



HIGHLAND PARK SCHOOL DISTRICT
OFFICE OF THE EMERGENCY MANAGER
12360 Woodward Ave.
Highland Park, Michigan 48203

Kevin A. Smith
Emergency Manager

August 1, 2017

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

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

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

Nick A. Khouri
State Treasurer
Michigan Department of Treasury
430 West Allegan Street
Lansing, MI 48922

Distinguished Stakeholders:

Pursuant to Section 17 of Michigan Public Act 436 of 2012, as amended, I am hereby submitting the Emergency Manager's Report on Expenditures for the first six months of my term. This report will also be posted on the School District of the City of Highland Park's ("the District") website, www.hipark.org. Based on the school District's records for the three month period beginning April 19, 2017 and ending July 31, 2017, I hereby report the following:

- a.) A description of each expenditure made, approved, or disapproved during the reporting period that has a cumulative value of \$5,000.00 or more and the source of the funds;
 - See Attached
- b.) A list of each contract that the Emergency Manager awarded or approved with a cumulative value of \$5,000.00 or more, the purpose of the contract and the identity of the contractor;
 - Dykema Gossett PLLC agreement dated May 15, 2017 for legal services regarding debt restructuring. Contract cost reimbursed by Treasury.
 - Contract dated June 3, 2017 with Volte Advisors, LLC for financial analysis, debt consolidation and restructuring advisory services. Contract cost reimbursed by Treasury.

Letter To: Distinguished Stakeholders
August 1, 2017

- c.) A description of each loan sought, approved, or disapproved during the reporting period that has a cumulative value of \$5,000.00 or more and the proposed use of the funds;
- None
- d.) A description of any new position created or any vacancy in a permanent position filled by the Emergency Manager;
- None
- e.) A description of any position that has been eliminated or from which an employee has been laid off;
- None
- f.) A copy of the Emergency Manager's contract as provided in Section 9(3)(e);
- See Attached
- g.) The salary and benefit of the Emergency Manager (please refer to contract under Item F);
and
- h.) The Financial and Operating Plan of the District
- See Attached

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

Respectfully submitted,



Kevin A. Smith
Emergency Manager

cc: Brian J. Whiston Superintendent of Education
Bert Johnson, State Senator
LaTanya Garrett, State Senator
Brenda Green, Highland Park City Clerk
Eric Scorsone, Senior Deputy State Treasurer
Paul Connors, Director, Office of School Review and Fiscal Accountability

Highland Park Schools
Check Reconciliation Report

CheckNumber	CheckDate	Amount	Vendor No.	VendorSearchName
232179	04/19/2017	\$5,118.50	11428	CLARK HILL P.L.C.
232174	04/19/2017	\$7,192.32	11100	SECRET, WARDLE, LYNCH, HAMPTON, TRUJEX & MORLEY
232178	04/19/2017	\$10,000.00	11375	UNEMPLOYMENT INSURANCE AGY UJA#0809186 ATTN: DIANE MOORE
232177	04/19/2017	\$32,051.92	11368	SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
232191	05/05/2017	\$12,138.00	WAY55	WAYNE RESA PO BOX 807
232192	05/19/2017	\$7,192.32	11100	SECRET, WARDLE, LYNCH, HAMPTON, TRUJEX & MORLEY
232204	05/19/2017	\$14,478.58	11518	P.I.E. ACADEMIC MANAGEMENT, LLC P.I.E. MANAGEMENT LLC
232218	06/01/2017	\$5,458.18	11452	ROCKEFELLER PROPERTIES LLC
232213	06/01/2017	\$5,953.20	11368	SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
232209	06/01/2017	\$7,306.32	11100	SECRET, WARDLE, LYNCH, HAMPTON, TRUJEX & MORLEY
232222	06/01/2017	\$8,614.00	11506	THE CLAIRMOUNT GROUP, PLC 28 W ADAMS
232223	06/01/2017	\$12,839.28	11518	P.I.E. ACADEMIC MANAGEMENT, LLC P.I.E. MANAGEMENT LLC
232212	06/01/2017	\$15,996.47	11368	SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
232238	06/14/2017	\$6,005.00	11506	THE CLAIRMOUNT GROUP, PLC 28 W ADAMS
232239	06/14/2017	\$6,005.00	11506	THE CLAIRMOUNT GROUP, PLC 28 W ADAMS
232235	06/14/2017	\$11,215.52	11518	P.I.E. ACADEMIC MANAGEMENT, LLC P.I.E. MANAGEMENT LLC
232253	06/29/2017	\$5,000.00	11525	VOLTE
232240	06/29/2017	\$7,100.05	11100	SECRET, WARDLE, LYNCH, HAMPTON, TRUJEX & MORLEY
232241	06/29/2017	\$13,388.85	11317	DYKEMA GOSSETT PLLC
232258	07/07/2017	\$11,085.00	11506	THE CLAIRMOUNT GROUP, PLC 28 W ADAMS
232266	07/13/2017	\$13,333.32	11526	DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
232267	07/24/2017	\$8,106.00	11100	SECRET, WARDLE, LYNCH, HAMPTON, TRUJEX & MORLEY
232270	07/24/2017	\$13,000.00	11373	YEO & YEO
232274	07/24/2017	\$14,494.23	11518	P.I.E. ACADEMIC MANAGEMENT, LLC P.I.E. MANAGEMENT LLC

