

# DETROIT FINANCIAL REVIEW COMMISSION

## SCHOOL DISTRICT REGULAR MEETING

Monday, June 26, 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

#### **I. Call to Order**

Chairman Nick A. Khouri called the meeting to order at 2:40 p.m.

#### **II. Roll Call**

##### Members Present – 8

Stacy Fox  
Bill Martin  
Brenda Jones (non-voting)  
Nick Khouri  
David Nicholson  
Al Pscholka  
Iris Taylor  
Nicholai Vitti

##### Members Absent – 3

Darrell Burks  
Mike Duggan (non-voting)  
Tony Saunders

Let the record show that 7 Commission members eligible to vote were present and participated in person, and 1 non-voting member was also present. A quorum was present.

#### **III. Approval of Proposed Minutes from the May 22, 2017 School District Meeting**

Motion made to approve the draft minutes of the Commission's May 22, 2017 School District Meeting as presented. Motion moved and supported, the Commission approved the minutes of the May 22, 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**

Deputy Superintendent of Finance and Operations, Marios Demetriou presented his monthly financial report and addressed questions for the Commission. Highlights from his summary include:

- The Community District recorded a surplus of revenues over expenditures of \$6M in the April, 2017, which was primarily due to the higher than expected revenues from state sources and lower than expected spend on support services.
- The Community District recorded a surplus over expenditures of \$99M through April 2017. The surplus is due to higher revenue resulting from one-time transfers related to the new District legislation alone with one-time asset sales, and lower expenditures.
- April 2017 revenues totaling \$52M were \$1M or 3% higher than budgeted revenues and YTD revenues totaling \$550M were higher \$2M than budgeted revenues, both are primarily due to higher than expected revenues from federal and state sources, offset by less than expected revenues from local sources.
- YTD net cash flow through April 2017 was \$67M, which was \$5M lower than expected primarily due to timing differences in expected revenues and expenditures for the month.
- Net cash flow was lower than revenue surplus mainly due to timing differences between cash and accruals.

**b. Consideration of the Community District's June 2017 budget amendment #5 requests per MCL 141.1637 (c) (FRC District Resolution 2017-11)**

Mr. Demetriou presented the School District's Budget Amendment No. 5 for consideration. He stated that the budget amendment increases the projected surplus to \$75.7M at the end of the fiscal year; payroll expenses are reduced in alignment with anticipated costs, and the District's FY 2017 capital allocation of \$1.5M expenditure for installation of a new football field at Cass Technical High school was allocated FY 2017-2018 budget year. Also included in the amendment is the allocation of Title 11A carryover of \$7.7M for the funding of additional teachers, instructional specialists and purchased services. He addressed questions from the Commission.

Motion made to approve the Community District's June 2017 budget amendment (FRC Resolution 2017-11) as presented. Motion moved and supported. The Commission approved School District Resolution 2017-11 as presented.

**c. Consideration of the Detroit Public Schools Community District's FY 2018 Budget submission per MCL 141.1637 (c) (FRC District Resolution 2017-12)**

Mr. Demetriou, presented the School District's FY 2018 budget. He stated that the budget is built with many of the same high-level assumptions that were presented previously to the FRC with changes consisting of new known and measurable items. He explained that the collective bargaining agreements and the state budget have not been finalized, and the District will be making amendments to the budget, so that these items can be reflected. He further stated that the budget supports 6,054 positions with 822 of those positions reported as budgeted, but unfilled. Of the 822 positions, 101 of these affected the General Fund totaling \$7.9M. It was further noted that 198 positions totaling

\$17.0M were not funded in the budget, because the District does not anticipate these positions being filled in FY 2018. He addressed questions from the Commission.

Motion made to approve the Community District's FY 2018 Budget (School District Resolution 2017-12) as presented. Motion moved and supported. The Commission approved School District Resolution 2017-12 as presented.

**d. Consideration of the Detroit Public Schools (DPS) June 2017 budget amendment #2 requests per MCL 141.1637 (c) (FRC Detroit Public Schools Resolution 2017-1)**

Mr. Demetriou presented the Detroit Public Schools (DPS) Budget Amendment No. 2 for consideration. He stated that DPS will transfer \$48.4M to Detroit Public Schools Community District (DPSCD) for workers comp, termination incentive payments, and legal costs in FY2017. He stated that a transfer to the Food service fund in the amount of \$4.5M, and the recognition of DPS payments to vendors from the emergency loan proceeds since the FY 2016 audit was also included in the amendment. He addressed questions from the Commission.

Motion made to approve Detroit Public Schools (DPS) June 2017 budget amendment #2 (FRC Resolution 2017-1) as presented. Motion moved and supported. The Commission approved Detroit Public Schools (DPS) Resolution 2017-1 as presented.

