



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-26

APPROVING AND ADOPTING NOTICE OF REGULAR MEETINGS OF DETROIT FINANCIAL REVIEW COMMISSION FOR 2019

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the “Act”), allows for the creation of the Detroit Financial Review Commission (the “Commission”) within the Michigan Department of Treasury; and

WHEREAS, Section 5 of the Act provides, in part, that a Financial Review Commission shall exercise its duties through an eleven-member Commission; and

WHEREAS, Section 5(6) of the Act provides that the Commission is subject to Public Act 267 of 1976, the Open Meetings Act, and the Commission members, in the interest of promoting transparency in the discharge of its duties, deems the Commission to be a “public body” as that term is used in Section 2(a) of the Open Meetings Act; and

WHEREAS, Section 5(2) of the Open Meetings Act, provides that “[f]or regular meetings of a public body, there shall be posted within 10 days after the first meeting of the public body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings”; and

WHEREAS, Section 4 of the Act provides, in part, that “the budgeting, procurement, personnel, and related management functions of a commission shall be performed under the direction and supervision of the state treasurer.”

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Notice of Regular Meetings, attached as **Exhibit A** to this Resolution, is approved and adopted by the Detroit Financial Review Commission.
2. That the persons designated in Resolution 2018-26 are hereby directed to post the Notice of Regular Meetings within 10 days pursuant to Section 5(2) of Public Act 267 of 1976, the Open Meetings Act.
3. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
4. This Resolution shall have immediate effect.

DETROIT FINANCIAL REVIEW COMMISSION

Cadillac Place ▪ 3062 West Grand Boulevard ▪ Detroit, MI 48202

2019 NOTICE OF REGULAR MEETINGS

The **Detroit Financial Review Commission** will hold its regular meetings during the calendar year ending December 31, 2019, on the following dates at the following times at Cadillac Place, 3062 West Grand Boulevard, Detroit, MI 48202:

Date	Cadillac Place Room	City Meeting Time	School District Meeting Time
Monday, January 28, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, February 25, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, March 25, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, April 29, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, May 20, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, June 24, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, July 29, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, August 26, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, September 30, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, October 28, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, November 25, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.
Monday, December 16, 2019	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 1:05 p.m.

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the Detroit Financial Review Commission should contact Beverly Greaves at (313) 456-4796 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12131 to 12134.

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Commission within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Commission within 5 business days after approval by the Commission.

The Commission may hold special meetings, in addition to the regular meetings above. Special meetings are also open to the public and separate notice will be posted in advance of special meetings.

Overall Summary – DPS

- **Revenues and Expenditures**

- August tax receipts totaled ~\$5.5M for 13 Mills and ~\$5.6M for 18 Mills
- The final payment of \$8M was made to Sodexo

- **Cash Flow**

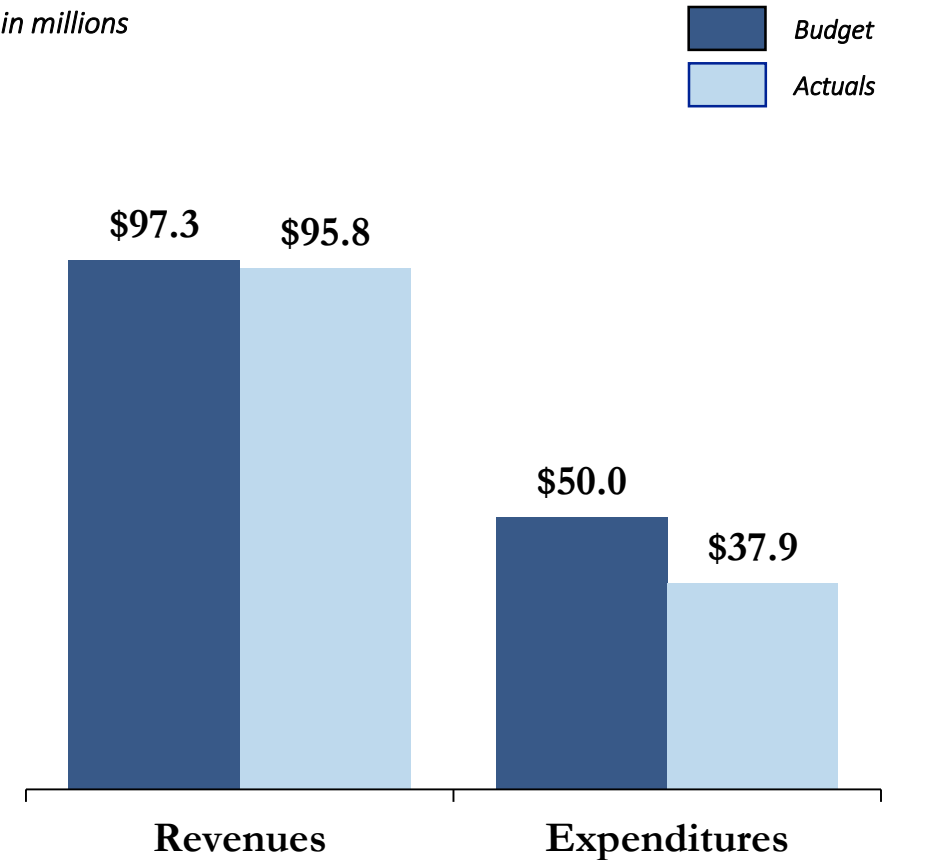
- The \$25.8M draw from BONY for the agreed 18 Mills reimbursement was completed in August
- Transfers to DPSCD totaled \$13.1M in repayment for transition costs incurred when the new district was established
- The ending cash balance for August was \$10.1M

Overall Summary – DPSCD Revenues and Expenditures

- Year-to-Date revenues through July were slightly below budget (\$1.5M)
 - Primarily driven by lower than expected Federal revenue
- Year-to-Date expenses were 24% lower than budgeted
 - Primary drivers include:
 - Purchased services were \$13.4M less than forecast
 - Textbooks and supplies were \$1.7M above forecast due to August payments for expansions to K-8 curriculum

Budget vs. Actuals – Through August 2018

\$ in millions

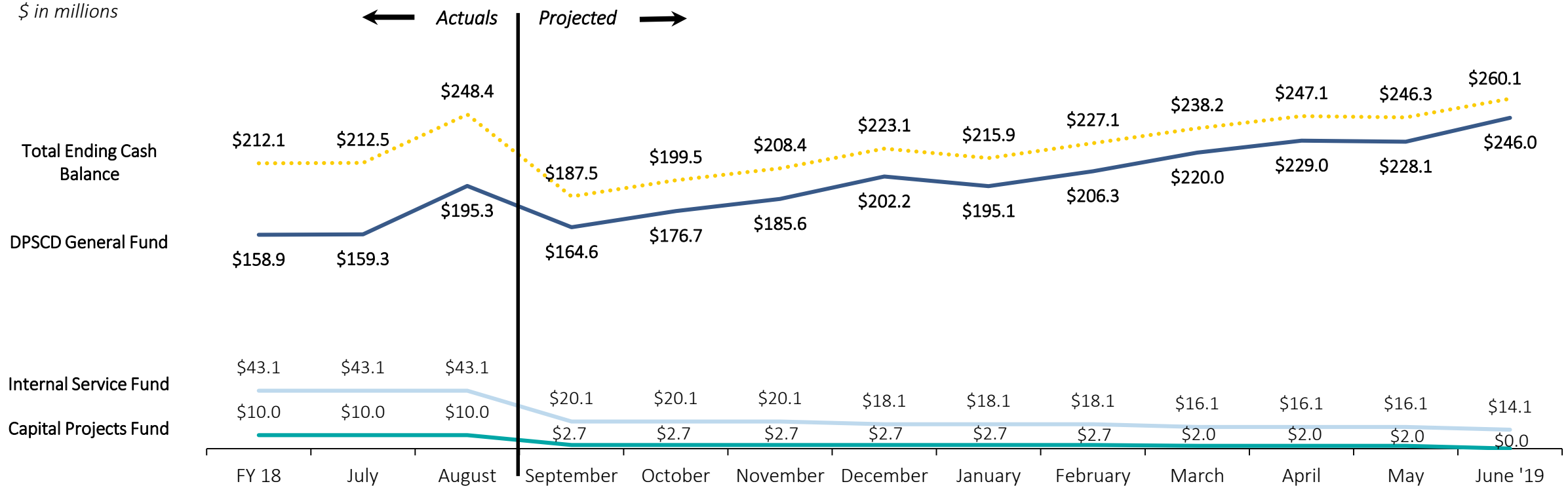


DPSCD August 2018 Cash Flow Analysis

- DPSCD's ending cash balance for August was \$248.4M - General Fund ending balance was \$195.3M, the ISF ending balance was \$43.1M and the Capital Projects Fund ending balance was \$10.0M
 - Includes a transfer of \$13.1M from DPS to cover agreed upon district transition costs from 2016
 - Grant revenues were \$9M higher than forecast
- The current cash balance is estimated to be equivalent to 15.1 weeks of average expenditures¹.