Count: 101 Grand Total: \$253,072.06



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

CONTRACT FOR EMERGENCY MANAGER SERVICES

Rick Snyder, Governor of the State of Michigan (Governor) and the Michigan Department of Treasury retain and appoint Kevin A. Smith as the Emergency Manager (Emergency Manager) for the Highland Park School District (School District) under Public Act 436 of 2012, the Local Financial Stability and Choice Act, MCL 141.1541 *et seq.* (the Act).

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

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

1. PARTIES, PURPOSE, DUTIES, AND REPORTS

1.1 Parties. The parties to this Contract are the State of Michigan by the Department of Treasury and Kevin A. Smith.

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

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

1.4 Reports. The Emergency Manager shall file quarterly reports with the Department of Treasury required by Section 17 of the Act within six months of the Emergency Manager's appointment and every three months thereafter.

1.5 Communications. The Emergency Manager shall establish and maintain an appropriate protocol for ongoing communications with officials of the School District, School District residents,

and the media. The communications protocol should include a variety of means, including personal interactions.

2. TERM OF CONTRACT

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

2.2 Effective Date. This contract is effective on Friday, October 21, 2016.

3. COMPENSATION FOR SERVICES PROVIDED

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

3.2 Salary. The Emergency Manager's salary for services rendered under this Contract shall be \$90,000.00 per year. If this Contract is terminated after the Emergency Manager has provided services for a portion of a month, the Emergency Manager shall be entitled, for that portion of that month, to \$7,500.00 multiplied by the proportion that the number of days of the month for which services were provided bears to the number of days of the whole month. The Emergency Manager shall not receive or accept any compensation from the School District or the State except as provided for in this contract.

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

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

4. ADDITIONAL STAFF AND CONSULTANT FEES

4.1 Staff. The Emergency Manager may, as provided in the Act, appoint additional staff as necessary to fulfill the obligations of the Emergency Manager's appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the School District. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before extending offers of employment for positions paying \$50,000.00, or more, annually. The Emergency Manager shall issue a written employment contract to each individual hired pursuant to this Section, regardless of the compensation paid to that individual. The employment contract

issued pursuant to this Section shall, as of the date the individual is hired by the Emergency Manager, prohibit the individual from engaging in any other employment for remuneration without the express written approval of the Emergency Manager. The Emergency Manager agrees to consult with the State Treasurer, or the designee of the State Treasurer, at least 24 hours before approving outside employment for any individual. A breach of this Section shall be a material breach of this Contract.

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

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

5. REPRESENTATIONS

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

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

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

5.4 Facilities and Personnel. The School District will provide the Emergency Manager with proper facilities and personnel to perform the services and work required to be performed pursuant to this Contract.

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

5.6 Non-Discrimination.

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

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

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

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

6. NOTICES

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

For the State:

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

For the Emergency Manager:

Kevin A. Smith
Administration Building
15900 Woodward Avenue, Suite 212
Highland Park, MI 48203

7. LIMITATION UPON LIABILITY

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

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

8. INSURANCE

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

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses,

including but not limited to attorney fees, payments in satisfaction of judgments, and payments made in settlement as specified pursuant to the Act, shall be paid by the School District. If such expenses are not paid by the School District, they shall be treated as a debt owed to this State pursuant to section 17a(5) of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, MCL 141.917a.

