series II

Registered Owner: State of Michigan
Principal Amount: \$3,500,000.00
Date of Original Issue: January 18, 2012

The SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS, County of Muskegon, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the State of Michigan the Principal Amount specified above, in lawful money of the United States of America, in 30 consecutive annual installments as set forth on the attached Exhibit A, incorporated herein by reference, unless modified by written agreement of the State Treasurer, on November 1 in each of the years 2013 to 2041, inclusive, unless prepaid in whole or in part prior thereto as hereinafter provided, with interest on the unpaid principal balance hereof from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the rates per annum determined as set forth herein, payable first on May 1, 2013 and semi-annually on each May 1 and November 1 thereafter. Both the principal of and interest on this note are payable at the Office of the State Treasurer in Lansing, Michigan, or such other place as may be designated in writing to the Issuer by the State Treasurer.

From the Date of Original Issue specified above, this note shall bear interest at the rate of 2.35% per annum, unless modified by written agreement of the State Treasurer. Interest on this note shall be computed on the basis of a 365 or 366 day year and the actual number of days elapsed.

This note is issued on the Date of Original Issue specified above in the name of the Issuer by the duly appointed and qualified Emergency Financial Manager

of the Issuer under Act No. 72 of the Public Acts of 1990, as amended ("*Act 72*"), pursuant to an order issued by such Emergency Financial Manager under Act 72 on August 16, 2012, as supplemented by an order issued by the duly appointed and qualified Emergency Financial Manager under Act 72 on January 18, 2013, confirming and approving the terms and conditions of the Loan (as defined below), and an order issued by the predecessor Emergency Manager of the Issuer under Act No. 4, Public Acts of 2011, on August 3, 2012, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act No. 243, Public Acts of 1980, as amended ("*Act 243*"), to evidence the obligation of the Issuer to repay an emergency loan made to it by the State of Michigan on the Date of Original Issue specified above for the purpose of enabling the Issuer to meet its financial obligations (the "*Loan*").

The Issuer shall have the right to pay at any time or times prior to maturity, without penalty or premium, all or any portion of this note. Prepayments shall be credited to principal payments in direct order of maturity.

In addition, on each November 1, commencing November 1, 2013, the Issuer shall have the obligation to prepay, without penalty or premium, an aggregate principal amount equal to the net amount on deposit in the Account (as defined in the Tax Intercept Agreement described below) as of the preceding business day, less an amount equal to the operating expenses to be claimed by the School District, as approved from time to time by the State Treasurer. Prepayments shall be credited to principal payments in inverse order of maturity.

This note and the interest hereon are payable, as a first budget obligation, from any funds of the Issuer available therefor, including but not limited to any delinquent taxes payable to the Issuer from the County of Muskegon, State of Michigan's delinquent tax revolving fund, or from general ad valorem taxes imposed on all taxable property in the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, charter and statutory tax rate limitations. This note is issued on a *pari passu* basis with the Issuer's note dated August 16, 2012 designated as School District of the City of Muskegon Heights Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series I.

The maturity of principal of and accrued and unpaid interest on this note may be accelerated by the State Treasurer on behalf of the State of Michigan upon the occurrence and during the continuance of any Event of Default under this note. Each of the following shall constitute an "Event of Default" under this note: (A) non-payment of any principal of or interest on this note, when due; and (B) failure of the Issuer to comply with the terms of paragraph 2 of the Funding Conditions Memorandum dated the date hereof between the Issuer and the State of Michigan.

The Issuer shall pledge to the State Treasurer the proceeds of 100% of the operating taxes levied for the Issuer and the delinquencies thereon for application to pay the principal of and interest on this note, when due. The Issuer has entered into a Tax Intercept Agreement with The Bank of New York Mellon Trust Company, N.A., located in Detroit, Michigan, as depositary (the "*Depositary*"), the City of Muskegon Heights and the County Treasurer of the County of Muskegon to provide for the payment to the Depositary by such City and County Treasurer of such operating taxes and the delinquencies thereon collected by them on behalf of the Issuer after the date of such agreement. As additional security for payment of this note and in the event of the delinquency of the Issuer in paying required principal of or interest on this note, the State Treasurer is authorized to intercept up to but not more than all delinquent amounts of principal and interest due on this note from state school aid payments to the Issuer otherwise required to be made to the Issuer pursuant to the provisions of the State School Aid Act, Act No. 94, Public Acts of 1979, as amended, and said intercepted state school aid payments shall be applied by the State Treasurer against said delinquent payments.

The Issuer has entered into a Depositary Agreement related to the Tax Intercept Agreement with the Depositary to provide for the manner in which the revenue from taxes collected will be deposited for use to repay the principal and interest due on this note.

While this note is outstanding, the Issuer has the right to issue additional notes only to the State of Michigan in order to obtain additional emergency loans for the purpose of enabling the Issuer to meet its financial obligations.

The Issuer covenants that it shall perform and meet all requirements imposed upon the Issuer as a result of receiving the Loan pursuant to Act 243 until this note is paid in full.

The Issuer waives presentment, demand, notice of dishonor, protest and notice of non-payment with respect to this note.

The Principal Amount of this note has been disbursed for the benefit of the Issuer by deposit into an account established in its name (the "*Disbursement Account*") at The Bank of New York Mellon Trust Company, N.A., (the "*Disbursement Depositary*") established pursuant to a Disbursement Depositary Agreement between the Issuer and the Disbursement Depositary dated as of August 16, 2012, as supplemented by the First Supplemental Agreement dated as of the date hereof (the "*Disbursement Depositary Agreement*"). Moneys in the Disbursement Account shall be the property of the Issuer. Unless the Disbursement Depositary has been advised that an Event of Default has occurred and is continuing, the Disbursement Depositary shall disburse to the Issuer out of the Disbursement Account the amount requisitioned from time to time by the Issuer and approved by the State Treasurer, until the full Principal Amount shall have been disbursed to the Issuer. Such disbursements shall be

made from time to time upon presentation of, and pursuant to, a requisition certificate executed by the Issuer in the form shown on Exhibit A attached to the Disbursement Depository Agreement or in a form approved by the State Treasurer. Disbursements from the Disbursement Account shall be made upon the Disbursement Depository's receipt of an executed requisition certificate in the described form, which requisition certificate may be submitted electronically or by facsimile. The Disbursement Depository shall be entitled to rely on the truthfulness of each executed requisition certificate in the prescribed form and shall have no duty to inquire into or investigate the truth thereof.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this note, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the Issuer, including this note, does not exceed any constitutional, charter or statutory debt limitation.

[Signature Page To Follow]

SPECIMEN

IN WITNESS WHEREOF, the Issuer has caused this note to be signed in the name of the Issuer by the manual signature of its Emergency Financial Manager, as of the Date of Original Issue.

SCHOOL DISTRICT OF THE CITY
OF MUSKEGON HEIGHTS
County of Muskegon
State of Michigan

By _____
Donald B. Weatherspoon
Its: Emergency Financial Manager

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SPECIMEN

EXHIBIT A (Page 1 of Two)

BOND DEBT SERVICE
 Muskegon Heights Public Schools
 Emergency Loan #2
 Emergency Loan #2 -- \$3,500,000

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/01/2013			23,532.64	23,532.64	
06/30/2013					23,532.64
11/01/2013	65,000	2.350%	41,125.00	106,125.00	
05/01/2014			40,361.25	40,361.25	
06/30/2014					146,486.25
11/01/2014	65,000	2.350%	40,361.25	105,361.25	
05/01/2015			39,597.50	39,597.50	
06/30/2015					144,958.75
11/01/2015	65,000	2.350%	39,597.50	104,597.50	
05/01/2016			38,833.75	38,833.75	
06/30/2016					143,431.25
11/01/2016	70,000	2.350%	38,833.75	108,833.75	
05/01/2017			38,011.25	38,011.25	
06/30/2017					146,844.50
11/01/2017	70,000	2.350%	38,011.25	108,011.25	
05/01/2018			37,188.75	37,188.75	
06/30/2018					145,200.00
11/01/2018	75,000	2.350%	37,188.75	112,188.75	
05/01/2019			36,307.50	36,307.50	
06/30/2019					148,496.25
11/01/2019	75,000	2.350%	36,307.50	111,307.50	
05/01/2020			35,426.25	35,426.25	
06/30/2020					146,733.75
11/01/2020	75,000	2.350%	35,426.25	110,526.25	
05/01/2021			34,545.00	34,545.00	
06/30/2021					144,971.25
11/01/2021	80,000	2.350%	34,545.00	114,545.00	
05/01/2022			33,665.00	33,665.00	
06/30/2022					148,150.00
11/01/2022	80,000	2.350%	33,665.00	113,665.00	
05/01/2023			32,785.00	32,785.00	
06/30/2023					146,270.00
11/01/2023	120,000	2.350%	32,785.00	152,665.00	
05/01/2024			31,255.00	31,255.00	
06/30/2024					183,920.00
11/01/2024	120,000	2.350%	31,255.00	151,255.00	
05/01/2025			29,845.00	29,845.00	
06/30/2025					181,100.00
11/01/2025	120,000	2.350%	29,845.00	154,845.00	
05/01/2026			28,376.25	28,376.25	
06/30/2026					183,221.25
11/01/2026	120,000	2.350%	28,376.25	153,376.25	
05/01/2027			26,907.50	26,907.50	
06/30/2027					180,283.75
11/01/2027	130,000	2.350%	26,907.50	156,907.50	
05/01/2028			25,380.00	25,380.00	
06/30/2028					182,287.50
11/01/2028	130,000	2.350%	25,380.00	155,380.00	
05/01/2029			23,852.50	23,852.50	
06/30/2029					179,232.50
11/01/2029	135,000	2.350%	23,852.50	158,852.50	
05/01/2030			22,266.25	22,266.25	
06/30/2030					181,118.75
11/01/2030	140,000	2.350%	22,266.25	162,266.25	
05/01/2031			20,621.25	20,621.25	
06/30/2031					182,887.50
11/01/2031	140,000	2.350%	20,621.25	160,621.25	
05/01/2032			18,976.25	18,976.25	
06/30/2032					179,597.50
11/01/2032	145,000	2.350%	18,976.25	163,976.25	
05/01/2033			17,272.50	17,272.50	
06/30/2033					181,248.75
11/01/2033	150,000	2.350%	17,272.50	167,272.50	
05/01/2034			15,510.00	15,510.00	
06/30/2034					182,782.50
11/01/2034	150,000	2.350%	15,510.00	165,510.00	
05/01/2035			13,747.50	13,747.50	
06/30/2035					179,257.50

SPECIMEN

10. FUNDING CONDITIONS MEMORANDUM

FUNDING CONDITIONS MEMORANDUM

THIS FUNDING CONDITIONS MEMORANDUM (“*Memorandum*”) dated January 18, 2013, is hereby made a part of and incorporated into that certain Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II (the “*Note*”) dated the date hereof and issued by the School District of the City of Muskegon Heights, County of Muskegon, State of Michigan (the “*Issuer*”), to the State of Michigan (the “*Lender*”).