Actual & Projected Ending Cash Balance

\$ in millions



¹ Calculated by taking the General Fund balance as of August 31, 2018 and dividing it by the rolling average actual YTD expenditures per week (excludes the ISF and Capital Projects Fund balances as well as any extraordinary, one-time items)

DPS Update – August 2018

DPS Cash Forecast to Actuals Variance – August 2018

<i>\$ in thousands</i>	August Forecast	August Actuals	August Variance	Comment
Cash Receipts				
State Aid		\$ -	\$ -	
Property Tax (13 Mills)	3,898	5,484	1,586	Actual receipts greater than forecast
Transfer from DPSCD	145	-	(145)	Transfer moved to September
Draw from BONY	23,863	25,803	1,940	Draw increased to include currently available funds
Miscellaneous	9	62	53	Approx \$34k in grant income paid to DPS instead of DPSCD
Total Cash Receipts	27,915	31,348	3,433	
Cash Disbursements				
Payroll Direct Deposit	-	-	-	
FICA	-	-	-	
Accounts Payable	(8,091)	(8,091)	(0)	Final payment in settlement of Sedexo case - \$8M
Property Tax Transfer (1)	(3,882)	(5,484)	(1,602)	Transfer increased to match receipts
Transfer to DPSCD	(441)	(13,134)	(12,693)	Scheduled transfer pulled forward from September; includes grants paid to DPS instead of DPSCD
Other	(1)	(442)	(441)	Amount refunded to original granting authority - future payment will be made to DPSCD
Total Cash Disbursements	(12,415)	(27,151)	(14,736)	
Net Cash Flow	15,500	4,197	(11,303)	
Beginning Cash Balance	5,922	5,922	-	
Net Cash Flow	15,500	4,197	(11,303)	
Ending Cash Balance	\$ 21,422	\$ 10,119	\$ (11,303)	

(1) Property tax transfer relates to 13 Mills property tax receipts collected to cover capital debt service.

DPS FY 2019 Monthly Cash Flows

\$ in thousands

	2018						2019						FY 19 Total
	July	August	September	October	November	December	January	February	March	April	May	June	
	Actual	Actual	Forecast*	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
DPS General Fund (13 Mills)													
Beginning Cash Balance	\$ 7,929	5,922	10,119	5,772	5,772	5,772	5,772	5,672	5,672	9,483	9,682	9,682	7,929
Receipts													
Property Tax Receipts	-	5,484	19,965	4,076	1,748	1,137	2,468	4,366	17,553	828	2,243	16,985	76,851
Transfers from BONY	\$ -	\$ 25,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,810	\$ 199	\$ -	\$ 2,170	31,982
Other Cash Receipts	465	62	186	-	-	-	-	-	-	-	-	-	714
Disbursements													
Property Tax Transfers	(2,369)	(5,484)	(19,965)	(4,076)	(1,748)	(1,137)	(2,468)	(4,366)	(17,553)	(828)	(2,243)	(16,985)	(79,220)
Reimbursement to DPSCD	-	(13,134)	-	-	-	-	-	-	-	-	-	(6,900)	(20,034)
Other Cash Disbursements ¹	(103)	(8,534)	(4,533)	-	-	-	(100)	-	-	-	-	-	(13,270)
Net Cash Flow	(2,008)	4,197	(4,347)	0	(0)	0	(100)	0	3,810	199	(0)	(4,730)	(2,978)
Ending Cash Balance	5,922	10,119	5,772	5,772	5,772	5,772	5,672	5,672	9,483	9,682	9,682	4,952	4,952
DPS Scheduled Bond Repayments (13 Mills)													
Beginning Property Tax Balance	22,577	24,946	30,430	50,395	54,471	13,204	14,341	16,808	21,174	38,727	138,871	(0)	22,577
Property Tax Transfers	2,369	5,484	19,965	4,076	1,748	1,137	2,468	4,366	17,553	828	2,243	16,985	79,220
Draw from SLRF to meet Obligations	-	-	-	-	-	-	-	-	-	99,316	-	-	99,316
Scheduled Bond Debt Payments	-	-	-	-	(43,014)	-	-	-	-	-	(141,114)	-	(184,128)
Ending Property Tax Balance	24,946	30,430	50,395	54,471	13,204	14,341	16,808	21,174	38,727	138,871	(0)	16,985	16,985
DPS Debt Fund (18 Mills - BONY)													
Beginning Cash Balance	\$ 28,775	28,799	8,618	29,754	17,657	19,710	20,862	27,334	34,662	28,135	6,025	13,538	28,775
Receipts													
Cash Receipts	24	5,622	22,118	2,906	2,053	1,152	6,472	7,328	266	469	7,513	15,903	71,826
Disbursements													
Transfers to DPS General Fund ¹	-	(25,803)	-	-	-	-	-	-	(3,810)	(199)	-	(2,220)	(32,032)
Scheduled EL/Bond Payments	-	-	(983)	(15,003)	-	-	-	-	(2,983)	(22,380)	-	-	(41,348)
Net Cash Flow	24	(20,181)	21,136	(12,097)	2,053	1,152	6,472	7,328	(6,527)	(22,110)	7,513	13,683	(1,554)
Ending Cash Balance	28,799	8,618	29,754	17,657	19,710	20,862	27,334	34,662	28,135	6,025	13,538	27,221	27,221
DPS Summary Cash Position													
General Fund (13 Mills)	5,922	10,119	5,772	5,772	5,772	5,772	5,672	5,672	9,483	9,682	9,682	4,952	4,952
DPS Debt Fund (18 Mills)	28,799	8,618	29,754	17,657	19,710	20,862	27,334	34,662	28,135	6,025	13,538	27,221	27,221
Ending Cash Position	\$ 34,721	\$ 18,737	\$ 35,526	\$ 23,429	\$ 25,482	\$ 26,634	\$ 33,006	\$ 40,334	\$ 37,618	\$ 15,707	\$ 23,220	\$ 32,173	\$ 32,173