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

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

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

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

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

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

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

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

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

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

10. GENERAL PROVISIONS

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

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

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

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

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

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


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


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

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

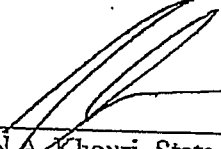
IN WITNESS WHEREOF, the Governor and the Emergency Manager have signed and executed this Contract.

STATE OF MICHIGAN

Dated: 10-20-16 
Rick Snyder, Governor

Dated: 10/11/16 
Kevin A. Smith, Emergency Manager

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

Dated: 10/12/16 
N. A. Khouri, State Treasurer



THE SCHOOL DISTRICT OF THE CITY OF HIGHLAND PARK
OFFICE OF THE EMERGENCY MANAGER
138 Cortland Avenue
Highland Park, Michigan 48203

Kevin A. Smith
Emergency Manager

December 21, 2016

Nick A. Khouri
State Treasurer
Michigan Department of Treasury
430 West Allegan Street
Lansing, Michigan 48922

RE: Emergency Manager's Financial & Operating Plan and Educational Plan for the School District of the City of Highland Park

Treasurer Khouri,

Enclosed for your review and consideration is the amended Financial and Operating Plan (the "Plan") for School district of the City of Highland Park (the "District") in accordance with Section 11(1) of Public Act 436 of 2012. The Plan includes the Education Plan as required by Section 11(2).

The Plan provides an overview of the District's current situation, highlights the operational structure and challenges, and continues to lay the foundation of the guiding principles and steps necessary to return the District to financial and operational stability.

Current Situation

- Due to financial and academic constraints, the District will continue to provide 9th through 12th grade educational services by contract with the Detroit Public Schools Community District ("DPS").
- Legacy and ongoing recurring payment obligations, including but not limited to, retirement pensions and unemployment insurance are currently being deferred to maintain operating cash flow. Outstanding utility bills for prior service, estimated by DTE at approximately \$750,000 are being disputed by the District, and as a result have not been paid to date. Interest and penalties continue to accrue on the past-due retirement pension and unemployment contributions, further complicating the financial situation of the district.
- The budget deficit is projected to decrease slightly for 2016-17 and will continue to decrease by an estimated \$800,000 each year after.

The District continues to serve as the authorizer for the Highland Park Public School Academy. Effective July 1, 2016 the District discontinued its authorization of George Washington Carver Academy. George Washington Carver Academy is now authorized by Bay Mills Community College.

Education and Operational Plan

- The District will continue to provide for the educational services for all K-12 residents – through both the Highland Park Public School Academy System for grades Pre K – 8th and through DPS for grades 9th through 12th. In addition, the District will formalize an agreement with DPS to provide for special education services for impaired Pre K students.
- The District, as the authorizer for the Highland Park Public School Academy will continue to monitor and assist the academy with respect to increased student achievement and sound financial management. To improve oversight and compliance for HP PSA, the District is soliciting responses for proposals for a contract to perform charter oversight and compliance functions for the District.

The Plan also includes the latest version of the Deficit Elimination Plan (DEP) and links to the current Education Plan. The DEP (which also serves as the district budget) and Education Plan will need to be continually reevaluated in consultation with the Michigan Department of Education as the District works to stabilize itself financially, while assisting its public school academy in delivering acceptable educational outcomes.

Respectfully submitted,

Kevin A. Smith
The School District of the City of Highland Park
Emergency Manager

Cc: Brian J. Whitson, State Superintendent of Public Instruction
Eric Scorsone, Senior Deputy State Treasurer

The School District of the City of Highland Park

Office of the Emergency Manager

Kevin A. Smith



Financial and Operating Plan

December 21, 2016

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1. INTRODUCTION

The Emergency Manager submits this Financial and Operating Plan (the “Plan”) to the State Treasurer as required by section 11(2) of Public Act 436 of 2012 (“PA 436”). The objective of this Plan is to ensure that the Highland Park School District is able to provide, or cause to be provided, governmental services essential to the public health, safety and welfare of its citizens and to assure the fiscal accountability and stability of the District.

