

CONTRACT AMENDMENT NO. 1

BY AND BETWEEN

THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
BOARD OF EDUCATION
(AUTHORIZING BODY)

AND THE

MUSKEGON HEIGHTS PUBLIC SCHOOL ACADEMY SYSTEM
(PUBLIC SCHOOL ACADEMY)

APRIL 26, 2014

CONTRACT AMENDMENT NO. 1

MUSKEGON HEIGHTS PUBLIC SCHOOL ACADEMY SYSTEM

In accordance with Article IX of the Terms and Conditions, incorporated as part of the Contract to Charter a Public School Academy and Related Documents, issued by THE SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS BOARD OF EDUCATION (“District Board”) to MUSKEGON HEIGHTS PUBLIC SCHOOL ACADEMY SYSTEM (“System”) on July 9, 2012 (“Contract”), the parties agree to amend the Contract as follows:

1. Amend Article I, Section 1.01(a), (g) and (l) of the Terms and Conditions by deleting the current definitions and replacing them with the following:

(a) “Act” means the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.1541 to 141.1575.

(g) “District Board” means the board of education for the District. If an Emergency Manager is in place for the District under the Act, or any successor statute, “District Board” means the Emergency Manager to the extent that the Emergency Manager is authorized to act in the place and stead of the District Board under the Act or any successor statute.

(l) “Emergency Manager” means the individual appointed under the Act, or any successor statute, as the emergency manager for the District.

2. Amend Article XI, Section 11.1 of the Terms and Condition by adding the following at the end of the section:

Notwithstanding any other provision of this Contract, in the event that the System (i) ends a fiscal year with a budget deficit; (ii) fails to comply with the Uniform Budgeting and Accounting Act or the Michigan Department of Education’s Michigan School Accounting Manual; (iii) fails to ensure that persons assigned to the System to provide educational services are paid on a timely basis; or (iv) fails to ensure the timely payment of third party vendors, then the District Board, with notice to the System Board, shall have the power and authority to withhold state school aid payments payable from the State for the System and direct, on the System’s behalf, the payment of System payroll or vendor obligations until such time as the District Board, in its sole discretion, determines the System’s accounting or financial deficiencies to be rectified.

3. Amend Article XII, Section 12.7 of the Terms and Conditions by deleting the current language and replacing it with the following:

Section 12.7. Repeal of Act. If the Act is repealed, suspended, or otherwise not in effect, all of the following shall apply: (a) this Contract shall continue in full force and effect; and (b) an order issued by the Emergency Manager under the Act, 2011 PA 4, or former 1990 PA 72, shall continue in effect until otherwise rescinded in accordance with Applicable Law.

4. Amend Article XII, Section 12.13 of the Terms and Conditions by deleting the current language and replacing it with the following:

Section 12.13. Term of Contract. This Contract shall commence on July 9, 2012 and terminate on June 30, 2017 (“Term”), unless sooner revoked or terminated as provided in this Contract. At the end of the Term, if the System continues to operate pursuant to a contract from the District Board or an alternate authorizing body under Section 12.6, then the Term of this Contract shall continue for additional 5 year terms (each, an “Extension Term”), unless sooner revoked or terminated as provided in this Contract. If, at any time during an Extension Term, the District’s financial emergency is rectified under the Act, or any successor statute, then this Contract shall terminate at the end of the school fiscal year in which the financial emergency is rectified without any further action of the parties.

5. Amend Schedule 4: Oversight Agreement, Article II, Section 2.02, by adding the following language after subsection n as follows:

- o. By April 26, 2014, the System Board will approve the Second Amendment to the Management Agreement between the System and its current Educational Service Provider.

- p. By April 26, 2014, the System will approve an Amended and Restated Agreement For Continued Provision of Services between the District Board and the System.

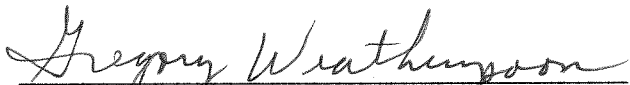
- q. By April 26, 2014, the System will approve the Disbursement Agreement between the District Board and the System.

- r. On or about May 1, 2014, the System shall issue a request for proposal (RFP) to contract with a new Educational Service Provider to commence at the beginning

of the 2014-2015 school year. The System and the selected Educational Service Provider shall submit a proposed agreement to the District Board for review in accordance with Section 11.11 of the Terms and Conditions.

6. Amend Schedule 5: Description of Staff Responsibilities, by adding after page 5-70 the following:
 - a. First Amendment to Management Agreement effective as of June 24, 2013; and
 - b. Second Amendment to Management Agreement effective as of April 26, 2014.

This amendments is hereby approved by the District Board and the System Board through their authorized designees and shall have an effective date of April 26, 2014.



Dated: April 26, 2014

By: Gregory Weatherspoon, Emergency Manager,
acting in the place and stead of the District Board



Dated: April 26, 2014

By: Anthony G. J. [unclear] Academy Board
Designee of the System Board