*Forecast includes actuals through September 7, 2018

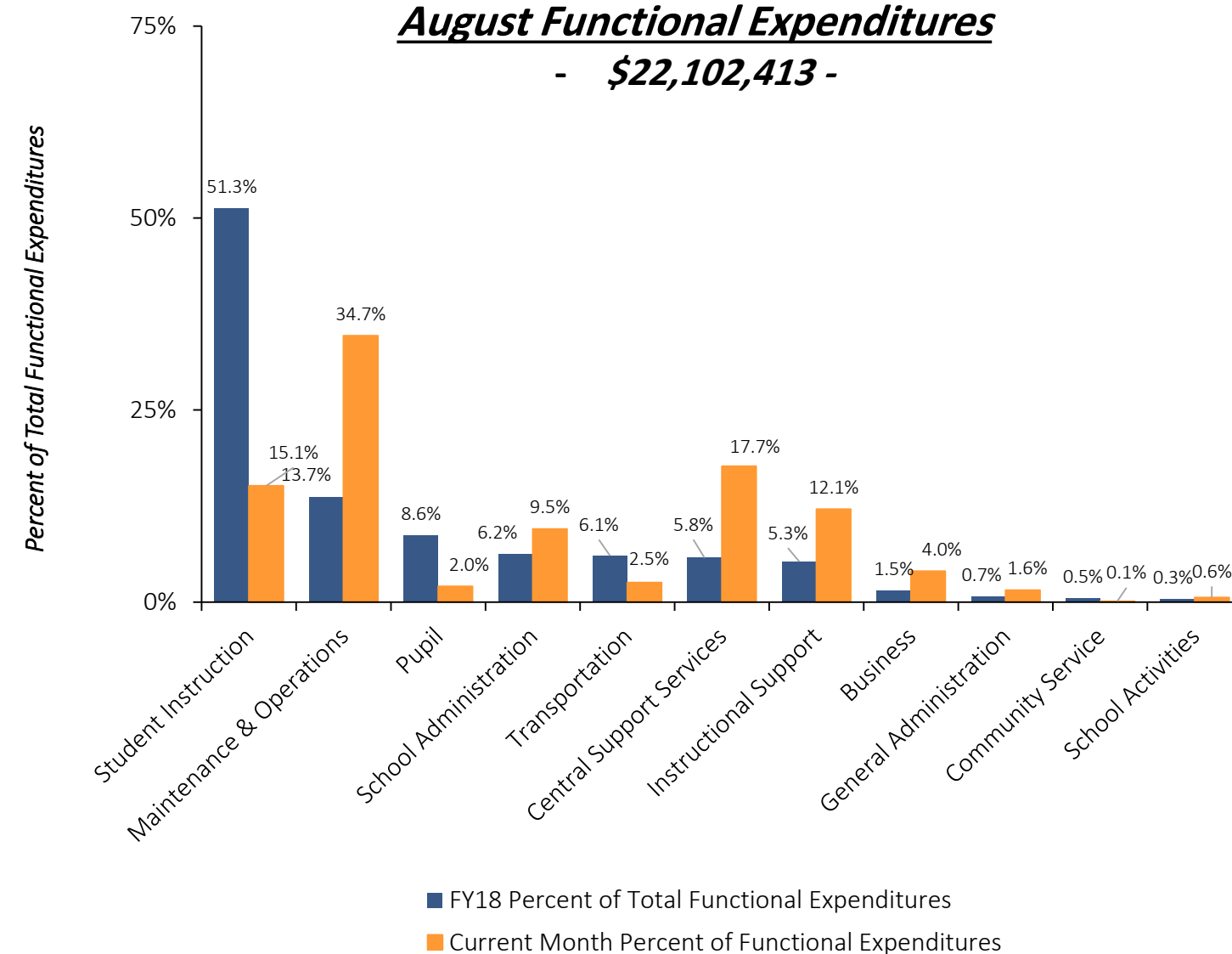
(1) The \$8M payment in August was the last settlement payment to Sodexo; The \$4.5M payment in September is a reimbursement to Wayne County for 2014/2015 overpayment of Act 18 Funds

DPSCD Update – August 2018

Summary of Revenues and Expenditures

	Budget Month of Aug - FY19	Actual Month of Aug - FY19	Variance		Budget YTD Aug - FY19	Actual YTD Aug - FY19	Variance	
			\$	%			\$	%
SUMMARY								
Revenues								
Local sources	\$ -	\$ 892,336	\$ 892,336		\$ -	\$ 902,905	\$ 902,905	
State sources	41,220,401	41,607,606	387,205	1%	83,161,198	83,464,615	303,417	0%
Federal sources	4,847,842	4,398,237	(449,605)	(9%)	14,104,689	11,414,180	(2,690,509)	(19%)
Total revenues	46,068,243	46,898,179	829,936	2%	97,265,887	95,781,701	(1,484,186)	(2%)
Expenditures								
Salaries	6,018,779	7,308,803	1,290,024	21%	13,996,930	13,756,969	(239,961)	(2%)
Benefits	3,081,540	3,364,795	283,255	9%	7,166,255	7,427,559	261,304	4%
Purchased Services	11,418,866	7,195,501	(4,223,365)	(37%)	24,330,539	10,914,294	(13,416,246)	(55%)
Supplies & Textbooks	379,786	2,653,180	2,273,394	599%	1,091,398	2,835,529	1,744,131	160%
Equipment & Capital	323,051	208,630	(114,421)	(35%)	646,102	208,630	(437,472)	(68%)
Utilities	1,387,453	1,387,306	(147)	(0%)	2,774,906	2,774,759	(147)	(0%)
Other	-	(15,801)	(15,801)	0%	-	-	-	0%
Total expenditures	22,609,474	22,102,413	(507,061)	(2%)	50,006,131	37,917,740	(12,088,391)	(24%)
Surplus (Deficit)	\$ 23,458,769	\$ 24,795,766	\$ 1,336,996	4%	\$ 47,259,758	\$ 57,863,961	\$ 10,604,205	23%

Expenditures by Function – August 2018



Notes:

The following categories of expenses run higher (*on a percentage basis*) in the summer as work is being done to address facility issues and prepare the schools while students are on summer break:

- Maintenance and Operations
- School Administration
- Central Support Services
- Instructional Support
- Business Office

DPSCD Cash Forecast to Actuals – August 2018

\$ in thousands

Cash Receipts

	August Forecast	August Actuals	August Variance	Comment
State Aid	\$ 39,097	\$ 39,854	\$ 757	
MPSERS (State Funded)	2,983	2,986	3	
Enhancement Millage	1,086	-	(1,086)	Timing - receipts expected in future period
Grants	20,831	29,612	8,781	Grant receipts were higher than expected
Transfer from DPS	441	13,134	12,693	Scheduled FY18 Transfer to DPSCD
WCRESA	-	486	486	
Food Service Reimbursement	601	1	(600)	Timing - catch up expected in future periods
Miscellaneous	701	1,381	680	
Total Cash Receipts	65,740	87,453	21,713	

Cash Disbursements

MPSERS (Pass through)	\$ (2,983)	\$ (2,983)	\$ (0)	
Payroll Direct Deposit	(19,795)	(16,180)	3,615	Timing - forecast assumed higher amount
Taxes	(4,624)	(4,345)	279	
FICA	(1,537)	(1,657)	(120)	
Accounts Payable	(20,434)	(14,990)	5,444	Payables submitted lower than forecast
Pension (employee portion)	(1,602)	(1,382)	220	
Pension (employer portion)	(5,154)	(4,475)	679	
Health	(5,271)	(5,138)	133	
Fringe Benefits	(515)	(208)	307	Timing - remaining payments to be made during September
Food Service	(713)	(115)	598	Timing - forecast assumed higher amount
Transfer to DPS	(145)	-	145	Transfer rescheduled for September
Other	(1,050)	-	1,050	Forecast assumed contingency
Total Cash Disbursements	(63,823)	(51,474)	12,349	

Net Cash Flow

Beginning Cash Balance	159,324	159,324	-	
Net Cash Flow	1,917	35,979	34,061	
Ending Cash Balance	\$ 161,241	\$ 195,303	\$ 34,061	

