

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT REGULAR MEETING

Monday, August 26, 2019
Following the City Regular Meeting
(Begins no earlier than 1:05 p.m.)
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

I. Call to Order

Madam Chair, Rachael Eubanks called the meeting to order at 1:16 p.m.

II. Roll Call

Members Present – 8

Rachael Eubanks
Stacy Fox
Chris Kolb (via teleconference)
Ike McKinnon (via teleconference)
David Nicholson
Ron Rose
Nicholai Vitti
John Walsh

Members Absent – 4

Brenda Jones (non-voting)
Dave Massaron (non-voting)
Iris Taylor

Let the record show that 8 Commission members eligible to vote were present. 6 participated in person, and 2 participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from the July 29, 2019 School District Meeting

Motion made to approve the draft minutes of the Commission's July 29, 2019 School District Meeting as presented. Motion moved and supported; the Commission approved the minutes of the July 29, 2019 meeting as presented.

IV. Old Business - None

V. New Business

a. DPS Financial Report

Chief Financial Officer Jeremy Vidito presented the Financial Report for DPS and stated that DPS is primarily a wind-down entity whose purpose is the satisfaction of legacy debt obligations. He noted that DPS's cash and debt payment forecast report shows projected revenues from tax collections for FY 2019 of \$77.2 million from the 13 mills levy and \$69.5 million from the 18 mills levy. Expenditures related to emergency loan and bond

payments of \$41.4 million and expenditures related to supplemental ORS payments of \$13.5 million. Tax collections for June were \$9.3 million from the 13 mills levy with an additional \$8.8 received on July 5th attributable to FY 2019. Tax collections for June were \$12.5 million from the 18 mills levy. Total tax collections to date is \$86.0 million from the 13 mills levy and \$69.5 million from the 18 mills levy. As of June 30, 2019, DPS's FY 2019 unaudited year-end cash balance is \$13.2 million and is subject to change. DPS's cash and debt payment forecast report shows projected revenues from tax collections for FY 2020 of \$88.6 million from the 13 mills levy and \$70.8 million from the 18 mills levy. Expenditures related to emergency loan and bond payments of \$45.3 million and expenditures related to supplemental ORS payments of \$14.2 million are projected for FY 2020. DPS's FY 2020 projected year-end cash balance is \$28.2 million. He addressed questions from the Commission.

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

Chief Financial Officer Jeremy Vidito presented the monthly financial report and stated that based on actual results through June 2019, Detroit Public Schools Community District (DPSCD) has a surplus of \$34.9 million of revenues over expenditures; the projected budget showed a \$12.8 million surplus, which is a \$22.1 million positive variance. The District is behind plan by \$35.7 million on the June YTD in the receipt of budgeted revenues. The projected variance is due to federal reimbursement revenue was below based on lower than expected costs for purchased services and salaries.

Mr. Vidito also reported that as of June 30, 2019, the District's FY 2019 unaudited year-end cash balance is \$129.6 million and is subject to change. As of June 30, 2019, the District's FY 2019 unaudited year-end internal service and fiduciary account cash balance is \$17.4 million. The District's FY 2019 unaudited capital projects account cash balance is \$20.2 million. The District's FY 2019 unaudited rainy-day account cash balance is \$35.8 million. The District's FY 2020 cash flow monthly report shows a projected negative net cash flow of \$35.4 million and year-end cash balance of \$94.2 million. He addressed questions from the Commission.

c. Transmittal of the Community/DPS debt service requirements per MCL 141.1636 (11)

Chief Financial Officer, Jeremy Vidito stated that the Debt Service Requirements Report is a statutorily required report from the School District. He further stated that the Community District has no debt requirements to report at this time. However, he presented a report outlining all bonds, leases and other debt from DPS and stated that DPS is projected to be financially able to meet the debt service requirements through the end of the Second Quarter of Fiscal Year 2020. He further stated that DPS estimates that it will borrow approximately \$105 million from the School Loan Revolving Fund in the Fourth Quarter to meet the remaining debt service requirements through the end of Fiscal Year 2020.

d. Consideration of the Community District's Letter of Agreement with Detroit Federation of Teachers (DFT) local 231, wage reopener-per MCL 141-1636 (9) (FRC Resolution 2019-18)

Chief Financial Officer, Jeremy Vidito gave a brief overview of the letter of agreement with the Detroit Federation of Teachers, noting that the District budgeted \$26.0 million for one-time expenditures including bonus payments for various unions. The \$8.0 million increase in DFT costs above the FY20 budgeted amount will be covered through a reallocation of one-time General Fund and Grant expenditures. He further

stated of the projected \$23.4 million in incremental DFT costs, approximately \$14.1 million will be one-time expenditures.

Motion made to consider and approve the Community District's Letter of Agreement with Detroit Federation of Teachers (DFT) local 231, wage reopener (FRC School District Resolution 2019-19) as presented. Motion moved and supported. The Commission approved School District Resolution 2019-19 as presented.

e. Consideration of the Community District's August 2019 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2019-19)

Public Act 181 of 2014 requires the Financial Review Commission to review and approve contracts meeting any of the three 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.

Chief Financial Officer, Jeremy Vidito gave a brief overview of the Community District's 7 contract approval requests 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 August 2019 contract approval request (FRC School District Resolution 2019-19). Motion moved and supported. The Commission approve School District Resolution 2019-19 as presented.

f. Consideration of the Community District's August 2019 out-of-state travel reimbursement requests per MCL 141.1637 (q) (FRC School Resolution 2019-20)

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. Mr. Vidito presented 1 request for the month of August 2019 for the Community District

Motion made to approve the Community District's August 2019 out-of-state travel reimbursement request (FRC School District Resolution 2019-20) as presented. Motion moved and supported. The Commission approved School District Resolution 2019-20 as presented.

VI. Public Comment

Edy Peebles
William Davis
Michelle George

VII. Next Meeting Date

School District Regular Meeting: September 30, 2019, following the City Meeting, beginning no earlier than 1:05 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

VIII. 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 1:50 p.m.

DRAFT

**FRC Committee Monthly Meeting
School District
Resolution Roll Call
Monday, August 26, 2019**

FRC 8/26/2019 Meeting (DPSCD)	School District Resolution 2019-18 (Approving SD/DFT 2019-20 Wage reopener Letter of Agreement) Roll Call	School District Resolution 2019-19 (Consideration of SD August Contracts Requests) Roll Call	School District Resolution 2019-20 (Consideration of SD August out-of-state travel) Roll Call
Ms. Eubanks	Yes	Yes	Yes
Ms. Fox	Yes	Yes	Yes
Mr. Kolb	Yes	Yes	Yes
Mr. McKinnon	Yes	Yes	Yes
Mr. Nicholson	Yes	Yes	Yes
Mr. Rose	Yes	Yes	Yes
Ms. Taylor	Absent	Absent	Absent
Mr. Vitti	Yes	Yes	Yes
Mr. Walsh	Yes	Yes	Yes

Signed by: B. Greaves
Beverly C. Greaves- Secretary

Date: 8/26/2019