As provided in section 11(3) of PA 436, this Plan is presented in a form developed in consultation with the State Treasurer. In preparing this report, the Emergency Manager has relied on past reports prepared by former Emergency Managers, as well as recent interviews with the current staff, members of the Highland Park Public School Academy System Board, appointed Board of Directors, members of the Highland Park elected school board, City of Highland Park elected officials, administrators and various community groups and individuals.

As a result of these discussions and observations, the Emergency Manager has been able to create the preliminary plan that follows. Through additional discussions with stakeholders, and additional data that still needs to be gathered, the Emergency Manager will continue to work along with the State Treasurer to modify this plan as needed.

A public informational meeting with respect to this Plan will be held on January 17, 2017.

2. CURRENT SITUATION

a. Demographics

The School District of the City of Highland Park (“District”) serves the residents of the City of Highland Park, which is located in Wayne County in southeastern Michigan. The City is approximately 3 square miles with a population of approximately 11,000. Below is a summary of a few key demographics.

Income: As shown in the table below, the median household income in Highland Park is \$19,391, which is less than half of the County and State median household incomes of \$41,421 and \$49,087, respectively.

Income	Highland Park		Wayne County		State of Michigan	
Total Households	4,229		667,553		3,827,880	
Less than \$10,000	1,354	32%	84,174	12.6%	308,023	8%
\$10,000 to \$14,999	423	10%	46,636	7%	211,941	5.5%
\$15,000 to \$24,999	828	19.6%	86,507	13%	446,084	11.7%
\$25,000 to \$34,999	466	11%	75,058	11.2%	424,007	11.1%
\$35,000 to \$49,999	348	8.2%	91,087	13.6%	553,748	14.5%
\$50,000 to \$74,000	510	12.1%	109,281	16.4%	707,412	18.5%
\$75,000 to \$99,999	187	4.4%	68,427	10.3%	456,176	11.9%
\$100,000 to \$149,999	81	1.9%	68,268	9.9%	445,647	11.6%
\$150,000 to \$199,999	8	0.2%	23,031	3.5%	150,246	3.9%
\$200,000 or More	24	0.6%	17,084	2.6%	124,596	3.3%
Median Family Income	\$19,391		\$41,421		\$49,087	
Mean Family Income	\$31,080		\$58,013		\$65,790	

Source: U.S. Census Bureau. 2010-2014 5-Year American Community Survey (City of Highland Park, Wayne County, State of Michigan).

Race: As shown in the table below, a majority of residents within the City indicate they are of African American decent. The next largest population reported they were of White decent, and represents approximately 6 percent of the total population in the City.

Race	Highland Park		Wayne County		State of Michigan	
Total Population	10,951		1,790,078		9,889,024	
White	641	5.9%	951,027	53.1%	7,829,621	97.4%
African American	9,939	90.8%	710,343	39.7%	1,383,205	14%
Native American	26	0.2%	6,317	0.4%	54,960	0.6%
Sioux Tribal Grouping	12	0.1%	173	0%	716	0%
Asian	17	0.2%	49,414	2.8%	258,567	2.6%
Indian	13	0.1%	20,645	1.2%	86,500	0.9%
Other Asian	4	0%	12,061	0.7%	44,179	0.4%
Other	11	0.1%	31,226	1.7%	107,141	1.1%
Two or More Races	317	2.9%	41,495	2.3%	253,535	2.6%
White; African American	80	0.7%	13,578	0.8%	87,945	0.9%
White; Native American	90	0.8%	6,532	0.4%	58,459	0.6%
African American; Native American	123	1.1%	3,519	0.2%	13,175	0.1%

Source: U.S. Census Bureau. 2010-2014 5-Year American Community Survey (City of Highland Park, Wayne County, State of Michigan).

Educational Attainment: Nearly 75% of residents (25 years and older) have earned at least a high school diploma or equivalent. When looking at post-secondary education, nearly 11% of City residents have earned a bachelor's degree or higher, compared to over 20% of residents in the County and over 25% in the State.