DPSCD FY 2019 Monthly Cash Flows

\$ in thousands

	2018						2019						FY 19 Total
	July	August	September	October	November	December	January	February	March	April	May	June	
	Actual	Actual	Forecast*	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash Receipts													
State Aid	\$ 39,713	\$ 39,854	\$ -	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 39,545	\$ 435,468
MPSERS (State Funded)	2,983	2,986	-	-	5,967	2,983	2,983	2,983	2,983	2,983	2,983	2,983	32,819
Enhancement Millage	-	-	3,358	3,569	3,243	1,742	320	2,229	2,831	-	11	-	17,304
Grants	5,380	29,612	7,170	15,200	15,927	20,944	14,185	14,185	14,185	14,185	15,673	14,185	180,832
Transfer from DPS	-	13,134	-	-	-	-	-	-	-	-	-	6,900	20,034
WCRESA	-	486	4,209	4,209	4,209	4,209	4,209	4,209	4,209	4,209	4,209	4,209	42,574
Food Service Reimbursement	-	1	1,060	3,241	4,051	3,241	4,051	3,241	3,241	3,241	4,051	3,241	32,662
Miscellaneous	1,200	1,381	23,992	941	1,092	2,941	1,092	941	2,941	941	1,092	2,941	41,493
Total Cash Receipts	49,276	87,453	39,789	66,705	74,033	75,604	66,385	67,333	69,935	65,104	67,565	74,004	803,186
Cash Disbursements													
MPSERS (Pass through)	\$ (2,983)	\$ (2,983)	\$ (2,986)	\$ -	\$ -	\$ (5,967)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (2,983)	\$ (32,819)
Payroll Direct Deposit	(14,239)	(16,180)	(27,739)	(14,714)	(14,714)	(14,714)	(25,214)	(14,809)	(14,809)	(14,809)	(14,809)	(14,809)	(201,562)
Taxes	(4,860)	(4,345)	(9,422)	(5,642)	(8,463)	(5,642)	(5,678)	(5,678)	(5,678)	(5,678)	(8,517)	(5,678)	(75,282)
FICA	(1,457)	(1,657)	(2,901)	(1,649)	(2,474)	(1,649)	(1,660)	(1,660)	(1,660)	(1,660)	(2,490)	(1,660)	(22,575)
Accounts Payable	(10,430)	(14,990)	(14,075)	(14,167)	(17,709)	(14,167)	(17,709)	(14,167)	(14,167)	(14,167)	(17,709)	(14,167)	(177,624)
Pension (employee portion)	(1,836)	(1,382)	(1,585)	(3,629)	(2,888)	(1,926)	(1,932)	(1,938)	(1,938)	(1,938)	(2,907)	(1,938)	(25,838)
Pension (employer portion)	(5,927)	(4,475)	(5,019)	(6,101)	(9,152)	(6,101)	(6,120)	(6,139)	(6,139)	(6,139)	(9,209)	(6,139)	(76,663)
Health	(2,403)	(5,138)	(4,437)	(4,427)	(4,427)	(4,427)	(6,684)	(4,456)	(4,456)	(4,456)	(4,456)	(4,456)	(54,223)
Fringe Benefits	(322)	(208)	(507)	(468)	(468)	(468)	(706)	(471)	(471)	(471)	(471)	(471)	(5,500)
Food Service	(4,435)	(115)	(450)	(2,339)	(2,923)	(2,339)	(2,923)	(2,339)	(2,339)	(2,339)	(2,923)	(2,339)	(27,802)
Transfer to DPS	-	-	(172)	-	-	-	-	-	-	-	-	-	(172)
Other	-	-	(1,181)	(1,530)	(1,913)	(1,530)	(1,913)	(1,530)	(1,530)	(1,530)	(1,913)	(1,530)	(16,100)
Total Cash Disbursements	(48,892)	(51,474)	(70,476)	(54,666)	(65,131)	(58,930)	(73,522)	(56,171)	(56,171)	(56,171)	(68,387)	(56,171)	(716,160)
Net Cash Flow	384	35,979	(30,686)	12,039	8,902	16,675	(7,137)	11,163	13,764	8,933	(823)	17,833	87,026
Beginning Cash Balance	158,940	159,324	195,303	164,616	176,655	185,557	202,232	195,096	206,258	220,022	228,955	228,133	158,940
Net Cash Flow	384	35,979	(30,686)	12,039	8,902	16,675	(7,137)	11,163	13,764	8,933	(823)	17,833	87,026
Ending Cash Balance	\$ 159,324	\$ 195,303	\$ 164,616	\$ 176,655	\$ 185,557	\$ 202,232	\$ 195,096	\$ 206,258	\$ 220,022	\$ 228,955	\$ 228,133	\$ 245,966	\$ 245,966

*Forecast includes actuals through September 7, 2018

DPSCD Internal Service & Capital Projects Funds

	July Actual	August Actual	September Forecast*	October Forecast	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	FY 19 Total
General Fund Cash Balance	\$ 159,324	\$ 195,303	\$ 164,616	\$ 176,655	\$ 185,557	\$ 202,232	\$ 195,096	\$ 206,258	\$ 220,022	\$ 228,955	\$ 228,133	\$ 245,966	\$ 245,966
Internal Service Fund and Fiduciary Account													
Beginning Balance	\$ 43,108	\$ 43,108	\$ 43,108	\$ 20,108	\$ 20,108	\$ 20,108	\$ 18,108	\$ 18,108	\$ 18,108	\$ 16,108	\$ 16,108	\$ 16,108	\$ 43,108
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) TIP, Legal, And Workers' Compensation Claims	-	-	(23,000)	-	-	(2,000)	-	-	(2,000)	-	-	(2,000)	(29,000)
Ending Internal Service Fund Balance	43,108	43,108	20,108	20,108	20,108	18,108	18,108	18,108	16,108	16,108	16,108	14,108	14,108
Total General Fund and ISF Balance	\$ 202,432	\$ 238,410	\$ 184,724	\$ 196,763	\$ 205,665	\$ 220,340	\$ 213,203	\$ 224,366	\$ 236,130	\$ 245,063	\$ 244,240	\$ 260,073	\$ 260,073
Capital Projects Fund													
Beginning Balance	\$ 10,025	\$ 10,025	\$ 10,025	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,735	\$ 2,035	\$ 2,035	\$ 2,035	\$ 10,025
(+) Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) Payments for completed projects	-	-	(7,290)	-	-	-	-	-	(700)	-	-	(2,035)	(10,025)
Ending Balance	10,025	10,025	2,735	2,735	2,735	2,735	2,735	2,735	2,035	2,035	2,035	-	-
Total General Fund, ISF and Capital Projects Balance	\$ 212,457	\$ 248,435	\$ 187,459	\$ 199,498	\$ 208,400	\$ 223,075	\$ 215,938	\$ 227,101	\$ 238,165	\$ 247,098	\$ 246,275	\$ 260,073	\$ 260,073

*Forecast includes actuals through September 7, 2018

Contract Requests



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-27

**APPROVING THE COMMUNITY DISTRICT'S OCTOBER 2018
CONTRACT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 2016; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the Community District's applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on October 29, 2018, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's October 2018 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
1	Curriculum & Instruction	18-0049-C	Contract Amount: \$1,575,000 Contract Period: April 16, 2018 – June 30, 2019 Source: General Funds Purpose: To purchase additional K-8 Math instructional materials. Contractor: Great Minds DBA Eureka Math Location: 55 M Street SE, Suite 340 Washington, DC 20003	Increase	Yes	No	Anticipated Approval School Board 10.16.2018 FRC 10.29.2018	<p>An RFP was conducted in March of 2018 to solicit instructional materials for K-8 Math. 16 responses were received. According to a study released by the RAND Corporation, Great Minds is the most widely used math curriculum in the United States. It is also 1 of only 2 curriculums found by EdReports.org to align fully with the CCSS for all grades, K–8.</p> <p>This request is to increase the existing contract, presently approved for \$1,375,000, by \$200,000, for a total contract value of \$1,575,000. Due to shifts in enrollment, current instructional materials are insufficient to provide schools with the required materials. This increase will cover the additional teacher and student materials needed as well as additional professional development. The FRC previously approved this contract in April of 2018.</p>

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
2	Curriculum & Instruction	18-0048-C	Contract Amount: \$6,100,000 Contract Period: April 16, 2018 – June 30, 2019 Source: General Funds Purpose: To purchase additional K-8 EL instructional materials. Contractor: Open Up Resources Location: 1600 El Camino Real, Suite 155 Menlo Park, CA 94025	Increase	Yes	No	Anticipated Approval School Board 10.16.2018 FRC 10.29.2018	<p>An RFP was conducted in March of 2018 to solicit instructional materials for K-8 ELA. 12 responses were received. Though Open Up was not the low-cost source, their response was the most comprehensive and complete. The other respondents, despite having a good program, did not submit costs for foundational skills or trade books, which can increase costs by millions of dollars.</p> <p>This request is to increase the existing contract, presently approved for \$5,250,000, by \$250,000, for a total contract value of \$6,100,000. Due to shifts in enrollment, current instructional materials are insufficient to provide schools with the required materials. This increase will cover the additional teacher and student materials needed as well as additional professional development. The FRC previously approved this contract in April of 2018.</p>

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
3	Finance	R141608	Contract Amount: \$1,000,000 Contract Period: October 30, 2018 – June 30, 2019 Source: General Funds & Grant Funds Purpose: To use the National IPA cooperative purchasing agreement for purchase from School Specialty. Contractor: School Specialty Location: W. 6316 Design Dr. Greenville, WI 54942	Cooperative	N/A	N/A	Anticipated Approval School Board 10.16.2018 FRC 10.29.2018	<p>The District will utilize the competitively bid NIPA cooperative purchasing agreement to purchase school supplies district wide from School Specialty.</p> <p>As with Staples and Office Depot, School Specialty will be placed on the District’s punch out system with a streamlined and pre-approved list of items. Throughout the year, District staff will enter requisitions as required that will go against the FRC approved amount. The FRC approved the use of punch out systems for Office Depot and Staples for the purchase of office supplies in August of 2018.</p> <p>The punch-out system provides flexibility to the District’s schools and departments while maintaining price control and enhanced cost containment.</p>