1. **Terms.** All capitalized terms contained in this Memorandum, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Note and all documents executed pursuant thereto or in connection therewith.

2. **Issuer’s Agreement.** Each of the following conditions shall be satisfied, including that all documents shall be in form and substance satisfactory to the State Treasurer on behalf of the Lender, in the sole discretion of the State Treasurer, unless waived by the State Treasurer in writing:

(a) Issuer has entered into a Tax Intercept Agreement dated as of November 2, 2012 among the Issuer, The Bank of New York Mellon Trust Company, N.A., as depository (the “*Depository*”), the City of Muskegon Heights, and the County Treasurer of the County of Muskegon (the “*Tax Intercept Agreement*”). The executed agreement is attached hereto as Exhibit A.

(b) Issuer has entered into a Depository Agreement dated as of November 2, 2012 (related to the Tax Intercept Agreement) between the Issuer and the Depository. The executed agreement is attached hereto as Exhibit B.

(c) Issuer has entered into a State Aid and Tax Pledge Agreement dated as of August 16, 2012 among the Issuer, the Lender, and the State Treasurer. The executed agreement is attached hereto as Exhibit C.

(d) Issuer shall, not later than six (6) months after the date upon which the emergency loan is disbursed to the Issuer, and every six (6) months after that date for the period that the emergency loan is outstanding, submit to the State Treasurer and Superintendent of Public Instruction an evaluation of the performance of the Issuer against the long-range plan which was submitted pursuant to the Emergency Loan Board’s Order 2013-4.

(e) Issuer shall submit to the State Treasurer and Superintendent of Public Instruction on a quarterly basis beginning April 15, 2013, for the immediately preceding quarter all of the following:

- i. A statement of actual revenues received by the Issuer in the last quarter of the current fiscal year of the Issuer and in the current fiscal year of the Issuer to date.

- ii. A statement of total revenues estimated to be received by the Issuer in the current fiscal year of the Issuer.
- iii. A statement of expenditures made and encumbrances entered into by the Issuer in the last quarter of the current fiscal year of the Issuer and in the current fiscal year of the Issuer to date.
- iv. A statement of revenues which were estimated to be received by the Issuer and expenditures which were estimated to be made by the Issuer during the current fiscal year of the Issuer and through the end of the last quarter of the current fiscal year of the Issuer.
- v. A balance sheet indicating whether total estimated expenditures for the current fiscal year of the Issuer and for the last quarter exceed the total estimated revenues for the current fiscal year of the Issuer and for the last quarter, respectively.

(f) Issuer shall submit annually by July 1 to the State Treasurer and Superintendent of Public Instruction the general appropriations act of the Issuer and any amendments to the general appropriations act of the Issuer adopted pursuant to Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act. An annual operating budget of the School District shall not become effective until approved by the State Treasurer, in consultation with the Superintendent of Public Instruction.

(g) Issuer shall certify annually by July 1 that it has fully complied with all statutory requirements concerning the use of the uniform chart of accounts and audits as promulgated by the Michigan Department of Education.

(h) Issuer shall, to the extent applicable, comply with the requirements of both of the following:

- i. Section 3 or 4 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.
- ii. Section 5 of Public Act 152 of 2011, the Publicly Funded Health Insurance Contributions Act.

3. **Default.** Failure of the Issuer to comply with the terms of paragraph 2 above shall constitute an Event of Default under the Note and the terms and conditions of this Memorandum are incorporated in and made a part of the Note.

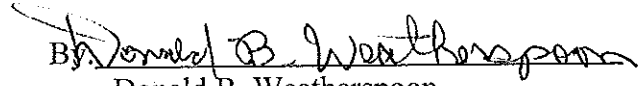
4. **Waiver.** It has been determined that the Issuer is not in compliance with the requirements of paragraph 2(d) of the Funding Conditions Memorandum dated August 16, 2012 (the "*2012 Memorandum*") with respect to its Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series I (the "*2012 Note*") with respect to the filing of certain information for the quarter ended September 30, 2012, for the reasons articulated by the Issuer to the Lender. The Issuer issued the 2012 Note to evidence its obligation to repay an emergency loan made to it by the Lender on August 16, 2012 for the purpose of enabling the Issuer to meet its financial

obligations (the "*Loan*"). The Lender has determined not to modify the terms of the Loan in accordance with the authority of Section 7(2) of the Emergency Municipal Loan Act, but rather has determined to waive, and hereby waives, compliance with the requirements of paragraph 2(d) of the 2012 Memorandum until April 15, 2013. This waiver shall not extend to or affect any other existing or any subsequent need for approval or waiver, or impair any rights or remedies consequent thereto. It shall not be deemed to be a waiver of any other rights, remedies or privileges of the Lender under the 2012 Memorandum or the 2012 Note. The Issuer hereby acknowledges and agrees that all terms, conditions and provisions of the 2012 Memorandum and the 2012 Note, other than as specifically waived above, continue in full force and effect and remain unaffected and unchanged.

[Signature Page to Follow]

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

**County of Muskegon
State of Michigan**

By: 

Donald B. Weatherspoon
Emergency Financial Manager

STATE OF MICHIGAN

By: 

Thomas F. Saxton
Deputy State Treasurer

11. CERTIFICATION OF NON-LITIGATION/SIGNATURE IDENTIFICATION

NON-LITIGATION AND
SIGNATURE IDENTIFICATION CERTIFICATE

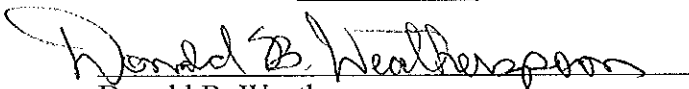
STATE OF MICHIGAN
COUNTY OF MUSKEGON

I hereby certify that I am the duly qualified and appointed Emergency Financial Manager of the School District of the City of Muskegon Heights, in the County and State aforesaid (the "Issuer"), as herein indicated, and that I did officially sign the \$3,500,000 School District of the City of Muskegon Heights Emergency Loan Note (General Obligation Limited Tax), 2012-13 Series II, dated January 18, 2013, and delivered herewith (the "Note"); that I am on the date hereof the Emergency Financial Manager having authority to execute and deliver the Note; that to the best of my knowledge after due inquiry of the Issuer's litigation attorney, there is no litigation of any nature pending against the Issuer for the purpose of restraining or enjoining the issuance of the Note, nor directly affecting the proceedings or authority by which the Note is issued, the legality of the purpose for which the Note is issued, or the validity of the Note; that neither the existence of the Issuer nor the title of the present officers of the Issuer to their respective offices is being contested to the best of my knowledge and information; that to the best of my knowledge there is no litigation pending against the Issuer that indirectly or collaterally affects any of the foregoing; and that none of the proceedings heretofore taken to authorize the issuance of the Note and to provide security therefor has been repealed, revoked or rescinded.

Dated: January 18, 2013

SIGNATURE

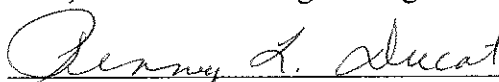
TITLE


Donald B. Weatherspoon

Emergency Financial Manager

STATE OF MICHIGAN)
) ss.
COUNTY OF Ingham)

On this 18 day of January, 2013 before me appeared the Emergency Financial Manager of the School District of the City of Muskegon Heights, County of Muskegon, Michigan, to me personally known, who, by me duly sworn, did say he has executed the Certificate, and I acknowledge his signature as true and genuine.


Notary Public, State of Michigan, County of Clinton
My Commission Expires: Nov 30, 2017
Acting in the County of Ingham

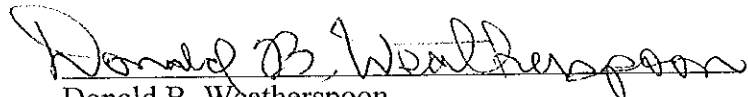
12. CERTIFICATION OF RECEIPT OF LOAN

CERTIFICATE OF RECEIPT OF LOAN

I hereby certify that I am the duly qualified and appointed Emergency Financial Manager of the School District of the City of Muskegon Heights (the "*School District*"), County of Muskegon, Michigan, and I further certify and acknowledge that the proceeds of the Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II in the amount of \$3,500,000 have been deposited with the Bank of New York Mellon Trust Company, N.A. (the "*Depository*") pursuant to the Disbursement Depository Agreement between the School District and the Depository dated as of August 16, 2012, as supplemented by the First Supplemental Agreement dated as of the date hereof.

School District of the City of Muskegon Heights

County of Muskegon
State of Michigan



Donald B. Weatherspoon
Its: Emergency Financial Manager

Dated: January 18, 2013

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF MUSKEGON

SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS

COGNOVIT
Relating To
EMERGENCY LOAN NOTE
(General Obligation Limited Tax)
2012-13 Series II

The SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS, County of Muskegon, State of Michigan (the "*Issuer*"), has issued its Emergency Loan Note (General Obligation Limited Tax), 2012-13 Series II, dated January 18, 2013, in the face principal amount of \$3,500,000 (the "*Note*"), acknowledging itself to owe and for value received promising to pay to the State of Michigan (the "*State*") the amounts, at the times and with interest thereon as specified in the Note. In the event of any non-payment of principal of or interest on the Note when due, the State has the right to declare all amounts under the Note to be immediately due and payable, without notice or demand. The Issuer waives presentment, demand, notice of dishonor, protest and notice of non-payment with respect to the Note.

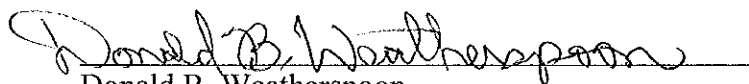
In connection with the Note and to secure repayment of the Note, the Issuer hereby irrevocably and unconditionally authorizes the Attorney General of the State of Michigan, including any licensed attorney who is a member of the State of Michigan Department of Attorney General, to appear in any court of record of the State of Michigan at any time after amounts under the Note have become due and remain unpaid, whether by acceleration or otherwise, (a) based on this cognovit instrument and in accordance with Section 2096 of the Revised Judicature Act, Act No. 236 of the Michigan Public Acts of 1961, as amended (the "*RJA*") (MCL 600.2906), to confess a judgment against the Issuer in favor of the State for the principal amount of the Note then due and with the interest thereon then due as specified in the Note (collectively, the "*Amounts Due and Unpaid*"), (b) to consent to the State bringing an action to obtain a judgment against the Issuer for the Amounts Due and Unpaid based on this cognovit instrument and an attorney's confession of judgment and (c) to waive prior notice of the judgment, the right to a trial on the indebtedness, and the right to an appeal from such judgment.