Educational Attainment	Highland Park		Wayne County		State of Michigan	
Population Over 25 Years	7,311		1,172,375		6,619,834	
Less than 9 th Grade	373	5.1%	55,566	4.7%	219,319	3.3%
9 th Grade to 12 th Grade, No Diploma	1,552	21.2%	127,335	10.9%	490,686	7.4%
High School Graduate or Equivalent	2,349	32.1%	355,505	30.3%	1,997,619	30.2%
Some College, No Degree	1,769	24.2%	290,659	24.8%	1,583,140	23.9%
Associate's Degree	480	6.6%	89,494	7.6%	580,404	8.8%
Bachelor's Degree	479	6.6%	153,745	13.1%	1,068,984	16.1%
Graduate or Professional Degree	309	4.2%	100,071	8.5%	679,682	10.3%
Percent High School Graduate or Higher	73.7%		84.4%		89.3%	
Percent Bachelor's Degree or Higher	10.8%		21.6%		26.4%	

Source: U.S. Census Bureau. 2010-2014 5-Year American Community Survey (City of Highland Park, Wayne County, State of Michigan).

b. Educational Landscape

The District is located in Wayne County, the most populous county in the State with a total population of approximately 1.8 million. There are 33 school districts serving approximately 226,000 students. Additionally, there are 108 Public School Academies serving 64,000 students for a combined total of approximately 290,000 students in public schools county-wide. (Source: Wayne RESA.) The District, through the Highland Park Public School Academy currently educates approximately 382 students (Pre-K–8th).

3. ACADEMIC SUMMARY

a. History of Highland Park School Charter Creation

On March 2, 2012, Mr. Jack Martin was appointed by Governor Rick Snyder to become the first Emergency Manager for the District. The Governor's determination was based on an independent, eight member review team report which found several financial problems, including:

- The School District's cumulative General Fund (GF) deficit increased by 51 percent in one year (from \$7.5 million to \$11.3 million).
- The District's year-end GF balances have been negative since 2007
- The District's pupil enrollment had decreased by more than 58 percent from 2006 to 2011 (from 3,179 to 1,331).

The first Financial and Operating Plan for the District was submitted by Joyce Parker, who was appointed by the Governor in May 2012. Ms. Parker submitted the Plan to the State Superintendent and State Treasurer, which included a proposal to establish a new public school academy (charter) system (the "System") to provide educational services to the students in the District. The Emergency Manager's decision to establish the System was the only viable option that allowed children to attend school within the Highland Park community and halt the escalating debt that had been crippling the District. Shortly thereafter, Ms. Parker released a Request for Proposals (RFP) seeking an operator for the newly formed System. The new System, which would serve K-12 students in many of the same District-owned buildings, was to be operated under a charter contract, and governed by a three-member board of directors. Day-to-day management would be provided by the experienced education services management firm sought out in the RFP. Ms. Parker signed an order establishing a contract between the District and the System as a means to provide education for the students of Highland Park. That same day, a management agreement between the System and the Leona Group was signed, declaring that they would become the System's Education Service Provider (ESP). The original agreement was for five years, through 2017, to provide services for grades Pre-K-12.

b. Recent Development

The ESP agreement has been amended since then, as recent as May 28, 2015, and reflects the current situation that the System will only provide services for grades Pre-K–8, which began in the Fall of 2015. Based on numerous conversations and supporting documentation, it had become evident that the System was struggling to offer the academic options and extracurricular activities to its high school students that were available in nearby, larger school districts. Faced with these realities, and working with the State Treasury Department and the System, former Emergency Manager Don Weatherspoon determined that it would be better for the children to close Highland Park High School and help families find new opportunities in these nearby programs. The District and Detroit Public Schools Community District (previously the School District of the City of Detroit) (“DPSCD”) entered into a Provision of Services Agreement on July 1, 2015, to provide residents of Highland Park with the education services for grades 9-12 at DPSCD high schools of choice. Those services commenced in the fall of 2015. The Emergency Manager is currently negotiating amendments to the agreement with DPSCD to provide for developmentally disabled Highland Park Pre-K students who also lack access to specialized services in the System.

c. Highland Park School Academy Board Members

The current PSA Board members include:

- Archer Collins, President – Term Expires 2018
- John D. White, Secretary – Term Expires 2017
- Linda Bassett, Treasurer – Term Expires 2019

d. Academic Performance of Highland Park Public School Academy

Current academic performance of the Highland Park Public School Academy can be found at <http://www.hprenaissance.com/>.

e. Education Plan

The District intends to develop its written educational plan using the District Improvement Plan (DIP) structure and submission process. The District will revise the current DIP, which would then become the working Education Plan per this Plan, and the basis for subsequent revisions of reform plans, school improvement plans, or other required activities stated in this agreement. *The following items are currently being considered for the revised DIP:*

- **Goals and Content Subject Areas.**
 The District will develop specific strategies for each of the core subject areas (Language Arts, Mathematics, Science, and Social Studies) to align student expectations with Michigan’s Career and College Ready Standards. The District will research elective content offerings and instructional strategies to align with existing standards, as well as the Michigan Merit Curriculum. Cross-cutting practices, such as reading, writing, and numeracy skills across content areas will also be researched.