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
4	Finance	R-TC-17006	Contract Amount: \$3,000,000 Contract Period: October 30, 2018 – June 30, 2019 Source: General Funds & Grant Funds Purpose: To utilize Amazon where possible to procure the lowest cost goods, materials, and supplies. Contractor: Amazon Location: 325 9 th Avenue N. Seattle, WA 98109	Cooperative	N/A	N/A	Anticipated Approval School Board 10.16.2018 FRC 10.29.2018	<p>The District is seeking to add Amazon to its “direct connect” purchasing tool utilizing the US Communities cooperative bid out by Prince William County Public Schools. By allowing Amazon Business to become a vendor to the District, thousands of items will be available to District employees at a much lower cost than available elsewhere.</p> <p>Procurement will attempt to utilize Amazon where possible to procure the lowest cost goods, materials, and supplies such as specialized purchases for our Center Based Schools, Emergency Supply Kits, and supplemental professional development materials. Amazon will not serve as an alternative to Office Depot or Staples. Instead, it provides access to other lower cost, high quality goods utilizing a simplified procurement method.</p>

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
5	Facilities	16-0422-C	Contract Amount: \$913,923 Contract Period: September 1, 2015 – June 30, 2019 Source: General Funds Purpose: To approve an amendment to the lease for the Academy of Americas High School. Contractor: The Archdiocese of Detroit Location: 2635 Howard St. Detroit, MI 48216	Increase	N/A	N/A	Anticipated Approval School Board 10.16.2018 FRC 10.29.2018	<p>The District entered into a lease agreement with the Archdiocese of Detroit to rent a facility from which it could operate the Academy of the Americas School. This lease agreement was executed under Emergency Management in 2015 for five years with no renewals. This is the last year of the lease term and the District will likely relocate this school to one of the vacant properties owned by the District for the 2019-2020 School Year.</p> <p>The previously defined budget of \$608,473 was underestimated as it did not account for shifts in enrollment and the payment of utilities. Rent was initially based on enrollment estimates provided by the Office of Enrollment in 2015. Each fall and winter, official counts are updated, which changes the rate paid, thereby making the fees fluid.</p> <p>In order to cover expected expenditures through the close of the fiscal year, the District will need to increase the lease agreement by \$305,450, making the new contract value \$913,923.</p>

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
6	Facilities	N/A	Contract Amount: \$2,233,096 REVENUE Contract Period: October 30, 2018 – October 29, 2023 with five (5) optional five-year renewal terms. Source: Revenue to the District Purpose: To allow T-Mobile to use DPSCD properties for wireless communication equipment. Contractor: T-Mobile Central LLC Location: 12920 SE 38th Street, Bellevue, WA 98006	New	N/A	N/A	School Board 10.16.2018 Anticipated Approval FRC 10.29.2018	Currently, the district has three smokestack/rooftop lease agreements and one ground/flag pole lease, with other cellular service providers across 11 sites in the District. T-Mobile proposes a telecommunications lease agreement that will allow it to install, operate, repair, replace and maintain wireless communication equipment on the smokestack of three additional DPSCD locations: Mann, Priest, and Bow. With the addition of the three schools proposed herein, the total number of district schools with telecommunications leases will increase to 14. The T-Mobile tower agreement is revenue generating for six, five-year terms which will automatically renew and increase 3% in each renewal period

Out-of-State Travel Requests



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-28

**APPROVING THE COMMUNITY DISTRICT'S OCTOBER OUT-OF-
STATE TRAVEL REIMBURSEMENT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 7(q) of the Act provides that during the period of oversight, the Commission approve all Community District reimbursements to school board members, officials, and employees for travel outside the state; and

WHEREAS, at the Commission meeting on October 29, 2018, the Community District presented out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's October 29, 2018 out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution but excluding any reimbursements a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

Out-of-State Travel Reimbursement Requests

The following reimbursements (estimated cost) are being provided to the FRC for review and approval pursuant to section 7(q) of the Michigan Financial Review Commission Act. This(these) request(s) have previously been approved by the Board of Education pursuant to District policy.

	Conference Name	Location of Trip	Dates of Conference	School / Department	Central Office	Student	Faculty	Participants	Funding Source	Total Est. Cost	Approved by:	Notes
1	Brustein & Manasevit "Data Matters" Professional Development	New Orleans, LA	11/27/2018	College and Career Readiness	2	0	0	2	Grants	Transportation: \$892.80 Registration: \$2,290.00 Per Diem: \$639.00 Hotel: \$1,763.84 Total: \$5,585.64	Finance Committee 09.28.2018 Academic Committee 10.01.2018 Anticipated Approval Board 10.16.2018 FRC 10.29.2018	

Supplemental Reports

Expenditures by Function – August 2018

	Budget Month of Aug - FY19	Actual Month of Aug - FY19	Variance		Budget YTD Aug - FY19	Actual YTD Aug - FY19	Variance	
Expenditures (Function)			\$	%			\$	%
Elementary Programs	\$ 716,904	\$ 617,228	\$ (99,676)	(14%)	1,347,122	\$ 1,118,211	\$ (228,911)	(17%)
Middle School Programs	56,352	117,876	61,524	109%	58,629	173,616	114,987	196%
High School & Summer Programs	1,546,040	183,665	(1,362,375)	(88%)	1,616,266	1,808,127	191,861	12%
Special Education	751,782	415,275	(336,507)	(45%)	1,024,180	1,129,615	105,435	10%
Compensatory Education	1,181,919	1,998,453	816,534	69%	1,455,529	2,775,236	1,319,707	91%
Career and Technical Education	3,333	14,044	10,711	321%	6,666	17,058	10,392	156%
Adult/Continuing Education	65,320	182	(65,138)	(100%)	85,886	1,171	(84,715)	(99%)
Total Instruction	4,321,650	3,346,723	(974,927)	(23%)	5,594,278	7,023,034	1,428,756	26%
Pupil	1,777,621	450,977	(1,326,644)	(75%)	4,151,833	907,797	(3,244,036)	(78%)
Instructional Support	1,748,011	2,677,455	929,444	53%	4,544,899	4,520,440	(24,459)	(1%)
General Administration	407,696	342,894	(64,802)	(16%)	938,748	591,661	(347,087)	(37%)
School Administration	3,588,272	2,099,377	(1,488,895)	(41%)	6,536,377	4,195,713	(2,340,664)	(36%)
Business	931,799	894,132	(37,667)	(4%)	1,868,939	1,330,771	(538,168)	(29%)
Maintenance & Operations	6,805,198	7,665,186	859,988	13%	13,610,952	12,550,974	(1,059,978)	(8%)
Transportation	3,010,545	563,138	(2,447,407)	(81%)	6,124,904	1,307,151	(4,817,753)	(79%)
Central Support Services	2,879,811	3,910,361	1,030,550	36%	6,236,100	5,153,396	(1,082,704)	(17%)
School Activities	168,701	129,308	(39,393)	(23%)	337,402	306,567	(30,835)	(9%)
Total Supporting Services	21,317,654	18,732,828	(2,584,826)	(12%)	44,350,154	30,864,471	(13,485,683)	(30%)
Community Service	19,193	22,862	3,669	19%	61,699	30,235	(31,464)	(51%)
TOTAL EXPENDITURES	\$ 25,658,497	\$ 22,102,413	(3,556,084)	(14%)	\$ 50,006,131	\$ 37,917,740	\$ (12,088,391)	(24%)

Water Hydration Station Follow-Up Questions

The District evaluated 3 primary hydration station manufacturers (Elkay, Murdock and Oasis).

- The District evaluated the units on price, quality, experience in K-12 schools and meeting the specifications as outlined in the RFP.
- While Murdock scored well in most areas, their experience in K-12 schools was much less than Elkay. The unit price for the Elkay was \$770, the Murdock was \$675. The total cost difference for the units between Elkay and Murdock was \$75,000.
- Advance Plumbing & Heating Supply was selected as they sold the Elkay units at the lowest price per unit. The FRC contract amount included two additional filters and the Elkay units.

Water Hydration Station Follow-Up Questions

The filter type and replacement frequency were different between the three vendors.

- The annual difference in filter costs between the three manufacturers was \$15,000.
- When speaking with District staff, the time to replace filters would be negligible between the 3 hydration station competitors.