The Issuer acknowledges that if it does not pay any Amounts Due and Unpaid under the Note on time, by signing this cognovit instrument: it gives up its right to notice and court trial with respect thereto, a court judgment may be taken against it for the Amounts Due and Unpaid in accordance with such Section 2096 without its prior knowledge, and the powers of a court can be used to collect the Amounts Due and Unpaid from it, including the power to enter a judgment which could be satisfied against the Issuer in accordance with Section 6094 of the Revised Judicature Act, Public Act 236 of 1961, as amended or any other applicable law.

IN WITNESS WHEREOF, the Issuer, by Order 2013-1, has caused this cognovit instrument to be signed in the name of the Issuer by the manual signature of its Emergency Financial Manager, as of January 18, 2013, the Date of Original Issue of the Note.

SCHOOL DISTRICT OF THE CITY OF
MUSKEGON HEIGHTS

County of Muskegon
State of Michigan

A handwritten signature in cursive script, reading "Donald B. Weatherspoon", written over a horizontal line.

Donald B. Weatherspoon
Its: Emergency Financial Manager

Dated: January 18, 2013

January 18, 2013

School District of the City of Muskegon Heights
County of Muskegon
State of Michigan

Ladies and Gentlemen:

We have acted as counsel to the School District of the City of Muskegon Heights, County of Muskegon, State of Michigan (the "**District**"), in connection with the issuance of its note in the principal amount of \$3,500,000, designated Emergency Loan Note (General Obligation Limited Tax), 2012-13 Series II (the "**Note**"), for the purpose described in the Note. This opinion is being rendered at the request of the District and the State Treasurer of the State of Michigan.

We have examined the transcript of proceedings relating to the issuance by the District of the Note. The Note was signed and delivered by the Emergency Financial Manager of the District on its Date of Original Issue, January 18, 2013, and is payable as to principal and interest, and is subject to payment prior to maturity, in the manner and at the times specified in the Note. The Note was authorized by (i) the Emergency Manager of the District pursuant to an order issued by him on August 3, 2012 (the "**Authorizing Order**") under the authority granted to the Emergency Manager under Act No. 4, Public Acts of Michigan, 2011 ("**Act 4**"), and (ii) the Emergency Financial Manager of the District pursuant to a ratifying order issued by him on August 16, 2012, as supplemented by an order of the Emergency Financial Manager issued on the date hereof, under the authority granted to the Emergency Financial Manager under Act No. 72, Public Acts of Michigan, 1990, as amended ("**Act 72**").

In providing these opinions, we have examined the following documents:

- (A) the Note as executed;
- (B) the Funding Conditions Memorandum dated the date hereof between the District and the State of Michigan (the "**Funding Conditions Memorandum**");
- (C) the Cognovit instrument dated as of the date hereof of the District relating to the Note (the "**Cognovit**");
- (D) State Aid and Tax Pledge Agreement dated as of August 16, 2012 among the District, the State of Michigan and the State Treasurer of the State of Michigan (the "**Pledge Agreement**");

January 18, 2013
School District of the City of Muskegon Heights
Page 2

(E) Tax Intercept Agreement (the "*Tax Intercept Agreement*") dated as of November 2, 2012 among the District, the City of Muskegon Heights, the County Treasurer of the County of Muskegon and The Bank of New York Mellon Trust Company, N.A.; and

(F) Depositary Agreement dated as of November 2, 2012 between the District and The Bank of New York Mellon Trust Company, N.A. (the "*Depositary Agreement*").

In rendering the opinions set forth paragraph 1 and 2 below, we have relied upon the assumptions (which we have independently investigated or verified) that: (i) Donald B. Weatherspoon currently is and since August 8, 2012 has been the duly appointed and qualified Emergency Financial Manager of the District pursuant to Act 72, and (ii) Donald B. Weatherspoon was the duly appointed and qualified Emergency Manager of the District pursuant to Act 4 during the period beginning immediately before he issued the Authorizing Order and ending at the time of the suspension of the effectiveness of Act 4 as a matter of law on August 8, 2012. As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Note has been duly authorized and executed by the District and is a legal, valid and binding general obligation of the District.
2. The Funding Conditions Memorandum, the Cognovit, the Pledge Agreement, the Tax Intercept Agreement and the Depositary Agreement (the "*Financing Documents*") have been duly authorized and executed by the District and each is a legal, valid and binding obligation of the District in accordance with its terms.
3. All taxable property within the boundaries of the District is subject to taxation for payment of the Note, subject to applicable constitutional, statutory and charter tax rate limitations.

The rights and remedies of the registered noteholder with respect to the Note, the Funding Conditions Memorandum and the Cognovit may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by and to the application of general principles of equity, including those relating to equitable subordination.

These opinions are given only as of the date hereof and do not contemplate, and no opinion is given with respect to, future events or subsequent changes in law or fact.

FOSTER SWIFT

FOSTER SWIFT COLLINS & SMITH P.C. ATTORNEYS

January 18, 2013
School District of the City of Muskegon Heights
Page 3

This opinion letter is being furnished only to the addressee hereof and is solely for its benefit in connection with the transactions contemplated by the Note and the Financing Documents. In addition, the State of Michigan may rely on this opinion letter in making the Loan (as defined in the Note). This opinion letter may not be relied upon for any other purpose, or relied upon by any other person, firm or corporation for any purpose, and may not be quoted, published or otherwise disseminated, in each case without our prior written consent.

Very truly yours,

Foster, Swift, Collins & Smith, P.C.

Foster, Swift, Collins & Smith, P.C.

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30754
LANSING, MICHIGAN 48909

BILL SCHUETTE
ATTORNEY GENERAL

January 18, 2013

Mr. Andy J. Dillon, State Treasurer
Austin Building
430 West Allegan St.
Lansing, MI 48922

Dear Mr. Dillon:

Re: School District of the City of Muskegon Heights, Muskegon County, Michigan,
Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II

I have caused to be examined certified copies of the proceedings (the "Closing Transcript") and other documents relating to the issuance by the School District of the City of Muskegon Heights, Muskegon County, Michigan, of its note designated "Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II." Said note is in the denomination of Three Million Five Hundred Thousand Dollars (\$3,500,000), dated January 18, 2013, bearing interest at the initial rate of 2.35% per annum, and thereafter the interest rate may be adjusted at such times and by such amount as the Local Emergency Financial Assistance Loan Board (the "ELB Board") may determine. The accrued interest on the note shall be paid first on May 1, 2013 and semi-annually on each May 1 and November 1 thereafter. The principal balance on the note shall be repaid in 30 consecutive annual installments each on November 1st of the year 2013 through 2041. The School District has the right to pay all or part of the principal and accrued interest on the note at any time prior to maturity without penalty or premium. Prepayments shall be credited to principal payments in direct order of maturity.

The documentation for this loan is consistent with and demonstrates compliance with the statutory authority for the making of this loan by the ELB Board pursuant to the Emergency Municipal Loan Act, 1980 PA 243, as amended, MCL 141.931 *et seq.* When you are satisfied with the documents in the Closing Transcript, the loan proceeds can be transmitted by the Department of Treasury into an account established for the benefit of the School District at The Bank of New York Mellon Trust Company, N.A., (the "Disbursement Depository") pursuant to the Disbursement Depository Agreement dated as of August 16, 2012, as supplemented by the

Mr. Andy J. Dillon

Page 2

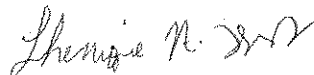
January 18, 2013

First Supplemental Agreement dated as of the date hereof, between the School District and the Disbursement Depository to complete the closing of this loan.

Sincerely yours,

A handwritten signature in cursive script that reads "Bill Schuette".

Bill Schuette
Attorney General

A handwritten signature in cursive script that reads "Shenique A. Moss".

Shenique A. Moss
Assistant Attorney General
Finance Division

16. CERTIFICATION OF FINAL TRANSCRIPT BY SCHOOL DISTRICT

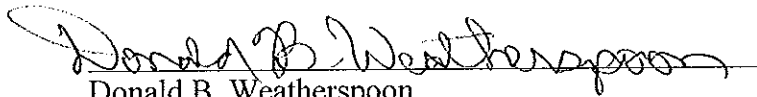
FINAL TRANSCRIPT CERTIFICATE OF SCHOOL DISTRICT

The undersigned, being the duly qualified and appointed Emergency Financial Manager of the School District of the City of Muskegon Heights, Muskegon County, Michigan, hereby certifies that:

1. The documents described and contained in the foregoing transcript relating to the issuance by the School District of the City of Muskegon Heights Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series II, dated as of the date of delivery thereof, in the principal amount of \$3,500,000, insofar as the same constitute proceedings, records and other documents of the School District, are true copies of the originals or certified copies thereof and have not been amended, modified or supplemented except as therein permitted and as set forth in the foregoing transcript, and remain in full force and effect without change as of the date hereof.

2. At the times of the taking of the various proceedings and execution of the various records and documents by the School District, which are contained in the foregoing transcript, the person named therein as being the Emergency Manager or Emergency Financial Manager of the School District was such duly designated, qualified and acting official of the School District in such capacity.

School District of the City of Muskegon Heights



Donald B. Weatherspoon

Its: Emergency Financial Manager

Dated: January 18, 2013

17. DISBURSEMENT DEPOSITARY AGREEMENT

DISBURSEMENT DEPOSITARY AGREEMENT

Between

The School District of the City of Muskegon Heights

and

**The Bank of New York Mellon Trust Company, N.A.,
as Depositary**

Dated as of August 16, 2012

Disbursement Depositary Agreement

This Disbursement Depositary Agreement is dated as of August 16, 2012 (this "Agreement") and is between the School District of the City of Muskegon Heights, County of Muskegon, State of Michigan (the "School District"), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly established and validly existing under and by virtue of the laws of the United States, with its corporate trust office located in Detroit, Michigan, as Depositary (the "Depositary").

WITNESSETH:

WHEREAS, the School District has determined that it is desirable and in the best interests of the School District to provide for the deposit of \$7,650,000 from Emergency Loan with the Depositary, to be held on behalf of the School District and to be invested solely in investments authorized under applicable law, as determined by the School District; and

WHEREAS, the Depositary has determined that it is willing to enter into this Agreement and to carry out the duties set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, and for other good, fair and valuable considerations and reasonably equivalent value, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Depositary and the School District do agree as follows, intending to be legally bound:

Section 1. Establishment of Account

The School District hereby deposits with the Depositary the sum of \$7,650,000 to be held by the Depositary. The Depositary accepts said sum and agrees to establish and maintain a separate account (the "Account") therefore in its capacity as Depositary, acting as a custodian for the benefit of the School District, pursuant to the terms of this Agreement. The Account established hereby shall remain the property of the School District. Subaccounts may be established within the Account when deemed necessary or convenient by the School District or the Depositary. The Depositary shall have custody of the Account, which shall be held on behalf of the School District and kept separate from the other assets of the Depositary, and the money on deposit in the Account shall be held, invested and disbursed as directed by the School District pursuant to this Agreement.