**e. Consideration of the Detroit Public Schools (DPS) FY 2018 Budget submission per MCL141.1637 (c) (FRC Detroit Public Schools Resolution 2017-2)**

Mr. Demetriou, presented Detroit's Public Schools FY 2018 budget. He stated that DPS is anticipating revenue totaling \$62.9M, which consists of revenue generated from the property tax millage and renaissance zone funding. He further stated that the revenue generated will support debt service payments of \$40.1M, a transfer to DPSCD of \$15.8M and legal and audit costs of \$400k. He addressed questions from the Commission.

Motion made to approve Detroit Public Schools (DPS) FY 2018 Budget (Detroit Public Schools Resolution 2017-2) as presented. Motion moved and supported. The Commission approved Detroit Public Schools (DPS) Resolution 2017-2 as presented.

**f. Community District's Bond Refinancing Update**

Mr. Demetriou gave an update on the Bond Refinancing. He stated that proposals for placement bids on the proposed taxable refunding of the School District of the City of Detroit's ("DPS") School Loan Revolving Fund loans was issued, and two revised bids were received from Bank of America and JP Morgan Chase Bank. He gave a detailed update on the Issuance Cost and the Analysis; and further stated that based on the analysis, it is being recommended that DPS proceeds with the proposal from Bank of America. He addressed questions from the Commission.

A discussion ensued and it was agreed that a special meeting of the FRC would be scheduled for consideration and possible approval of the proposal.

**g. Consideration of the Community District's June 2017 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2017-13)**

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.

Motion made to consider and approve the Community District's 6 June 2017 contract approval requests (FRC School District Resolution 2017-13). Motion moved and supported. The Commission approved School District Resolution 2017-13 as presented.

**h. Consideration of the Community District's June 2017 out-of-state travel reimbursement requests per MCL 141.1637(q) (FRC School District Resolution 2017-14)**

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. Demetriou presented 6 requests for the month of June 2017 for the Community District.

Motion made to approve the Community District's June 2017 out-of- state travel reimbursement requests (FRC School District Resolution 2017-14) as presented. Motion moved and supported. The Commission approved School District Resolution 2017-14 as presented.

**VII. Public Comment**

Helen Moore  
John Lauve  
Eddy People

**VIII. Next Meeting Date**

School District Regular Meeting: July 31, 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 3:40 p.m.

**Financial Review Commission**  
**Monthly Meeting**  
**School District**  
**Resolution Roll Call Vote**  
**Monday, June 26, 2017**

FRC 6/26/2017 Meeting	FRC SD Resolution 2017-11 (Consideration of DPSCD budget amendment #5 approval requests)  Roll Call	FRC SD Resolution 2017-12 (Consideration of DPSCD FY 2018 budget approval requests)  Roll Call	FRC SD Resolution 2017-13 (Consideration of June 2017 contracts approval requests)  Roll Call	FRC SD Resolution 2017-14 (Consideration of June 2017 out-of-state travel approval requests)  Roll Call
Mr. Burks	Absent	Absent	Absent	Absent
Ms. Fox	Yes	Yes	Yes	Yes
Mr. Khouri	Yes	Yes	Yes	Yes
Mr. Martin	Yes	Yes	Yes	Yes
Mr. Nicholson	Yes	Yes	Yes	Yes
Mr. Pscholka	Yes	Yes	Yes	Yes
Mr. Saunders	Absent	Absent	Absent	Absent
Ms. Taylor	Yes	Yes	Yes	Yes
Mr. Vitti	Yes	Yes	Yes	Yes

Signed by: *B. Greaves*  
 Beverly C. Greaves, Secretary

Date: 6/26/2017

**Financial Review Commission**  
**Monthly Meeting**  
**Detroit Public Schools (DPS)**  
**Resolution Roll Call Vote**  
**Monday, June 26, 2017**

<b>FRC 6/26/2017 Meeting</b>	<b>FRC SD Resolution 2017-1 (Consideration of DPS budget amendment #2 approval requests)</b>  <b>Roll Call</b>	<b>FRC SD Resolution 2017-2 (Consideration of DPS FY 2018 budget approval requests)</b>  <b>Roll Call</b>
Mr. Burks	<b>Absent</b>	<b>Absent</b>
Mr. Duggan	<b>Absent</b>	<b>Absent</b>
Ms. Fox	Yes	Yes
Ms. Jones	Yes	Yes
Mr. Khouri	Yes	Yes
Mr. Martin	Yes	Yes
Mr. Nicholson	Yes	Yes
Mr. Pscholka	Yes	Yes
Mr. Saunders	<b>Absent</b>	<b>Absent</b>

Signed by: *B. Greaves*  
 Beverly C. Greaves, Secretary

Date: 6/26/2017