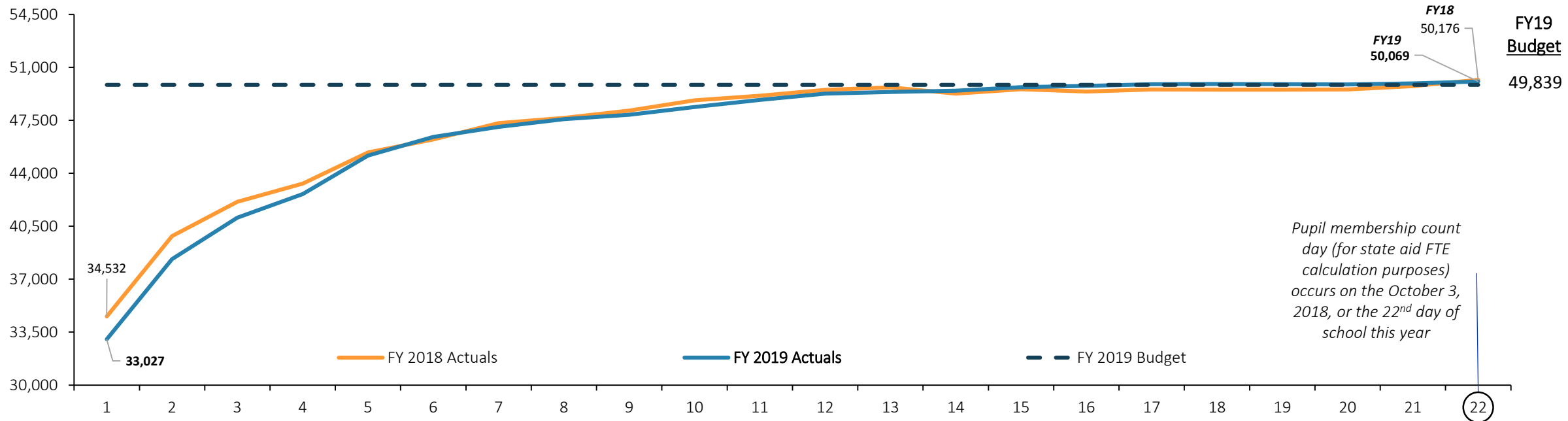
District installed Oasis, Elkay and Murdock water hydration stations and all three were similar in time and costs.

Considering all evaluation criteria, the Elkay units scored the highest and represented the best value, thus it was selected by the District even though it was not the lowest priced.

FY 2019 Student Enrollment Update

- Between September 4th – October 3rd, 50,069 students were counted present for at least 1 day. This number has increased by 17,042 or 52% since the first day of the school year.
- State per pupil revenue is based on student FTE from Spring 2018 (10%) and Fall 2019 (90%). The district had a Spring 2018 student FTE count of 50,066. It must achieve a Fall student FTE count of 49,814 to meet budget.

Daily Student FTE Enrollment Trends: FY 2019 and FY 2018 Actuals to Budget



Actual to Budget Variance - FY18 budgeted enrollment = 47,950 students; FY19 budgeted enrollment = 49,839 students

School Day:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
FY 2019	(16,812)	(11,518)	(8,781)	(7,211)	(4,664)	(3,444)	(2,780)	(2,258)	(1,969)	(1,461)	(996)	(582)	(472)	(380)	(143)	(66)	40	64	40	32	98	230
FY 2018	(13,418)	(8,104)	(5,840)	(4,628)	(2,577)	(1,714)	(637)	(293)	191	876	1,181	1,555	1,734	1,311	1,604	1,453	1,587	1,575	1,570	1,585	1,805	2,226

Capital Projects Update*

School Name	Fund Source	Project Description	Projected Start Date	Status	Payments to Date
STARTING FUND BALANCE					\$ 10,025,000
Cass Technical High School	Fund 15 Settlement Funds	Parking Lot	1-Jul-2018	Complete	\$ (680,910)
Cass Technical High School	1994 Bond Funds	HVAC Overhaul	1-Aug-2018	Not Started	\$ (41,748)
Central High School	EAA Operations	Partial Roof Replacement (Clay roof)	15-Jul-2018	Not Started	\$ -
Dixon Elementary School	Fund 15 Settlement Funds	One (1) Burner Replacement	1-Aug-2018	Complete	\$ -
Henry Ford High School	EAA Operations	Roof and Floor Repairs (Over Gymnasium)	30-May-2018	In-Progress	\$ -
Noble Elementary School	Fund 15 Settlement Funds	Playground OCR Transition Plan (Mulch and Paving)	1-Feb-2018	In-Progress	\$ -
Palmer Park Preparatory Academy	Fund 15 Settlement Funds	Roof Replacement	30-Jun-2018	Complete	\$ (814,000)
Palmer Park Preparatory Academy	Fund 15 Settlement Funds	Painting/Ceiling/Floors	30-Jun-2018	Complete	\$ -
Catherine Ferguson	Fund 15 Settlement Funds	Painting/Ceiling/Floors	30-Jun-2018	In-Progress	\$ -
Marcus Garvey	Fund 15 Settlement Funds	Roof Replacement	30-Jun-2018	Complete	\$ (998,520)
Noble Elementary School	Fund 15 Settlement Funds	Roof Replacement	30-Jun-2018	In-Progress	
Dixon Elementary School	Fund 15 Settlement Funds	Roof Replacement	30-Jun-2018	In-Progress	
Ann Arbor Trail	Fund 15 Settlement Funds	Roof Replacement	30-Jun-2018	Complete	
Henderson Academy	Fund 15 Settlement Funds	Roof Replacement	30-Jun-2018	Complete	
A.L. Holmes	Fund 15 Settlement Funds	Roof Replacement	30-Jun-2018	Complete	\$ (1,507,207)
Southeastern	General Fund	Gymnasium Bleacher Replacement	30-May-2018	In-Progress	
Total Funds Spent-to-Date					\$ (4,042,385)
Capital Projects Available Funds					\$ 5,982,615

**Agenda Item Details**

Meeting	Oct 16, 2018 - Regular Board Meeting
Category	15. Administrative Action Items
Subject	15.01 Approval of Purchase of Additional K-8 Eureka Math Instructional Materials
Access	Public
Type	Action
Recommended Action	Motion to approve the purchase of additional teacher and student resources and professional learning for grades K-8 Eureka Mathematics instructional materials in an amount not to exceed \$200,000.

Public Content**Recommendation:**

That the School Board approve the purchase of additional teacher and student resources and professional learning for grades K-8 Eureka Mathematics instructional materials in an amount not to exceed \$200,000. This brings the total expenditure to \$1,575,000.

Description and Background:

The original purchase of Eureka Math for K-8 was made based on projected enrollment in the Spring of 2018 for the 2018/2019 school year (SY), along with a 10% contingency. Due to high fluctuations in enrollment within and across schools, the District is seeking an additional purchase of overage materials. Based on current enrollment, significant shifting of instructional materials is required across schools. Any additional materials purchased in SY 2018/2019 that are unused will be used during the 2019/2020 SY. The associated increase in costs will also cover additional professional development for all participating faculty and support staff that will continue throughout the year.

Gap Analysis:

With shifting enrollment, current instructional materials are insufficient to provide each school with needed materials.

Previous Outcomes:

None. This is the first year of this curriculum adoption.

Expected Outcomes:

The District's strategic plan metrics and targets expect an annual increase of 3.1 percentage points. In multiple large urban districts, these materials have served as the basis for consistent improvement in mathematics in proficiency and growth.

Alignment to Strategic Plan:

This agenda item is aligned to the Outstanding Achievement Priority.

Financial Impact:

\$200,000, General Funds

An extensive bidding process was completed in connection with the curriculum adoption.

Contact for Item:

Name: Beth Gonzalez; Assistant Superintendent of Curriculum & Instruction
 Phone: 313-873-4894
 Email: beth.gonzalez@detroitk12.org

Supporting Documents/Attachments:**Administrative Content****Executive Content**

**Agenda Item Details**

Meeting	Oct 16, 2018 - Regular Board Meeting
Category	15. Administrative Action Items
Subject	15.02 Approval of Purchase of Additional K-8 EL Education Instructional Materials
Access	Public
Type	Action
Recommended Action	Motion to approve the purchase of additional teacher and student resources and professional learning for grades K-8 EL Education instructional materials in an amount not to exceed \$850,000.

Public Content**Recommendation:**

That the School Board approve the purchase of additional teacher and student resources and professional learning for grades K-8 EL Education instructional materials in an amount not to exceed \$850,000. This brings the total expenditure to \$6,100,000.