Section 2. Investments

(a) The Depositary agrees to invest and reinvest funds in the Account as directed by the Emergency Financial Manager of the School District or his/her successor

as the chief executive officer of the School District (together with any authorized agent of the School District so designated in writing by such Emergency Financial Manager or such successor chief executive officer of the School District, the "Authorized Officer") in writing in a Permitted Investment (as defined below). The Authorized Officer of the School District shall be authorized to give the Depository investment instructions.

"Permitted Investments" shall mean securities in which a School District may invest under the Public Act 451 of 1976, as amended, The Revised School Code, and subject to the limitations and procedures set forth therein.

(b) The School District recognizes and agrees that the Depository will not provide supervision, recommendations or advice relating to either the investment of moneys held in the Account or the purchase, sale, retention or other disposition of any Permitted Investment. The School District shall be solely responsible for complying with the provisions of any law, rule or regulation concerning the investment of public funds. Earnings on Permitted Investments shall be added to the Account. Absent directions from the School District, funds are to be invested in Dreyfus Treasury and Agency Cash Management Money Market Fund. The Depository shall be under no obligation to invest moneys in the Account other than as directed by the School District. Any loss or expense incurred as a result of an investment will be borne by the Account.

(c) The Depository is hereby authorized to trade with itself and any affiliated entity in the purchase and sale of securities for investment, and is authorized to execute purchases and sales of Permitted Investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Depository shall send statements to the School District on a monthly basis reflecting activity in the Account for the preceding month. Although the School District recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the School District hereby agrees that confirmations of Permitted Investments are not required to be issued by the Depository for each month in which a monthly statement is rendered.

(d) The School District acknowledges and agrees that the delivery of the funds held hereunder is subject to the sale and final settlement of Permitted Investments. Proceeds of a sale of Permitted Investments will be delivered on the business day on which the appropriate instructions are delivered to the Depository if received prior to the deadline for same day sale of such Permitted Investments. If such instructions are received after the applicable deadline, proceeds will be delivered on the next succeeding business day.

Section 3. Disbursement of Account

Moneys deposited in the Account shall be paid out from time to time by the Depository within two business days after receipt by the Depository of a direction of the School District, properly completed and executed in substantially the form of **Exhibit A** attached hereto or in a letter or memo form acceptable to the Depository.

Section 4. Concerning the Depositary

Notwithstanding any provision contained herein to the contrary, the Depositary, including its officers, directors, employees and agents, shall:

(a) not be liable for any action taken or omitted under this Agreement so long as it shall have acted in good faith and without gross negligence;

(b) have no responsibility to inquire into or determine the genuineness, authenticity, or sufficiency of any securities, checks, or other documents or instruments submitted to it in connection with its duties hereunder;

(c) be entitled to deem the signatories of any documents or instruments submitted to it hereunder as being those purported to be authorized to sign such documents or instruments on behalf of the School District, and shall be entitled to rely upon the genuineness of the signatures of such signatories, if as shown in the School District provided Incumbency Certificate, without inquiry and without requiring substantiating evidence of any kind;

(d) have no responsibility or liability for any diminution in value of any assets held hereunder which may result from any investments or reinvestment made in accordance with any provision which may be contained herein;

(e) be entitled to compensation for its services hereunder as per **Exhibit B** attached hereto, which is made a part hereof, and for reimbursement of its out-of-pocket expenses including, but not by way of limitation, the fees and costs of attorneys or agents which it may find necessary to engage in performance of its duties hereunder, all to be paid by the School District, and the Depositary shall have, and is hereby granted, a prior lien upon any property, cash, or assets of the Account, with respect to its unpaid fees and nonreimbursed expenses, superior to the interests of any other persons or entities;

(f) be entitled and is hereby granted the right to set off and deduct any unpaid fees and/or nonreimbursed expenses from amounts on deposit in the Account;

(g) be, and hereby is indemnified and saved harmless, to the extent permitted by law, by the School District from all losses, liabilities, costs and expenses, including attorney fees and expenses, which may be incurred by it as a result of its acceptance of the Account or arising from the performance of its duties hereunder, unless such losses, liabilities, costs and expenses shall have been finally adjudicated to have resulted from the bad faith or gross negligence of the Depositary, and such indemnification shall survive its resignation or removal, or the termination of this Agreement;

(h) be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be a defendant or to take any steps in the enforcement of its rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and

until it shall have been indemnified by the School District to its satisfaction against any and all costs and expenses, outlays, counsel fees and expenses, and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Depository, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery;

(i) have only those duties as are specifically provided herein and shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith. This Agreement sets forth all matters pertinent to the Account, and no additional obligations of the Depository shall be inferred from the terms of this Agreement or any other agreement. IN NO EVENT SHALL THE DEPOSITARY BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE DEPOSITARY'S FAILURE TO ACT IN ACCORDANCE WITH THE STANDARDS SET FORTH IN THIS AGREEMENT, OR (ii) SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, EVEN IF THE DEPOSITARY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES;

(j) have the right, but not the obligation, to consult with counsel of choice and shall not be liable for action taken or omitted to be taken by Depository either in accordance with the advice of such counsel or in accordance with any opinion of counsel to the School District addressed and delivered to the Depository;

(k) not have any liability or obligation with respect to any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Depository shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances; and

(l) have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees, and shall not be responsible for the misconduct or negligence of such agents, attorneys, custodians and nominees appointed by it with due care.

The Depository agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the School District shall provide to the Depository an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the School District elects to give the

Depository e-mail or facsimile instructions (or instructions by a similar electronic method) and the Depository in its discretion elects to act upon such instructions, the Depository's understanding of such instructions shall be deemed controlling. The Depository shall not be liable for any losses, costs or expenses arising directly or indirectly from the Depository's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The School District agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Depository, including without limitation the risk of the Depository acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Depository and that there may be more secure methods of transmitting instructions than the method(s) selected by the School District; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

Any banking association or corporation into which the Depository may be merged, converted or with which the Depository may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Depository shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Depository shall be transferred, shall succeed to all the Depository's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 5. Resignation or Removal of Depository

The School District or the Depository may terminate this Agreement by giving thirty (30) days prior written notice to the other party. The School District shall require prior consent of the Michigan Department of Treasury to terminate this Agreement or substantially change EXHIBIT A. In such event, the duties of the Depository shall terminate (30) days after receipt of such notice (or as of such earlier date as may be mutually agreeable) and the Depository shall then deliver the balance of the moneys or assets then in its possession to the School District or as the School District shall direct.

Section 6. Notices

Any notice or request to be given in connection with any of the terms or provisions of this Agreement shall be in writing and be given in person, by facsimile transmission, courier delivery service or by mail, and shall become effective (a) on delivery if given in person, (b) on the date of delivery if sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods or by courier delivery service, or (c) four business days after being deposited in the mails, with proper postage for first-class registered or certified mail, prepaid. A copy of any notice shall be sent to the Michigan Department of Treasury.

Until notified in writing by the appropriate party of a change to a different address, notices shall be addressed as follows:

(i) if to the School District:

School District of Muskegon Heights
2603 Leahy St.
Muskegon Heights, Michigan 49444

Attention: Donald Weatherspoon

Fax Number: (231) 830-3560

(ii) if to the Depository:

The Bank of New York Mellon Trust Company, N.A.
719 Griswold Street, Suite 930
Detroit, Michigan 48226

Attention: Corporate Trust Division

Fax Number: (313) 967-5190

With a copy to:

Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

Attention: Bureau of State and Authority Finance

Fax Number: (517) 241-9509

Section 7. Governing Law, Counterparts

This Agreement shall be construed in accordance with the laws of the State of Michigan. It may be executed in several counterparts, each one of which shall constitute an original and all collectively shall constitute but one instrument.

Section 8. Amendment, Modification or Waiver

This Agreement may be amended or modified and any term of this Agreement may be waived if such amendment, modification or waiver is in writing and signed by all parties.

Section 9. Assignments of Interests

No assignment of the interest of either of the parties hereto shall be binding in the absence of the written consent of the other party.

Section 10. Waiver of Trial by Jury

Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

Section 11. Governing Law

This agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Michigan, notwithstanding its conflict of laws principles or any other rule, regulation or principle that would result in the application of any other state's law.

IN WITNESS WHEREOF, the parties have been duly executed this Depository Agreement as of the date first above written.

School District of the City of Muskegon
Heights, County of Wayne
State of Michigan

By Donald B. Weatherston
Name: _____
Its Emergency Financial Manager

The Bank of New York Mellon Trust
Company, N.A., as Depository

By _____
Name: Allen L. Golson
Its Vice President

Agreement Approved by:

MICHIGAN DEPARTMENT OF TREASURY

By: Thomas F. Sexton
Name: _____
Title: Deputy State Treasurer

IN WITNESS WHEREOF, the parties have been duly executed this Depository Agreement as of the date first above written.

School District of the City of Muskegon
Heights, County of Wayne
State of Michigan

By _____
Name: _____
Its Emergency Financial Manager

The Bank of New York Mellon Trust
Company, N.A., as Depository

By N. Packard
Name: Nan L. Packard
Its Vice President

Agreement Approved by:

MICHIGAN DEPARTMENT OF TREASURY

By: _____
Name: _____
Title: _____

The undersigned further certifies that the School District has spent or reasonably expects to spend within the next thirty (30) days, all monies it received pursuant to any previous Requisition Certificate.

Signed on August 16, 2012

THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS

By: _____

Name: _____

Its Emergency Financial Manager

MICHIGAN DEPARTMENT OF TREASURY

By: _____

Name: _____

Title: _____

School District of the City of Muskegon Heights
Wire Instructions
As of August 16, 2012

Bank Name:

Bank/Branch Location:

ABA/ Routing #:

Name of Account

_____ Checking Acct#:

Bank Contact

School District of the City of Muskegon Heights General

EXHIBIT B

Fee Schedule

See Attached



THE BANK OF NEW YORK MELLON

The Bank of New York Mellon Trust Company, N.A.
The Bank of New York Mellon Trust Company, N.A.

Depository Account for Muskegon Heights Public Schools Fee Schedule

The Bank of New York Mellon Trust Company, N.A. (BNYMTC) as Depository Agent shall be entitled to payment of the fees, expenses and charges as set forth in this Fee Schedule.

ANNUAL ADMINISTRATIVE FEE

\$600

The Annual Administrative fee covers the duties and responsibilities related to account administration, which may include maintenance of accounts on various systems, collection, investment, and payment of funds, and the monitoring of document compliance.

ACCEPTANCE & LEGAL FEES

Waived

We intend to review the contracts and all supporting documentation internally. There is no additional amount charged for the ordinary services we provide in conducting the initial legal review of the contracts and supporting documentation.

