

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT REGULAR MEETING

Monday, August 28, 2017
Following the City Regular Meeting
(Begins no earlier than 2:00 p.m.)
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

Approved: Monday, September 25, 2017

I. Call to Order

Chairman Nick A. Khouri called the meeting to order at 2:00 p.m.

II. Roll Call

Members Present – 8

Darrell Burks (via teleconference)

Stacy Fox

Bill Martin

Nick Khouri

David Nicholson

Al Pscholka

Iris Taylor

Nicholai Vitti

Members Absent – 2

Brenda Jones (non-voting)

Mike Duggan (non-voting)

Let the record show that 8 Commission members eligible to vote were present. 7 participated in person, and 1 participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from the July 31, 2017 School District Meeting

Motion made to approve the draft minutes of the Commission's July 31, 2017 School District Meeting as presented. Motion moved and supported, the Commission approved the minutes of the July 31, 2017 meeting as presented.

IV. Executive Director's Report – None

V. Old Business – None

VI. New Business

a. Presentation of the Community District's Monthly Financial Report

Finance Consultant Tony Saunders presented his monthly financial report and highlighted that in June 2017, the district had an unaudited revenue over expenditure of \$88.5 million; revenues for the reporting period were \$45.0 million lower than the amended revenue budget; expenditures were \$57.7 million lower than originally projected. He noted that the lower than projected receipt of revenues from federal sources is believed to be the primary reason for the revenue shortfall. He further stated that collected federal revenue not spent in the existing fiscal year can be carried forward to the next fiscal year. The lower than projected expenditures are due to: lower than expected spend on salaries; corresponding benefit costs, and purchased services. The ending cash balance of the district at the close of June was \$110.0 million and the projected year end cash balance is \$62.0 million. The District is expected to make a \$28.0 million settlement payment to Sodexo this fiscal year. He addressed questions from the Commission.

b. Community District's Work Plan

Finance Consultant Tony Saunders, presented the proposed work plan and vision for budget and finance restructuring. He stated that there will be improve school work conditions for teachers and principals and unique programming in every school through zero-base budgeting and alignment and a new strategic plan will be created; there will be a shift from contracted services to district personnel; a professional development offerings for all employees to build internal capacity and increase retention will be establish; a thorough district-wide audit of the school building needs will be completed; a 5 year budget and capital improvement plan, maintaining adopted fund balance policy will be establish; A metric based service delivery evaluation system, with establish internal policies and procedures which promotes efficiency and accountability, while ensuring clean internal and external audits and meeting Board and FRC regulations will be developed and implemented.

c. Transmittal of the Community District's debt service requirements certification per MCL 141.1636(6) (FRC School District Resolution 2017-17)

Finance Consultant Tony Saunders, stated that the Debt Service requirements report is a statutorily required report from the School District. He stated that the Community District has not debt service requirement to report at this time, however, DPS's principal balance for the reporting period was \$2.1billion; a total of \$199.0 million of debt service payments were made in FY2017, which fulfilled this fiscal year's debt service obligations.

d. Consideration of the Community District's July 2017 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2017-17)

Public Act 181 of 2014 requires the Financial Review Commission to review and approve contracts meeting any of the three following criteria: 1) the contract exceeds \$750,000; 2) the contract has a term exceeding 2 years; and 3) multiple contracts within a single entity that exceed \$750,000 in aggregate.

Finance Consultant Tony Saunders, gave a brief overview of the Community District's 10 contract approval request and addressed questions from the Commission. All contracts have been reviewed by the FRC Advisory Subcommittee on Contracts and Procurement.

Motion made to consider and approve the Community District's 10 August 2017 contract approval requests (FRC School District Resolution 2017-17). Motion moved and supported. The Commission approved School District Resolution 2017-17 as presented.

e. **Consideration of the Community District's August 2017 out-of-state travel reimbursement requests per MCL 141.1637(q) (FRC School District Resolution 2017-18)**

Public Act 181 of 2014 requires the Financial Review Commission to review and approve the Community District's out-of-state travel reimbursements to school board members, officials, and employees. Tony Saunders presented 1 requests for the month of August 2017 for the Community District.

Motion made to approve the Community District's August 2017 out-of- state travel reimbursement requests (FRC School District Resolution 2017-18) as presented. Motion moved and supported. The Commission approved School District Resolution 2017-18 as presented.

f. **Consideration of the Community District's bargaining agreement per MCL 141.1636 (9) (FRC School District Resolution 2017-19)**

Finance Consultant, Tony Saunders, of the Detroit Public Schools Community District, presented the collective bargaining agreement between the School District and DFT (Detroit Federation of Teachers' Union) for the Commission's approval. He stated that salary increases will occur in the second semester for FY 2018 and FY2019 and bonuses will be paid at the beginning of the September 2017 school year.

Motion moved to approve the Community District/DFT collective bargaining agreement (Resolution 2017-19) as presented. Motion moved and supported. The Commission approved School District Resolution 2017-19.

VII. Public Comment

Michelle George
Ivy Bailey

VIII. Next Meeting Date

School District Regular Meeting: September 25, 2017, following the City Meeting, beginning no earlier than 2:00 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

IX. Adjournment

Motion made to adjourn. Motion moved and supported, the Commission approved the motion to adjourn.

There being no further business, the meeting adjourned at 3:25 p.m.