Description and Background:

The original purchase of EL Education for K-8 ELA was made based on projected enrollment in the Spring of 2018 for the 2018/2019 school year (SY), along with a 10% contingency. Due to high fluctuations in enrollment within and across schools, the District is seeking an additional purchase of overage materials. Based on current enrollment, significant shifting of instructional materials is required across schools. Any additional materials purchased in SY 2018/2019 that are unused will be used during the 2019/2020 SY. The associated increase in costs will also cover additional professional development for all participating faculty and support staff that will continue throughout the year.

Gap Analysis:

With shifting enrollment, current instructional materials are insufficient to provide each school with needed materials.

Previous Outcomes:

None. This is the first year of this curriculum adoption.

Expected Outcomes:

The district's strategic plan metrics & targets outline an expected 3.46 percentage points increase per year in proficiency. In multiple large urban districts, these materials have served as the basis for consistent improvement in ELA in proficiency and growth.

Alignment to Strategic Plan:

This agenda item is aligned to the Outstanding Achievement Priority.

Financial Impact:

\$690,000 Materials
 \$160,000 Professional Development
Total: \$850,000, General Funds

An extensive bidding process was completed in connection with the curriculum adoption.

Contact for Item:

Name: Beth Gonzalez, Assistant Superintendent Curriculum & Instruction
 Phone: 313-873-4894
 Email: beth.gonzalez@detroitk12.org

Supporting Documents/Attachments:**Administrative Content**

Executive Content

**Agenda Item Details**

Meeting	Oct 16, 2018 - Regular Board Meeting
Category	15. Administrative Action Items
Subject	15.04 Approval of Cooperative Purchasing Agreement for School Specialty
Access	Public
Type	Action
Recommended Action	Motion to approve use of the National IPA cooperative purchasing agreement to purchase school supplies district-wide from School Specialty in an amount not-to-exceed \$1,000,000 from the date of approval through June 30, 2019.

Public Content**Recommendation:**

That the School Board approve use of the National IPA (NIPA) cooperative purchasing agreement to purchase school supplies district-wide from School Specialty in an amount not-to-exceed (NTE) \$1,000,000 from the date of approval through June 30, 2019.

Description and Background:

The District will employ a punch-out system to allow District employees to purchase approved school and classroom supplies through the District Procurement system directly from School Specialty. The punch-out system will be limited to approximately 900 items that are commonly used in schools. The District will utilize cooperative purchasing agreements through NIPA for School Specialty. The board has already approved punch out systems for Office Depot and Staples for the purchase of office supplies.

Gap Analysis:

The punch-out system allows for the end users to purchase only predetermined, select items at competitively bid prices. Utilizing the customized punch-out system for School Specialty will result in better cost control and will reduce the risk of purchasing items that should go through the normal procurement process.

Previous Outcomes:

The District previously implemented a punch-out system with School Specialty, which included over 45,500 items. Due to the large array of items available on the present punch-out system, District wide purchases in the amount of \$1,813,973 were made during the 2017-2018 school year. Purchases in 2017-2018 were unusually large because the Office Depot punch out had been disabled from March until the end of the school year and schools began to utilize School Specialty for office supplies. Schools will again be able to order from Office Depot during the 2018-19 school year and Staples has also been brought back online. The School Specialty punch-out system has been temporarily disabled until board approval is obtained.

Expected Outcomes:

The District requires an abbreviated list to be added to a customized website for employees to utilize the punch-out system for the purchase of school and classroom supplies. This provides flexibility to the District's schools and departments while maintaining price control and enhanced cost containment. The limited number of items available on the punch-out system allow for simplified review and editing by the Procurement Department on an as-needed basis. For items not included in the punch-out system, District employees may use the traditional procurement process, and enter requisitions for items outside of the controlled list. These requisitions will be reviewed and approved by the appropriate departments.

The District is recommending the use of School Specialty for the 2018-19 school year. School Specialty is now prepared to configure their system in alignment with the District's needs by providing a reduced punch-out system for the 2018-19 school year.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

\$900,000 - Anticipated Expenses, based on school budgets for supplies
 \$100,000 - Contingency
 \$1,000,000 - Total Request (General & Grant Funds)

Bid Process: The district will utilize the National IPA (NIPA) Cooperative Agreement for School Specialty.

Contact for Item:

Name: Jeremy Vidito, Chief Financial Officer
 Phone: (313) 873-6194

10/15/2018

BoardDocs® Plus

Email: Jeremy.vidito@detroitk12.org

Supporting Documents/Attachments:

National IPA (TCPN) School Specialty Contract.pdf (11,003 KB)

Administrative Content

Executive Content



Agenda Item Details

Meeting	Oct 16, 2018 - Regular Board Meeting
Category	15. Administrative Action Items
Subject	15.05 Approve Contract with Amazon
Access	Public
Type	Action
Recommended Action	Motion to approve the use of Amazon Business punch-out system for District wide purchases, under the U.S. Communities Cooperative Purchasing Agreement in an amount not-to-exceed \$3,000,000 for the 2018-2019 school year.

Public Content

Recommendation:

That the School Board approve the use of Amazon Business punch-out system for District wide purchases, under the U.S. Communities Cooperative Purchasing Agreement with Lead Agency, Prince Williams County Public Schools ("U.S. Communities Agreement"). The District can expect to spend an amount not-to-exceed \$3,000,000 for the 2018-2019 school year.

Description and Background:

Amazon Business was awarded the contract for U.S. Communities Agreement for ten categories including books, musical instruments, school supplies, and clothing. By allowing Amazon Business to become a vendor of the District, thousands of items will be available to District employees at a much lower cost than available elsewhere.

Although this is a punch out system, and traditionally the requisitions entered do not need to be approved by a District buyer, Procurement has deemed it necessary for these requisitions to be reviewed by a buyer due to the breadth of items available on Amazon.

Procurement will try to utilize Amazon where possible to procure the lowest cost goods, materials, and supplies. Examples of items previously purchased which would have been cheaper through Amazon include specialized purchases for our Center Based Schools, Emergency Supply Kits, and supplemental professional development materials. Amazon will not serve as an alternative to Office Depot or Staples. Instead, it provides access to simplified procurement and lower cost goods.

Gap Analysis:

By bringing Amazon Business on as a District vendor, countless items will be available for purchase at substantially lower costs than existing vendors.

Previous Outcomes:

The District presently utilizes a punch out system for office supplies (Staples and Office Depot) and is concurrently requesting renewal of use of cooperatively purchased punch out system for school supplies (School Specialty). Items on the District's present punch-out systems have been substantially reduced from prior years. The systems put in place no longer allow for the purchase of items that should go through the standard procurement process.

Direct purchasing through Amazon Business was previously unavailable to District staff. District staff procured goods from a variety of other suppliers, often at rates higher than those available through Amazon Business. District staff who purchased through Amazon's consumer site had to be reimbursed for those expenses.

Expected Outcomes:

Adding Amazon Business to the punch out system will allow the District to have access to thousands of lower cost items than were previously available. However, this will not be a traditional punch out system. The requisitions will route to Procurement for review. Procurement will then do their due diligence, per the Procurement policy, to ensure that the purchase is appropriate. The Amazon website interface allows for ease of use for the requisitioner. Utilizing Amazon in this manner will allow flexibility, decrease requisition turnaround time for smaller ticket items, and provide cost savings.

The budgeted amount of \$3 million is based on the best estimation of the types of products which the District traditionally sources which may now be sourced through Amazon.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

The District can expect to spend a not-to-exceed amount of \$3,000,000.

Fund Source: General & Grant Funds

Bid Process: The district will utilize the U.S. Communities Agreement competitively bid by the lead agency, Prince William County Schools.

Contact for Item:

Name: Jeremy Vidito, Chief Financial Officer

Phone: (313) 873-6194 

Email: Jeremy.vidito@detroitk12.org

Supporting Documents/Attachments:

[Contract_-_Amazon_R-TC-17006_final \(1\).pdf \(244 KB\)](#)

Administrative Content

Executive Content

**Agenda Item Details**

Meeting	Oct 16, 2018 - Regular Board Meeting
Category	15. Administrative Action Items
Subject	15.08 Approval of Amendment to Lease Agreement with Archdiocese at 2635 Howard Street
Access	Public
Type	Action
Recommended Action	Motion to approve an amendment to the lease for the Academy of Americas High School located 2635 Howard Street in Detroit, Michigan at the former St Anne Parish school building, in an amount not to exceed of \$305,450.