INVESTMENT COMPENSATION

With respect to investments in money market mutual funds for which BNYMTC provides shareholder services, BNYMTC (or its affiliates) may receive and retain fees from the mutual funds (or their affiliates) for shareholder services as set forth in the Authorization and Direction to BNYMTC to Invest Cash Balances in Money Market Mutual Funds.

MISCELLANEOUS FEES / OUT-OF-POCKET EXPENSES

The annual administration fees quoted above are anticipated to cover all normal miscellaneous fees and out of pocket expenses. However, the fees for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNYMTC's sole discretion. These extraordinary services may include, but are not limited to, supplemental agreements, sinking fund redemptions, the preparation of special or interim reports, custody of collateral, termination of an engagement, statutory filing charges, UCC amendments, continuations, and termination fees; and expenses of BNYMTC's representative(s) and Counsel for attending special meetings. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed. Out-of-pocket expenses may include, but are not limited to, telephone; facsimile; courier; copying; postage and supplies.



THE BANK OF NEW YORK MELLON

The Bank of New York Mellon Trust Company, N.A.
The Bank of New York Mellon Trust Company, N.A.

TERMS AND DISCLOSURES

TERMS OF PROPOSAL

Final acceptance of the appointment as trustee under the Indenture is subject to approval of authorized officers of BNYMTC and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees are guaranteed for the life of the engagement.

MISCELLANEOUS

The terms of this Fee Schedule shall govern the matters set forth herein and shall not be superseded or modified by the terms of the Indenture. This Fee Schedule shall be governed by the laws of the State of Michigan without reference to laws governing conflicts. BNYMTC and the undersigned agree to jurisdiction of the federal and state courts located in the City of Detroit, State of Michigan.

CUSTOMER NOTICE REQUIRED BY THE USA PATRIOT ACT

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNYMTC we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

First Supplemental Agreement

This First Supplemental Agreement is dated as of January 18, 2013 (this "First Supplemental Agreement") and is entered into between the School District of the City of Muskegon Heights, County of Muskegon, State of Michigan (the "School District"), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly established and validly existing under and by virtue of the laws of the United States, with its corporate trust office located in Detroit, Michigan, as Depository (the "Depository"). This First Supplemental Agreement supplements the Disbursement Depository Agreement dated as of August 16, 2012 between the School District and the Depository (the "Original Agreement").

WITNESSETH:

WHEREAS, the School District has determined that it is desirable and in the best interests of the School District to provide for the deposit of \$3,500,000 from its Emergency Loan Note (General Obligation Limited Tax), 2012-13 Series II (the "Note") with the Depository; and

WHEREAS, the School District and the Depository have agreed to enter into this First Supplemental Agreement to supplement the Original Agreement and the Depository has agreed to carry out the duties set forth in the Original Agreement and herein.

NOW, THEREFORE, in consideration of the compensation outlined in Exhibit B of the Original Agreement, the School District and the Depository hereby agree as follows:

Section 1. Capitalized terms used in this First Supplemental Agreement and not defined herein shall have the respective meanings given such terms in the Original Agreement.

Section 2. The School District hereby deposits with the Depository the sum of \$3,500,000 to be held by the Depository. The Depository accepts said sum and agrees to deposit said amount in the Account established pursuant to the Original Agreement.

Section 3. All sums deposited in the Account pursuant to this First Supplemental Agreement shall be invested and disbursed in accordance with Sections 2 and 3 of the Original Agreement, respectively.

Section 4. This First Supplemental Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, notwithstanding its conflict of laws principles or any other rule, regulation or principle that would result in the application of any other state's law.

Section 5. This First Supplemental Agreement may be executed in several counterparts, each one of which shall constitute an original and all collectively shall constitute but one instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have caused this First Supplemental Agreement to be executed by their duly authorized representative as of the date first written above.

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

**County of Muskegon
State of Michigan**

By: _____
Donald B. Weatherspoon
Emergency Financial Manager

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Depository**

By: _____
Nan L. Packard
Vice President

Agreement Approved by:

MICHIGAN DEPARTMENT OF TREASURY

By: _____
Thomas F. Saxton
Deputy State Treasurer

IN WITNESS WHEREOF, the parties have caused this First Supplemental Agreement to be executed by their duly authorized representative as of the date first written above.

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

**County of Muskegon
State of Michigan**

By: Donald B. Weatherspoon
Donald B. Weatherspoon
Emergency Financial Manager

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Depository**

By: Nan L. Packard
Nan L. Packard
Vice President

Agreement Approved by:

MICHIGAN DEPARTMENT OF TREASURY

By: Thomas F. Saxton
Thomas F. Saxton
Deputy State Treasurer

STATE AID AND TAX PLEDGE AGREEMENT

This Agreement, dated as of August 16, 2012, is made by and among the **SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS, COUNTY OF MUSKEGON, STATE OF MICHIGAN** (the "*Issuer*"), the **STATE OF MICHIGAN** (the "*State*") and the **STATE TREASURER OF THE STATE OF MICHIGAN** (the "*State Treasurer*").

RECITALS:

WHEREAS, the State, acting through its Michigan Local Emergency Financial Assistance Loan Board (the "*Board*"), has issued an order dated August 16, 2012 (the "*Order*") approving the acquisition of an Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series I (the "*Initial Note*" and collectively with any additional emergency loan note, or other future parity debt, of the Issuer to the State, the "*Note*") of the Issuer, subject to the terms and conditions of the Order; and

WHEREAS, pursuant to the Initial Note, the Issuer has pledged certain state school aid payments and certain tax monies to be received by the Issuer for the payment of the principal of, and interest on, the Note;

AGREEMENT:

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE MUTUAL COVENANTS SET FORTH IN THIS AGREEMENT, AND OTHER VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, AND IN ACCORDANCE WITH THE ORDER AND THE INITIAL NOTE, THE PARTIES TO THIS AGREEMENT AGREE AS FOLLOWS:

Section 1 Intercept of Pledged Operating Tax Revenues.

Section 1.1 Pledge and Authorization for Intercept. In accordance with the Order and the Initial Note, the Issuer hereby pledges to repayment of the Note, and authorizes the direct deposit by third-parties of the proceeds of 100% of the operating taxes levied for the Issuer (the "*Operating Tax Revenues*") and the delinquencies thereon (the "*Delinquent Operating Tax Revenues*" and collectively with the Operating Tax Revenues, the "*Pledged Operating Tax Revenues*"), for application to the Note in accordance with its terms.

Section 1.2 **The Depository Agreement.** In accordance with the Order and the Initial Note, the Issuer hereby authorizes the State to enter into an account control agreement with a depository to be designated by the State (the “*Depository*”) for the purpose of establishing a “lockbox” account (the “*Account*”) subject to control by the State, to receive the Pledged Operating Tax Revenues, which agreement may designate and establish the duties of the Depository for the purpose of receiving and processing the Pledged Operating Tax Revenues in the Account and for the purpose of providing sole and exclusive authority to the State to control and to direct the processing and deposit of the Pledged Operating Tax Revenues received by the Depository directly to the State for payment of debt service on the Note in accordance with its terms.

Section 1.3 **The Tax Intercept Agreement.** In accordance with the Order and the Initial Note, the Issuer hereby agrees to enter into a Tax Intercept Agreement with the Depository, the City of Muskegon Heights, County of Muskegon, State of Michigan (the “*City*”) and the County Treasurer (the “*County Treasurer*”) of the County of Muskegon, Michigan (the “*County*”), to provide for the payment by the City of 100% of the Operating Tax Revenues that the Issuer is entitled to receive from time to time from the City, and by the County Treasurer of 100% of the Delinquent Operating Tax Revenues that the Issuer is entitled to receive from time to time from the County Treasurer, directly to the Depository, for payment of debt service on the Note in accordance with its terms.

Section 2 **State Aid Intercept and Advance.**

Section 2.1 **Pledge and Authorization for Intercept.** In accordance with the Order and the Initial Note, the Issuer hereby pledges to repayment of the Note, and authorizes the State Treasurer to intercept, state school aid dedicated for distribution to the Issuer for the fiscal years ending June 30, 2013 and thereafter, and for which the appropriation authorizing payment has been made under the State School Aid Act of 1979, Act 94, Public Acts of 1980, as amended (the “*State School Aid Act*”), for application to the Note in accordance with its terms.

Section 2.2 **Direction to the State Treasurer.** In accordance with the Order and the Initial Note, the Issuer hereby requests and directs the State Treasurer to pay to or at direction of the State, such portion of state school aid dedicated for distribution to the Issuer for the fiscal years ending June 30, 2013 and thereafter, and for which the appropriation authorizing payment has been made under the State School Aid Act, as necessary for payment of the Note, as from time to time scheduled to be paid from such sources under the terms of the Note (“*Direct Payments*”).

Section 2.3 **Transfer by State Treasurer.** On the date the State Treasurer pays state school aid installments to local school districts and intermediate school districts for the fiscal years ending June 30, 2013 and thereafter, as applicable, the State Treasurer shall, upon direction from the State and as directed by the State, transfer pursuant to Section 2.4 all of the applicable month’s Direct Payment otherwise to be received by the Issuer, notwithstanding any notice or other communication of any kind to the contrary that he might receive from the Issuer.

Section 2.4 **Application of Direct Payments.** The State shall apply each Direct Payment that it receives from the State Treasurer pursuant to Section 2.3 as payment on the Note, in accordance with its terms.

Section 2.5 **Authorization for Intercept and Advance.** If on any due date for the Note, amounts on the Note are due and unpaid, the State Treasurer is authorized to intercept and/or advance all state school aid payments which are dedicated for distribution to the Issuer or for which the appropriation authorizing payment has been made under the State School Aid Act.

Section 3 **Application of Intercepted and Advanced Funds.** The State shall apply any intercepted or advanced funds that it receives under this Agreement to payment of the Note, in accordance with its terms.

Section 4 **Irrevocable Agreement; Termination.** This Agreement shall be irrevocable. This Agreement shall terminate upon payment in full of the Note.

Section 5 **Agreement Not Appropriation or Indebtedness.** This Agreement shall not require the State to make an appropriation to any school district or other governmental unit and shall not be construed as creating an indebtedness of the State of Michigan. The Issuer has no authority to extend the full faith and credit of the State or to create any obligation, direct or indirect, general, special or moral, on the part of the State. None of the documents executed in connection with the Note and the transactions to which this Agreement relates, creates any pecuniary obligation or liability, direct or indirect, general, special or moral, on the part of the State.

Section 6 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

Section 7 **Amendments.** This Agreement may only be amended or revised in writing executed by the parties to this Agreement.

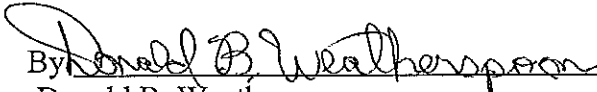
Section 8 **Counterparts Originals.** This Agreement may be executed in one or more counterparts, all of which shall be deemed to be one and the same document. When all parties to this Agreement have executed at least one counterpart, this Agreement shall be binding on all the parties to this Agreement.