- **Grade Level Bands and Special Populations.**
 The District should develop a specific strategy for each of the following grade bands and/or special populations, and use existing achievement and other data from current students (both formative and summative assessment data aligned to the content standards as outlined in the previous section) to inform decisions to support instructional and learning programming for these populations:

 - Pre-school through early elementary,
 - Upper elementary,
 - Middle school
 - English Language Learners (across all grade spans), and
 - Students with Disabilities (across all grade spans)

- **Alignment of Programs.**
 The District will review progress of the implementation of the revised DIP using student achievement data and other locally identified data, in coordination with the Educational Service Provider, and identifies programs and strategies that are not aligned with DIP goals, not being implemented with fidelity, or those that may be at cross-purposes with other adopted programs and strategies. Programs and services so identified should be revised to ensure alignment with DIP goals or be eliminated. Alignment information shall be called out within the language of the revised DIP.

- **Strategies for Climate and Culture Improvements and Student Engagement.**
 The District will attempt to include specific strategies for improving the climate and learning culture. Each component of the revised DIP should have a strategy to improve student engagement in instruction (as well as the assumed focus on student achievement in these areas).

f. School Improvement Plans

Below please find the links to each school's School Improvement Plans

- Highland Park Renaissance Academy

4. FINANCIAL SUMMARY

a. Deficit Elimination Plan

Below you will find the amended Deficit Elimination Plan (DEP) for the Highland Park Public School District, which also serves as the budget of the District. According to this plan, the district will be out of deficit by 2024-2025.

**Highland Park Public Schools
Deficit Elimination Plan**

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Beginning Fund Balance	\$ (7,845,072)	\$ (7,340,500)	\$ (6,548,501)	\$ (5,601,901)	\$ (4,655,584)	\$ (3,709,433)	\$ (2,758,389)	\$ (1,812,336)	\$ (866,100)
Revenue									
Property taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000
Oversight fees	\$ 86,350	\$ 86,350	\$ 86,350	\$ 86,350	\$ 86,350	\$ 86,350	\$ 86,350	\$ 86,350	\$ 86,350
Asset Sales									
Transfers and Other	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Revenue	\$ 1,496,350	\$ 1,496,350	\$ 1,496,350	\$ 1,496,350	\$ 1,496,350	\$ 1,496,350	\$ 1,496,350	\$ 1,496,350	\$ 1,496,350
Expenditures									
Board of Education	\$ 168,000	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Executive Administration	\$ 120,000	\$ 50,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Business Services	\$ 325,000	\$ 175,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Building Services	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Security Services	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800
District Technology	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Emergency Loan Payments	\$ 346,978	\$ 352,551	\$ 352,950	\$ 353,233	\$ 353,399	\$ 348,506	\$ 353,498	\$ 353,314	\$ 353,014
Transfers and Other									
Total Expenditures	\$ 991,778	\$ 704,351	\$ 549,750	\$ 550,033	\$ 550,199	\$ 545,306	\$ 550,298	\$ 550,114	\$ 549,814
Revenues Less Expenditures	\$ 504,572	\$ 791,999	\$ 946,600	\$ 946,318	\$ 946,151	\$ 951,044	\$ 946,053	\$ 946,236	\$ 946,536
Projected Ending Fund Balance	\$ (7,340,500)	\$ (6,548,501)	\$ (5,601,901)	\$ (4,655,584)	\$ (3,709,433)	\$ (2,758,389)	\$ (1,812,336)	\$ (866,100)	\$ 80,436

b. Links to PSA Budget and Deficit Elimination Plan

Information in regard to the financials of the Highland Park Public School Academy can be found by using the following link:

Highland Park Public School Academy: <http://www.hprenaissance.com/transparency.html>