Public Content**Recommendation:**

That the School Board approve an amendment to the lease for the Academy of Americas High School located 2635 Howard Street in Detroit, Michigan at the former St Anne Parish school building, in an amount not to exceed of \$305,450. This brings the total expenditure to \$913,923.

Description and Background:

This lease agreement was executed under Emergency Management in 2015. The lease term was for five years and there are no renewals. This is the last year of the lease term and the District will likely relocate this school to one of the vacant properties owned by the District for the 2019-2020 School Year.

The previously defined budget of \$608,473 was underestimated as it did not properly account for potential shifts in enrollment and the payment of utilities. Rent is based on enrollment estimates provided by the Office of Enrollment in 2015 and official count which must be submitted every fall and winter making the fees fluid and utilities vary by month. The current monthly lease amount is \$22,380.73 and, as enrollment trends appear steady, we do not foresee an increase or decrease in that rental amount. In order to cover expected expenditures through the close of the fiscal year, the District will need to amend the lease agreement.

Gap Analysis:

The District is not budgeted to cover its contractual costs under the lease.

Previous Outcomes:

The District has made all lease payments for the four preceding years.

Expected Outcomes:

The District will finish the term of this lease in good standing while working to find a replacement location.

Alignment to Strategic Plan:

Responsible Stewardship

Financial Impact:

Total Rent: 268,450.

Total Utilities: \$37,000.

TOTAL: \$305,450. General Funds

Contact for Item:

Name: Machion Jackson, Assistant Superintendent of Operations

Phone: Phone: (313) 873-6532

Email: machion.jackson@detroitk12.org

Supporting Documents/Attachments:

Signed lease new.pdf (6,908 KB)

Administrative Content

Executive Content

**Agenda Item Details**

Meeting	Oct 16, 2018 - Regular Board Meeting
Category	15. Administrative Action Items
Subject	15.06 T-Mobile Wireless Easement
Access	Public
Type	Action
Recommended Action	That the School Board approve the telecommunications site rental agreement between T- Mobile Central LLC (T-Mobile) and the District at three school locations (Mann, Priest and Bow) for \$1,900 per month per location, for a total of \$5,700 per month, for the initial term of five years, with five optional five-year renewal terms.

Public Content**Recommendation:**

That the School Board approve the telecommunications site rental agreement between T- Mobile Central LLC (T-Mobile) and the District at three school locations (Mann, Priest and Bow) for \$1,900 per month per location, for a total of \$5,700 per month, for the initial term of five years, with five optional five-year renewal terms.

Description and Background:

Cellular providers need telecommunication lease agreements to provide quality cellular coverage within a specified area. In the telecommunications industry, there are two types of telecommunication leases: a smokestack/rooftop lease agreement and a ground/light pole lease agreement.

T- mobile proposes a telecommunications lease agreement that will allow it to install, operate, repair, replace and maintain wireless communication equipment on the smokestack of each district property referenced above. Cell tower companies generally approach the school districts because of their building clearance. Cell towers must be at least 15-20 feet above the trees. There are limited locations in residential communities with properties high enough to meet that requirement.

Currently, the district has three smokestack/rooftop lease agreements and one ground/flag pole lease with other cellular service providers. With the addition of the three schools proposed herein, that number will increase to 14.

Gap Analysis:

By entering this agreement with T-Mobile, the school district is expected receive a continuous stream of revenue over a term of 30 years. The lease is currently drafted to automatically renew unless either party gives 30 days written notice of intent not to renew.

Previous Outcomes:

The school district current annual revenue from cell tower leases is approximately \$72,628. The district has not experienced any disruption to its programming or services due to the presence of these towers and equipment.

Expected Outcomes:

T-Mobile will maintain and operate the wireless equipment at its sole cost. T-Mobile will use the site in a manner that will not disturb the district. T-Mobile will install separate metering for utilities and maintenance of their equipment on the smokestack. T-Mobile will carry its own insurance, and provide the district with proof of insurance.

Alignment to Strategic Plan:

Responsible Stewardship


Financial Impact:

Upon execution T-Mobile will pay the District a \$2,000 processing fee and a \$5,000 initial fee for an upfront payment of \$7,000 per property or \$21,000 based on the lease agreement at the three schools. After equipment is installed T-Mobile will pay the district a monthly fee of \$1,900 per property for a total of \$5,700 a month for the initial term of the agreement. The T-Mobile tower agreements is revenue generating for five, five-year terms which will automatically renew and increase in 3% each renewal period. Projected income is as follows:

Initial Term	First Renewal Term	Second Renewal Term	Third Renewal Term	Fourth Renewal Term	Fifth Renewal Term
\$349,000	\$352,260	\$362,827	\$373,713	\$384,924	\$396,372

If all 5 renewals are exercised the district will receive over five million dollars in payments. Payment is due monthly and there is a 5% late fee along with a 10% daily interest fee charged until all payments due are made.

Contact for Item:

Name: Machion Jackson, Assistant Superintendent of Operations
Phone: 313-873-6532 
Email: machion.jackson@detroitk12.org

Supporting Documents/Attachments:

Administrative Content

Executive Content

**Agenda Item Details**

Meeting	Oct 16, 2018 - Regular Board Meeting
Category	15. Administrative Action Items
Subject	15.03 Out of State Travel: Office of Career and College Readiness to Perkins Grant Administration Professional Development
Access	Public
Type	Action
Recommended Action	Motion to approve out-of-state travel for two members of the Office of Career and College Readiness staff (Francine Bell and Erika McClure) to attend Perkins Grant administration professional development in New Orleans, Louisiana on November 27, 2018 at a total amount of \$5586, using grant funds.

Public Content**Recommendation:**

That the School Board approve out-of-state travel for two members of the Office of Career and College Readiness staff (Francine Bell and Erika McClure) to attend Perkins Grant administration professional development hosted by Brustein & Manasevit in New Orleans, Louisiana on November 27, 2018 at a total amount of \$5586, using grant funds.

Description and Background:

This critical training with respect to proper administration of Perkins grant funds is not being offered in Michigan for school year 2018-2019. Brustein & Manasevit, LLC has specialized in Education and Workforce Law since 1974. This year's forum "Data Matters," will conduct a comprehensive analysis of Perkins V and substantive changes from the current Perkins IV law to the new law (Public Law 115-224).

General sessions will cover internal control self-assessments, latest developments on indirect cost/administrative costs, record retention, "blending and braiding" federal grant funds, new measures on using grant funds for school safety, and the latest based on Inspector General Audits. The two staff members who would attend "Data Matters" each have primary compliance responsibilities related to the Perkins grant.

The following chart represent the travel requests, details and related costs for conference:

Conference	Estimated Cost for staff Travel		# of Staff
Brustein & Manasevit "Data Matters" Professional Development	Registration	\$2290	2
	Transportation	\$892.80	2
	Hotel	\$1763.84 (3 nights)	2
	Per Diem	\$639	2
Total		\$5585.64	2

Gap Analysis:

The Office of College and Career Readiness (OCCR) oversees forty-one state approved Career Technical Education (CTE) programs in three CTE Centers and 11 high schools. It is important that the district maximizes the value of our grant

funding by using a data-driven model that balances compliance requirements with demonstrated outcomes. This forum will address our needs by offering sessions on ways data intersects with performance and compliance of our Perkins grant, and supports CTE programs to meet expected outcomes.

The OCCR manages a \$2.5 million Perkins Grant to support high quality CTE programs. The former grant technician retired after 30 plus years of service along with the accountant assigned to the department, depleting the District of certain historical working knowledge.

Expected Outcomes:

The two staff members who will attend the conference are new to CTE and the Perkins Grant. This forum will train them to facilitate oversight and promote transparency as well as the following:

- Become familiar with federal requirements/grants management systems (procurement, inventory, and financial management).
- Understand federal education program rules as well as programmatic fiscal issues including maintenance of effort, supplement not supplant, and comparability.
- Understand the potential consequences of audit findings and federal education program reviews.
- Understand the internal controls that are required for federal grant eligibility.

Financial Impact:

\$5586 funded by Perkins Grant.

Strategic Plan Alignment:

Outstanding Achievement

Contact for Item:

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10/15/2018

BoardDocs® Plus

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Supporting Documents/Attachments:

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