Section 9 **Successors and Assigns.** This Agreement shall be binding upon the parties to this Agreement and upon their respective successors. No party to this Agreement may assign this Agreement without the prior written consent of the other parties to this Agreement.

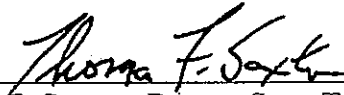
Section 10 **General.** The Issuer represents and warrants that it has issued its Initial Note in accordance with applicable law and in substantial compliance with the legal requirements governing it, that it has received substantial consideration for the purchase of its Initial Note, and that the purpose for which the Initial Note is issued is one for which it has power to issue the Initial Note.

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

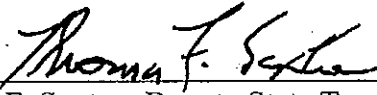
**SCHOOL DISTRICT OF THE CITY OF
MUSKEGON HEIGHTS**

By: 
Donald B. Weatherspoon
Emergency Financial Manager

STATE OF MICHIGAN

By: 
Thomas F. Saxton, Deputy State Treasurer for
Andy Dillon, State Treasurer

**STATE TREASURER OF THE
STATE OF MICHIGAN**

By: 
Thomas F. Saxton, Deputy State Treasurer for
Andy Dillon, State Treasurer

19. FORM OF TAX INTERCEPT AGREEMENT

TAX INTERCEPT AGREEMENT

This Tax Intercept Agreement (the "*Agreement*") dated as of November 2, 2012, is made by and among the SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS, County of Muskegon, State of Michigan (the "*School District*"), the CITY OF MUSKEGON HEIGHTS, County of Muskegon, State of Michigan (the "*City*"), the COUNTY TREASURER of the County of Muskegon (the "*County Treasurer*" and together with the City, the "*Local Governments*"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as depository (the "*Depository*").

WHEREAS, pursuant to an order dated August 16, 2012 (the "*District Order*"), the Emergency Financial Manager of the School District authorized the execution of an Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series I dated August 16, 2012, in the aggregate principal amount of \$7,650,000 (the "*Initial Note*") pursuant to the Emergency Municipal Loan Act, Act 243, Public Acts of 1980, as amended ("*Act 243*");

WHEREAS, the Initial Note and the interest thereon are payable, as a first budget obligation, from any funds of the School District available therefor, including Pledged Operating Tax Revenues (as defined below);

WHEREAS, in connection with the issuance of the Initial Note, the School District has authorized the direct deposit by third-parties of the proceeds of 100% of the operating taxes levied for the School District (the "*Operating Tax Revenues*") and the delinquencies thereon (the "*Delinquent Operating Tax Revenues*" and collectively with the Operating Tax Revenues, the "*Pledged Operating Tax Revenues*") with the Depository;

WHEREAS, the School District has entered into an agreement with the Depository (the "*Depository Agreement*") for the purpose of establishing an account (the "*Account*") to be held by the Depository, which Depository Agreement establishes the duties of the Depository in regard to depositing the Pledged Operating Tax Revenues received by the Depository into the Account and transferring moneys from the Account directly to the State of Michigan (the "*State*") for payment of debt service on the Note (as defined in Section 7 below);

WHEREAS, it is necessary for the School District and the Depository to enter into this Agreement with the City to provide for the payment by the City directly to the Depository of 100% of the Operating Tax Revenues that the School District is entitled to receive from time to time from the City in order that the Operating Tax Revenues may be transferred by the Depository directly to the State for payment of debt service on the Note; and

WHEREAS, it is necessary for the School District and the Depository to enter into this Agreement with the County Treasurer to provide for the payment by the County Treasurer directly to the Depository of 100% of the Delinquent Operating Tax Revenues that the School District is entitled to receive from time to time from the County Treasurer in order that the Delinquent Tax Revenues may be transferred by the Depository directly to the State in accordance with the Initial Note.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth below, the parties hereto agree as follows:

Section 1. School District's Directions to City. With respect to the School District's Operating Tax Revenues collected by the City on behalf of the School District after the date of this Agreement (the "*Collected Taxes*"), the School District hereby irrevocably authorizes and directs the City to transfer all of the Collected Taxes directly to the Depository. The City shall make those transfers at the times and in the manner set forth in Section 2 below.

Section 2. City's Intercept and Transfer of Collected Taxes. The City agrees that, pursuant to the irrevocable directions of the School District in Section 1 above, the City shall intercept all of the Collected Taxes and shall, beginning not later than November 15, 2012 and at monthly intervals thereafter (*but* never later than 33 calendar days after the preceding transfer from the City to the Depository under this Section 2), wire the entire amount of Collected Taxes not previously transferred under this Agreement to the special fund held therefor by the Depository pursuant to Section 5 below (in accordance with wire instructions provided by the Depository and attached as Exhibit A), *notwithstanding* any notice or other communication of any kind to the contrary that the City or any of its officials, employees or agents might receive from the School District.

Section 3. School District's Directions to County Treasurer. With respect to the Delinquent Operating Tax Revenues collected by the County Treasurer on behalf of the School District after the date of this Agreement (the "*Collected Delinquent Taxes*"), the School District hereby irrevocably authorizes and directs the County Treasurer to transfer all of the Collected Delinquent Taxes directly to the Depository. The County Treasurer shall make those transfers at the times and in the manner set forth in Section 4 below.

Section 4. County Treasurer's Intercept and Transfer of Collected Delinquent Taxes. The County Treasurer agrees that, pursuant to the irrevocable directions of the School District in Section 3 above, the County Treasurer shall intercept all of the Collected Delinquent Taxes and shall, beginning not later than November 15, 2012 and at monthly intervals thereafter (*but* never later than 33 calendar days after the preceding transfer from the County Treasurer to the Depository under this Section 4), wire the entire amount of Collected Delinquent Taxes not previously transferred under this Agreement to the special fund held therefor by the Depository pursuant to Section 5 below (in accordance with wire instructions provided by the Depository and attached as Exhibit B), *notwithstanding* any notice or other communication of any kind to the contrary that the County Treasurer or any of the other officials, employees or agents of the County (as defined below) might receive from the School District.

Section 5. Disposition of Transferred Tax Receipts. The Depository agrees to deposit all Collected Taxes and Collected Delinquent Taxes that it receives from the respective Local Governments pursuant to this Agreement on behalf of the School District (the "*Transferred Tax Receipts*") immediately upon receipt into the Account to be established by the Depository under the Depository Agreement, which will be retained and used by the Depository pursuant to the terms of the Depository Agreement. The Account is established pursuant to applicable law and shall be in compliance with Section 411 of the Revised Municipal Finance Act (MCL 141.2411) unless otherwise approved by the State.

Section 6. Agreement Not Indebtedness of the City or the County. This Agreement shall not require the City or the County of Muskegon (the "*County*") to make an appropriation to the School District and shall not be construed as creating an indebtedness of the City or the County.

Section 7. Certain Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms as used in this Agreement shall have the following meanings unless the context indicates a different meaning or intent:

"Additional Emergency Loan Note" means any emergency loan note issued and delivered by the School District to the State (other than the Initial Note) if and only if the Depository has received a written notice addressed to the Depository, signed by both an authorized official of the School District and the State Treasurer, which notice expressly (i) identifies a particular emergency loan note of the School District as constituting an "Additional Emergency Loan Note" for the purposes of this Agreement and (ii) at a minimum states the name, face principal amount and date of such particular emergency loan note.

"Note" means, collectively, the Initial Note and any Additional Emergency Loan Note or Other Future Parity Debt.

"Other Future Parity Debt" means any debt obligation of the School District to the State (other than the Initial Note and any Additional Emergency Loan Note) if and only if the Depository has received a written notice addressed to the Depository, signed by both an authorized official of the School District and the State Treasurer, which notice expressly (i) identifies a particular debt obligation of the School District to the State as constituting "Other Future Parity Debt" for the purposes of this Agreement and (ii) at a minimum states the name, face principal amount and date of such particular debt obligation.

"State Treasurer" means the State Treasurer or, under his authorization, a Deputy State Treasurer, a Bureau Director within the Michigan Department of Treasury or other appropriate official of the Department as the State Treasurer may direct in writing.

The Depository agrees to promptly acknowledge in writing to the School District and the State Treasurer the Depository's receipt of each notice referred to in the above definitions of the terms Additional Emergency Loan Note and Other Future Parity Debt, but no delay or failure of the Depository to give such acknowledgement shall invalidate or impair the status of any Additional Emergency Loan Note or Other Future Parity Debt.

Section 8. School District's Representations and Warranties. The School District hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by the School District and is the valid and legally binding agreement and obligation of the School District enforceable against the School District in accordance with its terms. The School District hereby further warrants and represents that it has not pledged its current or future Pledged Operating Tax Revenues for the payment of any obligation other than the Note.

Section 9. School District's Acknowledgements. The School District expressly acknowledges that all moneys which are paid directly by the Local Governments to the

Depository pursuant to this Agreement shall be deemed to have been received by the School District in full satisfaction of the Local Governments' obligation to remit those taxes, and that the Local Governments' agreement herein to transfer all Pledged Operating Tax Revenues to the Depository is being done as an accommodation to, and pursuant to the irrevocable directions of, the School District.

Section 10. Termination. The School District shall, with the prior written consent of the State Treasurer, notify the Local Governments and the Depository in writing when the full principal of and all interest due on the Note have been paid in full. This Agreement shall terminate upon the Local Governments' and the Depository's receipt of that written notice from School District.

Section 11. The Depository. The Depository shall be entitled to the same protections, immunities and indemnities in so acting under this Agreement as it has in acting as Depository under the Depository Agreement. Subject to Section 16 below, the Depository shall assign this Agreement to any successor Depository appointed pursuant to the terms of the Depository Agreement.

Section 12. Notices. Any notice to be given in connection with any of the terms or provisions of this Agreement shall be in writing and be given in person, by facsimile transmission, courier delivery service or by mail, and shall become effective (a) on delivery if given in person, (b) on the date of delivery if sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods or by courier delivery service, or (c) four business days after being deposited in the mails, with proper postage for first-class registered or certified mail, prepaid.

Until notified in writing by the appropriate party of a change to a different address, notices shall be addressed as follows:

(i) if to the School District:

School District of Muskegon Heights
2603 Leahy Street
Muskegon Heights, Michigan 49444

Attention: Donald B. Weatherspoon, Emergency Financial Manager

Fax Number: (231) 830-3560

(ii) if to the City:

Muskegon Heights City Hall
2724 Peck Street
Muskegon Heights, Michigan 49444

Attention: Lori Doody, Finance Director

Fax Number: (231) 733-5229

(iii) if to the County Treasurer:

Muskegon County Treasurer
173 E. Apple Ave Suite 104
Muskegon, Michigan 49442

Attention: Tony Moulatsiotis, County Treasurer

Fax Number: (231) 724-6549

(iv) if to the Depository:

The Bank of New York Mellon Trust Company, N.A.
719 Griswold Street, Suite 930
Detroit, Michigan 48226

Attention: Corporate Trust Division

Fax Number: (313) 967-5190

Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

Section 14. Amendments. This Agreement may be amended or revised only in a writing signed by the School District, the Local Governments and the Depository, and with the prior written consent of the State Treasurer on behalf of the State.

Section 15. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be deemed to be one and the same document. When all parties hereto have executed at least one counterpart, this Agreement shall be binding on all the parties hereto.

Section 16. Binding Effect; Assignment. This Agreement shall be binding upon the parties to this Agreement and upon their respective successors. No party to this Agreement may assign this Agreement without the prior written consent of the other parties to this Agreement.

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Tax Intercept Agreement

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

**School District of the City of Muskegon Heights
County of Muskegon
State of Michigan, as School District**

By: Donald B. Weatherspoon

Name: Donald B. Weatherspoon

Its: Emergency Financial Manager

County of Muskegon

By: _____

Name: _____

Its: _____

City of Muskegon Heights

By: _____

Name: _____

Its: _____

**The Bank of New York Mellon Trust Company,
N.A.,
as Depository**

By: _____

Name: _____


Its: Vice President

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

School District of the City of Muskegon Heights
County of Muskegon
State of Michigan, as School District

By: _____
Name: _____
Its: Emergency Financial Manager

County of Muskegon

By: 
Name: TONY MOLNATISLOTS
Its: COUNTY TREASURER

City of Muskegon Heights

By: _____
Name: _____
Its: _____

The Bank of New York Mellon Trust Company, N.A.,
as Depository

By: _____
Name: _____
Its: Vice President

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

**School District of the City of Muskegon Heights
County of Muskegon
State of Michigan, as School District**

By: _____
Name: _____
Its: **Emergency Financial Manager**

County of Muskegon

By: _____
Name: _____
Its: _____

City of Muskegon Heights

By: *[Handwritten Signature]*
Name: *[Handwritten Name]*
Its: **City Manager**

**The Bank of New York Mellon Trust Company, N.A.,
as Depository**

By: _____
Name: _____
Its: **Vice President**

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

**School District of the City of Muskegon Heights
County of Muskegon
State of Michigan, as School District**

By: _____
Name: _____
Its: Emergency Financial Manager

County of Muskegon

By: _____
Name: _____
Its: _____

City of Muskegon Heights

By: _____
Name: _____
Its: _____

**The Bank of New York Mellon Trust Company, N.A.,
as Depository**

By: W Packard
Name: Walter L. Packard
Its: Vice President

EXHIBIT A

WIRE INSTRUCTIONS FOR THE CITY

The Bank of New York Trust Company, N.A.
ABA 021 000 018
Credit GLA #211065
Further Credit TAS #562009
Name: Muskegon Heights SD Tax Revenues
Attn: Allen Golson / 313-967-4345

EXHIBIT B

WIRE INSTRUCTIONS FOR THE COUNTY

The Bank of New York Trust Company, N.A.

ABA 021 000 018

Credit GLA #211065

Further Credit TAS #562009

Name: Muskegon Heights SD Tax Revenues

Attn: Allen Golson / 313-967-4345

20. DEPOSITARY AGREEMENT

DEPOSITARY AGREEMENT

Between

The School District of the City of Muskegon Heights

and

**The Bank of New York Mellon Trust Company, N.A.,
as Depositary**

Dated as of November 2, 2012

Depository Agreement

This Depository Agreement is dated as of November 2, 2012 (this "Agreement") and is between the School District of the City of Muskegon Heights, County of Muskegon, State of Michigan (the "School District"), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly established and validly existing under and by virtue of the laws of the United States, with its corporate trust office located in Detroit, Michigan, as Depository (the "Depository").

WITNESSETH:

WHEREAS, pursuant to an order dated August 16, 2012, the Emergency Financial Manager of the School District authorized the execution of an Emergency Loan Note (General Obligation Limited Tax) 2012-13 Series I, dated August 16, 2012, in the aggregate principal amount of \$7,650,000 (the "Initial Note" and collectively with any additional emergency loan notes, or other future parity debt, of the School District to the State of Michigan, the "Note"), bearing interest and being payable in accordance with the terms and conditions therein set forth;

WHEREAS, pursuant to two tax intercept agreements dated as of November 2, 2012 among the School District, the Depository, and in one agreement the City of Muskegon Heights and in the other the County Treasurer of the County of Muskegon (each the "Tax Intercept Agreement"; and such City and County Treasurer each called the "Local Government" below), the School District desires to establish an account with the Depository to receive and process the Pledged Operating Tax Revenues (as defined in the Tax Intercept Agreement);

WHEREAS, pursuant to the Tax Intercept Agreement, upon receipt of the Pledged Operating Tax Revenues, the Depository will deposit said monies into the Account (as defined below), to be retained and used by the Depository pursuant to the terms of this Agreement for payment of debt service on the Note:

WHEREAS, the Depository has determined that it is willing to enter into this Agreement and to carry out the duties set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, and for other good, fair and valuable consideration and reasonably equivalent value, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Depository and the School District agree as follows, intending to be legally bound:

Section 1. Establishment of Account

The School District, pursuant to the Tax Intercept Agreements, has authorized and directed the transfer by the Local Governments of the proceeds of 100% of the operating

taxes levied for the School District and the delinquencies thereon (collectively, the "Pledged Operating Tax Revenues") directly to the Depository. The Depository will accept said deposits and agrees to establish and maintain a separate account (the "Account") therefor in its capacity as Depository, acting as a custodian for the benefit of the State of Michigan (the "State"), pursuant to the terms of this Agreement. The Depository shall have custody of the Account, which shall be held on behalf of the School District and kept separate from the other assets of the Depository, and the money on deposit in the Account shall be transferred directly to the State for payment of debt service on the Note pursuant to this Agreement. The money on deposit in the Account shall be uninvested.

Section 2. Disbursement of Account

Monies deposited in the Account shall be paid out to the State by the Depository in accordance with the Debt Service Schedule in **Exhibit A**, unless the Depository is otherwise notified in writing by the School District with the prior written consent of the State.

Section 3. Concerning the Depository

Notwithstanding any provision contained herein to the contrary, the Depository, including its officers, directors, employees and agents, shall:

- (a) not be liable for any action taken or omitted under this Agreement so long as it shall have acted in good faith and without gross negligence;
- (b) have no responsibility to inquire into or determine the genuineness, authenticity, or sufficiency of any securities, checks, or other documents or instruments submitted to it in connection with its duties hereunder;
- (c) be entitled to deem the signatories of any documents or instruments submitted to it hereunder as being those purported to be authorized to sign such documents or instruments on behalf of the School District and the State, and shall be entitled to rely upon the genuineness of the signatures of such signatories, if as shown in the School District and State provided Incumbency Certificates, without inquiry and without requiring substantiating evidence of any kind;
- (d) be entitled to compensation for its services hereunder as per **Exhibit B** attached hereto, which is made a part hereof, and for reimbursement of its out-of-pocket expenses including, but not by way of limitation, the fees and costs of attorneys or agents which it may find necessary to engage in performance of its duties hereunder, all to be paid by the School District, and the Depository shall have, and is hereby granted, a prior lien upon any property, cash, or assets of the Account, with respect to its unpaid fees and nonreimbursed expenses, superior to the interests of any other persons or entities;

(e) be entitled and is hereby granted the right to set off and deduct any unpaid fees and/or nonreimbursed expenses from amounts on deposit in the Account;

(f) be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be a defendant or to take any steps in the enforcement of its rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the School District to its satisfaction against any and all costs and expenses, outlays, counsel fees and expenses, and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Depository, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery;

(g) be paid for any extraordinary fees and expenses it incurs due to any governmental agency or court proceeding initiated by a third party, provided that (i) it provides prompt notice of such extraordinary fees and expenses to the School District and (ii) the School District obtains approval to pay such extraordinary fees and expenses from the Michigan Department of Treasury;

(h) have only those duties as are specifically provided herein and shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith. This Agreement sets forth all matters pertinent to the Account, and no additional obligations of the Depository shall be inferred from the terms of this Agreement or any other agreement. IN NO EVENT SHALL THE DEPOSITARY BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH RESULT FROM THE DEPOSITARY'S FAILURE TO ACT IN ACCORDANCE WITH THE STANDARDS SET FORTH IN THIS AGREEMENT, OR (ii) SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, EVEN IF THE DEPOSITARY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES;

(i) have the right, but not the obligation, to consult with counsel of its choice and shall not be liable for action taken or omitted to be taken by Depository either in accordance with the advice of such counsel or in accordance with any opinion of counsel to the School District addressed and delivered to the Depository;

(j) not have any liability or obligation with respect to any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Depository shall use reasonable efforts which are consistent with accepted practices in

the banking industry to resume performance as soon as practicable under the circumstances;

(k) have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees, and shall not be responsible for the misconduct or negligence of such agents, attorneys, custodians and nominees appointed by it with due care; and

(l) shall not be required to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder.

The Depository agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the School District shall provide to the Depository an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the School District elects to give the Depository e-mail or facsimile instructions (or instructions by a similar electronic method) and the Depository in its discretion elects to act upon such instructions, the Depository's understanding of such instructions shall be deemed controlling. The Depository shall not be liable for any losses, costs or expenses arising directly or indirectly from the Depository's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The School District agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Depository, including without limitation the risk of the Depository acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Depository and that there may be more secure methods of transmitting instructions than the method(s) selected by the School District; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

Any banking association or corporation into which the Depository may be merged, converted or with which the Depository may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Depository shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Depository shall be transferred, shall succeed to all the Depository's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 4. Resignation or Removal of Depository

The School District or the Depository may terminate this Agreement by giving thirty (30) days prior written notice to the other party. The School District shall require prior written consent of the Michigan Department of Treasury to terminate this Agreement. In such event, the duties of the Depository shall terminate (30) days after receipt of such notice (or as of such earlier date as may be mutually agreeable) and the Depository shall then deliver the balance of the moneys or assets then in its possession to the School District or as the School District shall direct.

Section 5. Termination

This Agreement shall terminate upon receipt by the Depository of written notice from the School District that the School District has paid all of the outstanding principal and interest due on the Note (i.e., at the earliest time when no note or debt of the School District to the State that constitutes the "Note" as defined in this Agreement remains outstanding) (the "Termination Notice") and when all authorized fees and expenses of the Depository under Section 3(d) above have been paid. The School District shall receive prior written consent of the Michigan Department of Treasury before providing the Termination Notice.

Section 6. Return of Excess Funds

The Depository shall, as soon as practicable, return to the School District any excess funds remaining in the Account following receipt of the Termination Notice, minus any fees and expenses still owed to it by the School District under this Agreement.

Section 7. Notices

Any notice or request to be given in connection with any of the terms or provisions of this Agreement shall be in writing and be given in person, by facsimile transmission, courier delivery service or by mail, and shall become effective (a) on delivery if given in person, (b) on the date of delivery if sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods or by courier delivery service, or (c) four business days after being deposited in the mails, with proper postage for first-class registered or certified mail, prepaid. A copy of any notice shall be sent to the Michigan Department of Treasury.

Until notified in writing by the appropriate party of a change to a different address, notices shall be addressed as follows:

- (i) if to the School District:

School District of Muskegon Heights
2603 Leahy Street
Muskegon Heights, Michigan 49444

Attention: Donald B. Weatherspoon

Fax Number: (231) 830-3560

(ii) if to the Depository:

The Bank of New York Mellon Trust Company, N.A.
719 Griswold Street, Suite 930
Detroit, Michigan 48226

Attention: Corporate Trust Division

Fax Number: (313) 967-5190

With a copy to:

Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

Attention: Bureau of State and Authority Finance

Fax Number: (517) 241-9509

Section 8. Counterparts

This Agreement may be executed in several counterparts, each one of which shall constitute an original and all collectively shall constitute but one instrument.

Section 9. Amendment, Modification or Waiver

This Agreement may be amended or modified and any term of this Agreement may be waived if such amendment, modification or waiver is in writing and signed by all parties. The School District shall require prior written consent of the Michigan Department of Treasury to amend, modify, or waive any provision of this Agreement.

Section 10. Assignments of Interests

No assignment of the interest of either of the parties hereto shall be binding in the absence of the written consent of the other party.

Section 11. Waiver of Trial by Jury

Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

Section 12. Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Michigan, notwithstanding its conflict of laws principles or any other rule, regulation or principle that would result in the application of any other state's law.

(Remainder of Page Intentionally Left Blank)

Depository Agreement

IN WITNESS WHEREOF, the parties have been duly executed this Depository Agreement as of the date first above written.

School District of the City of Muskegon
Heights

County of Muskegon
State of Michigan

By Donald B. Weatherspoon

Name: Donald B. Weatherspoon

Its: Emergency Financial Manager

The Bank of New York Mellon Trust
Company, N.A., as Depository

By _____

Name: _____

Its: Vice President

Agreement Approved by:

MICHIGAN DEPARTMENT OF TREASURY

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties have been duly executed this Depository Agreement as of the date first above written.

School District of the City of Muskegon
Heights
County of Muskegon
State of Michigan

By _____
Name: _____
Its: Emergency Financial Manager

The Bank of New York Mellon Trust
Company, N.A., as Depository

By *M. Packard*
Name: *M. L. Packard*
Its: Vice President

Agreement Approved by:

MICHIGAN DEPARTMENT OF TREASURY

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have been duly executed this Depository Agreement as of the date first above written.

School District of the City of Muskegon
Heights
County of Muskegon
State of Michigan

By _____
Name: _____
Its: Emergency Financial Manager

The Bank of New York Mellon Trust
Company, N.A., as Depository

By _____
Name: _____
Its: Vice President

Agreement Approved by:

MICHIGAN DEPARTMENT OF TREASURY

By: Thomas F. Saxton
Name: Thomas F. Saxton
Title: Deputy State Treasurer

EXHIBIT A

Debt Service Schedule

See Attached

Bond Debt Service
Muskegon Heights Public Schools
EL #1
Emergency Loan #1 -- \$7,650,000

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
5/1/2013			132,759.38	132,759.38	
6/30/2013					132,759.38
11/1/2013	125,000	2.450%	93,712.50	218,712.50	
5/1/2014			92,181.25	92,181.25	
6/30/2014					310,893.75
11/1/2014	125,000	2.450%	92,181.25	217,181.25	
5/1/2015			90,650.00	90,650.00	
6/30/2015					307,831.25
11/1/2015	135,000	2.450%	90,650.00	225,650.00	
5/1/2016			88,996.25	88,996.25	
6/30/2016					314,646.25
11/1/2016	135,000	2.450%	88,996.25	221,996.25	
5/1/2017			87,342.50	87,342.50	
6/30/2017					311,338.75
11/1/2017	140,000	2.450%	87,342.50	227,342.50	
5/1/2018			85,627.50	85,627.50	
6/30/2018					312,970.00
11/1/2018	140,000	2.450%	85,627.50	225,627.50	
5/1/2019			83,912.50	83,912.50	
6/30/2019					309,540.00
11/1/2019	145,000	2.450%	83,912.50	228,912.50	
5/1/2020			82,136.25	82,136.25	
6/30/2020					311,048.75
11/1/2020	145,000	2.450%	82,136.25	227,136.25	
5/1/2021			80,360.00	80,360.00	
6/30/2021					307,496.25
11/1/2021	150,000	2.450%	80,360.00	230,360.00	
5/1/2022			78,522.50	78,522.50	
6/30/2022					308,882.50
11/1/2022	155,000	2.450%	78,522.50	233,522.50	
5/1/2023			76,623.75	76,623.75	
6/30/2023					310,146.25
11/1/2023	260,000	2.450%	76,623.75	336,623.75	
5/1/2024			73,438.75	73,438.75	
6/30/2024					410,062.50
11/1/2024	265,000	2.450%	73,438.75	338,438.75	
5/1/2025			70,192.50	70,192.50	
6/30/2025					408,631.25
11/1/2025	275,000	2.450%	70,192.50	345,192.50	
5/1/2026			65,823.75	66,823.75	
6/30/2026					412,016.25
11/1/2026	280,000	2.450%	65,823.75	346,823.75	
5/1/2027			63,393.75	63,393.75	
6/30/2027					410,217.50
11/1/2027	290,000	2.450%	63,393.75	353,393.75	
5/1/2028			59,841.25	59,841.25	
6/30/2028					413,235.00
11/1/2028	295,000	2.450%	59,841.25	354,841.25	
5/1/2029			56,227.50	56,227.50	

Bond Debt Service
Muskegon Heights Public Schools
EL #1
Emergency Loan #1 - \$7,650,000

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
6/30/2029					411,068.75
11/1/2029	305,000	2.450%	56,227.50	361,227.50	
5/1/2030			52,491.25	52,491.25	
6/30/2030					413,718.75
11/1/2030	310,000	2.450%	52,491.25	362,491.25	
5/1/2031			48,693.75	48,693.75	
6/30/2031					411,185.00
11/1/2031	320,000	2.450%	48,693.75	368,693.75	
5/1/2032			44,773.75	44,773.75	
6/30/2032					413,467.50
11/1/2032	325,000	2.450%	44,773.75	369,773.75	
5/1/2033			40,792.50	40,792.50	
6/30/2033					410,566.25
11/1/2033	335,000	2.450%	40,792.50	375,792.50	
5/1/2034			36,688.75	36,688.75	
6/30/2034					412,481.25
11/1/2034	345,000	2.450%	36,688.75	381,688.75	
5/1/2035			32,462.50	32,462.50	
6/30/2035					414,151.25
11/1/2035	355,000	2.450%	32,462.50	387,462.50	
5/1/2036			28,113.75	28,113.75	
6/30/2036					415,576.25
11/1/2036	360,000	2.450%	28,113.75	388,113.75	
5/1/2037			23,703.75	23,703.75	
6/30/2037					411,817.50
11/1/2037	370,000	2.450%	23,703.75	393,703.75	
5/1/2038			19,171.25	19,171.25	
6/30/2038					412,875.00
11/1/2038	375,000	2.450%	19,171.25	394,171.25	
5/1/2039			14,577.50	14,577.50	
6/30/2039					408,748.75
11/1/2039	385,000	2.450%	14,577.50	399,577.50	
5/1/2040			9,861.25	9,861.25	
6/30/2040					409,438.75
11/1/2040	400,000	2.450%	9,861.25	409,861.25	
5/1/2041			4,961.25	4,961.25	
6/30/2041					414,822.50
11/1/2041	405,000	2.450%	4,961.25	409,961.25	
6/30/2042					409,961.25
	7,650,000		3,411,594.38	11,061,594.38	11,061,594.38

EXHIBIT B

Fee Schedule

See Attached



THE BANK OF NEW YORK MELLON

The Bank of New York Mellon Trust Company, N.A.
The Bank of New York Mellon Trust Company, N.A.

Depository Account for Muskegon Heights Public Schools Fee Schedule

The Bank of New York Mellon Trust Company, N.A. (BNYMTC) as Depository Agent shall be entitled to payment of the fees, expenses and charges as set forth in this Fee Schedule.

ANNUAL ADMINISTRATIVE FEE

\$600

The Annual Administrative fee covers the duties and responsibilities related to account administration, which may include maintenance of accounts on various systems, collection, investment, and payment of funds, and the monitoring of document compliance.

ACCEPTANCE & LEGAL FEES

Waived

We intend to review the contracts and all supporting documentation internally. There is no additional amount charged for the ordinary services we provide in conducting the initial legal review of the contracts and supporting documentation.

INVESTMENT COMPENSATION

With respect to investments in money market mutual funds for which BNYMTC provides shareholder services, BNYMTC (or its affiliates) may receive and retain fees from the mutual funds (or their affiliates) for shareholder services as set forth in the Authorization and Direction to BNYMTC to Invest Cash Balances in Money Market Mutual Funds.

MISCELLANEOUS FEES / OUT-OF-POCKET EXPENSES

The annual administration fees quoted above are anticipated to cover all normal miscellaneous fees and out of pocket expenses. However, the fees for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNYMTC's sole discretion. These extraordinary services may include, but are not limited to, supplemental agreements, sinking fund redemptions, the preparation of special or interim reports, custody of collateral, termination of an engagement, statutory filing charges, UCC amendments, continuations, and termination fees; and expenses of BNYMTC's representative(s) and Counsel for attending special meetings. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed. Out-of-pocket expenses may include, but are not limited to, telephone; facsimile; courier; copying; postage and supplies.



THE BANK OF NEW YORK MELLON

The Bank of New York Mellon Trust Company, N.A.
The Bank of New York Mellon Trust Company, N.A.

TERMS AND DISCLOSURES

TERMS OF PROPOSAL

Final acceptance of the appointment as trustee under the Indenture is subject to approval of authorized officers of BNYMTC and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees are guaranteed for the life of the engagement.

MISCELLANEOUS

The terms of this Fee Schedule shall govern the matters set forth herein and shall not be superseded or modified by the terms of the Indenture. This Fee Schedule shall be governed by the laws of the State of Michigan without reference to laws governing conflicts. BNYMTC and the undersigned agree to jurisdiction of the federal and state courts located in the City of Detroit, State of Michigan.

CUSTOMER NOTICE REQUIRED BY THE USA PATRIOT ACT

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNYMTC we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.